

NEWS RELEASE

CCT's 2Q 2018 distributable income grew 14.3% year-on-year
Portfolio reconstitution through acquisition of Gallileo
and divestment of Twenty Anson

Singapore, 19 July 2018 – CapitaLand Commercial Trust Management Limited, the Manager of CapitaLand Commercial Trust (CCT or Trust), is pleased to report distributable income of S\$79.4 million in 2Q 2018, up 14.3% year-on-year (y-o-y). The higher distributable income was mainly due to contributions from Asia Square Tower 2 and CapitaGreen, which offset the divestments of One George Street (50% interest), Wilkie Edge and Golden Shoe Car Park. The strong performance was underpinned by growth in gross revenue and net property income (NPI), which rose 12.0% and 12.5% y-o-y respectively. During the quarter, CCT issued 130.0 million new units for the equity placement to partially finance the acquisition of Gallileo. Based on the enlarged unit base, CCT's distribution per unit (DPU) for 2Q 2018 amounted to 2.16 cents¹.

In 1H 2018, CCT's distributable income grew 10.8% to S\$156.0 million, translating to a DPU of 4.28 cents. Based on the annualised 1H 2018 DPU and CCT's closing price per unit of S\$1.76 on 18 July 2018, CCT's distribution yield is 4.9%.

An advanced DPU of 3.49 cents for the period from 1 January to 27 May 2018 was paid on 18 July 2018 and the balance 1H 2018 DPU of 0.79 cents for the period from 28 May to 30 June 2018 is expected to be paid on Wednesday, 29 August 2018. Books closure date will be on Friday, 27 July 2018.

As at 30 June 2018, the Trust's appraised value for its investment properties² rose 6.7% to S\$10.6 billion. The increase was attributed to the acquisition of Gallileo, as well as higher property values across the Singapore portfolio based on independent market valuations. Including other assets, CCT's deposited property as at 30 June 2018 was S\$11.6 billion. CCT's adjusted net asset value per unit (excluding distributable income payable to unitholders) rose from S\$1.74 as at 31 December 2017 to S\$1.80 as at 30 June 2018, on the back of higher property values.

The Trust's unaudited Consolidated Financial Statements for 2Q 2018 results are available on its website (www.cct.com.sg) and on SGXNet (www.sgx.com).

¹ DPU of 1.37 cents from 1 April 2018 to 27 May 2018 was computed on 3,612.7 million units; and DPU of 0.79 cents from 28 May 2018 to 30 June 2018 was computed on 3,742.7 million units, following the issuance of 130.0 million new CCT units for the equity placement in 2Q 2018.

² Excludes Bugis Village and Twenty Anson but includes CCT's share of interest of investment properties in joint ventures; namely Raffles City Singapore, One George Street and CapitaSpring.

SUMMARY OF CCT GROUP RESULTS

	2Q 2018	2Q 2017	Change (%)	1H 2018	1H 2017	Change (%)
Gross Revenue (S\$'000)	98,015	87,495	12.0	194,433	177,020	9.8
Net Property Income (S\$'000)	77,737	69,103	12.5	154,946	138,958	11.5
Distributable Income (S\$'000)	79,383	69,467	14.3	155,989	140,759	10.8
DPU (cents)	2.16	2.25	(4.0)	4.28	4.56	(6.1)
DPU restated for rights issue (cents)	2.16	2.19 ³	(1.6)	4.28	4.45 ³	(3.7)
Adjusted DPU (cents)	2.16	1.89 ⁴	14.3	4.28	3.86 ⁴	10.9

Mr Kevin Chee, Chief Executive Officer of the Manager, said: “For the quarter under review, we pushed ahead with our value creation strategy to generate sustainable growth for CCT. Our multi-pronged approach encompasses proactive management of existing operational assets to achieve organic growth; portfolio reconstitution through redevelopment and divestment to enhance and unlock value from our properties; disciplined acquisition of quality assets that offer strategic fit with the portfolio; and proactive capital management to diversify funding sources and manage cost of borrowings in support of growth initiatives.”

