



**CAPITALAND COMMERCIAL TRUST
2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION
ANNOUNCEMENT**

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**CAPITALAND COMMERCIAL TRUST
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SUMMARY OF CCT GROUP RESULTS

	2Q 2016	2Q 2015	Change %	1H 2016	1H 2015	Change %
Gross Revenue (\$\$'000)	67,572	69,113	(2.2)	134,429	137,275	(2.1)
Net Property Income (\$\$'000)	51,451	53,859	(4.5)	103,479	107,827	(4.0)
Distributable Income (\$\$'000)	65,088	64,425	1.0	129,933	127,178	2.2
Distribution Per Unit ("DPU") (cents)	2.20 ⁽¹⁾	2.19	0.5	4.39 ⁽¹⁾	4.31	1.9

Note:

- (1) The estimated DPU of 2.20 cents for 2Q 2016 and 4.39 cents for 1H 2016 were computed on the basis that none of the convertible bonds due 2017 ("CB 2017") is converted into CCT units ("Units"). Accordingly, the actual quantum of DPU may differ if any of the CB 2017 is converted into Units on or before books closure date.

INTRODUCTION

CapitaLand Commercial Trust ("CCT") was established pursuant to a trust deed dated 6 February 2004 (as amended) executed between CapitaLand Commercial Trust Management Limited as manager of CCT (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited as trustee of CCT (the "CCT Trustee").

As of 30 June 2016, CCT Group's portfolio consists of Capital Tower, Six Battery Road, One George Street, Raffles City Singapore (through CCT's 60% interest in RCS Trust), CapitaGreen (through CCT's 40% interest in MSO Trust), HSBC Building, Bugis Village, Golden Shoe Car Park, Wilkie Edge and Twenty Anson. CCT owns a 17.7% stake in MRCB-Quill REIT ("MQREIT"), a commercial REIT listed in Malaysia.

DISTRIBUTION AND BOOKS CLOSURE DATE

Distribution	For 1 January 2016 to 30 June 2016
Distribution Type	Taxable income
Estimated Distribution Rate ⁽¹⁾	Taxable income distribution 4.39 cents per Unit
Books Closure Date	Thursday, 28 July 2016
Payment Date	Thursday, 25 August 2016

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1(a)(i) Statement of Total Return & Distribution Statement (2Q 2016 vs 2Q 2015)

<u>Statement of Total Return</u>	Note	Group			Trust		
		2Q 2016	2Q 2015	Change	2Q 2016	2Q 2015	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross rental income		61,101	62,919	(2.9)	61,101	57,977	5.4
Car park income		2,927	2,929	(0.1)	2,927	2,877	1.7
Other income	1	3,544	3,265	8.5	3,544	2,818	25.8
Gross revenue		67,572	69,113	(2.2)	67,572	63,672	6.1
Property management fees		(1,447)	(1,522)	(4.9)	(1,447)	(1,389)	4.2
Property tax	2	(5,974)	(5,885)	1.5	(5,974)	(5,447)	9.7
Other property operating expenses	3	(8,700)	(7,847)	10.9	(8,700)	(7,265)	19.8
Property operating expenses		(16,121)	(15,254)	5.7	(16,121)	(14,101)	14.3
Net property income	4	51,451	53,859	(4.5)	51,451	49,571	3.8
Interest income	5	1,334	926	44.1	1,300	3,978	(67.3)
Investment income	6	-	-	-	23,311	21,315	9.4
Amortisation of intangible asset	7	(287)	(206)	39.3	(287)	(206)	39.3
Asset management fees:							
- Base fees		(1,323)	(1,262)	4.8	(1,323)	(1,262)	4.8
- Performance fees		(2,217)	(2,315)	(4.2)	(2,217)	(2,315)	(4.2)
Trust expenses		(632)	(647)	(2.3)	(636)	(629)	1.1
Finance costs	8	(9,592)	(8,625)	11.2	(9,592)	(8,616)	11.3
Net income before share of profit of joint ventures		38,734	41,730	(7.2)	62,007	61,836	0.3
Share of profit (net of tax) of:							
- Joint ventures	9	35,576	35,100	1.4	-	-	-
Net income		74,310	76,830	(3.3)	62,007	61,836	0.3
Impairment of available-for-sale investment	10	(8,916)	-	NM	(8,916)	-	NM
Net gain in fair value of investment properties	11	8,643	37,393	(76.9)	8,643	37,890	(77.2)
Total return for the period before tax		74,037	114,223	(35.2)	61,734	99,726	(38.1)
Tax expense	12	(49)	(1)	NM	(48)	-	NM
Total return for the period after tax		73,988	114,222	(35.2)	61,686	99,726	(38.1)
<u>Distribution Statement</u>							
Net income before share of profit of joint ventures		38,734	41,730	(7.2)	62,007	61,836	0.3
Net tax and other adjustments	13	3,043	1,380	NM	3,081	2,589	19.0
Distribution from joint ventures	14	23,311	21,315	9.4	-	-	-
Distributable income to unitholders		65,088	64,425	1.0	65,088	64,425	1.0

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(1) Other income includes the following:

(a) Yield stabilization income of S\$0.3 million accrued in 2Q 2016 for Twenty Anson (2Q 2015: S\$0.2 million). The amount was accrued pursuant to a Deed of Yield Stabilization ('YS Deed') dated 22 March 2012 in relation to the acquisition of 100% equity interest in FirstOffice Pte. Ltd. ("FOPL"), whereby a yield stabilization sum of S\$17.1 million was provided to achieve a stabilized yield of up to 5.5% per annum of the property purchase value of S\$430.0 million. The YS Deed was assigned to CCT upon the transfer of Twenty Anson to CCT on 1 July 2015. CCT will continue to utilize the yield stabilization sum to top up any shortfall or deficiency in the property income of Twenty Anson until the sum is fully utilized. As at 30 June 2016, the balance yield stabilization sum was S\$3.1 million (30 June 2015: S\$4.4 million); and

(b) Recovery from tenants and licence income was higher in 2Q 2016 vis-a-vis 2Q 2015. In addition, for the Trust, the significant increase was due to the addition of Twenty Anson resulting from the transfer of the property to CCT in July 2015.

(2) The increase in property tax in 2Q 2016 as compared with 2Q 2015 was primarily due to higher annual values.

(3) Other property operating expenses in 2Q 2016 was higher as compared with that of 2Q 2015 mainly due to higher leasing commission incurred.

