



CAPITALAND COMMERCIAL TRUST

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

ANNOUNCEMENT

ENTRY INTO INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

1.1 CapitaLand Commercial Trust Management Limited, in its capacity as manager of CapitaLand Commercial Trust ("**CCT**", and the manager of CCT, the "**Manager**"), wishes to announce that:

(a) HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CCT (the "**Trustee**"), has entered into the following interested person transactions with The Work Project (Commercial) Pte. Ltd. ("**TWPC**"), an associate of CapitaLand Limited ("**CapitaLand**"):

- (i) a lease agreement ("**AST2 Lease Agreement**"), in relation to the lease on levels 10 and 11 of Asia Square Tower 2 ("**AST2**"), 12 Marina View, Singapore 018961 (the "**AST2 Premises**" and the lease of the AST2 Premises, the "**AST2 Lease**"),
- (ii) a lease agreement ("**CT L20 Lease Agreement**") in relation to the lease on level 20 of Capital Tower ("**CT**"), 168 Robinson Road, Singapore 068912 (the "**CT L20 Premises**" and the lease of the CT L20 Premises, the "**CT L20 Lease**");
- (iii) a lease agreement ("**CT L24 Lease Agreement**") in relation to the lease on level 24 of CT, 168 Robinson Road, Singapore 068912 (the "**CT L24 Premises**" and the lease of the CT L24 Premises, the "**CT L24 Lease**");

(collectively, the "**TWPC Leases**"); and

(b) CL Office Trustee Pte. Ltd., in its capacity as trustee-manager of Glory Office Trust¹ (the "**Glory Office Trustee-Manager**"), has entered into a sub-lease agreement (the "**GOT Sub-Lease Agreement**") with TWPC, an associate of CapitaLand, in relation to the sub-lease at the CT L20 Premises (the "**Relevant Area**" and the sub-lease of the Relevant Area, the "**GOT Sub-Lease**").

¹ The units in Glory Office Trust are owned by the Trustee (45.0%), Glory Office Pte. Ltd. (a wholly owned subsidiary of CapitaLand Singapore Limited) (45.0%) and MEA Commercial Holdings Pte. Ltd. (a wholly owned subsidiary of Mitsubishi Estate Co., Ltd) (10.0%)

1.2 Disclosure Requirements

Based on the information available to the Manager as at the date of this announcement, CapitaLand currently holds through various companies, an aggregate interest in 1,124,924,190 units in CCT (“Units”), which is equivalent to approximately 30.1% of the total number of Units in issue. Hence, CapitaLand is a “controlling unitholder” of CCT under the Listing Manual issued by Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”). CapitaLand is also a “controlling shareholder” of the Manager under the Listing Manual and the Property Funds Appendix by virtue of the Manager being a wholly owned subsidiary of CapitaLand.

(a) TWPC Leases

As TWPC is an associate of CapitaLand, for purposes of Chapter 9 of the Listing Manual, TWPC (being an associate of a “controlling unitholder” of CCT and an associate of a “controlling shareholder” of the Manager) is an “interested person” of CCT.

Therefore, the entry into the AST2 Lease, CT L20 Lease and the CT L24 Lease would each constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

(b) GOT Sub-Lease

As CCT holds 45.0% of the issued units of Glory Office Trust and CCT has control over it, Glory Office Trust would be considered as an “entity at risk” of CCT under Rule 904(2)(c) of the Listing Manual.

As TWPC is an associate of CapitaLand, for purposes of Chapter 9 of the Listing Manual, TWPC (being an associate of a “controlling unitholder” of CCT and an associate of a “controlling shareholder” of the Manager) is an “interested person” of CCT.

Therefore, the entry into the GOT Sub-Lease Agreement by the Glory Office Trustee-Manager would constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

Based on the audited financial statements of CCT and its subsidiaries (“**CCT Group**”) for FY2017, the net tangible asset (“**NTA**”) or net asset value of the CCT Group was S\$6,416.9 million as at 31 December 2017.

The TWPC Leases and the GOT Sub-Lease, when aggregated with the existing interested person transactions with CapitaLand and its subsidiaries and associates for the current financial year would exceed 3.0% of the latest audited NTA of the CCT Group, and accordingly under Rule 905 of the Listing Manual, the Manager must make an announcement of such interested person transactions.

2. CERTAIN PRINCIPAL TERMS OF THE TWPC LEASES AND THE GOT SUB-LEASE

(a) TWPC Leases

(i) AST2 Lease

Under the AST2 Lease Agreement, the floor area of the AST2 Premises will be approximately 41,000 square feet. The term of the AST2 Lease is for the period from 1 January 2019 to 31 December 2023, with an option to renew for a further term of five years.

