



**CAPITALAND COMMERCIAL TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION
ANNOUNCEMENT**

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SUMMARY OF CCT GROUP RESULTS

	Notes	2Q 2019	2Q 2018	Change %	1H 2019	1H 2018	Change %
Gross Revenue (S\$'000)	1	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 Income (S\$'000)	2	82,435	79,383	3.8	165,158	155,989	5.9
Distribution Per Unit ("DPU") (cents)		2.20	2.16	1.9	4.40	4.28	2.8

Notes:

- (1) The improved performance was largely attributed to the acquisition of Galileo 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.
- (2) 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).

DISTRIBUTION AND BOOK CLOSURE DATES

Distribution	1 January 2019 to 30 June 2019
Distribution Type	i) Taxable income ii) Tax-exempt income
Distribution Rate	4.40 cents per unit comprising: i) Taxable income distribution 4.21 cents per unit; and ii) Tax-exempt income distribution of 0.19 cents per unit.
Books Closure Date	Friday, 26 July 2019
Payment Date	Thursday, 29 August 2019

CAPITALAND COMMERCIAL TRUST

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INTRODUCTION

CapitaLand Commercial Trust (“CCT”) was established pursuant to a trust deed dated 6 February 2004 (as amended) executed between CapitaLand Commercial Trust Management Limited, as manager of CCT (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited, as trustee of CCT (the “CCT Trustee”).

As at 30 June 2019, CCT’s property portfolio comprises:

- (1) Capital Tower
- (2) Six Battery Road
- (3) 21 Collyer Quay (“HSBC Building”)
- (4) CapitaGreen, held through wholly owned MSO Trust
- (5) Asia Square Tower 2 (“AST2”), held through wholly owned subsidiary Asia Square Tower 2 Pte. Ltd. (“AST2 Co.”), which is in turn held by MVKimi (BVI) Limited (collectively referred to as “AST2 Group”)
- (6) Raffles City Singapore, held through CCT’s 60.0% interest in RCS Trust
- (7) One George Street, held through CCT’s 50.0% interest in One George Street LLP (“OGS LLP”)
- (8) CapitaSpring, a property under development, held through CCT’s 45.0% interest in Glory Office Trust (“GOT”) and Glory SR Trust (“GSRT”)
- (9) Gallileo, an office building in Frankfurt, Germany, held through CCT’s 94.9% interest in Gallileo Property S.a.r.l. (“Gallileo Co.”), which is in turn held by special purpose vehicles CCT Galaxy Two Pte. Ltd. and CCT Galaxy One Pte. Ltd. (“Galaxy SPVs”) (collectively referred to as “Gallileo Group”).

CCT also owns approximately 10.9% of MRCB-Quill REIT (“MQREIT”), a commercial real estate investment trust listed in Malaysia.

On 1 April 2019, Bugis Village was returned to the State and CCT received a compensation sum of S\$40.7 million. Concurrently, CCT signed a one-year master lease agreement with Singapore Land Authority (“SLA”) with effect from 1 April 2019.

On 17 July 2019, CCT announced the following:

That it has entered into an agreement to acquire an effective 94.9% interest in Main Airport Center (“MAC”) – a freehold office property in Frankfurt, Germany – from CapitaLand Limited and Lum Chang Holdings Limited. CapitaLand will continue to hold a 5.1% interest in MAC post-transaction.

That it has signed a seven-year lease, commencing in early 2Q 2021 with WeWork Singapore Pte. Ltd. for the entire building of 21 Collyer Quay, with fit-out period prior to the lease commencement. The building is currently occupied by The Hongkong and Shanghai Banking Corporation Limited until April 2020. The Manager plans to use the transitional downtime to upgrade the building at an approximate cost S\$45 million.

That CCT will take the opportunity and undertake an approximately S\$35 million asset enhancement initiative of 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 main office tower, which was last upgraded in 2013, will remain operational.

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1(a) Statement of Total Return & Distribution Statement (2Q 2019 vs 2Q 2018)

	Note	Group			Trust		
		2Q 2019	2Q 2018	Change	2Q 2019	2Q 2018	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Statement of Total Return</u>							
Gross rental income		95,116	92,904	2.4	66,906	70,395	(5.0)
Car park income		1,555	1,561	(0.4)	1,172	1,199	(2.3)
Other income	1	4,314	3,550	21.5	2,992	2,715	10.2
Gross revenue	2	100,985	98,015	3.0	71,070	74,309	(4.4)
Property management fees		(2,301)	(2,238)	2.8	(1,528)	(1,669)	(8.4)
Property tax	3	(7,507)	(7,946)	(5.5)	(5,284)	(5,876)	(10.1)
Other property operating expenses	4	(12,794)	(10,094)	26.7	(9,915)	(8,132)	21.9
Property operating expenses		(22,602)	(20,278)	11.5	(16,727)	(15,677)	6.7
Net property income	5	78,383	77,737	0.8	54,343	58,632	(7.3)
Interest income	6	1,143	1,126	1.5	13,907	12,056	15.4
Investment income	7	-	-	-	40,388	32,319	25.0
Asset management fees:							
- Base fees		(1,987)	(2,165)	(8.2)	(1,571)	(1,752)	(10.3)
- Performance fees		(2,987)	(2,706)	10.4	(2,331)	(2,376)	(1.9)
Trust and other operating expenses	8	(1,457)	(914)	59.4	(10,013)	(9,495)	5.5
Finance costs	9	(17,136)	(22,286)	(23.1)	(17,036)	(15,935)	6.9
Net income before share of profit of joint ventures		55,959	50,792	10.2	77,687	73,449	5.8
Share of profit (net of tax) of joint ventures	10	28,278	47,914	(41.0)	-	-	-
Net income before tax		84,237	98,706	(14.7)	77,687	73,449	5.8
Net increase in fair value of investment properties	11	57,448	178,884	(67.9)	17,313	321,285	(94.6)
Total return for the period before tax		141,685	277,590	(49.0)	95,000	394,734	(75.9)
Tax expense	12	(1,414)	(2,226)	(36.5)	(16)	(50)	(68.0)
Total return for the period after tax		140,271	275,364	(49.1)	94,984	394,684	(75.9)
<u>Attributable to</u>							
Unitholders		140,075	274,996	(49.1)	94,984	394,684	(75.9)
Non-controlling interest	13	196	368	(46.7)	-	-	-
Total return for the period		140,271	275,364	(49.1)	94,984	394,684	(75.9)
<u>Distribution Statement</u>							
Total return attributable to unitholders		140,075	274,996	(49.1)	94,984	394,684	(75.9)
Net tax and other adjustments	14	(85,613)	(220,072)	(61.1)	(16,399)	(316,051)	(94.8)
Tax-exempt income distribution		3,850	750	NM	3,850	750	NM
Distribution from joint ventures	15	24,123	23,709	1.7	-	-	-
Distributable income to unitholders		82,435	79,383	3.8	82,435	79,383	3.8

