



CapitaLand Commercial Trust

Singapore's First Commercial REIT

Proposed Acquisition of CapitaGreen
Acquiring 60.0% interest in MSO Trust units

Monday, 23 May 2016

The past performance of CCT is not indicative of the future performance of CCT. Similarly, the past performance of CapitaLand Commercial Trust Management Limited, the manager of CCT, is not indicative of the future performance of the Manager.

The value of units in CCT (CCT Units) and the income derived from them may fall as well as rise. The CCT Units are not obligations of, deposits in, or guaranteed by, the CCT Manager. An investment in the CCT Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the CCT Manager redeem or purchase their CCT Units while the CCT Units are listed. It is intended that holders of the CCT Units may only deal in their CCT Units through trading on Singapore Exchange Securities Trading Limited (SGX-ST). Listing of the CCT Units on the SGX-ST does not guarantee a liquid market for the CCT Units.

This presentation 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 current view of the CCT Manager on future events.



Contents

	Slide No.
1. Overview	04
2. Highlights of CapitaGreen	08
3. Call Option Conditions and Proposed Funding	15
4. Benefits to Unitholders	23
5. Next Steps	32

***Any discrepancies in the tables and charts between the listed figures and totals thereof are due to rounding.**

Overview



CapitaGreen, Singapore



Overview



- CCT presently owns 40.0% interest in MSO Trust which holds CapitaGreen
- Holds call option to acquire remaining 60.0% interest from joint venture partners:
 - CapitaLand (50.0%); and
 - Mitsubishi Estate Asia (10.0%)
- Two key conditions to be met in order to exercise call option to acquire 60.0% of units in MSO Trust:
 - ✓ Market valuation must be equal to or above hurdle price
 - ✓ Proposed acquisition of 50.0% interest from CapitaLand is subject to CCT Unitholders' approval ⁽¹⁾

Note:

(1) Given that the proposed acquisition involves a transaction with an associate of CapitaLand, CapitaLand has to abstain from voting on the proposed resolution.



Transformation of Market Street Car Park into CapitaGreen, a premium Grade A office tower

July 2011

- ✓ Regulatory 10.0% development limit capped CCT's ownership to 40.0%; formed JV with CapitaLand and MEA
- ✓ S\$56 mil Market Street Car Park redeveloped under MSO Trust



Dec 2014

CapitaGreen developed at total cost of S\$1.3 bil⁽¹⁾ and obtained temporary occupation permit on 18 Dec 2014



May 2016

- ✓ Proposed acquisition of remaining 60.0% interest in MSO Trust by exercising call option
- ✓ Acquisition price to be at market valuation



Note:

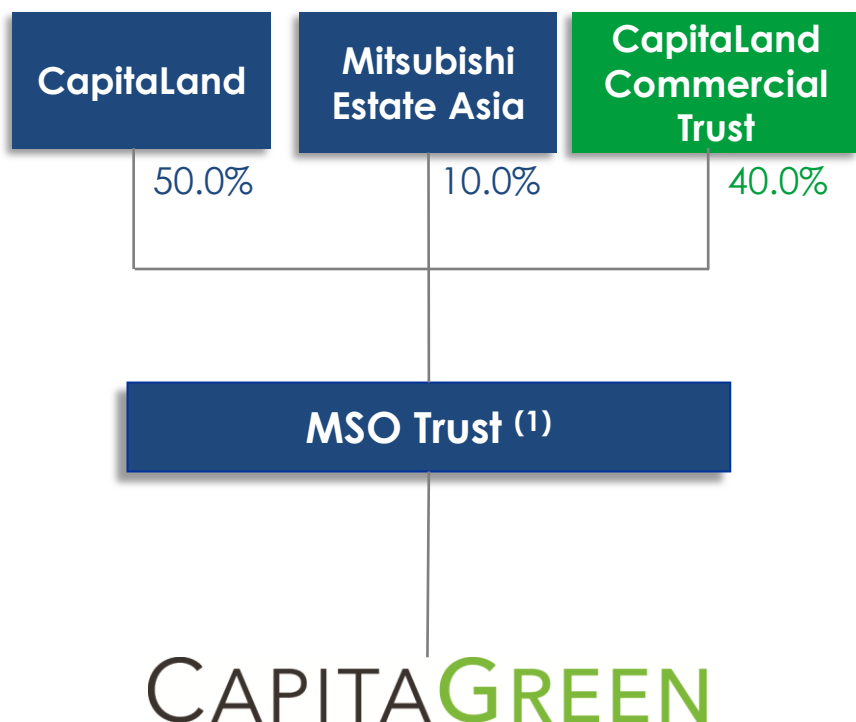
(1) Total development cost included a differential premium and other land related costs of S\$651.5 million paid to the government authorities.

Proposed acquisition of CapitaGreen May 2016

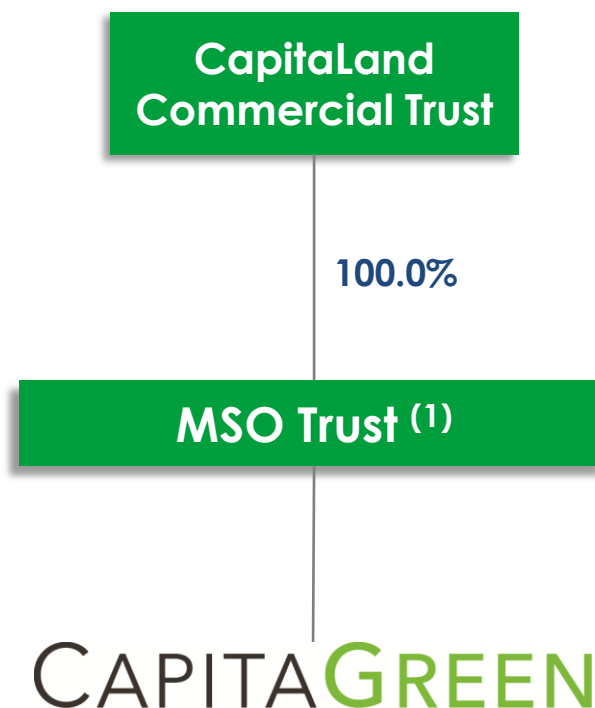


Ownership structure

Existing holding structure



New holding structure after acquisition of 60.0% interest



Note:

- (1) MSO Trust is a special purpose approved sub-trust that has been accorded tax transparency treatment by the Inland Revenue Authority of Singapore.