(4) The following items have been included in arriving at net property income:

	Group			Trust		
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %
Depreciation & amortisation of lease incentives	385	382	0.8	385	337	14.2

(5) Interest income includes the following:

	Group			Trust		
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %
Interest income from cash balance	111	31	NM	77	11	NM
Interest income from shareholder's loan to MSO Trust ^(5a)	1,223	895	36.6	1,223	895	36.6
Interest income from shareholder's loan to FOPL ^(5b)	-	-	-	-	3,072	NM
Total	1,334	926	44.1	1,300	3,978	(67.3)

(5a) Higher interest income from shareholder's loan to MSO Trust was due to higher interest rate.

(5b) FOPL repaid the shareholder's loan from CCT on 1 July 2015, resulting in nil interest income for 2Q 2016 as compared with S\$3.1 million for 2Q 2015.

(6) Investment income for the Trust relates to distributions from the joint ventures (RCS Trust and MSO Trust) in 2Q 2016, while that for 2Q 2015 relates to distributions from RCS Trust and MQREIT.

(7) This relates to the amortisation of yield stabilization sum in relation to Twenty Anson. The amount was computed based on a net property yield of 4.0% per annum for Twenty Anson.

(8) Finance costs include the following:

	Group			Trust		
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %
Interest cost ^(8a)	8,285	7,784	6.4	8,285	7,784	6.4
Amortisation and transaction costs ^(8b)	1,307	841	55.4	1,307	832	57.1
Total	9,592	8,625	11.2	9,592	8,616	11.3

(8a) Increase in interest cost for 2Q 2016 from 2Q 2015 was mainly due to higher borrowings and average interest costs.

(8b) Higher amortisation and transaction costs in 2Q 2016 versus 2Q 2015 primarily due to higher amortisation of upfront fees incurred on new bank borrowings.

NM – Not Meaningful

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- (9) Share of profit of joint ventures relates to CCT's 60% interest in RCS Trust (owns Raffles City Singapore) and 40% interest in MSO Trust (owns CapitaGreen), which are derived as follows:

	Group		
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %
Gross revenue ^(9a)	42,485	36,035	17.9
Property operating expenses ^(9b)	(10,437)	(11,370)	(8.2)
Net property income	32,048	24,665	29.9
Finance costs ^(9c)	(9,208)	(7,785)	18.3
Net change in fair value of investment properties ^(9d)	15,473	20,725	(25.3)
Trust and other expenses ^(9e)	(2,737)	(2,505)	9.3
Profit of joint ventures (net of tax)	35,576	35,100	1.4

- (9a) The increase in gross revenue and net property income were largely due to contributions from progressive commencement of leases at CapitaGreen. CCT's 40% interest in gross revenue of MSO Trust was S\$7.7 million in 2Q 2016 (2Q 2015: S\$0.8 million) and net property income was S\$5.9 million in 2Q 2016 (2Q 2015: loss of S\$1.4 million).
- (9b) Lower property operating expenses were largely due to lower utilities, marketing and consultancy expenses.
- (9c) The increase was largely due to higher cost of borrowings by MSO Trust, arising from higher interest rates and more shareholder's loans. Finance costs of MSO Trust in 2Q 2016 was S\$4.1 million (2Q 2015: S\$2.6 million).
- (9d) The net change in fair value of investment properties in 2Q 2016 comprises S\$0.9 million gain for Raffles City Singapore (CCT's 60% interest) and S\$14.6 million gain for CapitaGreen (CCT's 40% interest) (2Q 2015: S\$4.7 million gain for Raffles City Singapore and S\$16.0 million gain for CapitaGreen).
- (9e) Includes asset management fees.
- (10) The value of the available-for-sale investment was assessed as at 30 June 2016, and due to the adverse movement of MYR/S\$ exchange rate and the sustained drop in the quoted market price of MQREIT units, impairment loss for the available-for-sale investment was recognised in 2Q 2016. The loss does not have any impact on CCT's distributable income and net asset value.
- (11) This relates to the net increase in property values as at 30 June 2016 based on independent valuations over its carrying values.
- (12) This relates to the withholding tax paid on the distribution received from MQREIT as well as the tax incurred for the yield stabilization sum for Twenty Anson.
- (13) Included in net tax and other adjustments are the following:

	Group			Trust		
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %
Asset management fee payable in Units	909	968	(6.1)	909	968	(6.1)
Trustee's fees	166	158	5.1	166	158	5.1
Amortisation and transaction costs	1,307	841	55.4	1,307	832	57.1
Net loss / (profits) from subsidiaries ^(13a)	(39)	(1,213)	(96.8)	-	-	-
Tax-exempt income retained ^(13b)	(239)	-	NM	(239)	(735)	(67.5)
Temporary differences and other adjustments	939	626	49.9	938	1,366	(31.3)
Total	3,043	1,380	NM	3,081	2,589	19.0

- (13a) Included in net loss / (profits) from subsidiaries in 2Q 2015 were mainly profits from FOPL of S\$1.2 million. The profits of FOPL was negligible in 2Q 2016 due to the transfer of Twenty Anson to CCT in 2015.
- (13b) Tax-exempt income retained in 2Q 2016 relates to retention of the yield stabilization sum of Twenty Anson. Amount for 2Q 2015 relates to retained net tax-exempt income from MQREIT. The retained amount may be used for anticipated capital expenditure and/or distribution to unitholders.
- (14) This relates to CCT's 60% interest in RCS Trust's and 40% interest in MSO Trust's distribution in 2Q 2016. For 2Q 2015, it relates only to CCT's 60% interest in RCS Trust's distribution.

NM – Not Meaningful

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1(a)(ii) Statement of Total Return & Distribution Statement (1H 2016 vs 1H 2015)