NM – Not Meaningful

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Notes:

- (1) Higher other income in 2Q 2019 from 2Q 2018 was mainly due to higher property tax recovery.
- (2) Higher gross revenue was largely attributed to the acquisition of Gallileo and higher revenue from Asia Square Tower 2 ("AST2"), 21 Collyer Quay and Capital Tower offset by the divestment of Twenty Anson and lower revenue from Bugis Village and Six Battery Road.
- (3) Lower property tax for 2Q 2019 was mainly due to divestment of Twenty Anson and the return of Bugis Village to the State.
- (4) Other property operating expenses for 2Q 2019 was higher than 2Q 2018 mainly due to rental charges of Bugis Village under the master lease with SLA as well as higher marketing expenses, albeit offset by the decrease in other property operating expenses due to the divestment of Twenty Anson. At the Group level, other property operating expenses of Gallileo also contributed to the increase.
- (5) The following was included as part of the net property income:

	Group			Trust		
	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %
Depreciation and amortisation of lease incentives	1,279	1,118	14.4	264	98	NM

- (6) Interest income includes the following:

	Group			Trust		
	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %
Interest income from cash balance	153	136	12.5	100	90	11.1
Interest income from unitholder loan ^(6a)	990	990	-	13,807	11,966	15.4
Total	1,143	1,126	1.5	13,907	12,056	15.4

- (6a) Higher interest income from unitholder loan at the Trust was mainly due to higher unitholder loans to subsidiaries.
- (7) Investment income relates to dividends / distributions received from subsidiaries and joint ventures. There was no dividends received from subsidiaries in 2Q 2018.
- (8) Higher trust and other operating expenses for 2Q 2019 vis-à-vis 2Q 2018 was due to higher other operating expenses incurred.
- (9) Finance costs include the following:

	Group			Trust		
	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %
Interest cost ^(9a)	16,556	20,266	(18.3)	16,581	15,485	7.1
Amortisation of transaction costs ^(9b)	580	2,020	(71.3)	455	450	1.1
Total	17,136	22,286	(23.1)	17,036	15,935	6.9

- (9a) At the Group level, lower interest cost for 2Q 2019 versus 2Q 2018 was mainly due to lower borrowings. At the Trust level, the higher interest cost in 2Q 2019 was due to a full quarter's borrowings incurred to fund the acquisition of Gallileo compared to only twelve days in 2Q 2018.
- (9b) Lower amortisation of transaction costs at the Group level in 2Q 2019 vis-à-vis 2Q 2018 was mainly due to prepayment of borrowings in 2018.

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- (10) Share of profit of joint ventures relates mainly to results for CCT's interest in 60.0% of RCS Trust, 50.0% of OGS LLP and 45.0% of GOT & GSRT. Summary of the share of results of joint ventures is as follows:

	Group		
	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %
Gross revenue	41,211	40,827	0.9
Property operating expenses	(9,312)	(10,085)	(7.7)
Net property income	31,899	30,742	3.8
Finance costs ^(10a)	(7,340)	(6,314)	16.2
Net increase in fair value of investment properties ^(10b)	6,625	26,342	(74.9)
Trust and other expenses	(2,906)	(2,856)	1.8
Net profit of joint ventures (after tax)	28,278	47,914	(41.0)

- (10a) Higher finance costs in 2Q 2019 was due to higher interest rates for the borrowings of RCS Trust and OGS LLP as well as more borrowings by RCS Trust.
- (10b) Lower fair value gains of Raffles City Singapore and One George Street in 2Q 2019 vis-a-vis 2Q 2018.
- (11) This relates to the net change in the property values based on valuations over carrying values.
- (12) At the Group level, lower tax expense was mainly due to lower tax expense of Gallileo Co..
- (13) This relates to the non-controlling interest of Gallileo Co..
- (14) Net tax and other adjustments comprise the following:

	Group			Trust		
	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %	2Q 2019 S\$'000	2Q 2018 S\$'000	Change %
Asset management fee payable in Units ^(14a)	1,059	1,577	(32.8)	1,059	1,577	(32.8)
Trustee's fees	260	282	(7.8)	207	229	(9.6)
Amortisation of transaction costs	580	2,020	(71.3)	455	450	1.1
Net increase in fair value of investment properties ^(14b)	(57,454)	(178,824)	(67.9)	(17,313)	(321,285)	(94.6)
Share of profit of joint ventures	(28,278)	(47,914)	(41.0)	-	-	-
Temporary differences and other items	(1,780)	2,787	NM	(807)	2,978	NM
Total	(85,613)	(220,072)	(61.1)	(16,399)	(316,051)	(94.8)

- (14a) This relates to asset management fees of AST2 payable in Units.
- (14b) At the Group level, it excludes the non-controlling interest's share of the net increase in fair value of Gallileo.
- (15) This relates to distributions from RCS Trust (CCT's 60.0% interest) and OGS LLP (CCT's 50.0% interest).

NM – Not Meaningful

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1(a) **Statement of Total Return & Distribution Statement (1H 2019 vs 1H 2018)**

