



CAPITALAND COMMERCIAL TRUST

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

ANNOUNCEMENT

JOINT VENTURE WITH CAPITALAND AND MITSUBISHI ESTATE CO., LTD TO REDEVELOP GOLDEN SHOE CAR PARK INTO AN INTEGRATED DEVELOPMENT

1. INTRODUCTION

1.1 The Joint Venture

CapitaLand Commercial Trust Management Limited, as manager of CapitaLand Commercial Trust (“**CCT**”, and the manager of CCT, the “**Manager**”), is pleased to announce that a joint venture (“**Joint Venture**”) has been formed with CapitaLand Singapore Limited (“**CLS**”), a wholly owned subsidiary of CapitaLand Limited (“**CapitaLand**”), and Mitsubishi Estate Co., Ltd (“**MEC**”), to invest in the redevelopment (the “**Project**”) of Golden Shoe Car Park (the “**Property**”) at 50 Market Street, Singapore 048940 into an integrated development comprising Grade A office, ancillary retail, serviced residence and food centre with a gross floor area of approximately one million square feet (the “**New Building**”).

The proposed redevelopment will be carried out by two single purpose trusts, being Glory Office Trust in relation to the proposed commercial component of the New Building (“**Commercial Component**”), and Glory SR Trust in relation to the proposed serviced residence component of the New Building (“**SR Component**”). Upon the completion of the Project, the food centre will be surrendered to the Head Lessor and allocated to the Ministry of the Environment and Water Resources.

The Property is presently held by Glory Office Trust, subject to an agreement for lease in relation to the SR Component in favour of Glory SR Trust (as lessee) for the remaining period of the land lease of the Property less one day.

In connection with the Joint Venture, on 12 July 2017, (a) HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CCT (the “**CCT Trustee**”), the Manager, Glory Office Pte. Ltd. (“**CL Office SPV**”) (a wholly owned subsidiary of CLS), CLS, MEA Commercial Holdings Pte. Ltd. (“**MEACH**”) (a wholly owned subsidiary of MEC), MEC and CL Office Trustee Pte. Ltd., as trustee-manager of Glory Office Trust (the “**Glory Office Trustee-Manager**”), had entered into a joint venture agreement in relation to Glory Office Trust (the “**GOT Joint Venture Agreement**”); and (b) the CCT Trustee, the Manager, Glory SR Pte. Ltd. (“**CL SR SPV**”) (a wholly owned subsidiary of CLS), CLS, MEACH, MEC and Glory SR Trustee Pte. Ltd., as trustee-manager of Glory SR Trust (the “**Glory SR Trustee-Manager**”), had entered into a joint venture agreement in relation to Glory SR Trust (the “**GSRT Joint Venture Agreement**”).

Pursuant to the terms of the GOT Joint Venture Agreement, units in Glory Office Trust and Glory SR Trust have been subscribed for in the proportion as set out in the table below (together, the “**Subscription**”).

	Glory Office Trust	Glory SR Trust
CCT Trustee	45%	45%
CL Office SPV	45%	NA
CL SR SPV	NA	45%
MEACH	10%	10%

1.2 Disclosure Requirements

As at the date of this announcement, CapitaLand holds an aggregate interest in 958,370,951 units in CCT (“**CCT Units**”), which is equivalent to approximately 31.88% of the total number of CCT Units in issue, and is therefore regarded as a “controlling unitholder” of CCT under both the listing manual of the SGX-ST (the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”). In addition, as the Manager is a wholly-owned subsidiary of CapitaLand, CapitaLand is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

As CL Office SPV and CL SR SPV are wholly-owned subsidiaries of CapitaLand, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, each of CL Office SPV and CL SR SPV (being a subsidiary of a “controlling unitholder” of CCT and a “controlling shareholder” of the Manager) is (for the purpose of the Listing Manual) an “interested person” and (for the purpose of the Property Funds Appendix) an “interested party” of CCT.

Therefore, the entry into the GOT Joint Venture Agreement and the GSRT Joint Venture Agreement (together, the “**Joint Venture Agreements**”) constitutes an “interested person transaction” under Chapter 9 of the Listing Manual, and the Subscription constitutes an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix.

