



Embargoed for release till 5.00 pm, 16 July 2004

**CAPITACOMMERCIAL TRUST
2004 SECOND QUARTER FINANCIAL STATEMENT ANNOUNCEMENT**

For a meaningful analysis/comparison of the actual results against the forecast as stated in the Introductory Document, please refer to paragraph 9 of this announcement.

CapitaCommercial Trust (CCT) was established under a Trust Deed dated 6 February 2004 entered into between CapitaCommercial Trust Management Limited (as manager of CCT) (the "Manager") and Bermuda Trust (Singapore) Limited (as trustee of CCT). CCT's first financial period is from the date of its inception ie. 6 February 2004 to 31 December 2004.

CCT acquired Capital Tower, Starhub Centre, Robinson Point, Bugis Village, Golden Shoe Car Park and Market Street Car Park on 23 February 2004 through acquiring all the shares in the respective companies which owned each of the properties. CCT agreed with the vendors of these property holding companies that the income of the property holding companies up to and including 29 February 2004 will accrue to the respective vendors. These six property holding companies were subsequently liquidated and the respective properties were transferred to CCT as distribution in specie on 1 March 2004. Separately, on 1 March 2004, CCT acquired 6 Battery Road.

All the units in CCT ("Units") were directly or indirectly held by CapitaLand Limited up to and including 14 May 2004 (the "Private Trust"). On 15 May 2004, CapitaLand Limited distributed approximately 60% of the Units in specie to its shareholders (the "Public Trust"). On 14 May 2004, CCT distributed its distributable income for the period from 6 February 2004 to 14 May 2004 to the companies in the CapitaLand Group that together held 100% of the Units. CCT's distributable income from 15 May 2004 to the end of the current distribution period (31 December 2004) will be distributed to all the unitholders, including all the companies in the CapitaLand Group that continue to hold Units, on or before 28 February 2005. From 1 January 2005, CCT will make distributions to its unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

All the Units have been listed on Singapore Exchange Securities Trading Limited (the "SGX-ST") since the commencement of "when issued" trading in the Units on 11 May 2004. The Units began trading on a "ready" basis on the SGX-ST on 17 May 2004.

CCT has been granted tax transparency. Therefore income which is distributed is not taxed at CCT level. Qualifying unitholders and individuals (other than those who hold their units through a partnership or through a nominee) will receive pre-tax distributions. For the qualifying unitholders, gross distribution will be made and they will subsequently be taxed on the distributions at their applicable income tax rates. Individuals are exempt from tax on CCT's distributions unless such distributions are derived through a partnership in Singapore or from the carrying on of a trade, business or profession. Distributions made to all the other unitholders will be subjected to tax deducted at source at the prevailing corporate tax rate, currently 20%. This tax deducted can be used to offset against their Singapore income tax liabilities. Also, to qualify for tax transparency, CCT must distribute at least 90% of its taxable income. As stated in the Introductory Document dated 16 March 2004 (the "Introductory Document"), CCT will distribute 95% of its taxable income to unitholders up to 31 December 2005.

6 February 2004 to 30 June 2004 is CCT's first interim financial period and the prior period comparatives are based on the pro forma financial information as stated in CCT's Introductory Document.

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1(a)(i) Statement of Total Return (1H 2004 vs 1H 2003)

(For a review of the performance, please refer to paragraph 8(a)(i) on page 13)

