



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 –

- (I) **RENEWAL OF MASTER SERVICES AGREEMENT WITH CAPITASTAR PTE. LTD. FOR CAPITASTAR SHOPPER LOYALTY PROGRAMME;**
- (II) **ENTRY INTO AGREEMENTS FOR THE PROVISION OF MAINTENANCE AND DATA ANALYTICS SERVICES TO BE PROVIDED BY CAPITALAND PROJECT MANAGEMENT PTE. LTD. FOR AN INTELLIGENT BUILDING PLATFORM SYSTEM; AND**
- (III) **APPOINTMENT OF ASCOTT INTERNATIONAL MANAGEMENT PTE LTD FOR THE PROVISION OF TECHNICAL ADVISORY AND SERVICED RESIDENCE MANAGEMENT SERVICES FOR CAPITASPRING**

1 INTRODUCTION

- 1.1 CapitaLand Commercial Trust Management Limited, as manager of CapitaLand Commercial Trust (“**CCT**” and the manager of CCT, the “**Manager**”) wishes to announce the following interested person transactions:
- (i) Renewal of the master services agreement (the “**Master Services Agreement**”) between HSBC Institutional Trust Services (Singapore) Limited as trustee-manager of RCS Trust and CapitaStar Pte. Ltd. (“**CapitaStar**”) in relation to the provision of certain services by CapitaStar in respect of the CapitaStar shopper loyalty programme (the “**CapitaStar Programme**”) at Raffles City Singapore (the “**CapitaStar Renewal**”);
 - (ii) Entry into building data services agreements between (a) CapitaLand Project Management Pte. Ltd. (“**CLPM**”) and HSBC Institutional Trust Services (Singapore) Limited as trustee of CCT; and (b) CLPM and HSBC Institutional Trust Services (Singapore) Limited as trustee-manager of RCS Trust (collectively, the “**Building Data Services Agreements**”) in relation to the provision of certain services by CLPM in respect of a centralised intelligent building platform system to be implemented across three properties owned by CCT as well as Raffles City Singapore (the “**IBP Appointment**”); and
 - (iii) Appointment of Ascott International Management Pte Ltd. (“**Ascott**”) to provide technical advisory services (the “**Technical Advisory Appointment**”) and serviced residence management services (the “**SR Management Appointment**”) in relation to the serviced residence component of CapitaSpring, an integrated development scheduled to be completed in 2021.

Further details of the key terms, rationale and benefit of each interested person transaction are set out below.

1.2 Disclosure Requirements

As at the date of this announcement, CapitaLand Limited holds an aggregate interest in 1,125,591,395 units of CCT (“**Units**”), which is equivalent to approximately 30.06% of the total number of Units in issue¹, and is therefore regarded as a “controlling unitholder” of CCT under the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”). In addition, as the Manager is a wholly owned subsidiary of CapitaLand, CapitaLand is therefore regarded as a “controlling shareholder” of the Manager under the Listing Manual.

As CapitaStar, CLPM and Ascott are wholly owned subsidiaries of CapitaLand, for purposes of Chapter 9 of the Listing Manual, CapitaStar, CLPM and Ascott (each being a subsidiary of a “controlling unitholder” of CCT and a “controlling shareholder” of the Manager) are “interested persons” of CCT.

Therefore, each of the CapitaStar Renewal, the IBP Appointment, the Technical Advisory Appointment and the SR Management Appointment constitutes an “interested person transaction” under Chapter 9 of the Listing Manual. Each of the CapitaStar Renewal, the IBP Appointment, the Technical Advisory Appointment and the SR Management Appointment (collectively, the “**Interested Person Transactions**”), 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 net tangible assets (“**NTA**”) of CCT, and accordingly under Rule 905 of the Listing Manual, the Manager must make an announcement of such interested person transaction.

2. THE CAPITASTAR PROGRAMME

2.1 Key Terms of the CapitaStar Programme

HSBC Institutional Trust Services (Singapore) Limited as trustee-manager of RCS Trust has renewed the Master Services Agreement entered into with CapitaStar on 19 December 2018. Pursuant to the Master Services Agreement, RCS Trust has appointed CapitaStar to provide management, marketing, servicing, coordination and maintenance services in respect of the CapitaStar Programme (the “**CapitaStar Programme**”) at Raffles City Singapore. RCS Trust holds Raffles City Singapore, an integrated development comprising office, retail and hotel components. CCT holds 60% of the units in RCS Trust, and the remaining 40% is held by CapitaLand Mall Trust. The renewal of the Master Services Agreement is in relation to the extension of Raffles City Singapore’s participation in the CapitaStar Programme for the calendar year 2018 (the “**Term**”).

The CapitaStar Programme is a card-less rewards programme with the objective of encouraging shopper’s loyalty and providing value added services to tenants at certain malls managed by CapitaLand and its subsidiaries, one of which being Raffles City Singapore. It provides a platform for members to earn rewards points (STAR\$[®]) for their spending at the participating malls. Upon accumulation of a minimum number of STAR\$[®], members can then redeem the points for CapitaVouchers or other goods and services at certain tenants’ shops in the participating malls.

