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CAPITACOMMERCIAL TRUST
2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND
DISTRIBUTION ANNOUNCEMENT

SUMMARY OF CCT GROUP RESULTS

	2Q 2014	2Q 2013 ⁽¹⁾	Change %	1H 2014	1H 2013 ⁽¹⁾	Change %
Gross Revenue (S\$'000)	65,826	63,782	3.2	129,827	125,810	3.2
Net Property Income (S\$'000)	51,997	50,222	3.5	102,700	100,176	2.5
Distributable Income (S\$'000)	64,100	59,557	7.6	124,029	115,260	7.6
- Taxable (S\$'000)	61,750	59,557	3.7	121,679	115,260	5.6
- Tax-exempt (S\$'000)	2,350	-	NM	2,350	-	NM
Distribution Per Unit ("DPU") (cents)	2.18 ⁽²⁾	2.07	5.3	4.22 ^(2,3)	4.01	5.2
- Taxable (cents)	2.10	2.07	1.4	4.14	4.01	3.2
- Tax-exempt (cents)	0.08	-	NM	0.08	-	NM

Notes:

- (1) 2Q 2013 and 1H 2013 have been restated with the adoption of FRS 111 Joint Arrangements which came into effect from 1 January 2014. Please refer to paragraph 5 on page 17 for the effects of change arising from the adoption of FRS 111 Joint Arrangements.
- (2) The estimated DPU for 2Q 2014 and 1H 2014 were computed on the basis that none of the outstanding convertible bonds due 2015 ("CB 2015") or convertible bonds due 2017 ("CB 2017") collectively known as "Convertible Bonds", is converted into CCT units ("Units") on or before books closure date. Accordingly, the actual quantum of DPU may differ if any of these Convertible Bonds is converted into Units on or before books closure date. Subsequent to 30 June 2014 and up till the date of this announcement, principal amount of S\$0.75 million of CB 2015 was converted into 0.6 million Units.
- (3) DPU for 1H 2014 of 4.22 cents consisted of the adjusted DPU of 2.04 cents from 2.08 cents for 1Q 2014 and DPU of 2.18 cents for 2Q 2014. The adjustment takes into account the conversion of the principal amount of S\$61.5 million of CB 2015 into 51.6 million Units and payment of asset management fees of 2.1 million Units that were entitled to the distributable income for 1H 2014.

**CAPITACOMMERCIAL TRUST
2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND
DISTRIBUTION ANNOUNCEMENT**

INTRODUCTION

CapitaCommercial Trust ("CCT") was established pursuant to a trust deed dated 6 February 2004 (as amended) executed between CapitaCommercial 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 30 June 2014, CCT Group's portfolio consists of Capital Tower, Six Battery Road, One George Street, Raffles City Singapore (through CCT's 60.0% interest in RCS Trust), HSBC Building, Bugis Village, Golden Shoe Car Park, Wilkie Edge, Twenty Anson (through CCT's 100.0% equity interest in FirstOffice Pte. Ltd. ("FOPL")) and CapitaGreen that is currently under development (through CCT's 40.0% interest in MSO Trust).

In Malaysia, CCT has a 30.0% stake in Quill Capita Trust ("QCT") and a 7.4% stake in the Malaysia Commercial Development Fund ("MCDF"). MCDF has divested all its assets and is currently under members' voluntary liquidation.

During 2Q 2014, a total of S\$61.5 million of CB 2015 were converted into 51.6 million of Units. In addition, S\$83.25 million of CB 2015 were repurchased. Subsequent to 30 June 2014, S\$1.0 million of CB 2015 were repurchased and a further S\$0.75 million of CB 2015 were converted into 0.6 million of Units.

DISTRIBUTION AND BOOKS CLOSURE DATE

Distribution	From 1 January 2014 to 30 June 2014
Distribution Type	i) Taxable income ii) Tax-exempt income
Estimated Distribution Rates ⁽¹⁾	i) Taxable income distribution 4.14 cents per unit ii) Tax-exempt income distribution 0.08 cents per unit
Books Closure Date	Tuesday, 29 July 2014
Payment Date	Tuesday, 26 August 2014

Note:

- (1) The above estimated DPU is computed on the basis that none of the Convertible Bonds is converted into Units on or before books closure date. Accordingly, the actual quantum of DPU may differ if any of these Convertible Bonds is converted into Units on or before books closure date. Subsequent to 30 June 2014, S\$0.75 million of the CB 2015 was converted into 0.6 million Units. However the DPU remains the same at 2.18 cents and 4.22 cents for 2Q 2014 and 1H 2014 respectively.

CAPITACOMMERCIAL TRUST
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1(a)(i) Statement of Total Return & Distribution Statement (2Q 2014 vs 2Q 2013)

	Note	Group			Trust		
		2Q 2014	2Q 2013	Change	2Q 2014	2Q 2013	Change
		S\$'000	(Restated) S\$'000	%	S\$'000	S\$'000	%
<u>Statement of Total Return</u>							
Gross rental income		58,192	52,981	9.8	53,989	48,797	10.6
Car park income		2,935	2,824	3.9	2,884	2,777	3.9
Other income	1	4,699	7,977	(41.1)	3,298	6,750	(51.1)
Gross revenue		65,826	63,782	3.2	60,171	58,324	3.2
Property management fees		(1,463)	(1,410)	3.8	(1,332)	(1,277)	4.3
Property tax	2	(4,863)	(3,742)	30.0	(4,449)	(3,401)	30.8
Other property operating expenses	3	(7,503)	(8,408)	(10.8)	(6,681)	(7,712)	(13.4)
Property operating expenses		(13,829)	(13,560)	2.0	(12,462)	(12,390)	0.6
Net property income	4	51,997	50,222	3.5	47,709	45,934	3.9
Interest income	5	916	920	(0.4)	3,976	3,980	(0.1)
Investment income	6	-	-	-	20,745	20,109	3.2
Amortisation of intangible asset	7	(1,219)	(988)	23.4	(1,219)	(988)	23.4
Asset management fees:							
- Base fees		(1,217)	(1,191)	2.2	(1,217)	(1,191)	2.2
- Performance fees		(2,127)	(1,986)	7.1	(2,127)	(1,986)	7.1
Trust expenses	8	(508)	(1,044)	(51.3)	(491)	(1,004)	(51.1)
Finance costs	9	(9,450)	(10,096)	(6.4)	(9,450)	(10,089)	(6.3)
Net income before share of results of associate and joint ventures		38,392	35,837	7.1	57,926	54,765	5.8
Share of results of associate	10	953	974	(2.2)	-	-	-
Share of results of joint ventures	11	59,297	34,222	73.3	-	-	-
Net income		98,642	71,033	38.9	57,926	54,765	5.8
Premium on repurchase of convertible bonds	12	(1,933)	-	NM	(1,933)	-	NM
Net gain in fair value of investment properties	13	53,342	68,792	(22.5)	53,780	68,831	(21.9)
Total return for the period before tax		150,051	139,825	7.3	109,773	123,596	(11.2)
Tax expense		(1)	-	NM	-	-	-
Total return for the period after tax		150,050	139,825	7.3	109,773	123,596	(11.2)
<u>Distribution Statement</u>							
Net income before share of results of associate and joint ventures		38,392	35,837	7.1	57,926	54,765	5.8
Net tax and other adjustments	14	2,614	3,611	(27.6)	3,824	4,792	(20.2)
Distributable income from joint venture	15	20,744	20,109	3.2	-	-	-
Income available for distribution to unitholders		61,750	59,557	3.7	61,750	59,557	3.7
Tax-exempt income released	16	2,350	-	NM	2,350	-	NM
Distributable income to unitholders		64,100	59,557	7.6	64,100	59,557	7.6

NM – Not Meaningful

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Notes:

