



**NEWS RELEASE**

**For Immediate Release**

**23 January 2014**

## **CCT achieved higher DPU of 8.14 cents in FY 2013**

**Monthly average office portfolio rent grew by 6.4% to S\$8.13 per square foot year-on-year**

**Singapore, 23 January 2014** – CapitaCommercial Trust Management Limited, the Manager of CapitaCommercial Trust (CCT or Trust), is pleased to report an estimated distribution per unit (DPU) of 2.09 cents for 4Q 2013, a 2.0% increase from the DPU of 2.05 cents for 4Q 2012. For the financial year ended 31 December 2013 (FY 2013), the DPU was 8.14 cents<sup>1</sup>, up 1.2% from the 8.04 cents DPU for financial year ended 31 December 2012 (FY 2012). Based on CCT's closing price per unit of S\$1.49 on 22 January 2014, CCT's distribution yield is 5.5%.

The Trust delivered gross revenue of S\$386.9 million in FY 2013, an increase of 3.0% from S\$375.8 million reported in FY 2012. The rise was due to higher revenue contribution from most properties, notably Six Battery Road, Raffles City Singapore, HSBC Building and the full year contribution from Twenty Anson. Net property income of S\$296.5 million in FY 2013 was marginally higher year-on-year.

The Trust's distributable income was S\$234.2 million in FY 2013, a year-on-year growth of 2.5%. This was largely due to the considerable reduction in interest expenses for FY 2013.

The estimated DPU for the financial period from 1 July 2013 to 31 December 2013 (2H 2013) is 4.13 cents<sup>1 2</sup>, a year-on-year increase of 1.2%. Books closure date for 2H 2013 is on Monday, 3 February 2014, and payment for the distribution is expected to be on Friday, 28 February 2014.

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<sup>1</sup> DPU for 2H 2013 and FY 2013 were computed on the basis that none of the convertible bonds due 2015 ("CB due 2015") or convertible bonds due 2017 ("CB due 2017") collectively known as "Convertible Bonds", is converted into CCT units. Accordingly, the actual quantum of DPU may differ if any of these Convertible Bonds is converted into CCT units on or before books closure date.

<sup>2</sup> Assuming all the outstanding S\$190.25 million of CB due 2015 were converted into CCT units on or before books closure date, DPU for 2H 2013 would be reduced by 0.21 cents (assuming no interest expense savings). In addition, assuming all the outstanding S\$190.25 million CB due 2015 and S\$175.0 million CB due 2017 were converted on or before books closure date, DPU for 2H 2013 would be reduced by 0.34 cents (assuming no interest expense savings).

The Trust's investment properties, excluding CapitaGreen, have been assessed by independent valuers to be worth S\$6,579.8 million as at 31 December 2013. This translates to an increase in fair value of investment properties of S\$199.6 million compared to that as at 31 December 2012. As at 31 December 2013, the Trust's total asset value including its share of CapitaGreen, the investment property under construction, and other assets, was S\$7,218.2 million. This translates to an adjusted net asset value per unit of \$1.67, after taking into account the distributable income payable to unitholders.

The Trust's unaudited Consolidated Financial Statements for FY 2013 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's FY 2013 Results

	2H 2013	4Q 2013	4Q 2012	Change %	Actual FY 2013	Actual FY 2012	Change %
Gross Revenue (S\$'000)	<b>193,510</b>	<b>98,569</b>	97,075	1.5	<b>386,936</b>	375,806	3.0
Net Property Income (S\$'000)	<b>146,765</b>	<b>74,201</b>	75,175	(1.3)	<b>296,536</b>	295,524	0.3
Distributable Income (S\$'000)	<b>118,975</b>	<b>60,200</b>	58,266	3.3	<b>234,235</b>	228,515	2.5
<b>Estimated Distribution Per Unit (cents)</b>							
- For the period	<b>4.13<sup>1 2</sup></b>	<b>2.09</b>	2.05	2.0	<b>8.14<sup>1</sup></b>	8.04	1.2

Mr Kee Teck Koon, Chairman of the Manager, said, "CCT has delivered a set of robust results notwithstanding an uncertain environment driven by concerns over the tapering of the US quantitative easing programme and the possibility of rising interest rates. The higher FY 2013 DPU achieved is attributable to our proactive portfolio and asset management as well as disciplined approach to capital management. Our active leasing efforts have resulted in the Trust's committed portfolio occupancy reaching 98.7% as at 31 December 2013 and higher rents being secured compared to the rents of expiring leases. The Trust will enjoy the full impact of this positive rent reversion flow-through in 2014. Our 40.0% interest in the CapitaGreen development, which is expected to be completed in 4Q 2014, will benefit from the improving office leasing demand, limited new office supply in 2014 and 2015, and noticeable rising market rents."

Mr Kee added, “The Trust has a strong balance sheet with a low gearing at 29.3% and 80.0% of its borrowings on fixed interest rate. Assuming a gearing of 40.0%, CCT has debt headroom of S\$1.2 billion for investment opportunities. We will continue with a disciplined approach to seek acquisition opportunities in Singapore to grow the Trust in order to create value for CCT unitholders.”