Highlights of CapitaGreen

CapitaGreen, Singapore





Property details



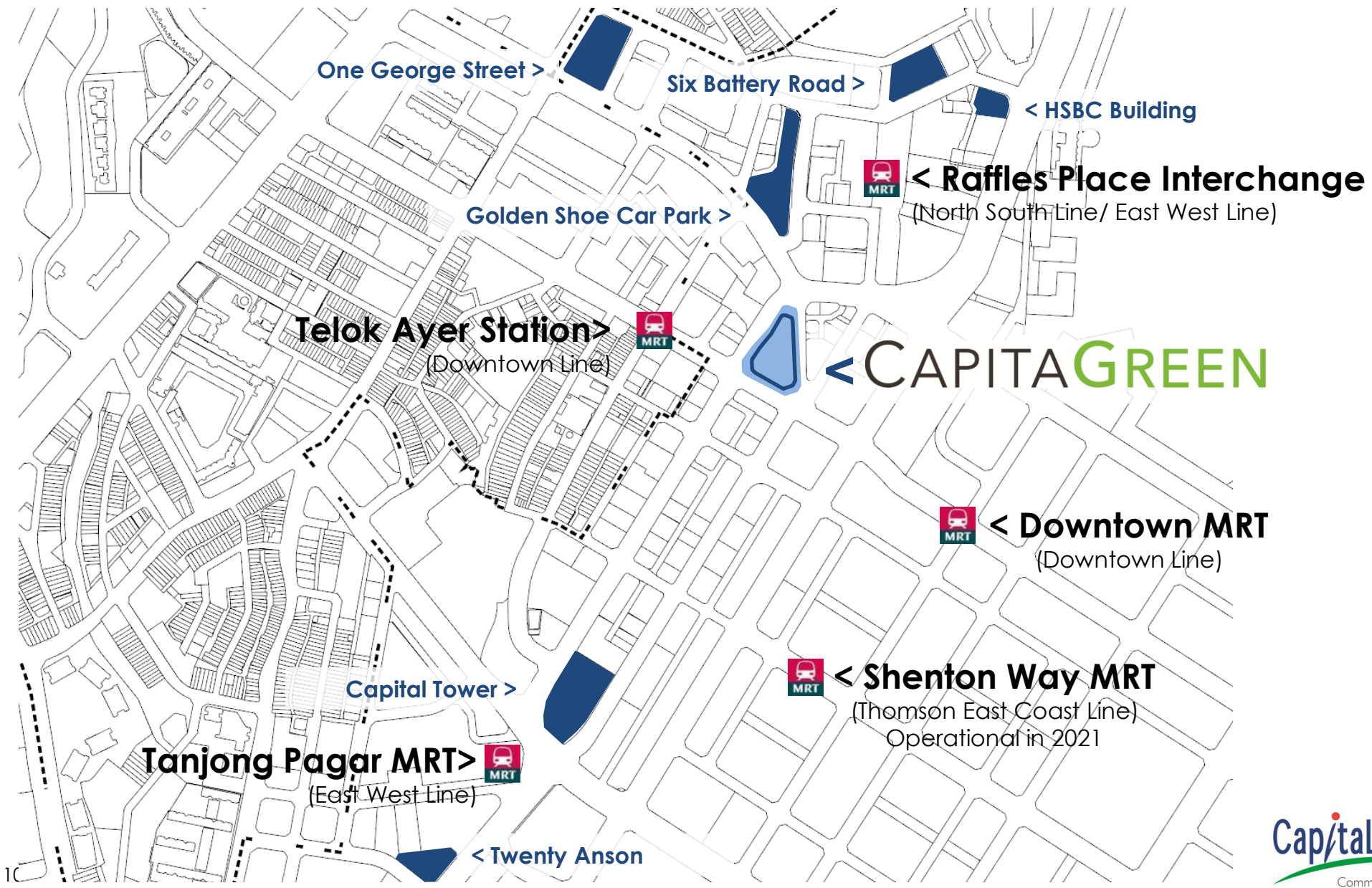
Description	40-storey Grade A office tower with ancillary retail units
Site Area	58,971 sq ft
Gross Floor Area	882,681 sq ft
Net Lettable Area	703,122 sq ft
Committed Occupancy	92.8% as at 31 Mar 2016
Land Tenure	Leasehold with balance term of 57 years expiring 31 Mar 2073
Car Park Lots	180
NPI Yield ⁽¹⁾	3.2%

Note:

(1) Based on CapitaGreen's annualised 1Q 2016 NPI, revenue occupancy of 77.7% and valuation as at 6 Apr 2016.



Centrally located in Singapore's CBD





Environmentally sustainable design and high quality specifications

- ✓ Column-free floor plate of approx 22,000 sq ft
- ✓ Floor to ceiling height: 3.2m
- ✓ Core to window depth: ~10m to 16m
- ✓ Wind scoop/Cool Void
 - Draws in cooler air from higher altitudes and directs cool fresh air to office floors via the Cool Void
- ✓ Double skin facade
 - Reduces heat gain by up to 26%





Best Tall Building in Asia and Australasia
Council on Tall Buildings and Urban Habitat



Best Office and Business Development category
Bronze
MIPIM Asia



BCA GREEN MARK

Green Mark
Platinum

Building and Construction Authority, Singapore



BCA UD MARK
(DESIGN)

Universal Design Mark
Platinum

Building and Construction Authority, Singapore



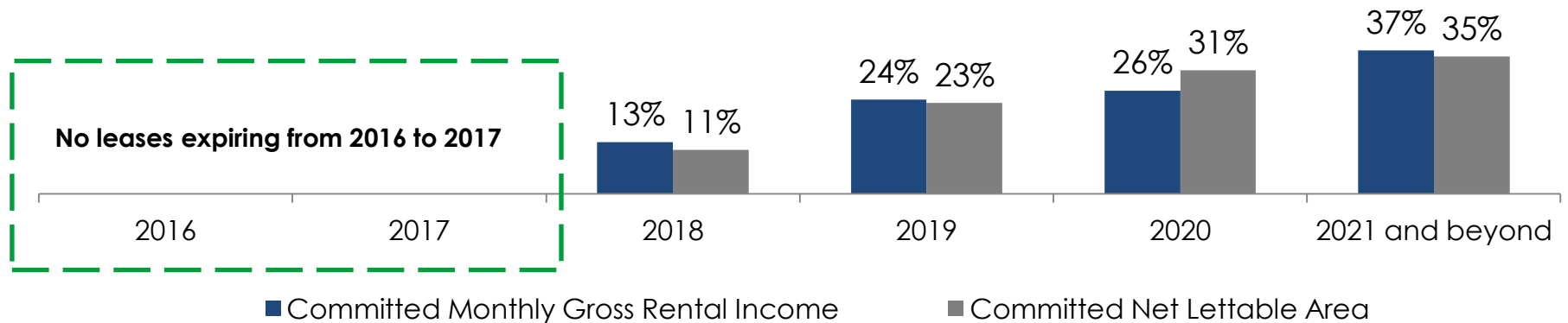
Building Information Modelling Award (Project Category)
Platinum

