



NEWS RELEASE

**For Immediate Release
18 July 2014**

CCT achieves 5.3% higher y-o-y DPU of 2.18 cents in 2Q 2014

Better earnings amidst positive office market sentiments and potential rental upside

Singapore, 18 July 2014 – CapitaCommercial Trust Management Limited, the Manager of CapitaCommercial Trust (CCT or Trust), is pleased to announce a distribution per unit (DPU) of 2.18¹ cents for the financial quarter ended 30 June 2014 (2Q 2014). This is 5.3% higher than the 2Q 2013 DPU of 2.07 cents. Based on CCT's closing price per unit of S\$1.665 on 17 July 2014, CCT's distribution yield is 5.1%.

The 2Q 2014 distributable income of S\$64.1 million is 7.6% higher than the S\$59.6 million achieved in 2Q 2013 due to higher revenue, lower interest expenses and release of retained tax-exempt income distribution. The S\$2.35 million of retained tax-exempt income released offsets the dilution in DPU caused by the conversion of the convertible bonds due in 2015 to CCT units in 1H 2014. Gross revenue in 2Q 2014 increased by 3.2% to S\$65.8 million from S\$63.8 million in 2Q 2013.

The estimated DPU for the financial period 1 January 2014 to 30 June 2014 (1H 2014) is 4.22 cents¹, which is 5.2% above the 4.01 cents reported for the same period last year. The Trust pays out its distributable income semi-annually in February and August. With the books closure date for 1H 2014 being Tuesday, 29 July 2014, payment is expected to be made on Tuesday, 26 August 2014.

The value of CCT's Singapore properties, excluding its joint-venture interests in Raffles City Singapore and CapitaGreen, is S\$4,837.9 million in total as at 30 June 2014. This

¹ DPU for 2Q 2014 and 1H 2014 were computed on the basis that none of the convertible bonds due 2015 ("CB 2015") or convertible bonds due 2017 ("CB 2017") collectively known as "Convertible Bonds", is converted into CCT units. Accordingly, the actual quantum of DPU may differ if any of these Convertible Bonds is converted into CCT units on or before books closure date.

represents an upward valuation of S\$68.9 million or approximately 1.4% from the aggregate value of S\$4,769.0 million as at 31 December 2013 for the same properties. Including CCT's 60.0% interest in Raffles City Singapore, 40.0% interest in CapitaGreen and other assets, CCT's deposited properties are worth S\$7.3 billion as at 30 June 2014, an increase of 1.8% from 31 December 2013. The adjusted net asset value per unit is S\$1.67 excluding 1H 2014 distributable income to unitholders.

The Trust's unaudited Consolidated Financial Statements for 2Q 2014 and 1H 2014 results are available on its website (www.cct.com.sg) and on SGXNet (www.sgx.com).

Summary of CCT's 2Q 2014 and 1H 2014 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.
- (2) The estimated DPU for 2Q 2014 and 1H 2014 were computed on the basis that none of the outstanding CB 2015 or CB 2017 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 CCT units on or before books closure date. Subsequent to 30 June 2014 and up till the date of this announcement, S\$0.75 million of CB 2015 was converted into 0.6 million CCT 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 CCT units and payment of asset management fees of 2.1 million CCT units that were entitled to the distributable income for 1H 2014.

Mr Kee Teck Koon, Chairman of the Manager, said, “CCT has delivered a strong set of results in the first half of 2014, with a higher DPU largely generated from positive rent reversions and savings from lower interest expense. CCT’s balance sheet is robust with a low gearing of 28.8%. 80% of our total borrowings are on fixed interest rates which minimises the impact of any interest rate increases. The Trust has debt headroom of S\$1.3 billion for investment opportunities, assuming gearing increases from 28.8% to 40.0%.”

Mr Kee added, “On 2 July 2014, we celebrated the topping-out of CapitaGreen, our Grade A office tower under development, which signifies that the structural work has reached the top floor. The development is on schedule to be completed by end-2014. That evening, we also celebrated the 10th anniversary of CCT since its listing on the Singapore Exchange on 11 May 2004. Over the last decade, the Trust has grown in market capitalisation from S\$0.8 billion to S\$4.9 billion and generated a total return of about 235%². Our consistent strategies of proactive asset and portfolio management, prudent capital management, timely divestments and a disciplined approach to accretive acquisitions have made the Trust more resilient and resulted in higher returns over the years. We are looking forward to the completion of CapitaGreen, CCT’s first development project, which will be an additional source of income as we take CCT through the next lap of growth.”

Ms Lynette Leong, Chief Executive Officer of the Manager, said, “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, we saw overall higher rents achieved compared to expiring rents, in the range of S\$10.40 – S\$14.00 per square foot per month. This compares favourably with the Grade A office monthly average market rent of S\$10.60 per square foot for 2Q 2014. 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 as a result of continual positive rent reversions.”