	Note	Group			Trust		
		1H 2019 S\$'000	1H 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
<u>Statement of Total Return</u>							
Gross rental income		189,595	184,721	2.6	133,507	140,524	(5.0)
Car park income		3,385	3,006	12.6	2,547	2,273	12.1
Other income	1	7,767	6,706	15.8	5,564	4,901	13.5
Gross revenue	2	200,747	194,433	3.2	141,618	147,698	(4.1)
Property management fees		(4,657)	(4,404)	5.7	(3,120)	(3,333)	(6.4)
Property tax	3	(15,052)	(15,581)	(3.4)	(10,664)	(11,516)	(7.4)
Other property operating expenses	4	(22,853)	(19,502)	17.2	(17,354)	(15,750)	10.2
Property operating expenses		(42,562)	(39,487)	7.8	(31,138)	(30,599)	1.8
Net property income	5	158,185	154,946	2.1	110,480	117,099	(5.7)
Interest income	6	2,356	2,328	1.2	27,738	21,749	27.5
Investment income	7	1,497	1,647	(9.1)	83,128	67,416	23.3
Asset management fees:							
- Base fees		(3,927)	(4,073)	(3.6)	(3,102)	(3,255)	(4.7)
- Performance fees		(6,222)	(5,571)	11.7	(4,927)	(4,802)	2.6
Trust and other operating expenses	8	(2,543)	(1,753)	45.1	(19,665)	(18,951)	3.8
Finance costs	9	(34,079)	(41,621)	(18.1)	(33,892)	(30,064)	12.7
Net income before share of profit of joint ventures		115,267	105,903	8.8	159,760	149,192	7.1
Share of profit (net of tax) of joint ventures	10	50,408	70,906	(28.9)	-	-	-
Net income		165,675	176,809	(6.3)	159,760	149,192	7.1
Loss on disposal of subsidiary	11	-	-	-	-	(4,478)	NM
Net increase in fair value of investment properties	12	57,448	178,884	(67.9)	17,313	321,285	(94.6)
Total return for the year before tax		223,123	355,693	(37.3)	177,073	465,999	(62.0)
Tax expense	13	(2,933)	(3,359)	(12.7)	(178)	(281)	(36.7)
Total return for the year after tax		220,190	352,334	(37.5)	176,895	465,718	(62.0)
<u>Attributable to</u>							
Unitholders		219,798	351,966	(37.6)	176,895	465,718	(62.0)
Non-controlling interest	14	392	368	6.5	-	-	-
Total return for the year		220,190	352,334	(37.5)	176,895	465,718	(62.0)
<u>Distribution Statement</u>							
Total return attributable to unitholders		219,798	351,966	(37.6)	176,895	465,718	(62.0)
Net tax and other adjustments	15	(110,004)	(244,808)	(55.1)	(18,987)	(310,479)	(93.9)
Tax-exempt income distribution		7,250	750	NM	7,250	750	NM
Distribution from joint ventures	16	48,114	48,081	0.1	-	-	-
Distributable income to unitholders		165,158	155,989	5.9	165,158	155,989	5.9

NM – Not Meaningful

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Notes:

- (1) Higher property tax recovery in 1H 2019 accounted for the increase over 1H 2018.
- (2) Higher gross revenue for the Group was largely attributed to the acquisition of Gallileo and higher revenue from AST2, 21 Collyer Quay and Capital Tower offset by divestment of Twenty Anson and lower gross revenue from Bugis Village and Six Battery Road.
- (3) Lower property tax for 1H 2019 was mainly due to divestment of Twenty Anson and the return of Bugis Village to the State.
- (4) Other property operating expenses for 1H 2019 was higher than 1H 2018 mainly due to rental charges of Bugis Village under the master lease with SLA as well as higher marketing expenses, which was offset by the decrease in other property operating expenses due to the divestment of Twenty Anson. At the Group level, other property operating expenses of Gallileo also contributed to the increase.
- (5) The following items have been included as part of net property income:

	Group			Trust		
	1H 2019 S\$'000	1H 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Depreciation and amortisation of lease incentives	2,491	2,603	(4.3)	460	558	(17.6)
Impairment losses on trade receivables	-	12	NM	-	12	NM

- (6) Interest income includes the following:

	Group			Trust		
	1H 2019 S\$'000	1H 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Interest income from cash balance	387	359	7.8	277	280	(1.1)
Interest income from unitholder loan ^(6a)	1,969	1,969	-	27,461	21,469	27.9
Total	2,356	2,328	1.2	27,738	21,749	27.5

- (6a) Higher interest income in 1H 2019 at the Trust level was mainly due to a higher unitholder loans to subsidiaries.
- (7) At the Group level, investment income relates to the distribution received from MQREIT. At the Trust level, investment income in 1H 2019 relates to dividends / distributions received from CCT's subsidiaries and joint ventures. There was no dividends received from subsidiaries in 1H 2018.
- (8) Higher trust and other operating expenses for 1H 2019 vis-à-vis 1H 2018 was due to higher other operating expenses incurred.

NM – Not Meaningful

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(9) Finance costs include the following:

	Group			Trust		
	1H 2019 S\$'000	1H 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Interest cost ^(9a)	32,935	38,485	(14.4)	32,984	28,739	14.8
Amortisation of transaction costs ^(9b)	1,144	3,136	(63.5)	908	1,325	(31.5)
Total	34,079	41,621	(18.1)	33,892	30,064	12.7

(9a) At the Group level, lower interest cost for 1H 2019 versus 1H 2018 was mainly due to lower borrowings. At the Trust level, the higher interest cost in 1H 2019 was due to a full period's borrowings incurred to fund the acquisition of Gallileo compared to only twelve days in 1H 2018.

(9b) The decrease in amortisation of transaction costs in 1H 2019 vis-à-vis 1H 2018 was mainly due to prepayment of borrowings in 2018.

(10) Share of profit of joint ventures relates mainly to results for RCS Trust (CCT's 60.0% interest), OGS LLP (CCT's 50.0% interest) and GOT & GSRT (CCT's 45.0% interest). Summary of the share of results of joint ventures is as follows:

	For Information only		
	Group		
	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Gross revenue	83,192	82,092	1.3
Property operating expenses	(18,507)	(19,856)	(6.8)
Net property income	64,685	62,236	3.9
Finance costs	(15,098)	(11,970)	26.1
Net increase in fair value of investment properties ^(10a)	6,625	26,342	(74.9)
Trust and other expenses	(5,804)	(5,702)	1.8
Net profit of joint ventures (after tax)	50,408	70,906	(28.9)

(10a) Lower fair value gains of Raffles City Singapore and One George Street in 1H 2019 vis-a-vis 1H 2018.

(11) This relates to the liquidation of a subsidiary on 23 April 2018.

(12) This relates to the net change in property values based on valuations over carrying values.

(13) At the Group level, lower tax expense was mainly due to lower tax expense of Gallileo Co..

(14) This relates to the non-controlling interest of Gallileo Co..