These transactions when aggregated with the existing interested person transactions with CapitaLand and its associates for the current financial year would exceed 5.0% of the net tangible assets of CCT and, accordingly under Rule 905 of the Listing Manual, the Manager must make an announcement of such interested person transactions. However, the entry into the Joint Venture Agreements falls within the exception under Rule 916(2) of the Listing Manual and, accordingly, the approval of the unitholders of CCT (“Unitholders”) for the entry into the Joint Venture Agreements is not required.

2. CERTAIN PRINCIPAL TERMS OF THE JOINT VENTURE

2.1 Lease of SR Component to Glory SR Trust and Sale of the Property to Glory Office Trust

The open market value of the Property as at 31 May 2017 is S\$145.0 million and S\$148.0 million as stated by Jones Lang LaSalle Property Consultants Pte Ltd and Knight Frank Pte Ltd in their respective valuations, primarily based on the residual land value approach.

The aggregate consideration of the Property is S\$161.1 million (including the consideration for the agreement for lease in relation to the SR Component). The aggregate consideration of the Property of S\$161.1 million is 10.0% above the average market value of S\$146.5 million by the two valuers.

2.2 Principal Terms of the Lease to Glory SR Trust

The term of the lease for the SR Component by Glory Office Trust to Glory SR Trust is for the remaining period of the land lease of the Property until 30 January 2081, one day before the expiry date of the land lease of the Property. The annual rent for the lease is a nominal sum the payment for which has been waived by Glory Office Trust.

2.3 Principal Terms and Conditions of the Joint Venture Agreements

Under the GOT Joint Venture Agreement, Glory Office Trustee-Manager shall appoint a management committee to act on its behalf to exercise all of the powers, authorities and discretions of Glory Office Trustee-Manager and to perform all of the obligations of Glory Office Trustee-Manager under the trust deed constituting Glory Office Trust as the manager of Glory Office Trust.

Similarly, under the GSRT Joint Venture Agreement, Glory SR Trustee-Manager shall appoint a management committee to act on its behalf to exercise all of the powers, authorities and discretions of Glory SR Trustee-Manager and to perform all of the obligations of Glory SR Trustee-Manager under the trust deed constituting Glory SR Trust as the manager of Glory SR Trust.

Each holder shall be entitled to appoint one management committee Member for every 20% interest in Glory Office Trust or, as the case may be, Glory SR Trust ("**MC Holder**").

Each of the Joint Venture Agreements contains a set of reserved matters in relation to key operational and management issues affecting Glory Office Trust or, as the case may be, Glory SR Trust, including but not limited to the matters set out in paragraph 6.5(b) of the Property Funds Appendix.

In addition, each of the Joint Venture Agreements states that the Glory Office Trustee-Manager or, as the case may be, Glory SR Trustee-Manager shall declare a distribution of at least 90.0% of taxable income (excluding gains from real estate determined by the Inland Revenue Authority of Singapore to be trading gains) and net tax-exempt income (if any).

Under the GOT Joint Venture Agreement, each of CCT and CL Office SPV has, following the lapsing of the Call Option Agreements, a right to drag along MEACH, provided that the purchase price is not less than the fair market value of the units (being the net asset value of Glory Office Trust and the latest available valuation of the Commercial Component), and MEACH has a right to tag along CCT and CL Office SPV in respect of any sale, transfer or disposal of units by CCT or CL Office SPV, subject to the terms of the GOT Joint Venture Agreement.

Under the GSRT Joint Venture Agreement, each of CCT and CL Office SPV has a right to drag along MEACH, in respect of any sale, transfer or disposal of units by CCT or CL Office SPV, subject to the terms of the GSRT Joint Venture Agreement, provided that the purchase price is (in the event the drag along right is exercised during the period of five years commencing on the date of issuance of the temporary occupation permit ("**TOP**") for the New Building) not less than the drag along base price or (in the event the drag along right is exercised after five years from the date of issuance of the TOP for the New Building) not less than the fair market value of the units (being the net asset value of Glory SR Trust and the

latest available valuation of the SR Component). The drag along base price will be calculated as the total development costs for the Project (excluding financing costs) incurred by the Glory SR Trustee-Manager up to the date of valuation of the completed SR Component less any net property income from the SR Component received by Glory SR Trustee-Manager, with the difference compounded quarterly by a 5.0% per annum return from the date each such amount is incurred up to and including the date of the drag along notice.