Building and Construction Authority, Singapore



Well spread lease expiry profile with no leases due prior to 2018

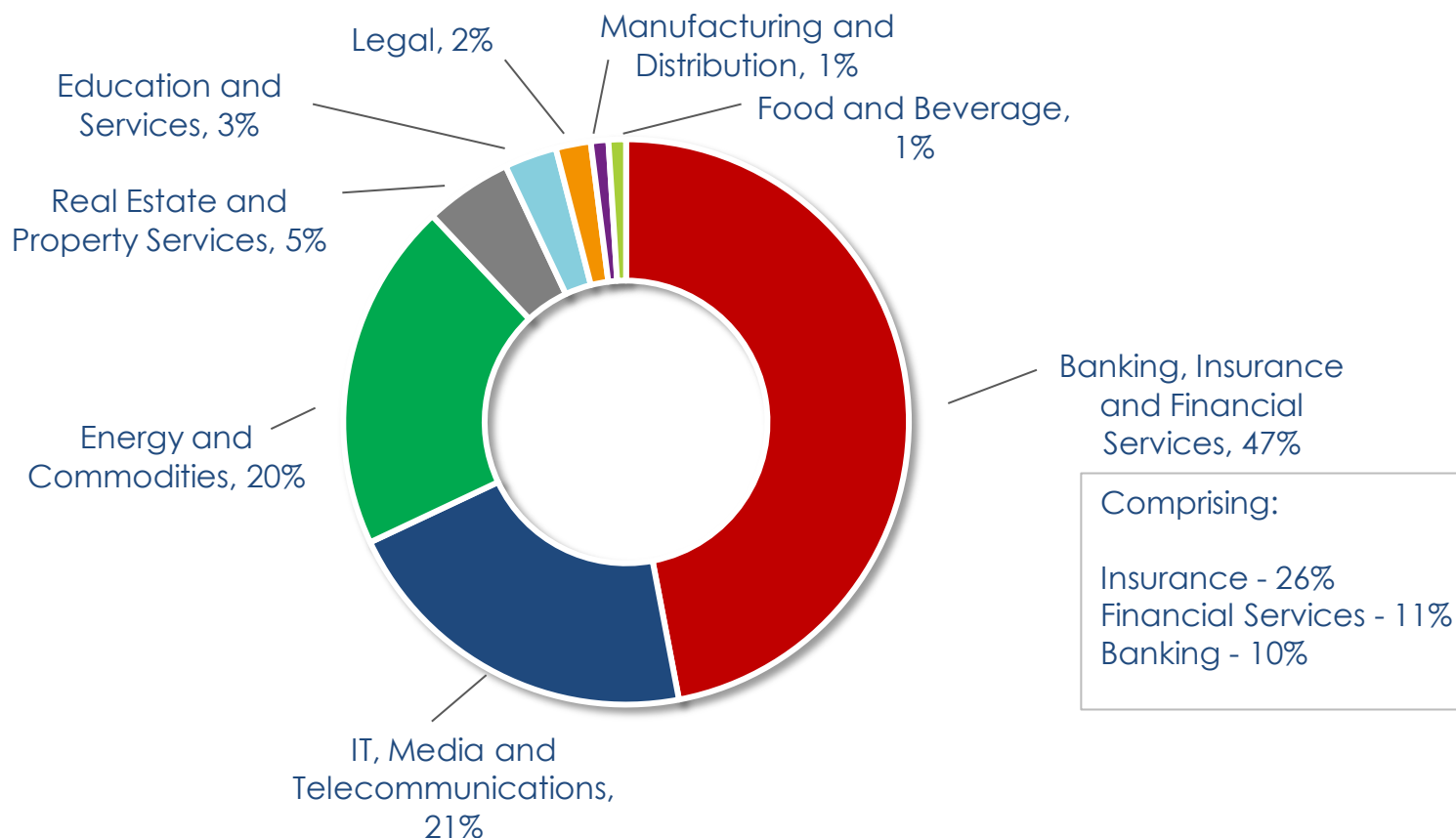
Avoids the large, new supply in the Singapore office market completing in 2016 and 2017





Diverse tenant business mix⁽¹⁾ at CapitaGreen

Majority of tenants from the Insurance, IT, Energy and Commodities, and Banking and Financial sectors



Note:

(1) Based on net lettable area of leases committed at CapitaGreen as at 31 Mar 2016.



Call Option Conditions and Proposed Funding

CapitaGreen, Singapore



Key conditions in call option agreement

Total development cost	S\$1.3 bil (lower than budget of S\$1.4 bil)
Hurdle Price	Based on actual costs incurred since commencement of development in 2011 less net income received and compounded at 6.3% p.a. The hurdle price was computed as S\$1,585.8 mil as at 6 Apr 2016 ⁽¹⁾ .
Agreed value based on market valuation ⁽²⁾ as at 6 Apr 2016	S\$1,600.5 mil (S\$2,276 psf) Based on average of: CBRE S\$1,599.0 mil (S\$2,274 psf) Knight Frank S\$1,602.0 mil (S\$2,278 psf)
To exercise call option	Market valuation must be equal to or exceed hurdle price of S\$1,585.8 mil as at 6 Apr 2016 ⁽¹⁾

Notes:

(1) Notice was issued to JV partners on 6 Apr 2016 to start the process of exercising the call option.

(2) Valuation of CapitaGreen as at 31 December 2015 was S\$1,587.0 mil (S\$2,253 psf) by CBRE.



Market valuation by independent valuers

as at 6 Apr 2016

Based on Capitalisation Approach and Discounted Cash Flow Analysis

	Based on leasehold of 57 years	
Valuer	Total Valuation (\$\$ m)	Capital values (\$\$ psf)
CBRE	1,599.0	2,274
Knight Frank	1,602.0	2,278
Average	1,600.5	2,276 ⁽¹⁾

Assumptions by independent valuers:

Capitalisation rate: 4.15%

Terminal yield: 25 bps above capitalisation rate

Discount rate: 7.25%

Average market rent growth: 3.85% p.a. (over a 10-year period)

Note:

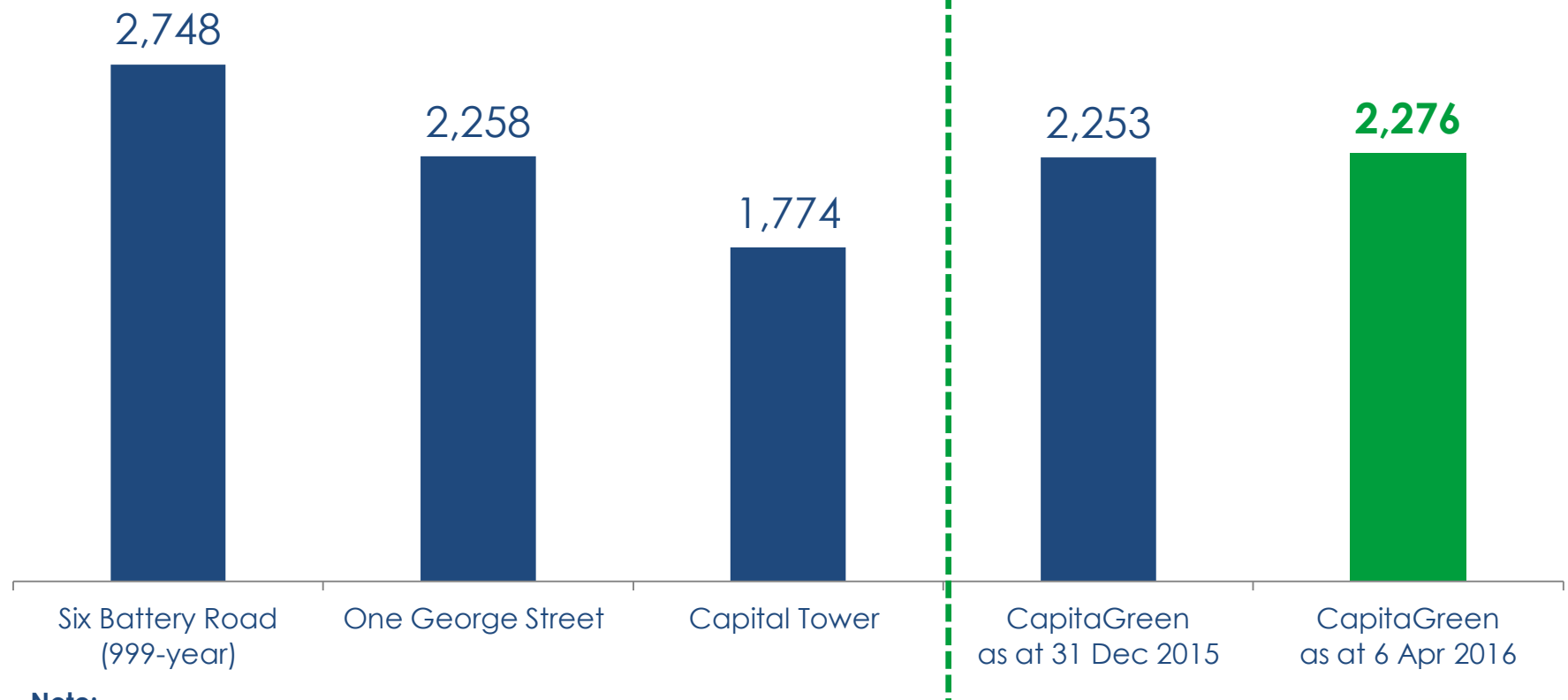
(1) Assuming a 99-year leasehold land tenure, the value of CapitaGreen is estimated to be approximately S\$2,700 psf by CBRE and Knight Frank.



