

NEWS RELEASE

CCT's 4Q 2018 distributable income up 10.7% year-on-year
Driven by proactive portfolio and asset management

Singapore, 24 January 2019 – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report distributable income of S\$83.1 million for the quarter ended 31 December 2018 (4Q 2018), an uplift of 10.7% from 4Q 2017. Distribution per unit (DPU) was 2.22 cents, 6.7% higher than the 2.08 cents a year ago. Gross revenue and net property income for the quarter increased by 14.8% and 16.6% year-on-year respectively. The better performance was largely attributed to the contributions from newly acquired Asia Square Tower 2 and Gallileo, which more than offset the loss of income from the divestment of Twenty Anson.

For 2H 2018, distributable income was S\$165.7 million, an increase of 11.9% from 2H 2017. For FY 2018, distributable income was 11.4% higher than a year ago. Based on FY 2018 DPU of 8.70 cents and closing price per unit of \$1.83 on 23 January 2019, CCT's distribution yield is 4.8%. The books closure date is Friday, 1 February 2019 and the 2H 2018 DPU of 4.42 cents is expected to be paid on Thursday, 28 February 2019.

As at 31 December 2018, independent appraisals valued the Trust's investment properties (including the Trust's proportionate interest in investment properties held at the joint ventures, namely Raffles City Singapore, One George Street and CapitaSpring) at S\$10.6 billion, up 7.1% year-on-year. This translates to an adjusted net asset value per unit of S\$1.80, up 3.4% year-on-year.

The Trust's unaudited Consolidated Financial Statements for FY 2018 results are available on its website (www.cct.com.sg) and on SGXNet (www.sgx.com).

SUMMARY OF CCT GROUP RESULTS

	4Q 2018	4Q 2017	Change %	2H 2018	2H 2017	Change %	FY 2018	FY 2017	Change %
Gross Revenue (S\$'000)	99,025	86,292	14.8	199,535	160,437	24.4	393,968	337,457	16.7
Net Property Income (S\$'000)	79,267	67,955	16.6	159,664	126,510	26.2	314,610	265,468	18.5
Distributable Income (S\$'000)	83,057	75,031	10.7	165,742	148,140	11.9	321,731	288,899	11.4
Distribution Per Unit ("DPU") (cents)	2.22	2.08	6.7	4.42	4.10	7.8	8.70	8.66	0.5

Mr Soo Kok Leng, Chairman of the Manager, said: “Our multi-pronged approach to consistently strengthen CCT’s assets, portfolio and balance sheet has led to a good set of results in FY 2018. As at end 2018, CCT’s deposited property value grew 4.0% year-on-year to S\$11.2 billion, underscoring the Manager’s focus on creating long-term value for unitholders. During the year, we diversified CCT’s growth engines geographically with a strategic acquisition in Frankfurt, Germany. We will continue to explore investment opportunities in select gateway cities of developed markets, while strengthening CCT’s market leadership in its home base.”

Mr Kevin Chee, Chief Executive Officer of the Manager, said: “We are pleased to conclude FY 2018 with stronger financial and operating metrics, reinforcing CCT’s leading market position as Singapore’s largest office REIT. In 2H 2018, CCT achieved DPU of 4.42 cents, 7.8% higher than the corresponding period in 2017. The growth reflected the income contribution from the acquisitions of Asia Square Tower 2 and Gallileo. As at end-December 2018, portfolio occupancy stood at 99.4%, an improvement from 97.3% a year ago. Tenant retention remained healthy at 77%.”

“Looking ahead, we will strive to maintain robust portfolio occupancy and retain tenants while committing rents above market levels. In addition, we will pursue investment and value creation opportunities in Singapore and Germany, where 95% and 5% of CCT’s assets are currently located respectively. On the longer horizon, CCT’s growth pipeline includes the call option for the remaining 55% of CapitaSpring’s commercial component not owned by CCT. The call option is exercisable within five years after the development’s temporary occupation permit is obtained, which is expected in 1H 2021.”

Active portfolio leasing

In 2018, CCT signed slightly over 1 million square feet of new leases and renewals, of which 22% were new leases. New demand for office space was supported by tenants from diverse trade sectors. These included companies in Real Estate & Property Services; Business Consultancy, IT, Media & Telecommunications; Financial Services; Energy, Commodities, Maritime & Logistics; and Manufacturing & Distribution. To date, half of 2019 expiring leases (based on monthly gross rental income) have already been committed.

Proactive and prudent capital management

As part of proactive capital management efforts, the Manager concluded S\$2.2 billion of debt financing during FY 2018. Borrowings due in 2019 have been refinanced ahead of their maturity, leaving only the fixed rate medium term notes expiring in December. CCT also raised net proceeds of S\$214.3 million via private placement to partially fund the acquisition of Gallileo.

As at end 2018, CCT’s aggregate leverage was 34.9%, weighted average term to maturity was 3.9 years and all-in average cost of debt was 2.6% per annum. To mitigate exposure to interest rate volatility, 92% of the Trust’s total borrowings are on fixed rates.

Outlook

Based on data from CBRE Research, Singapore's average monthly Grade A office market rent increased by 14.9% year-on-year to S\$10.80 per square foot in 4Q 2018. Occupancy in Singapore's Core CBD as at end December 2018 was 94.8%, slightly higher than the 94.6% in the preceding quarter. Property consultants generally expect Grade A office market rent to continue trending upwards in 2019, although at a lower rate of 8% to 10%.

In 4Q 2018, Frankfurt's office market saw active leasing activities, which led to a decline in vacancy and an increase in leasing commitment at new developments. With relatively lower new supply completing in 2019, as well as strong pre-letting levels, the prime office rents in Frankfurt are expected to rise.

About CapitaLand Commercial Trust (www.cct.com.sg)

CapitaLand Commercial Trust is Singapore's first and largest commercial REIT with a market capitalisation of approximately S\$6.9 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. CCT's deposited property is approximately S\$11.2 billion as at 31 December 2018 comprising a portfolio of nine prime commercial properties in Singapore and one property in Frankfurt, Germany acquired on 18 June 2018. The properties in Singapore are Capital Tower, CapitaGreen, Asia Square Tower 2, Six Battery Road, Raffles City (60.0% interest through RCS Trust), One George Street (50% interest through OGS LLP), 21 Collyer Quay (HSBC Building), Bugis Village and CapitaSpring (45% interest through Glory Office Trust and Glory SR Trust), an upcoming 51-storey integrated development in Raffles Place. The property in the Banking District of Frankfurt, Germany is Gallileo (94.9% interest).

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 recognised benchmark indices such as MSCI, MSCI World ESG Leaders Index, 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.

Issued by CapitaLand Commercial Trust Management Limited (Company registration no. 200309059W)

Analyst contact

Ho Mei Peng
CapitaLand Commercial Trust Management
Head, Investor Relations
DID: (65) 6713 3668
Mobile: (65) 9668 8290
Email: ho.meipeng@capitaland.com

Media contact

Chia Pei Siang
CapitaLand
AVP, Group Communications
DID: (65) 6713 1379
Mobile: (65) 9368 9920
Email: chia.peisiang@capitaland.com

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.