CAPITALAND COMMERCIAL TRUST

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

ANNOUNCEMENT

Annual General Meeting to be held on 26 June 2020
Responses to Substantial and Relevant Questions

CapitaLand Commercial Trust Management Limited (the "**CCT Manager**"), as manager of CapitaLand Commercial Trust ("**CCT**") would like to thank all unitholders of CCT who have submitted their questions in advance of our Annual General Meeting ("AGM**"**) to be held virtually via "live audio-visual webcast and live audio-only stream" at 2.00 p.m. on Friday, 26 June 2020.

We have grouped the most asked questions, as well as questions relevant to the AGM agenda and aspects of our business into a few key topics. Questions asked during the pre-AGM sessions, including the one jointly organised with Securities Investors Association (Singapore), have also been included. The key topics are:

1. Steering through COVID-19 and Business Performance
2. Financials and Capital Management
3. Future of Office
4. Proposed Merger of CCT and CMT

Please refer to our responses to these substantial and relevant questions under respective topics in the following pages.

The CEO of the CCT Manager, Mr Kevin Chee will share some business highlights at the AGM. Please refer to a recording of Mr Chee's AGM presentation, the 2020 AGM Presentation slides and all AGM-related documents at https://cct.listedcompany.com/agm_egm.html.

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and CCT's website. The minutes of the AGM will be uploaded on SGXNet and CCT's website on or before 25 July 2020.

By Order of the Board

Audrey Lee
Company Secretary
25 June 2020

IMPORTANT NOTICE

This Announcement may contain forward-looking statements. 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, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), 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 management regarding future events. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this Announcement. Neither the Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this Announcement.

The past performance of CCT is not indicative of future performance. The listing of the units in CCT (the "**Units**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the CCT Manager. An investment in the 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 Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST.

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

RESPONSIBILITY STATEMENTS

The directors of the CCT Manager (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement which relate to CCT and/or the CCT Manager (excluding those relating to CapitaLand Mall Trust ("**CMT**") and/or the Manager of CMT (the "**CMT Manager**") are fair and accurate and that there are no other material facts not contained in this Announcement the omission of which would make any statement in this Announcement misleading. The directors of the CCT Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from CMT and/or the CMT Manager, the sole responsibility of the directors of the CCT Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the CCT Manager do not accept any responsibility for any information relating to CMT and/or the CMT Manager or any opinion expressed by CMT and/or the CMT Manager.

A. Steering through COVID-19 and Business Performance	
1.	**What is the impact of COVID-19 on office demand?**
	Singapore: Due to the uncertainties brought on by COVID-19 and the Singapore government-imposed circuit breaker measures that enforced work-from-home and social distancing, companies prioritized businesses continuity and the well-being of their staff. This resulted in a slower pace of leasing as companies delayed their leasing plans and marketing and property visits were postponed. Fitting out works were also temporarily halted during the circuit breaker period. However, we are seeing more companies exploring renewals to minimise capital expenditure and maintain status quo. With the Phase 2 re-opening of the Singapore economy commencing from 19 June 2020, leasing activities are expected to pick up with prospects' viewings and fitting-out works resuming. Frankfurt, Germany: Frankfurt imposed a month-long lockdown that was lifted on 20 April 2020, while social distancing rules will remain in place till end-June 2020. The level of leasing and investment activities was lower during the lockdown period. However, we are seeing more companies requesting to renew existing leases.
2.	**Can you share with us the impact of Covid-19 on your tenants?**
	The majority of our office tenants continued to operate, and their employees worked from home during the COVID-19 circuit breaker (CB) period. With the lifting of CB and the Phase 2 reopening effective from 19 June 2020, we are seeing a gradual return of their staff, while safety and social distancing is adhered to within their office premises. The more affected office tenants are the flex-space operators, including serviced offices and coworking spaces. With work-from-home as the default mode during the CB, members of the flex-space community were unable to work from their offices and some have requested to waive or defer memberships. However, we believe this situation is temporary as flexible space is expected to be an important component in a post-COVID-19 office ecosystem. CCT rendered targeted assistance to this group of tenants to help them weather this period. Except for essential services, retail tenants within our office buildings as well as those in Raffles City Shopping Centre were closed during the CB period. To support this affected group of tenants, we have given rental rebates for April and May inclusive of passing on of property tax rebates, and June in line with the COVID-19 (Temporary Measures) (Amendment) Bill. The hospitality sector was naturally affected given restrictions on international travel. Our hospitality tenant has sought alternative demand, including the government supported quarantine arrangement for returning Singapore residents. We are encouraged that their F&B offerings were open from 19 June 2020. To support them, we have passed on the property tax rebate in the form of a rental rebate for April 2020.
3.	**Any tenant asking to downsize or early termination of leases?**
	Since COVID-19 started, we have not seen a significant increase in the number of tenants requesting to downsize space or terminate their leases early.