Following the CapitaStar Renewal, RCS Trust will pay an estimated amount of S\$339,000 as programme fees (the “**Fees**”) for the Term which comprises transaction fees and rewards expenses. Pursuant to the terms of the Master Services Agreement, the transaction fees and rewards expenses are each calculated based on separate fixed rates for every STAR\$[®] issued to members of the CapitaStar Programme. The rates charged to RCS Trust by CapitaStar for the

¹ This percentage is based on 3,744,429,288 Units in issue as at the date of this announcement.

Fees are comparable to the rates charged by other external service providers of similar loyalty programmes.

In addition, under the Master Services Agreement, RCS Trust shall designate suitable kiosk and advertisement panel spaces (the “**Spaces**”) within Raffles City Singapore to facilitate the implementation of the CapitaStar Programme at Raffles City Singapore. RCS Trust and CapitaStar have entered into licence agreements for the Spaces at the same rates for similar spaces in Raffles City Singapore which are licensed to other parties. The Spaces are currently under-utilised and RCS Trust has agreed to waive the licence fees for the Spaces (the “**Waiver Arrangement**”). The total amount of licence fees waived for the Term is S\$10,200.

The total value of the CapitaStar Renewal (including the Waiver Arrangement) for RCS Trust is S\$349,200. CCT’s portion of the total value (being 60% in accordance with its proportion of unitholding in RCS Trust) is S\$209,520.

The Manager is of the view that the CapitaStar Renewal is on normal commercial terms and not prejudicial to the interests of CCT and its minority unitholders.

2.2 Rationale and Benefits of the CapitaStar Renewal

The CapitaStar Programme has a healthy membership of more than 930,000 members (as at December 2018), and continued participation in the CapitaStar Programme will bring about the following key benefits to RCS Trust:

- (i) increased incentive for shoppers to shop at Raffles City Singapore to gain additional STAR\$® and generated sales through redemption of CapitaVouchers;
- (ii) gain insights on shoppers’ demographics and transactional behaviour which are useful for organising effective promotions and campaigns; and
- (iii) CapitaStar has actively engaged strategic partners such as People’s Association, Lazada Group, Grab, Caltex, Agoda, Chope and Expedia to increase the pool of STAR\$® circulation, with the aim to generate sales in the participating malls.

The Manager is of the view that there will be additional logistical and administrative efficiencies to be gained by using the CapitaStar Programme run by CapitaStar as compared to other external service providers.

3. THE IBP APPOINTMENT

3.1 Key Terms of the IBP Appointment

HSBC Institutional Trust Services (Singapore) Limited as trustee of CCT and HSBC Institutional Trust Services (Singapore) Limited as trustee-manager of RCS Trust have entered into the Building Data Services Agreements on 19 December 2018. Pursuant to the Building Data Services Agreements, CLPM will provide to CCT and RCS Trust maintenance and data analytics services (the “**Services**”) in relation to a centralised intelligent building platform system (the “**System**”) for three properties held by CCT² and Raffles City Singapore (collectively, the “**Properties**”).

The System aims to optimise energy efficiency and equipment maintenance in the Properties, and comprises a central platform and local platforms at the Properties. CLPM shall manage and maintain the central platform. In addition, CLPM shall provide data analytics services in relation to the data collected from the Properties.

² The three properties are Capital Tower, CapitaGreen and Six Battery Road

Under the Building Data Services Agreements, CCT shall pay CLPM an aggregate of S\$1,128,920 as fees for the Services (the “**IBP Appointment Fees**”), comprising:

- (i) S\$479,180 for the Services which have been and will be provided to CCT for the period commencing 6 September 2018 to 5 September 2023; and
- (ii) S\$649,740 for the Services which will be provided to RCS Trust for the period commencing 1 April 2019 to 31 March 2024. The total fees payable by RCS Trust for the Services is S\$1,082,900. CCT’s portion of the total fees (being 60% in accordance with its proportion of unitholding in RCS Trust) is S\$649,740.

The System is developed and implemented in conjunction with a third party service provider appointed by CLPM. The third party service provider was appointed following a tender process during which the pricing and technical capabilities of the service provider was reviewed and evaluated. The IBP Appointment Fees in relation to the Services provided by CLPM are calculated based on the proportionate costs incurred by CLPM to set up and maintain the central platform for the Properties.

The Manager is of the view that the IBP Appointment is on normal commercial terms and not prejudicial to the interests of CCT and its minority unitholders.

3.2 Rationale and Benefit of the IBP Appointment and the Services

The implementation of the System will optimise energy efficiency and timely equipment maintenance in the Properties. In addition, the Services provided by CLPM, through the IBP Appointment, is expected to provide the following benefits:

- (i) prompt rectification of issues through earlier detection of potential faults in the equipment used in the Properties;
- (ii) cost savings through efficient energy usage achieved by applying the diagnostic features of the System and data analytics services carried out by CLPM; and
- (iii) preventive maintenance of equipment made possible through machine learning and data analytics services carried out by CLPM.

