



For Immediate Release

NEWS RELEASE

CCT's 3Q 2019 distributable income grew 2.6% year-on-year
New leases for upcoming CapitaSpring in Raffles Place ramps up committed occupancy to 31% ahead of 1H 2021 completion

Singapore, 23 October 2019 – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report that CCT's distributable income for the quarter ended 30 September 2019 (3Q 2019) rose 2.6% year-on-year to S\$84.8 million, on the back of higher net property income and lower interest expense. Distribution per unit (DPU) for 3Q 2019 was 2.20 cents, similar to 3Q 2018.

For year-to-date (YTD) September 2019, CCT's distributable income grew by 4.7% year-on-year to S\$250.0 million. DPU for the same period at 6.60 cents was 1.9% higher than YTD September 2018 at 6.48 cents. Higher DPU was achieved due to improved net property income performance, more distributions from subsidiaries and associates, and lower interest expense.

Gross revenue and net property income for 3Q 2019 increased year-on-year by 3.3% and 0.9% to S\$103.8 million and S\$81.1 million respectively. The stronger performance was largely due to higher rental from 21 Collyer Quay, Asia Square Tower 2, Capital Tower and Gallileo. This was offset by increased operating expenses, lower revenue from Six Battery Road and Bugis Village, as well as the divestment of Twenty Anson in August 2018. CCT also completed the acquisition of Main Airport Center in Frankfurt, Germany, which contributed income from 18 September to 30 September 2019.

CCT's 3Q 2019 DPU of 2.20 cents comprised an advanced distribution of 0.62 cents for the period from 1 July to 28 July 2019, which was paid out on 29 August 2019 and 1.58 cents for the period from 29 July to 30 September 2019, to be paid out with the 4Q 2019 DPU in February 2020. Based on an annualised YTD September 2019 DPU and closing price of S\$2.05 on 22 October 2019, CCT's distribution yield is 4.3%.

As at 30 September 2019, the Trust's total deposited property value was S\$11.6 billion. Net asset value per unit was S\$1.81, after adjusting for distributable income.

The Trust's unaudited Consolidated Financial Statements for 3Q 2019 results are available on its website (www.cct.com.sg) and on SGXNet (www.sgx.com).

SUMMARY OF CCT GROUP RESULTS

	3Q 2019	3Q 2018	Change (%)	YTD Sep 2019	YTD Sep 2018	Change (%)
Gross Revenue¹ (S\$'000)	103,804	100,510	3.3	304,551	294,943	3.3
Net Property Income (S\$'000)	81,144	80,397	0.9	239,329	235,343	1.7
Distributable Income² (S\$'000)	84,829	82,685	2.6	249,987	238,674	4.7
DPU (cents)	2.20	2.20	0.0	6.60	6.48	1.9

Mr Kevin Chee, Chief Executive Officer of the Manager, said: “We have successfully completed the acquisition of a 94.9% interest in Main Airport Center thanks to resounding support from unitholders and investors. Strategically located close to Frankfurt Airport where the office submarket vacancy is at a 10-year low, the committed occupancy for Main Airport Center has risen to 93.1% from 90.0% as at 30 June 2019.”

“CCT’s portfolio comprises 10 assets as at 30 September 2019 – eight in Singapore’s Central Area and two in Frankfurt, Germany. Singapore assets account for 92% of CCT’s portfolio property value while the German properties make up the remaining 8%. Portfolio occupancy remained high at 97.6% as at 30 September 2019 through proactive engagement and negotiating lease renewals ahead of expiries to meet tenants’ space requirements.”

Healthy portfolio leasing

In 3Q 2019, CCT signed approximately 480,000 square feet (sq ft) of new and renewal leases, of which 57% are new. Aside from coworking, new demand came mainly from companies in the Business Consultancy, IT, Media and Telecommunications, Banking, and Financial Services sectors. The majority of the leases committed in 3Q 2019 continue to be signed at rents higher than the respective expiring rents. The Trust only has 4% of leases by committed office net lettable area expiring in 2019, of which more than half are under advanced negotiation.

