

NEWS RELEASE

**CCT's 3Q 2017 distributable income up 7.0% year-on-year**

***Rejuvenates portfolio with strategic acquisition of Asia Square Tower 2 and starts redevelopment of Golden Shoe Car Park into landmark integrated development***

**Singapore, 20 October 2017** – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report higher distributable income of S\$73.1 million in 3Q 2017 compared to S\$68.3 million in 3Q 2016. The year-on-year (y-o-y) growth of 7.0% was due to stronger performance from CapitaGreen and a S\$3.3 million top up for the loss of distributable income arising from the divestments of One George Street (50% interest) and Wilkie Edge. Net property income (NPI) grew by 2.7% y-o-y to S\$58.6 million, while gross revenue was stable at S\$74.1 million<sup>1</sup>.

CCT launched an approximately S\$700.0 million fully underwritten and renounceable rights issue on 21 September 2017. The net proceeds of the rights issue will be used to part fund the Asia Square Tower 2 acquisition. With the close of the rights issue on 19 October 2017, about 513 million CCT rights units (Rights Units) will be listed and traded on Singapore Exchange Securities Trading Limited (SGX-ST) on 27 October 2017. Upon allotment and issue of the Rights Units, they will rank *pari passu* in all respects with the existing CCT units then in issue, including the right to any distributions which may accrue for the period from 1 July 2017 to 31 December 2017 as well as all distributions thereafter.

The 3Q 2017 distributable income of S\$73.1 million and the enlarged units base translates to an estimated distribution per unit (DPU) of 2.02 cents<sup>2</sup> for 3Q 2017. CCT's distribution yield of 5.3% is derived from the annualised year-to-date (YTD) 2017 DPU and CCT's closing price per unit of S\$1.66 on 19 October 2017.

Based on CCT's balance sheet as at 30 September 2017, and factoring in the completion of the Asia Square Tower 2 acquisition and rights issue, the Trust's adjusted net asset value per unit would be S\$1.75.

The Trust's unaudited Consolidated Financial Statements for 3Q 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)).

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<sup>1</sup> Contribution from CCT's 50.0% interest in OGS LLP is reported as part of "share of profits of joint ventures" and no longer accounted for under CCT Group's gross revenue.

<sup>2</sup> DPU adjusted for enlarged 3,607.2 million units assuming completion of rights issue but does not take into account income contribution from Asia Square Tower 2.

## SUMMARY OF CCT GROUP RESULTS

	3Q 2017	3Q 2016	Change (%)	YTD Sep 2017	YTD Sep 2016	Change (%)
<b>Gross Revenue (S\$'000)</b>	74,145	74,422	(0.4)	251,165	208,851	20.3
<b>Net Property Income (S\$'000)</b>	58,555	57,028	2.7	197,513	160,507	23.1
<b>Distributable Income (S\$'000)</b>	73,109 <sup>3</sup>	68,296	7.0	213,868 <sup>3</sup>	198,229	7.9
<b>DPU (cents)</b>	2.36 <sup>4</sup>	2.30	2.6	6.92 <sup>4</sup>	6.69	3.4
<b>Adjusted DPU (cents)<sup>5</sup></b>	2.02	1.89	6.9	6.58	6.28	4.8

Ms Lynette Leong, Chief Executive Officer of the Manager, said, "CCT has delivered a positive set of results this quarter, with portfolio committed occupancy rate at 98.5% as at end September 2017, well-above the market rate of 92.5%. This excludes the occupancy rate of Asia Square Tower 2 as the acquisition will only be completed in November 2017. Our latest acquisition is strategic and timely as it comes at the bottom of the Grade A office market rent cycle. This also marks the successful completion of another cycle of portfolio reconstitution where proceeds from the divestment of One George Street and Wilkie Edge were redeployed into a newer premium Grade A asset, Asia Square Tower 2; and the redevelopment of Golden Shoe Car Park into an integrated development incorporating the 'office of the future' and vibrant lifestyle offerings. Asia Square Tower 2 firmly extends CCT's footprint into Marina Bay, resulting in a more resilient, diversified and higher quality asset base; and a stronger tenant mix that augments CCT for long-term growth. We thank our unitholders for their strong support of the rights issue which will help part fund the acquisition."

