



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

PROPOSED ACQUISITION OF RAFFLES CITY

1. INTRODUCTION

1.1 Agreement to Purchase Raffles City

The Board of Directors of CapitaCommercial Trust Management Limited, the manager of CapitaCommercial Trust (“**CCT**” and the manager of CCT, the “**Manager**”), wishes to announce that, HSBC Institutional Trust Services (Singapore) Limited, as trustee of CCT (the “**CCT Trustee**”), has on 18 March 2006 entered into a conditional put and call option agreement (the “**Put and Call Option Agreement**”) with Tincel Properties (Private) Limited (“**TPPL**” or the “**Vendor**”) to acquire Raffles City¹ as well as the plant and equipment located therein (together, the “**Property**” and the acquisition of the Property, the “**Acquisition**”).

1.2 Joint Ownership with CapitaMall Trust

Concurrently with the execution of the Put and Call Option Agreement, CCT Trustee has entered into a collaboration agreement (the “**Collaboration Agreement**”) with the trustee of CapitaMall Trust, HSBC Institutional Trust Services (Singapore) Limited (“**CMT Trustee**”) wherein CCT has agreed to establish a joint ownership vehicle jointly with CMT for the purpose of completing the Acquisition and holding the Property upon completion. Under the terms of the joint ownership, CCT and CMT will respectively hold an interest of 60% and 40% respectively in the joint ownership vehicle. Further details on the joint ownership are set out in paragraph 2.4 below.

1.3 Information on the Property

Raffles City, one of Singapore’s landmark buildings, is located on Lots 482M, 483W and 484V of Town Subdivision 11 and comprises:

- (a) a 42-storey Raffles City Tower containing the office tower which has approximately 34,800 square metre of net lettable area (“**NLA**”), with an occupancy rate of close to 100% as at 28 February 2006. Major tenants include Economic Development Board, Phillip Securities Pte Ltd and Accenture Pte Ltd;

¹ The sale of the property includes the subterranean lots at Lot 80002M of Town Subdivision 11 and (if alienation approval is issued) the subterranean lot at Lot 235N–Pt both of Town Subdivision 11, which are to be acquired for the purpose of developing an underground link between Raffles City and the proposed Circle Line Convention Centre station.

- (b) a 7-storey podium which houses:
- the Raffles City Shopping Centre which comprises approximately 28,000 square metre of retail NLA spread over four levels, with an occupancy rate of close to 100% as at 28 February 2006. Major tenants include Robinson & Company (Singapore) Private Limited and Cold Storage Singapore (1983) Pte Ltd;
 - the Raffles City Convention Centre which occupies over 6,500 square metre of meeting space, including three ballrooms and 15 primary meeting rooms; and
 - three basement car parks of over 1,000 lots; and
- (c) two hotels comprising a 28-storey twin tower Raffles The Plaza and a 73-storey Swissotel The Stamford. Together, the two hotels have a total of 2,032 rooms. The hotel towers are leased out on a 20 year lease term commencing from 1996 with an option to renew for a further term expiring on 31 December 2036.

1.4 Disclosure Requirements Under the Listing Manual and the Property Funds Guidelines

At the date of this Announcement, CapitaLand Limited (“**CapitaLand**”) holds an aggregate indirect interest in 335,220,055 units in CCT (“**Units**”), comprising approximately 37.4% of the total number of Units in issue, and is therefore regarded as a “controlling unitholder” of CCT under both the Listing Manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Property Funds Guidelines (the “**Property Funds Guidelines**”) in the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

As CapitaLand has, through Raffles Holdings Limited (“**RHL**”), an indirect interest² of 45% in TPPL, TPPL is therefore both an associate and an associated company of a controlling unitholder of CCT. For the purposes of Chapter 9 of the Listing Manual, TPPL (being an associate of a controlling unitholder of CCT) is an “interested person” of CCT. For the purposes of the guidelines relating to interested party transactions under the Property Funds Guidelines, TPPL (being an associated company of a controlling unitholder of CCT) is an “interested party” of CCT.

The Manager is making this announcement because the Acquisition would constitute an interested person transaction under Chapter 9 of the Listing Manual as well as an interested party transaction under the Property Funds Guidelines and a major transaction under Chapter 10 of the Listing Manual.

2. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

2.1 Total Purchase Consideration

The purchase price of S\$2,085,000,000 for the Property (the “**Property Purchase Price**”) was arrived at on a willing-buyer and willing-seller basis.

² Including deemed interest.

In addition to the Property Purchase Price, the purchaser of the Property will also be required under the sale and purchase agreement (as defined below) to:

- (a) reimburse TPPL for costs paid and assume the remaining costs for building capital expenditure as well as asset enhancement works relating to the Property, as at Completion up to an aggregate sum of S\$41,000,000; and
- (b) pay TPPL an additional sum not exceeding S\$40,000,000 for certain property related liabilities,

(together with the Property Purchase Price, the **“Total Purchase Consideration”**).

The Manager had commissioned an independent property valuer, CB Richard Ellis (Pte) Ltd and the CCT Trustee has commissioned an independent property valuer, Jones Lang LaSalle Property Consultants Pte Ltd, to value the Property. CB Richard Ellis (Pte) Ltd in its certificate dated 16 March 2006 stated that the open market value of the Property is S\$2,166,000,000. Jones Lang LaSalle Property Consultants Pte Ltd in its certificate dated 16 March 2006 stated that the open market value of the Property is S\$2,151,000,000.

2.2 Completion Date

The Property Purchase Price will be paid on completion of the sale and purchase of the Property (**“Completion”**), which is expected to take place around end August 2006.

2.3 Conditions Precedent

Under the Put and Call Option Agreement entered into between TPPL and the CCT Trustee, Completion is subject to and conditional upon the following:

- 2.3.1** the approval by the unitholders of CCT (**“Unitholders”**) given at an extraordinary general meeting for the purchase of the Property as required under the Listing Manual and under the Property Funds Guidelines;
- 2.3.2** the obtaining of approval from the head lessor, the President of the Republic of Singapore, for the sale of the Property to the CCT Trustee or a third party (which must be a special purpose vehicle owned by CCT or jointly owned by CCT and CMT) nominated by the CCT Trustee in accordance with the terms of the Put and Call Option Agreement;
- 2.3.3** the obtaining of approval from the head lessor, the President of the Republic of Singapore, for (i) the mortgage and/or charge of Lots 482M, 483W and 484V all of Town Subdivision 11 by the purchaser, and (ii) the entry by the purchaser of leases and/or licences in respect of Lots 482M, 483W and 484V all of Town Subdivision 11 or any part(s) thereof;
- 2.3.4** the approval of the shareholders of RHL at an extraordinary general meeting in relation to the disposal of Lots 482M, 483W and 484V all of Town Subdivision 11;
- 2.3.5** RHL not exercising its call option pursuant to the Shareholders Agreement dated 13 June 2001 made between RHL and Tincel Limited, by the call option expiry date therein; and

2.3.6 TPPL obtaining a ruling from the Inland Revenue of Singapore that there is no tax payable by TPPL on the gains arising from the sale of Lots 482M, 483W and 484V all of Town Subdivision 11.

In the event CMT fails to obtain the approval of its unitholders for the purchase of the Property, CCT will acquire the Property on its own or through a special purpose vehicle beneficially owned by CCT if the approval of its unitholders as set out in paragraph 2.3.1 above is obtained.

2.4 CCT and CMT Collaboration Agreement

CCT and CMT have on 18 March 2006 entered into the Collaboration Agreement to purchase the Property through a joint ownership vehicle. The principal terms of the Collaboration Agreement include, *inter alia* the following:

- 2.4.1** CCT and CMT shall work exclusively in cooperation with each other for the purpose of procuring the establishment of the joint ownership vehicle for the purpose of (i) completing the purchase of the Property in accordance with the terms of the Put and Call Option Agreement and the sale and purchase agreement to be entered into between the joint ownership vehicle and the Vendor (the “**Sale and Purchase Agreement**”) and (ii) holding the Property upon completion of the purchase;
- 2.4.2** CCT and CMT covenant with each other that they shall promptly and expeditiously take all steps within their influence and control as are necessary to effect Completion of the Acquisition in accordance with the terms of the Put and Call Option Agreement and the Sale and Purchase Agreement;
- 2.4.3** the costs of procuring that the joint ownership vehicle purchases the Property from the Vendor shall be borne by CCT and CMT in proportion to their respective interests in the joint ownership vehicle;
- 2.4.4** CCT and CMT agree that the constitution of the joint ownership vehicle shall include certain terms and veto rights to protect each of them and their unitholders in compliance with the Property Funds Guidelines issued by the Monetary Authority of Singapore; and
- 2.4.5** the management of the joint ownership vehicle shall be carried out by a management committee comprising representatives appointed by CCT and CMT in proportion to their interest in the joint ownership vehicle. The chairman of the management committee shall be appointed by CCT with the consent of CMT (such consent not to be unreasonably withheld or delayed).

Further details of the Collaboration Agreement will be set out in a Circular (the “**Circular**”) to be issued in due course, together with a notice of extraordinary general meeting of Unitholders which the CMT Trustee will convene for the purposes of obtaining the approval of Unitholders for, *inter alia*, the proposed Acquisition.

3. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring the following benefits to Unitholders:

3.1 Yield Accretion

The Manager believes that Unitholders can expect to enjoy a higher distribution per Unit due to the yield-accretive nature of the Acquisition. This expected increase in distribution per Unit will result from, *inter alia*, the acquisition of the Property at an attractive price relative to the cash flows that it generates.

3.2 The Acquisition Fits the Manager's Investment Strategy

With its strategic location next to the City Hall MRT station, a large and diversified tenant base and close to 100% occupancy rate, the Property enjoys a stable and sustainable income stream and is expected to complement and enhance CCT's current property portfolio. As such, the Acquisition is consistent with the Manager's investment strategy.

3.3 Income Diversification

The Acquisition is expected to benefit Unitholders by improving income diversification and reducing the reliance of CCT's income stream on any single property.

3.4 Enhanced Tenant Base

The Acquisition is expected to further enhance the tenancy profile of CCT's tenant base as a result of the addition of three anchor tenants, Economic Development Board, Phillip Securities Pte Ltd and Accenture Pte Ltd to CCT's core of blue chip tenants which currently includes government agencies, foreign financial institutions and multi-national corporations such as Government of Singapore Investment Corporation Private Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, JPMorgan Chase Bank, N.A., Cisco Systems (USA) Pte. Ltd., StarHub Ltd., the CapitalLand Group, Mizuho Corporate Bank, Ltd, Nomura Singapore Limited and BHP Billiton Marketing Asia Pte Ltd.

3.5 Sectoral Diversification

The purchase of the Property will allow CCT to diversify its portfolio of properties to gain exposure into the retail and hotel sectors. The participation in these new sectors allow CCT to capitalise on the buoyant retail market and the strong demand for hotel rooms due to increased tourist arrival.

3.6 Opportunities to Enhance the Property

The Manager believes that by leveraging on its pro-active asset and lease management capabilities, there will be further opportunities to improve the tenancy mix at the Property, thereby increasing its gross revenue and net property income.

3.7 Greater Trading Liquidity and Flexibility

The enlarged asset base resulting from the Acquisition is expected to increase the trading liquidity of the Units and as a result create more flexibility for future acquisitions.

3.8 Economies of Scale

The Acquisition will enlarge the portfolio of properties owned by CCT and Unitholders are expected to benefit in the long term from the economies of scale which the Manager and the CCT's property manager will enjoy in their dealings with suppliers, as well as the resulting ability of the Manager and CCT's property manager to generate cost synergies.

3.9 Collaboration with CMT

The collaboration between CCT and CMT to jointly purchase the Property will allow CCT to tap on the experience of CMT in managing the retail portion of the Property. Together, CCT and CMT can combine their experience to manage the Property and maximise its full value so as to generate long-term returns to the unitholders.

4. METHOD OF FINANCING AND FINANCIAL EFFECTS OF ACQUISITION

The Manager is currently reviewing various plans for financing the Property, including any equity fund raising as well as the terms of additional borrowings proposed to be incurred. The Manager is working on plans for fund raising and these will be set out in the Circular. The Circular will also contain relevant information relating to the financial effects of the proposed Acquisition, such as its impact on the net asset value per Unit, the earnings per Unit and CCT's net gearing as these matters can only be determined after the financing details have been finalised.