4.	**What level of rental arrears are you seeing in your portfolio?** **What is the impact on cashflow?** **What measures are you taking to address this issue?**
	CCT's portfolio has consistently had a low percentage of rental arrears. To date, there has not been a significant increase in the level of rental arrears during this COVID-19 period. However, we continue to monitor the situation closely. We have provided rent rebates and tailored rent deferment arrangements for a few tenants from more affected business sectors (namely, Retail, F&B, Travel & Hospitality and Flexible Office sectors) to help them ride through this period. These arrangements will have temporary impact on our cashflow, which CCT will manage.
5.	**How much of the announced tenants' support was provided by CCT?**
	Of the total $25.8 million that has been committed, as disclosed in our 1Q 2020 results, a large part comprised property tax rebates from the Singapore government passed on to office, retail and hospitality tenants in the form of rental rebates. Inclusive of the above and in line with the COVID-19 (Temporary Measures) (Amendment) Bill, landlords are required to match the government's rebates to qualifying Small and Medium Enterprises (SMEs). This equates to a month of base rent for office SMEs and two months of base rent for retail SMEs.
6.	**Regarding the rental relief for SME tenants, how do you determine if a tenant falls within the SME group? And how do you determine if a tenant requires dire financial assistance?**
	According to the Ministry of Law Singapore's news release "New Rental Relief Framework for SMEs", dated 3 June 2020, qualifying SMEs are defined as companies who have: (1) an annual turnover of not more than S$100 million based on their Corporate Tax and Individual Income Tax returns for the Year of Assessment 2019; and (2) suffered a drop in average monthly revenue during COVID-19, defined as a reduction by 35% or more from April to May 2020 compared to April to May 2019. We await notification from the Inland Revenue Authority of Singapore on their assessment of the tenants' eligibility as SMEs for additional rent relief.
7.	**WeWork will proceed to lease the building (21 Collyer Quay) for 7 years effective 2021.** **Do you foresee any problems for them to fulfil the agreement in view of COVID-19 and their financial difficulty?** **What are the alternative plans if WeWork default or decided not to proceed with the lease?**
	Notwithstanding news about WeWork, the company is still committed to the lease that was signed in July 2019. WeWork has also provided a security deposit for the lease. Upgrading works at 21 Collyer Quay are expected to commence shortly after the necessary government approvals are obtained. We are still on track to handover the premises to WeWork towards the end of this year. Given 21 Collyer Quay's prime location in the Raffles Place CBD and the upgrading of the building, including achieving at least Building and Construction Authority's Green Mark Gold^{Plus} level by end-2020, we are confident there will be leasing interest should the space become available.

8.	**Why did Six Battery Road report lower occupancy rate?**
	As previously disclosed, the long-term lease with Standard Chartered Bank, the anchor tenant of Six Battery Road, ended in January 2020 and resulted in a drop in the building's occupancy rate as at 31 March 2020. As reported in our 2Q 2019 results, CCT will embark on a S$35 million phased asset enhancement initiative for the 129,000 sq ft of space vacated by the bank, including the old retail banking hall at the podium block. The plan is to create a pedestrian linkway through the podium block, connecting Raffles Place to Singapore River with new F&B offerings and a new Standard Chartered Bank flagship branch. Upgrading work started in January 2020 but was temporarily halted because of the CB. We look forward to restart works once the necessary approvals are obtained.
9.	**What is the percentage of tenants that would be up for renewal in 2020? Are the renewals higher or lower than the current/previous rental?**
	As at 31 March 2020, about two-third of CCT's office leases by gross rental income expiring in 2020 have been renewed or re-let; An average of low double digit positive rent reversions was achieved for office leases signed in FY 2019 and 1Q 2020. The remaining leases due in 2020 account for about 10% of office portfolio gross rental income. There is a positive delta between the monthly weighted average rent of S$9.37 psf for the balance leases expiring in 2020 and the Grade A office market rent of S$11.50 psf as at 31 March 2020. However, we are mindful that office market rents are expected to soften in the coming quarters due to COVID-19 and the weaker Singapore economy. We remain focused on tenant retention and supporting them through the COVID-19 situation and will proactively engage our tenants ahead of lease renewals. Attracting new demand to backfill vacancies is also a priority.
10.	**What is your view of Singapore office market?**
	Office demand may remain muted until the COVID-19 situation stabilizes. In addition, the expected slowdown in the Singapore and global economy would have a softening effect on the office market. On the flip side, there is limited gross new office stock coming onstream in Singapore's Central Business District from this year to 2022, with no visibility of new supply beyond 2022. We believe that the limited future supply of office stock combined with the attractiveness of Singapore as one of the key global gateway cities will provide support for the Singapore office market. We remain positive on the long-term prospects of the Singapore office market.
11.	**Right now, in the rental market, we can see tenants are moving around by sourcing for offices that can offer more competitive rentals. There are now lesser and lesser new entrants into the market. How do you expect this trend will affect the rental market, particularly the CCT portfolio?**
	The office rental market is a function of demand and supply dynamics. While office demand is driven by economic conditions, Singapore remains an attractive gateway city for global businesses looking for an Asian presence. The supply of new office stock in the CBD over the next 5 years is limited with no visibility of new supply beyond 2022 given the absence of government land sales for office use in the CBD. Demand for office space goes beyond rent as companies also consider their long-term business outlook, people and culture among other factors. As such, CCT is focused on curating a portfolio of assets that are well located with good amenities that include community spaces and environmentally friendly workspaces with modern specifications. We believe that our offices play an integral part in facilitating company culture and community. We will stay relevant and competitive by being on top of evolving office trends and working closely with occupiers to ensure that we continue to be their landlord of choice.