	Actual (6/2/04 to 30/6/04) ⁽¹⁾ S\$'000	Pro Forma (1/3/03 to 30/6/03) ⁽²⁾ S\$'000	Increase / (Decrease) %
Statement of Total Return			
Gross rental income	31,203	35,586	(12.3)
Car park income	2,948	2,886	2.1
Other income	1,454	1,508	(3.6)
Gross revenue	35,605	39,980	(10.9)
Property management fees	(785)	(977)	(19.7)
Property tax	(2,782)	(1,509)	84.4
Other property operating expenses ⁽³⁾	(6,616)	(5,911)	11.9
Property operating expenses	(10,183)	(8,397)	21.3
Net property income	25,422	31,583	(19.5)
Interest income	10	20	(50.0)
Manager's management fees	(1,786)	(2,029)	(12.0)
Trust expenses	(808)	(1,086)	(25.6)
Borrowing costs	(4,318)	(4,911)	(12.1)
Non-operating expenditure ⁽⁴⁾	(2,687)	-	Nm
Net investment income before tax	15,833	23,577	(32.8)
Income tax ⁽⁵⁾	(2,409)	(262)	819.5
Net investment income after tax	13,424	23,315	(42.4)

Distribution Statement

Net investment income before tax	15,833	23,577	(32.8)
Net effect of non-tax deductible/(chargeable) items ⁽⁶⁾	2,826	252	1,021.4
Taxable income available for distribution to unitholders	18,659	23,829	(21.7)
Distributable income to unitholders ⁽⁷⁾	15,886	22,639	(29.8)

Footnotes

(1) CCT was established on 6 February 2004 but the acquisition of the real properties was completed on 1 March 2004. Hence the income recorded relates only to the 4 month period from 1 March 2004 to 30 June 2004. CCT has no income from 6 to 29 February 2004. The entire period relates to both the Private Trust and Public Trust periods and the details are as stated in paragraph (1)(a)(iii) on page 6.

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(2) This is the first interim financial period of CCT and the comparative numbers for 2003 are extracted from the pro forma financial information which was stated in the Introductory Document and pro-rated equally for 4 months to correspond to the period from 1 March 2003 to 30 June 2003.

(3) Included as part of the other property operating expenses are the following:

	Actual (6/2/04 to 30/6/04) S\$'000	Pro Forma (1/3/03 to 30/6/03) S\$'000	Increase / (Decrease) %
Depreciation and amortization	49	53	(7.5)
Allowance for doubtful debts and bad debts written off	-	(12)	(100.0)
Asset written off	-	126	(100.0)

(4) This relates to one-off loss on liquidation of the property companies.

(5) The actual 1H 2004 income tax provision is based on 100% of taxable income for the period of 6 February 2004 to 14 May 2004 (Private Trust) and 5% of taxable income for period of 15 May 2004 to 30 June 2004 (Public Trust). Income tax for pro forma 1H 2003 was prepared on the basis that tax transparency applies ie. income tax is only provided for the amount to be withheld and not paid to unitholders and this has been assumed to be 5% of taxable income for the entire period.

(6) Included in the net effect of non-tax deductible/(chargeable) items are the following:

	Actual (6/2/04 to 30/6/04) S\$'000	Pro Forma (1/3/03 to 30/6/03) S\$'000	Increase / (Decrease) %
Trustee's fees	90	86	4.7
Loss on liquidation of the property companies	2,687	-	Nm
Others	49	166	(70.5)
Total	2,826	252	1,021.4

(7) The distributable income to unitholders for the period after the distribution in specie ie. 15 May 2004 is based on 95% of the taxable income available for distribution to unitholders.

Nm – not meaningful

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1(a)(ii) Statement of Total Return (2Q 2004 vs 2Q 2003)

(For a review of the performance, please refer to paragraph 8(a)(ii) on page 15)

	Actual (1/4/04 to 30/6/04) S\$'000	Pro Forma (1/4/03 to 30/6/03) ⁽¹⁾ S\$'000	Increase / (Decrease) %
<u>Statement of Total Return</u>			
Gross rental income	23,320	26,690	(12.6)
Car park income	2,254	2,165	4.1
Other income	1,154	1,131	2.0
Gross revenue	26,728	29,986	(10.9)
Property management fees	(582)	(733)	(20.6)
Property tax	(2,097)	(1,132)	85.2
Other property operating expenses ⁽²⁾	(5,190)	(4,433)	17.1
Property operating expenses	(7,869)	(6,298)	24.9
Net property income	18,859	23,688	(20.4)
Interest income	10	15	(33.3)
Manager's management fees	(1,310)	(1,522)	(13.9)
Trust expenses	(667)	(814)	(18.1)
Borrowing costs	(3,544)	(3,683)	(3.8)
Net investment income before tax	13,348	17,684	(24.5)
Income tax ⁽³⁾	(1,368)	(197)	594.4
Net investment income after tax	11,980	17,487	(31.5)