- (1) Other income includes the following:
- (a) Yield protection income of S\$4.0 million in 2Q 2013 for One George Street pursuant to the Deed of Yield Protection in connection with the purchase of One George Street from CapitalLand Singapore Limited ("CLS") whereby CLS guaranteed the net property income of S\$49.5 million per annum. The Deed of Yield Protection expired on 10 July 2013. Therefore, there was no yield protection income for One George Street for 2Q 2014;
- (b) Yield stabilization income of S\$1.2 million accrued in 2Q 2014 for Twenty Anson (2Q 2013: S\$1.0 million). The amount was accrued pursuant to a Deed of Yield Stabilization dated 22 March 2012 in relation with the acquisition of 100.0% equity interest in FOPL, whereby a yield stabilization sum of S\$17.1 million was provided by the vendors to achieve a stabilized yield of up to 5.5% per annum of the property purchase value of S\$430.0 million, for a period of 3.5 years from 22 March 2012. For 2Q 2014, the yield stabilization sum was computed based on a net property yield of 4.0% per annum of the property purchase value of S\$430.0 million; and
- (c) Other operating income such as recovery from tenants and licence income which have remained stable.
- (2) The increase in property tax in 2Q 2014 from 2Q 2013 was due to higher annual values and lower vacancy refunds received.
- (3) Other property operating expenses in 2Q 2014 was lower compared with that of 2Q 2013 mainly due to less ad hoc maintenance required and lower marketing fees.
- (4) The following items have been included in arriving at net property income:

	Group			Trust		
	2Q 2014	2Q 2013	Change	2Q 2014	2Q 2013	Change
	S\$'000	(Restated) S\$'000	%	S\$'000	S\$'000	%
Depreciation & amortisation of lease incentives	(411)	137	NM	(457)	135	NM

- (5) Interest income includes the following:

	Group			Trust		
	2Q 2014	2Q 2013	Change	2Q 2014	2Q 2013	Change
	S\$'000	(Restated) S\$'000	%	S\$'000	S\$'000	%
Interest income from cash balance	40	44	(9.1)	28	32	(12.5)
Interest income from shareholder's loan to MSO Trust	876	876	-	876	876	-
Interest income from shareholder's loan to FOPL	-	-	-	3,072	3,072	-
Total	916	920	(0.4)	3,976	3,980	(0.1)

- (6) Investment income for the Trust relates to income distribution from RCS Trust.
- (7) This relates to the amortisation of yield stabilization sum in relation to FOPL. The amount was computed based on 4.0% per annum of the property value of S\$430.0 million less the net property income of existing leases of Twenty Anson.
- (8) Trust expenses were lower in 2Q 2014 as compared to 2Q 2013 due mainly to lower unitholders expenses and professional fees incurred.
- (9) Finance costs include the following:

	Group			Trust		
	2Q 2014	2Q 2013	Change	2Q 2014	2Q 2013	Change
	S\$'000	(Restated) S\$'000	%	S\$'000	S\$'000	%
Interest cost	7,271	7,629	(4.7)	7,271	7,629	(4.7)
Amortisation and transaction costs	2,179	2,467	(11.7)	2,179	2,460	(11.4)
Total	9,450	10,096	(6.4)	9,450	10,089	(6.3)

- (10) Share of results of associate relates to CCT's 30.0% share of QCT's results on a 3-month lag basis.

NM – Not Meaningful

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- (11) Share of results of joint ventures relates to CCT's 60.0% interest of RCS Trust and CCT's 40.0% interest of MSO Trust, which are derived as follows:

	Group		
	2Q 2014	2Q 2013	Change
	S\$'000	(Restated) S\$'000	%
Gross revenue	34,650	33,729	2.7
Property operating expenses	(9,283)	(9,091)	2.1
Net property income	25,367	24,638	3.0
Finance costs	(5,152)	(5,048)	2.1
Net change in fair value of investment property	29,322	16,516	77.5
Net change in fair value of investment property under construction	12,160	400	NM
Others	(2,400)	(2,284)	5.1
Net profit of joint ventures (after tax)	59,297	34,222	73.3

- (12) This relates to the premium on repurchase of principal amount of S\$83.25 million CB 2015 in 2Q 2014. The premium does not affect distributable income.
- (13) This relates to the revaluation gains of investment properties for the respective periods.
- (14) Included in net tax and other adjustments are the following:

	Group			Trust		
	2Q 2014	2Q 2013	Change	2Q 2014	2Q 2013	Change
	S\$'000	(Restated) S\$'000	%	S\$'000	S\$'000	%
Asset management fee payable in Units	930	1,051	(11.5)	930	1,051	(11.5)
Trustee's fees	154	151	2.0	154	151	2.0
Amortisation and transaction costs	2,179	2,467	(11.7)	2,179	2,460	(11.4)
Net profits from subsidiaries ^(14a)	(1,027)	(625)	64.3	-	-	-
Temporary differences and other adjustments	378	567	(33.3)	561	1,130	(50.4)
Total	2,614	3,611	(27.6)	3,824	4,792	(20.2)

- (14a) Included in net profits from subsidiaries were mainly profits from FOPL of S\$1.0 million (2Q 2013: S\$0.6 million).
- (15) Distributable income from joint venture relates to CCT's 60.0% interest in RCS Trust's taxable income.
- (16) In 2Q 2014, this relates to the release of QCT's retained tax-exempt income.

NM – Not Meaningful

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1(a)(ii) Statement of Total Return & Distribution Statement (1H 2014 vs 1H 2013)

<u>Statement of Total Return</u>	Note	Group			Trust		
		1H 2014	1H 2013 (Restated) *	Change	1H 2014	1H 2013	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross rental income		115,270	105,606	9.2	107,105	97,589	9.8
Car park income		5,762	5,565	3.5	5,662	5,472	3.5
Other income	1	8,795	14,639	(39.9)	6,045	12,033	(49.8)
Gross revenue		129,827	125,810	3.2	118,812	115,094	3.2
Property management fees		(2,887)	(2,809)	2.8	(2,624)	(2,546)	3.1
Property tax		(9,409)	(7,121)	32.1	(8,603)	(6,438)	33.6
Other property operating expenses		(14,831)	(15,704)	(5.6)	(13,414)	(14,463)	(7.3)
Property operating expenses		(27,127)	(25,634)	5.8	(24,641)	(23,447)	5.1
Net property income	2	102,700	100,176	2.5	94,171	91,647	2.8
Interest income	3	1,845	1,876	(1.7)	7,932	7,964	(0.4)
Investment income	4	-	-	-	42,824	41,644	2.8
Amortisation of intangible asset	5	(2,407)	(2,276)	5.8	(2,407)	(2,276)	5.8
Asset management fees:							
- Base fees		(2,406)	(2,352)	2.3	(2,406)	(2,352)	2.3
- Performance fees		(4,266)	(3,916)	8.9	(4,266)	(3,916)	8.9
Trust expenses	6	(1,267)	(1,752)	(27.7)	(1,231)	(1,694)	(27.3)
Finance costs	7	(19,150)	(23,063)	(17.0)	(19,138)	(23,050)	(17.0)
Net income before share of results of associate and joint ventures		75,049	68,693	9.3	115,479	107,967	7.0
Share of profit of associate	8	2,005	1,950	2.8	-	-	-
Share of results of joint ventures	9	77,449	51,908	49.2	-	-	-
Net income		154,503	122,551	26.1	115,479	107,967	7.0
Gain on remeasurement of financial derivatives	10	-	2,519	NM	-	2,519	NM
Premium on repurchase of convertible bonds	11	(1,933)	-	NM	(1,933)	-	NM
Net gain in fair value of investment properties	12	53,342	68,792	(22.5)	53,780	68,831	(21.9)
Total return for the year before tax		205,912	193,862	6.2	167,326	179,317	(6.7)
Income tax		(1)	-	NM	-	-	-
Total return for the year after tax		205,911	193,862	6.2	167,326	179,317	(6.7)
<u>Distribution Statement</u>							
Net income before share of results of associate and joint ventures		75,049	68,693	9.3	115,479	107,967	7.0
Net tax and other adjustments	13	5,737	6,921	(17.1)	7,937	9,094	(12.7)
Distributable income from associate and joint venture	14	43,530	42,347	2.8	-	-	-
Distributable income retained	15	(2,637)	(2,701)	(2.4)	(1,737)	(1,801)	(3.6)
Income available for distribution to unitholders		121,679	115,260	5.6	121,679	115,260	5.6
Tax-exempt income released	16	2,350	-	NM	2,350	-	NM
Distributable income to unitholders		124,029	115,260	7.6	124,029	115,260	7.6

* 1H 2013 have been restated with the adoption of FRS 111 Joint Arrangements. Please refer to paragraph 5 on page 17 for the effects of change arising from the adoption of FRS 111 Joint Arrangements. The adoption of FRS 111 has no impact on the total return for the period after tax and distributable income to unitholders.