NM – Not Meaningful

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(15) Net tax and other adjustments comprise the following:

	Group			Trust		
	1H 2019 S\$'000	1H 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Asset management fee paid and payable in Units ^(15a)	2,146	3,133	(31.5)	2,146	3,133	(31.5)
Trustee's fees	514	532	(3.4)	410	428	(4.2)
Amortisation of transaction costs	1,144	3,136	(63.5)	908	1,325	(31.5)
Net increase in fair value of investment properties ^(15b)	(57,454)	(178,824)	(67.9)	(17,313)	(321,285)	(94.6)
Share of profit of joint ventures	(50,408)	(70,906)	(28.9)	-	-	-
Temporary differences and other items	(5,946)	(1,879)	NM	(5,138)	5,920	NM
Total	(110,004)	(244,808)	(55.1)	(18,987)	(310,479)	(93.9)

(15a) This relates to asset management fees of AST2 payable in Units.

(15b) At the Group level, this excludes the non-controlling interest's share of the net increase in fair value of Gallileo.

(16) This relates to distributions from RCS Trust (CCT's 60.0% interest) and OGS LLP (CCT's 50.0% interest).

NM – Not Meaningful

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1(b)(i) Statement of Financial Position as at 30 June 2019 vs 31 December 2018

Note	Group			Trust			
	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	Change %	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	Change %	
Non-current assets							
	769	793	(3.0)	745	790	(5.7)	
Plant and equipment							
Investment properties	1	7,665,961	7,613,634	0.7	3,628,200	3,605,700	0.6
Interest in subsidiaries	2	-	-	-	3,701,858	3,707,905	(0.2)
Equity instrument at fair value	3	40,675	40,632	0.1	40,675	40,632	0.1
Interest in joint ventures	4	1,770,606	1,763,086	0.4	1,434,265	1,428,818	0.4
Financial derivatives	5	9,551	7,348	30.0	9,503	7,050	34.8
Total non-current assets		9,487,562	9,425,493	0.7	8,815,246	8,790,895	0.3
Current assets							
Asset held for sale	6	-	40,746	NM	-	40,746	NM
Trade and other receivables		49,705	49,355	0.7	73,918	70,163	5.4
Cash and cash equivalents		201,207	174,913	15.0	170,014	144,106	18.0
Financial derivatives	5	81	-	NM	81	-	NM
Total current assets		250,993	265,014	(5.3)	244,013	255,015	(4.3)
Total assets	7	9,738,555	9,690,507	0.5	9,059,259	9,045,910	0.1
Current liabilities							
Trade and other payables		56,607	63,663	(11.1)	60,316	63,393	(4.9)
Current portion of security deposits		16,754	10,708	56.5	10,076	8,173	23.3
Interest-bearing liabilities	8	124,900	120,800	3.4	124,900	120,800	3.4
Financial derivatives	5	21,775	24,197	(10.0)	21,775	24,197	(10.0)
Current tax payable		4,523	5,401	(16.3)	35	194	(82.0)
Total current liabilities		224,559	224,769	(0.1)	217,102	216,757	0.2
Non-current liabilities							
Non-current portion of security deposits		51,791	57,302	(9.6)	34,722	36,315	(4.4)
Interest-bearing liabilities	9	2,489,640	2,493,182	(0.1)	2,096,033	2,095,736	0.0
Financial derivatives	5	3,422	3,725	(8.1)	2,575	2,771	(7.1)
Other payables	10	433	430	-	131,558	131,559	(0.0)
Deferred tax liabilities	11	2,576	1,938	32.9	-	-	-
Total non-current liabilities		2,547,862	2,556,577	(0.3)	2,264,888	2,266,381	(0.1)
Total liabilities		2,772,421	2,781,346	(0.3)	2,481,990	2,483,138	(0.0)
Net assets		6,966,134	6,909,161	0.8	6,577,269	6,562,772	0.2
Represented by:							
Unitholders' funds		6,948,992	6,892,018	0.8	6,577,269	6,562,772	0.2
Non-controlling interests	12	17,142	17,143	(0.0)	-	-	-
Total equity		6,966,134	6,909,161	0.8	6,577,269	6,562,772	0.2

NM – Not Meaningful

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Notes:

- (1) Investment properties are stated at valuations performed by independent valuers.
- (2) Include cost of investments in CCT MTN Pte. Ltd., MSO Trust, AST2 Group and Gallileo Group (including shareholder's loans).
- (3) This relates to CCT's 10.9% stake in MQREIT.
- (4) This relates to CCT's 60.0% interest in RCS Trust, 50.0% interest in OGS LLP and 45.0% interest in GOT and GSRT (including shareholder's loan).
- (5) This relates to the fair values of cross currency swaps and/or interest rate swaps.
- (6) Asset held for sale as at 31 December 2018 relates to Bugis Village which was returned to the State on 1 April 2019 for which CCT received a compensation sum of S\$40.7 million.
- (7) Total assets were S\$9,738.6 million as at 30 June 2019 (31 December 2018: S\$9,690.5 million). Total deposited property value (as defined in the Code on Collective Investment Schemes) as at 30 June 2019 was S\$11,269.0 million (31 December 2018: S\$11,193.5 million).
- (8) This relates to JPY10.0 billion fixed rate notes (hedged via cross currency swaps to S\$148.3 million) due on 16 December 2019. There are sufficient bank facilities to refinance the liability.
- (9) The non-current interest-bearing liabilities as at 30 June 2019 comprised:
 - (a) Unsecured fixed/floating rate notes totaling S\$725.0 million; JPY14.9 billion and HKD585.0 million (hedged via cross currency swaps to S\$277.5 million);
 - (b) Unsecured bank borrowings of S\$767.1 million and EUR208.8 million; and
 - (c) Secured bank borrowings of MSO Trust for S\$180.0 million and Gallileo Co. of EUR140.0 million.
- (10) At the Trust level, other payables as at 30 June 2019 relates to the lease liabilities payable to CCT's subsidiary, AST2 Co., under the master lease arrangement. At the Group level, it relates to payables owing to the non-controlling interest and lease liabilities of Gallileo Co..
- (11) This relates to deferred tax provision of Gallileo Co..
- (12) This relates to CCT's non-controlling interest of Gallileo Co..