Prior to finalisation and entering into of the AST2 Lease Agreement, an independent valuer, Knight Frank Pte Ltd ("**Knight Frank**") was commissioned to provide an independent opinion on the terms of the AST2 Lease Agreement to ensure that they are on normal commercial terms. Knight Frank has on 19 September 2018 issued its written opinion in relation to the AST2 Lease.

(ii) CT L20 Lease

Under the CT L20 Lease Agreement, the floor area of the L20 Premises will be approximately 22,000 square feet. The term of the CT L20 Lease is for the period from 1 January 2019 to 15 January 2024, with an option to renew for a further term of five years.

Prior to finalisation and entering into of the CT L20 Lease Agreement, an independent valuer, CBRE Pte. Ltd. ("**CBRE**") was commissioned to provide an independent opinion on the terms of the CT L20 Lease Agreement to ensure that they are on normal commercial terms. CBRE has on 19 September 2018 issued its written opinion in relation to the CT L20 Lease.

(iii) CT L24 Lease

Under the CT L24 Lease Agreement, the floor area of the L24 Premises will be approximately 9,000 square feet. The term of the CT L24 Lease is for the period from 1 January 2019 to 15 January 2024, with an option to renew for a further term of five years.

Prior to finalisation and entering into of the CT L24 Lease Agreement, an independent valuer, CBRE was commissioned to provide an independent opinion on the terms of the CT L24 Lease Agreement to ensure that they are on normal commercial terms. CBRE has on 19 September 2018 issued its written opinion in relation to the CT L24 Lease.

The estimated aggregate rent payable under the AST2 Lease, the CT L20 Lease and the CT L24 Lease amounts to approximately S\$43.4 million for the entire lease terms. The rent payable under each of the AST2 Lease, the CT L20 Lease and the CT L24 Lease was arrived at after taking into consideration, *inter alia*, the condition and location of each of the Premises.

(b) GOT Sub-Lease

Under the GOT Sub-Lease Agreement, the Relevant Area will be approximately 2,500 square feet. The term of the GOT Sub-Lease is for a period from 1 January 2019 to 31 December 2020, with an option to extend on the same terms for a maximum period of 12 months ("**GOT Sub-Lease Term**").

The estimated rent payable under the GOT Sub-Lease Agreement for the duration of the GOT Sub-Lease Term, including the option to extend amounts to approximately S\$0.8 million (the "**GOT Sub-Lease Rent**"). The GOT Sub-Lease Rent was arrived at after taking into consideration, *inter alia*, the condition and location of the Relevant Area.

CCT will bear 45.0% of the GOT Sub-Lease Rent, being approximately S\$0.4 million, in accordance with its proportion of unitholding in Glory Office Trust. Prior to finalisation and entering into of the GOT Sub-Lease Agreement, an independent valuer, CBRE was commissioned to provide an independent opinion on the terms of the GOT Sub-Lease Agreement to ensure that they are on normal commercial terms. CBRE has on 19 September 2018 issued its written opinion in relation to the GOT Sub-Lease.

3. RATIONALE FOR AND BENEFITS OF THE TWPC LEASES AND THE GOT SUB-LEASE

(a) TWPC Leases

(i) **Stable Income**

The TWPC Leases will provide stable income to CCT for the next five years starting from January 2019. Two independent valuers, Knight Frank and CBRE, have opined that the rent payable under the TWPC Leases are at market level.

(ii) **Improvement to AST2's Committed Occupancy Rate**

AST2's committed occupancy rate will increase from approximately 92% as at 30 June 2018 to approximately 97%.

(iii) **Provision of Additional Amenities to CCT's Tenants**

TWPC intends to introduce flexible spaces and community programmes at the AST2 Premises, the CT L20 Premises and the CT L24 Premises that would benefit the tenants at AST2 and CT. The Manager is of the view that the provision of flexible spaces and programme offerings by TWPC at AST2 and CT will create new amenities to meet the evolving workspace needs of tenants.

(b) GOT Sub-Lease

CapitaSpring is under development and is targeted to complete in 1H 2021 (the "**Project**"). As the site is currently undergoing construction works, the Glory Office Trustee-Manager intends to use the Relevant Area to establish a show suite for the Project ("**Show Suite**").

The Manager is of the view that the Relevant Area will be an appropriate space for the Show Suite given its immediate availability and location. The immediate availability of Grade A office space in CT will allow GOT to start construction of the Show Suite so that it can be ready for marketing. CT's floor plate efficiency, ceiling height and specifications makes it an ideal choice for the CapitaSpring Show Suite. CT's location with its sheltered link to Tanjong Pagar MRT station will also provide prospective tenants, visitors and members of the Project team easy access to the Show Suite.

