

CAPITALAND COMMERCIAL TRUST
2020 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION ANNOUNCEMENT

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**CAPITALAND COMMERCIAL TRUST
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SUMMARY OF CCT GROUP RESULTS

	Note	2Q 2020	2Q 2019	Change %	1H 2020	1H 2019	Change %
Gross Revenue (\$\$'000)		92,796	100,985	(8.1)	196,395	200,747	(2.2)
Net Property Income (\$\$'000)		70,768	78,383	(9.7)	151,101	158,185	(4.5)
Income Available for Distribution to Unitholders (\$\$'000)		59,161	82,435	(28.2)	129,323	165,158	(21.7)
Distributable Income to Unitholders (\$\$'000)	1	65,602	82,435	(20.4)	129,323	165,158	(21.7)
Distribution Per Unit ("DPU") (cents)		1.69	2.20	(23.2)	3.34	4.40	(24.1)

Note:

(1) Distributable income of 2Q 2020 included S\$6.4 million of taxable income retained in 1Q 2020.

DISTRIBUTION AND BOOK CLOSURE DATES

Distribution	1 January 2020 to 30 June 2020
Distribution Type	i) Taxable income ii) Tax-exempt income
Distribution Rate	3.34 cents per unit comprising: i) Taxable income distribution 3.22 cents per unit ii) Tax-exempt income distribution of 0.12 cents per unit
Books Closure Date	3 August 2020
Payment Date	28 August 2020

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INTRODUCTION

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

As at 30 June 2020, CCT’s property portfolio comprises:

- (1) Capital Tower;
- (2) Six Battery Road;
- (3) 21 Collyer Quay;
- (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. (collectively referred to as “Gallileo Group”); and
- (10) Main Airport Center (“MAC”), held through CCT’s 94.9% interest in MAC Property Company B.V. and MAC Car Park Company B.V. (collectively referred to as “MAC Co.”), which is in turn held by special purpose vehicle, CCT Mercury One Pte. Ltd., (MAC Co. and CCT Mercury One Pte. Ltd. is collectively referred to as “MAC Group”).

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

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1(a) **Statement of Total Return & Distribution Statement (2Q 2020 vs 2Q 2019)**

	Note	Group		
		2Q 2020 S\$'000	2Q 2019 S\$'000	Change %
<u>Statement of Total Return</u>				
Gross rental income	1	88,095	95,116	(7.4)
Car park income		1,540	1,555	(1.0)
Other income	2	3,161	4,314	(26.7)
Gross revenue		92,796	100,985	(8.1)
Property management fees		(2,238)	(2,301)	(2.7)
Property tax	3	(8,385)	(7,507)	11.7
Other property operating expenses	4	(11,405)	(12,794)	(10.9)
Property operating expenses		(22,028)	(22,602)	(2.5)
Net property income	5	70,768	78,383	(9.7)
Interest income	6	1,226	1,143	7.3
Asset management fees:				
- Base fees		(2,046)	(1,987)	3.0
- Performance fees		(2,889)	(2,987)	(3.3)
Trust and other operating expenses	7	(1,638)	(1,457)	12.4
Finance costs	8	(15,899)	(17,136)	(7.2)
Net income before share of results of joint ventures		49,522	55,959	(11.5)
Share of results (net of tax) of joint ventures	9	(82,394)	28,278	NM
Net (loss) / Income		(32,872)	84,237	NM
Net change in fair value of investment properties	10	(130,993)	57,448	NM
Total return for the period before tax		(163,865)	141,685	NM
Tax credit / (expense)	11	129	(1,414)	NM
Total return for the period after tax		(163,736)	140,271	NM
<u>Attributable to</u>				
Unitholders		(163,300)	140,075	NM
Non-controlling interests	12	(436)	196	NM
Total return for the period		(163,736)	140,271	NM
<u>Distribution Statement</u>				
Total return attributable to unitholders		(163,300)	140,075	NM
Net tax and other adjustments	13	206,888	(85,613)	NM
Tax-exempt income distribution	14	4,650	3,850	20.8
Distribution from joint ventures	15	10,923	24,123	(54.7)
Income available for distribution to unitholders	16	59,161	82,435	(28.2)
Distributable income to unitholders	17	65,602	82,435	(20.4)

NM – Not Meaningful

CAPITALAND COMMERCIAL TRUST
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Notes:

- (1) Contribution from Main Airport Center acquired in September 2019 and higher revenue from Gallileo were offset by reduced revenue from the Singapore operating properties due to lower occupancies and upgrading works. 2Q 2020 also reported: (a) partial contribution from 21 Collyer Quay as HSBC's lease expired on 30 April 2020; (b) no revenue from Bugis Village in 2Q 2020 as the lease with Singapore Land Authority ("SLA") expired on 31 March 2020; and (c) rental waivers of S\$2.3 million.
- (2) Other income comprised mainly tenant recoveries and bulk energy savings. The decrease was largely due to lower recoveries from tenants.
- (3) Higher property tax in 2Q 2020 was mainly from 21 Collyer Quay, Six Battery Road and MAC.
- (4) Lower property operating expenses was largely due to the expiry of the Bugis Village lease with SLA on 31 March 2020.
- (5) The following was included in arriving at net property income:

Group		
2Q 2020	2Q 2019	Change
S\$'000	S\$'000	%
1,008	1,279	(21.2)

Depreciation and amortisation of lease incentives

- (6) Interest income includes the following:

Group		
2Q 2020	2Q 2019	Change
S\$'000	S\$'000	%
236	153	54.2
990	990	-
1,226	1,143	7.3

Interest income from cash balance ^(6a)

Interest income from unitholder loans

Total

- (6a) Increase was due to higher average cash balances.

- (7) Increase was mainly due to higher professional fees incurred.

- (8) Finance costs include the following:

Group		
2Q 2020	2Q 2019	Change
S\$'000	S\$'000	%
15,223	16,556	(8.1)
676	580	16.6
15,899	17,136	(7.2)

Interest cost ^(8a)

Amortisation of transaction costs

Total

- (8a) Lower interest cost in 2Q 2020 was mainly due to lower average cost of debt.

