



NEWS RELEASE

For Immediate Release

16 April 2010

## CCT's 1Q 2010 DPU Increases by 19.1% from 1Q 2009<sup>1</sup>

**Focus on proactive capital and asset management while seeking growth opportunities**

*Singapore, 16 April 2010* – CapitaCommercial Trust Management Limited, the Manager of CapitaCommercial Trust (CCT or Trust), is pleased to announce that it has achieved a distributable income of S\$54.3 million for the three months ended 31 March 2010 (1Q 2010). This is a year-on-year increase of 19.7% from 1Q 2009. Distribution per unit (DPU) is 1.93 cents, a year-on-year increase of 19.1% from the 1.62<sup>1</sup> cents achieved in 1Q 2009. The latest DPU of 1.93 cents translates to a distribution yield of 6.9% based on the closing price of S\$1.14 per unit on 15 April 2010. There is no distribution payment this quarter as CCT distributes semi-annually.

Higher rental contribution from the Trust's properties and improved property margins contributed in part to the strong distributable income growth. Gross revenue registered a year-on-year (1Q 2010 versus 1Q 2009) increase of 4.5% to S\$101.8 million while net property income increased year-on-year by 11.0% to S\$77.6 million. Lower interest expense as a result of reduced borrowings in 1Q 2010 compared with 1Q 2009 also augmented the growth in the Trust's distributable income.

### Summary of CCT's 1Q 2010 Results

	1Q 2010	1Q 2009	Change
Gross Revenue (S\$'000)	101,836	97,461	4.5%
Net Property Income (S\$'000)	77,578	69,870	11.0%
<b>Distributable Income (S\$'000)</b>	<b>54,341</b>	45,404	<b>19.7%</b>
<b>Distribution Per Unit (adjusted for Rights Units)</b>			
- For the Period	1.93¢	1.62¢ <sup>1</sup>	19.1%

<sup>1</sup> The first quarter 2009 DPU of 1.62 cents is restated taking into account the effect of the fully underwritten, renounceable 1-for-1 rights issue and computed based on the issued units at the end of each period aggregated with the 1,403,891,006 rights units which were issued on 2 July 2009.

The unaudited Consolidated Financial Statements for 1Q 2010 are available on the Trust's website ([www.cct.com.sg](http://www.cct.com.sg)) and on SGXNet ([www.sgx.com](http://www.sgx.com)).

Mr. Richard Hale, Chairman of the Manager, said, "CapitaCommercial Trust's resilient portfolio and our proactive and prudent management have delivered consistent growth in distributable income in the first quarter of 2010. Our dedicated efforts in improving operating margins and proactive capital management contributed to the Trust's year-on-year 19.1% increase in distributable income per unit to 1.93 cents. Valuable lessons learnt from the recent global financial and economic crisis have validated the need for us continually to seek ways to strengthen our balance sheet and enhance the Trust's financial flexibility. We maintain a disciplined approach towards managing our property portfolio through active leasing and cost management. We actively evaluate our property portfolio with a view to divesting assets that have reached their full potential and reinvesting in other assets that have better potential for growth. The key driving force is continually to generate long-term, sustainable returns for our unitholders."

Ms. Lynette Leong, Chief Executive Officer of the Manager, said, "The strong performance for this quarter is attributed to our good track record of proactive leasing, with the signing up of leases with positive rental reversions, and further strengthening building occupancies. Effective operating cost management and reduced interest expense have also boosted the bottom-line."

### **Capital management and portfolio reconstitution remain key strategies**

Adds Ms. Leong, "Having experienced the sharp volatility of credit markets last year, we remain vigilant and proactive in our capital management, focused on enhancing the Trust's financial flexibility. Our recent issuance of S\$225.0 million 5-year unsecured convertible bonds, the increase in the Medium Term Note Programme limit from S\$1.0 billion to S\$2.0 billion, and repurchase of S\$140.5 million existing \$370.0 million convertible bonds which have a put option in 2011, are successful efforts in refinancing debt well ahead of maturity dates, lengthening the average debt maturity, diversifying the sources of funding, and keeping the proportion of secured debt low. Our strategy still centers on fortifying the quality and value of our portfolio, while maintaining nimbleness to respond to attractive growth opportunities through enhanced financial flexibility."

