



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 TRANSACTION LEASE WITH THE WORK PROJECT (COMMERCIAL) PTE. LTD.

1. INTRODUCTION

1.1. TWPC Lease Agreement

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 CL Office Trustee Pte. Ltd. in its capacity as trustee-manager of Glory Office Trust¹ (the "**Glory Office Trustee-Manager**"), has entered into a lease agreement with The Work Project (Commercial) Pte. Ltd. ("**TWPC**"), an associate of CapitaLand Limited ("**CapitaLand**"), in relation to the lease of units #21-01 to 06 at CapitaSpring ("**CS**"), 88 Market Street, Singapore 048948 (the "**TWPC Premises**" and the lease of the TWPC Premises, the "**TWPC Lease Agreement**").

1.2. Disclosure Requirements

As at the date of this announcement, CapitaLand currently holds, through its subsidiaries, an aggregate interest in 1,132,415,717 units in CCT ("**Units**"), which is equivalent to approximately 29.36% of the total number of Units in issue². 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.

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

¹ The units in Glory Office Trust are owned by HSBC Institutional Trust Services (Singapore) Limited as trustee of CCT (45.0%), Glory Office Pte. Ltd. (a wholly owned subsidiary of CapitaLand Singapore (R&R) Limited (formerly known as CapitaLand Singapore Limited)) (45.0%) and MEA Commercial Holdings Pte. Ltd. (a wholly owned subsidiary of Mitsubishi Estate Co., Ltd) (10.0%).

² Based on the total number of 3,857,122,046 Units in issue as at the date of this announcement.

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

Therefore, the entry into the TWPC 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 FY2018, the net tangible asset (“**NTA**”) or net asset value of the CCT Group was S\$6,909.2 million as at 31 December 2018.

CCT’s share of the rental income from the TWPC Lease Agreement, when aggregated with the value of 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 transaction.

2. CERTAIN PRINCIPAL TERMS OF THE TWPC LEASE AGREEMENT

Under the TWPC Lease Agreement, the floor area of the TWPC Premises will be approximately 22,000³ square feet. The term of the TWPC Lease Agreement is for the period from 1 September 2021⁴ to 31 August 2028, with an option to renew for a further term of three years at revised rent and service charge rates to be agreed between the Glory Office Trustee-Manager and TWPC, and other terms and conditions to be determined by the Glory Office Trustee-Manager.

The rent payable by TWPC under the TWPC Lease Agreement is estimated to be approximately S\$22.7 million for the entire lease term, which does not include the renewal option term. The rent payable under the TWPC Lease Agreement was arrived at after taking into consideration, *inter alia*, the condition and location of the TWPC Premises.

CCT’s 45% share of the rental income from the TWPC Lease Agreement is estimated to be approximately S\$10.2 million, in accordance with its proportion of unitholding in Glory Office Trust. Prior to finalisation and entering into of the TWPC Lease Agreement, an independent valuer, Knight Frank Pte Ltd (“**Knight Frank**”) was commissioned to provide an independent opinion on the terms of the TWPC Lease Agreement to ensure that they are on normal commercial terms. Knight Frank has on 10 October 2019 issued its written opinion in relation to the TWPC Lease Agreement.

3. RATIONALE FOR AND BENEFITS OF THE TWPC LEASE AGREEMENT

- (a) **Market competitive rent from the TWPC Lease Agreement will provide stable income**

³ Area indicated is subject to survey.

⁴ The Temporary Occupation Permit (the “**TOP**”) for CS is expected to be issued by first quarter 2021. The commencement date for the TWPC Lease Agreement is assumed to be five months after the targeted TOP date.

The independent valuer, Knight Frank, is of the opinion that the rent and terms of the TWPC Lease Agreement are within market benchmarks and considered fair and reasonable. The rent payable under the TWPC Lease Agreement will provide stable income to CCT for seven years, starting from September 2021.

(b) **Collaboration with TWPC, an established co-working operator, will enhance CS' offerings to tenants**

TWPC has expertise in operating co-working spaces and a proven track record at other properties, including Capital Tower and Asia Square Tower 2. As the workspace needs and requirements of tenants evolve, the Manager is of the view that the provision of flexible spaces at CS will create new amenities and enhance CS' offerings to its tenants.

4. AUDIT COMMITTEE STATEMENT

The Audit Committee (except for Mr Lim Cho Pin Andrew Geoffrey who has abstained from participating in the review of this transaction as he is a senior executive of CapitaLand) has considered the terms of the TWPC Lease Agreement and is of the view that the TWPC Lease Agreement is on normal commercial terms and 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 TWPC Lease Agreement) during the course of the current financial year is approximately S\$692.8 million:

As at the date of this announcement, the aggregate value of all interested person transactions entered into by CCT and its entities at risk and all interested persons during the course of the current financial year (including the TWPC Lease Agreement) is approximately S\$708.1 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 235,842 Units and 447,637⁵ shares in CapitaLand.

The Manager is a wholly owned subsidiary of CapitaLand. Mr Chee Tien Jin Kevin is the Chief Executive Officer and an Executive Non-Independent Director of the Manager. Mr Jonathan Yap Neng Tong is a Non-Executive Non-Independent Director of the Manager and President, CapitaLand Financial of CapitaLand. Mr Lim Cho Pin Andrew Geoffrey is a Non-Executive Non-Independent Director of the Manager and Group Chief Financial Officer of CapitaLand.

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

- (a) CapitaLand, through its subsidiaries, has a deemed interest in 1,132,415,717 Units, which is equivalent to approximately 29.36% of the total number of Units in issue; and
- (b) Temasek Holdings (Private) Limited has an aggregate deemed interest in 1,163,547,058 Units, which includes its deemed interest through CapitaLand, and is equivalent to approximately 30.17% 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 of CCT have an interest, direct or indirect, in the TWPC Lease Agreement.

CapitaLand Commercial Trust Management Limited

(Registration Number: 200309059W)

As manager of CapitaLand Commercial Trust

Lee Ju Lin, Audrey

Company Secretary

23 October 2019

⁵ Of the 447,637 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.

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.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events.