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1(b)(ii) Aggregate amount of borrowings and debt securities

	Group			Trust		
	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	Change %	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	Change %
Secured borrowings						
Amount repayable after one year ⁽¹⁾	394,577	398,579	(1.0)	-	-	-
Less: Unamortised portion of transactions costs ⁽¹⁾	(970)	(1,133)	(14.4)	-	-	-
Net secured borrowings after one year	393,607	397,446	(1.0)	-	-	-
Unsecured borrowings						
Amount repayable after one year	2,100,122	2,100,507	(0.0)	2,100,122	2,100,507	(0.0)
Less: Unamortised portion of transactions costs	(4,089)	(4,771)	(14.3)	(4,089)	(4,771)	(14.3)
Net unsecured borrowings after one year	2,096,033	2,095,736	0.0	2,096,033	2,095,736	0.0
Amount repayable within one year	124,900	120,800	3.4	124,900	120,800	3.4
Total unsecured borrowings	2,220,933	2,216,536	0.2	2,220,933	2,216,536	0.2
Total secured and unsecured borrowings	2,614,540	2,613,982	0.0	2,220,933	2,216,536	0.2

Note :

(1) This relates to MSO Trust's and Gallileo Co.'s borrowings and transactions costs.

For information only

This relates to CCT's interest in the aggregate external borrowings of its joint ventures, namely RCS Trust (CCT's 60.0% interest), OGS LLP (CCT's 50.0% interest), GOT and GSRT (CCT's 45.0% interest), which are not included under total borrowings in the statement of financial position of the Group.

Secured borrowings ⁽¹⁾

Amount repayable after one year

Less: Unamortised portion of transactions costs

Net secured borrowings

Unsecured borrowings ⁽²⁾

Amount repayable after one year

Less: Unamortised portion of transactions costs

Net repayable after one year

Amount repayable within one year

Less: Unamortised portion of transactions costs

Net repayable within one year

Net unsecured borrowings

Total secured and unsecured borrowings

For information only		
30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	Change %
607,250	582,500	4.2
(2,849)	(3,390)	(16.0)
604,401	579,110	4.4
623,700	690,000	(9.6)
(933)	(1,171)	(20.3)
622,767	688,829	(9.6)
72,000	-	NM
(89)	-	NM
71,911	-	NM
694,678	688,829	0.8
1,299,079	1,267,939	2.5

Notes :

(1) Secured borrowings relate to CCT's 50.0% interest in borrowings of OGS LLP and CCT's 45.0% interest in borrowings of GOT and GSRT.

(2) Unsecured borrowings relate to CCT's 60.0% interest in borrowings of RCS Trust.

NM: Not meaningful

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1(c) Statement of Cash Flow (2Q 2019 vs 2Q 2018)

Note	Group	
	2Q 2019 S\$'000	2Q 2018 S\$'000
Operating activities		
Total return for the period before tax	141,685	277,590
Adjustments for :		
Share of profit of joint ventures	(28,278)	(47,914)
Amortisation of lease incentives	1,247	1,068
Depreciation of plant and equipment	32	50
Finance costs	17,136	22,286
Interest income	(1,143)	(1,126)
Asset management fees paid and payable in Units	1,059	1,577
Net increase in fair value of investment properties	(57,448)	(178,884)
	74,290	74,647
Changes in working capital		
Trade and other receivables	(389)	3,120
Trade and other payables	6,564	(5,833)
Security deposits	386	953
Cash generated from operating activities	80,851	72,887
Tax expenses paid	(1,659)	(630)
Net cash from operating activities	79,192	72,257
Investing activities		
Capital expenditure on investment properties	(2,687)	(2,908)
Purchase of plant and equipment	(7)	(27)
Compensation received on investment property	1	40,746
Distributions received from joint ventures	23,860	24,372
Interest income received	1,143	1,126
Acquisition of subsidiary	2	-
		(529,763)
Net cash from / (used in) investing activities	63,055	(507,200)
Financing activities		
Interest paid	(13,275)	(22,384)
Payment of transaction costs related to borrowings	(279)	(4,609)
Distribution to unitholders	(8,334)	(7,165)
Distribution to non-controlling interest	(77)	-
Net proceeds from equity placement	-	214,331
Proceeds from interest-bearing loans and borrowings	-	532,043
Repayment of interest-bearing loans and borrowings	-	(210,000)
Net cash (used in) / from financing activities	(21,965)	502,216
Net increase in cash and cash equivalents	120,282	67,273
Cash and cash equivalents at beginning of period	80,925	98,846
Cash and cash equivalents at end of period	201,207	166,119

Notes:

- (1) This relates to the compensation sum received for the return of Bugis Village to the State on 1 April 2019.
(2) This relates to the purchase consideration paid for Gallileo Co. in 2Q 2018.

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1(c) Statement of Cash Flow (1H 2019 vs 1H 2018)

Note	Group	
	1H 2019 S\$'000	1H 2018 S\$'000
Operating activities		
Total return for the period before tax	223,123	355,693
Adjustments for :		
Share of profit of joint ventures	(50,408)	(70,906)
Amortisation of lease incentives	2,424	2,501
Depreciation of plant and equipment	67	102
Finance costs	34,079	41,621
Loss on disposal of plant and equipment	2	-
Impairment losses on trade receivables	-	12
Interest income	(2,356)	(2,328)
Asset management fees paid and payable in Units	2,146	3,133
Net increase in fair value of investment properties	(57,448)	(178,884)
Distribution from equity instrument	(1,497)	(1,647)
Operating income before working capital changes	150,132	149,297
Changes in working capital		
Trade and other receivables	(4,289)	(331)
Trade and other payables	(4,535)	(12,019)
Security deposits	535	582
Cash generated from operating activities	141,843	137,529
Tax expenses paid	(3,101)	(1,480)
Net cash from operating activities	138,742	136,049
Investing activities		
Capital expenditure on investment properties	(5,498)	(6,048)
Purchase of plant and equipment	(11)	(61)
Compensation received on investment property	40,746	-
Distribution received from equity instrument	1,497	1,647
Distributions received from joint ventures	49,511	50,933
Interest income received	2,428	2,328
Acquisition of subsidiaries	(2,101)	(548,894)
Net cash from / (used in) investing activities	86,572	(500,095)
Financing activities		
Interest paid	(33,010)	(34,611)
Payment of transaction costs related to borrowings	(429)	(6,158)
Distribution to unitholders	(165,504)	(147,934)
Distribution to non-controlling interest	(77)	-
Net proceeds from equity placement	-	214,331
Proceeds from interest-bearing loans and borrowings	-	1,779,643
Repayment of interest-bearing loans and borrowings	-	(1,397,687)
Net cash (used in) / from financing activities	(199,020)	407,584
Net increase in cash and cash equivalents	26,294	43,538
Cash and cash equivalents at beginning of the year	174,913	122,581
Cash and cash equivalents at end of the period	201,207	166,119

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Notes:

- 1) This relates to the compensation sum received for the return of Bugis Village to the State on 1 April 2019.
- 2) For 1H 2019, it relates to the remaining purchase consideration paid for Gallileo Co. (1H 2018: It relates to the remaining purchase consideration paid for AST2 Group and purchase consideration paid for Gallileo Co.).

