



2006 FIRST QUARTER FINANCIAL
STATEMENT ANNOUNCEMENT

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SUMMARY OF CCT RESULTS

	1Q 2006	1Q 2005	Variance	
	Actual S\$'000	Actual S\$'000	Favourable / (Unfavourable)	
			S\$'000	%
Gross Revenue	29,665	27,441	2,224	8
Net Property Income	21,827	19,865	1,962	10
Net Income	18,361	14,031	4,330	31
Taxable Income	15,394	14,039	1,355	10
Distributable Income ¹	15,394	13,337	2,057	15
Distribution Per Unit (cents)				
For period	1.72¢	1.59¢	0.13¢	8
Annualised	6.97¢	6.45¢	0.52¢	8

Footnotes

- (1) The distributable income to unitholders is based on 95% of the taxable income available for distribution to unitholders for the period 1 January 2005 to 30 June 2005 and 100% of the taxable income available for distribution to unitholders from 1 July 2005.

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INTRODUCTION

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 HSBC Institutional Trust Services (Singapore) Limited (as trustee of CCT), as amended by a First Supplemental Deed dated 15 July 2005 and a Second Supplemental Deed dated 20 April 2006.

All the units were 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 acquired and added HSBC Building to its portfolio on 29 April 2005. As at 31 March 2006, CCT's portfolio comprise of 8 properties, namely Capital Tower, 6 Battery Road, HSBC Building, Starhub Centre, Robinson Point, Bugis Village, Golden Shoe Car Park and Market Street Car Park.

CCT has entered into a conditional put and call option agreement with Tincel Properties (Private) Limited to acquire Raffles City. The acquisition is subject to the approval by the unitholders of CCT at an extraordinary general meeting expected to be held in June/July 2006 with the completion of the acquisition expected to take place around end August 2006.

CCT has also entered into a collaboration agreement with CapitaMall Trust ("CMT") to establish a joint ownership vehicle for the purpose of acquiring Raffles City. Under the terms of the joint ownership, CCT and CMT will hold an interest of 60% and 40% respectively in the joint ownership vehicle.

On 12 April 2006, CCT has completed its investment in 100% of the junior bonds worth RM45 million (about S\$20 million) issued by Aragorn ABS Berhad, a special purpose vehicle in an asset-backed securitization structure to own Wisma Technip, a prime office asset in Malaysia. This represents CCT's first overseas foray in its identified market of Kuala Lumpur, Malaysia.

With effect from 1 July 2005, the distributable income to unitholders has increased to 100% of the taxable income available for distribution to unitholders. Prior to that, the distributable income to unitholders was based on 95% of taxable income.

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1(a) Statement of Total Return & Distribution Statement

(For a review of the performance, please refer to paragraph 8 on page 11,12)

	1Q 2006 S\$'000	1Q 2005 S\$'000	Change %
<u>Statement of Total Return</u>			
Gross rental income	25,973	23,874	9
Car park income	2,508	2,367	6
Other income	1,184	1,200	(1)
Gross revenue	29,665	27,441	8
Property management fees	(618)	(614)	1
Property tax	(2,118)	(2,032)	4
Other property operating expenses ¹	(5,102)	(4,930)	4
Property operating expenses	(7,838)	(7,576)	4
Net property income	21,827	19,865	10
Interest income	362	126	187
Gain from re-measurement of derivatives ²	2,926	-	Nm
Manager's management fees	(1,572)	(1,288)	22
Trust expenses	(665)	(1,040)	(36)
Finance costs	(4,517)	(3,632)	24
Net income	18,361	14,031	31
Total return for the period before tax	18,361	14,031	31
Income tax ³	-	(141)	(100)
Total return for the period after tax	18,361	13,890	32

Distribution Statement

Net income	18,361	14,031	31
Net tax adjustments ⁴	(2,967)	8	(37,188)
Taxable income available for distribution to unitholders	15,394	14,039	10
Distributable income to unitholders ⁵	15,394	13,337	15

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Footnotes

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

	1Q 2006 S\$'000	1Q 2005 S\$'000	Change %
Depreciation and amortization*	61	50	22
Allowance for doubtful debts and bad debts written off	-	(6)	(100)

* Amortization refers to the amortization of tenancy works.

