

CAPITALAND COMMERCIAL TRUST
2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION
ANNOUNCEMENT

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SUMMARY OF CCT GROUP RESULTS

	1Q 2017	1Q 2016	Change %
Gross Revenue (S\$'000)	89,525	66,857	33.9
Net Property Income (S\$'000)	69,855	52,028	34.3
Distributable Income (S\$'000)	71,292	64,845	9.9
Distribution Per Unit ("DPU") (cents)	2.40 ⁽¹⁾	2.19	9.6

Note:

(1) The estimated DPU for 1Q 2017 was 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.

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 31 March 2017, CCT's portfolio consists of Capital Tower, Six Battery Road, One George Street, HSBC Building, Bugis Village, Golden Shoe Car Park, Wilkie Edge, Twenty Anson, CapitaGreen held through wholly-owned MSO Trust and 60% interest in Raffles City Singapore held through RCS Trust. In addition, CCT owns 11.0% of MRCB-Quill REIT ("MQREIT"), a commercial REIT listed in Malaysia.

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1(a)(i) Statement of Total Return & Distribution Statement (1Q 2017 vs 1Q 2016)

<u>Statement of Total Return</u>	Note	Group			Trust		
		1Q 2017	1Q 2016	Change	1Q 2017	1Q 2016	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross rental income	1	82,846	61,580	34.5	61,871	61,580	0.5
Car park income	2	2,758	2,755	0.1	2,431	2,755	(11.8)
Other income	3	3,921	2,522	55.5	3,286	2,522	30.3
Gross revenue		89,525	66,857	33.9	67,588	66,857	1.1
Property management fees	4	(2,016)	(1,464)	37.7	(1,473)	(1,464)	0.6
Property tax	5	(7,564)	(5,968)	26.7	(5,635)	(5,968)	(5.6)
Other property operating expenses	6	(10,090)	(7,397)	36.4	(8,185)	(7,397)	10.7
Property operating expenses		(19,670)	(14,829)	32.6	(15,293)	(14,829)	3.1
Net property income	7	69,855	52,028	34.3	52,295	52,028	0.5
Interest income	8	248	1,322	(81.2)	3,625	1,307	NM
Investment income	9	-	1,708	NM	29,247	24,303	20.3
Amortisation of intangible asset	10	(813)	(44)	NM	(813)	(44)	NM
Asset management fees:	11						
- Base fees		(1,707)	(1,302)	31.1	(1,307)	(1,302)	0.4
- Performance fees		(2,640)	(2,361)	11.8	(2,288)	(2,361)	(3.1)
Trust expenses	12	(1,041)	(577)	80.4	(927)	(567)	63.5
Finance costs	13	(17,949)	(9,471)	89.5	(10,587)	(9,458)	11.9
Net income before share of profit of joint ventures		45,953	41,303	11.3	69,245	63,906	8.4
Share of profit (net of tax) of:							
- Joint ventures	14	19,946	20,576	(3.1)	-	-	-
Total return for the period before tax		65,899	61,879	6.5	69,245	63,906	8.4
Tax expense	15	(139)	(177)	(21.5)	(138)	(176)	(21.6)
Total return for the period after tax		65,760	61,702	6.6	69,107	63,730	8.4
<u>Distribution Statement</u>							
Net income before share of profit of joint ventures		45,953	41,303	11.3	69,245	63,906	8.4
Net tax and other adjustments	16	3,908	947	NM	2,047	939	NM
Distribution from joint venture	17	21,431	22,595	(5.2)	-	-	-
Distributable income to unitholders		71,292	64,845	9.9	71,292	64,845	9.9

NM – Not Meaningful

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Notes:

