



For Immediate Release

NEWS RELEASE

**CCT's 1H 2017 DPU of 4.59<sup>1</sup> cents up 4.6% year-on-year**  
***Creating new value enhancement and growth opportunities***  
***as CapitaGreen continues to boost income***

**Singapore, 19 July 2017** – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report an estimated distribution per unit (DPU) of 2.27 cents<sup>2</sup> for 2Q 2017, which is 3.2% above the 2Q 2016 DPU of 2.20 cents. The estimated 1H 2017 DPU of 4.59 cents is computed based on 3,061.0 million CCT units (Units) outstanding (Units in Issue), which include 54.7 million<sup>2</sup> of new Units issued from 1 July to 14 July 2017. Based on the annualised 1H 2017 DPU and CCT's closing price per Unit of S\$1.69 on 18 July 2017, CCT's distribution yield is 5.5%.

The Trust's distributable income of S\$69.5 million in 2Q 2017 grew by 6.7% from S\$65.1 million in 2Q 2016. Year-on-year, 2Q 2017 gross revenue increased by 29.5% to S\$87.5 million and net property income (NPI) grew by 34.3% to S\$69.1 million. The positive results are due to CapitaGreen's better performance and higher contribution to CCT's gross revenue and net property income.

As at 30 June 2017, the Trust's total deposited property value was S\$9.0 billion. This is an increase of S\$194.2 million from CCT's deposited property value of S\$8.8 billion as at 31 December 2016. The increase is due to higher capital values registered by CCT's portfolio of properties and divestment gain from the sale of 50% in One George Street (OGS). This resulted in CCT's net asset value per unit rising over the quarter from S\$1.72 to S\$1.77 as at 30 June 2017, after accounting for the impending payout of the 1H 2017 distributable income and Units in Issue.

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<sup>1</sup> The estimated adjusted DPU of 2.32 cents for 1Q 2017, 2.27 cents for 2Q 2017 and 4.59 cents for 1H 2017 were computed based on total units in issue of 3,061 million as at 14 July 2017. The actual quantum of 1H 2017 DPU will be announced on books closure date, being Thursday, 27 July 2017, when the total amount of conversion notices received for convertible bonds due September 2017 (CB due 2017) are tabulated to determine the final number of CCT units entitled to CCT's 1H 2017 distributable income.

<sup>2</sup> CCT has S\$175.0 million CB due September 2017. In May and June 2017, CCT announced it has received conversion notices aggregating to S\$51.75 million and translating to 36.3 million new CCT units based on a conversion price of S\$1.4265 per unit. From 1 July to 14 July 2017, CCT received additional conversion notices to cancel and convert CB due 2017 amounting to S\$78.0 million resulting in the issue of 54.7 million new units. The balance CB due September 2017 as at 14 July 2017 is S\$45.25 million.

The Trust's unaudited Consolidated Financial Statements for 2Q 2017 results are available on its website ([www.cct.com.sg](http://www.cct.com.sg)) and on SGXNet ([www.sgx.com](http://www.sgx.com)).

#### SUMMARY OF CCT GROUP RESULTS

	1Q 2017	2Q 2017	2Q 2016	Change (%)	1H 2017	1H 2016	Change (%)
<b>Gross Revenue (S\$'000)</b>	<b>89,525</b>	<b>87,495</b>	67,572	29.5	<b>177,020</b>	134,429	31.7
<b>Net Property Income (S\$'000)</b>	<b>69,855</b>	<b>69,103</b>	51,451	34.3	<b>138,958</b>	103,479	34.3
<b>Distributable Income (S\$'000)</b>	<b>71,292</b>	<b>69,467</b>	65,088	6.7	<b>140,759</b>	129,933	8.3
<b>Total Units Outstanding as at end of period (mil)</b>	<b>2,969.0</b>	<b>3,006.3</b>	2,956.3	N.A.	-	2,956.3	N.A.
<b>Estimated Distribution Per Unit (cents)</b>	<b>2.40<sup>3</sup></b>	<b>2.31<sup>4</sup></b>	2.20	5.0	<b>4.71</b>	4.39	7.3
<b>Total Units Outstanding as at 14 July 2017<sup>2</sup> (mil)</b>	<b>3,061.0</b>	<b>3,061.0</b>	N.A.	N.A.	<b>3,061.0</b>	N.A.	N.A.
<b>Estimated DPU (cents)</b>	<b>2.32<sup>1</sup></b>	<b>2.27<sup>1</sup></b>	2.20	3.2	<b>4.59<sup>1</sup></b>	4.39	4.6

Ms Lynette Leong, Chief Executive Officer of the Manager, said: "CCT delivered a strong set of results this quarter, underpinned by the continued strong performance of CapitaGreen. The Trust's portfolio committed occupancy rate of 97.6% as at end June 2017 maintained its lead over the market occupancy rate of 94.1% despite oversupply conditions in the office market. During the quarter, we announced the sales of One George Street and Wilkie Edge and are pleased to have achieved sale prices of 16.7% and 39.3% above the respective 31 December 2016 book values and at exit yields of 3.2% and 3.4% per annum respectively. Net proceeds from these two asset sales are expected to total approximately S\$833 million<sup>5</sup>, greatly enhancing CCT's financial flexibility. In line with our portfolio reconstitution strategy for CCT, we will reinvest most of the proceeds into value enhancement opportunities so as to generate attractive, sustainable returns for CCT's unitholders."