Valuation comparables

CapitaGreen's valuation is comparable to CCT Grade A buildings taking into account location, land tenure, age of building, etc

S\$ psf NLA



Note:

(1) Valuation as at 31 Dec 2015 unless otherwise indicated.



Total acquisition outlay of approximately S\$393 mil

CCT will also assume the remaining 60.0% of MSO Trust's bank loan which amounts to S\$534.0 mil

	S\$ million
Agreed Value of CapitaGreen (100.0% basis)	1,600.5
Adjusted NTA of MSO Trust Units (100.0% basis)	305.6
Purchase Consideration (60.0% of Adjusted NTA)	183.4
Repayment of MSO Trust's unitholders' loans and accrued interest to CapitaLand and Mitsubishi Estate Asia	198.5
Acquisition Fee ⁽¹⁾	9.6
Acquisition Related Expenses	1.5
Total Acquisition Outlay	393.0

Note:

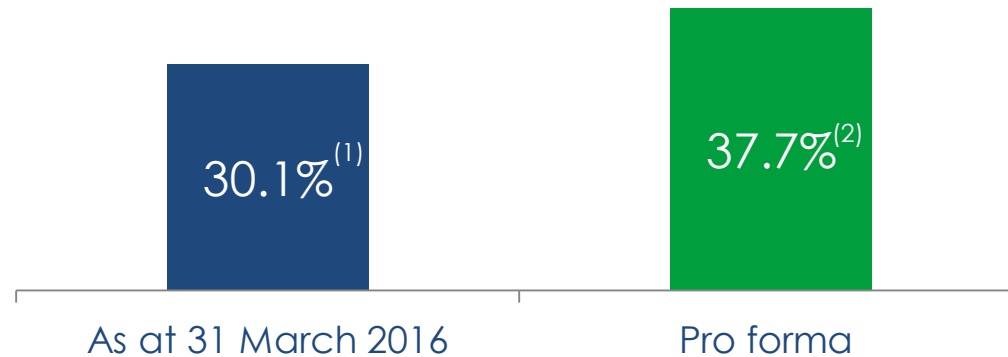
(1) Acquisition fee is computed based on 1.0% of the property value. As the acquisition constitutes an interested party transaction, the acquisition fee for CapitaLand's 50.0% interest will be payable to CCTML in the form of units in CCT and shall not be sold within one year from their date of issuance. The fee for MEA's 10.0% interest will be payable in cash.



Pro forma aggregate leverage below 40.0% after acquisition assuming funding by bank borrowings

Pro forma aggregate leverage of 37.7%:

- ✓ Below regulatory limit of 45.0%
- ✓ Aligned with CCT's capital management strategy to keep aggregate leverage below 40.0%



Notes:

(1) Total gross debt includes CCT's 60.0% interest in RCS Trust and 40.0% interest in MSO Trust.

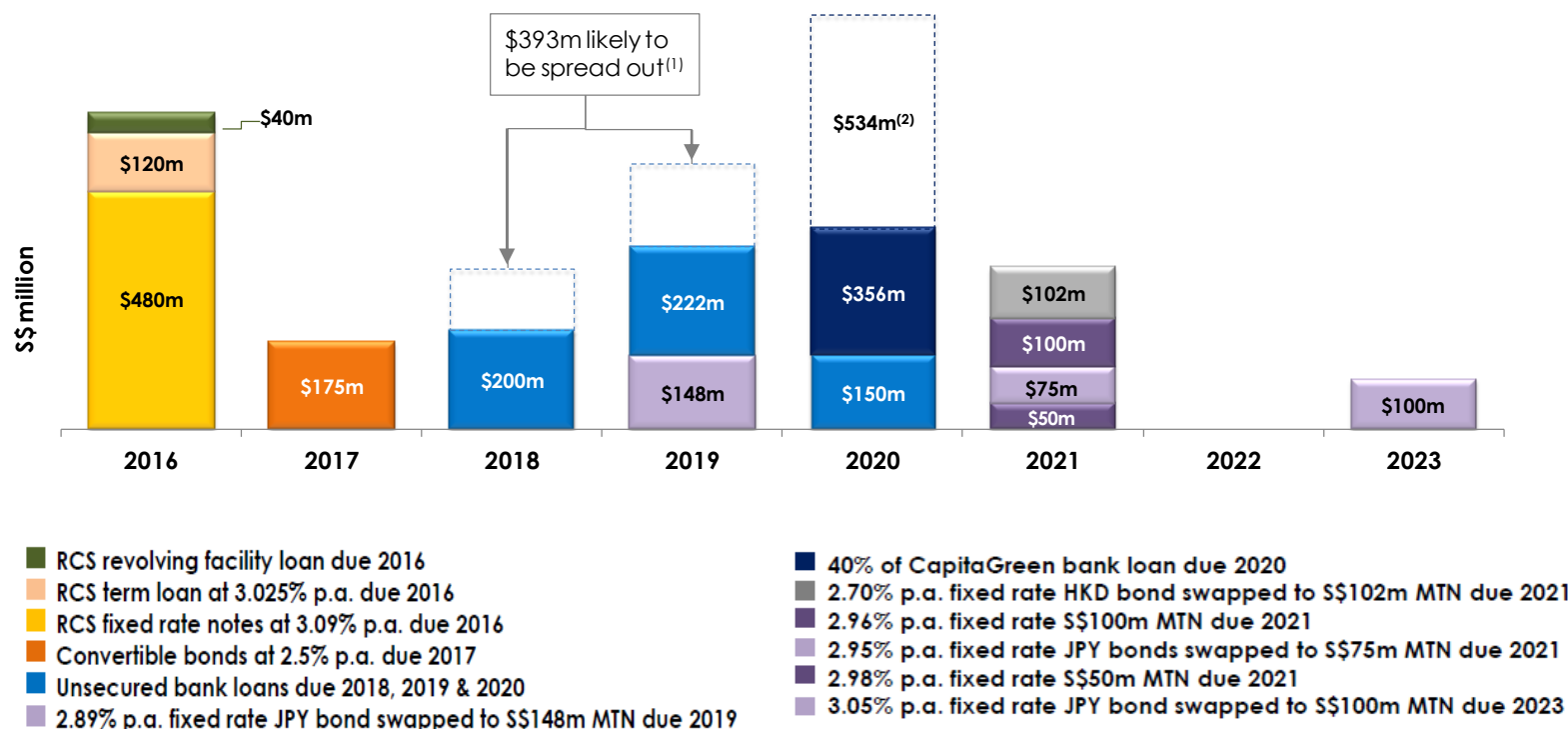
(2) Pro forma total gross debt includes estimated total acquisition outlay of approximately S\$393 million and S\$534.0 million, the latter representing 60.0% interest in MSO Trust's gross borrowings to be assumed by CCT upon the completion of the acquisition.