- (9) Share of results of joint ventures relates to CCT's share of results of RCS Trust (60%), OGS LLP (50%) and GOT & GSRT (45%), with details as follows:

Group		
2Q 2020	2Q 2019	Change
S\$'000	S\$'000	%
32,401	41,211	(21.4)
(10,257)	(9,312)	10.1
22,144	31,899	(30.6)
(7,008)	(7,340)	(4.5)
(95,041)	6,625	NM
(2,489)	(2,906)	(14.3)
(82,394)	28,278	NM

Gross revenue ^(9a)

Property operating expenses

Net property income

Finance costs

Net change in fair value of investment properties

Trust and other expenses

Net (loss)/profit of joint ventures (after tax)

NM – Not Meaningful

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- (9a) The decrease in gross revenue for 2Q 2020 versus 2Q 2019 was largely attributed to RCS Trust due to lower occupancies and turnover rent as well rental waivers to tenants of \$4.4 million (60.0% interest). OGS revenue had also included rental waivers of S\$0.2 million (50.0% interest).
- (10) This relates to the net change in property values based on valuations over carrying values.
- (11) The tax credit was largely due to deferred tax adjustments of Gallileo Co. and MAC Co., mainly arising from the revaluation losses for the properties.
- (12) This relates to the non-controlling interests of Gallileo Co. and MAC Co..
- (13) Net tax and other adjustments comprise the following:

	Group		
	2Q 2020 S\$'000	2Q 2019 S\$'000	Change %
Asset management fees ^(13a)	-	1,059	NM
Trustee's fees	267	260	2.7
Amortisation of transaction costs	676	580	16.6
Net change in fair value of investment properties ^(13b)	130,101	(57,454)	NM
Profit from subsidiaries	(6,809)	(6,026)	13.0
Share of results (net of tax) of joint ventures	82,394	(28,278)	NM
Tax (credit) / expense	(129)	1,414	NM
Temporary differences and other items	388	2,832	(86.3)
Total	206,888	(85,613)	NM

- (13a) This relates to asset management fees of AST2 paid in Units for 2Q 2019. Asset management fees of AST2 for 2Q 2020 was in cash.
- (13b) This excludes the non-controlling interests' share of the net change in fair value of Gallileo and MAC.
- (14) Tax-exempt income distributions relates to distributions from subsidiaries.
- (15) This relates to distributions from RCS Trust and OGS LLP. Lower distribution was primarily due to lower contribution from RCS Trust by S\$13.2 million (60.0% interest). The reduced contribution was due to rental waivers of S\$4.4 million (60.0% interest), decline in gross turnover revenue especially from the hotels, lower office occupancy and car park income. RCS Trust also retained S\$2.1 million (60.0% interest) of taxable distributable income in 2Q 2020 and paid asset management fees in cash.
- (16) Decrease in income available for distribution to unitholders in 2Q 2020 was due to lower net property income, reduced contribution from RCS Trust and payment of asset management fees for AST2 in cash.
- (17) Distributable income to Unitholders in 2Q 2020 includes S\$6.4m of taxable income retained in 1Q 2020.

NM – Not Meaningful

**CAPITALAND COMMERCIAL TRUST
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1(a) Statement of Total Return & Distribution Statement (1H 2020 vs 1H 2019)

Statement of Total Return

Gross rental income

Car park income

Other income

Gross revenue

Property management fees

Property tax

Other property operating expenses

Property operating expenses

Net property income

Interest income

Investment income

Asset management fees:

- Base fees

- Performance fees

Trust and other operating expenses

Finance costs

Net income before share of results of joint ventures

Share of results (net of tax) of joint ventures

Net income

Net change in fair value of investment properties

Total return for the period before tax

Tax expense

Total return for the period after tax

Attributable to

Unitholders

Non-controlling interests

Total return for the period

Distribution Statement

Total return attributable to unitholders

Net tax and other adjustments

Tax-exempt income distribution

Distribution from joint ventures

Income available for distribution to unitholders

Distributable income to unitholders

Note	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
1	185,054	189,595	(2.4)
2	4,712	3,385	39.2
3	6,629	7,767	(14.7)
	196,395	200,747	(2.2)
	(4,659)	(4,657)	0.0
	(14,633)	(15,052)	(2.8)
4	(26,002)	(22,853)	13.8
	(45,294)	(42,562)	6.4
5	151,101	158,185	(4.5)
6	2,769	2,356	17.5
7	1,323	1,497	(11.6)
	(4,104)	(3,927)	4.5
	(6,239)	(6,222)	0.3
	(3,031)	(2,543)	19.2
8	(32,114)	(34,079)	(5.8)
	109,705	115,267	(4.8)
9	(59,496)	50,408	NM
	50,209	165,675	(69.7)
10	(130,993)	57,448	NM
	(80,784)	223,123	NM
11	(1,895)	(2,933)	(35.4)
	(82,679)	220,190	NM
	(82,590)	219,798	NM
12	(89)	392	NM
	(82,679)	220,190	NM
	(82,590)	219,798	NM
13	178,096	(110,004)	NM
14	4,650	7,250	(35.9)
15	29,167	48,114	(39.4)
16	129,323	165,158	(21.7)
	129,323	165,158	(21.7)

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Notes:

- (1) Contribution from Main Airport Center acquired in September 2019 and higher revenue from Gallileo were offset by reduced revenue from the Singapore operating properties due to lower occupancies and upgrading works. 1H 2020 also reported: (a) partial contribution from 21 Collyer Quay as HSBC's lease expired on 30 April 2020; (b) no revenue from Bugis Village in 2Q 2020 as the lease with Singapore Land Authority expired on 31 March 2020; and (c) rental waivers of S\$2.6 million.
- (2) Higher car park income was largely due to the addition of car park income from MAC.
- (3) Other income comprises mainly tenant recoveries and bulk energy savings. The decrease was largely due to lower recoveries from tenants.
- (4) Higher other property operating expenses was mainly due to addition of MAC.
- (5) The following was included in arriving at net property income:

Group		
1H 2020	1H 2019	Change
S\$'000	S\$'000	%
Depreciation and amortisation of lease incentives	2,180	2,491 (12.5)

- (6) Interest income includes the following:

Interest income from cash balance ^(6a)
 Interest income from unitholder loans
 Total

Group		
1H 2020	1H 2019	Change
S\$'000	S\$'000	%
Interest income from cash balance ^(6a)	789	387 NM
Interest income from unitholder loans	1,980	1,969 0.6%
Total	2,769	2,356 17.5

- (6a) The increase was due to higher average cash balance.

