

NEWS RELEASE

CCT's 3Q 2018 distributable income grew 13.1% year-on-year
Boosted by income contribution from acquisitions of Asia Square Tower 2 and Gallileo

Singapore, 26 October 2018 – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report distributable income of S\$82.7 million for the quarter ended 30 September 2018 (3Q 2018), an increase of 13.1% from 3Q 2017. Distribution per unit (DPU) was 2.20 cents, 8.9% higher than 2.02 cents a year ago. Gross revenue and net property income for the quarter rose by 35.6% and 37.3% year-on-year respectively. The strong performance in 3Q 2018 was mainly due to the strategic acquisitions of Asia Square Tower 2 and Gallileo, partially offset by the divestments of Wilkie Edge and Twenty Anson¹.

For year-to-date (YTD) September 2018, CCT's distributable income was S\$238.7 million, up 11.6% year-on-year. Based on the annualised YTD September 2018 DPU and closing price per unit of \$1.73 on 25 October 2018, CCT's distribution yield is 5.0%.

As at 30 September 2018, CCT's total deposited property value was S\$11.1 billion, while its adjusted net asset value per unit (excluding distributable income payable to unitholders) was S\$1.79.

The Trust's unaudited Consolidated Financial Statements for 3Q 2018 results are available on its website (www.cct.com.sg) and on SGXNet (www.sgx.com).

SUMMARY OF CCT GROUP RESULTS

	3Q 2018	3Q 2017	Change (%)	YTD Sep 2018	YTD Sep 2017	Change (%)
Gross Revenue (S\$'000)	100,510	74,145	35.6	294,943	251,165	17.4
Net Property Income (S\$'000)	80,397	58,555	37.3	235,343	197,513	19.2
Distributable Income² (S\$'000)	82,685	73,109	13.1	238,674	213,868	11.6
DPU³ (cents)	2.20	2.02	8.9	6.48	6.58	(1.5)

¹ For 3Q 2018, Twenty Anson contributed income from 1 July to 29 August 2018.

² Distributable income in 3Q 2018 includes tax-exempt income of S\$3.9 million from maiden dividends received from wholly owned subsidiaries Asia Square Tower 2 Pte. Ltd. ("AST2 Co.") and CCT Galaxy Two Pte. Ltd. which own AST2 and Gallileo respectively.

³ 3Q 2018 DPU was computed on total units issued as at 30 September 2018, which included the 130.0 million new CCT units issued for the equity placement on 28 May 2018 ("Equity Placement") and 513.5 million new CCT units issued for the rights issue on 26 October 2017 ("Rights Issue"). YTD September 2018 DPU of 6.48 cents was only marginally lower than YTD September 2017 DPU of 6.58 cents, despite changes in units outstanding for the computation of DPU: (a) 1H 2017 did not include the Rights Issue; (b) 3Q 2017 and period from 1 January to 27 May 2018 included the Rights Issue; and (c) Period from 28 May to 30 June 2018 and 3Q 2018 included both the Rights Issue and Equity Placement.

Mr Kevin Chee, Chief Executive Officer of the Manager, said: “The strategic acquisitions of Asia Square Tower 2 and Gallileo boosted CCT’s distributable income in 3Q 2018, underscoring the Trust’s consistent and proactive efforts in portfolio reconstitution. Since assuming ownership of Asia Square Tower 2, CCT has ramped up its occupancy from 90.5% as at 31 December 2017 to 98.1% as at 30 September 2018. The significant improvement demonstrates CCT’s firm commitment to creating value for unitholders. Across CCT’s Singapore portfolio, committed occupancy as at 30 September 2018 was 99.1%, well above the market occupancy level of 94.6%. As at end-September 2018, 81% of CCT’s attributable portfolio net lettable area is in Grade A assets. CCT remains predominantly Singapore-focused with about 95% of its investment property value in Singapore and the remaining 5% in Germany. Looking ahead, CCT will continue to seek opportunities to create long term sustainable distribution and value for its unitholders.”