Pro forma debt maturity profile

as at 31 March 2016

Assumption of \$\$534.0 mil debt from CapitaGreen's existing borrowings and additional borrowings of approximately \$\$393 mil to fund proposed acquisition



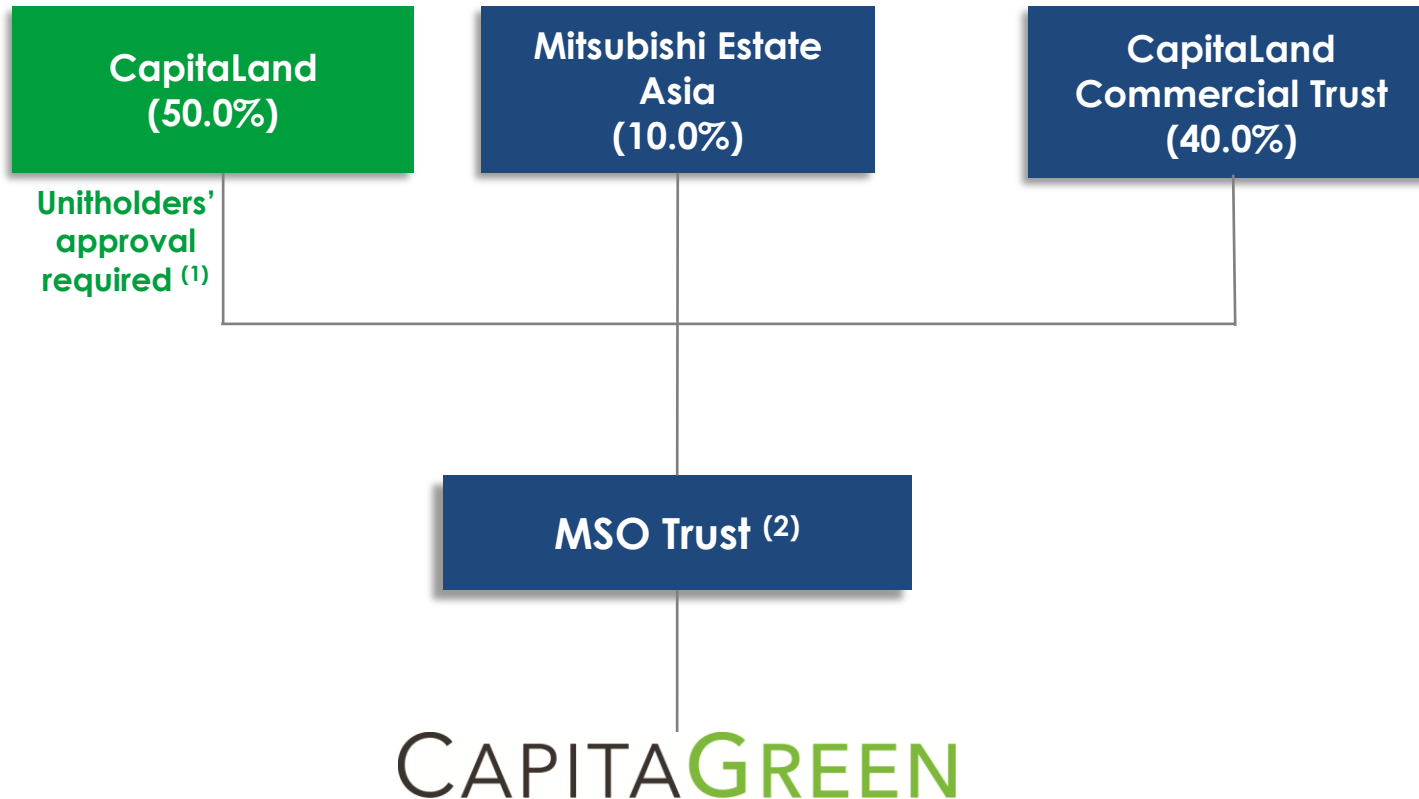
Notes:

(1) Approximately \$393 million of committed bank borrowings to fund proposed acquisition of 60.0% interest in CapitaGreen expected to be in smaller amounts with different maturity periods.

(2) Existing 60.0% of CapitaGreen bank borrowings



Unitholders' approval⁽¹⁾ required for acquisition of CapitaLand's 50.0% interest in MSO Trust



Notes:

- (1) Given that the proposed acquisition involves a transaction with an associate of CapitaLand, CapitaLand has to abstain from voting on the proposed resolution.
- (2) MSO Trust is a special purpose approved sub-trust that has been accorded tax transparency treatment by the Inland Revenue Authority of Singapore.



Benefits to Unitholders



Benefits to Unitholders

1

Increase distribution per unit (DPU) to Unitholders

2

Augment portfolio quality for long-term growth

3

Reinforce CCT's commercial foothold in the CBD of Singapore

- ✓ Accessibility via major transport nodes
- ✓ Served by numerous amenities that will benefit its occupiers

4

Enhance CCT portfolio's resilience, diversity and quality

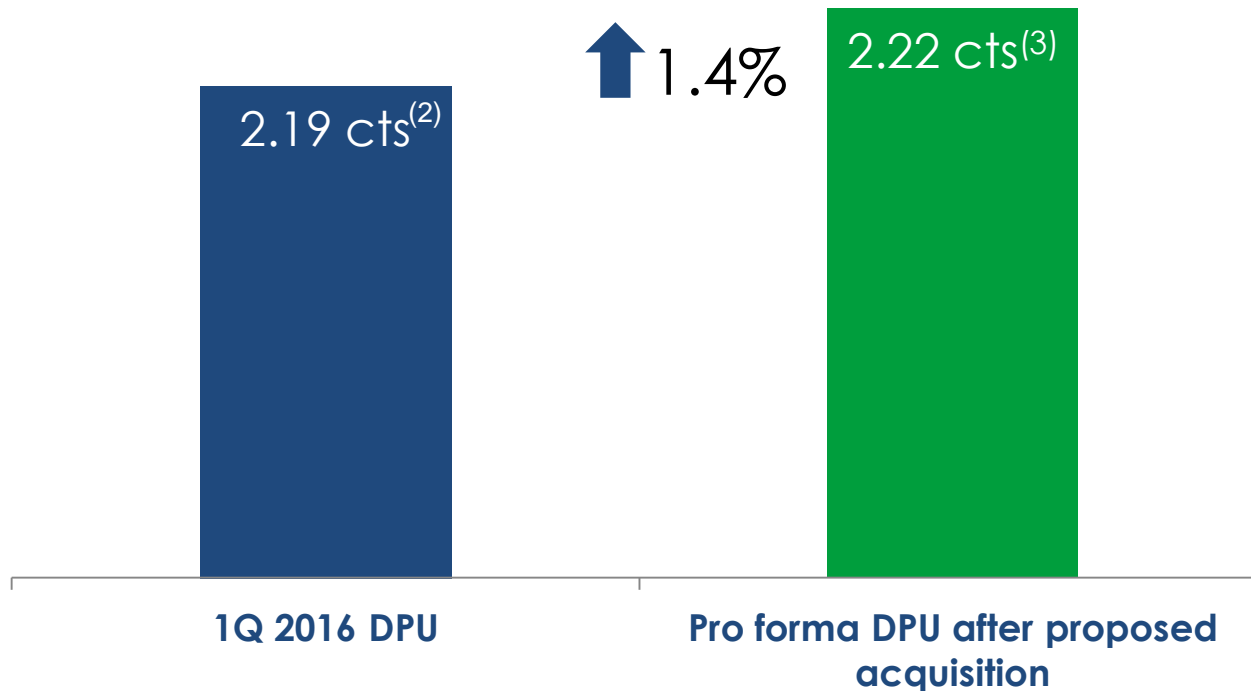
- ✓ Increase in NLA of Grade A assets
- ✓ Improvement of income diversification by property or tenant