Distribution Statement

Net investment income before tax	13,348	17,684	(24.5)
Net effect of non-tax deductible/(chargeable) items ⁽⁴⁾	106	189	(43.9)
Taxable income available for distribution to unitholders	13,454	17,873	(24.7)
Distributable income to unitholders ⁽⁵⁾	10,942	16,979	(35.6)

Footnotes

(1) This is the first interim financial period of CCT and the comparative numbers for 2003 are extracted from the pro forma financial information which was stated in the Introductory Document and pro-rated equally for the 3 month period.

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(2) *Included as part of the other property operating expenses are the following:*

	Actual <i>(1/4/04 to 30/6/04)</i> S\$'000	Pro Forma <i>(1/4/03 to 30/6/03)</i> S\$'000	<i>Increase / (Decrease)</i> %
<i>Depreciation and amortization</i>	38	40	(5.0)
<i>Allowance for doubtful debts and bad debts written off</i>	-	(9)	(100.0)
<i>Asset written off</i>	-	94	(100.0)

(3) *The actual 2Q 2004 income tax provision is based on 100% of taxable income for the period of 1 April 2004 to 14 May 2004 (Private Trust) and 5% of taxable income for period of 15 May 2004 to 30 June 2004 (Public Trust). Income tax for pro forma 2Q 2003 was prepared on the basis that tax transparency applies ie. income tax is only provided for the amount to be withheld and not paid to unitholders and this has been assumed to be 5% of taxable income for the entire period.*

(4) *Included in the net effect of non-tax deductible/(chargeable) items are the following:*

	Actual <i>(1/4/04 to 30/6/04)</i> S\$'000	Pro Forma <i>(1/4/03 to 30/6/03)</i> S\$'000	<i>Increase / (Decrease)</i> %
<i>Trustee's fees</i>	68	64	6.3
<i>Others</i>	38	125	(69.6)
<i>Total</i>	106	189	(43.9)

(5) *The distributable income to unitholders for the period after the distribution in specie ie. 15 May 2004 is based on 95% of the taxable income available for distribution to unitholders.*

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**1(a)(iii) Statement of Total Returns – Breakdown between Private Trust and Public Trust
Period**

	Private Trust (6/2/04 to 14/5/04) ⁽¹⁾ S\$'000	Public Trust (15/5/04 to 30/6/04) S\$'000	Actual (6/2/04 to 30/6/04) S\$'000
<u>Profit & loss Statement</u>			
Gross rental income	19,073	12,130	31,203
Car park income	1,826	1,122	2,948
Other income	860	594	1,454
Gross revenue	21,759	13,846	35,605
Property management fees	(475)	(310)	(785)
Property tax	(1,684)	(1,098)	(2,782)
Other property operating expenses	(4,259)	(2,357)	(6,616)
Property operating expenses	(6,418)	(3,765)	(10,183)
Net property income	15,341	10,081	25,422
Interest income	5	5	10
Manager's management fees	(1,121)	(665)	(1,786)
Trust expenses	(135)	(673)	(808)
Borrowing costs	(2,478)	(1,840)	(4,318)
Non-operating expenditure	(2,687)	-	(2,687)
Net investment income before tax	8,925	6,908	15,833
Income tax	(2,339)	(70)	(2,409)
Net investment income after tax	6,586	6,838	13,424

Distribution Statement

Net investment income before tax	8,925	6,908	15,833
Net effect of non-tax deductible/(chargeable) items	2,772	54	2,826
Taxable income available for distribution to unitholders	11,697	6,962	18,659
Distributable income to unitholders	9,272	6,614	15,886

Footnotes

- (1) It was stated in the Introductory Document that on the day immediately preceding the distribution in specie, which took place on 15 May 2004, CCT will make a distribution for the period from 6 February 2004 to the day immediately preceding the distribution in specie to the companies that hold 100% of the Units prior to the distribution in specie.