- (1) Gross rental revenue for 1Q 2017 was S\$82.8 million for the Group, an increase of S\$21.3 million or 34.5% from 1Q 2016. The increase was mainly due to contribution from CapitaGreen, for which CCT acquired the remaining 60% interest on 31 August 2016, as well as higher gross rental revenue from Capital Tower and Wilkie Edge.
- (2) Car park income for the Trust was lower due to lower car park income from Golden Shoe Car Park. For the Group, car park income was higher due to contribution from CapitaGreen.
- (3) Other income includes the following:
- (a) Yield stabilization income of S\$0.8 million accrued in 1Q 2017 for Twenty Anson (1Q 2016: S\$0.04 million). The amount was accrued pursuant to a Deed of Yield Stabilization ('YS Deed') dated 22 March 2012 whereby a yield stabilization sum of S\$17.1 million was provided to achieve a stabilized yield of 4.0% per annum but up to 5.5% per annum for Twenty Anson's purchase consideration of S\$430.0 million. The yield stabilization income was computed based on 4.0% per annum of net property income yield for both periods. As at 31 March 2017, the remaining yield stabilization sum was S\$1.3 million; and
- (b) Recovery from tenants and licence. The amount was higher in 1Q 2017 vis-à-vis 1Q 2016 mainly due to contribution from CapitaGreen for the Group.
- (4) Property management fees for 1Q 2017 were higher for the Group vis-à-vis 1Q 2016 due to the consolidation of CapitaGreen's property management fees.
- (5) Property tax for the Trust was lower in 1Q 2017 vis-à-vis 1Q 2016 due to lower statutory annual values of the properties. For the Group, consolidation of CapitaGreen's property tax accounted for higher property tax in 1Q 2017 versus 1Q 2016.
- (6) Other property operating expenses in 1Q 2017 were higher vis-à-vis 1Q 2016 for the Trust mainly due to an increase in property reimbursement expenses. For the Group, consolidation of expenses of CapitaGreen also contributed to the increase.
- (7) The following was included as part of the net property income:

	Group			Trust		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %
Depreciation and amortisation of lease incentives ^(7a)	1,388	397	NM	396	397	(0.3)

- (7a) Higher depreciation and amortisation of lease incentives for the Group was due to consolidation of CapitaGreen in 1Q 2017.

- (8) Interest income includes the following:

	Group			Trust		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %
Interest income from cash balance	248	99	NM	207	84	NM
Interest income from unitholder's loan to MSO Trust ^(8a)	-	1,223	NM	3,418	1,223	NM
Total	248	1,322	(81.2)	3,625	1,307	NM

- (8a) At the Trust level, the increase in interest income in 1Q 2017 vis-à-vis 1Q 2016 was due to more unitholder's loans extended to MSO Trust (holds CapitaGreen). At the Group level, there was no interest income from MSO Trust in 1Q 2017 as MSO Trust is now wholly-owned by CCT, and interest income from subsidiary is eliminated at the Group level.
- (9) At the Trust level, investment income in 1Q 2017 relates to distributions from RCS Trust and MSO Trust, while that for 1Q 2016 relates to distributions from RCS Trust, MSO Trust and MQREIT. The increase in 1Q 2017 versus 1Q 2016 was due to higher distributions from MSO Trust. At the Group level, MQREIT had declared a special distribution for the period 1 July 2016 to 16 December 2016 in December 2016, which was accounted for in 4Q 2016.
- (10) This relates to the amortisation of yield stabilization income in relation to Twenty Anson. The amount was computed based on 4% of the net property yield of Twenty Anson.

NM – Not Meaningful

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- (11) Higher asset management fees for the Group in 1Q 2017 versus 1Q 2016 was due to consolidation of MSO Trust's asset management fees.
- (12) Trust expenses were higher in 1Q 2017 vis-à-vis 1Q 2016 mainly due to higher professional fees.
- (13) Finance costs include the following:

	Group			Trust		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %
Interest cost ^(13a)	16,822	8,075	NM	9,701	8,075	20.1
Amortisation and transaction costs	1,127	1,396	(19.3)	886	1,383	(35.9)
Total	17,949	9,471	89.5	10,587	9,458	11.9

- (13a) At the Trust level, the increase in interest cost in 1Q 2017 from 1Q 2016 was due to higher amount of borrowings for the acquisition of 60% interest in MSO Trust in August 2016. Consolidation of MSO Trust's interest cost also resulted in higher interest cost for the Group in 1Q 2017 from a year ago.
- (14) In 1Q 2017, the share of profit of joint ventures relates to CCT's 60% interest in RCS Trust only while in 1Q 2016, it relates to CCT's 60% interest in RCS Trust as well as 40% interest in MSO Trust. This explains the lower net profit of joint venture in 1Q 2017.
- (15) This relates mainly to the tax on yield stabilization sum of Twenty Anson. In 1Q 2016, it also includes withholding tax expense for the distribution from MQREIT.
- (16) Included in net tax and other adjustments are the following:

