



For Immediate Release

NEWS RELEASE

CCT's FY 2017 distributable income grew 7.4% year-on-year
Higher quality portfolio & diversified tenant mix augur well for long term growth

Singapore, 25 January 2018 – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report higher distributable income of S\$75.0 million in 4Q 2017 compared to S\$70.8 million in 4Q 2016, which translates to a year-on-year (y-o-y) growth of 6.0%. For financial year 2017 (FY 2017), CCT's distributable income grew by 7.4% to S\$288.9 million, up from S\$269.0 million in the previous year. The distribution per unit (DPU) for 4Q 2017 of 2.08 cents and FY 2017 DPU of 8.66 cents was up 6.1% and 5.0% y-o-y respectively on an adjusted basis. Based on CCT's closing price per unit of S\$1.91 on 24 January 2018 and FY 2017 DPU, CCT's distribution yield is 4.5%.

FY 2017 gross revenue increased by 13.0% y-o-y to S\$337.5 million and net property income (NPI) grew by 14.8% to S\$265.5 million. This was largely due to the increase in NPI from CapitaGreen (12 months contribution in FY 2017 compared with four months in FY 2016) as well as new income contribution from Asia Square Tower 2, offset by the loss of NPI arising from the divestments of One George Street (50.0% interest) and Wilkie Edge. The DPU for the financial period 1 July 2017 to 31 December 2017 (2H 2017) is 4.10 cents. Books closure date for 2H 2017 DPU is Friday, 2 February 2018, and payment for the distribution is expected to be on Wednesday, 28 February 2018.

The Trust's investment properties, including its joint venture interests in Raffles City Singapore, One George Street and Golden Shoe Car Park redevelopment have been assessed by independent valuers. With the acquisition of Asia Square Tower 2, the portfolio investment value was S\$10.4 billion as at 31 December 2017, representing a 25.4% y-o-y increase. The Trust's adjusted net asset value per unit is S\$1.74, after deducting the distributable income payable to unitholders.

The Trust's unaudited Consolidated Financial Statements for FY 2017 results are available on its website (www.cct.com.sg) and on SGXNet (www.sgx.com).

SUMMARY OF CCT GROUP RESULTS

	4Q 2017	4Q 2016	Change (%)	FY 2017	FY 2016	Change (%)
Gross Revenue (S\$'000)	86,292 ¹	89,726	(3.8)	337,457	298,577	13.0
Net Property Income (S\$'000)	67,955	70,770	(4.0)	265,468	231,277	14.8
Distributable Income (S\$'000)	75,031 ²	70,808	6.0	288,899 ²	269,037	7.4
DPU (cents)	2.08 ³	2.39	(13.0)	8.66 ³	9.08	(4.6)
Adjusted DPU (cents)	2.08	1.96 ⁴	6.1	8.66	8.25 ⁴	5.0

Mr Soo Kok Leng, Chairman of the Manager, said, "CCT has once again delivered higher distributable income despite a challenging Singapore office market in 2017. The Trust successfully reconstituted its portfolio by unlocking asset value with the divestments of Wilkie Edge and a 50.0% interest in One George Street; astutely redeploying the capital to the acquisition of Asia Square Tower 2, a higher yielding asset, as well as the redevelopment of Golden Shoe Car Park. This positions CCT well for long term growth. With a higher quality portfolio and more diversified tenant mix, CCT will focus its efforts on enhancing the performance of the newly acquired Asia Square Tower 2 and ensuring that the redevelopment of Golden Shoe Car Park into a landmark integrated development is on track. CCT is now the largest commercial landlord in Singapore's Central Business District by net lettable area."

Mr Kevin Chee, Chief Executive Officer of the Manager, said, "2017 has been an exciting year of growth for CCT. We are pleased to have delivered a robust set of full year results that saw a strong lift from CapitaGreen, which was 100% leased as at 31 December 2017. We aim to replicate the success of CapitaGreen with the redevelopment of Golden Shoe Car Park when it is completed in 2021. CCT's portfolio committed occupancy rate was at 97.3% as at end December 2017, well-above the market rate of 93.8%, and tenant retention rate was also high at approximately 78%. The committed occupancy at Asia Square Tower 2 has increased to 90.5% as at end December 2017; up from 88.7% when we first acquired it in November 2017. CCT will continue to proactively lease the balance space to enhance income. To leverage opportunities in the recovering office sector, we will manage expiring leases in the next few years with a focus on optimising the balance between higher rentals and lower vacancies."

