



CAPITALAND COMMERCIAL TRUST

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

ANNOUNCEMENT

DIVESTMENT OF WILKIE EDGE

1. INTRODUCTION

1.1 Divestment of Wilkie Edge

CapitaLand Commercial Trust Management Limited, as manager of CapitaLand Commercial Trust (“CCT”, and the manager of CCT, the “**Manager**”) is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CCT (the “**Trustee**”), has entered into a sale and purchase agreement (the “**SPA**”) relating to the sale of the property known as Wilkie Edge (the “**Sale**”), located at 8 Wilkie Road, Singapore 228095 (“**Wilkie Edge**”), with Lian Beng (8) Pte. Ltd. (the “**Purchaser**”) which is unrelated to CCT.

1.2 Information on the Property

Located at the junction of Wilkie Road and Selegie Road, Wilkie Edge is a 12-storey integrated development comprising office and retail units as well as a serviced residence, Citadines Mount Sophia, which is leased to Ascott Residence Trust for 96 years from 17 November 2008. The Purchaser shall take over all existing rights and obligations in relation to this existing lease.

In close proximity to the Dhoby Ghaut and Little India MRT interchanges as well as Bugis MRT station, Wilkie Edge is a leasehold property, with a lease expiring on 20 February 2105 with a total net lettable area of 154,528 square feet (sq ft). As at 31 March 2017, Wilkie Edge had a committed occupancy rate of 99.9% and contributed 3% to CCT’s 1Q 2017 net property income.

The latest independent valuation of Wilkie Edge commissioned by the Manager and the Trustee was S\$201.0 million as appraised by Jones Lang LaSalle Property Consultants Pte Ltd as at 31 December 2016. The methods used by the independent valuer were the capitalisation method and the discounted cash flow method.

2. PRINCIPAL TERMS OF THE SALE

2.1 Sale and Purchase

Pursuant to the SPA, CCT will sell Wilkie Edge to the Purchaser for a sale consideration of S\$280.0 million (the “**Sale Consideration**”). Completion of the Sale is expected to take place in September 2017.

2.2 Sale Consideration and Valuation

The Sale Consideration was negotiated on a willing-buyer and willing-seller basis. The Purchaser shall pay a deposit of 15.0% of the Sale Consideration following signing of the SPA, and will pay the balance of the Sale Consideration to CCT on completion of the Sale.

2.3 Principal Terms of the SPA

The principal terms of the SPA include, among others, the following:

- Wilkie Edge is sold in its present state and condition, subject to fair wear and tear. If there is any material damage to Wilkie Edge prior to completion either party may elect to terminate the SPA; and
- the Purchaser shall take over all existing rights and obligations of CCT in relation to the existing lease of 154 serviced apartment units to Ascott Residence Trust with a leasehold term of 96 years, 3 months and 3 days commencing from 17 November 2008.

3. RATIONALE FOR THE SALE

The Sale is in-line with the Manager’s strategy to regularly evaluate and rejuvenate its portfolio. Assuming all the net proceeds from the Sale is used to repay existing debt, CCT’s aggregate leverage as at 31 March 2017 will decrease from 38.1% to 35.7%. Part or all of the net proceeds from the Sale could also be channelled into new investment opportunities that the Manager believes will offer better growth prospects for CCT.

3.1 Premium over valuation and original purchase price

CCT is expected to recognise an estimated gain on the Sale of approximately S\$76.0 million over the valuation of Wilkie Edge of S\$201.0 million as at 31 December 2016. The sale price of S\$280.0 million is S\$97.3 million higher than CCT’s original purchase price of Wilkie Edge of S\$182.7 million in 2008.

4. USE OF SALE PROCEEDS AND FINANCIAL EFFECTS

4.1 Use of Sale Proceeds

The Manager’s intention is to use the net sale proceeds to repay debt and/or to fund growth opportunities.

4.2 Pro Forma Financial Effects

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on the net asset value (“**NAV**”) per unit in CCT (“**Unit**”) and the distribution per Unit (“**DPU**”) of

CCT presented below were prepared based on the audited financial statements of CCT for the financial year ended 31 December 2016.

4.2.1 Pro Forma NAV of the Sale

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on the NAV per Unit as at 31 December 2016, as if the Sale was completed on 31 December 2016, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
NAV per Unit (S\$)	1.73	1.76

4.2.2 Pro Forma DPU of the Sale

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on CCT's DPU for the financial year ended 31 December 2016, as if CCT had completed the Sale on 1 January 2016, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
DPU (cents)	9.08	8.94

Note:

Assume Sale proceeds utilised to reduce CCT's borrowings.

5. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, save for the unitholding interests in CCT held by certain directors of the Manager and the controlling Unitholders, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Sale.

6. OTHER INFORMATION

6.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Sale or any other transactions contemplated in relation to the Sale.

6.2 Divestment fee

Pursuant to the trust deed constituting CCT dated 6 February 2004 (as amended), the Manager will, following completion of the Sale, receive a divestment fee of approximately S\$1.4 million (being 0.5% of the Sale Consideration), which will be paid in cash.

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

Chapter 10 of the Listing Manual classifies transactions by an issuer 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 the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with the issuer's NAV;
- (ii) the net profits attributable to the assets disposed of, compared with the issuer's net profits;
- (iii) the aggregate value of the consideration received, compared with the issuer's capitalisation; and
- (iv) the number of Units issued by the issuer as consideration for the acquisition, compared with the number of Units previously in issue.

The relative figures for the Sale using the applicable bases of comparison described above are set out in the table below:

	Sale (S\$ million)	CCT Group (S\$ million)	Percentage
Rule 1006(a) NAV of assets disposed compared to CCT's NAV	82.4	5,191.2 ⁽²⁾	1.6%
Rule 1006(b) Net profits attributable to the assets disposed compared to CCT's net profits	2.1	65.8 ⁽²⁾	3.2%
Rule 1006(c) Aggregate value of consideration to be received compared with CCT's market capitalisation ⁽¹⁾	280.0	4,964.3	5.6%

Notes:

- (1) Market capitalisation computed based on CCT's volume weighted average price of S\$1.6542 on 30 June 2017, being the market day immediately prior to the date of the SPA.
- (2) CCT's 1Q 2017 unaudited Financial Results announced on 19 April 2017.

The relative figure in relation to the number of units issued by CCT as consideration for the Sale, compared with the number of units previously in issue, is not applicable to the Sale.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, a transaction will be regarded as being a discloseable transaction. The Manager is of the view that the Sale is in the ordinary course of CCT's business.

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

Toh Su Jin Jason
Company Secretary

3 July 2017

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, 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.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

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

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