	Group			Trust		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %
Asset management fee payable in Units	964	966	(0.2)	964	966	(0.2)
Trustee's fees	210	163	28.8	159	163	(2.5)
Amortisation and transaction costs (Finance)	1,127	1,396	(19.3)	886	1,383	(35.9)
Net (profit)/loss from subsidiaries ^(16a)	(3)	8	NM	-	-	-
Tax-exempt income retained ^(16b)	(2,062)	(1,604)	28.5	(2,062)	(1,604)	28.6
Temporary differences and other items ^(16c)	3,672	18	NM	2,100	31	NM
Total	3,908	947	NM	2,047	939	NM

- (16a) This relates mainly to (profit)/loss from FirstOffice Pte. Ltd. ("FOPL"), a special-purpose vehicle that holds Twenty Anson before the property was transferred to CCT in July 2015. FOPL will declare a special dividend to CCT from its available cash and FOPL will commence liquidation.
- (16b) This relates to the retained tax-exempt income (net) from Twenty Anson's yield stabilization sum and distribution from MQREIT. The higher amount in 1Q 2017 was primarily due to higher yield stabilization sum required for Twenty Anson. The retained amount may be used for anticipated capital expenditure and/or distribution to unitholders.
- (16c) The temporary differences and other items in 1Q 2017 relates mainly to amortization of rent-free during fit-out period and marketing expenses of CapitaGreen, amortization of yield stabilization sum for Twenty Anson and the timing differences arising from the one-quarter lag for the remittance of distribution from MQREIT, which was declared in December 2016.
- (17) In 1Q 2017, it relates to RCS Trust's distribution (CCT's 60% interest). In 1Q 2016, it relates to distribution from RCS Trust (CCT's 60% interest) and MSO Trust (CCT's 40% interest).

NM – Not Meaningful

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1(b)(i) Statement of Financial Position as at 31 March 2017 vs 31 December 2016

Note	Group			Trust			
	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	Change %	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	Change %	
Non-current assets							
	1,347	1,439	(6.4)	1,301	1,384	(6.0)	
Plant and equipment							
Investment properties	1	6,591,895	6,590,500	0.0	4,988,830	4,987,500	0.0
Interest in subsidiaries	2	-	-	-	718,044	718,043	-
Available-for-sale investment	3	47,388	44,834	5.7	47,388	44,834	5.7
Interest in joint ventures	4	1,193,264	1,189,793	0.3	869,810	864,393	0.6
Intangible asset	5	1,273	2,086	(39.0)	1,273	2,086	(39.0)
Financial derivatives	6	12,027	20,624	(41.7)	10,840	17,405	(37.7)
Total non-current assets		7,847,194	7,849,276	(0.0)	6,637,486	6,635,645	0.0
Current assets							
Trade and other receivables		39,591	41,636	(4.9)	40,570	48,574	(16.5)
Cash and cash equivalents	7	99,382	159,962	(37.9)	72,101	131,537	(45.2)
Financial derivatives	6	-	257	NM	-	257	NM
Total current assets		138,973	201,855	(31.2)	112,671	180,368	(37.5)
Total assets	8	7,986,167	8,051,131	(0.8)	6,750,157	6,816,013	(1.0)
Current liabilities							
Trade and other payables	9	60,777	52,786	15.1	204,401	202,800	0.8
Current portion of security deposits		9,868	8,413	17.3	9,868	8,413	17.3
Convertible bonds	10	174,010	173,450	0.3	174,010	173,450	0.3
Financial derivatives	6	637	-	NM	637	-	NM
Current tax payable		1,641	1,506	9.0	364	226	61.1
Total current liabilities		246,933	236,155	4.6	389,280	384,889	1.1
Non-current liabilities							
Non-current portion of security deposits		50,418	52,397	(3.8)	30,529	32,627	(6.4)
Interest-bearing liabilities	11	2,462,300	2,457,182	0.2	1,575,585	1,570,692	0.3
Financial derivatives	6	35,333	26,855	31.6	22,476	21,262	5.7
Total non-current liabilities		2,548,051	2,536,434	0.5	1,628,590	1,624,581	0.2
Total liabilities		2,794,984	2,772,589	0.8	2,017,870	2,009,470	0.4
Net assets		5,191,183	5,278,542	(1.7)	4,732,287	4,806,543	(1.5)
Unitholders' funds		5,191,183	5,278,542	(1.7)	4,732,287	4,806,543	(1.5)