¹ Lower revenue due to divestments of One George Street (50.0% interest) in June 2017, Golden Shoe Car Park in July 2017 and Wilkie Edge in September 2017 but mitigated by higher gross revenue from CapitaGreen and contribution from newly acquired Asia Square Tower 2 effective 1 November 2017. Lower revenue led to lower net property income.

² Includes top-up of S\$1.1 million in 4Q 2017 and S\$4.4 million in FY 2017 for the loss of distributable income arising from the divestments of One George Street (50.0% interest) and Wilkie Edge. Also includes tax-exempt distribution of S\$8.0 million.

³ 4Q 2017 DPU of 2.08 cents was computed based on 3,608 million of CCT units issued as at 31 December 2017. FY 2017 DPU of 8.66 cents was based on the aggregate of 1H 2017 actual DPU of 4.56 cents announced on 27 July 2017 and 2H 2017 DPU of 4.10 cents.

⁴ 4Q 2016 and 2H 2016 DPU were adjusted for the enlarged 3,608.1 million units arising from new units issued for equity raised, conversion of convertible bonds and issuance of units for management fees in FY 2017.

The Trust has a healthy balance sheet with an aggregate leverage of 37.3%⁵, well below the regulatory limit of 45.0%. Its average cost of debt remains stable at 2.6% as at 31 December 2017. About 80% of the Trust's borrowings are pegged at fixed rates, which offer greater certainty of interest expense in a rising interest rate environment. The Manager continues to adopt a proactive capital management strategy to optimise the average term to maturity and cost of borrowings. For the S\$1.12 billion bridge facility obtained for the acquisition of Asia Square Tower 2 due in 2019, CCT has obtained S\$600 million in unsecured bank loans to refinance it ahead of its maturity. The Trust awaits the right opportunity and timing to refinance the remaining S\$520.0 million.

In FY 2017, CCT signed approximately 666,000 sq ft of leases, of which 38% were new leases. Leasing demand came largely from the Banking, Insurance and Financial Services, Business Consultancy, IT, Media and Telecommunications, and Energy, Commodities, Maritime and Logistics sectors. New and renewed tenants in 4Q 2017 include Cathay Petroleum International Pte Ltd, Longlead Capital Partners Pte. Ltd., Sanetti Pte Ltd, The Executive Centre Singapore Pte Ltd and Wilson Ventures Pte. Ltd. CCT's monthly average office portfolio rent grew by 5.9% y-o-y to S\$9.74 per square foot.

Outlook

Based on data from CBRE Pte. Ltd., Singapore's Core CBD and Grade A occupancy rates are at 93.8% with Grade A occupancy rate tracking an uptick of 2.2%, up from 91.6% in 3Q 2017. Average monthly market rent for Grade A offices rose to S\$9.40 psf in 4Q 2017, an increase of 3.3% y-o-y, signaling a recovery in the office market. While lower net property income is expected in FY 2018 at some CCT properties as expiring rents are higher than current market rent, CCT will leverage rising market rents to close the gap between signing and committed rents. However, there will be flow-through from negative rent reversions of leases committed in 2017 into 2018.

About CapitaLand Commercial Trust (www.cct.com.sg)

CapitaLand Commercial Trust is Singapore's first and largest commercial REIT with a market capitalisation of approximately S\$6.9 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 approximately S\$10.8 billion as at 31 December 2017 comprising a portfolio of 10 prime commercial properties in Singapore. The properties in Singapore are Capital Tower, CapitaGreen, Asia Square Tower 2, Six Battery Road, Raffles City (60.0% interest through RCS Trust), One George Street (50% interest through OGS LLP), HSBC Building, Twenty Anson, Bugis Village, and redevelopment of Golden Shoe Car Park (45% interest through Glory Office Trust and Glory SR Trust).

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 also a constituent of other widely recognized benchmark indices such as MSCI, the SGX Sustainability Index and FTSE Straits Times Index.

⁵ The aggregate leverage of 37.3% takes into account CCT's proportionate share of its joint venture borrowings and deposited property value.

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