Under the GSRT Joint Venture Agreement, MEACH has a right, after five years following the issuance of the TOP for the New Building, to tag along CCT and CL Office SPV in respect of any sale, transfer or disposal of units by CCT or CL Office SPV, subject to the terms of the GSRT Joint Venture Agreement.

2.4 Principal Terms and Conditions of the Call Options

As part of the terms of the GOT Joint Venture Agreement, the CCT Trustee has been granted a call option over the Commercial Component (the “**Call Option (Commercial Component) Agreement**”) and a call option over the units in Glory Office Trust held by CL Office SPV and MEACH (the “**Call Option (Units) Agreement**”). The Call Option (Commercial Component) Agreement and the Call Option (Units) Agreement are collectively referred to as the “**Call Options**”. To exercise either of the Call Options, the CCT Trustee is required to notify the Glory Office Trustee-Manager of its intention to exercise the relevant Call Option at any time within the period of five years commencing on the date of issuance of the TOP for the New Building (the “**Prescribed Period**”).

The purchase price for the Call Options will be based on the average of two valuations obtained, provided that the purchase price is not less than the Base Price¹. The Base Price will be calculated as the total development costs for the Project (excluding financing costs) incurred by the Glory Office Trustee-Manager up to the date of valuation of the completed Commercial Component less any net property income from the Commercial Component received by Glory Office Trustee-Manager, with the difference compounded quarterly by a 6.3% per annum return from the date each such amount is incurred up to and including the date of the valuation.

2.5 Details of the Redevelopment

The Manager estimates that the total cost for the Project is approximately S\$1.82 billion (including the cost for the Property). The Manager estimates that the Project is expected to receive its temporary occupation permit sometime in 1H 2021. In connection with the development of the Project, the Glory Office Trustee-Manager and the Glory SR Trustee-Manager have entered into a joint development agreement. The joint development agreement provides for the Glory Office Trustee-Manager to undertake the development of the Commercial Component and the Glory SR Trustee-Manager to undertake the development of the SR Component, and both the Glory Office Trustee-Manager and the Glory SR Trustee-Manager to undertake the development of the food centre.

2.6 Fees Payable to Glory Office Trustee-Manager and Glory SR Trustee-Manager

The fees payable to Glory Office Trustee-Manager and Glory SR Trustee-Manager are as follows:

- (i) a base fee of 0.1% per annum of the value of the deposited property of Glory Office Trust or, as the case may be, Glory SR Trust;

¹ The purchase consideration under the Call Option (Units) Agreement is subject to net assets adjustment.

- (ii) a performance fee of 5.25% per annum of the net investment income of Glory Office Trust or, as the case may be, Glory SR Trust;
- (iii) an acquisition fee of 1.0% of the value of any investment assets acquired by Glory Office Trust or, as the case may be, Glory SR Trust; and
- (iv) a divestment fee of 0.5% of the value of any investment assets divested by Glory Office Trust or, as the case may be, Glory SR Trust.

No acquisition fee is payable for the acquisition of the Property by Glory Office Trust.

In consideration of the services provided by the management committee and the nomination by the Manager and CL Office SPV of the members of the management committee to undertake the operational and management services, the Glory Office Trustee-Manager shall pay the Manager and CL Office SPV such percentage of the base fee, performance fee, acquisition fee and divestment fee which the Glory Office Trustee-Manager receives in accordance with the proportion of their interest in Glory Office Trust vis-à-vis the total interest held by all MC Holders of Glory Office Trust.

In consideration of the services provided by the management committee and the nomination by the Manager and CL SR SPV of the members of the management committee to undertake the operational and management services, the Glory SR Trustee-Manager shall pay the Manager and CL SR SPV such percentage of the base fee, performance fee, acquisition fee and divestment fee which the Glory SR Trustee-Manager receives in accordance with the proportion of their interest in Glory SR Trust vis-à-vis the total interest held by all MC Holders of Glory SR Trust.