1

Increase DPU to Unitholders

For illustrative purpose: pro forma financial effects⁽¹⁾ of the proposed acquisition of 60.0% interest in CapitaGreen on CCT's DPU for 1Q 2016



Notes:

- (1) Based on the assumption that the proposed acquisition of 60.0% interest in CapitaGreen was completed on 1 Jan 2016 and CCT held and operated the property through to 31 Mar 2016.
- (2) Extracted from CCT's 1Q 2016 financial results which already included contribution from CCT's 40.0% interest in CapitaGreen in the 1Q 2016 distributable income and DPU.
- (3) Took into account the acquisition fee paid in units based on certain assumptions



2

Augment portfolio quality for long-term growth

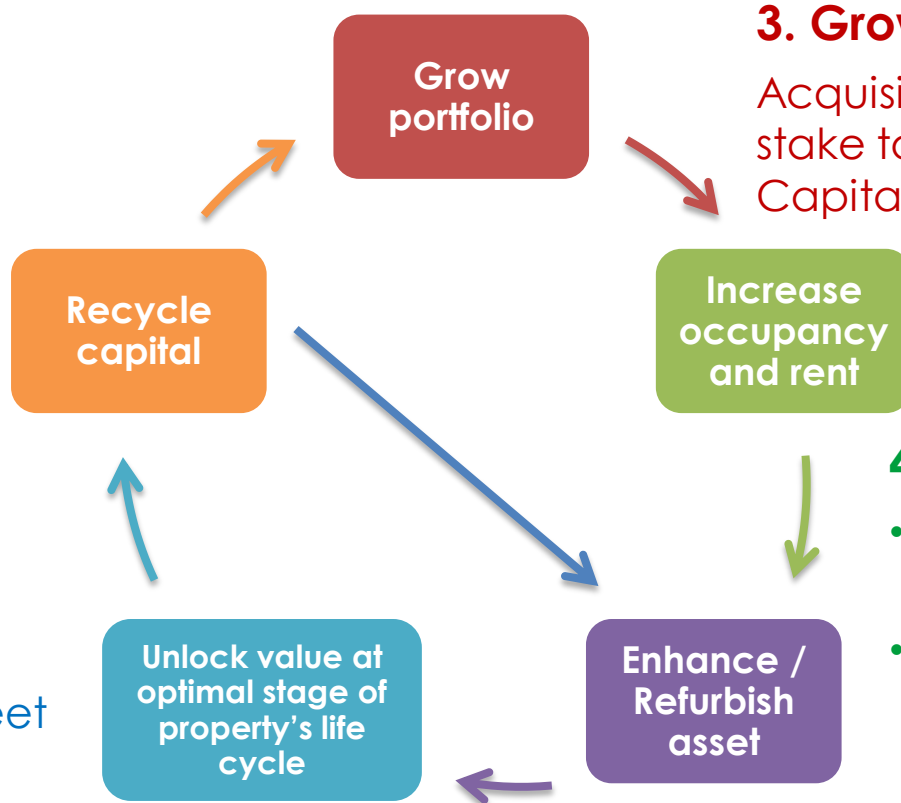
In line with CCT's portfolio reconstitution strategy

2. Recycle capital:

- Recycled sale proceeds for redevelopment into CapitaGreen
- 40.0% stake as a JV partner in MSO Trust

1. Unlock value:

Sale of Market Street Car Park for redevelopment under MSO Trust



Value creation

3. Grow portfolio:

Acquisition of balance stake to own 100.0% of CapitaGreen

4. Organic growth:

- Committed occupancy at 92.8%
- Income upside with higher occupancy

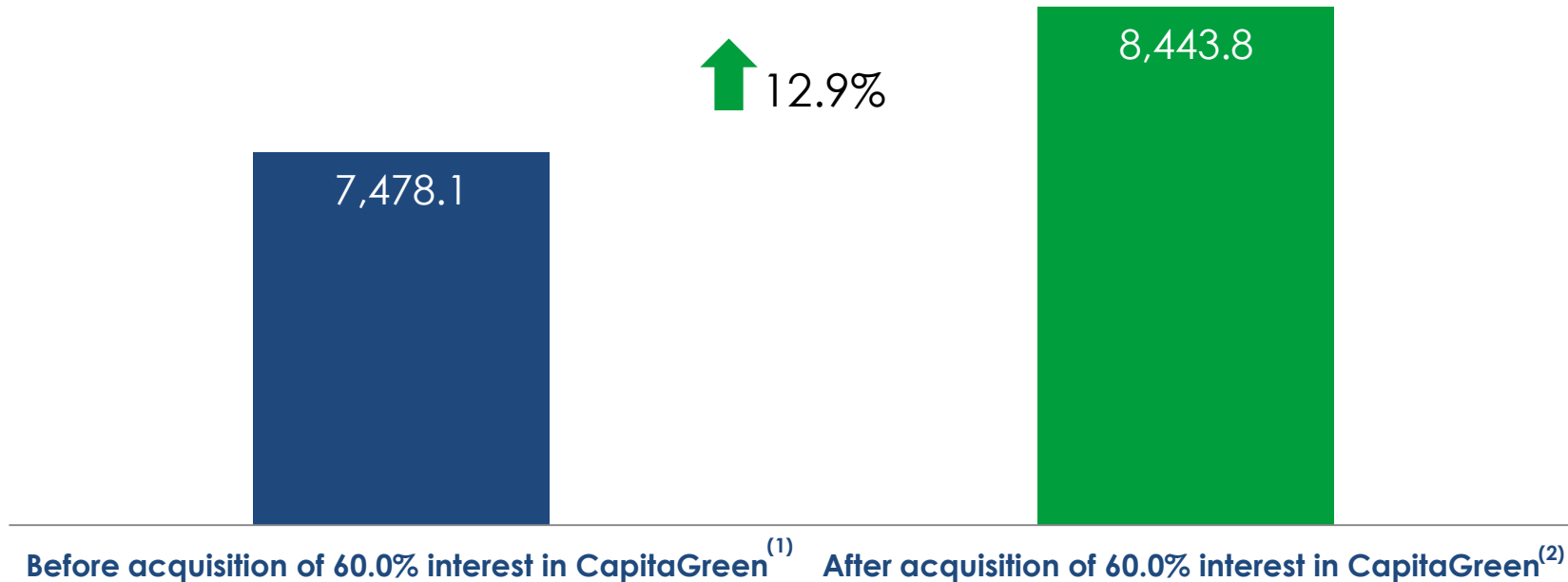


2

Augment portfolio quality for long-term growth

Increase investment property value of CCT's portfolio to S\$8.4 bil

S\$ million



Notes:

(1) Based on CCT's existing portfolio valuation (including 40.0% interest in CapitaGreen) as at 31 Dec 2015.