NM – Not Meaningful

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Notes:

(1) Included in Other income in 1H 2014 was yield stabilization income of S\$2.4 million for Twenty Anson (1H 2013: S\$2.3 million). In 1H 2013, Other income had also included S\$7.4 million yield protection income from One George Street. Please refer to note (1) on page 5 for more details.

(2) The following items have been included in arriving at net property income:-

	Group			Trust		
	1H 2014 S\$'000	1H 2013 (Restated) S\$'000	Change %	1H 2014 S\$'000	1H 2013 S\$'000	Change %
Depreciation and amortisation of rent incentives	(827)	692	NM	(918)	689	NM

(3) Interest income includes the following:-

	Group			Trust		
	1H 2014 S\$'000	1H 2013 (Restated) S\$'000	Change %	1H 2014 S\$'000	1H 2013 S\$'000	Change %
Interest income from cash balance	104	135	(23.0)	80	112	(28.6)
Interest income from shareholder's loan to MSO Trust	1,741	1,741	-	1,741	1,741	-
Interest income from shareholder's loan to FOPL	-	-	-	6,111	6,111	-
Total	1,845	1,876	(1.7)	7,932	7,964	(0.4)

(4) Investment income of the Trust relates to distribution from RCS Trust and QCT.

(5) This relates to the amortisation of yield stabilization sum in relation to FOPL. The amount was computed based on 4.0% per annum of the property value of S\$430.0 million less the net property income of existing leases of Twenty Anson.

(6) Trust expenses were lower in 1H 2014 as compared to 1H 2013 due mainly to lower unitholders expenses and professional fees incurred.

(7) Included in finance costs are the following:-

	Group			Trust		
	1H 2014 S\$'000	1H 2013 (Restated) S\$'000	Change %	1H 2014 S\$'000	1H 2013 S\$'000	Change %
Interest cost ^(7a)	14,661	18,042	(18.7)	14,661	18,042	(18.7)
Amortisation and transaction costs	4,489	5,021	(10.6)	4,477	5,008	(10.6)
Total	19,150	23,063	(17.0)	19,138	23,050	(17.0)

(7a) The decrease in interest cost was mainly due to the expiry of interest rate swaps ("IRS") at a weighted average interest rate of 3.59% per annum. The IRS was committed in 2006 when the interest rates were high. The IRS expired on 18 March 2013. The conversion of S\$61.5 million of CB 2015 has also resulted in interest cost savings.

(8) Share of profit of associate relates to the equity accounting of QCT's results on a 3-month lag basis.

NM – Not Meaningful

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- (9) Share of results of joint ventures relates to CCT's 60.0% interest of RCS Trust and CCT's 40.0% interest of MSO Trust, which are derived as follows:

	Group		
	1H 2014	1H 2013	Change
	S\$'000	(Restated)* S\$'000	%
Gross revenue	69,582	67,616	2.9
Property operating expenses	(18,596)	(18,022)	3.2
Net property income	50,986	49,594	2.8
Finance costs	(10,238)	(10,044)	1.9
Net change in fair value of investment property	29,322	16,516	77.5
Net change in fair value of investment property under construction	12,160	400	NM
Others	(4,781)	(4,558)	4.9
Net profit of joint ventures (after tax)	77,449	51,908	49.2

- (10) Gain on remeasurement of financial derivatives in 1H 2013 relates to the gain on the remeasurement of fair value of IRS for notional principal amount of S\$370.0 million. The IRS had expired on 18 March 2013.
- (11) This relates to the premium on repurchase of principal amount of S\$83.25 million CB 2015 in 1H 2014. The premium does not affect distributable income.
- (12) This relates to the revaluation gains of investment properties for the respective periods.
- (13) Included in the net tax and other adjustments are the following:-

	Group			Trust		
	1H 2014	1H 2013	Change	1H 2014	1H 2013	Change
	S\$'000	(Restated) S\$'000	%	S\$'000	S\$'000	%
Asset management fee paid and payable in Units	1,841	2,082	(11.6)	1,841	2,082	(11.6)
Trustee's fees	305	298	2.3	305	298	2.3
Amortisation and transaction costs	4,489	5,021	(10.6)	4,477	5,008	(10.6)
Net profits from subsidiaries ^(13a)	(1,944)	(1,074)	81.0	-	-	-
Other items	1,046	594	76.1	1,314	1,706	(23.0)
Total	5,737	6,921	(17.1)	7,937	9,094	(12.7)

- (13a) Included in net profits from subsidiaries for 1H 2014 were profits from FOPL of S\$2.0 million (1H 2013: S\$1.1 million).
- (14) Distribution income from associate and joint venture consists of the following:

	Group		
	1H 2014	1H 2013	Change
	S\$'000	(Restated) S\$'000	%
Tax-exempt income from QCT (30.0% interest)	1,737	1,801	(3.6)
Taxable distribution income from RCS Trust (60.0% interest)	41,793	40,546	3.1
Total	43,530	42,347	2.8

- (15) In 1H 2014, this relates to the retention of S\$0.9 million of taxable income from RCS Trust (60.0% interest) and S\$1.7 million of tax-exempt income from QCT (40.0% interest). RCS Trust will release its retained taxable income by the end of the financial year ended 31 December 2014.

For 1H 2013, it relates to the retention of S\$0.9 million of RCS Trust's taxable income (CCT's 60.0% interest) and S\$1.8 million of QCT's tax-exempt income.

- (16) This relates to the release of QCT's retained tax-exempt income.

NM – Not Meaningful

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1(b)(i) Statement of Financial Position as at 30 June 2014 vs 31 December 2013

Note	Group			Trust			
	30 Jun 2014	31 Dec 2013	Change	30 Jun 2014	31 Dec 2013	Change	
	S\$'000	(Restated)* S\$'000	%	S\$'000	S\$'000	%	
Non-current assets							
	1,376	1,480	(7.0)	1,366	1,467	(6.9)	
Plant and equipment							
Investment properties	1	4,837,900	4,769,000	1.4	4,406,900	4,338,000	1.6
Subsidiaries	2	-	-	-	435,576	435,576	-
Associate	3	65,372	65,002	0.6	51,479	51,479	-
Joint ventures	4	1,324,897	1,283,879	3.2	975,772	971,471	0.4
Intangible asset	5	5,927	8,334	(28.9)	5,927	8,334	(28.9)
Total non-current assets		6,235,472	6,127,695	1.8	5,877,020	5,806,327	1.2
Current assets							
Available-for-sale unquoted investment	6	6	6	-	6	6	-
Trade and other receivables		36,981	33,716	9.7	34,559	31,540	9.6
Cash and cash equivalents		48,495	84,064	(42.3)	24,755	60,105	(58.8)
Total current assets		85,482	117,786	(27.4)	59,320	91,651	(35.3)
Total assets	7	6,320,954	6,245,481	1.2	5,936,340	5,897,978	0.7
Current liabilities							
Trade and other payables		51,670	50,899	1.5	42,021	38,713	8.5
Current portion of security deposits		12,789	11,964	6.9	11,630	9,726	19.6
Interest-bearing liabilities	8	70,000	-	NM	70,000	-	NM
Convertible bonds - liability component	9	44,577	-	NM	44,577	-	NM
Current tax payable		1	4	(75.0)	-	-	-
Total current liabilities		179,037	62,867	NM	168,228	48,439	NM
Non-current liabilities							
Non-current portion of security deposits		26,115	26,333	(0.8)	21,707	23,614	(8.1)
Interest-bearing liabilities	10	888,827	867,049	2.5	888,827	867,049	2.5
Convertible bonds - liability component	11	168,179	351,276	(52.1)	168,179	351,276	(52.1)
Fair value of financial derivatives	12	25,150	25,243	(0.4)	25,150	25,243	(0.4)
Total non-current liabilities		1,108,271	1,269,901	(12.7)	1,103,863	1,267,182	(12.9)
Total liabilities		1,287,308	1,332,768	(3.4)	1,272,091	1,315,621	(3.3)
Net assets		5,033,646	4,912,713	2.5	4,664,249	4,582,357	1.8
Unitholders' funds		5,033,646	4,912,713	2.5	4,664,249	4,582,357	1.8

* 31 Dec 2013 has been restated with the adoption of FRS 111 Joint Arrangements. Please refer to paragraph 5 on page 17 for the effects of change arising from the adoption of FRS 111 Joint Arrangements. The adoption of FRS 111 has no impact on the net financial position of the Group.