2.7 Project Management Services, Marketing and Leasing Services, Property Management Services and Technical Advisory Services

Glory Office Trustee-Manager and Glory SR Trustee-Manager had appointed CapitaLand Commercial Project Management Pte Ltd for the provision of project management services for the Project at a fee of 2.5% of the total project construction cost.

In addition, it is expected that Glory Office Trustee-Manager and/or Glory SR Trustee-Manager will appoint related corporations of CapitaLand to provide (i) marketing and leasing / licensing services in relation to the New Building; (ii) property management services in relation to the New Building; (iii) technical advisory services in relation to the SR Component; and (iv) management services to operate the SR Component as a serviced residence.

3. RATIONALE FOR AND BENEFITS OF THE JOINT VENTURE AND THE PROJECT

The Manager believes that the Joint Venture and the Project will bring about the following key benefits to Unitholders:

3.1 Augment Portfolio Quality for Future Long-term Growth

The Manager believes the Project will strengthen CCT's foothold in the Downtown Core. Upon completion of the Project, CCT will have a 45% share in the new iconic integrated development comprising Grade A office, ancillary retail, serviced residence and a food centre, to complement its existing property portfolio, further reinforcing CCT's foothold in the Downtown Core.

The Manager has been consistently rejuvenating CCT's properties in line with its "portfolio reconstitution strategy" with a view to ensuring that CCT's portfolio meets the modern

demands of its tenants, strengthens its competitiveness and continues to generate positive returns for Unitholders in the long term.

CCT's equity interest in the Project through the Joint Venture with CapitaLand and MEC is 45%. The Joint Venture will allow CCT to leverage on the experience of CapitaLand and MEC. The intention of the Manager is for CCT to own the entire Commercial Component when the performance of Commercial Component stabilises so as to complete the value creation cycle.

The Property sits in the heart of Raffles Place CBD and is an ideal location to meet the demand for office space by financial institutions, fund management firms and other companies in the CBD. Its redevelopment to an integrated development will serve a new generation of dynamic professionals who want to be part of vibrant, virtual and physical communities that enhance their overall work-life experiences. Combined with exciting lifestyle components, this new integrated development will fulfil their intertwined work, live and play aspirations in one central location.

3.2 Land Scarcity and Better Utilisation of Prime Sites near to MRT Stations

The strategy to enhance the asset through the redevelopment is in line with the Manager's vision to own quality income producing commercial assets which are yield accretive so as to deliver stable distribution and sustainable total return to Unitholders. The SR Component is not only complementary to the Grade "A" office building, it diversifies the market risks compared to the completed development being a pure office building.

With its strategic location and ease of access to transportation and amenities, the Manager believes that the Commercial Component is well positioned to meet the demand for office space by companies seeking offices in the CBD.

3.3 Development Expertise of CapitaLand

The Joint Venture will allow CCT to leverage on the wealth of experience and expertise of the CapitaLand and Mitsubishi Estate teams.

CapitaLand is one of Asia's largest real estate companies and its real estate and hospitality portfolio includes homes, offices, shopping malls, serviced residences and integrated developments. MEC is a leading international property development and investment company listed in the Tokyo Stock Exchange of Japan.

CapitaLand has extensive experience and track record in design and development and project management as well as marketing and leasing and property management. MEC has a proven track record in property development, architectural research and design. MEC brings to the Joint Venture its knowledge and expertise in complex projects such as the Project. The Manager believes that the synergistic benefits to be achieved through the combined experience and expertise will enhance the value of the Property and generate long term growth for Unitholders.

3.4 Sharing of Development Risks

The Joint Venture will also allow CCT to share the development risks with its partners, and reduce the development risks taken on by CCT.

4. METHOD OF FINANCING

Glory Office Trust and Glory SR Trust will finance the Project through a combination of equity, unitholders' loan and external financing. Under the Joint Venture Agreements, each of the holders of Glory Office Trust and Glory SR Trust has committed to providing to Glory Office Trust or, as the case may be, Glory SR Trust an aggregate funding by way of equity or unitholders' loan of a maximum of S\$728.0 million in their respective proportions.