(2) Based on CCT's existing portfolio valuation as at 31 Dec 2015 and CapitaGreen's valuation on 100.0% basis as at 6 Apr 2016.



3

Reinforce CCT's commercial foothold in the CBD of Singapore

- **Accessibility via major transport nodes**
 - ✓ Close proximity to Raffles Place and Telok Ayer MRT stations
- **Served by numerous amenities that will benefit its occupiers**
 - ✓ Wide variety of food and beverage options, hotels, serviced residences, banks and convenience stores

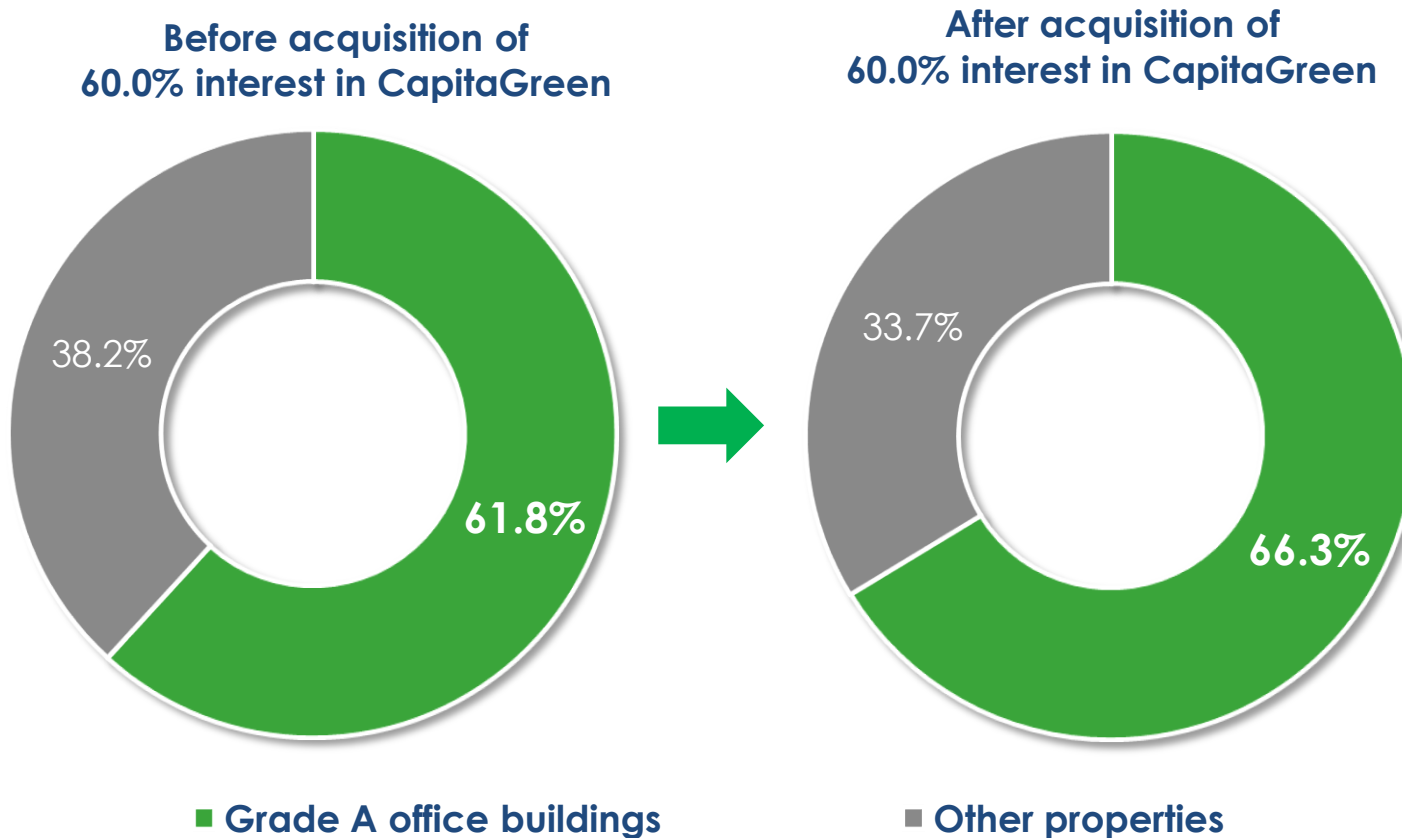




4

Enhance CCT portfolio's resilience, diversity and quality: Increase in NLA of Grade A assets

CCT's portfolio NLA ⁽¹⁾ increases to **3.6 mil sq ft** from 3.2 mil sq ft after including 60.0% of CapitaGreen



Note:

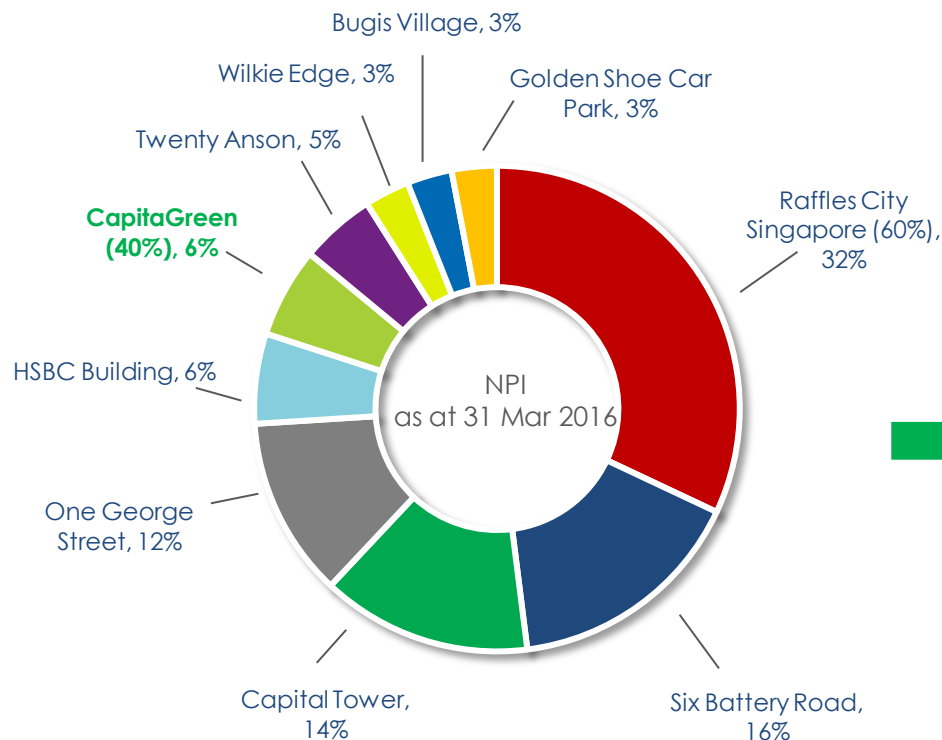
(1) Based on respective proportionate stake in CapitaGreen and Raffles City Singapore.