- (7) This relates to distributions received from MQREIT.

- (8) Finance costs include the following:

Interest cost ^(8a)
 Amortisation of transaction costs
 Total

Group		
1H 2020	1H 2019	Change
S\$'000	S\$'000	%
Interest cost ^(8a)	30,892	32,935 (6.2)
Amortisation of transaction costs	1,222	1,144 6.8
Total	32,114	34,079 (5.8)

- (8a) Decrease in 1H 2020 from 1H 2019 was due to lower average cost of debt.

- (9) Share of results of joint ventures relates to CCT's share of results of RCS Trust (60.0%), OGS LLP (50.0%) and GOT & GSRT (45.0%), with details as follows:

Gross revenue ^(9a)
 Property operating expenses
 Net property income
 Finance costs
 Net change in fair value of investment properties
 Trust and other expenses
 Net (loss)/profit of joint ventures (after tax)

Group		
1H 2020	1H 2019	Change
S\$'000	S\$'000	%
Gross revenue ^(9a)	71,387	83,192 (14.2)
Property operating expenses	(16,194)	(18,507) (12.5)
Net property income	55,193	64,685 (14.7)
Finance costs	(14,182)	(15,098) (6.1)
Net change in fair value of investment properties	(95,041)	6,625 NM
Trust and other expenses	(5,466)	(5,804) (5.8)
Net (loss)/profit of joint ventures (after tax)	(59,496)	50,408 NM

NM – Not Meaningful

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- (9a) The decrease in gross revenue for 1H 2020 from 1H 2019 was largely attributed to RCS Trust due to lower occupancies and GTO revenue as well as rental waivers of S\$6.5 million (60.0% interest). Revenue for OGS LLP had included rental waivers of S\$0.2 million (50.0% interest).
- (10) This relates to the net change in property values based on valuations over the carrying values.
- (11) This relates mainly to the tax expense of Gallileo Co. and MAC Co..
- (12) This relates to the non-controlling interests of Gallileo Co. and MAC Co..
- (13) Net tax and other adjustments comprise the following:

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Asset management fees ^(13a)	-	2,146	NM
Trustee's fees	536	514	4.3
Amortisation of transaction costs	1,222	1,144	6.8
Net change in fair value of investment properties ^(13b)	130,101	(57,454)	NM
Profit from subsidiaries	(18,561)	(12,104)	53.4
Share of results (net of tax) of joint ventures	59,496	(50,408)	NM
Tax expense	1,895	2,933	(35.4)
Temporary differences and other items	3,407	3,225	5.7
Total	178,096	(110,004)	NM

- (13a) This relates to asset management fees of AST2 paid in units for 1H 2019. Asset management fees of AST2 for 1H 2020 was in cash.
- (13b) This excludes the non-controlling interests' share of the net change in fair value of Gallileo and MAC.
- (14) Tax-exempt income distributions relates to distributions from subsidiaries.
- (15) This relates to distributions from RCS Trust and OGS LLP. Lower distribution in 1H 2020 from 1H 2019 was primarily due to lower contribution from RCS Trust by S\$18.8 million (60.0% interest). The reduced contribution was due to rental waivers to tenants of S\$6.5 million (60.0% interest), decline in gross turnover revenue especially from the hotels, lower office occupancy and car park income. RCS Trust also retained S\$7.5 million (60.0% interest) of taxable distributable income in 1H 2020 compared with retention of S\$1.5 million (60.0% interest) in 1H 2019 and paid asset management fees in cash for 1H 2020.
- (16) Decrease in income available for distributions to unitholders in 1H 2020 was mainly due to lower net property income, reduced contribution from RCS Trust and payment of asset management fees for AST2 in cash.

NM – Not Meaningful

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1(b)(i) Statement of Financial Position as at 30 June 2020 vs 31 December 2019

	Note	Group			Trust		
		30 Jun 2020	31 Dec 2019	Change	30 Jun 2020	31 Dec 2019	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-current assets							
Plant and equipment		2,229	2,134	4.5	755	723	4.4
Investment properties	1	7,992,007	8,092,052	(1.2)	3,602,500	3,609,100	(0.2)
Subsidiaries	2	-	-	-	4,098,561	4,076,277	0.5
Joint ventures	3	1,694,681	1,786,105	(5.1)	1,440,438	1,435,526	0.3
Equity investment	4	25,533	38,156	(33.1)	25,533	38,156	(33.1)
Intangible asset		34	30	13.3	27	21	28.6
Financial derivatives	5	11,727	4,745	NM	11,727	4,745	NM
Total non-current assets		9,726,211	9,923,222	(2.0)	9,179,541	9,164,548	0.2
Current assets							
Trade and other receivables		52,100	61,793	(15.7)	63,831	73,847	(13.6)
Cash and cash equivalents		204,318	205,467	(0.6)	162,884	162,038	0.5
Financial derivatives	5	2,105	269	NM	2,105	269	NM
Total current assets		258,523	267,529	(3.4)	228,820	236,154	(3.1)
Total assets	6	9,984,734	10,190,751	(2.0)	9,408,361	9,400,702	0.1
Current liabilities							
Trade and other payables	7	83,581	75,032	11.4	80,195	65,051	23.3
Current portion of security deposits		18,130	17,776	2.0	11,115	10,145	9.6
Interest-bearing liabilities	8	157,710	42,746	NM	157,710	42,746	NM
Financial derivatives	5	1,562	782	99.7	1,562	782	99.7
Current tax payable		5,732	4,533	26.5	133	75	77.3
Total current liabilities		266,715	140,869	89.3	250,715	118,799	NM
Non-current liabilities							
Non-current portion of security deposits		51,804	53,425	(3.0)	33,538	35,686	(6.0)
Interest-bearing liabilities	9	2,703,479	2,767,764	(2.3)	2,300,469	2,375,214	(3.1)
Financial derivatives	5	8,574	5,589	53.4	8,574	5,589	53.4
Other payables	10	1,792	2,890	(38.0)	127,750	127,750	-
Deferred tax liabilities	11	4,806	5,809	(17.3)	-	-	-
Total non-current liabilities		2,770,455	2,835,477	(2.3)	2,470,331	2,544,239	(2.9)
Total liabilities		3,037,170	2,976,346	2.0	2,721,046	2,663,038	2.2
Net assets		6,947,564	7,214,405	(3.7)	6,687,315	6,737,664	(0.7)
Represented by:							
Unitholders' funds		6,918,350	7,185,098	(3.7)	6,687,315	6,737,664	(0.7)
Non-controlling interests	12	29,214	29,307	(0.3)	-	-	-
Total equity		6,947,564	7,214,405	(3.7)	6,687,315	6,737,664	(0.7)