5. AUDIT COMMITTEE STATEMENT

The audit committee of the Manager (which comprises a majority of independent directors of the Manager) (the "**Audit Committee**") is in the process of selecting and appointing an independent financial adviser (the "**Independent Financial Adviser**") to provide an opinion on whether the proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of CCT and its minority Unitholders. The Audit Committee will form its own view after reviewing the opinion of the Independent Financial Adviser, which will be disclosed in the Circular.

6. OTHER INTERESTED PERSON TRANSACTIONS

As at 17 March 2006 (the latest practicable date prior to the date of this Announcement, the "**Latest Practicable Date**"), there is no interested person transactions between CCT and CapitaLand and/or the associates of CapitaLand for the current financial year.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, certain directors of CapitaLand collectively hold an aggregate direct and indirect interest in 453,850 Units and certain directors of the Manager (including those of the aforementioned directors of CapitaLand who are also directors of the Manager) collectively hold an aggregate direct and indirect interest in 300,000 Units. Mr Liew Mun Leong is President and Chief Executive Officer of CapitaLand and is the Deputy Chairman and Non-Executive Director of the Manager.

Through E-Pavilion Pte. Ltd. and SBR Private Limited, CapitaLand has an indirect interest in 335,220,055 Units (comprising approximately 37.4% of the existing Units) as at the Latest Practicable Date.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the directors of the Manager or the Substantial Unitholders³ have an interest, direct or indirect, in the proposed Acquisition.

8. OTHER INFORMATION

8.1 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the proposed Acquisition, the Put and Call Option Agreement or any other transaction contemplated in relation to the proposed Acquisition.

8.2 Disclosure Under Rule 1010(13) of the Listing Manual

8.2.1 Chapter 10 of the Listing Manual classifies transactions by CCT 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, *inter alia*, the following bases:

- (i) the net profits attributable to the assets acquired or disposed of, compared with CCT's net profits⁴;
- (ii) the aggregate value of the consideration given, compared with CCT's market capitalisation; and
- (iii) the number of Units issued by CCT as consideration for the acquisition of the Property, compared with the number of Units previously in issue.

8.2.2 Based on TPPL's and CCT's audited financial statements for the financial year ended 31 December 2005, the relative figure for the basis of comparison set out in subparagraph 8.2.1(i) is 97.6% (if CCT acquires a 60% interest in the Property through the joint ownership vehicle).

³ A person with an interest in one or more Units constituting not less than 5.0% of all outstanding Units.

⁴ It is noted that in computing this ratio, the net profits attributable to the asset being acquired is derived from the earnings from the Property before interest costs, income tax, depreciation and amortisation, while CCT's net profit is represented by the net income of CCT after interest costs and trust expenses.

8.2.3 Based on the aggregate acquisition price of S\$2,166,000,000 (being the aggregate maximum sum referred to in paragraph 3 above) and CCT's market capitalisation as at 17 March 2006, the relative figure for the basis of comparison set out in subparagraph 8.2.1(ii) is 75.1% (if CCT acquires a 60% interest in the Property through the joint ownership vehicle).

8.2.4 The relative figure of the number of Units issued by CCT as consideration for an acquisition compared with the number of Units previously in issue does not apply for the proposed Acquisition.

8.3 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 39 Robinson Road, #18-01 Robinson Point, Singapore 068911, for a period of three months commencing from the date of this Announcement:

8.3.1 the Put and Call Option Agreement;

8.3.2 the Collaboration Agreement;

8.3.3 CB Richard Ellis (Pte) Ltd valuation certificate on the Property dated 16 March 2006; and

8.3.4 Jones Lang LaSalle Property Consultants Pte Ltd valuation certificate on the Property dated 16 March 2006.

BY ORDER OF THE BOARD
CapitaCommercial Trust Management Limited
(Company registration no. 200309059W)
As manager of CapitaCommercial Trust

Michelle Koh
Company Secretary
Singapore
19 March 2006

Important Notice

The value of Units and the income 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.

The past performance of CCT is not necessarily indicative of the future performance of CCT. This announcement contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.