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1(b)(i) Balance sheet as at 30 June 2004 vs 31 December 2003

	Actual 30/6/04 S\$'000	Pro Forma 31/12/03 ⁽¹⁾ S\$'000	Increase / (Decrease) %
Non-current assets			
Plant and equipment	371	441	(15.9)
Investment properties	2,039,900	2,039,314	0.0
Total non-current assets	2,040,271	2,039,755	0.0
Current assets			
Trade and other receivables ⁽²⁾	2,396	11,224	(78.7)
Cash and cash equivalent	32,569	23,988	35.8
Total current assets	34,965	35,212	(0.7)
Total assets	2,075,236	2,074,967	0.0
Current liabilities			
Trade and other payables ⁽³⁾	18,776	26,571	(29.3)
Provision for taxation	91	-	Nm
Total current liabilities	18,867	26,571	(29.0)
Non-current liabilities			
Interest-bearing borrowings	580,042	580,042	0.0
Other non-current liabilities	9,036	8,599	5.1
Total non-current liabilities	589,078	588,641	0.1
Total liabilities	607,945	615,212	(1.2)
Net assets	1,467,291	1,459,755	0.5
Unitholders' funds	1,467,291	1,459,755	0.5

Footnotes

(1) This is the first interim financial period of CCT and the comparative numbers for 2003 are extracted from the pro forma financial information which was stated in the Introductory Document.

(2) This is mainly due to accrued revenue and other receivables as at December 2003.

(3) This is lower due to accrual of issue expenses and incidental acquisition costs at 2003.

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

	Actual 30/6/04 S\$'000	Pro Forma 31/12/03 ⁽¹⁾ S\$'000
Secured borrowings		
Amount repayable in one year or less, or on demand	-	-
Amount repayable after one year	580,042	580,042

Footnotes

(1) This is the first interim financial period of CCT and the comparative numbers for 2003 are extracted from the pro forma financial information which was stated in the Introductory Document.

Details of any collaterals

As security for the borrowings, CCT has granted in favour of the lender the following:

- (i) a mortgage over each of the properties
- (ii) an assignment and charge of the rental proceeds and tenancy agreements of units in the properties
- (iii) an assignment of the insurance policies relating to the properties
- (iv) an assignment of the agreements relating to the management of the properties
- (v) a charge creating a fixed and floating charge over certain assets of CCT relating to the properties.

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1(c) Cash flow statement ⁽¹⁾

	Actual (6/2/04 to 30/6/04) ⁽²⁾ S\$'000	Actual (1/4/04 to 30/6/04) S\$'000
Operating activities		
Net investment income before tax	15,833	13,348
Adjustment for		
Interest income	(10)	(10)
Depreciation	49	38
Borrowing costs	4,318	3,544
Operating income before working capital changes	20,190	16,920
Changes in working capital	5,714	16,382
Tax paid	(2,318)	(2,318)
Cash generated from operating activities	23,586	30,984
Investing activities		
Interest received	5	5
Purchase of investment property, plant and equipment and subsequent expenditure	(600,780)	(528)
Net cash inflow from acquisition of property companies	15,086	-
Cash flows from investing activities	(585,689)	(523)
Financing activities		
Proceeds from issue of new units	36,204	-
Interest bearing borrowings	580,042	-
Issue expenses	(8,589)	(8,574)
Distribution to unitholders	(9,272)	(9,272)
Interest paid	(3,713)	(3,584)
Cash flows from financing activities	594,672	(21,430)
Increase/(Decrease) in cash and cash equivalent	32,569	9,031
Cash and cash equivalent at beginning of period	-	23,538
Cash and cash equivalent at end of period	32,569	32,569

Footnotes

(1) There are no comparative prior period figures as this is the first interim financial period.