NM – Not Meaningful

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Notes:

- (1) Investment properties are stated at fair value based on desktop valuations performed by independent professional valuers. The outbreak of the Novel Coronavirus ("COVID-19") has impacted market activity in many property sectors. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of investment properties are currently subject to material estimation uncertainty. The carrying amounts of the investment properties were current as at 30 June 2020 only. Values may change more rapidly and significantly than during standard market conditions.
- (2) This relates to cost of investments in CCT MTN Pte. Ltd., MSO Trust, AST2 Group, Gallileo Group and MAC Group (including shareholder's loans).
- (3) 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).
- (4) This relates to CCT's 10.9% stake in MQREIT. Lower value as at 30 June 2020 vis-à-vis 31 December 2019 was due to lower closing price of MQREIT.
- (5) This relates to the fair values of cross currency swaps and interest rate swaps.
- (6) Total assets were S\$9,984.7 million as at 30 June 2020 (31 December 2019: S\$10,190.8 million). Total deposited property value (as defined in the Code on Collective Investment Schemes) as at 30 June 2020 was S\$11,610.6 million (31 December 2019: S\$11,762.8 million). Lower total assets and deposited property value was largely due to lower investment properties values.
- (7) Trade and other payables as at 30 June 2020 increased from 31 December 2019 mainly due to grant payable to tenants, albeit settlement of service charges at Gallileo and MAC offset the increase at the Group level.
- (8) The current interest-bearing liabilities as at 30 June 2020 comprised of fixed rate notes of S\$50.0 million and HKD585.0 million (hedged via cross currency swaps to S\$102.5 million) due in 1Q 2021. There are sufficient bank facilities to refinance the liabilities.
- (9) The non-current interest-bearing liabilities as at 30 June 2020 comprised:
 - (a) Unsecured fixed/floating rate notes totaling S\$675.0 million; JPY24.9 billion (hedged via cross currency swaps to S\$299.7 million);
 - (b) Unsecured bank borrowings of S\$790.7 million and EUR328.1 million; and
 - (c) Secured bank borrowings of MAC Co. of EUR121.9 million and Gallileo Co. of EUR140.0 million.
- (10) At the Trust level, other payables relate to the recognized lease liabilities payable to CCT's subsidiary, AST2 Co., under the master lease arrangement. At the Group level, it relates mainly to payables of Gallileo Co. and MAC Co..
- (11) This relates to deferred tax provision of Gallileo Co. and MAC Co..
- (12) This relates to non-controlling interests of Gallileo Co. and MAC Co..

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1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

Secured borrowings

Amount repayable after one year ⁽¹⁾

Less: Unamortised portion of transactions costs ⁽¹⁾

Net secured borrowings after one year

Unsecured borrowings

Amount repayable after one year

Less: Unamortised portion of transactions costs

Net unsecured borrowings after one year

Amount repayable within one year

Less: Unamortised portion of transactions costs

Net unsecured borrowings within one year

Total unsecured borrowings

Total secured and unsecured borrowings

Note :

(1) This borrowings and transaction costs as at 30 June 2020 relates to Gallileo Co. and MAC Co..

Aggregate leverage and interest coverage ratio

As at 30 June 2020, aggregate leverage was 36.4% (31 December 2019: 35.1%). Year-to-date June 2020 interest coverage ratio was 5.3 times (year-to-date Dec 2019: 5.6 times).

Group		
30 Jun 2020	31 Dec 2019	Change
S\$'000	S\$'000	%
404,328	393,781	2.7
(1,318)	(1,231)	7.1
403,010	392,550	2.7
2,304,160	2,379,091	(3.1)
(3,691)	(3,877)	(4.8)
2,300,469	2,375,214	(3.1)
157,710	43,135	NM
-	(389)	NM
157,710	42,746	NM
2,458,179	2,417,960	1.7
2,861,189	2,810,510	1.8

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 repayable after one year

Amount repayable within one year

Less: Unamortised portion of transactions costs

Net repayable within one year

Total 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

30 Jun 2020	31 Dec 2019	Change
S\$'000	S\$'000	%
402,750	646,400	(37.7)
(1,181)	(2,290)	(48.4)
401,569	644,110	(37.7)
290,000	-	NM
(557)	-	NM
289,443	-	NM
691,012	644,110	7.3
617,400	630,900	(2.1)
(690)	(806)	(14.4)
616,710	630,094	(2.1)
108,000	72,000	50.0
(130)	(44)	NM
107,870	71,956	49.9
724,580	702,050	3.2
1,415,592	1,346,160	5.2

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

**CAPITALLAND COMMERCIAL TRUST
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1(c) Statement of Cash Flow (2Q 2020 vs 2Q 2019)

Note	Group	
	2Q 2020	2Q 2019
	S\$'000	S\$'000
Operating activities		
Total return for the period before tax	(163,865)	141,685
Adjustments for :		
Share of results of joint ventures	82,394	(28,278)
Amortisation of lease incentives	890	1,247
Depreciation of plant, equipment and amortisation of intangible asset	118	32
Finance costs	15,899	17,136
Interest income	(1,226)	(1,143)
Asset management fees paid in Units	-	1,059
Net change in fair value of investment properties	130,993	(57,448)
Operating income before working capital changes	65,203	74,290
Changes in working capital		
Trade and other receivables	(11,871)	(389)
Trade and other payables	4,962	6,564
Security deposits	(1,297)	386
Cash generated from operating activities	56,997	80,851
Tax refund / (paid)	545	(1,659)
Net cash from operating activities	57,542	79,192
Investing activities		
Capital expenditure on investment properties	(3,138)	(2,687)
Purchase of plant and equipment	(119)	(7)
Compensation received on investment property	-	40,746
Distributions received from joint ventures	18,245	23,860
Interest income received	1,226	1,143
Net cash from investing activities	16,214	63,055
Financing activities		
Interest paid	(9,901)	(13,275)
Payment of transaction costs related to borrowings	(356)	(279)
Distributions to unitholders - withholding tax	(7,598)	(8,334)
Distribution to non-controlling interest	-	(77)
Proceeds from interest-bearing loans and borrowings	43,135	-
Repayment of interest-bearing loans and borrowings	(43,135)	-
Net cash used in financing activities	(17,855)	(21,965)
Net increase in cash and cash equivalents	55,901	120,282
Cash and cash equivalents at beginning of the period	148,417	80,925
Cash and cash equivalents at end of period	204,318	201,207

Note

(1) This relates to the compensation sum received in 2019 for the return of Bugis Village to the State.