The Trust has a healthy balance sheet with an aggregate leverage of 33.9%<sup>6</sup>, well below the regulatory limit of 45.0%, which allows for adequate debt headroom to complete funding for the Asia Square Tower 2 acquisition and the ongoing redevelopment of Golden Shoe Car Park, expected to be completed in first half of 2021. Its average cost of debt remains stable at 2.7% as at 30 September

<sup>3</sup> Includes other gains of S\$3.3 million.

<sup>4</sup> 3Q 2017 DPU of 2.36 cents was computed based on 3,094 million of CCT units issued as at 30 September 2017. YTD Sep 2017 DPU of 6.92 cents was based on the aggregate of 1H 2017 actual DPU of 4.56 cents announced on 27 July 2017 and 3Q 2017 DPU of 2.36 cents.

<sup>5</sup> The adjusted DPU was computed after taking into consideration additional 513 million CCT Units expected to be listed on 27 October 2017 pursuant to the equity issuance exercise announced on 21 September 2017. The equity issuance exercise relates to the approximately S\$700 million underwritten renounceable rights issue. The rights ratio is 166 Rights Units for every 1,000 existing CCT Units, offered at an issue price of S\$1.363 per rights unit. The Rights Units to be issued will rank *pari passu* in all respects with the existing Units, including the right to any distributions which may accrue for the period from 1 July to 31 December 2017 as well as all distributions thereafter.

Adjusted YTD Sep 2017 DPU of 6.58 cents was based on 1H 2017 actual DPU of 4.56 cents announced on 27 July 2017 and adjusted 3Q 2017 DPU of 2.02 cents. Adjusted YTD Sep 2016 DPU of 6.28 cents was based on the 1H 2016 actual DPU of 4.39 cents announced on 28 July 2016 and adjusted 3Q 2016 DPU of 1.89 cents.

<sup>6</sup> The aggregate leverage of 33.9% as at 30 September 2017 takes into account CCT's proportionate share of its joint venture borrowings and deposited property value.

2017. About 85% of the Trust's borrowings are pegged at fixed rates, which offer greater certainty of interest expense in a rising interest rate environment. All S\$175.0 million convertible bonds due September 2017 have been cancelled and converted and CCT has no debt maturing in 2017.

In 3Q 2017, CCT signed approximately 170,000 sq ft of leases, of which 30.0% were new leases. Leasing demand came from the Banking, Financial Services; and Energy, Commodities, Maritime and Logistics sectors. New and renewed tenants this quarter include Gain Capital Singapore Pte. Ltd., Robert Walters (Singapore) Pte Ltd, Straits Tankers Pte. Ltd. and Varde Partners Asia Pte. Ltd. All lease renewals in 2017 are largely completed. In 2018, about 10% of leases based on committed office net lettable area are due for renewal.

### **Awards and Accolades**

CCT was ranked second by Institutional Investor in its Most Honoured Companies list for Singapore under Small and Midcap Companies, voted by more than 3,900 investment professionals at 980 financial services firms. The Trust was also a runner-up at Securities Investors Association (Singapore) or SIAS' Singapore Corporate Governance Award 2017 under the REITS and Business Trusts category.

### **Outlook**

Based on data from CBRE Pte. Ltd., Singapore's Core CBD occupancy rate eased to 92.5% while that of the Grade A office saw a dip by 3.9% to 91.6% as at 30 September 2017. Average monthly market rent for Grade A offices rose by 1.7% quarter-on-quarter to S\$9.10 psf in 3Q 2017, an indication that the market rents may have bottomed out. This rise in market rent is ahead of most property consultants' projections in the beginning of the year. However, lower net property income is expected in FY2018 at select properties in CCT's current portfolio due to flow-through of negative rent reversions of leases committed in 2017 and potentially continued negative rent reversions in 2018.

### **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 property is approximately S\$8.9 billion as at 30 September 2017 comprising a portfolio of 9 prime commercial properties in Singapore. The properties in Singapore are Capital Tower, CapitaGreen, Six Battery Road, Raffles City (60.0% interest through RCS Trust), One George Street (50% interest through OGS LLP), HSBC Building, Twenty Anson, Bugis Village, and redevelopment of Golden Shoe Car Park (45% interest through Glory Office Trust and Glory SR Trust).

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.