(2) Gain from the re-measurement of derivatives relating to the fair value of the interest rate swaps.

(3) The income tax provision for 1Q 2005 was based on 5% of taxable income withheld and not distributed to unitholders. With effect from 1 July 2005, there would not be income tax provision as the distributable income to unitholders is based on 100% of the taxable income available for distribution to unitholders.

(4) Included in the net tax adjustments are the following:

	1Q 2006 S\$'000	1Q 2005 S\$'000	Change %
Non-tax deductible/(chargeable) items :			
Trustee's fees	65	61	7
Gain from re-measurement of derivatives	(2,926)	-	Nm
Temporary differences and other adjustments	(106)	(53)	(100)
Net tax adjustments	(2,967)	8	(37,188)

(5) The distributable income to unitholders is based on 95% of the taxable income available for distribution to unitholders for the period 1 January 2005 to 30 June 2005 and 100% of the taxable income available for distribution to unitholders from 1 July 2005.

Nm – not meaningful

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1(b)(i) Balance sheet as at 31 March 2006 vs 31 December 2005

	31 Mar 2006 S\$'000	31 Dec 2005 S\$'000	Change %
Non-current assets			
Plant and equipment	261	294	(11)
Investment properties	2,079,581	2,076,100	-
Total non-current assets	2,079,842	2,076,394	-
Current assets			
Trade and other receivables	1,809	1,518	19
Derivative asset ¹	4,170	1,244	235
Cash and cash equivalents	43,508	64,197 ²	(32)
Total current assets	49,487	66,959	(26)
Total assets	2,129,329	2,143,353	(1)
Current liabilities			
Trade and other payables	19,706	20,794	(5)
Short term borrowings	76,000	76,000	-
Provision for taxation	666	666	-
Total current liabilities	96,372	97,460	(1)
Non-current liabilities			
Long term borrowings	580,042	580,042	-
Other non-current liabilities	10,205	9,505	7
Total non-current liabilities	590,247	589,547	-
Total liabilities	686,619	687,007	-
Net assets	1,442,710	1,456,346	(1)
Represented by :			
Unitholders' funds	1,442,710	1,456,346	(1)

Footnotes

(1) This relates to the fair value of the interest rate swaps.

(2) This includes the distributable income of S\$32.0 million for the period of 1 July 2005 to 31 December 2005 which was paid on 28 February 2006.

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

	31 Mar 2006 S\$'000	31 Dec 2005 S\$'000
Secured borrowings		
Amount repayable after one year	580,042	580,042
Amount repayable in one year or less, or on demand	76,000	76,000
	656,042	656,042

Details of any collaterals

As security for the secured long term borrowings of S\$580 million, CCT has granted in favour of the lender the following:

- (i) a mortgage over the Initial Investment Properties ¹;
- (ii) an assignment of the insurance policies relating to the Initial Investment Properties;
- (iii) an assignment of all the rights, interest and title of CCT in relation to each of the Share Sale and Purchase Agreements and Property Sale and Purchase Agreements;
- (iv) an assignment of the agreements relating to the management of the Initial Investment Properties;
- (v) an assignment and charge of the rental proceeds and tenancy agreements of units in the Initial Investment Properties; and
- (vi) a fixed and floating charge over certain assets of CCT relating to the Initial Investment Properties.

As security for the secured short term borrowings of S\$76 million, CCT has granted in favour of the lender the following:

- (i) a mortgage over HSBC Building;
- (ii) an assignment of the insurance policy relating to HSBC Building; and
- (iii) an assignment of the rental proceeds and tenancy agreement of HSBC Building.

Footnote

- (1) Initial Investment Properties refer to Capital Tower, 6 Battery Road, Starhub Centre, Robinson Point, Bugis Village, Golden Shoe Car Park and Market Street Car Park.