B. Financials and Capital Management	
1.	**Why retain distributable income when CCT is not as impacted by COVID-19 compared to other asset classes?**
	CCT retained distributable income in 1Q 2020 in anticipation of additional support needed for operations because of COVID-19 and the circuit breaker. Given the uncertainty about the duration of the COVID-19 situation and its impact on our tenants, we acted with prudence and have taken proactive steps to conserve cash.
2.	**Why is there no distribution of tax-exempt income?**
	CCT's tax exempt income is largely derived from the two German assets whose income is not repatriated on a quarterly basis. In light of COVID-19 uncertainties, we did not announce any tax-exempt income distribution in order to conserve cash.
3.	**Is the retention of distributable income in 1Q 2020 sufficient to cover the rental rebate/support provided to tenants?**
	Approximately S$25.8 million has been committed as at end-April 2020 to support tenants. This amount includes our proportionate interest in joint ventures and is largely covered by the property tax rebates from the government announced as part of the COVID-19 (Temporary Measures) Bill ("COVID-19 Bill"). The government also recently announced an amendment to the COVID-19 Bill to provide additional support to qualifying Small and Medium Enterprise (SME) tenants. Under the amendment bill, landlords are required to match the government's financial support to qualifying SME tenants. Inclusive of the government's property tax rebates and cash grants, CCT is committed to support our SME tenants by providing a total of two months of base rent waiver to qualifying office SMEs, and four months of base rent waiver to qualifying retail SMEs. We are awaiting notification from the Inland Revenue Authority of Singapore on their assessment of tenants that qualify.
4.	**MAS has announced recently, further extended timelines for S-REITs to distribute their taxable income derived in FY2020. As retail investors, especially retirees depend on dividends for their income, can you provide some guidance on the REITs distribution policy during this period?**
	Under the IRAS guide on tax transparency treatment, a S-REIT is not taxed on its income that is distributed to its unitholders so long as it distributes at least 90% of taxable income. In light of COVID-19, the Ministry of Finance and IRAS have extended the timeline for S-REITs to distribute at least 90% of their taxable income to 12 months after the end of FY 2020 to qualify for tax transparency. CCT's policy is to distribute at least 90.0% of its taxable income and distribute on a semi-annual basis. In practice, we have been distributing 100% of CCT's taxable income. While CCT retained some taxable income and did not announce any tax-exempt income distribution in 1Q 2020 as a matter of prudence, we will endeavour to maintain our distribution practice during this period.
5.	**How much do you expect capital values to come down? What is the impact of COVID-19 on valuation?**
	Asset valuations are conducted by independent valuers who assess the longer-term value of properties by considering various factors including capitalisation rates, discount rates, terminal yields, market rents and expectation of market rental growth. Appraisers have shared that there are limited number of investment transactions and data points to justify any adjustments to capitalisation rates and terminal yields. However, they anticipate a softening of market rents and assumed rent growth rates. We are monitoring the