<u>Statement of Total Return</u>	Note	Group			Trust		
		1H 2016 S\$'000	1H 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Gross rental income		122,681	125,349	(2.1)	122,681	115,481	6.2
Car park income		5,682	5,843	(2.8)	5,682	5,740	(1.0)
Other income	1	6,066	6,083	(0.3)	6,066	5,258	15.4
Gross revenue		134,429	137,275	(2.1)	134,429	126,479	6.3
Property management fees		(2,911)	(3,046)	(4.4)	(2,911)	(2,782)	4.6
Property tax	2	(11,942)	(11,347)	5.2	(11,942)	(10,472)	14.0
Other property operating expenses	3	(16,097)	(15,055)	6.9	(16,097)	(13,927)	15.6
Property operating expenses		(30,950)	(29,448)	5.1	(30,950)	(27,181)	13.9
Net property income	4	103,479	107,827	(4.0)	103,479	99,298	4.2
Interest income	5	2,656	1,924	38.0	2,607	7,996	(67.4)
Investment income	6	1,708	-	NM	47,614	44,815	6.2
Amortisation of intangible asset	7	(331)	(378)	(12.4)	(331)	(378)	(12.4)
Asset management fees:							
- Base fees		(2,624)	(2,493)	5.3	(2,624)	(2,493)	5.3
- Performance fees		(4,579)	(4,772)	(4.0)	(4,579)	(4,772)	(4.0)
Trust expenses	8	(1,209)	(1,652)	(26.8)	(1,203)	(1,605)	(25.0)
Finance costs	9	(19,063)	(17,135)	11.3	(19,050)	(17,121)	11.3
Net income before share of profit of associate and joint ventures		80,037	83,321	(3.9)	125,913	125,740	0.1
Share of profit (net of tax) of:							
- Associate	10	-	1,820	NM	-	-	-
- Joint ventures	11	56,152	49,968	12.4	-	-	-
Net income		136,189	135,109	0.8	125,913	125,740	0.1
Dilution (loss) / gain on investment in associate	12	-	(18,903)	NM	-	2,629	NM
Impairment of available-for-sale investment	13	(8,916)	-	NM	(8,916)	-	NM
Net gain in fair value of investment properties	14	8,643	37,393	(76.9)	8,643	37,890	(77.2)
Total return for the period before tax		135,916	153,599	(11.5)	125,640	166,259	(24.4)
Tax expense	15	(226)	(87)	NM	(224)	-	NM
Total return for the period after tax		135,690	153,512	(11.6)	125,416	166,259	(24.6)
<u>Distribution Statement</u>							
Net income before share of profit of associate and joint ventures		80,037	83,321	(3.9)	125,913	125,740	0.1
Net tax and other adjustments	16	3,990	1,760	NM	4,020	1,438	NM
Distribution from joint ventures	17	45,906	42,097	9.0	-	-	-
Distributable income to unitholders		129,933	127,178	2.2	129,933	127,178	2.2

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Notes:

- (1) Other income includes the following:
- (a) Yield stabilization income of S\$0.3 million accrued in 1H 2016 for Twenty Anson (1H 2015: S\$0.4 million). The amount was accrued pursuant to YS Deed dated 22 March 2012 in relation to the acquisition of 100% equity interest in FOPL, whereby a yield stabilization sum of S\$17.1 million was provided to achieve a stabilized yield of up to 5.5% per annum of the property purchase value of S\$430.0 million. The YS Deed was assigned to CCT upon the transfer of Twenty Anson to CCT on 1 July 2015. CCT will continue to utilize the yield stabilization sum to top up any shortfall in net property income of Twenty Anson until it is fully utilized. As at 30 June 2016, the balance yield stabilization sum was S\$3.1 million (30 June 2015: S\$4.4 million); and
- (b) Recovery from tenants and licence income was flat in 1H 2016 versus 1H 2015. However, the increase for the Trust was due to the addition of Twenty Anson arising from the transfer of the property to the Trust in July 2015.
- (2) The increase in property tax in 1H 2016 as compared with 1H 2015 was primarily due to higher annual values.
- (3) The increase in other property operating expenses in 1H 2016 was mainly due to higher leasing commission and ad-hoc maintenance and repairs.
- (4) The following items have been included in arriving at net property income:

	Group			Trust		
	1H 2016 S\$'000	1H 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Depreciation and amortisation of lease incentives	781	768	1.7	781	675	15.7

- (5) Interest income includes the following:

	Group			Trust		
	1H 2016 S\$'000	1H 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Interest income from cash balance	210	146	43.8	161	107	50.5
Interest income from shareholder's loan to MSO Trust ^(5a)	2,446	1,778	37.6	2,446	1,778	37.6
Interest income from shareholder's loan to FOPL ^(5b)	-	-	-	-	6,111	NM
Total	2,656	1,924	38.0	2,607	7,996	(67.4)

- (5a) Higher interest income from shareholder's loan to MSO Trust was due to more shareholder's loans and higher interest rate.
- (5b) FOPL repaid the shareholder's loan from CCT on 1 July 2015, resulting in nil interest income for 1H 2016 as compared with S\$6.1 million for 1H 2015.
- (6) Investment income of the Trust for 1H 2016 relates to distributions from the joint ventures (RCS Trust and MSO Trust) and MQREIT whereas 1H 2015 relates to distribution from RCS Trust and MQREIT (when it was classified as investment in associate). Investment income of the Group in 1H 2016 relates to gross distribution from MQREIT (when it was reclassified as an available-for-sale investment).
- (7) This relates to the amortisation of yield stabilization sum in relation to FOPL. The amount was computed based on net property yield of 4.0% per annum for Twenty Anson.
- (8) Trust expenses were lower in 1H 2016 compared to 1H 2015 due mainly to lower unitholders expenses incurred.
- (9) Finance costs include the following:

	Group			Trust		
	1H 2016 S\$'000	1H 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Interest cost ^(9a)	16,360	15,458	5.8	16,360	15,458	5.8
Amortisation and transaction costs ^(9b)	2,703	1,677	61.2	2,690	1,663	61.8
Total	19,063	17,135	11.3	19,050	17,121	11.3

- (9a) The increase in interest cost was due mainly to higher borrowings and average interest costs.
- (9b) Higher amortisation and transaction costs in 1H 2016 versus 1H 2015 primarily due to higher amortisation of upfront fees incurred on new bank borrowings.
- (10) Share of profit of associate in 1H 2015 relates to CCT's then 30% share of MQREIT's results. Investment by CCT in MQREIT was reduced to 17.7% and reclassified to an available-for-sale investment in 1Q 2015. Therefore, there was no share of profit of associate in 1H 2016.

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- (11) Share of profit of joint ventures relates to CCT's 60% interest of RCS Trust and CCT's 40% interest of MSO Trust, which are derived as follows:

	Group		
	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Gross revenue ^(11a)	85,337	71,765	18.9
Property operating expenses ^(11b)	(20,862)	(22,174)	(5.9)
Net property income	64,475	49,591	30.0
Finance costs ^(11c)	(18,540)	(15,367)	20.6
Net change in fair value of investment properties ^(11d)	15,473	20,725	(25.3)
Trust and other expenses ^(11e)	(5,256)	(4,981)	5.5
Net profit of joint ventures (after tax)	56,152	49,968	12.4