NM – Not Meaningful

CAPITACOMMERCIAL TRUST

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Notes:

- (1) The increase in the Group's and the Trust's investment properties was mainly due to the increase in property values as at 30 June 2014.
- (2) This relates to the investments in wholly-owned subsidiaries, CCT MTN Pte. Ltd. of S\$1 and FOPL of S\$435.6 million at the Trust level.
- (3) This relates to the 30.0% investment in QCT. QCT is a Malaysia-listed real estate investment trust focused on acquiring and investing in commercial properties in Malaysia. On 29 January 2014, Quill Capita Management Sdn Bhd ("QCM"), as manager of QCT, issued an announcement in relation to the execution of the Heads of Agreement between QCT and MRCB Sentral Properites Sdn Bhd, a wholly-owned subsidiary of Malaysian Resources Corporation Berhad. QCM announced the proposed acquisition of a freehold land, together with a commercial development known as Platinum Sentral for a purchase consideration of RM750.0 million, of which part of consideration of RM264.0 million will be paid in QCT units. In addition, on 11 April 2014, QCM announced a proposed placement of between 55 million to 85 million new units of QCT at a price to be determined later. In the same announcement, it was stated that CCT's interest in QCT will reduce from 30.0% to between 17.2% and 18.0%, depending on the final size of the placement to third parties to part finance the acquisition.
- (4) At the Trust level, it relates to CCT's 60.0% interest in RCS Trust of S\$845.4 million and CCT's 40.0% interest in MSO Trust of S\$130.4 million (31 December 2013: S\$841.1 million and S\$130.4 million for RCS Trust and MSO Trust respectively).

At the Group level, FRS111 was adopted with effect from 1 January 2014. Accordingly, the CCT Group has accounted for its interest in the joint ventures – 60.0% interest in RCS Trust and 40.0% interest in MSO Trust based on the respective joint ventures' net carrying amounts of assets and liabilities. The net carrying assets were S\$1,187.7 million for RCS Trust (31 December 2013: S\$1,158.7 million) and S\$29.2 million for MSO Trust (31 December 2013: S\$17.1 million). Included in interest in joint ventures was S\$108.0 million (31 December 2013: S\$108.0 million) of unitholder's loan to MSO Trust (CCT's 40.0% interest).
- (5) This relates to the unamortised yield stabilization sum receivable by the Group for its wholly-owned subsidiary, FOPL. The intangible asset is amortised over the yield stabilization period of 3.5 years commencing on 22 March 2012.
- (6) This relates to the investment in MCDF. MCDF has divested all its assets and is currently under members' voluntary liquidation.
- (7) Total assets was S\$6,321.0 million as at 30 June 2014 (31 December 2013: S\$6,245.5 million). Total deposited property value, including CCT's 60.0% interest in RCS Trust and 40.0% interest in MSO Trust as at 30 June 2014 was S\$7,349.2 million (31 December 2013: S\$7,218.2 million).
- (8) As at 30 June 2014, this relates to the S\$70.0 million fixed rate notes that is maturing in February 2015. There is sufficient bank facilities to refinance.
- (9) This relates to the CB 2015 of S\$45.5 million which was measured at amortised cost, reclassified from non-current liabilities in 2Q 2014. There is sufficient bank facilities to refinance.
- (10) Interest-bearing liabilities under non-current liabilities as at 30 June 2014 comprised of:
 - a) Unsecured fixed rate notes totaling S\$200.0 million and JPY10.0 billion (hedged via cross currency swap to S\$148.3 million); and
 - b) Unsecured bank borrowings of S\$570.0 million.
- (11) This relates to the CB 2017 of S\$175.0 million which was measured at amortised cost.
- (12) This relates to the fair values of JPY/S\$ cross currency swap to hedge the JPY10.0 billion notes and notional principal amount of S\$200.0 million interest rate swap.

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

	Group			Trust		
	30 Jun 2014	31 Dec 2013 (Restated)	Change	30 Jun 2014	31 Dec 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Unsecured borrowings						
Amount repayable after one year	1,063,370	1,227,119	(13.3)	1,063,370	1,227,119	(13.3)
Less: Unamortised portion of transactions costs	(6,364)	(8,794)	(27.6)	(6,364)	(8,794)	(27.6)
Sub-total	1,057,006	1,218,325	(13.2)	1,057,006	1,218,325	(13.2)
Amount repayable within one year	114,723	-	NM	114,723	-	NM
Less: Unamortised portion of transactions costs	(146)	-	NM	(146)	-	NM
Sub-total	114,577	-	NM	114,577	-	NM
Total	1,171,583	1,218,325	(3.8)	1,171,583	1,218,325	(3.8)

NM - Not Meaningful

For information only

CCT's 60.0% share of RCS Trust's and CCT's 40.0% share of MSO Trust's aggregate amount of borrowings are as follows:

	For information		
	30 Jun 2014	31 Dec 2013	Change
	S\$'000	S\$'000	%
Secured borrowings			
Amount repayable after one year	904,400	848,200	6.6
Less: Unamortised portion of transactions costs	(4,550)	(5,604)	(18.8)
Total	899,850	842,596	6.8

With the adoption of FRS 111, CCT's share of RCS Trust's and MSO Trust's aggregate amount of borrowings are not included in the total borrowings as reflected in the statement of financial position as at 30 June 2014 and 31 December 2013 (restated).

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1(c)(i) Statement of Cash Flow (2Q 2014 vs 2Q 2013)

	Group	
	2Q 2014	2Q 2013 (Restated)
Note	S\$'000	S\$'000
Operating activities		
Total return for the period before tax	150,051	139,825
Adjustments for :		
Share of results of associate and joint ventures	(60,250)	(35,196)
Amortisation of lease incentives	(491)	105
Amortisation of intangible asset	1,219	988
Depreciation of plant and equipment	80	32
Finance costs	9,450	10,096
Interest income	(916)	(920)
Premium on repurchase of convertible bonds	1,933	-
Asset management fees paid and payable in Units	930	1,051
Net gain in fair value of investment properties	(53,342)	(68,792)
Operating income before working capital changes	48,664	47,189
Changes in working capital		
Trade and other receivables	(1,253)	(4,791)
Trade and other payables	(805)	2,769
Security deposits	(1,103)	818
Cash generated from operating activities	45,503	45,985
Income tax paid	(3)	(102)
Net cash from operating activities	45,500	45,883
Investing activities		
Capital expenditure on investment properties	(5,806)	(6,999)
Purchase of plant and equipment	(31)	(92)
Distributions from associate and joint venture	20,148	19,537
Interest received	40	45
Net cash from investing activities	14,351	12,491
Financing activities		
Interest paid	(10,243)	(11,097)
Distribution to unitholders	1 (5,944)	(6,158)
Repurchase of convertible bonds	2 (115,697)	-
Repayment of interest-bearing liabilities	-	(50,000)
Proceeds from interest-bearing liabilities	3 60,000	-
Net cash used in financing activities	(71,884)	(67,255)
Net decrease in cash and cash equivalents	(12,033)	(8,881)
Cash and cash equivalents at beginning of period	60,528	65,328
Cash and cash equivalents at end of period	48,495	56,447

Notes:

- (1) This relates to the withholding tax for 2H 2013 distribution which was paid to the Inland Revenue Authority of Singapore on behalf of unitholders.
- (2) This relates to the repurchase of principal amount of S\$83.25 million CB 2015.
- (3) This relates to proceeds from bank borrowings.