	situation closely for any potential impact on the value of our investment portfolio.
6.	**With the regulatory increase in aggregate leverage to 50%, what are CCT's thoughts? With MAS revising the leverage to 50%, would CCT be taking the opportunity and looking to make any acquisitions this year?**
	Notwithstanding the regulatory increase in aggregate leverage, we are comfortable with maintaining an aggregate leverage ratio of between 30% and 40% through market cycles. This will allow CCT to remain agile and have financial flexibility. We continue to look for investment opportunities but will remain disciplined and focused in our pursuit of investments.
7.	**While there is only S$115 million of debt expiring in 2020, there is another S$725 million of debt expiring in 2021. How will CCT repay or extend the debt expiry?**
	Of the total S$115 million debt due for refinancing in 2020, S$72 million is due to CCT's 60% interest in the bank borrowings of RCS Trust and the remaining S$43 million is CCT's bank borrowings. We have updated in CCT's 1Q 2020 results that bank facilities are in place to refinance the borrowings of RCS Trust and we are in advanced negotiations to refinance the borrowings of CCT. Updates will be provided in the upcoming second quarter results. As for the borrowings due for refinancing in 2021, we have plans to refinance the various tranches of debt and are already in talks with lenders. We are confident that they will continue to support CCT. Base lending rates are now lower, but lenders' margins have increased slightly such that on a net basis, all-in interest rates that are slightly lower than current for expiring facilities may be secured.
8.	**Will CCT explore initiatives to conserve cash, such as distribution re-investment programme and receiving asset management fees in units instead of cash?**
	In light of the COVID-19 situation, one of our immediate responses is to manage cost and conserve cash. For asset management fees, the CCT Manager can elect to receive them in either cash or units or a combination of both. Currently, CCT does not have a distribution re-investment programme. We will evaluate this initiative in view of cash conservation and will update the market accordingly when appropriate.

C. Future of Office	
1.	**How is the working from home trend affecting the demand of office space?** **Do you expect tenants to take up less space as more are working from home?**
2.	**Will offices remain relevant with global trend of working from home?**
	We note the ongoing debate about whether commercial office will continue to be as relevant as before in light of more companies and people choosing to work from home. While the demand for and use of office space will continue to evolve, we believe that the office is here to stay. The circumstances of each country, city, company and individual are different and this will translate into different outcomes driven by culture, societal norms and demands on productivity. While more people may work from home, factors such as ensuring productivity and conducive work environments at home or at work, commuting times, business networking, building company culture and new norms on social distancing will play a part in the demand for office in future. In Singapore, factors such as multi-generational living,

	smaller apartments and shorter commuting distances would be important determinants. Companies will have to adapt to evolving changes and new demand of the workplace. CCT will develop, adapt and continue to focus on solutions to meet the changing needs of occupiers, such as Core & Flex options, and emerge even stronger.

D. Proposed Merger of CCT and CMT	
1.	**Is the manager reconsidering the proposed merger? Why the delay? Can shareholders still expect the merger to proceed as planned with COVID-19?**
2.	**Will the scheme be reviewed or is it going ahead as planned? Is the merger deadline still end September 2020?**
3.	**If the merger fails to materialise, what will happen:** **For example, any significant transactional costs incurred?** **Will the merger be reactivated again when conditions turn positive?**
	The ongoing COVID-19 pandemic has presented unprecedented challenges for the Singapore property sector. Both the CCT Manager and the CMT Manager will continue to closely monitor and assess the situation, whilst prioritising our near-term focus towards supporting tenants. We will continue to stay engaged with the unitholders of CCT and provide further updates in due course. The Long-Stop Date under the Implementation Agreement remains at 30 September 2020.
4.	**As the current market conditions, especially the unit trading price have materially changed from the time of announcement on 22 January 2020, will the managers of CCT and CMT change the terms and conditions of the proposed merger? E.g. exchange ratio and cash component?**
	The terms of the merger have been agreed between the parties pursuant to the Implementation Agreement dated 22 January 2020, as announced on that same date.
5.	**Will unitholders receive dividend payments before the conversion to CMT units (assuming the merger goes through)?**
	Please refer to the joint announcement dated 22 January 2020. The CCT Manager is permitted to declare, make or pay distributions in the ordinary course of business for the period from 1 July 2019[1] up to the day immediately before the effective date of the Trust Scheme, including any clean-up distribution. It is standard practice for REIT managers involved in such REIT mergers to announce the clean-up distributions prior to the delisting of the REIT.

[1] An advanced distribution per unit (DPU) of 0.62 cents for period from 1 July 2019 to 28 July 2019 was paid on 29 August 2019. DPU of 3.86 cents for period from 29 July 2019 to 31 December 2019 was paid on 28 February 2020.