- (11a) The increase in gross revenue and net property income were largely due to contributions from progressive commencement of leases at CapitaGreen. CCT's 40% interest in gross revenue of MSO Trust was S\$14.5 million in 1H 2016 (1H 2015: S\$0.8 million) and net property income was S\$10.9 million in 1H 2016 (1H 2015: loss of S\$2.8 million).
- (11b) Lower property operating expenses were largely due to lower utilities, marketing and consultancy expenses.
- (11c) The increase was largely due to higher cost of borrowings by MSO Trust, arising from higher interest rates and more shareholder's loans. Finance costs of MSO Trust in 1H 2016 was S\$8.1 million (1H 2015: S\$5.0 million).
- (11d) The net change in fair value of investment properties in 1H 2016 comprises S\$0.9 million gain for Raffles City Singapore (CCT's 60% interest) and S\$14.6 million gain for CapitaGreen (CCT's 40% interest) (1H 2015: S\$4.7 million gain for Raffles City Singapore and S\$16.0 million gain for CapitaGreen).
- (11e) Includes asset management fees.
- (12) Dilution (loss) / gain on investment in associate relates to the marked-to-market (loss) / gain on the investment of MQREIT which was reclassified from an associate to an available-for-sale investment in 1H 2015.
- (13) The value of the available-for-sale investment was assessed as at 30 June 2016, and due to the adverse movement of MYR/S\$ exchange rate and the sustained drop in quoted market price of MQREIT units, impairment loss was recognised during the period. This loss does not have impact on CCT's distributable income and net asset value.
- (14) This relates to the net increase in property values as at 30 June 2016 based on independent valuations over its carrying values.
- (15) This relates to the withholding tax paid on the distribution received from MQREIT as well as the tax incurred for the yield stabilization sum for Twenty Anson.
- (16) Included in net tax and other adjustments are the following:

	Group			Trust		
	1H 2016 S\$'000	1H 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Asset management fee paid and payable in Units	1,875	1,918	(2.2)	1,875	1,918	(2.2)
Trustee's fees	329	313	5.1	329	313	5.1
Amortisation and transaction costs	2,703	1,677	61.2	2,690	1,663	61.8
Net profits from subsidiaries ^(16a)	(31)	(2,402)	(98.7)	-	-	-
Tax-exempt income retained ^(16b)	(1,843)	-	NM	(1,843)	(2,424)	(24.0)
Other items	957	254	NM	969	(32)	NM
Total	3,990	1,760	NM	4,020	1,438	NM

- (16a) Included in net profits from subsidiaries in 1H 2015 were mainly profits from FOPL of S\$2.4 million. The profits of FOPL was negligible in 1H 2016 due to the transfer of Twenty Anson to CCT in 2015.
- (16b) For 1H 2016, this relates to net tax-exempt income from MQREIT (S\$1.6 million) and CCT's net tax-exempt income arising from Twenty Anson's yield stabilisation sum (S\$0.2 million) retained for the Group and the Trust. For 1H 2015, it relates to the net tax-exempt distribution from MQREIT for the Trust. The retained amount may be used for anticipated capital expenditure and/or distribution to unitholders.
- (17) This relates to CCT's 60% interest in RCS Trust's and 40% interest in MSO Trust's distribution in 1H 2016. For 1H 2015, it relates only to CCT's 60% interest in RCS Trust's distribution.

NM – Not Meaningful

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1(b)(i) Statement of Financial Position as at 30 June 2016 vs 31 December 2015

	Note	Group			Trust		
		30 Jun 2016 S\$'000	31 Dec 2015 S\$'000	Change %	30 Jun 2016 S\$'000	31 Dec 2015 S\$'000	Change %
Non-current assets							
Plant and equipment		1,282	1,272	0.8	1,282	1,272	0.8
Investment properties	1	4,972,000	4,961,700	0.2	4,972,000	4,961,700	0.2
Subsidiaries	2	-	-	-	167,657	167,657	-
Available-for-sale investment	3	45,192	41,621	8.6	45,192	41,621	8.6
Joint ventures	4	1,455,708	1,452,447	0.2	1,001,199	997,780	0.3
Intangible asset	5	3,085	3,416	(9.7)	3,085	3,416	(9.7)
Financial derivatives	6	18,820	5,611	NM	18,820	5,611	NM
Total non-current assets		6,496,087	6,466,067	0.5	6,209,235	6,179,057	0.5
Current assets							
Trade and other receivables		46,012	43,540	5.7	45,994	43,451	5.9
Cash and cash equivalents		103,113	81,212	27.0	89,268	67,151	32.9
Financial derivatives	7	80	1,726	(95.4)	80	1,726	(95.4)
Total current assets		149,205	126,478	18.0	135,342	112,328	20.5
Total assets	8	6,645,292	6,592,545	0.8	6,344,577	6,291,385	0.8
Current liabilities							
Trade and other payables	9	37,262	37,263	(0.0)	200,213	199,900	0.2
Current portion of security deposits		8,902	8,611	3.4	8,902	8,611	3.4
Financial derivatives	7	766	-	NM	766	-	NM
Current tax payable		58	64	(9.4)	56	60	(6.7)
Total current liabilities		46,988	45,938	2.3	209,937	208,571	0.7
Non-current liabilities							
Non-current portion of security deposits		31,998	31,848	0.5	31,998	31,848	0.5
Interest-bearing liabilities	10	1,151,116	1,083,623	6.2	1,151,116	1,083,623	6.2
Convertible bonds	11	172,338	171,281	0.6	172,338	171,281	0.6
Financial derivatives	6	16,003	25,719	(37.8)	16,003	25,719	(37.8)
Total non-current liabilities		1,371,455	1,312,471	4.5	1,371,455	1,312,471	4.5
Total liabilities		1,418,443	1,358,409	4.4	1,581,392	1,521,042	4.0
Net assets		5,226,849	5,234,136	(0.1)	4,763,185	4,770,343	(0.2)
Unitholders' funds		5,226,849	5,234,136	(0.1)	4,763,185	4,770,343	(0.2)

NM – Not Meaningful

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Notes:

- (1) The increase in investment properties for the Group and the Trust was mainly due to the increase in property values based on valuations as at 30 June 2016.
- (2) This relates to the investments in wholly-owned subsidiaries, CCT MTN Pte. Ltd. and FOPL.
- (3) This relates to CCT's 17.7% stake in MQREIT. The increase in value of MQREIT as at 30 June 2016 from 31 December 2015 was due to increase in its unit price as well as the strengthening of the Malaysian Ringgit against Singapore Dollar.
- (4) This relates to 60% interest in RCS Trust and 40% interest in MSO Trust (including the unitholders' loans to MSO Trust). The increase in value as at 30 June 2016 from 31 December 2015 for the Group was mainly due to the increase in share of net asset value of MSO Trust arising from the increase in property value of CapitaGreen, offset partially by movement in hedging reserves. For the Trust, the increase was due to the additional RCS Trust units issued in respect of its asset management fees.
- (5) This relates primarily to the unamortised yield stabilization sum in relation to Twenty Anson.
- (6) This relates to the fair values of cross currency swaps.
- (7) This relates to the fair values of interest rate swaps.
- (8) Total assets were S\$6,645.3 million as at 30 June 2016 (31 December 2015: S\$6,592.5 million). Total deposited property value, including CCT's 60% interest in RCS Trust and 40% interest in MSO Trust as at 30 June 2016 was S\$7,787.8 million (31 December 2015: S\$7,721.5 million).
- (9) Included in Trade and other payables of the Trust is the balance purchase consideration of S\$163.1 million payable by the Trust to its subsidiary, FOPL, in respect of the transfer of Twenty Anson on 1 July 2015.
- (10) Interest-bearing liabilities under non-current liabilities as at 30 June 2016 comprised:
 - a) Unsecured fixed rate notes totaling S\$150.0 million; JPY24.9 billion and HKD585.0 million (hedged via cross currency swaps to S\$425.8 million); and
 - b) Unsecured bank borrowings of S\$571.6 million.
- (11) This relates to the liability component of CB 2017 of principal amount S\$175.0 million which was measured at amortised cost.

