

NEWS RELEASE

CCT's 1Q 2018 distributable income grew 7.5% year-on-year
Secures anchor tenant for CapitaSpring, the upcoming skyscraper in Raffles Place

Singapore, 24 April 2018 – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report a distribution per unit (DPU) of 2.12 cents for 1Q 2018. This is 7.6% higher year-on-year, after adjusting for the enlarged total units base. Based on an annualised 1Q 2018 DPU and CCT's closing price per unit of S\$1.82 on 23 April 2018, CCT's distribution yield is 4.7%.

The Trust's distributable income of S\$76.6 million in 1Q 2018 was 7.5% higher than the S\$71.3 million in 1Q 2017. Year-on-year, 1Q 2018 gross revenue increased 7.7% to S\$96.4 million and net property income (NPI) grew 10.5% to S\$77.2 million. The positive results are due to higher income from CapitaGreen, Capital Tower and Six Battery Road, as well as a full quarter contribution from Asia Square Tower 2. This was offset by lower contributions arising from the divestments of One George Street (50.0% interest), Golden Shoe Car Park and Wilkie Edge in 2017.

As at 31 March 2018, the Trust's total deposited property value including other assets was S\$10.7 billion; while the net asset value per unit was S\$1.74, after adjusting for 1Q 2018 distributable income.

The Trust's unaudited Consolidated Financial Statements for 1Q 2018 results are available on its website (www.cct.com.sg) and on SGXNet (www.sgx.com).

SUMMARY OF CCT GROUP RESULTS

	1Q 2018	1Q 2017	Change (%)
Gross Revenue (S\$'000)	96,418	89,525	7.7
Net Property Income (S\$'000)	77,209	69,855	10.5
Distributable Income (S\$'000)	76,606¹	71,292	7.5
Distribution Per Unit (cents)	2.12	2.40	(11.7)
<i>No. of units in issue at the end of the period (million)</i>	<i>3,612</i>	<i>2,969</i>	<i>21.6</i>
Adjusted Distribution Per Unit (cents)	2.12	1.97 ²	7.6
<i>No. of units in issue as at 31 March 2018 (million)</i>	<i>3,612</i>	<i>3,612</i>	<i>-</i>

¹ In 1Q 2018, CCT retained S\$1.6 million of its taxable income available for distribution to Unitholders, to be paid out later in FY 2018. CCT is committed to distribute 100.0% of its taxable income available for distribution to Unitholders for the financial year ending 31 December 2018.

² DPU for 1Q 2017 of 1.97 cents was adjusted for the enlarged 3,611.7 million CCT units (1Q 2017: 2,969.0 million CCT units).

Mr Kevin Chee, Chief Executive Officer of the Manager, said: “We are pleased to maintain a high portfolio committed occupancy rate of 97.3% in 1Q 2018. With a focus on achieving a balance between higher rentals and lower vacancy, we will also leverage the momentum of rising office market rents to manage our lease expiries in the upcoming years. CCT has built a portfolio of quality assets in Singapore and is currently the largest commercial landlord in Singapore’s CBD by net lettable area. The timely acquisition of Asia Square Tower 2 has contributed significantly to CCT’s strong performance this quarter and we will continue to market the remaining vacancy to deliver higher income. To continue delivering sustainable distribution growth, CCT will also look at core assets in select global gateway cities across developed markets, in addition to exploring opportunities in Singapore.”

Mr Chee added: “We are delighted that our upcoming integrated development in Singapore’s CBD – now known as “CapitaSpring” – has secured its first anchor tenant, J.P. Morgan, taking up close to a quarter of the development’s net lettable area. The extension of our partnership with J.P. Morgan from Capital Tower to CapitaSpring reflects the development’s strong appeal to progressive companies seeking a prestigious address with modern future-ready facilities. Scheduled for completion in 1H 2021, we aim to replicate the successful value creation achieved with CapitaGreen.”