(2) Although CCT was established on 6 February 2004, the acquisition of the properties was completed on 1 March 2004. Consequently, the figures only represent the cash flow for the 4 month period from 1 March 2004 to 30 June 2004 as there was no income from 6 to 29 February 2004.

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1(d)(i) **Statement of changes in unitholders' funds** ⁽¹⁾

	Actual (6/2/04 to 30/6/04) S\$'000	Actual (1/4/04 to 30/6/04) S\$'000
Balance as at beginning of period	-	1,476,550
Operations		
Net investment income after tax ⁽²⁾	13,424	11,980
Net increase in net assets resulting from operations	13,424	11,980
Unitholders' transactions		
Issue of new units	1,475,145	-
Issue expenses	(12,006)	(11,967)
Distribution to unitholders	(9,272)	(9,272)
Net increase / (decrease) in net assets resulting from unitholders' transactions	1,453,867	(21,239)
Balance as at end of period	1,467,291	1,467,291

Footnotes

(1) *There are no comparative prior period figures as this is the first interim financial period.*

(2) *Although CCT was established on 6 February 2004, the acquisition of the properties was completed on 1 March 2004. Consequently, the figures only represent the income for the 4 month period from 1 March 2004 to 30 June 2004 as there was no income from 6 to 29 February 2004.*

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1(d)(ii) Details of any change in the units ⁽¹⁾

	Actual (6/2/04 to 30/6/04) S\$'000	Actual (1/4/04 to 30/6/04) S\$'000
Balance as at beginning of period	-	839,116,700
Issue of new units :		
- settlement for the purchase of the property companies shares	764,369,254	-
- part settlement for the purchase of 6 Battery Road	54,153,274	-
- for cash for the payment of issue and establishment expenses, stamp duty and other acquisition related expenses	20,594,172	-
Balance as at end of period	839,116,700	839,116,700

Footnotes

(1) There are no comparative prior period figures as this is the first interim financial period.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

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

3 Where the figures have been audited or reviewed, the auditor's 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 complied

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the Introductory Document.

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

In computing the EPU, the weighted average number of units as at the end of each period is used for the computation.

In computing the DPU, the number of units as at the end of each period is used for the computation.

	Private Trust (6/2/04 to 14/5/04)	Public Trust (15/5/04 to 30/6/04)	Actual (6/2/04 to 30/6/04)
Number of units on issue at end of period	839,116,700	839,116,700	839,116,700
Weighted average number of units as at end of period	839,116,700	839,116,700	839,116,700
Earnings per unit (EPU) (based on the weighted average number of units as at end of period)	0.78¢	0.81¢	1.59¢

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

	Private Trust (6/2/04 to 14/5/04)	Public Trust (15/5/04 to 30/6/04)	Actual (6/2/04 to 30/6/04)
Number of units on issue at end of period	839,116,700	839,116,700	839,116,700
Weighted average number of units as at end of period	839,116,700	839,116,700	839,116,700
Distribution per unit (DPU) (based on the number of units as at end of period)	1.10¢	0.79¢	1.89¢

The diluted DPU is the same as the basic DPU as there are no dilutive instruments in issue during the period.