Mr Chee added: “During the quarter under review, the Trust’s sponsor CapitaLand initiated its ‘office of the future’ ecosystem in Capital Tower and Asia Square Tower 2, which dovetails with CCT’s ongoing efforts to enhance the relevance and attractiveness of its properties. CapitaLand’s strategy involves an integrated offering of conventional work space (core) and flexible space (flex) with community-driven and tech-enabled workplace solutions that value-add to tenants through their various growth stages. As demand for core-flex space combinations increases, we are confident that CapitaLand’s ‘office of the future’ ecosystem will support CCT’s efforts to enhance tenant stickiness in the long run.”

Proactive capital management

In navigating the rising interest rate environment, CCT refinanced its bank facilities maturing in 2019 ahead of time with longer tenor borrowings. During the quarter, to refinance a S\$250.0 million bank loan due in 2019, RCS Trust issued S\$150.0 million medium term notes due in September 2024 at 3.05% per annum and obtained a S\$100.0 million bank facility maturing in 2024. As a result, CCT’s weighted average term to maturity was maintained at 3.6 years.

Following completion of the divestment of Twenty Anson, S\$500.0 million of the net proceeds was used to pre-pay existing higher interest rate borrowings. As a result, the weighted average cost of debt in 3Q 2018 dropped to 2.6% per annum, from 2.8% per annum in 2Q 2018. CCT’s aggregate leverage also decreased to 35.3% as at 30 September 2018, from 37.9% as at 30 June 2018, which increases CCT’s financial flexibility.

CCT’s EUR132.9 million bridge loan due in 2019 was refinanced in October 2018 with a secured fixed rate bank loan for Gallileo until 2025. Following the refinancing of this EUR loan and fixing of interest rates for S\$60 million (60.0% interest) of RCS Trust’s borrowings, about 92% of CCT’s debt portfolio is on fixed rates as at 26 October 2018, providing certainty of interest expense.

Active portfolio leasing

In 3Q 2018, CCT signed approximately 448,000 square feet (sq ft) of new and renewal leases of which 27% are new. New demand for space largely came from companies in Real Estate and Property Services; Business Consultancy; IT; Media and Telecommunications; and Financial Services. All lease renewals in 2018 had been completed, while 12% of lease renewals (based on monthly gross rental income) due 2019 were completed. The latter included the lease extension with The Hongkong and Shanghai Banking Corporation Limited at 21 Collyer Quay (HSBC Building) till April 2020.

Outlook

Based on data from CBRE Research, the Central Business District (CBD) market occupancy rate was 94.6% in 3Q 2018 (2Q 2018: 94.1%). Singapore's average monthly Grade A office rent kept its growth trajectory in 3Q 2018 with a quarter-on-quarter growth rate of 3.5%. Year-to-date, Grade A office market rent rose by 11.2% from S\$9.40 per sq ft as at 4Q 2017 to S\$10.45 per sq ft in 3Q 2018. Consultants expect market rents to continue trending upwards in 2019 given limited gross new supply coming onstream in Singapore CBD. For CCT, the rise in market rents is expected to close the gap between expiring and new and renewal rents to be committed for leases expiring in 2019.

Frankfurt prime office rent market has been resilient through property cycles. With the relatively low new supply completing in 2018 and 2019, as well as good pre-letting levels, the prime office rents in Frankfurt are well-supported.

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\$6.5 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. CCT's deposited property is approximately S\$11.1 billion as at 30 September 2018 comprising a portfolio of nine prime commercial properties in Singapore and one property in Frankfurt, Germany acquired on 18 June 2018. 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), 21 Collyer Quay (HSBC Building), Bugis Village and CapitaSpring (45% interest through Glory Office Trust and Glory SR Trust), an upcoming 51-storey integrated development in Raffles Place. The property in the Banking District of Frankfurt, Germany is Gallileo (94.9% interest).

CCT is a constituent of widely recognised benchmark indices such as MSCI, MSCI World ESG Leaders Index, FTSE4Good Index Series (FTSE4Good), the SGX Sustainability Index and FTSE Straits Times Index.

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.

Issued by CapitaLand Commercial Trust Management Limited (Company registration no. 200309059W)

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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.