



(Constituted in the Republic of Singapore
pursuant to a Trust Deed dated 6 February 2004 (as amended))

GRANT OF CALL OPTION TO CAPITACOMMERCIAL TRUST IN RESPECT OF 1 GEORGE STREET

1. INTRODUCTION

1.1 Grant of Call Option

CapitaCommercial Trust Management Limited, as manager of CapitaCommercial Trust (“**CCT**”, and manager of CCT, the “**Manager**”), is pleased to announce that George Street Pte Ltd (the “**Vendor**”), which is an indirect wholly-owned subsidiary of CapitaLand Limited (“**CapitaLand**”), has on 26 March 2008 granted HSBC Institutional Trust Services (Singapore) Limited, as trustee of CCT (the “**Trustee**”), a call option for the acquisition of 1 George Street, which is located at 1 George Street, Singapore 049145 (the “**Property**”, and the acquisition of the Property, the “**Acquisition**”) at a purchase price of S\$1.165 billion (the “**Purchase Price**”), and in this regard, the Trustee has on 26 March 2008 entered into a call option agreement (the “**Call Option Agreement**”) with the Vendor.

Pursuant to the terms of the Call Option Agreement, the Vendor undertakes to procure that CapitaLand Commercial Limited (“**CCL**”), which is a wholly owned subsidiary of CapitaLand and which holds 100% of the interest in the Vendor, shall negotiate and enter into a deed (the “**Deed of Yield Protection**”) to provide yield protection to CCT to ensure a minimum net property income per annum of S\$49,512,500, translating into a yield protection calculated at 4.25% per annum of the Purchase Price (the “**Yield Protection**”) for a period of five years commencing from (and including) the date of completion of the sale and purchase of the Property (“**Completion**”)¹ and ending on the day immediately preceding the fifth anniversary of such date of Completion (which is expected to fall within 2013).

1.2 Information on the Property

The Property is a three-year old 23-storey premier Grade A office building prominently located in the core of Singapore’s Central Business District (“**CBD**”), along George Street and near the junction of South Bridge Road and Pickering Street. 1 George Street has a net lettable area of approximately 447,999 square feet and a committed occupancy of 100% as at 31 December 2007. The Property was completed in December 2004 and is one of the newest premier commercial properties in Singapore with state-of-the-art building specifications designed to suit tenants in the financial services industry and also multinational companies. Its major tenants include The Royal Bank of Scotland PLC, WongPartnership LLP, Borouge Pte. Ltd., Lloyd’s of London (Asia) Pte Ltd and the Canadian High Commission.

¹ The date of Completion shall be a date which is not less than seven business days and not more than 14 business days, after the date on which the Trustee has exercised the Call Option (as defined below).

The Manager will be carrying out due diligence in relation to the Property. Independent valuation reports in respect of the Property will separately be commissioned by each of the Manager and the Trustee.

1.3 Relationship with the Vendor

As at the date of this announcement, CapitaLand holds an aggregate indirect interest in 422,918,492 units in CCT ("**Units**"), comprising approximately 30.5% of the total number of Units in issue, and is therefore considered as a controlling unitholder of CCT under both the Listing Manual and the Property Funds Guidelines.

As CapitaLand has an indirect interest of 100.0% in the Vendor, through CCL, the Vendor is therefore a subsidiary of a controlling unitholder of CCT. For the purpose of Chapter 9 of the Listing Manual, CapitaLand (being a controlling unitholder of CCT) is an "interested person" of CCT. For the purposes of the guidelines relating to interested party transactions under the Property Funds Guidelines, the Vendor (being a subsidiary of a controlling unitholder of CCT) is an "interested party" of CCT.

The Manager is making this announcement because the Acquisition would constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Guidelines and a major transaction under Chapter 10 of the Listing Manual. A circular is expected to be issued to unitholders of CCT ("**Unitholders**") in due course, together with a notice of extraordinary general meeting of Unitholders, for the purpose of seeking Unitholders' approval for, *inter alia*, the Acquisition.