CAPITALAND COMMERCIAL TRUST
2020 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND
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1(c) Statement of Cash Flow (1H 2020 vs 1H 2019)

Operating activities

Total return for the period before tax

Adjustments for :

Share of results of joint ventures

Amortisation of lease incentives

Depreciation of plant, equipment and amortisation of intangible asset

Finance costs

Loss on disposal of plant and equipment

Interest income

Asset management fees paid in Units

Net change in fair value of investment properties

Distribution from equity investment

Operating income before working capital changes

Changes in working capital

Trade and other receivables

Trade and other payables

Security deposits

Cash generated from operating activities

Tax paid

Net cash from operating activities

Investing activities

Capital expenditure on investment properties

Purchase of plant and equipment

Purchase of intangible asset

Compensation received on investment property

Distribution received from equity investment

Distributions received from joint ventures

Interest income received

Acquisition of subsidiaries, net of cash acquired

Net cash from investing activities

Financing activities

Interest paid

Payment of transaction costs related to borrowings

Distributions to unitholders

Dividend to non-controlling interest

Proceeds from interest-bearing loans and borrowings

Repayment of interest-bearing loans and borrowings

Net cash used in financing activities

Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the period

Note	Group	
	1H 2020 S\$'000	1H 2019 S\$'000
	(80,784)	223,123
	59,496	(50,408)
	1,975	2,424
	205	67
	32,114	34,079
	-	2
	(2,769)	(2,356)
	-	2,146
	130,993	(57,448)
	(1,323)	(1,497)
	139,907	150,132
	(5,429)	(4,289)
	11,130	(4,535)
	(1,269)	535
	144,339	141,843
	(1,869)	(3,101)
	142,470	138,742
	(5,572)	(5,498)
	(132)	(11)
	(19)	-
1	-	40,746
	1,323	1,497
	42,608	49,511
	2,769	2,428
2	(2,910)	(2,101)
	38,067	86,572
	(31,273)	(33,010)
	(737)	(429)
	(148,907)	(165,504)
	(769)	(77)
	43,135	-
	(43,135)	-
	(181,686)	(199,020)
	(1,149)	26,294
	205,467	174,913
	204,318	201,207

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Notes

- (1) This relates to the compensation sum received in 2019 for the return of Bugis Village to the State.
- (2) For 1H 2020, it relates to the remaining purchase consideration for MAC Co. For 1H 2019, it relates to the remaining purchase consideration paid for Gallileo Co.

1(d)(i) Statement of Movement in Unitholders' Funds (2Q 2020 vs 2Q 2019)

	Group		Trust	
	2Q 2020 S\$'000	2Q 2019 S\$'000	2Q 2020 S\$'000	2Q 2019 S\$'000
Unitholders' fund as at beginning of period	7,113,582	6,807,917	6,674,394	6,479,438
Operations				
Total return for the period attributable to unitholders	(163,300)	140,075	43,444	94,984
Unitholders' transactions				
Creation of units:				
- Units issued in relation to RCS Trust's asset management fees	-	619	-	619
- Units issued in relation to asset management fee for AST2	-	1,059	-	1,059
Net increase in net assets resulting from unitholders' transactions	-	1,678	-	1,678
Movement in reserves				
- Foreign currency translation reserves	1,355	(1)	-	-
- Fair value reserves	(840)	(912)	(840)	(912)
- Hedging reserves	(32,447)	235	(29,683)	2,081
Net (decrease) / increase in net assets resulting from movement in reserves	(31,932)	(678)	(30,523)	1,169
Net (decrease) / increase in net assets	(195,232)	141,075	12,921	97,831
Unitholders' fund as at end of period	6,918,350	6,948,992	6,687,315	6,577,269

Notes:

- (1) This relates to translation differences from foreign operations and foreign currency loans which is part of net investment hedge in foreign operations.
- (2) This relates to mark-to-market movement of MQREIT.
- (3) For the Trust, this relates to the fair value changes of the cross currency and interest rate swaps and the revaluation of JPY and HKD notes. For the Group, this relates to 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 2020 vs 1H 2019)

	Group		Trust	
	1H 2020 S\$'000	1H 2019 S\$'000	1H 2020 S\$'000	1H 2019 S\$'000
Unitholders' fund as at beginning of the year	7,185,098	6,892,018	6,737,664	6,562,772
Operations				
Total return for the period attributable to unitholders	(82,590)	219,798	127,648	176,895
Unitholders' transactions				
Creation of new units:				
- Units issued in relation to RCS Trust's asset management fees	4,912	5,447	4,912	5,447
- Units issued in relation to asset management fee paid for AST2	-	2,146	-	2,146
Distributions to unitholders	(148,907)	(165,504)	(148,907)	(165,504)
Net decrease in net assets resulting from unitholders' transactions	(143,995)	(157,911)	(143,995)	(157,911)
Movement in reserves				
- Foreign currency translation reserves	1,512	(64)	-	-
- Fair value reserves	(12,624)	43	(12,624)	43
- Hedging reserves	(29,051)	(4,892)	(21,378)	(4,530)
Net decrease in net assets resulting from movement in reserves	(40,163)	(4,913)	(34,002)	(4,487)
Net (decrease) / increase in net assets	(266,748)	56,974	(50,349)	14,497
Unitholders' fund as at end of the period	6,918,350	6,948,992	6,687,315	6,577,269

Notes:

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

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1(d)(ii) Details of Change in Issue of Units (2Q 2020 vs 2Q 2019)

	Group and Trust	
	2Q 2020 Units	2Q 2019 Units
Units in issue as at beginning of period	3,861,876,136	3,749,180,117
New Units issued:		
- As payment of asset management fee for RCS Trust (60% interest) ⁽¹⁾	-	318,549
- As payment of asset management fees for Asia Square Tower 2 ⁽²⁾	-	273,190
Total Units issued as at end of period	3,861,876,136	3,749,771,856

Notes:

- (1) For 2Q 2019, it relates to Units issued for payment of 50.0% of 1Q 2019 base component of asset management fees of RCS Trust (60%). The remaining balance of 50.0% base component of asset management fees were paid in cash.
- (2) For 2Q 2019, it relates to Units issued for payment of 1Q 2019 base component of AST2's asset management fees.