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1(c)(ii) Statement of Cash Flow (1H 2014 vs 1H 2013)

	Group		
	1H 2014	1H 2013	
Note	S\$'000	(Restated) S\$'000	
Operating activities			
Total return for the period before tax	205,912	193,862	
Adjustments for :			
Share of results of associate and joint ventures	(79,454)	(53,858)	
Amortisation of lease incentives	(984)	627	
Amortisation of intangible asset	2,407	2,276	
Finance costs	19,150	23,063	
Depreciation of plant and equipment	157	65	
Interest income	(1,845)	(1,876)	
Gain on remeasurement of financial derivatives	-	(2,519)	
Premium on repurchase of convertible bonds	1,933	-	
Asset management fees paid and payable in Units	1,841	2,082	
Net gain in fair value of investment properties	(53,342)	(68,792)	
Foreign exchange loss	189	195	
Operating income before working capital changes	95,964	95,125	
Changes in working capital			
Trade and other receivables	(796)	723	
Trade and other payables	(2,614)	(3,054)	
Security deposits	605	4,225	
Cash generated from operations	93,159	97,019	
Income tax paid	(4)	(102)	
Net cash generated from operating activities	93,155	96,917	
Investing activities			
Capital expenditure on investment properties	(11,136)	(12,960)	
Purchase of plant and equipment	(63)	(277)	
Distributions from associate & joint venture	43,219	40,950	
Interest received	104	136	
Net cash from investing activities	32,124	27,849	
Financing activities			
Interest paid	(16,246)	(19,461)	
Borrowing transaction costs paid	(12)	(1,182)	
Distribution to unitholders	(118,893)	(116,001)	
Repurchase of convertible bonds	1	(115,697)	-
Repayment of interest-bearing liabilities	-	(50,000)	
Proceeds from interest-bearing liabilities	2	90,000	-
Net cash used in financing activities	(160,848)	(186,644)	
Net decrease in cash and cash equivalents	(35,569)	(61,878)	
Cash and cash equivalents at beginning of the period	84,064	118,325	
Cash and cash equivalents at end of the period	48,495	56,447	

Notes:

- (1) This relates to the repurchase of principal amount of S\$83.25 million CB 2015.
- (2) This relates to proceeds from bank borrowings.

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1(d)(i) Statement of movement in unitholders' funds (2Q 2014 vs 2Q 2013)

	Note	Group		Trust	
		2Q 2014 S\$'000	2Q 2013 S\$'000	2Q 2014 S\$'000	2Q 2013 S\$'000
Net assets at beginning of period		4,852,275	4,660,954	4,523,999	4,378,385
Operations					
Net increase in net assets resulting from operations		150,050	139,825	109,773	123,596
Unitholders' transactions					
Creation of new units:					
- Asset management fee paid in Units		3,062	3,117	3,062	3,117
- Conversion of convertible bonds		65,931	35,593	65,931	35,593
Net increase in net assets resulting from unitholders' transactions		68,993	38,710	68,993	38,710
Movement in reserves					
Translation reserves	1	781	1,642	-	-
Capital reserves	2	(38,051)	(3,189)	(38,051)	(3,189)
Hedging reserves	3	(402)	13,646	(465)	13,231
Net (decrease) / increase in net assets resulting from movement in reserves		(37,672)	12,099	(38,516)	10,042
Total increase in net assets		181,371	190,634	140,250	172,348
Net assets at end of period		5,033,646	4,851,588	4,664,249	4,550,733

Notes:

- (1) This relates to the foreign exchange movement in translating CCT's 30.0% interest in QCT.
- (2) The movement in capital reserves for the Trust and the Group relates to the option value of principal amount of S\$61.5 million that were converted into 51.6 million Units and also the variance between the consideration paid and its principal amount of S\$83.25 million CB 2015 that were repurchased.
- (3) The movement in hedging reserves for the Trust relates to the marked to market adjustments of the cross currency and interest rate swaps and the revaluation of JPY notes. Included in movement for the Group was CCT's 40.0% interest in MSO Trust's movement in hedging reserves.

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1(d)(ii) Statement of changes in unitholders' funds (1H 2014 vs 1H 2013)

	Note	Group		Trust	
		1H 2014 S\$'000	1H 2013 S\$'000	1H 2014 S\$'000	1H 2013 S\$'000
Balance as at beginning of the period		4,912,713	4,714,653	4,582,357	4,430,039
Operations					
Net increase in net assets resulting from operations		205,911	193,862	167,326	179,317
Unitholders' transactions					
Creation of new units:					
- Asset management fee paid in Units		6,087	6,256	6,087	6,256
- Conversion of convertible bonds		65,931	35,851	65,931	35,851
Distributions to unitholders		(118,893)	(116,001)	(118,893)	(116,001)
Net decrease in net assets resulting from unitholders' transactions		(46,875)	(73,894)	(46,875)	(73,894)
Movement in reserves					
Translation reserve	1	294	1,335	-	-
Capital reserves	2	(38,051)	(3,210)	(38,051)	(3,210)
Hedging reserves	3	(346)	18,842	(508)	18,481
Net (decrease) / increase in net assets resulting from movement in reserves		(38,103)	16,967	(38,559)	15,271
Total increase in net assets		120,933	136,935	81,892	120,694
Balance as at end of the period		5,033,646	4,851,588	4,664,249	4,550,733

Notes:

- (1) This relates to the foreign exchange movement in translating CCT's 30.0% interest in QCT.
- (2) The movement in capital reserves for the Trust and the Group relates to the option value of principal amount of S\$61.5 million that were converted into 51.6 million Units and also the variance between the consideration paid and its principal amount of S\$83.25 million CB 2015 that were repurchased.
- (3) The movement in hedging reserves for the Trust relates to the marked to market adjustments of the cross currency and interest rate swaps and the revaluation of JPY notes. Included in movement for the Group was CCT's 40.0% interest in MSO Trust's movement in hedging reserves.

Convertible Bonds

CCT has the following Convertible Bonds outstanding as at 30 June 2014:

Principal Amount Outstanding	Maturity Date	Conversion Price per Unit as at 30 June 2014
<u>CB 2015</u> S\$45.5 million 2.7 per cent.	21 April 2015	1.1926
<u>CB 2017</u> S\$175.0 million 2.5 per cent.	12 September 2017	1.5865

Assuming all the Convertible Bonds are fully converted based on the conversion price, the number of new units to be issued would be 148,457,640, representing 5.1% of the total number of CCT units in issue as at 30 June 2014 (2,934,542,512 Units).

This is against 261,119,950 Units (principal amount of S\$190.3 million of CB 2015 at the conversion price of S\$1.2324 per unit and outstanding principal amount of S\$175.0 million of CB 2017 at the conversion price of S\$1.6394 as at 30 June 2013), representing 9.1% of the total number of CCT units in issue as at 30 June 2013 (2,874,598,116 Units).

Subsequent to 30 June 2014, S\$1.0 million of CB 2015 were repurchased and a further S\$0.75 million of CB 2015 were converted into 628,878 Units.

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1(e)(i) Details of any change in the units (2Q 2014 vs 2Q 2013)

Units in issue as at beginning of period

Issue of new Units:-

- in settlement of the asset management fee in relation to CCT's 60.0 % interest in Raffles City Singapore through RCS Trust
- in settlement of the asset management fees in relation to Wilkie Edge and One George Street
- conversion of convertible bonds

Units in issue as at end of period

Group and Trust	
2Q 2014 Units	2Q 2013 Units
2,880,900,252	2,845,050,948
1,457,262	1,310,646
616,999	648,080
51,567,999	27,588,442
2,934,542,512	2,874,598,116

1(e)(ii) Details of any change in the units (1H 2014 vs 1H 2013)

Units in issue as at beginning of period

Issue of new Units:-

- in settlement of the asset management fee in relation to CCT's 60.0 % interest in Raffles City Singapore through RCS Trust
- in settlement of the asset management fees in relation to Wilkie Edge and One George Street
- conversion of convertible bonds

Units in issue as at end of period

Group and Trust	
1H 2014 Units	1H 2013 Units
2,878,774,346	2,842,956,284
2,968,194	2,568,311
1,231,973	1,287,732
51,567,999	27,785,789
2,934,542,512	2,874,598,116

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. 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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2013.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2014. Other than the adoption of Financial Reporting Standards ("FRS") 111 Joint Arrangements, the adoption of other new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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Under FRS 111, interests in joint ventures are accounted for using the equity method whilst interests in operations are accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

The Group has two investments under joint arrangements, which were accounted for in prior years as jointly-controlled entities using the proportionate consolidation method. With the adoption of FRS 111 with effect from 1 January 2014, the Group has re-evaluated its involvement in these joint arrangements and determined that the parties in these joint arrangements have rights to the net assets of the joint arrangements. Accordingly, these joint arrangements have been classified as joint ventures under FRS 111 and are accounted for using the equity method. As a result, income and expense items from RCS Trust and MSO Trust are now included as share of results from joint ventures instead of as income and expenses of the Group.