7 Net asset value (“NAV”) backing per unit based on issued units at the end of the period

	30/6/04	31/12/03
NAV per unit	\$1.75	\$1.74
Adjusted NAV per unit (excluding the distributable income)	\$1.74	\$1.74

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8(a)(i) Review of the performance (1H 2004 vs 1H 2003)

Actual (6/2/04 to 30/6/04) ⁽¹⁾ S\$'000	Pro Forma (1/3/03 to 30/6/03) ⁽²⁾ S\$'000	Increase / (Decrease) %
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Profit & loss Statement

Gross revenue	35,605	39,980	(10.9)
Property operating expenses	(10,183)	(8,397)	21.3
Net property income	25,422	31,583	(19.5)
Other Income	10	20	(50.0)
Manager's management fees	(1,786)	(2,029)	(12.0)
Trust expense	(808)	(1,086)	(25.6)
Borrowing costs	(4,318)	(4,911)	(12.1)
Non-operating expenditure	(2,687)	-	Nm
Net investment income before tax	15,833	23,577	(32.8)
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Net investment income after tax	13,424	23,315	(42.4)

Distribution Statement

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Net effect of non-tax deductible/(chargeable) items	2,826	252	1,021.4
Taxable income available for distribution to unitholders	18,659	23,829	(21.7)
Distributable income to unitholders	15,886	22,639	(29.8)
Earnings per unit (cents)	1.59¢	2.78¢	(42.8)
Distribution per unit (cents)	1.89¢	2.70¢	(30.0)

Footnotes

(1) CCT was established on 6 February 2004 but the acquisitions of the real properties were completed on 1 March 2004. Hence the income recorded relates only to the 4 month period from 1 March 2004 to 30 June 2004. CCT has no income from 6 to 29 February 2004. The entire period relates to both the Private Trust and Public Trust periods and the details are as stated in paragraph (1)(a)(iii) on page 6.

(2) This is the first interim financial period of CCT and the comparative numbers for 2003 are extracted from the pro forma financial information which was stated in the Introductory Document and pro-rated equally for the 4 month period from 1 March 2003 to 30 June 2003.

Review of performance 1H 2004 vs 1H 2003

Gross revenue for 1H 2004 is lower than 1H 2003 by S\$4.4 million or 10.9% due to the impact of the negative rental reversions (ie. lower rentals on renewals) experienced by all the properties for the last two years.

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The property operating expenses are higher in 1H 2004 by S\$1.8 million or 21.3% due to higher property tax expenses of \$1.3 million and higher repairs and maintenance expenses of S\$0.7 million. This is offset by lower property management fee of S\$0.2 million due to the lower net property income achieved as the fee is pegged to a percentage of net property income. Property tax increased by 84.4% due to the cessation of the tax rebates granted by the government with effect from 1 January 2004.

Manager's management fee is lower by S\$0.2 million or 12.0% due to the lower income achieved as the performance component of management fee is pegged to a percentage of the net investment income. Borrowing costs is lower by S\$0.6 million or 12.1% in 1H 2004 due to the lower borrowings required.

The non-operating expenditure of S\$2.7 million in 1H 2004 relates to a one-off loss on liquidation of the property companies.

Income tax is higher by S\$2.1 million for 1H 2004 due to income tax expense during the private trust period. The pro forma 1H 2003 was prepared on the basis that tax transparency applies and income tax is only provided for the amount to be withheld and not paid to unitholders and this has been assumed to be 5% of taxable income for the entire period. The actual 1H 2004 income tax provision is based on 100% of taxable income for the period of 6 February 2004 to 14 May 2004 (Private Trust) and 5% of taxable income for period of 15 May 2004 to 30 June 2004 (Public Trust).

The net effect on non-tax deductible / (chargeable) items increased by S\$2.6 million in 1H 2004 mainly due to the add-back of the one-off loss on liquidation of the property companies.