1(d)(ii) Details of any change in issue of Units (1H 2020 vs 1H 2019)

	Group and Trust	
	1H 2020 Units	1H 2019 Units
Units in issue as at beginning of period	3,857,685,908	3,744,429,288
New Units issued:		
- As payment of asset management fee in relation to RCS Trust (60% interest) ⁽¹⁾	2,497,569	3,033,831
- As payment of asset management fees in relation to Asia Square Tower 2 ⁽²⁾	1,692,659	2,308,737
Total Units issued as at end of the period	3,861,876,136	3,749,771,856

Notes:

- (1) For 1H 2020, it relates to Units issued for payment of 50.0% of 4Q 2019 base component and FY 2019 performance component of asset management fees of RCS Trust (1H 2019: Units issued for payment of 50.0% of 4Q 2018 and 1Q 2019 base component and FY 2018 performance component of asset management fees).
- (2) For 1H 2020, it relates to Units issued for payment of 4Q 2019 base component and FY 2019 performance component of AST2's asset management fees (1H 2019: Units issued for payment of 4Q 2018 and 1Q 2019 base component and FY 2018 performance component of AST2's asset management fees).

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

The figures have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements SSRE 2410 *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*.

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

Please refer to the attached review reports

KPMG LLP has given and has not withdrawn its consent to the reproduction in its entirety of its review report dated 23 July 2020 on the unaudited consolidated financial statements of CCT for the six months ended 30 June 2020 (“2Q 2020 Results”) in this Announcement for the information of the unitholders of CCT.

Deloitte & Touche Corporate Finance Pte Ltd has given and has not withdrawn its consent to the reproduction in its entirety of its letter dated 23 July 2020 on the 2Q 2020 Results in this Announcement for the information of the unitholders of CCT.

The 2Q 2020 Results have been reported on in accordance with The Singapore Code on Take-overs and Mergers.

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 para 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 2019.

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 several new standards and interpretation and amendments to standards for the financial period beginning 1 January 2020.

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

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6 Earnings per Unit ("EPU") and Distribution per Unit ("DPU") for the Financial Period

EPU (2Q 2020 vs 2Q 2019)

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	
2Q 2020	2Q 2019
3,861,876,136	3,749,563,234
(4.23)¢	3.74¢
3,861,876,136	3,751,385,902
(4.23)¢	3.73¢

EPU (1H 2020 vs 1H 2019)

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	
1H 2020	1H 2019
3,860,540,789	3,744,430,775
(2.14)¢	5.87¢
3,860,540,789	3,746,256,408
(2.14)¢	5.87¢

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 2020	2Q 2019	1H 2020	1H 2019
Number of Units in issue at the end of the period	3,861,876,136	3,749,771,856	3,861,876,136	3,749,771,856
DPU (cents) for period	1.69¢	2.20¢	3.34¢	4.40¢

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7 Net Asset Value ("NAV") / Net Tangible Asset ("NTA") per Unit based on Units in Issue at the end of the Period / Year

Note	Group		Trust	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Number of Units in issue at end of the period / year	3,861,876,136	3,857,685,908	3,861,876,136	3,857,685,908
NAV (S\$'000)	6,918,350	7,185,098	6,687,315	6,737,664
NTA (S\$'000)	6,918,316	7,185,068	6,687,288	6,737,643
NAV / NTA per Unit	\$1.79	\$1.86	\$1.73	\$1.75
Adjusted NAV / NTA per Unit (excluding the distributable income to unitholders)	\$1.76	\$1.82	\$1.70	\$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.

8 Review of the Performance

Statement of Total Return

	Group					
	2Q 2020	2Q 2019	Change	1H 2020	1H 2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	92,796	100,985	(8.1)	196,395	200,747	(2.2)
Property operating expenses	(22,028)	(22,602)	(2.5)	(45,294)	(42,562)	6.4
Net property income	70,768	78,383	(9.7)	151,101	158,185	(4.5)
Interest income	1,226	1,143	7.3	2,769	2,356	17.5
Investment income	-	-	-	1,323	1,497	(11.6)
Asset management fees:						
- Base fees	(2,046)	(1,987)	3.0	(4,104)	(3,927)	4.5
- Performance fees	(2,889)	(2,987)	(3.3)	(6,239)	(6,222)	0.3
Trust and other operating expenses	(1,638)	(1,457)	12.4	(3,031)	(2,543)	19.2
Finance costs	(15,899)	(17,136)	(7.2)	(32,114)	(34,079)	(5.8)
Net income before share of results of joint ventures	49,522	55,959	(11.5)	109,705	115,267	(4.8)
Share of results (net of tax) of joint ventures	(82,394)	28,278	NM	(59,496)	50,408	NM
Net (loss) / income	(32,872)	84,237	NM	50,209	165,675	(69.7)
Net change in fair value of investment properties	(130,993)	57,448	NM	(130,993)	57,448	NM
Total return for the period before tax	(163,865)	141,685	NM	(80,784)	223,123	NM
Tax credit / (expense)	129	(1,414)	NM	(1,895)	(2,933)	(35.4)
Total return for the period after tax	(163,736)	140,271	NM	(82,679)	220,190	NM

NM – Not Meaningful

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	Group					
	2Q 2020	2Q 2019	Change	1H 2020	1H 2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Distribution Statement</u>						
Total return attributable to unitholders	(163,300)	140,075	NM	(82,590)	219,798	NM
Net tax and other adjustments	206,888	(85,613)	NM	178,096	(110,004)	NM
Tax-exempt income distribution	4,650	3,850	20.8	4,650	7,250	(35.9)
Distribution from joint ventures	10,923	24,123	(54.7)	29,167	48,114	(39.4)
Income available for distribution to unitholders	59,161	82,435	(28.2)	129,323	165,158	(21.7)
Distributable income to unitholders	65,602	82,435	(20.4)	129,323	165,158	(21.7)
DPU for the period	1.69¢	2.20¢	(23.2)	3.34¢	4.40¢	(24.1)