The commitments from the unitholders will be drawn down progressively based on the needs of Glory Office Trust and Glory SR Trust.

CCT will finance its share of the funding contributions through a combination of internal funds and/or external financing.

5. AUDIT COMMITTEE STATEMENT

The Manager has appointed Australia and New Zealand Banking Group Limited, Singapore Branch ("**ANZ**") as the Independent Financial Adviser to the audit committee of the Manager ("**Audit Committee**") in respect of the Joint Venture and the IFA has given its opinion to the Audit Committee that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Joint Venture are not prejudicial to the interests of CCT and its minority Unitholders.

The Audit Committee has considered the Joint Venture and taking into consideration the IFA's opinion, is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Joint Venture are not prejudicial to the interests of CCT and its minority Unitholders.

The Audit Committee also confirms that CapitaLand does not have an existing equity interest in the Joint Venture prior to the participation of CCT in the Joint Venture.

6. FINANCIAL EFFECTS

The entry into the Joint Venture Agreements is not expected to have any material impact on the distribution per CCT Unit for the financial year ending 31 December 2017.

7. OTHER INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, the value of all interested person transactions entered into between CCT and CapitaLand and its subsidiaries and associates during the course of the current financial year is approximately S\$25,295,985 (which is approximately 0.48% of the NTA and NAV of CCT as at 31 December 2016). Save as described above, there were no interested person transactions entered into for the current financial year.

8. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 572,368 CCT Units and 3,121,272 shares in CapitaLand¹.

Mr Lim Ming Yan is the Deputy Chairman and a Non-Executive Non-Independent Director of the Manager and the President and Group Chief Executive Officer of CapitaLand Limited. Ms Lynette Leong Chin Yee is the Chief Executive Officer and Executive Non-Independent Director of the Manager. Mr Lim Cho Pin Andrew Geoffrey is a Non-Executive Non-Independent Director of the Manager and the Group Chief Financial Officer of CapitaLand Limited. Mr (TA) Tay Boon Hwee is a Non-Executive Non-Independent Director of the Manager and the Chief Executive Officer of CapitaLand Singapore Limited, a wholly-owned subsidiary of CapitaLand.

Based on information available to the Manager as at the date of this announcement, Temasek Holdings (Private) Limited, through its associated companies (including CapitaLand and its subsidiaries), has an aggregate deemed interest in 964,820,731 CCT Units, which is 32.09%² of all CCT Units in issue.

Based on information available to the Manager as at the date of this announcement, CapitaLand, through its subsidiaries, namely SBR Private Limited, E-Pavilion Pte. Ltd. and CapitaLand Commercial Trust Management Limited, holds an interest in 958,370,951 CCT Units, which is 31.88%² of all CCT Units in issue. Save as disclosed above and as at the date of this announcement, none of the Directors or the controlling Unitholders has an interest, direct or indirect, in the Joint Venture and the Subscription.

9. DOCUMENTS FOR INSPECTION

A copy each of the valuations by Jones Lang LaSalle Property Consultants Pte Ltd and Knight Frank Pte Ltd is available for inspection during normal business hours at the registered office of the Manager³ at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 for a period of three months commencing from the date of this announcement.

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

Toh Su Jin Jason
Company Secretary

13 July 2017

1 Of the 3,121,272 shares in CapitaLand held by the directors, the independent directors hold 43,733 shares in CapitaLand.

2 This percentage is based on 3,006,284,332 CCT Units in issue as at the date of this announcement.

3 Please contact Ms Ho Mei Peng, Investor Relations (telephone: +65 6713 3668) for an appointment.

IMPORTANT NOTICE

The value of CCT Units and the income derived from them may fall as well as rise. CCT Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in CCT 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 CCT Units while the CCT Units are listed. It is intended that Unitholders may only deal in their CCT Units through trading on the SGX-ST. Listing of the CCT Units on the SGX-ST does not guarantee a liquid market for the CCT Units.

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