The adoption of FRS 111 has no financial effect on the net financial position, total return or distributable income of the Group and the Trust. FRS 111 is applied retrospectively and the effects arising from the adoption of FRS 111 are summarised below:

5a) Statement of Financial Position

	Group as at 31 Dec 2013		
	Previously stated	FRS 111 adjustments	Restated
	S\$'000	S\$'000	S\$'000
Non-current assets			
Plant and equipment	1,955	(475)	1,480
Investment properties	6,579,800	(1,810,800)	4,769,000
Investment property under construction	380,025	(380,025)	-
Associate	65,002	-	65,002
Joint ventures	64,800	1,219,079	1,283,879
Intangible asset	8,334	-	8,334
Total non-current assets	7,099,916	(972,221)	6,127,695
Current assets			
Available-for-sale unquoted investment	6	-	6
Trade and other receivables	14,725	18,991	33,716
Cash and cash equivalents	103,593	(19,529)	84,064
Total current assets	118,324	(538)	117,786
Total assets	7,218,240	(972,759)	6,245,481
Current liabilities			
Trade and other payables	97,454	(46,555)	50,899
Current portion of security deposits	18,088	(6,124)	11,964
Current tax payable	4	-	4
Total current liabilities	115,546	(52,679)	62,867
Non-current liabilities			
Non-current portion of security deposits	37,738	(11,405)	26,333
Interest-bearing liabilities	1,709,644	(842,595)	867,049
Loans from joint venture partners	64,800	(64,800)	-
Convertible bonds - liability component	351,276	-	351,276
Fair value of financial derivatives	26,523	(1,280)	25,243
Total non-current liabilities	2,189,981	(920,080)	1,269,901
Total liabilities	2,305,527	(972,759)	1,332,768
Net assets	4,912,713	-	4,912,713
Unitholders' funds	4,912,713	-	4,912,713

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5b) Statement of Total Return & Distribution Statement

Statement of Total Return

Gross rental income	
Car park income	
Other income	
Gross revenue	
Property management fees	
Property tax	
Other property operating expenses	
Property operating expenses	
Net property income	
Interest income	
Amortisation of intangible asset	
Asset management fees:	
- Base fees	
- Performance fees	
Trust expenses	
Finance costs	
Net income before share of results of associate and joint ventures	
Share of results of associate	
Share of results of joint ventures	
Net income	
Gain on remeasurement of financial derivatives	
Net gain in fair value of investment properties and investment property under construction	
Total return for the period before tax	
Tax expense	
Total return for the period after tax	

Group 1H 2013		
Previously stated	FRS 111 adjustments	Restated
S\$'000	S\$'000	S\$'000
169,982	(64,376)	105,606
7,294	(1,729)	5,565
16,150	(1,511)	14,639
193,426	(67,616)	125,810
(5,471)	2,662	(2,809)
(12,941)	5,820	(7,121)
(25,243)	9,539	(15,704)
(43,655)	18,021	(25,634)
149,771	(49,595)	100,176
1,203	673	1,876
(2,276)	-	(2,276)
(4,714)	2,362	(2,352)
(5,905)	1,989	(3,916)
(1,984)	232	(1,752)
(32,411)	9,348	(23,063)
103,684	(34,991)	68,693
1,950	-	1,950
-	51,908	51,908
105,634	16,917	122,551
2,519	-	2,519
85,709	(16,917)	68,792
193,862	-	193,862
-	-	-
193,862	-	193,862

Distribution Statement

Net income before share of results of associate and joint ventures	
Net tax and other adjustments	
Distributable income from associate	
Distributable income from joint venture	
Income available for distribution to unitholders	
Distributable income retained	
Distributable income to unitholders	

103,684	(34,991)	68,693
(28,070)	34,991	6,921
1,801	-	1,801
40,546	-	40,546
117,961	-	117,961
(2,701)	-	(2,701)
115,260	-	115,260

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6 Earnings per unit ("EPU") and distribution per unit ("DPU") for the financial period

EPU (2Q 2014 vs 2Q 2013)

	Note	Group		Trust	
		2Q 2014	2Q 2013	2Q 2014	2Q 2013
<u>Basic EPU</u>					
Weighted average number of Units in issue		2,893,901,713	2,858,220,229	2,893,901,713	2,858,220,229
Based on weighted average number of Units in issue	1	5.19¢	4.89¢	3.79¢	4.32¢
<u>Diluted EPU</u>					
Weighted average number of Units in issue (diluted)		3,144,947,106	3,135,093,858	3,144,947,106	3,135,093,858
Based on weighted average number of Units in issue (diluted)	2	4.89¢	4.59¢	3.61¢	4.08¢

EPU (1H 2014 vs 1H 2013)

	Note	Group		Trust	
		1H 2014	1H 2013	1H 2014	1H 2013
<u>Basic EPU</u>					
Weighted average number of Units in issue		2,887,037,557	2,851,325,207	2,887,037,557	2,851,325,207
Based on weighted average number of Units in issue	1	7.13¢	6.80¢	5.80¢	6.29¢
<u>Diluted EPU</u>					
Weighted average number of Units in issue (diluted)		3,147,423,914	3,134,105,941	3,147,423,914	3,134,105,941
Based on weighted average number of Units in issue (diluted)	2	6.79¢	6.46¢	5.56¢	5.99¢

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 dilutive potential Units arising from the assumed conversion of the Convertible Bonds to Units.

Distribution per unit ("DPU")

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

	2Q 2014	2Q 2013	1H 2014	1H 2013
Number of Units in issue as at end of period	2,934,542,512	2,874,598,116	2,934,542,512	2,874,598,116
DPU for period	2.18¢ ¹	2.07¢	4.22¢ ^{1,2}	4.01¢

Notes:

- (1) The estimated DPU for 2Q 2014 and 1H 2014 were computed on the basis that none of the outstanding Convertible Bonds is converted into Units on or before books closure date. Accordingly, the actual quantum of DPU may differ if any of these Convertible Bonds is converted into Units on or before books closure date. Subsequent to 30 June 2014, S\$0.75 million of CB 2015 was converted into 0.6 million Units.

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- (2) DPU for 1H 2014 of 4.22 cents comprised of the adjusted DPU of 2.04 cents for 1Q 2014 and DPU of 2.18 cents for 2Q 2014. DPU for 1Q 2014 was adjusted subsequent to 31 March 2014 from 2.08 cents to 2.04 cents, taking into account the conversion of principal amount of S\$61.5 million of CB 2015 into 51.6 million Units and payment of asset management fees of 2.1 million Units that are entitled to the distributable income for 1H 2014.

7 Net asset value (“NAV”) per Unit based on Units in issue at the end of the period

	Note	Group		Trust	
		30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Number of Units in issue at end of the period		2,934,542,512	2,878,774,346	2,934,542,512	2,878,774,346
NAV (S\$'000)		5,033,646	4,912,713	4,664,249	4,582,357
NAV per Unit	1	\$1.72	\$1.71	\$1.59	\$1.59
Adjusted NAV per Unit (excluding the distributable income to unitholders)		\$1.67	\$1.67	\$1.55	\$1.55

Note:

- (1) NAV per Unit was computed based on net asset value over the number of Units in issue as at end of the period.

