General Announcement::Press release from Moody's Investors Service

Issuer & Securities

Issuer/ Manager	CAPITALAND COMMERCIAL TRUST MANAGEMENT LIMITED
Securities	CAPITALAND COMMERCIAL TRUST - SG1P32918333 - C61U
Stapled Security	No

Announcement Details

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Submitted By (Co./ Ind. Name)	Toh Su Jin Jason
Designation	Company Secretary, CapitaLand Commercial Trust Management Limited
Description (Please provide a detailed description of the event in the box below)	Moody's investors service changes CCT's rating to Baa2 with stable outlook. Please see attached press release by Moody's investors service.

Attachments	CCT_20170925_PR_Moody.PDF Total size =111K

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades CapitaLand Commercial Trust's ratings to Baa2; outlook stable

Global Credit Research - 25 Sep 2017

Singapore, September 25, 2017 -- Moody's Investors Service has downgraded CapitaLand Commercial Trust's (CCT) issuer rating to Baa2 from A3.

At the same time, Moody's has downgraded the senior unsecured rating for CCT MTN Pte. Ltd. to Baa2 from A3, and its senior unsecured MTN program rating to (P)Baa2 from (P)A3.

The outlook on all ratings was changed to stable from negative.

The downgrade follows CCT's announcement on 21 September 2017 that it will acquire a 100% stake in the Asia Square tower 2 (AST2) property for a total acquisition cost of SGD2.1 billion of which SGD1.1 billion will be debt funded.

RATINGS RATIONALE

"The downgrade reflects our view that despite the improvement in the overall quality of its asset portfolio following the acquisition, CCT's weakened financial profile is more appropriately positioned at the Baa2 level," says Saranga Ranasinghe, a Moody's Assistant Vice President and Analyst.

AST2 is a premium Grade A office and retail property strategically located in the heart of Marina Bay in Singapore.

The acquisition will be funded by a combination of a fully-underwritten and renounceable rights issue for net proceeds of around SDG690 million, bank borrowings of around SGD1.1 billion and cash on hand of around SGD340 million from previous asset divestments.

Moody's expects CCT's debt leverage -- as measured by adjusted net debt/EBITDA - will weaken to around 10.0x in the financial year ending December 2018 following the acquisition. This is significantly higher than the threshold set for its previous A3 rating category at 8.0x and when compared with its global Baa1/Baa2 rated peers.

Furthermore, Moody's expects CCT's financial profile to weaken further during the four-year redevelopment period of the Golden Shoe car park, announced in July 2017, as such net debt/EBITDA is likely to remain above 10.0x for the foreseeable future.

"The weakened financial profile is balanced by the quality of CCT's diversified, strategically located portfolio of assets, which positions the trust well at the Baa2 rating level," adds Ranasinghe, who is also Moody's lead analyst for CCT.

Moody's also expects weak leasing demand and an influx of new office space will pressure occupancy and rental rates in the central business district over the next 2 years, where most of CCT's portfolio is located. Around 48% of CCT's existing office leases as well as around 33% of AST2's leases are up for renewal in the next two years.

However, Moody's also notes that the pace of decline in office market rents is slowing, and that CCT stands to benefit from a potential uptick in the Grade A office rents given its position as Singapore's largest office landlord in the central area.

CCT's Baa2 ratings reflect its strong market position in Singapore, good franchise value and well-known brand name, due to its strong sponsor, CapitaLand Limited. More importantly, the trust has been generating stable and recurring income from its portfolio of high quality and centrally-located assets in Singapore, with the properties demonstrating good tenant bases and healthy occupancy rates.

The ratings also take into account CCT's strong track record of access to funding via the debt and equity markets, and its manageable refinancing risk because of its proactive capital management. At the same time, the ratings are constrained by the inherent liquidity risks associated with Singapore real estate investment trusts, as a result of their high dividend payout ratios and minimal cash balances.

The stable ratings outlook reflects CCT's strong market position and Moody's expectation that CCT will maintain financial flexibility during the redevelopment period of the Golden Shoe car park.

A ratings upgrade over the next 24 months is unlikely, given CCT's high debt leverage when compared to global peers. However, CCT's ratings could be upgraded if the trust improves its debt leverage, such that its net debt/EBITDA remains well below 9.0x on a sustained basis.

CCT's ratings could be downgraded if: (1) the operating environment deteriorates, leading to higher vacancy levels and declining operating cash flow, and/or (2) the trust's financial metrics weaken, with adjusted debt/total deposited assets exceeding 40%, adjusted net debt/EBITDA exceeding 11.0x and/or adjusted EBITDA interest coverage falling below 3x.

The principal methodology used in these ratings was Global Rating Methodology for REITs and Other Commercial Property Firms published in July 2010. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Listed on the Singapore Exchange Securities Trading Limited on 11 May 2004, CapitaLand Commercial Trust is a Singapore-focused Real Estate Investment Trust (REIT). As of 30 June 2017, it had a portfolio of 10 commercial properties (including a 60% interest in Raffles City, 50% interest in One George Street) and the total appraised value of its assets was approximately SGD8.2 billion.

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