Through proactive marketing, committed occupancy for CapitaSpring has ramped up to approximately 31% ahead of its scheduled completion in 1H 2021. New take-up for the 51-storey integrated development in Raffles Place comprises two leases for around 45,000 sq ft of space. Each leasing an entire floor, both companies are from the Real Estate and Property Services sector and one of them is The Work Project (Commercial) Pte Ltd, a wholly owned subsidiary of the joint venture between flexible space provider The Work Project and CapitaLand.

CapitaSpring has also inked a Memorandum of Understanding with The Work Project (Commercial) Pte Ltd, tapping on their ‘Work-Meet-Host’ capabilities to operate flex (flexible spaces and amenities) solutions and curate exciting new offerings unique to the development. As flex solutions become an increasingly essential component of tenants’ real estate requirements, CapitaSpring will offer integrated solutions comprising core (conventional workspaces) and flex. Going beyond coworking,

¹ Improved performance was largely attributed to the acquisition of Galileo and Main Airport Center, and higher revenue from 21 Collyer Quay, Asia Square Tower 2 and Capital Tower. A one-off compensation sum of S\$2.1 million from a tenant at Asia Square Tower 2 for early surrender of lease also contributed to the increase. The higher revenue was offset by the divestment of Twenty Anson and lower revenue from Six Battery Road and Bugis Village.

² Distributable income includes tax-exempt income of S\$3.9 million in 3Q 2019 and S\$11.1 million in YTD Sep 2019.

CapitaSpring's flex offerings will include spaces with lifestyle experiences such as a lounge, bespoke office suites, conference rooms and activity-based workspaces.

Proactive Capital Management

Distributable income increased in 3Q 2019 and YTD September 2019 compared to the respective same periods in 2018 partly because of lower interest expense, due to the prepayment of higher interest borrowings with proceeds from the divestment of Twenty Anson in 3Q 2018. We will continue to proactively manage the Trust's interest expenses. A S\$180.0 million secured bank facility at 3.04% per annum under MSO Trust, which holds CapitaGreen, was prepaid with lower interest rate EUR loans on 7 October 2019. The EUR denominated borrowings obtained by CCT was to hedge CCT's net investment value in Main Airport Center.

With the completion of the acquisition of a 94.9% interest in Main Airport Center and debt drawn down by CCT's joint ventures, aggregate leverage ratio inched up to 35.5% as at 30 September 2019 compared to 34.8% as at 30 June 2019. However, the average weighted debt term to maturity was maintained around 3.3 years quarter-on-quarter, attributable to drawn down of longer term borrowings.

Outlook

Based on data from CBRE Research, Singapore's average monthly Grade A office market rent grew at a rate of 6.0% year-to-date 2019 to S\$11.45 per square foot as at 30 September 2019. Occupancy in Singapore's Core CBD office buildings as at end September was 96.0%, inching up from 95.8% as at end June 2019.

Frankfurt's office market is expected to remain resilient due to decreasing vacancy rates and ongoing pre-commitment for new supply.

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

CapitaLand Commercial Trust (CCT) is Singapore's first and largest listed commercial real estate investment trust (REIT) with a market capitalisation of approximately S\$7.9 billion as at 22 October 2019. Listed on Singapore Exchange Securities Trading Limited (SGX-ST) since May 2004, 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\$11.6 billion as at 30 September 2019 comprising a portfolio of eight prime commercial properties in Singapore and two properties in Frankfurt, Germany. 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 (50.0% interest through OGS LLP), 21 Collyer Quay (HSBC Building) and CapitaSpring (45.0% interest through Glory Office Trust and Glory SR Trust), an upcoming 51-storey integrated development in Raffles Place. The properties in Germany are Gallileo (94.9% interest), in the Banking District of Frankfurt, and Main Airport Center (94.9% interest) near Frankfurt Airport.

CCT is included in several indices. These include the Morgan Stanley Capital International, Inc (MSCI) Index, MSCI World ESG Leaders Index, FTSE4Good Index Series (FTSE4Good), the FTSE EPRA Nareit Global Real Estate Index Series, the iEdge SGX Sustainability Index and FTSE Straits Times Index.

CCT is managed by CapitaLand Commercial Trust Management Limited, which is a wholly owned subsidiary of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

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

Investor and 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
VP, 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.