Mr Chee added: “In line with the aforementioned strategy, we undertook two key moves in 2Q 2018 to generate value. On 18 June 2018, CCT completed the acquisition of Gallileo, a Grade A office property in Frankfurt, Germany, at a net property yield of 4.0%. This quality addition to CCT’s portfolio will contribute full-quarter earnings from 3Q 2018 onwards. On 29 June 2018, we entered into an agreement to sell Twenty Anson for S\$516.0 million, translating to an exit yield of 2.7% based on 12 months NPI preceding 31 March 2018, and 19.2% above its last valuation as at 31 December 2017. The divestment is targeted for completion in 3Q 2018. With CCT’s successful foray into a new market and a reconstituted portfolio, we are well-positioned to further growth in Singapore and develop depth in select gateway cities.”

Aggregate leverage as at 30 June 2018 was 37.9%, unchanged from last quarter and well below the regulatory limit of 45.0%. CCT obtained €340.6 million (S\$532.0 million) in unsecured bank borrowings and raised S\$217.9 million through an equity placement for the acquisition of Gallileo. The weighted average term to maturity for the debt portfolio was 3.6 years. In 2Q 2018, the average cost of debt was 2.8% per annum, with interest coverage at a healthy 5.3 times. About 85% of CCT’s debt portfolio is on fixed rates to provide certainty of interest expense.

CCT’s total portfolio committed occupancy edged up to 97.8% as at 30 June 2018 after the addition of Gallileo. Gallileo’s anchor tenant, Commerzbank AG, is now CCT’s second largest tenant. CCT’s Singapore portfolio’s committed occupancy was stable at 97.6%, well above the market occupancy average of 94.1%.

³ DPU for 2Q 2017 and 1H 2017 were restated for the rights issue, whereby 513.5 million units were issued on 26 October 2017.

⁴ Adjusted DPU for 2Q 2017 of 1.89 cents was computed based on 3,612.7 million CCT units from 1 April 2018 to 27 May 2018 (end date inclusive) and 3,742.7 million Units from 28 May 2018 to 30 June 2018. Adjusted DPU for 1H 2017 of 3.86 cents was computed based on 3,612.7 million Units from 1 January 2018 to 27 May 2018 (end date inclusive) and 3,742.7 million Units from 28 May 2018 to 30 June 2018.

In 2Q 2018, CCT signed approximately 335,000 square feet of leases, of which 14% were new leases. New demand for space came from companies in the Business Consultancy, IT, Media and Telecommunications; Financial Services; and Retail Products and Services sectors. New and renewed tenants signed during the quarter include JPMorgan Chase Bank N.A., Muzinich & Co. (Singapore) Pte. Limited, SilkRoad Property Partners Pte Ltd and Thenamaris Singapore Pte. Ltd..

Most of the leases due in 2018 have been renewed or committed, with only 2% expiries (based on monthly gross rental income) remaining. Approximately 26% of office leases by monthly gross rental income are due in 2019, positioning the Trust to capture upside from rising market rents.

Outlook

Based on data from CBRE Pte. Ltd., Singapore's average monthly office rent was S\$10.10 per square foot in 2Q 2018, an increase of 4.1% quarter-on-quarter. Market occupancy rate was 94.1%, unchanged from 1Q 2018. Consultants expect market rents to continue growing in 2019 given limited new supply in Singapore Central Business District. In relation to CCT, the rise in market rents will narrow the gap between committed and expiring rents for its leases due for renewal in 2018 and 2019.

Frankfurt's prime office rent market has been resilient through property cycles. With the relatively low new supply completing in 2018 and 2019, along with good pre-letting levels, the prime office rents in the city should be well-supported and expected to grow.

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. CCT's deposited property is approximately S\$11.6 billion as at 30 June 2018 comprising a portfolio of 10 prime commercial properties in Singapore and one property in Frankfurt, Germany acquired on 18 June 2018. 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. The property in the Banking District of Frankfurt, Germany is Gallileo (94.9% interest).

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 recognised 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
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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.

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