4. THE TECHNICAL ADVISORY APPOINTMENT AND THE SR MANAGEMENT APPOINTMENT

4.1 Key Terms of the Technical Advisory Agreement

Glory SR Trustee Pte. Ltd. as trustee-manager of Glory SR Trust (“**Glory SR Trust**”) has entered into a Technical Advisory Agreement (the “**Technical Advisory Agreement**”) with Ascott on 19 December 2018. CCT and CapitaLand each hold 45% of the units in Glory SR Trust, while the remaining 10% is held by MEA Commercial Holdings Pte. Ltd. Glory SR Trust holds the serviced residence component of CapitaSpring.

CapitaSpring is the proposed redevelopment of a 51-storey landmark integrated development will comprise 635,000 square feet of Grade A office space, a 299-unit serviced residence, ancillary retail space, a rooftop restaurant and a public food centre.

Under the Technical Advisory Agreement, Ascott will provide services during project planning, construction and pre-opening for the serviced residence component of CapitaSpring that include, *inter alia*, reviewing the concept and interior design, space planning, establishing requirements for

furniture, fixtures and equipment, and providing guidelines on pre-opening systems, processes and requirements for operational setup (the “**Technical Advisory Services**”).

Pursuant to the Technical Advisory Agreement, Glory SR Trust shall pay Ascott an aggregate of S\$560,000 as fees for the Technical Advisory Services provided by Ascott. CCT’s portion of the fees (being 45% in accordance with its proportion of unitholding in Glory SR Trust) is S\$252,000 (the “**Technical Advisory Fees**”).

The Technical Advisory Fees are calculated based on the estimated number of manhours and management time to be incurred. HVS, an independent and professional consulting and valuation firm that specialises in the hospitality industry, was appointed to review the terms of the Technical Advisory Agreement and the Technical Advisory Fees. HVS is of the opinion that the terms of the Technical Advisory Agreement and the Technical Advisory Fees are aligned with market commercial terms. Accordingly, the Manager is of the view that the Technical Advisory Appointment is on normal commercial terms and not prejudicial to the interests of CCT and its minority unitholders.

4.2 Key Terms of the SR Management Agreement

Glory SR Trustee Pte. Ltd. as trustee-manager of Glory SR Trust has entered into a Serviced Residence Management Agreement (the “**SR Management Agreement**”) with Ascott on 19 December 2018. Under the SR Management Agreement, Ascott will provide services that include, *inter alia*, recruitment, training and supervision of all personnel, supervision and control of activities of guests and planning and contracting for advertising and promotions programmes (the “**SR Management Services**”) for an initial term of 15 years from the actual commencement date of the serviced residence component of CapitaSpring, expected to be in 2021 (the “**SR Term**”).

Pursuant to the SR Management Agreement, Glory SR Trust shall pay Ascott an estimated amount of S\$33,000,000³ over the SR Term as fees for the SR Management Services provided by Ascott. CCT’s portion of the fees (being 45% in accordance with its proportion of unitholding in Glory SR Trust) is S\$14,850,000 (the “**SR Management Fees**”).

The SR Management Fees are calculated based on a schedule of percentages of the forecast total revenue and gross operating profit for each fiscal year during the SR Term. HVS was appointed to review the terms of the SR Management Agreement and the SR Management Fees. HVS is of the opinion that the terms of the SR Management Agreement and the SR Management Fees are aligned with market commercial terms. Accordingly, the Manager is of the view that the SR Management Appointment is on normal commercial terms and not prejudicial to the interests of CCT and its minority unitholders.

4.3 Rationale and Benefit of the Technical Advisory Appointment and the SR Management Appointment

The appointment of Ascott to provide the Technical Advisory Services and SR Management Services will benefit CCT as:

- (i) Ascott has the required expertise and resources to handle the scale and significance of the SR component of CapitaSpring;
- (ii) Ascott is one of the leading international serviced residence owner-operators and has a proven track record of delivering good quality serviced residences; and

³ Estimated based on the forecast total revenue and gross operating profit for the SR Term.

- (iii) The Technical Advisory Fees and the SR Management Fees are in line with the market as assessed by an independent valuer.

5. 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 Interested Person Transactions and is of the view that the Interested Person Transactions are all on normal commercial terms and are not prejudicial to the interests of CCT and its minority unitholders.

6. 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 CapitaLand and its subsidiaries and associates (excluding Temasek Holdings (Private) Limited and its subsidiaries and associates) (the “**CL Group**”) during the course of the current financial year (including the Interested Person Transactions) is approximately S\$601.4 million.

As at the date of this announcement, the total value of all interested person transactions entered into by CCT and all interested persons during the course of the current financial year (including the Interested Person Transactions) is approximately S\$629.2 million.

7. 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 628,801 shares in CapitaLand.⁴

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 31.23% of the total number of Units in issue; and
- (b) CapitaLand, through its subsidiaries, is deemed to have an interest in 1,125,591,395 Units, which is equivalent to approximately 30.06% 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 Interested Person Transactions.

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.

BY ORDER OF THE BOARD
CapitaLand Commercial Trust Management Limited
(Registration number: 200309059W)
As manager of CapitaLand Commercial Trust

Lee Ju Lin, Audrey
Company Secretary

19 December 2018

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.