1(d)(i) Statement of movement in unitholders' funds (2Q 2019 vs 2Q 2018)

	Note	Group		Trust	
		2Q 2019 S\$'000	2Q 2018 S\$'000	2Q 2019 S\$'000	2Q 2018 S\$'000
Unitholders' fund as at beginning of period		6,807,917	6,369,182	6,479,438	5,929,142
Operations					
Total return for the period attributable to unitholders		140,075	274,996	94,984	394,684
Unitholders' transactions					
Creation of units:					
- Units issued in respect of RCS Trust's asset management fees		619	1,214	619	1,214
- Asset management fee paid and payable in Units		1,059	1,577	1,059	1,577
- Equity placement		-	217,880	-	217,880
Net increase in net assets resulting from unitholders' transactions		1,678	220,671	1,678	220,671
Movement in reserves					
- Foreign currency translation reserves	1	(1)	26	-	-
- Fair value reserves	2	(912)	4,431	(912)	4,431
- Capital reserves		-	(3,369)	-	(3,369)
- Hedging reserves	3	235	15,894	2,081	8,640
Net (decrease) / increase in net assets resulting from movement in reserves		(678)	16,982	1,169	9,702
Net increase in net assets		141,075	512,649	97,831	625,057
Unitholders' fund as at end of period		6,948,992	6,881,831	6,577,269	6,554,199

Notes:

- (1) This relates to translation differences from foreign operations and foreign currency loans forming part of net investment in foreign operations.
- (2) This relates to marked to market movement of MQREIT.
- (3) The movement in hedging reserves for the Trust relates to the fair value changes of the cross currency and interest rate swaps and the revaluation of JPY and HKD notes. Included in movement for the Group was MSO Trust's movement in hedging reserves and the Group's share of movement in hedging reserves of the joint ventures.

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1(d)(i) Statement of movement in unitholders' funds (1H 2019 vs 1H 2018)

	Note	Group		Trust	
		1H 2019 S\$'000	1H 2018 S\$'000	1H 2019 S\$'000	1H 2018 S\$'000
Unitholders' fund as at beginning of the year		6,892,018	6,416,923	6,562,772	5,993,766
Operations					
Total return for the year attributable to unitholders		219,798	351,966	176,895	465,718
Unitholders' transactions					
Creation of new units:					
- Units issued in respect of RCS Trust's asset management fees		5,447	6,662	5,447	6,662
- Asset management fee paid and payable in Units		2,146	3,133	2,146	3,133
- Equity placement		-	217,880	-	217,880
Distributions to unitholders		(165,504)	(147,934)	(165,504)	(147,934)
Net (decrease) / increase in net assets resulting from unitholders' transactions		(157,911)	79,741	(157,911)	79,741
Movement in reserves					
- Foreign currency translation reserves	1	(64)	26	-	-
- Fair value reserves	2	43	(3,124)	43	(3,124)
- Capital reserves		-	(3,369)	-	(3,369)
- Hedging reserves	3	(4,892)	39,668	(4,530)	21,467
Net (decrease) / increase in net assets resulting from movement in reserves		(4,913)	33,201	(4,487)	14,974
Net increase in net assets		56,974	464,908	14,497	560,433
Unitholders' fund as at end of the period		6,948,992	6,881,831	6,577,269	6,554,199

Notes:

- (1) This relates to translation differences from foreign operations and foreign currency loans forming part of net investment in foreign operations.
- (2) This relates to marked to market movement of MQREIT.
- (3) The movement in hedging reserves for the Trust relates to the fair value changes of the cross currency and interest rate swaps and the revaluation of JPY and HKD notes. Included in movement for the Group was MSO Trust's movement in hedging reserves and the Group's share of movement in hedging reserves of the joint ventures.

1(d)(ii) Details of any change in the units (2Q 2019 vs 2Q 2018)

	Group and Trust	
	2Q 2019 Units	2Q 2018 Units
Units in issue as at beginning of period	3,749,180,117	3,611,723,453
New Units issued:		
- As payment of asset management fee in relation to 60.0% interest in RCS Trust ⁽¹⁾	318,549	673,725
- As payment of asset management fees in relation to CCT's properties ⁽²⁾	273,190	287,921
- Equity placement ⁽³⁾	-	130,000,000
Total Units issued as at end of period	3,749,771,856	3,742,685,099

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Notes:

- (1) For 2Q 2019, it relates to Units issued for payment of 50.0% of the base component of management fees for 1Q 2019. The remaining 50.0% of the base component of management fees was paid in cash. (2Q 2018: Units issued for payment of base component of management fees for 1Q 2018).
- (2) For 2Q 2019, this relates to Units issued for payment of 1Q 2019 base component of AST2's asset management fees (2Q 2018: Units issued for payment of 1Q 2018 base component of the asset management fees of AST2).
- (3) For 2Q 2018, this relates to the Equity Placement on 28 May 2018 whereby 130.0 million Units were issued to partially fund the acquisition of Gallileo Co..

1(d)(ii) Details of any change in the units (1H 2019 vs 1H 2018)

	Group and Trust	
	1H 2019 Units	1H 2018 Units
Units in issue as at beginning of year	3,744,429,288	3,608,145,589
New Units issued:		
- As payment of asset management fee in relation to RCS Trust (CCT's 60.0% interest) ⁽¹⁾	3,033,831	3,518,768
- As payment of asset management fees in relation to CCT's properties ⁽²⁾	2,308,737	1,020,742
- Equity placement ⁽³⁾	-	130,000,000
Total Units issued as at end of the period	3,749,771,856	3,742,685,099

Notes:

- (1) For 1H 2019, it relates to Units issued for payment of FY 2018 performance fees and 50.0% of the base component of management fees for 4Q 2018 and 1Q 2019. The remaining 50.0% of the base component of management fees was paid in cash. (1H 2018: Units issued for payment of FY 2017 performance fees as well as 4Q 2017 and 1Q 2018 base component of management fees).
- (2) For 1H 2019, this relates to Units issued for payment of FY 2018 performance fees, 4Q 2018 and 1Q 2019 base component of AST2's asset management fees (1H 2018: Units issued for payment of base component of asset management fee for 1Q 2018 for AST2 and performance component of asset management fee for FY 2017 of One George Street and Wilkie Edge).
- (3) For 1H 2018, this relates to the Equity Placement on 28 May 2018 whereby 130.0 million Units were issued to partially fund the acquisition of Gallileo Co..