NM – Not Meaningful

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Notes:

- (1) The marginal increase in the investment properties was mainly due to additional capital expenditure incurred in 1Q 2017 for both the Group and the Trust.
- (2) Interest in subsidiaries mainly relates to the cost of investments in CCT MTN Pte. Ltd., FOPL and MSO Trust (including unitholder's loan to MSO Trust).
- (3) This relates to CCT's 11.0% stake in MQREIT. The 5.7% increase was due to higher trading price of MQREIT.
- (4) This relates to 60% interest in RCS Trust.
- (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 and/or interest rate swaps.
- (7) Cash and cash equivalents as at 31 March 2017 dropped against that of 31 December 2016 mainly due to payment of 2H 2016 distribution of S\$132.3 million in February 2017.
- (8) Total assets were S\$7,986.2 million as at 31 March 2017 (31 December 2016: S\$8,051.1 million). The value of total assets as at 31 March 2017 was lower than that of 31 December 2016 primarily due to lower cash balance. Total deposited property value, including CCT's 60% interest in RCS Trust as at 31 March 2017 was S\$8,695.3 million (31 December 2016: S\$8,766.4 million).
- (9) At the Group level, Trade and other payables as at 31 March 2017 was higher than that as at 31 December 2016 due to the accrued interest payable by MSO Trust (holds CapitaGreen).
- (10) This relates to the liability component of CB 2017 of principal amount S\$175.0 million which was measured at amortised cost. There are sufficient bank facilities to refinance the liability.
- (11) The interest-bearing liabilities comprised:
 - a) Unsecured fixed rate notes totaling S\$225.0 million; JPY24.9 billion and HKD585.0 million (hedged via cross currency swaps to S\$425.8 million);
 - b) Unsecured bank borrowings of S\$936.2 million; and
 - c) Secured MSO Trust's bank borrowings of S\$890.0 million.

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

	Group			Trust		
	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	Change %	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	Change %
Secured borrowings						
Amount repayable after one year ⁽¹⁾	890,000	890,000	0.0	-	-	-
Less: Unamortised portion of transactions costs ⁽¹⁾	(3,285)	(3,510)	(6.4)	-	-	-
Net secured borrowings after one year	886,715	886,490	0.0	-	-	-
Unsecured borrowings						
Amount repayable after one year	1,577,292	1,572,655	0.3	1,577,292	1,572,655	0.3
Less: Unamortised portion of transactions costs	(1,707)	(1,963)	(13.0)	(1,707)	(1,963)	(13.0)
Net unsecured borrowings after one year	1,575,585	1,570,692	0.3	1,575,585	1,570,692	0.3
Amount repayable within one year	174,292	173,886	0.2	-	-	-
Less: Unamortised portion of transactions costs	(282)	(436)	(35.3)	-	-	-
Net unsecured borrowings within one year	174,010	173,450	0.3	-	-	-
Total unsecured borrowings	1,749,595	1,744,142	0.3	1,575,585	1,570,692	0.3
Total secured and unsecured borrowings	2,636,310	2,630,632	0.2	1,575,585	1,570,692	0.3

Note :

(1) This relates to MSO Trust's borrowings and transactions costs as at 31 March 2017 and 31 December 2016.

For information only

This relates to CCT's 60% interest in the aggregate borrowings of RCS Trust which are not included under total borrowings in the statement of financial position of the Group.

Unsecured borrowings

Amount repayable after one year

Less: Unamortised portion of transactions costs

Net repayable after one year

Total unsecured borrowings

<i>For information only</i>		
<i>31 Mar 2017</i> S\$'000	<i>31 Dec 2016</i> S\$'000	<i>Change</i> %
660,000	660,000	-
(1,366)	(1,489)	(8.3)
658,634	658,511	0.0
658,634	658,511	0.0

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1(c) Statement of Cash Flow (1Q 2017 vs 1Q 2016)