² Sum of distributions (including 1H 2014) and capital appreciation from CCT’s opening unit price on 11 May 2004 to closing unit price on 30 June 2014, taking into account the effects of underwritten renounceable rights issue in 2009.

Added Ms Leong, “We are pleased to have secured an additional tenant for CapitaGreen since our last update on 2 July 2014. The total lease commitments now aggregate 165,000 square feet or 23% of the building’s net lettable area. With its scheduled year-end completion, CapitaGreen should attract continued leasing interest especially given the lack of new office supply in 2015 through to the first half of 2016.”

Leasing demand in 2Q 2014 in CCT’s portfolio 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 excluding those at CapitaGreen, 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.

Accolades at Singapore Corporate Awards 2014

CCT was conferred two gold awards for Best Annual Report and Best Investor Relations for the REITs and Business Trusts category at the Singapore Corporate Awards 2014, the highest accolades for the respective categories. The Singapore Corporate Awards recognise and honour Singapore-listed companies and individuals who help to raise corporate disclosure standards and corporate governance. The Awards are co-organised by the Institute of Singapore Chartered Accountants, Singapore Institute of Directors and The Business Times, and supported by the Accounting and Corporate Regulatory Authority and the Singapore Exchange.

Update on Asset Enhancement Initiatives (AEIs)

(1) Capital Tower AEI expanded scope with same budget of S\$40.0m

On-going AEI at Capital Tower has been expanded in scope but kept within the same budget of S\$40.0 million. Additional work includes the upgrading of upper floor lift lobbies to match the new main lobbies on levels 1 and 2 which were unveiled in end June 2014. To-date, restrooms on 15 floors have been upgraded. With the expanded scope, the works will now be completed in 4Q 2015 instead of 2Q 2015. Capital Tower has secured 100% committed occupancy as at 30 June 2014.

(2) Completion of Raffles City Tower AEI with return on investment of 9.3%

The AEI at Raffles City Tower, which commenced in 4Q 2012, was completed as scheduled in 2Q 2014. The upgrading works enhanced visibility and created an appealing sense of arrival at the office tower entrance, the canopy, drop-off area and main lobby. Upper level lift lobbies and restrooms were also revitalised. The AEI resulted in a return on investment (ROI) of 9.3%, higher than the target ROI of 8.6%.

Singapore Central Business District (CBD) Office Market

Grade A office rent in the core central business district (CBD) continued to rise during the second quarter, with average monthly Grade A office rent rising by 3.4% from S\$10.25 per square foot in end March 2014 to S\$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 only marginally from 95.7% to 95.8%. Tight supply in the Core CBD market is expected to continue through to the first half of 2016 which, together with healthy demand, will potentially drive further rental growth.

Outlook

Annual new CBD office supply from 2014 to 2018 is expected to average about 1.2 million square feet. This compares favourably with the five-year historical average annual net supply and average net absorption of 1.2 million square feet and 1.0 million square feet respectively. Office leasing activities are expected to remain healthy, providing an opportunity for average market rentals to be strengthened. Office leases constituting 19% of CCT's portfolio gross rental income will be due for renewal in 2015, which represent potential upside in positive market conditions.

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About CapitaCommercial Trust (www.cct.com.sg)

CapitaCommercial Trust is Singapore's first and largest listed commercial REIT with a market capitalisation of S\$4.9 billion. CCT aims to own and invest in real estate and real estate-related assets which are income producing and predominantly used, for commercial purposes. The total value of CCT's deposited properties is S\$7.3 billion as at 30 June 2014, comprising a portfolio of 10 prime commercial properties in Singapore, as well as investments in Malaysia. The properties in Singapore are Capital Tower, Six Battery Road, One George Street, HSBC Building, Raffles City (60.0% interest through RCS Trust), Twenty Anson, Bugis Village, Wilkie Edge, Golden Shoe Car Park and CapitaGreen (40.0% interest through the joint venture, MSO Trust).

In addition, CCT is a substantial unitholder of Quill Capita Trust with 30.0% unitholdings. Quill Capita Trust is a commercial REIT listed on Bursa Malaysia Securities Berhad, with a portfolio of 10 commercial properties in Kuala Lumpur, Cyberjaya and Penang. Since 18 September 2009, CCT has been a constituent of FTSE4Good Index Series (FTSE4Good), a series of benchmark and tradable indices derived from the globally recognized FTSE Global Equity Index Series. FTSE4Good is designed to track the performance of companies meeting international corporate responsibility standards and forms the basis for over 70 different funds and investment products.

CCT is managed by an external manager, CapitaCommercial Trust Management Limited, which is an indirect wholly-owned subsidiary of CapitaLand Limited, one of the largest real estate companies in Southeast Asia by market capitalisation.

Issued by CapitaCommercial Trust Management Limited

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Important Notice

This release may contain forward-looking statements that involve assumptions, 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 similar developments, shifts in expected levels of occupancy or property rental income, 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.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CCT is not necessarily indicative of the future performance of CCT.