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1(b)(ii) Aggregate amount of borrowings and debt securities

Group and Trust			
30 Jun 2016	31 Dec 2015	Change	
S\$'000	S\$'000	%	
Unsecured borrowings			
Amount repayable after one year	1,326,669	1,258,918	5.4
Less: Unamortised portion of transactions costs	(3,215)	(4,014)	(19.9)
Net unsecured borrowings after one year	1,323,454	1,254,904	5.5

For information only ⁽¹⁾

CCT's 60% interest in RCS Trust's and CCT's 40% interest in MSO Trust's aggregate amount of borrowings are as follows:

For information only			
30 Jun 2016	31 Dec 2015	Change	
S\$'000	S\$'000	%	
Unsecured borrowings			
Amount repayable after one year	641,700 ⁽²⁾	-	NM
Less: Unamortised portion of transactions costs	(815)	-	NM
Net repayable after one year	640,885	-	NM
Total unsecured borrowings	640,885	-	NM
Secured borrowings			
Amount repayable after one year	356,000 ⁽³⁾	356,000 ⁽³⁾	-
Less: Unamortised portion of transactions costs	(1,584)	(1,764)	(10.2)
Net repayable after one year	354,416	354,236	0.1
Amount repayable within one year	-	626,400 ⁽²⁾	NM
Less: Unamortised portion of transactions costs	-	(742)	NM
Net repayable within one year	-	625,658	NM
Total secured borrowings	354,416	979,894	(63.8)

Notes:

(1) CCT's interest in the aggregate borrowings of RCS Trust and MSO Trust are not included under total borrowings in the statement of financial position.

(2) As at 30 June 2016, unsecured borrowings relates to CCT's 60% interest of RCS Trust's borrowings which has been refinanced in June 2016 with various maturities, with an average term to maturity of approximately 3.5 years.

(3) This relates to CCT's 40% interest of MSO Trust's borrowings due 2020.

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1(c) Statement of Cash Flow (2Q 2016 vs 2Q 2015)

	Group	
	2Q 2016	2Q 2015
Note	S\$'000	S\$'000
Operating activities		
Total return for the period before tax	74,037	114,223
Adjustments for :		
Share of profit of joint ventures	(35,576)	(35,100)
Amortisation of lease incentives	291	308
Amortisation of intangible asset	287	206
Depreciation of plant and equipment	94	74
Finance costs	9,592	8,625
Interest income	(1,334)	(926)
Impairment on available-for-sale investment	8,916	-
Asset management fees paid and payable in Units	909	968
Net increase in fair value of investment properties	(8,643)	(37,393)
Operating income before working capital changes	48,573	50,985
Changes in working capital		
Trade and other receivables	(1,424)	(25)
Trade and other payables	1,663	(2,021)
Security deposits	(321)	199
Cash generated from operating activities	48,491	49,138
Tax expenses paid	(60)	(88)
Net cash from operating activities	48,431	49,050
Investing activities		
Capital expenditure on investment properties	(2,169)	(2,815)
Purchase of plant and equipment	(183)	(32)
Distributions received from joint ventures	21,654	21,533
Interest income received	2,988	225
Net cash from investing activities	22,290	18,911
Financing activities		
Interest paid	(7,774)	(9,392)
Distribution to unitholders	(6,229)	(6,744)
Proceeds from interest-bearing liabilities	-	90,000
Repayment of interest-bearing liabilities	-	(105,000)
Net cash used in financing activities	(14,003)	(31,136)
Net increase in cash and cash equivalents	56,718	36,825
Cash and cash equivalents at beginning of period	46,395	54,927
Cash and cash equivalents at end of period	103,113	91,752

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1(c)(ii) Statement of Cash Flow (1H 2016 vs 1H 2015)

	Note	Group	
		1H 2016 S\$'000	1H 2015 S\$'000
Operating activities			
Total return for the period before tax		135,916	153,599
Adjustments for :			
Share of profit of associate and joint ventures		(56,152)	(51,788)
Amortisation of lease incentives		608	621
Amortisation of intangible asset		331	378
Depreciation of plant and equipment		173	147
Finance costs		19,063	17,135
Interest income		(2,656)	(1,924)
Impairment on available-for-sale investment		8,916	-
Asset management fees paid and payable in Units		1,875	1,918
Net gain in fair value of investment properties		(8,643)	(37,393)
Dilution loss on investment in associate		-	18,903
Foreign exchange loss		-	268
Distribution from available-for-sale investment		(1,708)	-
Operating income before working capital changes		97,723	101,864
Changes in working capital			
Trade and other receivables		(1,016)	(881)
Trade and other payables		494	(1,016)
Security deposits		440	1,314
Cash generated from operations		97,641	101,281
Tax expenses paid		(232)	(88)
Net cash generated from operating activities		97,409	101,193
Investing activities			
Capital expenditure on investment properties		(3,668)	(9,433)
Purchase of plant and equipment		(183)	(103)
Distribution received from available-for-sale investment		1,708	-
Distributions received from associate & joint ventures		43,668	45,128
Interest income received		3,520	420
Net cash from investing activities		45,045	36,012
Financing activities			
Interest paid		(17,282)	(16,676)
Distribution to unitholders		(127,271)	(124,862)
Proceeds from interest-bearing liabilities	1	224,000	190,000
Repayment of interest-bearing liabilities	2	(200,000)	(195,000)
Net cash used in financing activities		(120,553)	(146,538)
Net increase / (decrease) in cash and cash equivalents		21,901	(9,333)
Cash and cash equivalents at beginning of the period		81,212	101,085
Cash and cash equivalents at end of the period		103,113	91,752

Notes:

- (1) This relates to the proceeds from bank borrowings of S\$121.6 million and issuance of HKD585.0 million fixed rate notes due 2021. The HKD585.0 million fixed rate notes have been hedged via cross currency interest rate swaps to notional principal amount of S\$102.5 million at an interest rate of 2.7% per annum.
- (2) This relates to the repayment of bank borrowings.