Ms Lynette Leong, Chief Executive Officer of the Manager, said, “Our monthly average office portfolio rent continues its uptrend, increasing by 6.4% to S\$8.13 per square foot per month from a year ago. In 4Q 2013, our three Grade A properties: Capital Tower, Six Battery Road and One George Street achieved monthly rents in the range of S\$8.80 per square foot to S\$13.50 per square foot. Six Battery Road, which recently completed its asset enhancement, signed leases at the higher end of the rental range. We saw brisk leasing activity at CCT’s properties aggregating about one million square feet of total net lettable area signed in FY 2013, of which 33% were new leases. Most of the major tenants’ leases due in 2013 were renewed. This is testament of our ability to retain and attract choice tenants as well as the resilience of the portfolio as shown by the Trust’s committed occupancy rate of 98.7% as at 31 December 2013, which is better than the Core CBD occupancy rate of 95.2%<sup>3</sup> for the same period.”

New demand in CCT’s portfolio is supported by tenants from diverse trade sectors including Real Estate and Property Services, Business Consultancy, IT, Media and Telecommunications and Banking, Insurance and Financial Services. New and renewed tenants for FY 2013 include CapitaLand Group, JPMorgan Chase Bank, N.A., The Royal Bank of Scotland PLC, New Zealand High Commission, Total Trading Asia Pte Ltd, AstraZeneca Singapore Pte Ltd and Kelly Services (Singapore) Pte Ltd.

### **Outlook for Singapore Central Business District (CBD) Office Market**

As at 4Q 2013, CBRE estimates the island-wide quarterly net absorption at approximately 1.27 million square feet, bringing the annual net absorption to 2.45 million square feet. This is the highest level since 2011 and around 58% higher than the 10-year average absorption level of 1.55 million square feet.

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<sup>3</sup> Source: CBRE Pte. Ltd.

According to CBRE, the Grade A office occupancy rate increased from 90.8% in 3Q 2013 to 93.7% in 4Q 2013. Grade A office monthly rent increased by 2.1% from 3Q 2013 to \$9.75 per square foot as at end-December 2013. Encouraged by the significant improvement in leasing activity in the CBD Grade A sector, CBRE expects supply to further tighten, leading to rising rents in 2014.

Ms Leong added, "Market occupancy has already exceeded 95%, typically seen as the 'resistance level', which explains the rise in market rents. At the current favourable pace of leasing demand, and given that new office supply in the CBD will be limited in 2014 and a vacuum in 2015, we project CBD office market rents to rise at a higher rate in 2H 2014. CapitaGreen's completion at end-2014 is well timed to benefit from the uptick in office market rents. Furthermore, CCT is well positioned to benefit from positive rent reversions for the remaining 10% of office leases based on portfolio gross rental income that are due for rent review and renewal in 2014."

### **Value Creation through Asset Enhancement Initiatives**

In line with our portfolio reconstitution strategy to enhance the value of CCT's assets and portfolio, we have progressively commenced asset enhancement initiatives (AEIs) at three of CCT's properties.

The AEI at Six Battery Road which started in October 2010 has been completed at an estimated cost of S\$85.8 million. The AEI also contributed to higher net property income, translating to a return on investment of 8.6%, higher than the projected 8.1% at the start of the AEI. In addition to office space, lift lobbies and restrooms, the building's visitor management system was upgraded with a new self-registration kiosk for added convenience to repeat visitors. With new green features which include energy-saving lighting and chiller replacement, we have achieved our targeted reduction in energy consumption of over 25% annually for the past two years. This translates into savings of about S\$545,000 per year. During the asset enhancement period, the average occupancy rate was 92%.

The AEIs at Raffles City Tower and Capital Tower are ongoing, expected to be completed by 2Q 2014 and 2Q 2015 respectively.

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

CapitaCommercial Trust is Singapore's first listed commercial REIT with a market capitalisation of S\$4.3 billion. CCT aims to own and invest in real estate and real estate-related assets which are income producing and used, or predominantly used, for commercial purposes. The total asset size of CCT is S\$7.2 billion as at 31 December 2013, comprising a portfolio of 10 prime commercial properties in Singapore, as well as investments in Malaysia. The properties in Singapore are Capital Tower, Six Battery Road, One George Street, HSBC Building, Raffles City (60.0% interest through RCS Trust), Twenty Anson, Bugis Village, Wilkie Edge, Golden Shoe Car Park and CapitaGreen (40.0% interest through the joint venture, MSO Trust).

In addition, CCT is a substantial unitholder of Quill Capita Trust with 30.0% unitholdings. Quill Capita Trust is a commercial REIT listed on Bursa Malaysia Securities Berhad, with a portfolio of 10 commercial properties in Kuala Lumpur, Cyberjaya and Penang. Since 18 September 2009, CCT has been a constituent of FTSE4Good Index Series (FTSE4Good), a series of benchmark and tradable indices derived from the globally recognized 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 managed by an external manager, CapitaCommercial Trust Management Limited, which is an indirect wholly-owned subsidiary of CapitaLand Limited, one of the largest real estate companies in Southeast Asia by market capitalisation.

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### **Important Notice**

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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.