	Group	
	1Q 2017 S\$'000	1Q 2016 S\$'000
Operating activities		
Total return for the period before tax	65,899	61,879
Adjustments for :		
Share of profit of joint ventures	(19,946)	(20,576)
Amortisation of lease incentives	1,297	318
Amortisation of intangible asset	813	44
Depreciation of plant and equipment	91	79
Finance costs	17,949	9,471
Interest income	(248)	(1,322)
Asset management fees paid and payable in Units	964	966
Distributions from available-for-sale investment	-	(1,708)
Operating income before working capital changes	66,819	49,151
Changes in working capital		
Trade and other receivables	(257)	408
Trade and other payables	(3,349)	(1,170)
Security deposits	(524)	761
Cash generated from operating activities	62,689	49,150
Tax expenses paid	(4)	(172)
Net cash from operating activities	62,685	48,978
Investing activities		
Capital expenditure on investment properties	(1,769)	(1,499)
Purchase of plant and equipment	(228)	-
Distribution received from available-for-sale investment	-	1,708
Distributions received from joint ventures	22,953	22,014
Interest income received	386	532
Net cash from investing activities	21,342	22,755
Financing activities		
Interest paid	(12,232)	(9,508)
Payment of transaction costs related to borrowings	(96)	-
Distribution to unitholders	(132,279)	(121,042)
Proceeds from interest-bearing liabilities	-	224,000
Repayment of interest-bearing liabilities	-	(200,000)
Net cash used in financing activities	(144,607)	(106,550)
Net decrease in cash and cash equivalents	(60,580)	(34,817)
Cash and cash equivalents at beginning of period	159,962	81,212
Cash and cash equivalents at end of period	99,382	46,395

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1(d)(i) Statement of movement in unitholders' funds (1Q 2017 vs 1Q 2016)

	Note	Group		Trust	
		1Q 2017 S\$'000	1Q 2016 S\$'000	1Q 2017 S\$'000	1Q 2016 S\$'000
Net assets as at beginning of period		5,278,542	5,234,136	4,806,543	4,770,343
Operations					
Total return for the period		65,760	61,702	69,107	63,730
Unitholders' transactions					
Creation of units:					
- Units issued in respect of RCS Trust's asset management fees		5,417	2,231	5,417	2,231
- Asset management fee paid and payable in Units		964	967	964	967
Distributions to unitholders		(138,988)	(127,271)	(138,988)	(127,271)
Net decrease in net assets resulting from unitholders' transactions		(132,607)	(124,073)	(132,607)	(124,073)
Movement in reserves					
- Available-for-sale reserve	1	2,554	2,568	2,554	2,568
- Hedging reserves	2	(23,066)	(39,673)	(13,310)	(31,489)
Net decrease in net assets resulting from movement in reserves		(20,512)	(37,105)	(10,756)	(28,921)
Net decrease in net assets		(87,359)	(99,476)	(74,256)	(89,264)
Net assets as at end of the period		5,191,183	5,134,660	4,732,287	4,681,079

Notes:

- (1) This relates to marked to market movement of 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 subsidiary's (MSO Trust) and the Group's share of movement in hedging reserves of the joint venture (RCS Trust).

Principal Amount Outstanding	Maturity Date	Conversion Price per Unit as at 31 March 2017
CB 2017 S\$175.0 million 2.5 per cent.	12 September 2017	1.4265

Assuming all the CB 2017 were fully converted at the conversion price of \$1.4265 per unit, the number of new units issued would be 122,677,882, representing 4.1% of the total number of CCT units in issue as at 31 March 2017 (2,969,040,247 Units). In comparison, this was against 118,115,550 Units at the conversion price of S\$1.4816 as at 31 March 2016, representing 4.0% of the total number of CCT units in issue as at 31 March 2016 (2,955,321,679 Units).

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1(e)(i) Details of any change in the units (1Q 2017 vs 1Q 2016)

Units in issue as at beginning of period

New Units issued:

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

Total issued units as at end of period

Estimated new Units to be issued :

- for settlement of the asset management fees in relation to Wilkie Edge and One George Street ⁽²⁾

Total Units issued and estimated new Units to be issued

Group and Trust	
1Q 2017 Units	1Q 2016 Units
2,963,491,301	2,952,931,319
3,656,718	1,667,543
1,892,228	722,817
2,969,040,247	2,955,321,679
627,101	-
2,969,667,348	2,955,321,679

Notes:

- (1) For 1Q 2017, it relates to payment of base component of asset management fees for 4Q 2016 and performance component for FY 2016. For 1Q 2016, it relates to payment of both base and performance components of asset management fees for 4Q 2015.
- (2) This relates to estimated new Units to be issued for payment of 1Q 2017 base and performance components of the asset management fees in 2Q 2017 and 1Q 2018 respectively.