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8(a)(ii) Review of the performance (2Q 2004 vs 2Q 2003)

Actual (1/4/04 to 30/6/04) S\$'000	Pro Forma (1/4/03 to 30/6/03) ⁽¹⁾ S\$'000	Increase / (Decrease) %
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Profit & loss Statement

Gross revenue	26,728	29,986	(10.9)
Property operating expenses	(7,869)	(6,298)	24.9
Net property income	18,859	23,688	(20.4)
Other Income	10	15	(33.3)
Manager's management fees	(1,310)	(1,522)	(13.9)
Trust expense	(667)	(814)	(18.1)
Borrowing costs	(3,544)	(3,683)	(3.8)
Net investment income before tax	13,348	17,684	(24.5)
Income tax	(1,368)	(197)	594.4
Net investment income after tax	11,980	17,487	(31.5)

Distribution Statement

Net investment income before tax	13,348	17,684	(24.5)
Net effect of non-tax deductible/(chargeable) items	106	189	(43.9)
Taxable income available for distribution to unitholders	13,454	17,873	(24.7)
Distributable income to unitholders	10,942	16,979	(35.6)
Earnings per unit (cents)	1.43¢	2.08¢	(31.3)
Distribution per unit (cents)	1.30¢	2.02¢	(35.6)

Footnotes

(1) This is the first interim financial period of CCT and the comparative numbers for 2003 are extracted from the pro forma financial information which was stated in the Introductory Document and pro-rated equally for the 3 month period from 1 April 2003 to 30 June 2003.

Review of performance 2Q 2004 vs 2Q 2003

Gross revenue for 2Q 2004 is lower than 2Q 2003 by S\$3.3 million or 10.9% due to the impact of the negative rental reversions (ie. lower rentals on renewals) experienced by all the properties for the last two years.

The property operating expenses are higher in 2Q 2004 by \$1.6 million or 24.9% due to higher property tax expenses of \$1.0 million and higher repairs and maintenance expenses of S\$0.8 million. This is offset by lower property management fee of S\$0.2 million due to the lower net property income achieved as the fee is pegged to a percentage of net property income. Property tax increased by 85.2% due to the termination of the tax rebates granted

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by the government with effect from 1 January 2004.

Manager's management fee is also lower by S\$0.2 million due to the lower income achieved as the performance component of management fee is pegged to a percentage of the net investment income.

Income tax is higher by S\$1.2 million for 2Q 2004 due to income tax expense during the private trust period. The pro forma 2Q 2003 was prepared on the basis that tax transparency applies and income tax is only provided for the amount to be withheld and not paid to unitholders and this has been assumed to be 5% of taxable income for the entire period. The actual 2Q 2004 income tax provision is based on 100% of taxable income for the period of 1 April 2004 to 14 May 2004 (Private Trust) and 5% of taxable income for period of 15 May 2004 to 30 June 2004 (Public Trust).

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9 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

9(i) Statement of Total Return for the period of 15 May 2004 to 30 June 2004

	Actual S\$'000	Forecast ⁽¹⁾ S\$'000	Increase / (Decrease) %
Gross rental income	12,130	11,995	1.1
Car park income	1,122	1,078	4.1
Other income	594	496	19.8
Gross revenue	13,846	13,569	2.0
Property management fees	(310)	(296)	4.7
Property tax	(1,098)	(1,058)	3.8
Other property operating expenses	(2,357)	(2,629)	(10.3)
Property operating expenses	(3,765)	(3,983)	(5.5)
Net property income	10,081	9,586	5.2
Interest income	5	11	(54.5)
Manager's management fees	(665)	(639)	4.1
Trust expenses	(673)	(653)	3.1
Borrowing costs	(1,840)	(1,918)	(4.1)
Net investment income before tax	6,908	6,387	8.1
Net effect of non-tax deductible/(chargeable items)	54	51	5.9
Taxable income available for distribution to unitholders	6,962	6,438	8.1
Distribution to unitholders based on payout of 95% of taxable income	6,614	6,116	8.1
Distribution per unit (in cents)			
For the period	0.79¢	0.73¢	8.1
Annualised	6.14¢	5.68¢	8.1

Footnotes

(1) The forecast is extracted from the Introductory Document and is based on the assumptions set out in the Introductory Document. As the forecast stated was for 1 May 2004 to 31 December 2004, the Manager has used its best estimate to present the extrapolated forecast for the period of 15 May 2004 to 30 June 2004.