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1(c) **Cash flow statement**

	1Q 2006 S\$'000	1Q 2005 S\$'000
Operating activities		
Net income	18,361	14,031
Adjustment for		
Interest income	(362)	(126)
Depreciation of plant and equipment	32	41
Amortization of tenancy works	29	9
Amortization of rent incentives	181	78
Allowance for doubtful debts	-	(6)
Finance costs	4,517	3,632
Gain from re-measurement of derivatives	(2,926)	-
Operating income before working capital changes	19,832	17,659
Changes in working capital		
Trade and other receivables	(501)	(633)
Trade and other payables	(289)	2,274
Security deposits	(234)	989
Cash generated from operations activities	18,808	20,289
Investing activities		
Interest received	362	146
Subsequent expenditure on investment property	(3,481)	(66)
Purchase of plant and equipment	-	(9)
Cash flows from investing activities	(3,119)	71
Financing activities		
Distribution to unitholders	(31,997)	(33,481)
Finance costs paid	(4,381)	(3,632)
Cash flows from financing activities	(36,378)	(37,113)
Increase in cash and cash equivalents	(20,689)	16,753
Cash and cash equivalents at beginning of period	64,197	60,254
Cash and cash equivalents at end of period	43,508	43,501

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1(d) Statement of changes in unitholders' funds

	1Q 2006 S\$'000	1Q 2005 S\$'000
Balance as at beginning of period	1,456,346	1,373,647
Operations		
Net increase in net assets resulting from operations	18,361	13,890
Unitholders' transactions		
Distribution to unitholders	(31,997)	(33,481)
Net (decrease) / increase in net assets resulting from unitholders' transactions	(31,997)	(33,481)
Total (decrease) / increase in net assets	(13,636)	(19,591)
Balance as at end of period	1,442,710	1,354,056

1(e) Details of any change in the units

	1Q 2006 Units	1Q 2005 Units
Balance as at beginning of period	896,270,700	839,116,700
Balance as at end of period	896,270,700	839,116,700

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 the audited financial statements for the year ended 31 December 2005.

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.

	1Q 2006	1Q 2005
Number of units on issue at end of period	896,270,700	839,116,700
Weighted average number of units as at end of period	896,270,700	839,116,700
Earnings per unit (EPU)		
Based on the weighted average number of units as at end of period	2.05¢	1.66¢
Based on fully diluted basis	2.05¢	1.66¢
Distribution per unit (DPU)		
Based on the number of units as at end of period	1.72¢	1.59¢

The diluted EPU is the same as the basic EPU as there are no significant 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

	31 Mar 2006	31 Dec 2005
NAV per unit	\$1.61	\$1.62
Adjusted NAV per unit (excluding the distributable income to unitholders)	\$1.59	\$1.59

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8 Review of the performance

	1Q 2006 S\$'000	1Q 2005 S\$'000	Increase/ (Decrease) %
8(i) <u>Statement of Total Return</u>			
Gross revenue	29,665	27,441	8
Property operating expenses	(7,838)	(7,576)	4
Net property income	21,827	19,865	10
Other income	362	126	187
Gain from re-measurement of derivatives ¹	2,926	-	Nm
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Income tax ²	-	(141)	(100)
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Distributable income to unitholders	15,394	13,337	15
Earnings per unit (cents)	2.05¢	1.66¢	0.39¢
Distribution per unit (cents)	1.72¢	1.59¢	0.13¢

Footnote

- (1) Gain from the re-measurement of derivatives relating to the fair value of the interest rate swaps.
- (2) The income tax provision for 1Q 2005 was based on 5% of taxable income withheld and not distributed to unitholders. With effect from 1 July 2005, there would not be income tax provision as the distributable income to unitholders is based on 100% of the taxable income available for distribution to unitholders.