NM – Not Meaningful

Review of CCT Group's performance 2Q 2020 vs 2Q 2019

- a) Contribution from Main Airport Center acquired in September 2019 and higher revenue from Gallileo were offset by reduced gross revenue from the Singapore operating properties due to lower occupancies and upgrading works, and rental waivers of S\$2.3 million. Partial contribution from 21 Collyer Quay as HSBC's lease expired on 30 April 2020. No income and operating expenses from Bugis Village in 2Q 2020 as the lease with Singapore Land Authority expired on 31 March 2020.
- b) Property operating expenses for 2Q 2020 were S\$22.0 million, a decrease of S\$0.6 million or 2.5% over 2Q 2019 as there was no rental payments to SLA for Bugis Village as the lease from SLA had expired on 31 March 2020, albeit the decrease was offset by the addition of property operating expenses of MAC Co acquired in September 2019.
- c) Trust and other operating expenses in 2Q 2020 of S\$1.6 million increased by S\$0.2 million or 12.4% from 2Q 2019 mainly due to higher professional fees incurred.
- d) Finance costs of S\$15.9 million for 2Q 2020 were S\$1.2 million or 7.2% lower than 2Q 2019 mainly due to lower average cost of debts.
- e) Share of results of joint ventures relates to CCT's share of results of RCS Trust (60%), OGS LLP (50%) and GOT and GSRT (45%). Losses in 2Q 2020 was due to revaluation loss for the valuation of investment properties as at 30 June 2020.
- f) CCT's distributable income for 2Q 2020 of \$65.6 million had included taxable income of S\$6.4 million retained in 1Q 2020. Decrease in distributable income in 2Q 2020 from 2Q 2019 was due to lower net property income, reduced contribution from RCS Trust by S\$13.2 million (60.0% interest) and payment of asset management fees for AST2 in cash. In the case of RCS Trust, the reduced contribution was due to rental waivers of S\$4.4 million (60.0% interest), decline in gross turnover revenue especially from the hotels, lower office occupancy and car park income. RCS Trust also retained S\$2.1 million (60.0% interest) of taxable distributable income in 2Q 2020 and payment of asset management fees in cash.

Review of CCT Group's performance 1H 2020 vs 1H 2019

- a) Contribution from Main Airport Center acquired in September 2019 and higher revenue from Gallileo were offset by reduced gross revenue from the Singapore operating properties due to lower occupancies and upgrading works as well as rental waivers of S\$2.6 million. Partial contribution from 21 Collyer Quay as HSBC's lease expired on 30 April 2020. No income and operating expenses from Bugis Village in 2Q 2020 as the lease with Singapore Land Authority expired on 31 March 2020.

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- b) Property operating expenses for 1H 2020 were S\$45.3 million, an increase of S\$2.7 million or 6.4% over 1H 2019 mainly due to the addition of operating expenses of MAC Co. acquired in September 2019, albeit offset by lower marketing commission incurred in 1H 2020 and no rental payments to SLA for Bugis Village in 2Q 2020 as the lease from SLA had expired on 31 March 2020.
- c) Trust and other operating expenses in 1H 2020 of S\$3.0 million increased by S\$0.5 million or 19.2% from 1H 2019 mainly due to higher professional fees incurred.
- d) Finance costs of S\$32.1 million for 1H 2020 were S\$2.0 million or 5.8% lower than 1H 2019 largely due to lower average cost of debts despite higher borrowings.
- e) Share of results of joint ventures relates to CCT's share of results of RCS Trust (60%), OGS LLP (50%) and GOT and GSRT (45%). Losses in 1H 2020 was due to revaluation loss for the valuation of investment properties as at 30 June 2020.
- f) CCT's distributable income for 1H 2020 of \$129.3 million, a decrease of 21.9% from 1H 2019 of \$165.2 million. The decrease was due to lower net property income, reduced contribution from RCS Trust by S\$18.8 million (60.0% interest) and payment of asset management fees for AST2 in cash. In the case of RCS Trust, the reduced contribution was due to rental waivers to tenants of S\$6.5 million (60.0% interest), decline in gross turnover revenue especially from the hotels, lower office occupancy and car park income. RCS Trust also retained S\$7.5 million (60.0% interest) of taxable distributable income in 1H 2020 compared with retention of S\$1.5 million (60.0% interest) in 1H 2019 and payment of asset management fees in cash.

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

CCT's 2Q 2020 results reflected the impact of our portfolio positioning and rental support for tenants amidst COVID-19. The priority is to retain and support our tenants through the COVID-19 challenges. To ensure that the portfolio maintains a sustainable path to future growth, CCT is focused on completing the asset enhancements of Six Battery Road and 21 Collyer Quay as well as the development of CapitaSpring in 2021. With an improved portfolio positioning and enhanced offerings, CCT will be better placed to meet the evolving workspace needs of its tenants in a post-COVID-19 world.

Portfolio leasing update

With the phased reopening of Singapore's economy from 19 June 2020, CCT's tenants are progressively returning to their offices. The Trust is prudently managing property expenses while ensuring a clean and safe workspace for building occupants.

As at 30 June 2020, CCT's portfolio committed occupancy stood at 95.2%. Against the backdrop of relatively muted leasing activities in 2Q 2020, the Trust managed to sign approximately 176,000 square feet (sq ft) of new leases and renewals at rental rates which were mostly higher than the respective expiring rents. Of the total net lettable area committed, about 13% were new leases.

Capital management

Amidst the uncertainties, CCT continue to adopt a proactive capital management strategy. CCT successfully completed the refinancing of borrowings due in 2020 and lowered its average cost of debt to 2.2% per annum as at 30 June 2020. CCT's aggregate leverage as at 30 June 2020 was 36.4%, well below the regulatory limit of 50%.

**CAPITALAND COMMERCIAL TRUST
2020 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND
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Outlook

Singapore

Since Singapore entered Phase 2 of the reopening on 19 June 2020, most businesses have started to resume operations, although telecommuting remains the default mode of work for many office-based companies. The pace of office leasing activities is expected to pick up over time. As at 30 June 2020, Singapore's Grade A monthly office market rent declined by 3.0% to S\$11.15 per sq ft quarter-on-quarter and Core CBD occupancy rate was 94.4%. Gross new supply of office space remains limited.