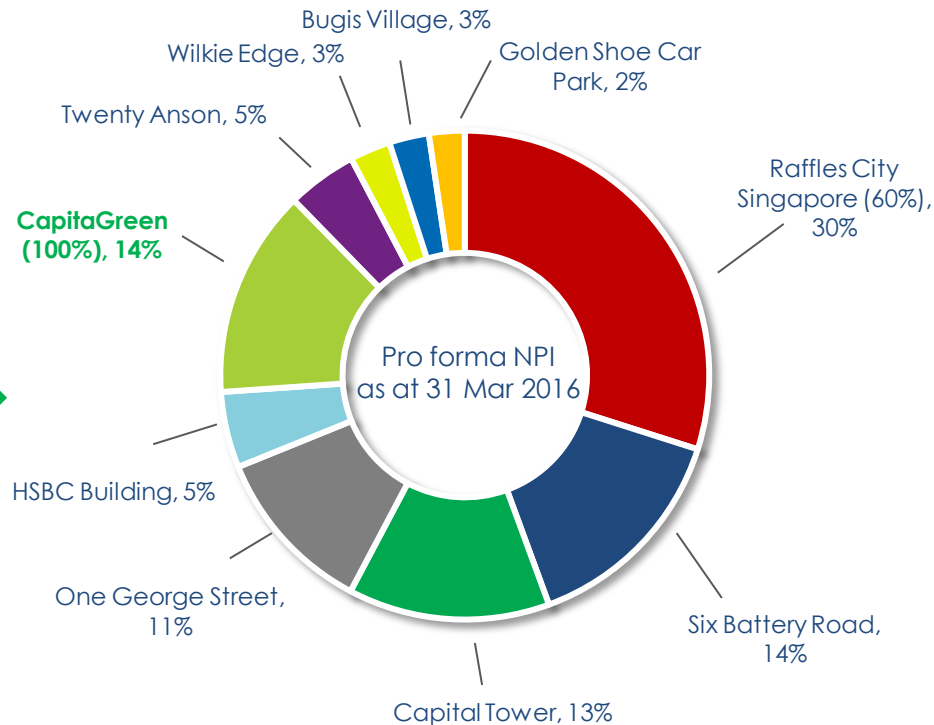
4

Enhance CCT portfolio's resilience, diversity and quality: Reduce reliance on any single property

Before acquisition of 60.0% interest in CapitaGreen ⁽¹⁾



After acquisition of 60.0% interest in CapitaGreen ⁽²⁾



Notes:

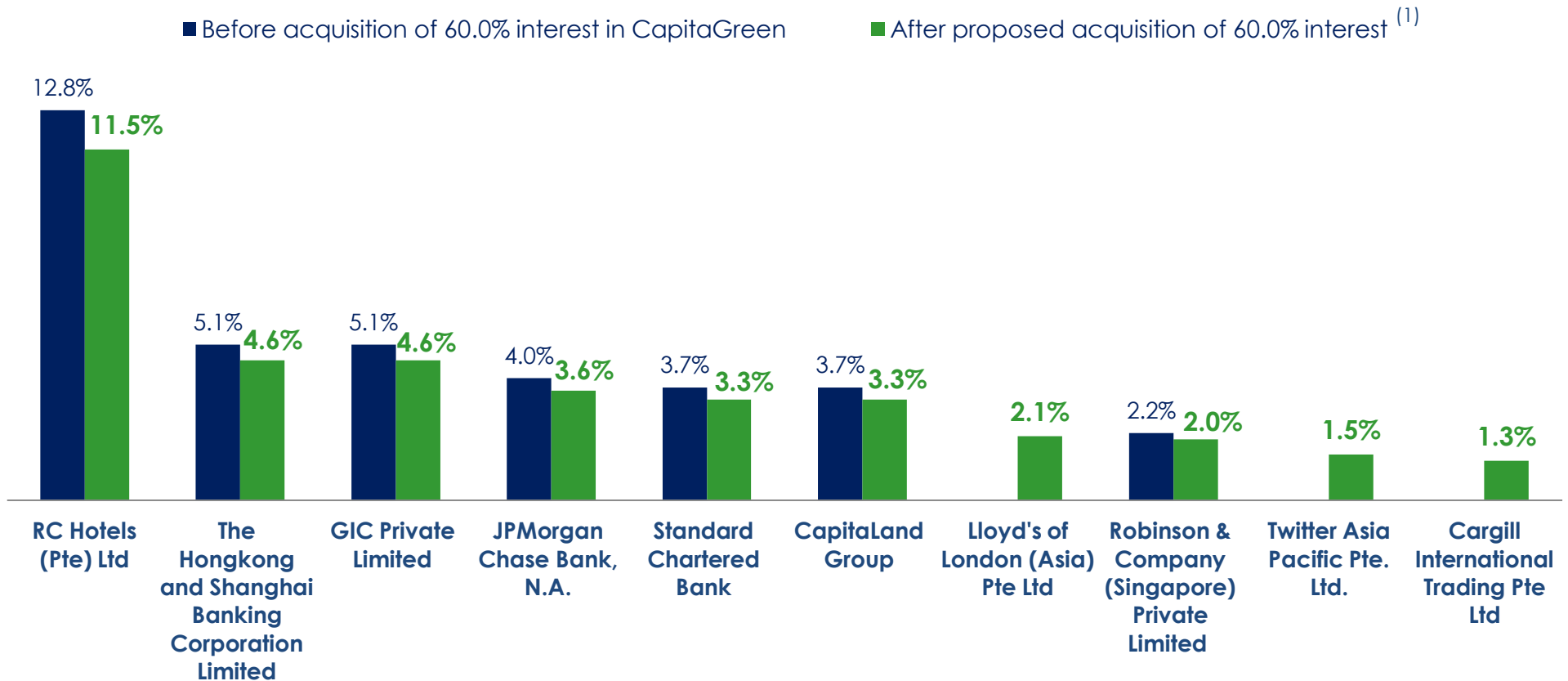
- (1) For reference only: based on respective properties' proportionate net property income (NPI) contribution in 1Q 2016. NPI from CCT's wholly owned properties was \$52.0 million, while NPI from 40.0% interest in CapitaGreen was \$5.0 million.
- (2) For reference only: based on respective properties' proportionate NPI contribution in 1Q 2016 and as if the proposed acquisition of 60.0% of interest in CapitaGreen was completed on 1 Jan 2016 and CCT held and operated the property through to 31 Mar 2016. NPI from 100.0% interest in CapitaGreen was \$12.6 million.



4

Enhance CCT portfolio's resilience, diversity and quality: Reduce reliance on any single tenant

Top 10 tenants to contribute 38.0% of monthly gross rental income after proposed acquisition



Note:

(1) Includes CCT's 60.0% interest in Raffles City Singapore and 40.0% interest in CapitaGreen.

Next Steps

CapitaGreen, Singapore



Estimated timeline (1)

Milestones	Estimated timeline
Monday, 23 May 2016	Announce proposed acquisition of 60.0% interest in CapitaGreen
June/July 2016	Dispatch of circular to Unitholders
3Q 2016	Convene an Extraordinary General Meeting to seek Unitholders' approval to buy from CapitaLand - 50.0% interest in MSO Trust
4Q 2016	Completion of proposed acquisition (assuming Unitholders' approval obtained)

Note:

(1) Subject to changes by the Manager without prior notice



Thank you

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