

NEWS RELEASE

CCT's 2Q 2019 distributable income up 3.8% year-on-year
Embarking on asset enhancements of 21 Collyer Quay and Six Battery Road
and proposed acquisition of Main Airport Center, Frankfurt to drive income growth

Singapore, 17 July 2019 – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report that CCT's distributable income for the quarter ended 30 June 2019 (2Q 2019) rose 3.8% year-on-year to S\$82.4 million. Distribution per unit (DPU) for 2Q 2019 was 2.20 cents, 1.9% higher than the 2.16 cents reported a year ago.

Gross revenue and net property income for 2Q 2019 increased by 3.0% and 0.8% year-on-year to S\$101.0 million and S\$78.4 million respectively. The improved performance was largely attributed to the acquisition of Gallileo and higher revenue from 21 Collyer Quay, Asia Square Tower 2 and Capital Tower, offset by the divestment of Twenty Anson and lower revenue from Bugis Village and Six Battery Road. Based on an annualised 1H 2019 DPU and CCT's closing price per unit of S\$2.18 on 16 July 2019, CCT's distribution yield is 4.1%.

As CCT pays out its distributable income semi-annually, Unitholders can expect to receive their 1H 2019 DPU of 4.40 cents on Thursday, 29 August 2019. The books closure date is Friday, 26 July 2019.

As at 30 June 2019, the Trust's total deposited property value was S\$11.3 billion. Net asset value per unit was S\$1.81, after adjusting for 1H 2019 distributable income.

The Trust's unaudited Consolidated Financial Statements for 2Q 2019 results are available on its website (www.cct.com.sg) and on SGXNet (www.sqx.com).

SUMMARY OF CCT GROUP RESULTS

	2Q 2019	2Q 2018	Change (%)	1H 2019	1H 2018	Change (%)
Gross Revenue (S\$'000)	100,985	98,015	3.0	200,747	194,433	3.2
Net Property Income (S\$'000)	78,383	77,737	0.8	158,185	154,946	2.1
Distributable Income¹ (S\$'000)	82,435	79,383	3.8	165,158	155,989	5.9
DPU (cents)	2.20	2.16	1.9	4.40	4.28	2.8

¹ Distributable income in 2Q 2019 and 1H 2019 includes tax-exempt income of S\$3.9 million and S\$7.3 million respectively (2Q 2018 and 1H 2018: S\$0.8 million).

Mr Kevin Chee, Chief Executive Officer of the Manager, said: “We are pleased that CCT achieved higher 2Q 2019 DPU of 2.20 cents. Portfolio occupancy as at 30 June 2019 remained high at 98.6%. The resilient performance can be attributed to the consistent execution of our value creation strategy.”

“As part of our proactive management of existing operational assets, we plan to commence refurbishment and asset repositioning of 21 Collyer Quay and Six Battery Road respectively in 2020. We also announced CCT’s proposed acquisition of a 94.9% stake in Main Airport Center in Frankfurt, Germany, for EUR 251.5 million (about S\$387.1 million²) at an initial net property income yield of 4.0%³. Depending on the funding structure and on a pro forma basis, the acquisition is expected to be accretive to 1H 2019 DPU by 1.0% to 2.5%⁴. As the proposed acquisition is an interested party transaction, it will be subject to independent unitholders’ approval, expected in September 2019.”

“These initiatives are a continuation of our multi-pronged strategy to ensure our properties remain relevant, complemented by disciplined investments to generate sustainable growth for CCT.”

Major leasing and asset enhancement initiatives in 2020

CCT has signed a seven-year lease, commencing early 2Q 2021, with a new single occupier – WeWork Singapore Pte. Ltd. (WeWork) – for the entire building at 21 Collyer Quay. This will be WeWork’s largest workspace in Singapore. 21 Collyer Quay is presently leased to The Hongkong and Shanghai Banking Corporation Limited under a one-year extension and this lease will expire in April 2020. The Manager plans to capitalise on the transitional downtime in occupancy during changeover of tenants to upgrade the building. The expected return on investment is approximately 9% on an estimated cost of S\$45 million to upgrade the property. The works include enhancements to essential equipment, common and lettable areas and other upgrades to achieve a Green Mark Gold^{PLUS} rating.

CCT will take the opportunity to upgrade Six Battery Road upon the expiry of Standard Chartered Bank’s lease in 2020. Standard Chartered remains an anchor tenant and will continue to lease office space and house their flagship branch at Six Battery Road. The property will undergo an approximately S\$35 million asset enhancement initiative in phases from 1Q 2020 to 3Q 2021 to reposition the podium into a vibrant lifestyle attraction. Subject to authorities’ approval, the enhancement will include a new 24/7 through-block link connecting Raffles Place to Singapore River that will feature new F&B offerings. A rooftop restaurant with commanding views of the Singapore River and flexible workspace will also be added. The Manager expects a return of about 8% on the S\$35 million investment. The main office tower, which was last upgraded in 2013, will remain operational during the asset enhancement exercise.

The asset enhancement initiatives and the acquisition in Frankfurt reflect the Manager’s commitment to improve its portfolio of properties for long term sustainable growth. The Manager will work towards minimising short-term distribution impact to unitholders arising from the transitional downtime during asset upgrading.

² Based on the exchange rate of €1.00 = S\$1.539 as at 28 June 2019

³ Based on the agreed property value of €265.0 million (100.0% basis), 1H 2019 annualised adjusted NPI of €10.6 million and committed occupancy of approximately 90% as at 30 June 2019 after adjusting for expired leases and inclusion of newly committed leases.

⁴ Based on illustrative loan-to-value range of 40%-100% for the acquisition and indicative interest costs of 1.1% p.a. for Euro denominated borrowings.

Active portfolio leasing

In 2Q 2019, CCT signed over 257,000 square feet of new leases and renewals, of which 25% were new leases. New demand for office space was driven by tenants from diverse trade sectors. These included companies in Banking; Business Consultancy, IT Media & Telecommunications; and Retail Products and Services. To date, most of 2019 expiring leases (based on monthly gross rental income) have already been committed.

Outlook

According to CBRE Research, Singapore's average monthly Grade A office market rent increased by 11.9% year-on-year in 2Q 2019 to S\$11.30 per square foot. Occupancy in Singapore's Core CBD office buildings as at end June was 95.8%, an improvement from 95.4% in the previous quarter. Singapore's office market rent is expected to see continued growth in 2019.

In Frankfurt, prime office rent market continued to demonstrate resilience through property cycles.

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

CapitaLand Commercial Trust (CCT) is Singapore's first and largest listed commercial real estate investment trust (REIT) with a market capitalisation of approximately S\$8.1 billion as at 30 June 2019. Listed on Singapore Exchange Securities Trading Limited (SGX-ST) since May 2004, 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\$11.3 billion as at 30 June 2019 comprising a portfolio of eight prime commercial properties in Singapore and one property in Frankfurt, Germany. 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 (50.0% interest through OGS LLP), 21 Collyer Quay (HSBC Building) and CapitaSpring (45.0% 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 included in several indices. These include the Morgan Stanley Capital International, Inc (MSCI) Index, MSCI World ESG Leaders Index, FTSE4Good Index Series (FTSE4Good), the FTSE EPRA Nareit Global Real Estate Index Series, the iEdge SGX Sustainability Index and FTSE Straits Times Index.

CCT is managed by CapitaLand Commercial Trust Management Limited, which is a wholly owned subsidiary of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

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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.