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2018.

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5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new Financial Reporting Standards in Singapore (“FRSs”) for the financial period beginning 1 January 2019 as follows:

FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group recognises its existing operating lease arrangements as ROU assets with corresponding lease liabilities and measures lease liabilities by applying a single discount rate to its office leases.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 January 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of FRS116.

For ROU assets which meet the definition of investment properties under the principles of FRS 40, the Group presents these leased assets as part of investment properties. For other ROU assets, the Group presents them as part of plant and equipment.

The nature of expenses related to such leases has changed as the principles under FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

There is no significant impact to the financial statements of the Group.

6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the financial period

EPU (2Q 2019 vs 2Q 2018)

Basic EPU⁽¹⁾

Weighted average number of Units for the period

Basic EPU

Diluted EPU⁽²⁾

Weighted average number of Units for the period (diluted)

Diluted EPU

	Group		Trust	
	2Q 2019	2Q 2018	2Q 2019	2Q 2018
Weighted average number of Units for the period	3,749,563,234	3,660,917,956	3,749,563,234	3,660,917,956
Basic EPU	3.74¢	7.51¢	2.53¢	10.78¢
Weighted average number of Units for the period (diluted)	3,751,385,902	3,664,022,389	3,751,385,902	3,664,022,389
Diluted EPU	3.73¢	7.51¢	2.53¢	10.77¢

EPU (1H 2019 vs 1H 2018)

Basic EPU⁽¹⁾

Weighted average number of Units for the period

Basic EPU

Diluted EPU⁽²⁾

Weighted average number of Units for the period (diluted)

Diluted EPU

	Group		Trust	
	1H 2019	1H 2018	1H 2019	1H 2018
Weighted average number of Units for the period	3,744,430,775	3,635,310,103	3,744,430,775	3,635,310,103
Basic EPU	5.87¢	9.68¢	4.72¢	12.81¢
Weighted average number of Units for the period (diluted)	3,746,256,408	3,638,422,161	3,746,256,408	3,638,422,161
Diluted EPU	5.87¢	9.67¢	4.72¢	12.80¢

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Notes:

- (1) Basic EPU was computed on total return for the period after tax (excluding non-controlling interests) over the weighted average number of Units for the period.
- (2) Diluted EPU was computed on total return for the period after tax (excluding non-controlling interests) over the weighted average number of Units for the period which had included potential dilutive Units assuming issuance of Units for the settlement of unpaid asset management fees.

Distribution per unit ("DPU")

In computing the DPU, the number of Units as at end of the period was used for the computation.

	2Q 2019	2Q 2018	1H 2019	1H 2018
Number of Units in issue at the end of the period	3,749,771,856	3,742,685,099	3,749,771,856	3,742,685,099
DPU (cents) for period	2.20¢	2.16¢	4.40¢	4.28¢

7 Net asset value ("NAV") / Net tangible asset ("NTA") per Unit based on Units in issue at the end of the period.

	Note	Group		Trust	
		30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Number of Units in issue at end of the period		3,749,771,856	3,744,429,288	3,749,771,856	3,744,429,288
NAV / NTA (S\$'000)	1	6,948,992	6,892,018	6,577,269	6,562,772
NAV / NTA per Unit	2	\$1.85	\$1.84	\$1.75	\$1.75
Adjusted NAV / NTA per Unit (excluding the distributable income to unitholders)		\$1.81	\$1.80	\$1.71	\$1.71

Notes:

- (1) This excluded non-controlling interest's share of NAV/NTA.
- (2) NAV/NTA per Unit were computed based on NAV/NTA over the number of Units in issue as at end of the period respectively.

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8 Review of the performance

<u>Statement of Total Return</u>	Group					
	2Q 2019	2Q 2018	Change	1H 2019	1H 2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	100,985	98,015	3.0	200,747	194,433	3.2
Property operating expenses	(22,602)	(20,278)	11.5	(42,562)	(39,487)	7.8
Net property income	78,383	77,737	0.8	158,185	154,946	2.1
Interest income	1,143	1,126	1.5	2,356	2,328	1.2
Investment income	-	-	-	1,497	1,647	(9.1)
Asset management fees:						
- Base fees	(1,987)	(2,165)	(8.2)	(3,927)	(4,073)	(3.6)
- Performance fees	(2,987)	(2,706)	10.4	(6,222)	(5,571)	11.7
Trust and other operating expenses	(1,457)	(914)	59.4	(2,543)	(1,753)	45.1
Finance costs	(17,136)	(22,286)	(23.1)	(34,079)	(41,621)	(18.1)
Net income before share of profit of joint ventures	55,959	50,792	10.2	115,267	105,903	8.8
Share of profit (net of tax) of joint ventures	28,278	47,914	(41.0)	50,408	70,906	(28.9)
Net income before tax	84,237	98,706	(14.7)	165,675	176,809	(6.3)
Net increase in fair value of investment properties	57,448	178,884	(67.9)	57,448	178,884	(67.9)
Total return for the period before tax	141,685	277,590	(49.0)	223,123	355,693	(37.3)
Tax expense	(1,414)	(2,226)	(36.5)	(2,933)	(3,359)	(12.7)
Total return for the period after tax	140,271	275,364	(49.1)	220,190	352,334	(37.5)
Distribution Statement						
Total return attributable to unitholders	140,075	274,996	(49.1)	219,798	351,966	(37.6)
Net tax and other adjustments	(85,613)	(220,072)	(61.1)	(110,004)	(244,808)	(55.1)
Tax-exempt income distribution	3,850	750	NM	7,250	750	NM
Distribution from joint ventures	24,123	23,709	1.7	48,114	48,081	0.1
Distributable income to unitholders	82,435	79,383	3.8	165,158	155,989	5.9
DPU for the period	2.20¢	2.16¢	1.9	4.40¢	4.28¢	2.8

NM – Not Meaningful

Review of CCT Group's performance 2Q 2019 vs 2Q 2018

- Gross revenue for 2Q 2019 was S\$101.0 million, an increase of S\$3.0 million or 3.0% over 2Q 2018. Contribution from the acquisition of Gallileo on 18 June 2018 offset the impact arising from the divestment of Twenty Anson on 29 August 2018. Higher gross revenue from AST2, 21 Collyer Quay and Capital Tower offset lower gross revenue from Bugis Village and Six Battery Road.
- Property operating expenses ("POE") for 2Q 2019 were S\$22.6 million, an increase of S\$2.3 million or 11.5% over 2Q 2018 mainly due to rental charges payable to SLA for Bugis Village with effect from 1 April 2019 as well as higher marketing expenses.
- Trust and other operating expenses in 2Q 2019 of S\$1.5 million increased by S\$0.5 million from 2Q 2018 mainly due to higher other operating expenses incurred.
- Finance costs of S\$17.1 million for 2Q 2019 were S\$5.2 million or 23.1% lower than 2Q 2018 largely due to lower borrowings.