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1(d)(i) Statement of movement in unitholders' funds (2Q 2016 vs 2Q 2015)

	Note	Group		Trust	
		2Q 2016 S\$'000	2Q 2015 S\$'000	2Q 2016 S\$'000	2Q 2015 S\$'000
Net assets at beginning of period		5,134,660	5,086,630	4,681,079	4,641,447
Operations					
Total return for the period		73,988	114,222	61,686	99,726
Unitholders' transactions					
Creation of units:					
- Units issued in respect of RCS Trust's asset management fees		1,187	2,210	1,187	2,210
- Asset management fee paid in Units		302	950	302	950
Net increase in net assets resulting from unitholders' transactions		1,489	3,160	1,489	3,160
Movement in reserves					
- Available-for-sale reserve	1	9,919	(3,835)	9,919	(3,835)
- Hedging reserves	2	6,793	(3,321)	9,012	(3,608)
Net increase / (decrease) in net assets resulting from movement in reserves		16,712	(7,156)	18,931	(7,443)
Net increase in net assets		92,189	110,226	82,106	95,443
Net assets at end of period		5,226,849	5,196,856	4,763,185	4,736,890

Notes:

- (1) This relates to marked to market movement of MQREIT. The available-for-sale reserve as at 30 June 2016 has been reclassified to the income statement as impairment loss of available-for-sale investment arising from the assessment of the value of available-for-sale investment in MQREIT.
- (2) The movement in hedging reserves for the Trust relates to the fair value changes of the cross currency and interest rate swaps and the revaluation of JPY and HKD notes. Included in movement for the Group was the Group's share of the movement in hedging reserves of the joint ventures.

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1(d)(ii) Statement of movement in unitholders' funds (1H 2016 vs 1H 2015)

	Note	Group		Trust	
		1H 2016 S\$'000	1H 2015 S\$'000	1H 2016 S\$'000	1H 2015 S\$'000
Net assets as at beginning of the period		5,234,136	5,153,488	4,770,343	4,690,828
Operations					
Net increase in net assets resulting from operations		135,690	153,512	125,416	166,259
Unitholders' transactions					
Creation of new units:					
- Units issued in respect of RCS Trust's asset management fees		3,419	4,419	3,419	4,419
- Asset management fee paid in Units		1,269	1,875	1,269	1,875
Distributions to unitholders		(127,271)	(124,862)	(127,271)	(124,862)
Net decrease in net assets resulting from unitholders' transactions		(122,583)	(118,568)	(122,583)	(118,568)
Movement in reserves					
- Available-for-sale reserve	1	12,487	(3,835)	12,487	(3,835)
- Foreign currency translation reserves	2	-	10,010	-	-
- Hedging reserves	3	(32,881)	2,249	(22,478)	2,206
Net (decrease) / increase in net assets resulting from movement in reserves		(20,394)	8,424	(9,991)	(1,629)
Net (decrease) / increase in net assets		(7,287)	43,368	(7,158)	46,062
Net assets as at end of the period		5,226,849	5,196,856	4,763,185	4,736,890

Notes:

- 1) This relates to marked to market movement of MQREIT. The available-for-sale reserve as at 30 June 2016 has been reclassified to the income statement due to the assessment on the impairment of available-for-sale investment in MQREIT.
- 2) The movement in foreign currency translation reserves in 1H 2015 relates to movement in translating CCT's 30% interest in MQREIT, which was denominated in Malaysian Ringgit, when it was classified as an investment in associate.
- 3) The movement in hedging reserves for the Trust relates to the fair value changes of the cross currency and interest rate swaps and the revaluation of JPY and HKD notes. Included in movement for the Group was the Group's share of movement in hedging reserves of the joint ventures.

Convertible Bonds

Principal Amount Outstanding	Maturity Date	Conversion Price per Unit as at 30 June 2016
CB 2017 S\$175.0 million 2.5 per cent.	12 September 2017	1.4816

Assuming all the CB 2017 were fully converted based on the conversion price, the number of new units to be issued would be 118,115,550, representing 4.0% of the total number of CCT units in issue as at 30 June 2016 (2,956,335,012 Units). In comparison, this was against 113,569,991 Units at the conversion price of S\$1.5409 as at 30 June 2015, representing 3.9% of the total number of CCT units in issue as at 30 June 2015 (2,948,513,510 Units).

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1(e)(i) Details of any change in the units (2Q 2016 vs 2Q 2015)

Units in issue as at beginning of period

Issue of new Units:

- in settlement of the asset management fee in relation to RCS Trust (CCT's 60% interest) ⁽¹⁾
- in settlement of the asset management fees in relation to Wilkie Edge and One George Street ⁽¹⁾

Units in issue as at end of period

Group and Trust	
2Q 2016 Units	2Q 2015 Units
2,955,321,679	2,946,694,080
807,826	1,272,696
205,507	546,734
2,956,335,012	2,948,513,510

Note:

(1) Settlement of asset management fees in 2Q 2016 relates to the base fee component only whereas for 2Q 2015, it includes both the base fee and performance fee component.

1(e)(ii) Details of any change in the units (1H 2016 vs 1H 2015)

Units in issue as at beginning of year

Issue of new Units:

- in settlement of the asset management fee in relation to RCS Trust (CCT's 60% interest) ⁽¹⁾
- in settlement of the asset management fees in relation to Wilkie Edge and One George Street ⁽¹⁾

Units in issue as at end of year

Group and Trust	
1H 2016 Units	1H 2015 Units
2,952,931,319	2,944,849,310
2,475,369	2,572,514
928,324	1,091,686
2,956,335,012	2,948,513,510

Note:

(1) Settlement of asset management fees in 1H 2016 includes base fee component of 1Q 2016 whereas for 1H 2015, it includes both the base fee and performance fee component.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with the audited financial statements for the year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Nil

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6 Earnings per unit ("EPU") and distribution per unit ("DPU") for the financial period

EPU (2Q 2016 vs 2Q 2015)

	Note	Group		Trust	
		2Q 2016	2Q 2015	2Q 2016	2Q 2015
<u>Basic EPU</u>					
Weighted average number of Units in issue		2,956,068,079	2,947,933,692	2,956,068,079	2,947,933,692
Based on weighted average number of Units in issue	1	2.50¢	3.87¢	2.09¢	3.38¢
<u>Diluted EPU</u>					
Weighted average number of Units in issue (diluted)		3,077,874,203	3,061,503,683	3,077,874,203	3,061,503,683
Based on weighted average number of Units in issue (diluted)	2	2.46¢	3.78¢	2.06¢	3.31¢

EPU (1H 2016 vs 1H 2015)

	Note	Group		Trust	
		1H 2016	1H 2015	1H 2016	1H 2015
<u>Basic EPU</u>					
Weighted average number of Units in issue		2,955,268,868	2,946,980,971	2,955,268,868	2,946,980,971
Based on weighted average number of Units in issue	1	4.59¢	5.21¢	4.24¢	5.64¢
<u>Diluted EPU</u>					
Weighted average number of Units in issue (diluted)		3,077,469,558	3,057,286,675	3,077,469,558	3,057,286,675
Based on weighted average number of Units in issue (diluted)	2	4.51¢	5.13¢	4.18¢	5.54¢

Notes:

- (1) In computing the basic EPU, total return for the period after tax and the weighted average number of Units outstanding during the period were used.
- (2) In computing the diluted EPU, the total return for the period after tax and the weighted average number of Units outstanding during the period were adjusted for the effects of all dilutive potential Units arising from the assumed conversion of the outstanding convertible bonds to Units and assumed issuance of Units for the payment of unpaid asset management fees.