2. PRINCIPAL TERMS OF THE CALL OPTION AGREEMENT

2.1 The Call Option

Pursuant to the Call Option Agreement and in consideration of the payment of the S\$1.00 option fee by the Trustee to the Vendor, the Vendor has agreed to grant the Trustee the option (the "**Call Option**") to require the Vendor to enter into, and procure that CCL shall enter into, a sale and purchase agreement with the Trustee ("**Sale and Purchase Agreement**"), for the sale of the Property to CCT at the Purchase Price.

2.2 Condition Precedent

The right to exercise the Call Option is conditional upon CCT obtaining the approval of its Unitholders for the acquisition of the Property (the "**Unitholders Approval**") at an extraordinary general meeting (the "**EGM**") which the Trustee shall, following the recommendation of the Manager, use its best endeavours to convene by 30 June 2008 but in any event no later than 31 July 2008.

2.3 Exercise of Call Option

2.3.1 Pursuant to the Call Option Agreement, the Trustee and the Vendor shall use their best efforts to negotiate in good faith with each other on arms' length commercial terms and to finalise by 20 April 2008 (or such other date as may be mutually agreed by the Trustee and the Vendor) the terms and conditions of (i) the Sale and Purchase Agreement and all other agreements or documents required to give effect to the Sale and Purchase Agreement and facilitate the completion of the acquisition of the Property, and (ii) a disclosure letter to be executed by the Vendor in favour of the Trustee; and

- 2.3.2** the Vendor undertakes to procure that CCL shall use all best efforts and negotiate in good faith with the Trustee in order to finalise by 20 April 2008 the terms and conditions of the Deed of Yield Protection.

Following which, the Call Option may only be exercised during the period commencing on the date Unitholders Approval for the Acquisition is obtained and ending at 5.00 p.m. on the date falling three business days thereafter (or such other date as may be agreed by the Trustee and the Vendor in writing). The Trustee is required to give written notice to the Vendor when CCT has obtained the Unitholders Approval at the EGM for the acquisition of the Property, and such written notice shall be given no later than 5.00 p.m. on the date falling three business days after the Unitholders Approval is obtained which written notice shall also specify a date, being no earlier than 7 business days and no later than 14 business days thereafter, for completion of the acquisition of the Property.

On the date of the service of the written notice to exercise the Call Option, the Vendor, the Trustee and CCL shall enter into the Sale and Purchase Agreement for the purchase of the Property for the Purchase Price and on Completion the Trustee shall effect payment of the Purchase Price to the Vendor in cash.

2.4 Yield Protection

Pursuant to the Call Option Agreement, the terms and conditions of the Deed of Yield Protection to be provided by CCL shall contain, *inter alia*, the following terms:

- 2.4.1** the duration of the Yield Protection is for the period of five years commencing from (and including) the date of Completion and ending on the day immediately preceding the fifth anniversary of such date of Completion (the "**Yield Protection Period**") (which is expected to fall within 2013); and
- 2.4.2** CCL shall make a top up payment to CCT, if required, so as to ensure that the net property income per annum arising from the Property is not less than S\$49,512,500, equivalent to 4.25% per annum of the Purchase Price during the Yield Protection Period.

2.5 Exclusivity

The Vendor has granted the Trustee an exclusivity period from the date of the entry into the Call Option Agreement (26 March 2008) up to the earlier of (i) the date of termination by either party of the Call Option Agreement in the event Unitholders' Approval is not obtained pursuant to paragraph 2.2 above or the Call Option is not exercised within the period specified in paragraph 2.3 above, and (ii) the date of exercise of the Call Option, during which the Vendor shall not enter into any negotiations or any agreement with or grant any option to any third party for the sale of the Property or for any joint venture for the acquisition of the Property and the Vendor shall procure that its shareholders shall not enter into any negotiations or agreement for the sale or transfer of such shareholders' shares in the Vendor, to a third party.

3. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring the following benefits to Unitholders:

3.1 Yield Accretion

The minimum net property yield of 4.25% per annum of the Purchase Price for the Property is more than the average net property yield of CCT's Grade A offices of 3.2%². Based on the level of the Yield Protection, the breakeven rental rate is approximately S\$10.50 per square foot per month which is lower than the current market rent achieved for Grade A office buildings in Raffles Place. With the yield-accretive nature of the Acquisition, the Manager believes that Unitholders can expect to enjoy a higher distribution per Unit. This expected increase in distribution per Unit will result from, *inter alia*, the acquisition of the Property at an attractive price relative to the cash flows that it generates through the sustainable positive returns from the Property together with the minimum net property income from the Deed of Yield Protection which will last for a period of five years.

3.2 Competitive Strengths of the Property

The Property is a premier Grade A office building prominently located in the core of Singapore's CBD and is in proximity to the Clarke Quay MRT station and Raffles Place MRT interchange station as well as a selection of shopping and dining conveniences. The Property is a modern building with state-of-the-art specifications, and includes four sky gardens located on the 5th, 12th, 15th and 22nd storey. 1 George Street has also been accredited the Green Mark Gold Award from the Building and Construction Authority, for its environmentally-friendly features. The Property enjoys a high occupancy rate of 100% as at 31 December 2007. The Manager believes the Property to be in good position to capitalise on the current buoyant conditions in the Singapore office market with limited downside risks given the yield protection support provided by CCL for a period of five years to 2013, and yet benefit from all the upside potential.

3.3 Income Diversification

The Acquisition is expected to benefit Unitholders by improving income diversification and reducing the reliance of CCT's income stream on any single property from 40% to 32%³.

3.4 Enhanced Tenant Base

The Acquisition is expected to further enhance the tenancy profile of CCT's tenant base as a result of the addition of a prestigious list of names that includes The Royal Bank of Scotland PLC, WongPartnership LLP, Borouge Pte. Ltd., Lloyd's of London (Asia) Pte Ltd and the Canadian High Commission to CCT's core of blue chip tenants which currently includes government agencies, foreign financial institutions and multi-national corporations such as Government of Singapore Investment Corporation Private Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, JPMorgan Chase Bank, N.A., Cisco Systems (USA) Pte. Ltd., StarHub Ltd., the CapitaLand Group, Nomura Singapore Limited and Economic Development Board.

² Based on the net property income forecast for the financial year ending 31 December 2008 together with the accompanying assumptions as shown in CCT's circular to Unitholders dated 5 November 2007 and the valuation of CCT's existing portfolio as at 1 December 2007 for 6 Battery Road, HSBC Building and Capital Tower.

³ Based on FY 2008 net property income forecast together with the accompanying assumptions as shown in CCT's circular to Unitholders dated 5 November 2007.

3.5 The Acquisition Fits the Manager's Investment Strategy

The Acquisition is in line with the Manager's principal investment strategy to invest in quality income-producing commercial assets which are yield accretive so as to deliver stable distribution and sustainable total return to the Unitholders. With the Acquisition, the income contribution from the office sector increases from 59.2% to 68.7% and reinforces CCT as one of the leading commercial REITs in Singapore with prime focus on quality office.

It is also in line with the Manager's vision to grow CCT's asset size to S\$6.0 billion by 2009 through yield accretive acquisitions. With the inclusion of the Property, CCT's total deposited property will increase from approximately S\$5.3 billion as at 31 December 2007 to approximately S\$6.5 billion. This will further strengthen CCT's position as one of the largest commercial REITs by asset size in Singapore.

3.6 Economies of Scale

The Acquisition will enlarge the portfolio of properties owned by CCT and Unitholders are expected to benefit in the long term from the economies of scale which the Manager and CCT's property manager will enjoy in their dealings with suppliers, as well as the resulting ability of the Manager to generate cost synergies.

4. METHOD OF FINANCING AND FINANCIAL EFFECTS

As at the date of this announcement, the Manager has secured committed funding for 100% of the Purchase Price from banks and there will not be any placement of Units or rights issue for the purposes of financing the Acquisition.

Relevant information relating to the financial effects of the Acquisition, including its impact on the net asset value per Unit, the earnings per Unit and CCT's aggregate leverage, will be disclosed subsequent to the determination of the exact manner of financing the Acquisition.