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- e) Share of profit of joint ventures relates to CCT's 60.0% interest of results of RCS Trust, 50.0% interest in OGS LLP and 45.0% interest in GOT and GSRT.
- f) CCT's distributable income for 2Q 2019 of S\$82.4 million increased by 3.8% from that of 2Q 2018 mainly due to lower borrowings and higher distribution of tax-exempt income of S\$3.9 million.

Review of CCT Group's performance 1H 2019 vs 1H 2018

- a) Gross revenue for 1H 2019 was S\$200.7 million, an increase of S\$6.3 million or 3.2% over 1H 2018. Contribution from the acquisition of Gallileo on 18 June 2018 offset the impact arising from the divestment of Twenty Anson on 29 August 2018. Higher gross revenue from AST2, 21 Collyer Quay and Capital Tower offset lower gross revenue from Bugis Village and Six Battery Road.
- b) Property operating expenses for 1H 2019 were S\$42.6 million, an increase of S\$3.1 million or 7.8% over 1H 2018 mainly due to rental charges payable to SLA for Bugis Village with effect from 1 April 2019 as well as higher marketing expenses.
- c) Trust and other operating expenses in 1H 2019 of S\$2.5 million increased by S\$0.8 million from 1H 2018 mainly due to higher other operating expenses incurred.
- d) Finance costs of S\$34.1 million for 1H 2019 were S\$7.5 million or 18.1% lower than 1H 2018 largely due to lower borrowings.
- e) Share of profit of joint ventures relates to CCT's 60.0% interest of results of RCS Trust, 50.0% interest in OGS LLP and 45.0% interest in GOT and GSRT, which was lower in 1H 2019 vis-à-vis 1H 2018 mainly due to lower revaluation gains.
- g) CCT's distributable income for 1H 2019 of S\$165.2 million increased by 5.9% from that of 1H 2018 mainly due to lower borrowings and higher distribution of tax-exempt income of S\$7.3 million.

9 Variance from Previous Forecast / Prospect Statement

CCT did not disclose any forecast to the market.

10 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

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.

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 a year ago.

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.

As part of the proactive management of existing operational assets, The Manager plans to commence refurbishment and asset repositioning for 21 Collyer Quay and Six Battery Road respectively in 2020. The Manager also announced CCT's proposed acquisition of a 94.9% stake in Main Airport Center in Frankfurt, Germany, for EUR 251.5⁽¹⁾ million (about S\$ 387.1⁽²⁾ million). Depending on the funding structure and on proforma basis, the acquisition is expected to be accretive to 1H 2019 DPU by 1% to 2.5%⁽³⁾. The transaction is subject to the approval of independent Unitholders, expected in September 2019.

(1) Based on 94.9% of agreed property value of EUR265.0 million (100% basis).

(2) Based on exchange rate of EUR1.00 to S\$1.539 as at 28 June 2019.

(3) 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.

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CCT has signed a seven-year lease, commencing in early 2Q 2021 with WeWork Singapore Pte. Ltd. for the entire building of 21 Collyer Quay, with fit-out period prior to the lease commencement. This will be WeWork's largest space in Singapore. 21 Collyer Quay is presently leased to The Hongkong and Shanghai Banking Corporation Limited for one year 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 at an approximate cost of S\$45 million. The works include enhancements to essential equipment, common and lettable areas and upgrades to achieve at least a Green Mark Gold^{PLUS} rating.

CCT will capitalise on 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 main office tower, which was last upgraded in 2013, will remain operational.

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.

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.

11 Distributions

11(a) Current financial period

Any distributions declared for the current financial period? Yes

(i) Name of distribution Distribution for the period from 1 January 2019 to 30 June 2019

Distribution type	i) Taxable income distribution ii) Tax-exempt income distribution
Distribution rate	i) Taxable income distribution: 4.21 cents per unit ii) Tax-exempt income distribution: 0.19 cents per unit

Par value of units Not meaningful

Tax rate Taxable income distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-exempt income distribution
Tax-exempt income distribution is exempt from tax in the hands of all unitholders.

Books closure date: 26 July 2019

Date payable: 29 August 2019

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2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND
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11(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the preceding financial period? Yes

(i) Name of distribution Distribution for the period from 1 January 2018 to 27 May 2018

Distribution type Taxable income distribution

Distribution rate Taxable income distribution: 3.49 cents per Unit

Par value of units Not meaningful

Tax rate Taxable income distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Books closure date: 25 May 2018

Payment Date: 18 July 2018

(ii) Name of distribution Distribution for the period from 28 May 2018 to 30 June 2018

Distribution type ii) Taxable income distribution
 iii) Tax-exempt income distribution

Distribution rate ii) Taxable income distribution: 0.77 cents per unit
 iii) Tax-exempt income distribution: 0.02 cents per unit

Par value of units Not meaningful

Tax rate Taxable income distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-exempt income distribution
Tax-exempt income distribution is exempt from tax in the hands of all unitholders.

Books closure date: 26 July 2018

Date payable: 29 August 2018

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12 If no distribution has been declared/recommended, a statement to that effect

Not applicable

13 General mandate relating to interested party transactions

CCT has not obtained a general mandate from unitholders for Interested Person Transactions.

14 Confirmation that issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Manager confirms that it has procured undertakings from all its Directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

15 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the second quarter 2019 unaudited financial statements of the Group and Trust to be false or misleading in any material respect.

On behalf of the Board of the Manager,
CapitaLand Commercial Trust Management Limited

Andrew Lim
Director

Chee Tien Jin Kevin
Director

This release may contain forward-looking statements that involve 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 other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, 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.

By Order of the Board
CapitaLand Commercial Trust Management Limited
(Company registration no. 200309059W)
As Manager of CapitaLand Commercial Trust

Lee Ju Lin Audrey
Company Secretary
17 July 2019