4. AUDIT COMMITTEE STATEMENT

The Audit Committee (except for Mr Lim Cho Pin Andrew Geoffrey who has abstained from participating in the review of these transactions as he is a senior executive of CapitaLand) has considered the terms of the TWPC Leases and the GOT Sub-Lease and is of the view that (i) the TWPC Leases and (ii) the Sub-Lease, are on normal commercial terms and are not prejudicial to the interests of CCT and its minority unitholders.

5. TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS WITH CAPITALAND FOR THE CURRENT FINANCIAL YEAR

As at the date of this announcement, the aggregate value of all interested person transactions entered into between CCT and its entities at risk with CapitaLand and its subsidiaries and associates (excluding Temasek Holdings (Private) Limited and its subsidiaries and associates) (the "**CL Group**") (including the AST2 Lease, the CT L20 Lease, the CT L24 Lease, and the GOT Sub-Lease) during the course of the current financial year is approximately S\$585.0 million:

S/N	Interested person transactions with CL Group	Value (\$ million)
A. Existing interested person transactions		
1	Lease of three units and a mezzanine at CT for a term of four years	4.8
2	In connection with the acquisition of Gallileo (the " Acquisition "): 94.9% investment in Gallileo Property S.a.r.l (" Target Company ") in connection with the shareholders' agreement between CCT Galaxy One Pte. Ltd. (" CCT SPV ") and CLI Five Pte. Ltd. (" CL SPV ")	313.3
(b)	Shareholder's loans to Target Company to replace the previous shareholder's loan, of principal amount €5.4 million (approximately S\$8.4 million) at 2.7% interest per annum and term of 20 years and 10 days, comprising:	
	(i) Loan from CCT SPV for 94.9% of the amount ²	12.3
	(ii) Loan from CL SPV for 5.1% of the amount ³	0.2

² The principal amount of the loan and the total interest payable on the loan

³ The total interest payable on the loan

S/N	Interested person transactions with CL Group	Value (S\$ million)
(c)	Shareholder's loans to Target Company to repay external bank loans, of principal amount €140.0 million (approximately S\$218.4 million) at 1.4% interest per annum and term of 1 year, comprising: (i) Loan from CCT SPV for 94.9% of the amount ² (ii) Loan from CL SPV for 5.1% of the amount ³	210.4 0.2
B. New interested person transactions		
1	TWPC Leases	43.4
2	GOT Sub-Lease	0.4
Total value of all interested person transactions with CL Group		585.0
% of NTA of CCT as at 31 December 2017		9.1%

The total value of all Interested Person Transactions entered into by CCT and its entities at risk for the current financial year up to the date of this announcement (including the the AST2 Lease, CT L20 Lease, the CT L24 Lease, and the GOT Sub-Lease) is approximately S\$612.7 million.

6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement, certain directors of the Manager (the “**Directors**”) collectively hold an aggregate direct and indirect interest in 139,303 Units and 628,801⁴ shares in CapitaLand.

The Manager is a wholly owned subsidiary of CapitaLand. Mr Lee Chee Koon is a Non-Executive Non-Independent Director of the Manager and the President and Group Chief Executive Officer of CapitaLand. Mr Lim Cho Pin Andrew Geoffrey is a Non-Executive Non-Independent Director of the Manager and the Group Chief Financial Officer of CapitaLand.

As at the date of this announcement and based on information available to the Manager:

- (a) Temasek Holdings (Private) Limited, through its associated companies (including CapitaLand Limited and its subsidiaries), has an aggregate deemed interest in 1,169,386,279 Units, which is equivalent to approximately 31.2% of the total number of Units in issue; and
- (b) CapitaLand, through its subsidiaries, is deemed to have an interest in 1,124,924,190 Units, which is equivalent to approximately 30.1% of the total number of Units in issue.

Save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the Directors or the controlling Unitholders have an interest, direct or indirect, in the CT L20 Lease, the CT L24 Lease, the AST2 Lease and the GOT Sub-Lease.

⁴ Of the 628,801 shares in CapitaLand held by the Directors, the independent directors of the Manager hold 43,000 shares in CapitaLand, with Mr Lam Yi Young holding 35,000 shares in CapitaLand and Mr Ng Wai King holding 8,000 shares in CapitaLand.

CapitaLand Commercial Trust Management Limited
(Registration Number: 200309059W)
As manager of CapitaLand Commercial Trust

Lee Ju Lin, Audrey
Company Secretary

2 October 2018

IMPORTANT NOTICE

The value of units in CapitaLand Commercial Trust ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by CapitaLand Commercial Trust Management Limited (the "**Manager**"), as manager of CapitaLand Commercial Trust, 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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CapitaLand Commercial Trust is not necessarily indicative of the future performance of CapitaLand Commercial Trust.