5. AUDIT COMMITTEE STATEMENT

The audit committee of the Manager (which comprises a majority of independent directors of the Manager) (the "**Audit Committee**") is in the process of selecting and appointing an independent financial adviser (the "**Independent Financial Adviser**") to provide an opinion on whether the Acquisition is on normal commercial terms and is not prejudicial to the interests of CCT and its minority Unitholders. The Audit Committee will form and announce its view after reviewing the opinion of the Independent Financial Adviser.

6. OTHER INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, there are no interested person transactions between CCT and CapitaLand and/or the associates of CapitaLand for the current financial year.

7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDER

As at the date of this announcement, certain directors of CapitaLand (including Mr Liew Mun Leong) collectively hold an aggregated direct and indirect interest in 310,000 Units. Mr Liew Mun Leong is the President and Chief Executive Officer of CapitaLand and is the Deputy Chairman and Chairman of Executive Committee of the Manager. Mr Liew Mun Leong holds a direct interest of 75,000 Units. Ms Lynette Leong is the Chief Executive Officer of the Manager and she holds a direct interest of 1,000 Units. Mr Richard Edward Hale is an independent director of CapitaLand and also the Chairman and independent director of the Manager. Each of Mr Kee Teck Koon, Mr Olivier Lim Tse Ghow and Mr Wen Khai Meng is a senior executive within the CapitaLand group.

Through E-Pavilion Pte. Ltd., SBR Private Limited and the Manager, CapitaLand has an indirect interest in 422,918,492 Units (comprising approximately 30.5% of the existing Units) as at the date of this announcement.

Save as disclosed above and based on the information available to the Manager as at the date of this announcement, none of the directors of the Manager or the Controlling Unitholders⁴ have an interest, direct or indirect, in the Acquisition.

8. OTHER INFORMATION

8.1 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition, the Call Option Agreement or any other transaction contemplated in relation to the Acquisition.

8.2 Disclosure under Rule 1010(13) of the Listing Manual

8.2.1 Chapter 10 of the Listing Manual classifies transactions by CCT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (i) the net profits attributable to the assets acquired or disposed of, compared with CCT's net profits⁵;
- (ii) the aggregate value of the consideration given, compared with CCT's market capitalisation; and
- (iii) the number of Units issued by CCT as consideration for the Acquisition, compared with the number of Units previously in issue.

8.2.2 Based on the Vendor's and CCT's unaudited financial statements as at 31 December 2007, the relative figure for the basis of comparison set out in sub-paragraph 8.2.1(i) is approximately 12.2%. As the relative figure of 12.2% exceeds 5%, under Rule 1010(13) of the Listing Manual, the Acquisition falls within the classification of discloseable transaction.

⁴ A person with an interest in one or more Units constituting not less than 15.0% of all outstanding Units.

⁵ It is noted that in computing this ratio, the net profits attributable to the asset being acquired is derived from the earnings from the Property before interest costs, net change in fair value, income tax, depreciation and amortisation, while CCT's net profit is represented by the net property income of CCT.

8.2.3 Based on the Purchase Price of S\$1.165 billion and CCT's market capitalisation as at the 25 March 2008, the relative figure for the basis of comparison set out in subparagraph 8.2.1(ii) is 40.4%. As the relative figure of 40.4% exceeds 20.0%, under Rule 1010(13) of the Listing Manual, the Acquisition falls within the classification of major transaction.

8.2.4 The relative figure of the number of Units issued by CCT as consideration for an acquisition compared with the number of Units previously in issue does not apply to the Acquisition.

8.3 Documents for Inspection

A copy of the Call Option Agreement is available for inspection during normal business hours at the registered office of the Manager at 39 Robinson Road, #18-01 Robinson Point, Singapore 068911, for a period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD
CapitaCommercial Trust Management Limited
(Company registration no. 200309059W)
As manager of CapitaCommercial Trust

Michelle Koh
Company Secretary
Singapore
27 March 2008

IMPORTANT NOTICE

The value of Units and the income from them may fall as well as rise. Units are not obligations of, deposits, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CCT is not necessarily indicative of the future performance of CCT.

This announcement contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.