



NEWS RELEASE

For Immediate Release

14 July 2011

### **CCT achieved distributable income of S\$106.5 million in 1H 2011**

- *Signed joint venture agreement with CapitaLand and Mitsubishi Estate Asia for S\$1.4 billion Market Street Car Park redevelopment*
- *Low gearing of 27% and completed refinancing for 2011*

**Singapore, 14 July 2011** – CapitaCommercial Trust Management Limited, the Manager of CapitaCommercial Trust (CCT or Trust), wishes to announce a distributable income of S\$106.5 million for the financial period from 1 January 2011 to 30 June 2011 (1H 2011). The lower distributable income, compared with S\$110.0 million last year, is mainly attributed to the reduction in rental income following the divestments of two non-Grade A properties and negative rent reversions. However, higher income contribution from other CCT properties mitigated the negative impact.

The estimated distribution per unit (DPU) achieved for 1H 2011 is 3.77 cents, 3.3% lower than 3.90 cents reported in 1H 2010. Unitholders can expect to receive this semi-annual DPU payout on Friday, 26 August 2011. The books closure date is on Thursday, 28 July 2011. Based on the closing price of S\$1.46 per unit on 13 July 2011, CCT's distribution yield is 5.2%.

For the financial period 1 April 2011 to 30 June 2011 (2Q 2011), a distributable income of S\$54.4 million was achieved in 2Q 2011 and the estimated DPU of 1.92 cents is 2.5% below 2Q 2010 DPU of 1.97 cents.

The Trust's portfolio of eight investment properties is valued at S\$5.6 billion as at 30 June 2011. This is an increase of 2.8% compared to the valuation of the same portfolio as at 31 December 2010. The June valuation excludes Market Street Car Park (MSCP) which is slated for redevelopment, wherein a separate independent valuation as at 31 May 2011 was conducted. MSCP's valuation including development expenses up to 30 June 2011 is reflected as "Investment Property under Construction" on the Trust's balance sheet. The Trust's total asset size is S\$6.2 billion as at 30 June 2011. Its net asset value (NAV) per unit, after adjusting for the 1H 2011 distributable income to unitholders, is S\$1.52.

The Trust's unaudited Consolidated Financial Statements for 2Q and 1H 2011 are available on its website ([www.cct.com.sg](http://www.cct.com.sg)) and on SGXNet ([www.sgx.com](http://www.sgx.com)).

### Summary of CCT's 2Q and 1H 2011 Results

	2Q 2011	2Q 2010	Change (%)	1H 2011	1H 2010	Change (%)
Gross Revenue (S\$'000)	<b>91,018</b>	100,200	(9.2)	<b>182,033</b>	202,036	(9.9)
Net Property Income (S\$'000)	<b>69,832</b>	74,229	(5.9)	<b>139,753</b>	151,807	(7.9)
Distributable Income (S\$'000)	<b>54,379</b>	55,674	(2.3)	<b>106,496</b>	110,015	(3.2)
Distribution Per Unit						
- For the period	<b>1.92</b>	1.97	(2.5)	<b>3.77¢</b>	3.90¢	(3.3)

Mr. Richard Hale, Chairman of the Manager, said, "The Trust's second quarter financial performance recorded similar trends as the first quarter. Revenue contribution from the current portfolio is fairly stable except for Six Battery Road as we are enhancing and repositioning the property to capture the rental uptrend in the office market. Current signing rents for office space are still substantially below the expiring rents for the leases due this year as they were predominantly signed during the peak of the previous cycle in 2008. Hence, negative rent reversions for most of the Trust's properties are expected to persist through the rest of this year. We will continue our proactive leasing and cost management strategies to mitigate the expected fall in distributable income. For the redevelopment of Market Street Car Park into a Grade A office tower, we are happy to have signed the joint venture agreement with esteemed partners, CapitaLand and Mitsubishi Estate Asia (MEA). Their extensive experience in real estate development will be a great value-add to the redevelopment, and we look forward to working closely with them on the project."

Ms. Lynette Leong, Chief Executive Officer of the Manager, said, "We refinanced S\$578.4 million of debt in RCS Trust in June and extended the debt maturity to 2016. The refinancing was completed well ahead of the borrowings' maturity date and the new borrowings will enjoy lower interest expense going forward. We have started to explore refinancing options for the S\$570 million secured term loan due March 2012. The redevelopment of Market Street Car Park into a Grade A office tower marks a major milestone in our portfolio reconstitution strategy to enhance the value of the Trust. Notwithstanding the capital commitment for our 40% stake in the project, we still have the debt capacity to pursue acquisitions and are actively looking out for suitable assets to further grow the Trust for unitholders."

### **Market Street Car Park: joint venture agreement signed (see separate announcement dated 14 July 2011)**

The proposed redevelopment of MSCP was announced in April this year followed by the signing of the joint venture agreement with CapitaLand and MEA yesterday. Upon the April announcement, the team had proactively engaged the retail tenants and provided assistance to them before the building was closed permanently on 30 June 2011. The Manager had also researched and provided season car parkers with a list of alternative parking space in the vicinity. The development works will begin sometime in September once decommissioning of the old property is completed. The development is the only Grade A office tower in Singapore's core Central Business District (CBD) scheduled to be completed in 2014.

### **Portfolio performance within expectations**

The Trust's portfolio committed occupancy level is at 97.7%, higher than the current market occupancy level of 94.6% for the core CBD. The Trust continues to attract and retain reputable tenants this quarter, including companies such as Saudi Petroleum, Ltd (Singapore Branch), Shearman & Sterling LLP, and Shinhan Bank, Singapore.

### **Six Battery Road: Increase in pre-commitment for upgraded space**

The building is into phase 2 of its asset enhancement works with the upgrading of lettable floors and replacement of chillers being done progressively. The office space expected to be upgraded this year has increased from 76,100 square feet to 93,700 square feet. Of the 93,700 square feet, 79% (or 74,400 square feet) has been leased to existing as well as new tenants.

### **Singapore office market outlook**

Rental rate growth in the office market moderated in second quarter of 2011. Grade A and prime office rentals averaged S\$10.60 and S\$8.80 per square foot per month respectively, an increase of about 2.9% and 2.3% respectively. On the supply side, of the approximately 3 million square feet of space completing in 2011 and 2012, about 60% has been pre-committed. Some fluctuations in vacancy rates are expected these two years as relocations by tenants among older and newer premises take place.

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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\$4.1 billion based on the last traded price of S\$1.46 per unit on 13 July 2011. 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\$6.2 billion as at 30 June 2011, comprising a portfolio of nine 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), Bugis Village, Wilkie Edge, Golden Shoe Car Park and Market Street Car Park (closed permanently on 30 June 2011 in preparation for the redevelopment into a Grade A office tower by a joint venture among CapitaLand, CCT and MEA).

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 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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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.