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8 Review of the performance

<u>Statement of Total Return</u>	Note	Group					
		2Q 2014 S\$'000	2Q 2013 (Restated) S\$'000	Change %	1H 2014 S\$'000	1H 2013 (Restated) S\$'000	Change %
Gross revenue	a	65,826	63,782	3.2	129,827	125,810	3.2
Property operating expenses	b	(13,829)	(13,560)	2.0	(27,127)	(25,634)	5.8
Net property income		51,997	50,222	3.5	102,700	100,176	2.5
Interest income		916	920	(0.4)	1,845	1,876	(1.7)
Amortisation of intangible asset	c	(1,219)	(988)	23.4	(2,407)	(2,276)	5.8
Asset management fees:							
- Base fees		(1,217)	(1,191)	2.2	(2,406)	(2,352)	2.3
- Performance fees		(2,127)	(1,986)	7.1	(4,266)	(3,916)	8.9
Trust expenses	d	(508)	(1,044)	(51.3)	(1,267)	(1,752)	(27.7)
Finance costs	e	(9,450)	(10,096)	(6.4)	(19,150)	(23,063)	(17.0)
Net income before share of results of associate and joint ventures		38,392	35,837	7.1	75,049	68,693	9.3
Share of results of associate	f	953	974	(2.2)	2,005	1,950	2.8
Share of results of joint ventures	g	59,297	34,222	73.3	77,449	51,908	49.2
Net income		98,642	71,033	38.9	154,503	122,551	26.1
Gain on remeasurement of financial derivatives		-	-	-	-	2,519	NM
Premium on repurchase of convertible bonds	h	(1,933)	-	NM	(1,933)	-	NM
Net gain in fair value of investment properties	i	53,342	68,792	(22.5)	53,342	68,792	(22.5)
Total return for the period before tax		150,051	139,825	7.3	205,912	193,862	6.2
Income tax		(1)	-	NM	(1)	-	NM
Total return for the period after tax		150,050	139,825	7.3	205,911	193,862	6.2
<u>Distribution Statement</u>							
Net income before share of results of associate and joint ventures		38,392	35,837	7.1	75,049	68,693	9.3
Net tax and other adjustments		2,614	3,611	(27.6)	5,737	6,921	(17.1)
Distributable income from associate and joint venture		20,744	20,109	3.2	43,530	42,347	2.8
Distributable income retained		-	-	-	(2,637)	(2,701)	(2.4)
Income available for distribution to unitholders		61,750	59,557	3.7	121,679	115,260	5.6
Tax-exempt income released		2,350	-	NM	2,350	-	NM
Distributable income to unitholders	j	64,100	59,557	7.6	124,029	115,260	7.6
DPU for the period	j	2.18¢	2.07¢	5.3	4.22¢	4.01¢	5.2
Annualised		8.74¢	8.30¢	5.3	8.51¢	8.09¢	5.2

Review of CCT Group's performance 2Q 2014 vs 2Q 2013 (Restated)

- Gross revenue of S\$65.8 million for 2Q 2014 was higher than that of 2Q 2013 by S\$2.0 million or 3.2%. The increase was due to higher revenue contribution from all properties except for One George Street. Revenue for One George Street was lower as there was no yield protection income in 2Q 2014 (2Q 2013: S\$4.0 million) due to the cessation of the Deed of Yield Protection on 10 July 2013.
- Property operating expenses for 2Q 2014 of S\$13.8 million were higher than that of 2Q 2013 by S\$0.3 million or 2.0% due mainly to higher property tax, although the increase was mitigated by lower ad hoc maintenance costs and marketing expenses.
- Amortisation expense of S\$1.2 million relates to the amortisation of intangible asset in 2Q 2014 (refer to note 4 of 1(b)(i)). This expense does not affect distributable income.

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- d) Trust expenses in 2Q 2014 of S\$0.5 million were lower than 2Q 2013 by S\$0.5 million or 51.3% due mainly to lower unitholders expenses and professional fees incurred.
- e) Finance costs of S\$9.5 million for 2Q 2014 were S\$0.5 million or 6.4% lower compared with 2Q 2013, due mainly to lower interest cost, amortisation and transaction costs. The conversion of the principal amount of S\$61.5 million of CB 2015 into CCT units also resulted in interest cost savings.
- f) Share of results of associate relates to CCT's 30.0% share of QCT's results on a 3-month lag basis.
- g) Share of results of joint ventures relates to CCT's 60.0% share of results of RCS Trust and CCT's 40.0% share of results of MSO Trust. The higher share of results in 2Q 2014 compared with that of 2Q 2013 was due to better performance by RCS Trust as well increase in fair value gain on the property value of Raffles City Singapore and land value of CapitaGreen.
- h) This relates to the premium on repurchase of principal amount of S\$83.25 million CB 2015 in 2Q 2014.
- i) The net gain in fair value of investment properties relates to the revaluation gains of CCT properties including Twenty Anson but excludes Raffles City Singapore (CCT's 60.0% interest) and CapitaGreen (CCT's 40.0% interest). The fair value gain of Raffles City Singapore (CCT's 60.0% interest) and CapitaGreen (CCT's 40.0% interest) were included in the share of results of joint ventures in CCT Group's statement of total return.
- j) The distributable income to unitholders in 2Q 2014 of S\$64.1 million was 7.6% higher than 2Q 2013 of S\$59.6 million mainly due to lower interest expenses, higher net property income and higher distributable income from RCS Trust as well as release of QCT's tax-exempt income. The estimated DPU in 2Q 2014 of 2.18 cents was 5.3% higher than 2Q 2013 of 2.07 cents.

Review of CCT Group's performance 1H 2014 vs 1H 2013 (Restated)

- a) Gross revenue of S\$129.8 million for 1H 2014 was higher than that of 1H 2013 by S\$4.0 million or 3.2%. The increase was due to higher revenue contribution from all properties except for One George Street. Revenue for One George Street was lower as there was no yield protection income in 1H 2014 (1H 2013: S\$7.4 million) due to the cessation of the Deed of Yield Protection on 10 July 2013.
- b) Property operating expenses of S\$27.1 million was higher than that of 1H 2013 by S\$1.5 million or 5.8% due mainly to higher property tax.
- c) Amortisation expense of S\$2.4 million relates to the amortisation of intangible asset in 1H 2014 (refer to note 4 of 1(b)(i)). This expense does not affect distributable income.
- d) Trust expenses in 1H 2014 of S\$1.3 million were lower than 1H 2013 by S\$0.5 million or 27.7% due mainly to lower unitholders expenses and lower professional fees incurred.
- e) Finance costs of S\$19.2 million for 1H 2014 were S\$3.9 million or 17.0% lower compared with 1H 2013, mainly due to lower interest cost, amortization and transaction costs.
- f) Share of results of associate relates to CCT's 30.0% share of QCT's results on a 3-month lag basis.
- g) Share of results of joint ventures relates to CCT's 60.0% share of results of RCS Trust and CCT's 40.0% share of results of MSO Trust. The higher share of results in 1H 2014 compared with that of 1H 2013 was due to better performance by RCS Trust as well increase in fair value gain on the property value of Raffles City Singapore and land value of CapitaGreen.
- h) This relates to the premium on repurchase of principal amount of S\$83.25 million CB 2015 in 1H 2014.
- i) The net gain in fair value of investment properties for 1H 2014 relates to the revaluation gains of CCT including Twenty Anson but excludes Raffles City Singapore (CCT's 60.0% interest) and CapitaGreen (CCT's 40.0% interest). The fair value gain of Raffles City Singapore (CCT's 60.0% interest) and CapitaGreen (CCT's 40.0% interest) were included in the share of results of joint ventures in CCT Group's statement of total return.
- j) The distributable income to unitholders in 1H 2014 of S\$124.0 million was 7.6% higher than 1H 2013 of S\$115.3 million mainly due to lower interest expenses, higher net property income and higher distributable income from RCS Trust as well as release of QCT's tax-exempt income. The estimated DPU in 1H 2014 of 4.22 cents was 5.2% higher than 1H 2013 of 4.01 cents.

