



For immediate release

NEWS RELEASE

**CCT's 1H 2016 DPU up 1.9% y-o-y**

***Higher distributable income and resilient portfolio buoyed by above-market committed occupancy***

**Singapore, 20 July 2016** – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report an estimated distribution per unit (DPU) of 2.20 cents<sup>1</sup> for the financial quarter ended 30 June 2016 (2Q 2016). For the six months ended 30 June 2016 (1H 2016), CCT attained a DPU of 4.39 cents, a 1.9% increase year-on-year (y-o-y). Based on CCT's closing price per unit of S\$1.57 on 19 July 2016 and an annualised 1H 2016 DPU, CCT's distribution yield is 5.6%.

Higher contributions from CCT's 40.0% and 60.0% interests in CapitaGreen and Raffles City Singapore respectively, resulted in a y-o-y rise in distributable income for 2Q 2016 by 1.0% and for 1H 2016 by 2.2%. The better performance was achieved notwithstanding lower gross revenue of S\$67.6 million for 2Q 2016 and S\$134.4 million for 1H 2016 due to lower occupancies in a few buildings. Higher operating expense attributed to leasing commissions and property tax contributed to lower net property income of S\$51.4 million for 2Q 2016 and S\$103.5 million for 1H 2016.

The Trust pays out its distributable income semi-annually in February and August. With the books closure date for 1H 2016 DPU being Thursday, 28 July 2016, payment of the 1H 2016 DPU of 4.39 cents<sup>(1)</sup> is expected to be made on Thursday, 25 August 2016.

As at 30 June 2016, the total value of the Trust's deposited properties was S\$7,787.8 million and the adjusted net asset value per unit was S\$1.72, after deducting distributable income payable to unitholders. The Trust's portfolio valuation increased by 0.4% over a six-month period due to generally higher net property income achieved compared to appraisers' assumptions in the December 2015 valuation exercise.

RCS Trust, a sub-trust which holds Raffles City Singapore, has borrowings of S\$641.7 million (CCT's 60.0% interest) due on 21 June 2016 which were entirely refinanced with unsecured bank facilities. Raffles City Singapore is now unencumbered. On 4 July 2016, the Manager announced that CCT MTN Pte Ltd issued S\$75 million fixed rate notes which will mature on or about 4 July 2022 at a fixed interest rate of 2.77% per annum. CCT MTN Pte Ltd then on-lent to CCT which in turn used the proceeds to refinance part of existing borrowings under the bank loan facility due in 2020.

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<sup>1</sup> The estimated DPU of 2.20 cents for 2Q 2016 and 4.39 cents for 1H 2016 were computed on the basis that none of the convertible bonds due 2017 is converted into CCT units. Accordingly, the actual quantum of DPU may differ if any of the CB 2017 is converted into Units on or before books closure date.

As at 30 June 2016, aggregate leverage was 29.8% and average cost of debt remained stable at 2.5% per annum, contributing to the Trust's continually healthy balance sheet.

The Trust's unaudited Consolidated Financial Statements for 2Q 2016 results are available on its website ([www.cct.com.sg](http://www.cct.com.sg)) and on SGXNet ([www.sgx.com](http://www.sgx.com)).

### Summary of CCT Group Results

|                                     | 2Q 2016                 | 2Q 2015 | Change % | 1H 2016                 | 1H 2015 | Change % |
|-------------------------------------|-------------------------|---------|----------|-------------------------|---------|----------|
| Gross Revenue (S\$'000)             | <b>67,572</b>           | 69,113  | (2.2)    | <b>134,429</b>          | 137,275 | (2.1)    |
| Net Property Income (S\$'000)       | <b>51,451</b>           | 53,859  | (4.5)    | <b>103,479</b>          | 107,827 | (4.0)    |
| Distributable Income (S\$'000)      | <b>65,088</b>           | 64,425  | 1.0      | <b>129,933</b>          | 127,178 | 2.2      |
| Distribution Per Unit (DPU) (cents) | <b>2.20<sup>1</sup></b> | 2.19    | 0.5      | <b>4.39<sup>1</sup></b> | 4.31    | 1.9      |

Ms Lynette Leong, Chief Executive Officer of the Manager, said, "We are pleased that CCT has delivered a higher DPU in 2Q 2016 and for the first half of 2016. Despite the muted macro-economic environment and challenging office market conditions in Singapore, CCT's portfolio occupancy rate of 97.2% remains higher than market occupancy rate of 95.1% in 2Q 2016. In 1H 2016, we have successfully renewed or signed new leases with high quality tenants, which included that of the Economic Development Board of Singapore, one of CCT's top ten tenants. This leaves only 4% of office leases<sup>2</sup> to be renewed this year and 10% of office leases<sup>2</sup> due in 2017, as we proactively retain tenants and attract new ones."

Ms Leong added, "We wish to thank our unitholders for their overwhelming approval at the recent Extraordinary General Meeting of our proposed acquisition of the complete interests in CapitaGreen from our joint venture partners. It endorses our successful portfolio reconstitution strategy of creating sustainable value for CCT through the redevelopment of the former Market Street Car Park into the premier Grade A office building, CapitaGreen. Upon the acquisition's completion in the coming months, we will have 100.0% income contribution from CapitaGreen which will boost CCT's portfolio net property income in 4Q 2016 as well as financial year 2017 and beyond. This will help to mitigate any downside risk to portfolio performance due to the current weak office market."

In 2Q 2016, CCT signed approximately 277,000 square feet of new leases and renewals, of which 27% were new leases. New and renewed tenants in the quarter included the Economic Development Board, Freemont Capital Pte Ltd, General Mills Singapore Pte Ltd, Invictus Asset Management Pte Ltd, The Korea Development Bank and Sea Hub Energy Pte Ltd.

#### Outlook for Singapore Central Business District (CBD) Office Market

The Singapore office market continued to see declines in occupancy and rental rates given the impending completion of above-average new office supply in the Core Central Business District (CBD). Singapore's Core CBD occupancy rate was unchanged at 95.1% in 2Q 2016 with a pick-up in leasing activity, but average monthly Grade A office market rent declined by 4% in the quarter to S\$9.50 per square foot. The y-o-y decline was 15.9%. Market vacancy rate is expected to rise in the short term, with the completion of new supply over the next six to nine months.

<sup>2</sup> Based on office lease expiry profile by occupied net lettable area as at 30 June 2016

## **About CapitaLand Commercial Trust** ([www.cct.com.sg](http://www.cct.com.sg))

CapitaLand Commercial Trust is Singapore's first commercial REIT with a market capitalisation of approximately S\$4.6 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\$7.8 billion as at 30 June 2016 comprising a portfolio of 10 prime commercial properties in Singapore. The properties in Singapore are Capital Tower, Six Battery Road, One George Street, Raffles City (60.0% interest through RCS Trust), CapitaGreen (40.0% interest through MSO Trust), HSBC Building, Twenty Anson, Bugis Village, Wilkie Edge and Golden Shoe Car Park.

CCT has been a constituent of FTSE4Good Index Series (FTSE4Good), a series of benchmark and tradable indices derived from the globally recognised 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, CapitaLand Commercial Trust Management Limited, which is an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies headquartered and listed in Singapore.

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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.