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9(ii) Breakdown of total gross revenue (by property) for the period of 15 May 2004 to 30 June 2004

	Actual S\$'000	Forecast ⁽¹⁾ S\$'000	Increase / (Decrease) %
Capital Tower	5,037	4,957	1.6
6 Battery Road	4,166	4,117	1.2
Starhub Centre	1,733	1,611	7.6
Robinson Point	590	595	(0.8)
Bugis Village	946	951	(0.5)
Golden Shoe Car Park	907	879	3.2
Market Street Car Park	467	459	1.7
Total gross revenue	13,846	13,569	2.0

Footnotes

(1) The forecast is extracted from the Introductory Document. As the forecast stated was for 1 May 2004 to 31 December 2004, the Manager has used its best estimates to present the extrapolated forecast for the period of 15 May 2004 to 30 June 2004.

9(iii) Breakdown of net property income (by property) for the period of 15 May 2004 to 30 June 2004

	Actual S\$'000	Forecast ⁽¹⁾ S\$'000	Increase / (Decrease) %
Capital Tower	3,590	3,362	6.8
6 Battery Road	3,090	2,993	3.2
Starhub Centre	1,275	1,163	9.6
Robinson Point	331	319	3.8
Bugis Village	742	748	(0.8)
Golden Shoe Car Park	697	659	5.8
Market Street Car Park	356	342	4.1
Total net property income	10,081	9,586	5.2

Footnotes

(1) The forecast is extracted from the Introductory Document. As the forecast stated was for 1 May 2004 to 31 December 2004, the Manager has used its best estimates to present the extrapolated forecast for the period of 15 May 2004 to 30 June 2004.

Review of the performance for the period of 15 May 2004 to 30 June 2004

Gross revenue is marginally higher by S\$0.3 million or 2.0% over the forecast on a portfolio basis. Actual property operating expenses are also lower by S\$0.2 million or 5.5% due to the lower maintenance expenses and marketing expenses and offset by higher property management fee and property tax. As a result, the net property income is higher by S\$0.5 million or 5.2% on a portfolio basis. All the properties have performed better than forecast except for Bugis Village mainly due to the earlier commitment of cyclical maintenance expenses. Manager's management fee is slightly higher by 4.1% due to higher income achieved.

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

Singapore's gross domestic product (GDP) grew by 11.7% for the second quarter of 2004 (9.1% on an annualized basis), the fastest growth since the fourth quarter of 2000. Looking ahead, the MTI believes that the full year growth will be 5.5% to 7.5%.

The improving economy has boosted business confidence and has stopped the slide in office rentals after three straight years of decline. There has been an increase in leasing enquiries for prime office space, especially for the top quality office space. Hence, occupancy rates and rentals are expected to strengthen further. Average prime CBD rentals have increased 1.25% since the beginning of 2004 while the supply of office space has remained stable.

Outlook for 2004

The manager of CapitaCommercial Trust expects to deliver the forecast distribution per unit of 3.58 cents per unit (annualized distribution per unit of 5.68 cents per unit) for the period 15 May 2004 to 31 December 2004 (as stated in the Introductory Document dated 16 March 2004).

11 Distributions

11(a) Current financial period

Any distributions declared for the current financial period?

Distribution of S\$9.3 million had been made to the companies in the CapitaLand Group which held Units for CCT's income accrued from 6 February 2004 to 14 May 2004 i.e. before the listing of CCT. As disclosed in the Introductory Document, it was agreed with such unitholders that the distribution amount would constitute full and final settlement of their respective distribution entitlements.

11(b) Corresponding period of the preceding financial period

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

Nil

11(c) Date payable

Not applicable

11(d) Book closure date

Not applicable

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

Other than as disclosed in 11(a), no distribution has been declared/recommended.

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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.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

BY ORDER OF THE BOARD
CAPITACOMMERCIAL TRUST MANAGEMENT LIMITED
As Manager of CapitaCommercial Trust

Jessica Lum
Company Secretary
16 July 2004