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 2016.

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 (1Q 2017 vs 1Q 2016)

	Note	Group		Trust	
		1Q 2017	1Q 2016	1Q 2017	1Q 2016
<u>Basic EPU</u>					
Weighted average number of Units in issue		2,964,907,330	2,954,481,113	2,964,907,330	2,954,481,113
Based on weighted average number of Units in issue	1	2.22¢	2.09¢	2.33¢	2.16¢
<u>Diluted EPU</u>					
Weighted average number of Units in issue (diluted)		3,089,647,810	3,072,596,663	3,089,637,072	3,072,596,663
Based on weighted average number of Units in issue (diluted)	2	2.18¢	2.06¢	2.29¢	2.13¢

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 potential dilutive 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 1Q 2017, the number of Units as at 31 March 2017 was used for the computation.

	1Q 2017	1Q 2016
Number of Units in issue	2,969,040,247	2,955,321,679
DPU for period	2.40¢ ¹	2.19¢

Note:

- (1) The estimated DPU for 1Q 2017 was computed on the basis that none of the CB 2017 is converted into Units. Accordingly, the actual quantum of DPU may differ if any of the CB 2017 is converted into Units.

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	
		31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Number of Units in issue at end of the period		2,969,040,247	2,963,491,301	2,969,040,247	2,963,491,301
NAV (S\$'000)		5,191,183	5,278,542	4,732,287	4,806,543
NTA (S\$'000)		5,189,910	5,276,456	4,731,014	4,804,457
NAV per Unit	1	\$1.75	\$1.78	\$1.59	\$1.62
NTA per Unit	1	\$1.75	\$1.78	\$1.59	\$1.62
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 were computed based on NAV and NTA over the number of Units in issue as at end of the period respectively.

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8 **Review of the performance**

Statement of Total Return

Gross revenue	
Property operating expenses	
Net property income	
Interest income	
Investment income	
Amortisation of intangible asset	
Asset management fees:	
- Base fees	
- Performance fees	
Trust expenses	
Finance costs	
Net income before share of profit of associate and joint ventures	
Share of profit (net of tax) of:	
- Joint ventures	
Total return for the period before tax	
Tax expense	
Total return for the period after tax	

Distribution Statement

Net income before share of profit of joint ventures	
Net tax and other adjustments	
Distribution from joint ventures	
Distributable income to unitholders	
DPU for the period	
Annualised	

NM – Not Meaningful

Group		
1Q 2017	1Q 2016	Change
S\$'000	S\$'000	%
89,525	66,857	33.9
(19,670)	(14,829)	32.6
69,855	52,028	34.3
248	1,322	(81.2)
-	1,708	NM
(813)	(44)	NM
(1,707)	(1,302)	31.1
(2,640)	(2,361)	11.8
(1,041)	(577)	80.4
(17,949)	(9,471)	89.5
45,953	41,303	11.3
19,946	20,576	(3.1)
65,899	61,879	6.5
(139)	(177)	(21.5)
65,760	61,702	6.6
45,953	41,303	11.3
3,908	947	NM
21,431	22,595	(5.2)
71,292	64,845	9.9
2.40¢	2.19¢	9.6
9.73¢	8.81¢	10.4

Review of CCT Group's performance 1Q 2017 vs 1Q 2016

- Gross revenue for 1Q 2017 was S\$89.5 million, an increase of S\$22.7 million or 33.9% over 1Q 2016. The increase was mainly due to contribution from CapitaGreen and Capital Tower.
- Property operating expenses for 1Q 2017 were S\$19.7 million, an increase of S\$4.8 million or 32.6% from 1Q 2016. The increase was mainly due to the consolidation of property expenses of CapitaGreen as well as higher property reimbursement expenses.
- Amortisation expense relates to the amortisation of intangible asset. The increase was due to higher yield stabilization sum required for Twenty Anson. Amortisation expense does not affect distributable income.
- Trust expenses in 1Q 2017 of S\$1.0 million were higher than 1Q 2016 by S\$0.4 million or 80.4% mainly due to higher professional fees.
- Finance costs of S\$17.9 million for 1Q 2017 were S\$8.5 million or 89.5% higher than the same quarter last year largely due to consolidation of MSO Trust's finance costs of S\$7.3 million and higher borrowings incurred for the acquisition of 60% interest in MSO Trust (holds CapitaGreen).
- Share of profit of joint venture for 1Q 2017 relates to CCT's 60% interest in RCS Trust, while for 1Q 2016, it relates to CCT's 60% interest in RCS Trust and 40% interest in MSO Trust.
- The distributable income to unitholders of S\$71.3 million for 1Q 2017 was S\$6.4 million or 9.9% higher than that of 1Q 2016. The bulk of the increase was contributed by MSO Trust (holds CapitaGreen).