Advance estimates by Singapore's Ministry of Trade and Industry showed that Singapore's GDP contracted by 12.6% on a year-on-year basis in 2Q 2020 due to weak external demand and COVID-19 "circuit breaker" measures. Singapore's 2020 GDP growth forecast is expected to be -7.0% to -4.0%. Only manufacturing sector grew by 2.5% year-on-year while all other sectors including services saw declines. The business and operating environment of CCT and prospects of the office sector continue to be affected by the uncertainty of the duration and severity of COVID-19 as well as the economic recovery trajectory globally and in Singapore.

Germany

Since June 2020, leasing activities including site visits in Frankfurt have gradually resumed.

According to CBRE Germany's 2Q 2020 report, Frankfurt's cumulative office take-up of 103,600 square metres in 1H 2020 was 62% below previous year's level mainly due to the coronavirus-related lockdown. In addition, lease extensions increased to 55,200 square metres. Frankfurt market vacancy rate fell by 0.3% year-on-year to 6.9% as at 30 June 2020. About 73.6% of the new supply pipeline of 413,100 square metres coming onstream from the later part of 2020 until the end of 2021 has already been pre-let. Frankfurt's prime office monthly rent remained resilient at EUR 44 per square metre. Prime office yield was stable at 2.9%. The extensive government support measures have helped Frankfurt to overcome the economic shock of COVID-19. The Frankfurt office market is expected to be robust due to the comparatively low vacancy rate and a completion pipeline that has high pre-letting rates.

11 Distributions

11(a) Current financial period

Any distributions declared for the current financial period?

Name of distribution Distribution for the period from 1 January 2020 to 30 June 2020

Distribution type (i) Taxable income distribution
(ii) Tax-exempt income distribution

Distribution rate (i) Taxable income distribution: 3.22 cents per unit
(ii) Tax-exempt income distribution: 0.12 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%.

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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: 3 August 2020

Date payable: 28 August 2020

11(b) Corresponding period of the preceding financial period

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

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

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.

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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 unaudited interim financial results of the Group and Trust (comprising the statements of financial position as at 30 June 2020, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the six months ended 30 June 2020, together with their accompanying notes), to be false or misleading in any material respect.

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

Jonathan Yap Neng Tong
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.

The directors of the Manager (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement the omission of which would make any statement in this Announcement misleading. The directors of the Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

By the 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
23 July 2020



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16 Raffles Quay #22-00
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Report on review of Interim Financial Information

The Board of Directors
CapitaLand Commercial Trust Management Limited
(in its capacity as Manager of CapitaLand Commercial Trust)

Introduction

We have reviewed the accompanying interim financial information (the “Interim Financial Information”) of CapitaLand Commercial Trust (the “Trust”) and its subsidiaries (the “Group”) for the six-month period ended 30 June 2020. The Interim Financial Information consists of the following:

- Statement of Financial Position of the Group as at 30 June 2020;
- Statement of Total Return of the Group for the six-month period ended 30 June 2020;
- Distribution Statement of the Group for the six-month period ended 30 June 2020;
- Statement of Movements in Unitholders’ Funds of the Group for the six-month period ended 30 June 2020;
- Portfolio Statement of the Group as at 30 June 2020;
- Statement of Cash Flows of the Group for the six-month period ended 30 June 2020; and
- Certain explanatory notes to the above Interim Financial Information.

The management of CapitaLand Commercial Trust Management Limited (the “Manager” of CapitaLand Commercial Trust) is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants (“ISCA”). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Other Matter

The Interim Financial Information for the comparative six-month period ended 30 June 2019 has not been audited or reviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the recommendations of RAP 7 *Reporting Framework for Unit Trusts* relevant to interim financial information issued by the ISCA.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting CapitaLand Commercial Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and comply with the requirements of Rule 25 of Singapore Code of Take-Overs and Mergers, and for no other purpose. Our report is included in the unaudited financial statements and distribution announcement of CapitaLand Commercial Trust for the six-month period ended 30 June 2020 for the information of the Unitholders. We do not assume responsibility to anyone other than CapitaLand Commercial Trust for our work, for our report, or for the conclusions we have reached in our report.

A handwritten signature in blue ink that reads 'KPMG LLP'.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

23 July 2020

**LETTER FROM IFA ON THE UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF CCT FOR THE SIX MONTHS
ENDED 30 JUNE 2020**

23 Jul 2020

The Independent Directors
CapitaLand Commercial Trust Management Limited
(as manager of CapitaLand Commercial Trust ("CCT"), the "CCT Manager")
168 Robinson Road No 30-01
Capital Tower
Singapore 068912

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of CCT, the "CCT Trustee")
21, Collyer Quay No 13-02
HSBC Building
Singapore 049320

Attention: The Board of Directors

Dear Sir / Madam

**THE PROPOSED MERGER OF CAPITALAND COMMERCIAL TRUST AND CAPITALAND
MALL TRUST ("CMT") BY WAY OF A TRUST SCHEME OF ARRANGEMENT**

On 23 July 2020, the Board of Directors of the CCT Manager (the "Board of Directors") announced the unaudited consolidated interim financial statements of CCT and its subsidiaries (collectively, the "Group") for the six-month period ended 30 June 2020 (the "Unaudited Interim Financial Statements") on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

We have examined the Unaudited Interim Financial Statements and have discussed the same with the CCT Manager. We have also had discussions with KPMG LLP in its capacity as the independent auditor of the Group in respect to their review of the Unaudited Interim Financial Statements and considered their report dated 23 July 2020.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to, or discussed with, us by the management of the CCT Manager. Save as provided in this letter, we do not express any opinion on the Unaudited Interim Financial Statements. The Board of Directors remain solely responsible for the Unaudited Interim Financial Statements.

Based on the procedures performed and on the basis described above, we are of the opinion that the Unaudited Interim Financial Statements have been prepared by the Managers after due and careful enquiry.

This letter is provided to the Board of Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose.



We do not accept responsibility for any person(s), other than the Board of Directors, in respect of, arising out of, or in connection with this letter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

A handwritten signature in blue ink, appearing to read "Koh Soon Bee", written over a faint, illegible background.

Koh Soon Bee
Executive Director