In January this year, the Trust announced a portfolio reconstitution strategy to further enhance the quality and value of its portfolio, including the divestment of Robinson Point. With the completion of the

sale expected on 19 April 2010, the proceeds from the divestment will provide the Trust with greater flexibility to seize any potential growth opportunities.

### **Positive Market Trend**

The Singapore government has projected Singapore's gross domestic product to grow by 7.0% to 9.0% this year on the back of an exceptionally strong growth in 1Q 2010, an upward revision of its previous forecast of 4.5% to 6.5%. On office rents, industry statistics show that the trend of falling rents is stabilizing as the rate of decline has eased to a very low percentage in the first quarter of 2010. Singapore's Grade A office space also saw an increase in occupancy rate to 94.5% in the first quarter of 2010 from a rate of 93.8% in the fourth quarter of 2009. Office demand has noticeably picked up and approximately 77% (equivalent to approximately 1.6 million square feet) of new office supply in the Central Area that are scheduled to complete in 2010 have already been pre-committed. With its high quality infrastructure and political stability, Singapore remains an attractive location for local and international firms to base their Asian operations.

"Within CCT's portfolio, we are experiencing an increasing trend of our existing tenants expanding their operations and requesting for more space, as well as more leasing interest from prospective tenants. These are evident in our increased portfolio committed occupancy to 95.1%, up from 94.8% in the fourth quarter of 2009. While there are clear, encouraging signs that office demand has recovered and office market rentals may have reached a trough, the largely uncommitted new office supply of 4.5 million square feet projected for 2011 and 2012 still leaves a question of when office market rentals will recover and to what degree. Given CCT's financial flexibility and our proven successful management track record, we believe we are well positioned to capture and ride the recovery when it happens," adds Ms Leong.

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### **About CapitaCommercial Trust ([www.cct.com.sg](http://www.cct.com.sg))**

CapitaCommercial Trust is Singapore's first listed commercial REIT with a market capitalisation of S\$3.2 billion based on the last traded price of S\$1.14 per unit on 15 April 2010. CCT aims to own and invest in real estate and real estate-related assets which are income producing and used, or predominantly used, for commercial purposes. The total asset size of CCT is S\$6.0 billion as at 31 March 2010, comprising a portfolio of eleven prime properties in Singapore, as well as investments in Malaysia. The properties in Singapore are Capital Tower, Six Battery Road, One George Street, HSBC

Building, Raffles City (60% interest through RCS Trust), Starhub Centre, Robinson Point (the agreement to sell Robinson Point was announced on 20 January 2010 and the sale is expected to be completed on 19 April 2010), Bugis Village, Wilkie Edge, Golden Shoe Car Park and Market Street Car Park. In addition, CCT is a substantial unitholder of Quill Capita Trust with 30% unitholdings and has taken a 7.4% stake in the Malaysia Commercial Development Fund Pte. Ltd. (MCDF). Quill Capita Trust is a commercial REIT listed on Bursa Malaysia Securities Berhad, with a portfolio of ten commercial properties in Kuala Lumpur, Cyberjaya and Penang. MCDF is CapitaLand's first and largest Malaysia private real estate fund with a focus on real estate development properties primarily in Kuala Lumpur and the Klang Valley, Malaysia.

Effective from 18 September 2009, CCT is a constituent of FTSE4Good Index Series (FTSE4Good), a series of benchmark and tradable indices derived from the globally recognised FTSE Global Equity Index Series. FTSE4Good is designed to track the performance of companies meeting international corporate responsibility (CR) standards and forms the basis for over 70 different funds and investment products.

CCT is managed by an external manager, CapitaCommercial Trust Management Limited, which is an indirect wholly-owned subsidiary of CapitaLand Limited, one of the largest real estate companies in Southeast Asia by market capitalisation.

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**Issued by CapitaCommercial Trust Management Limited**

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**Important Notice**

This release may contain forward-looking statements that involve assumptions, 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 similar developments, shifts in expected levels of occupancy or property rental income, 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 value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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