Ms Leong added: "On 13 July 2017, we announced our decision to redevelop Golden Shoe Car Park (GSCP) into a 280-metre tall, 51-storey landmark integrated development through a joint venture (JV). By taking a 45% stake in the JV, we are mitigating CCT's development risk exposure, whilst creating an acquisition pipeline for the remaining 55% stake of the commercial component through the call option that is exercisable after the development is completed. This is a similar

<sup>3</sup> The estimated DPU of 2.40 cents for 1Q 2017 was announced on 19 April 2017 and computed based on the number of units issued as at 31 March 2017.

<sup>4</sup> The estimated DPU of 2.31 cents for 2Q 2017 was computed based on the number of units issued as at 30 June 2017.

<sup>5</sup> Total net proceeds received for the sale of One George Street was S\$877 million. S\$321 million has been used to repay existing borrowings. S\$833 million is the aggregate of the remaining net proceeds from the sale of One George Street and Wilkie Edge.

model as CapitaGreen which has proven to be successful for CCT. We are optimistic that the same success will be replicated in the GSCP redevelopment, what more with the latter's strategic location within Raffles Place and its cutting-edge design that incorporates a seamless vertical integration of work, live and play features with 'future of work' and lifestyle innovations. It is expected to be completed in 1H 2021 when there is no projected new office supply in Raffles Place, the heart of the Central Business District (CBD). At a projected yield-on-cost of 5.0% per annum, this S\$1.82-billion integrated development will be a value-creation catalyst and consolidate CCT's position as the largest office landlord and commercial REIT in Singapore."

The Trust has a healthy balance sheet with an aggregate leverage of 35.2%<sup>6</sup> as at 14 July 2017 which is well below the regulatory limit of 45.0%. Its average cost of debt of 2.6% as at 30 June 2017 is stable. Around 85% of the Trust's borrowings are pegged at fixed rates, which offer greater certainty of interest expense in a rising interest rate environment. CCT has no debt maturing in 2017 except for the S\$175.0 million convertible bonds due on 12 September 2017, of which S\$129.75 million have been converted into CCT units. The remaining amount of convertible bonds is S\$45.25 million as at 14 July 2017.

In 2Q 2017, CCT signed approximately 201,000 square feet of leases, of which 39% were new leases. Leasing demand came from diverse business sectors including Banking, Insurance and Financial Services, Real Estate and Property Services and Legal. New and renewed tenants in 2Q 2017 included AEW Asia Pte. Ltd., A.M. Best Asia-Pacific (Singapore) Pte. Ltd., Mizuho Asia Partners Pte. Ltd. and Nagashima Ohno & Tsunematsu Singapore LLP.

#### **Awards and Accolades**

CCT recently clinched top honours at the Singapore Corporate Awards 2017, bagging gold for Best Investor Relations and bronze for Best Annual Report under the REITS and Business Trusts category.

#### **Outlook**

Based on data from CBRE Pte. Ltd., Singapore's Core CBD occupancy rate eased to 94.1% while that of the Grade A office saw a dip by 1.1% to 95.5%. Average monthly market rent for Grade A offices was flat at S\$8.95 psf in 2Q 2017 after being on the decline since 1Q 2015 and signaling that the market may have bottomed out. However, as a result of the preceding declines in market rents relative to the expiring rents of CCT's leases, it will continue to put pressure on the net property income of some properties in CCT's portfolio.

In line with CCT's portfolio reconstitution strategy to recycle capital for growth opportunities, the Trust has completed the sale of 50% of OGS on 19 June 2017 and the sale of GSCP to a joint venture for redevelopment. The completion of the sale of Wilkie Edge is expected in September 2017. The Manager will use the divestment proceeds to fund CCT's share of capital required for the redevelopment of GSCP and reduce CCT's existing borrowings. The Manager will also use some of the divestment gains to make up for the loss of distributable income contributions in 2H 2017 from One George Street (50%) and Wilkie Edge over the same period.

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<sup>6</sup> The aggregate leverage of 35.2% took into account the cancellation and conversion of S\$78.0 million convertible bonds due September 2017 as at 14 July 2017.

## **About CapitaLand Commercial Trust ([www.cct.com.sg](http://www.cct.com.sg))**

CapitaLand Commercial Trust is Singapore's first and largest commercial REIT with a market capitalisation of approximately S\$5.1 billion. CCT aims to own and invest in real estate and real estate-related assets which are income producing and predominantly used, for commercial purposes. The total value of CCT's deposited properties is S\$9.0 billion as at 30 June 2017 comprising a portfolio of 10 prime commercial properties in Singapore. The properties in Singapore are Capital Tower, Six Battery Road, One George Street (50% interest through OGS LLP), Raffles City (60.0% interest through RCS Trust), CapitaGreen, HSBC Building, Twenty Anson, Bugis Village, Wilkie Edge (announced signing of sale and purchase agreement on 3 July 2017) and Golden Shoe Car Park.

CCT has been a constituent of FTSE4Good Index Series (FTSE4Good), a series of benchmark and tradable indices derived from the globally recognised FTSE Global Equity Index Series. FTSE4Good is designed to track the performance of companies meeting international corporate responsibility standards and forms the basis for over 70 different funds and investment products. CCT is also a constituent of other widely recognized benchmark indices such as MSCI, the SGX Sustainability Index and FTSE Straits Times Index.

CCT is managed by an external manager, CapitaLand Commercial Trust Management Limited, which is an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies headquartered and listed in Singapore.

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### **Important Notice**

This release 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 similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, including employee wages, benefits and training, 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 current view of management on future events.

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 or purchase 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.