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Net change in fair value of investment properties and investment properties under construction

The investment properties for CCT Group which include Twenty Anson ("CCT Properties") held through CCT's 100.0% interest in FOPL, were revalued to S\$4,837.9 million as at 30 June 2014. There was an increase of S\$53.3 million over the carrying value of the investment properties of S\$4,784.6 million before revaluation. The gain in fair value of S\$53.3 million was recognized in the statement of total return in 2Q 2014. The gain in fair value has no impact on the distributable income to unitholders.

CCT's 60.0% interest in Raffles City Singapore was revalued to S\$1,846.8 million as at 30 June 2014, an increase of S\$29.3 million over its carrying value of S\$1,817.5 million. The property value of Raffles City Singapore (through CCT's 60.0% interest in RCS Trust) was accounted for as part of the net asset value of joint ventures in CCT Group's statement of financial position. The gain in fair value of S\$29.3 million was included as part of the share of results of joint ventures in CCT Group's statement of total return in 2Q 2014.

The valuation of land for CapitaGreen was increased to S\$284.8 million (CCT's 40.0% interest), an increase of S\$12.2 million over the valuation of S\$272.6 million as at 31 December 2013. Taking into account construction and related costs, the carrying value of CCT's 40% interest in CapitaGreen as at 30 June 2014 was S\$438.5 million. The carrying value of CapitaGreen (through CCT's 40% interest in MSO Trust) was accounted for as part of the net asset value of joint ventures in CCT Group's statement of financial position. The gain in fair value of S\$12.2 million was included as part of the share of results of joint ventures in CCT Group's statement of total returns in 2Q 2014.

Independent valuations were conducted as at 30 June 2014 by CBRE Pte. Ltd. for the valuation of the CCT Properties and Raffles City Singapore, and Knight Frank Pte Ltd for CapitaGreen.

The main methods of valuation adopted for investment properties comprise the Direct Capitalization Method and Discounted Cash Flow Approach. The Direct Comparison Method is used as a check against the derived values of the two main methods where applicable. Valuation of CapitaGreen's land was based on Residual Land Value Method and Direct Capitalisation Method.

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

The Monetary Authority of Singapore reported on 6 June 2014 that while Singapore GDP growth eased to 2.3% quarter-on-quarter in 1Q 2014, down from 6.9% in the preceding quarter, it is expected to grow by 2 – 4% in 2014 as a whole. The growth is expected to be supported by a gradual improvement in the global economy and a pickup in the IT industry.

The Singapore office market continues to see an increase in Grade A office rent in the core central business district (CBD) during the second quarter, with average monthly Grade A office rent rising by 3.4% from \$10.25 per square foot in end-March 2014 to reach \$10.60 per square foot at end-June 2014. This was driven by continued brisk leasing activities even though the overall Core CBD office occupancy rose marginally from 95.7% to 95.8%.

CCT has delivered a strong set of results in the first half of 2014 as the expired leases achieved positive rent reversions. CCT's portfolio occupancy rate of 99.4% is above the market occupancy rate of 95.8% in 2Q 2014. This quarter saw steady leasing activity with new leases and renewals of approximately 97,500 square feet, of which 31% are new leases. For CCT's Grade A office leases committed in 2Q 2014, the achieved rents in the range of S\$10.40 – S\$14.00 per square foot per month was largely above Grade A office monthly average market rent of S\$10.60 per square foot. In addition, CCT's portfolio monthly average office rent increased by 3.4% over the past 12 months from S\$7.96 to S\$8.23 per square foot.

Leasing demand in 2Q 2014 was supported by tenants from Banking, Insurance and Financial Services, Retail Products and Services as well as Energy, Commodities, Maritime and Logistics. New and renewed tenants signed in 2Q 2014 include Odfjell Offshore Management Pte Ltd, Mayer Brown JSM (Singapore) Pte Ltd, Rakuten Asia Pte Ltd, Halcyon Agri Corporation Pte Ltd, Le Mercier's Capital Pte Ltd and Ingensoma Financial Group Limited.

On 2 July 2014, CCT celebrated the topping-out of CapitaGreen, the Grade A premium office tower under development, which is expected to complete by end-2014. "Topping-out" means that structural construction has reached the top of the building. CapitaGreen has secured lease commitments for about 23% of the building's net lettable area.

The asset enhancement initiative at Raffles City Tower, which commenced in 4Q 2012, completed as scheduled in 2Q 2014. The upgrading works enhanced visibility and improved the office tower entrance, the canopy, drop-off area and main lobby, and is expected to deliver a return on investment of 9.3%.

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CCT's balance sheet is robust with a low gearing of 28.8% and improved interest coverage ratio. The average cost of debt continues to be low at 2.4% per annum. 80% of CCT's total borrowings are on fixed interest rates which minimizes the impact of any market interest rate increases.

For 2014, CCT repurchased a total principal amount of S\$84.25 million of CB 2015. In addition, a total of S\$62.25 million of principal amount of CB 2015 was converted to CCT units. Accordingly, the outstanding balance of CB 2015 is now reduced to S\$43.75 million. The repurchased CB 2015 was refinanced with longer dated borrowings which extend the average debt maturity profile of CCT debt portfolio. As a result, the cost of debt is expected to be higher due to the longer tenure of the borrowings. On the other hand, the conversion of the CB 2015 would reduce CCT's interest cost as a result of the reduction in borrowings.

The conversion of principal amount of S\$62.25 million of CB 2015 resulted in additional 52.2 million new CCT units issued and led to dilution of DPU since the 1H 2014 distributable income is shared amongst the enlarged CCT units. The Manager hence released S\$2.35 million of retained tax-exempt income from QCT to mitigate the dilution in DPU due to the conversion of CB 2015 for 1H 2014. The remaining balance of the retained tax-exempt income from QCT is S\$10.3 million.

The Manager will continue to pursue proactive capital management to deliver stable distribution to unitholders.

Outlook

Annual new CBD office supply from 2013 to 2016 is expected to average about 1 million square feet. This compares favourably with the 20-year historical average annual new supply and average net absorption of 1.1 million square feet and 1.0 million square feet respectively. Tight office supply conditions in the Core CBD market is expected to continue through to the first half of 2016 which, together with healthy demand, would potentially drive further rental growth.

11 Distributions

11(a) Current financial period

Any distributions declared for the current financial period? Yes.

Name of distribution Distribution for the period from 1 January 2014 to 30 June 2014

Distribution type i) Taxable income
ii) Tax-exempt income

Estimated Distribution rate ⁽¹⁾ i) Taxable income distribution : 4.14 cents per unit
ii) Tax-exempt income : 0.08 cents per unit

Par value of units Not meaningful

Tax rate Taxable income distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-exempt income distribution
Tax-exempt income distribution is exempt from tax in the hands of all unitholders. Tax-exempt income relates to the net income from the income distribution received from Quill Capita Trust.

Books closure date

Date payable Tuesday, 29 July 2014

Tuesday, 26 August 2014

Note:

(1) The above estimated DPU was computed on the basis that none of the Convertible Bonds is converted into Units on or before the books closure date. Accordingly, the actual quantum of DPU may differ if any of the Convertible Bonds is converted into Units on or before the books closure date. Subsequent to 30 June 2014, S\$0.75 million of the CB 2015 was converted into 0.6 million Units.

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11(b) Corresponding period of the preceding financial period

Any distributions declared for the current financial period?	Yes.
Name of distribution	Distribution for the period from 1 January 2013 to 30 June 2013
Distribution type	Taxable income
Estimated Distribution rate	Taxable income distribution : 4.01 cents per unit
Par value of units	Not meaningful
Tax rate	<u>Taxable income distribution</u> Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%.
Books closure date	Wednesday, 31 July 2013
Date payable	Thursday, 29 August 2013

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

13 General mandate relating to interested party transactions
The Trust has not obtained a general mandate from unitholders for Interested Person Transactions.

14 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 unaudited interim financial results of the Group and Trust (comprising the statements of financial position as at 30 June 2014, statements of total return & distribution statements, statements of movements in unitholders' funds and statement of cash flow of the Group for the six months ended on that date, together with their accompanying notes) to be false or misleading in any material respect.

On behalf of the Board
CapitaCommercial Trust Management Limited

Lynette Leong Chin Yee
Chief Executive Officer / Executive Director

Wen Khai Meng
Non-Executive Director

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

Doris Lai
Company Secretary
18 July 2014