Distribution per unit ("DPU")

In computing 2Q 2016 and 1H 2016 DPU, the number of Units as at 30 June 2016 was used for the computation.

	2Q 2016	2Q 2015	1H 2016	1H 2015
Number of Units in issue	2,956,335,012	2,948,513,510	2,956,335,012	2,948,513,510
DPU for period	2.20¢ ¹	2.19¢	4.39¢ ¹	4.31¢

Note:

- (1) The estimated DPU for 2Q 2016 and 1H 2016 were computed on the basis that none of the CB 2017 is converted into Units. Accordingly, the actual quantum of DPU may differ if the CB 2017 is converted into Units on or before books closure date.

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7 Net asset value ("NAV") / Net tangible asset ("NTA") per Unit based on Units in issue at the end of the period.

Note	Group		Trust		
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015	
Number of Units in issue at end of the period	2,956,335,012	2,952,931,319	2,956,335,012	2,952,931,319	
NAV (S\$'000)	5,226,849	5,234,136	4,763,185	4,770,343	
NTA (S\$'000)	5,223,764	5,230,720	4,760,100	4,766,927	
NAV per Unit	1	\$1.77	\$1.77	\$1.61	\$1.62
NTA per Unit	1	\$1.77	\$1.77	\$1.61	\$1.61
Adjusted NAV / NTA per Unit (excluding the distributable income to unitholders)		\$1.72	\$1.73	\$1.57	\$1.57

Note:

(1) NAV and NTA per Unit was computed based on NAV and NTA over the number of Units in issue as at end of the period respectively.

8 Review of the performance

Statement of Total Return

	Group					
	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	67,572	69,113	(2.2)	134,429	137,275	(2.1)
Property operating expenses	(16,121)	(15,254)	5.7	(30,950)	(29,448)	5.1
Net property income	51,451	53,859	(4.5)	103,479	107,827	(4.0)
Interest income	1,334	926	44.1	2,656	1,924	38.0
Investment income	-	-	-	1,708	-	NM
Amortisation of intangible asset	(287)	(206)	39.3	(331)	(378)	(12.4)
Asset management fees:						
- Base fees	(1,323)	(1,262)	4.8	(2,624)	(2,493)	5.3
- Performance fees	(2,217)	(2,315)	(4.2)	(4,579)	(4,772)	(4.0)
Trust expenses	(632)	(647)	(2.3)	(1,209)	(1,652)	(26.8)
Finance costs	(9,592)	(8,625)	11.2	(19,063)	(17,135)	11.3
Net income before share of profit of associate and joint ventures	38,734	41,730	(7.2)	80,037	83,321	(3.9)
Share of profit (net of tax) of:						
- Associate	-	-	-	-	1,820	NM
- Joint ventures	35,576	35,100	1.4	56,152	49,968	12.4
Net income	74,310	76,830	(3.3)	136,189	135,109	0.8
Dilution loss on investment in associate	-	-	-	-	(18,903)	NM
Impairment on available-for-sale investment	(8,916)	-	NM	(8,916)	-	NM
Net gain in fair value of investment properties	8,643	37,393	(76.9)	8,643	37,393	(76.9)
Total return for the period before tax	74,037	114,223	(35.2)	135,916	153,599	(11.5)
Tax expense	(49)	(1)	NM	(226)	(87)	NM
Total return for the period after tax	73,988	114,222	(35.2)	135,690	153,512	(11.6)

NM – Not Meaningful

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	Group					
	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Distribution Statement						
Net income before share of profit of associate and joint ventures	38,734	41,730	(7.2)	80,037	83,321	(3.9)
Net tax and other adjustments	3,043	1,380	NM	3,990	1,760	NM
Distribution from joint ventures	23,311	21,315	9.4	45,906	42,097	9.0
Distributable income to unitholders	65,088	64,425	1.0	129,933	127,178	2.2
DPU for the period	2.20¢	2.19¢	0.5	4.39¢	4.31¢	1.9
Annualised	8.85¢	8.78¢	0.8	8.83¢	8.69¢	1.6

NM – Not Meaningful

Review of CCT Group's performance 2Q 2016 vs 2Q 2015

- Gross revenue of S\$67.6 million in 2Q 2016 was lower than 2Q 2015 by S\$1.5 million or 2.2%. The decrease was mainly due to lower gross rental from Capital Tower, One George Street and Golden Shoe Car Park as a result of lower average occupancy. Lower car park revenue also contributed to the drop in gross revenue for Golden Shoe Car Park.
- Property operating expenses for 2Q 2016 of S\$16.1 million were higher than 2Q 2015 by S\$0.8 million or 5.7%. The increase was mainly due to higher property tax and more leasing commission incurred.
- Amortisation expense relates to the amortisation of intangible asset. The amount for 2Q 2016 of S\$0.3 million was 39.3% higher than 2Q 2015 of S\$0.2 million due to more yield stabilization sum required for Twenty Anson. Amortisation expense does not affect distributable income.
- Trust expenses in 2Q 2016 of S\$0.6 million were marginally lower than 2Q 2015 by S\$0.02 million or 2.3% mainly due to lower unitholders expenses.
- Finance costs of S\$9.6 million for 2Q 2016 were S\$1.0 million or 11.2% higher compared with 2Q 2015, mainly due to more borrowings as well as higher interest costs and amortization and transaction costs.
- Share of profit of joint ventures relates to CCT's 60% interest in RCS Trust and 40% interest in MSO Trust. The increase in the share of profit of joint ventures in 2Q 2016 from 2Q 2015 was mainly due to higher profits from MSO Trust which owns CapitaGreen, albeit offset by lower net gain in fair value of Raffles City Singapore (CCT's 60% interest).
- The distributable income to unitholders in 2Q 2016 of S\$65.1 million was 1.0% higher than 2Q 2015 of S\$64.4 million notwithstanding lower net property income mainly due to more distributions received from RCS Trust and MSO Trust.