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8(ii) **Breakdown of total gross revenue (by property)**

	1Q 2006 S\$'000	1Q 2005 S\$'000	Increase/ (Decrease) %
Capital Tower	10,637	10,211	4
6 Battery Road	7,776	8,126	(4)
HSBC Building	2,051	-	Nm
Starhub Centre	3,199	2,976	7
Robinson Point	1,518	1,375	10
Bugis Village	2,049	1,905	8
Golden Shoe Car Park	1,891	1,918	(1)
Market Street Car Park	544	930	(42)
Total gross revenue	29,665	27,441	8

8(iii) **Breakdown of net property income (by property)**

	1Q 2006 S\$'000	1Q 2005 S\$'000	Increase/ (Decrease) %
Capital Tower	7,480	7,284	3
6 Battery Road	5,690	6,004	(5)
HSBC Building	2,000	-	Nm
Starhub Centre	2,324	2,008	16
Robinson Point	1,061	891	19
Bugis Village	1,605	1,542	4
Golden Shoe Car Park	1,323	1,438	(8)
Market Street Car Park	344	698	(51)
Total net property income	21,827	19,865	10

Review of performance 1Q 2006 vs 1Q 2005

Gross revenue for 1Q 2006 is higher than 1Q 2005 by S\$2.2 million or 8%. This is mainly due to additional revenue of S\$2.1 million derived from the acquisition of HSBC Building, higher car park income and partially offset against lower income from the retail space at Market Street Car Park due to the commencement of asset enhancement work in November 2005.

Property operating expenses are higher in 1Q 2006 by S\$0.3 million or 4% due to higher cyclical works carried out in this quarter and higher utilities costs incurred. This is partially offset by lower marketing fees. Utilities cost is expected to increase further due to higher electricity tariff.

Interest income is higher in 1Q 2006 by S\$0.2 million or 187% due to higher cash on hand and higher deposit rates.

Trust expenses are lower in 1Q 2006 by S\$0.4 million or 36% due to lower professional fees and unitholders' expenses.

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Finance costs are higher in 1Q 2006 by \$0.9 million or 24% due to additional borrowings of S\$76.0 million incurred to part finance the acquisition of HSBC Building on 29 April 2005 and higher interest costs due to the refixing of S\$250.3 million term loan which reverted to floating rate in March 2006.

Interest rate swap contracts for S\$250 million have been put in place to fix the interest costs for periods of 5 to 7 years, thus extending the weighted average term to expiry from 1.6 years to 4.1 years. This would result in an average all-in interest rate of 3.5% for the portfolio.

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

There is no forecast disclosed 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 effect the group in the next reporting period and the next 12 months

The Singapore economy grew at a faster pace in the first quarter of 2006. Advanced estimates by the Ministry of Trade and Industry indicated that real GDP rose by 9.1% in the quarter compared to the same period last year. On a quarter-to-quarter seasonally adjusted annualised basis, real GDP grew by 1.2%, easing from the 12.5% expansion in the preceding quarter. Nevertheless, the strong start to the year puts the economy on track to hit the upper end of the Government's 4-6% growth forecast for the whole of 2006, after last year's 6.4% expansion.

Singapore's economy and business outlook continues to remain attractive for foreign multinationals looking to invest or establish their Asian operations here. The city continues to be ranked highly against the world's other competitive nations based on barometers such as business competitiveness, economic freedom, best governed nation and best city to live and work in. Demand for office space is likely to remain strong in 2006.

According to URA, island-wide office occupancy reached 87.2% as at end 2005, compared to 84.0% a year ago. A report by CB Richard Ellis ("CBRE") mentioned that the office market has moved beyond the recovery phase into a strengthening mode, whereby rents are poised to rise at a faster pace. Prime office rents as at end March 2006 reached S\$5.60 psf per month, up from S\$5.20 psf per month in the previous quarter and S\$4.65 psf per month a year ago. With optimism in the office property market, CBRE has projected that average prime and Grade A office rents will rise to S\$6.50 psf per month and S\$7.20 psf per month respectively by end-2006.

Outlook for 2006

The manager of CapitaCommercial Trust expects rental rates and demand for office space to strengthen in 2006. As CCT's portfolio consists predominantly of prime office buildings, it is expected to benefit from the office market growth.

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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 corresponding period of the immediate preceding financial periods?
No

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

No distribution has been declared/recommendeded for the current financial period.

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
(Company registration no. 200309059W)
As Manager of CapitaCommercial Trust

Michelle Koh
Company Secretary
21 April 2006