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9 Variance from Previous Forecast / Prospect Statement

CCT has not disclosed any forecast to the market.

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

CCT's distributable income for 1Q 2017 of S\$71.3 million increased by 9.9% from that of 1Q 2016 largely contributed by CapitaGreen given CCT's increase in ownership from 40% to 100% from 31 August 2016. CapitaGreen is expected to continue to be a significant contributor to CCT's distributable income and mitigate negative rent reversions experienced by other assets in the portfolio.

Despite market headwinds, CCT's portfolio remained resilient with 97.8% occupancy rate which is higher than core central business district ("Core CBD") market occupancy rate of 95.6% in 1Q 2017. With proactive leasing efforts, only about 5% of leases by occupied office net lettable area are due for renewal in the next nine months in 2017, of which 30% are in advanced negotiations. We will continue with our proactive efforts to attract and retain tenants to mitigate leasing risk.

The Manager had announced in January 2017 that Cushman & Wakefield was appointed to conduct an Expression of Interest ("EOI") exercise for the proposed sale of Wilkie Edge. The non-binding EOI closed on 19 January 2017. The Manager will continue to review the asset management strategy for this property.

CCT has S\$175.0 million of convertible bonds with maturity date on 12 September 2017. The current conversion price is S\$1.4265 per unit. On a pro-forma basis, assuming conversion and there are no interest savings, the 1Q 2017 DPU would be reduced by 0.09 cents, representing about 4% decline in DPU. On the other hand, the aggregate leverage would improve from 38.1% to 36.1%. The Manager will continue to monitor and evaluate various options in relation to the convertible bonds.

On 22 March 2017, the Manager of CCT and CapitaLand Mall Trust Management Limited, the Manager of CapitaLand Mall Trust, jointly announced the establishment of a US\$2.0 billion Euro-Medium Term Note (EMTN) programme for RCS Trust. The establishment of the EMTN Programme will enhance the financial flexibility of RCS Trust and diversify its funding sources.

CCT has a cumulative amount of retained net tax-exempt income of S\$22.5 million, largely from MQREIT's distributions. This amount translates to 0.75 cents (in Singapore dollars) per unit as at 31 March 2017. The Manager will evaluate various options for the utilization of tax-exempt income retained, including for capital expenditure or future distributions to unitholders-

Outlook

Singapore's Core Grade A office occupancy rate increased by 0.8% to 96.6% in 1Q 2017 from 95.8% in 4Q 2016. However, Grade A office average monthly market rent eased by 1.6% quarter-on-quarter to S\$8.95 per square foot ("psf") in 1Q 2017 from S\$9.10 psf, on the back of uncertain economic environment and stiff competition among office landlords for tenants. Grade A office market rent has declined by 21.5% since 1Q 2015. This has adversely affected CCT's portfolio average monthly rent which has been declining since the start of 4Q 2016. The quarter-on-quarter decline was from S\$9.20 psf in 4Q 2016 to S\$9.18 psf in 1Q 2017.

Singapore's office market remains challenging in 2017. The impending completion of new office developments together with the increase in secondary stock from which tenants vacate and move to the new developments will continue to exert downward pressure on office market rents. The net property income of some properties in CCT's portfolio are expected to soften in the later part of 2017 as more renewals and new leases are committed below expiring rents.

11 Distributions

11(a) Current financial period

Any distributions declared for the current financial period? No.

11(b) Corresponding period of the preceding financial period

Any distributions declared for the current financial period? No.

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

No distribution has been declared for the first quarter of 2017.

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 first quarter 2017 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
19 April 2017