Review of CCT Group's performance 1H 2016 vs 1H 2015

- Gross revenue of S\$134.4 million in 1H 2016 was lower than 1H 2015 by S\$2.8 million or 2.1%. The drop was due to lower revenue from Capital Tower, One George Street and Golden Shoe Car Park and Wilkie Edge as a result of lower average occupancy and / or lower average rental rate. In addition, lower car park revenue also contributed to the drop in gross revenue for Golden Shoe Car Park.
- Property operating expenses for 1H 2016 of S\$31.0 million were higher than 1H 2015 by S\$1.5 million or 5.1%. The increase was mainly due to higher property tax, higher leasing commission and ad-hoc maintenance and repairs.
- Amortisation expense relates to the amortisation of intangible asset. The amount for 1H 2016 of S\$0.3 million was lower than 1H 2015 of S\$0.4 million mainly due to less yield stabilization sum required for Twenty Anson. Amortisation expense does not affect distributable income.
- Trust expenses in 1H 2016 of S\$1.2 million were lower than 1H 2015 by S\$0.4 million or 26.8% mainly due to lower unitholders expenses.
- Finance costs of S\$19.1 million for 1H 2016 were S\$1.9 million or 11.3% higher compared with 1H 2015, mainly due to more borrowings as well as higher interest costs and amortization and transaction costs.

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- f) Share of profit of joint ventures relates to CCT's 60% interest in RCS Trust and 40% interest in MSO Trust. The increase in the share of profit of joint ventures in 1H 2016 from 1H 2015 was mainly due to higher profits from MSO Trust which owns CapitaGreen, albeit offset by lower net gain in fair value of Raffles City Singapore (CCT's 60% interest).
- g) The distributable income to unitholders in 1H 2016 of S\$129.9 million was 2.2% higher than 1H 2015 of S\$127.2 million notwithstanding lower net property income mainly due to more distributions received from RCS Trust and MSO Trust.

9 Variance from Previous Forecast / Prospect Statement

CCT has not disclosed any forecast for the reporting period.

10 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Higher contributions from CCT's 40% and 60% interests in CapitaGreen and Raffles City Singapore respectively, resulted in a year-on-year rise in distributable income for 2Q 2016 of S\$65.1 million by 1.0% and for 1H 2016 of S\$129.9 million by 2.2%.

RCS Trust, a sub-trust which holds Raffles City Singapore, has borrowings of S\$641.7 million (CCT's 60% interest) due on 21 June 2016 which were entirely refinanced with unsecured bank facilities. Raffles City Singapore is now unencumbered.

On 4 July 2016, the Manager announced that CCT MTN Pte. Ltd., a wholly owned subsidiary of CCT, issued S\$75.0 million fixed rate notes which will mature on or about 4 July 2022 at a fixed interest rate of 2.77% per annum. The proceeds were on-lent to CCT, which in turn had used the proceeds to refinance part of existing borrowings under the bank loan facility due in 2020.

As at 30 June 2016, CCT's aggregate leverage ratio was 29.8% and average cost of debt remained stable at 2.5% per annum. The Trust's deposited properties value was S\$7,787.84 million, and the adjusted net asset value per unit was S\$1.72, after deducting distributable income payable to unitholders. The Trust's portfolio valuation increased by 0.4% over a six-month period due to higher net property incomes achieved compared to appraisers' assumptions in the last valuation exercise done in December 2015.

CCT's portfolio occupancy rate of 97.2% remains higher than market occupancy rate of 95.1% as at 30 June 2016. In 1H 2016, CCT had successfully renewed or signed new leases with high quality tenants which included that of the Economic Development Board of Singapore, one of CCT's top ten tenants. The Manager will continue to proactively retain tenants and attract new ones for the remaining 4% of office leases expiring this year and 10% of office leases due in 2017.

Following unitholders' approval of the Manager's proposed acquisition of 60% units in MSO Trust which holds CapitaGreen from its joint venture partners, completion of the acquisition is expected in the coming months. With 100% income contribution from CapitaGreen, it will boost CCT Group's distributable income in 4Q 2016. As set out in the Circular to unitholders dated 21 June 2016, in relation to the proposed acquisition of 50% of the units in MSO Trust which holds CapitaGreen, forecast 4Q 2016 DPU of the enlarged portfolio is 2.24 cents, a lift of 2.3% over the forecast 4Q 2016 DPU of existing portfolio of 2.19 cents.

In addition, CCT has a cumulative amount of retained net tax-exempt income of S\$15.5 million, largely from MQREIT's distribution. The Manager will evaluate various options for the utilization of total amount of tax-exempt income retained, including for capital expenditure or future distributions to unitholders.

Outlook

The Singapore office market continued to see declines in occupancy and rental rates given the impending completion of above-average new office supply in the Core Central Business District (CBD). Singapore's Core CBD occupancy rate was unchanged at 95.1% in 2Q 2016 with a pick-up in leasing activity, but average monthly Grade A office market rent declined by 4% year-on-year to S\$9.50 per square foot. The year-on-year decline was 15.9%. Market vacancy rate is expected to rise in the short term with the completion of new supply over the next six to nine months.

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11 Distributions

11(a) Current financial period

Any distributions declared for the current financial period? Yes.

Name of distribution Distribution for the period from 1 January 2016 to 30 June 2016

Distribution type Taxable income

Estimated Distribution rate ⁽¹⁾ Taxable income distribution: 4.39 cents per unit

Par value of units Not meaningful

Tax rate Taxable income distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Books closure date: 28 July 2016

Date payable 25 August 2016

Note:

(1) The above estimated DPU was computed on the basis that none of the outstanding CB 2017 is converted into Units. Accordingly, the actual quantum of DPU may differ if any of the outstanding CB 2017 is converted into Units on or before books closure date.

11(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the preceding financial period? Yes

Name of distribution Distribution for the period from 1 January 2015 to 30 June 2015

Distribution type Taxable income

Distribution rate Taxable income distribution: 4.31 cents per unit

Par value of units Not meaningful

Tax rate Taxable income distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Books closure date: 3 August 2015

Date payable: 27 August 2015

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12 If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13 General mandate relating to interested party transactions

CCT has not obtained a general mandate from unitholders for Interested Person Transactions.

14 Confirmation that issuer has procured undertakings from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Manager confirms that it has procured undertakings from all its Directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

15 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the second quarter 2016 unaudited financial statements of the Group and Trust to be false or misleading in any material respect.

On behalf of the Board of the Manager,
CapitaLand Commercial Trust Management Limited

Wen Khai Meng
Director

Lynette Leong Chin Yee
Director

This release may contain forward-looking statements that involve 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 companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, 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.

By Order of the Board
CapitaLand Commercial Trust Management Limited
(Company registration no. 200309059W)
As Manager of CapitaLand Commercial Trust

Toh Su Jin Jason
Company Secretary
20 July 2016