The Trust has a healthy balance sheet with an aggregate leverage of 37.9%³, well below the regulatory limit of 45.0%. The Manager has successfully refinanced borrowings due in 2018 and 2019, and extended the debt portfolio’s average term to maturity⁴ from 2.4 years to 3.9 years. The Trust’s average cost of debt inched up slightly to 2.7% as at 31 March 2018. This is expected to increase in view of the higher weighted average interest cost committed for the aggregate S\$1.1 billion of borrowings secured to refinance the Asia Square Tower 2 borrowings.

CCT has also received confirmation from the Singapore authorities that it will take back Bugis Village on 1 April 2019. When Bugis Village is returned, CCT will receive compensation based on an amount of S\$6.6 million plus accrued interest compounded from 1989. Bugis Village accounted for about 2.2% of CCT’s 1Q 2018 NPI.

In 1Q 2018, CCT signed approximately 96,000 sq ft of leases, of which 37% were new leases. Leasing was largely driven by relocation and expansion by existing tenants and demand for space came from companies in the Financial Services, Retail Products and Services as well as Business Consultancy, IT, Media and Telecommunications sectors. New and renewed tenants in 1Q 2018 include Allfunds Singapore Branch, CPC International Trading Pte. Ltd., Equis Services (Singapore) Pte. Ltd., Pinebridge Investments Singapore Limited and Rippledot Capital Advisers Pte. Ltd.. Most of the leases due in 2018 have been renewed or committed, with only 5% expiries remaining based on monthly gross rental income. Approximately 31% of office leases by monthly gross rental income is due in 2019 – one of which is the lease with The Hongkong and Shanghai Banking Corporation Limited for HSBC Building; parties are in advanced negotiations. CCT’s monthly average office portfolio rent eased by 0.4% quarter-on-quarter to S\$9.70 per square foot in 1Q 2018.

³ The aggregate leverage of 37.9% takes into account CCT’s proportionate share of its joint venture borrowings and deposited property value.

⁴ Average term to maturity excludes joint ventures’ borrowings.

Outlook

Based on data from CBRE Pte. Ltd., Singapore's Core CBD office occupancy rate increased quarter-on-quarter (q-o-q) by 0.3% to 94.1%. Grade A monthly office market rent was S\$9.70 per square foot in 1Q 2018, an increase of 3.2% q-o-q. With higher committed occupancies in the newly completed office buildings and limited new supply in the CBD from 2018 to 2020, market rents are expected to continue to grow steadily over the next few years. In relation to CCT, the potential rise in market rents will narrow the gap between committed and expiring rents for its leases due for renewal in 2018.

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

CapitaLand Commercial Trust is Singapore's first and largest commercial REIT with a market capitalisation of approximately S\$6.6 billion. CCT aims to own and invest in real estate and real estate-related assets which are income producing and predominantly used, for commercial purposes. The total value of CCT's deposited properties is approximately S\$10.7 billion as at 31 March 2018 comprising a portfolio of 10 prime commercial properties in Singapore. The properties in Singapore are Capital Tower, CapitaGreen, Asia Square Tower 2, Six Battery Road, Raffles City (60.0% interest through RCS Trust), One George Street (50% interest through OGS LLP), HSBC Building, Twenty Anson, Bugis Village and CapitaSpring (45% interest through Glory Office Trust and Glory SR Trust), an upcoming 51-storey integrated development in Raffles Place.

CCT has been 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 also a constituent of other widely recognized benchmark indices such as MSCI, the SGX Sustainability Index and FTSE Straits Times Index.

CCT is managed by an external manager, CapitaLand Commercial Trust Management Limited, which is an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies headquartered and listed in Singapore.

Issued by CapitaLand Commercial Trust Management Limited
(Company registration no. 200309059W)

Analyst contact

Ho Mei Peng
CapitaLand Commercial Trust Management
Head, Investor Relations & Community Engagement
DID: (65) 6713 3668
Mobile: (65) 9668 8290
Email: ho.meipeng@capitaland.com

Media contact

Chia Sher Ling
CapitaLand
Vice President, Group Communications
DID: (65) 6713 3672
Mobile: (65) 8223 9991
Email: chia.sherling@capitaland.com

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.