



CAPITALAND COMMERCIAL TRUST
2017 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION
ANNOUNCEMENT

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SUMMARY OF CCT GROUP RESULTS

	1Q 2017	2Q 2017	2Q 2016	Change %	1H 2017	1H 2016	Change %
Gross Revenue (S\$'000)	89,525	87,495	67,572	29.5	177,020	134,429	31.7
Net Property Income (S\$'000)	69,855	69,103	51,451	34.3	138,958	103,479	34.3
Distributable Income (S\$'000)	71,292	69,467	65,088	6.7	140,759	129,933	8.3
Estimated Distribution Per Unit ("DPU") (cents)	2.40 ⁽¹⁾	2.31 ⁽¹⁾	2.20	5.0	4.71 ⁽¹⁾	4.39	7.3
No of Units in issue (million)	2,969.0	3,006.3	2,956.3	1.7	N.A.	2,956.3	N.A.
Adjusted Estimated DPU (cents)	2.32 ⁽²⁾	2.27 ⁽²⁾	2.20	3.2	4.59 ⁽²⁾	4.39	4.6
No of Units in issue as at 14 July 2017 (million)	3,061.0	3,061.0	N.A.	N.A.	3,061.0	N.A.	N.A.

Notes:

- 1) The estimated DPU of 2.40 cents for 1Q 2017 was announced on 19 April 2017 and was computed based on number of units in issue as at 31 March 2017. The estimated DPU of 2.31 cents for 2Q 2017 was computed based on number of units in issue as at 30 June 2017.

The number of units in issue as at 30 June 2017 included 36.3 million of CCT units ("Units") issued in 2Q 2017 arising from the conversion of S\$51.8 million of convertible bonds due 2017 ("CB 2017").

DPU for 1H 2017 of 4.71 cents is the aggregate of the estimated DPU of 2.40 cents for 1Q 2017 and DPU of 2.31 cents for 2Q 2017.

- 2) The adjusted estimated DPU for 1Q 2017, 2Q 2017 and 1H 2017 included additional 54.7 million of new CCT units issued on 14 July 2017 arising from the conversion of principal amount of S\$78.0 million of CB 2017 received after 30 June 2017. The actual quantum of DPU will be announced on books closure date, being Thursday, 27 July 2017, when the total amount of CB 2017 conversion notices received before books closure date are tabulated to determine the final number of CCT units entitled to CCT's 1H 2017 distributable income.

DISTRIBUTION AND BOOK CLOSURE DATES

Distribution	For 1 January 2017 to 30 June 2017
Distribution Type	Taxable income
Adjusted Estimated Distribution Rate ⁽¹⁾	Taxable income distribution 4.59 cents per Unit
Books Closure Date	Thursday, 27 July 2017
Payment Date	Friday, 25 August 2017

Note:

- (1) The Adjusted Estimated Distribution Rate was computed based on the number of Units in issue as at 14 July 2017. The actual quantum of DPU will be announced on books closure date being Thursday, 27 July 2017, when the total amount of CB 2017 conversion notices received before books closure date are tabulated to determine the final number of CCT units entitled to CCT's 1H 2017 distributable income.

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INTRODUCTION

CapitaLand Commercial Trust (“CCT”) was established pursuant to a trust deed dated 6 February 2004 (as amended) executed between CapitaLand Commercial Trust Management Limited as manager of CCT (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited as trustee of CCT (the “CCT Trustee”).

As of 30 June 2017, CCT’s portfolio consists of Capital Tower, Six Battery Road, HSBC Building, Bugis Village, Golden Shoe Car Park, Wilkie Edge, Twenty Anson, CapitaGreen held through wholly owned MSO Trust, 60% interest in Raffles City Singapore held through RCS Trust and 50% interest in One George Street held through One George Street LLP (“OGS LLP”). Following the completion of the sale and contribution of One George Street to OGS LLP on 19 June 2017, CCT holds 50.0% of OGS LLP and OGS (II) Limited (the “JV Partner”) holds the remaining 50.0% of OGS LLP. In addition, CCT owns 11% of MRCB-Quill REIT (“MQREIT”), a commercial REIT listed in Malaysia.

On 3 July 2017, CCT announced divestment of Wilkie Edge for a consideration of S\$280.0 million or S\$1,812 per square foot based on the building’s net lettable area. The divestment is expected to be completed in September 2017.

On 13 July 2017, CCT announced that CCT, CapitaLand Limited (“CapitaLand”), and MEA Commercial Holdings Pte. Ltd., a wholly owned subsidiary of Mitsubishi Estate Co., Ltd. (“MEC”) formed a joint venture to jointly redevelop Golden Shoe Car Park into a landmark integrated development. Under the agreement, CCT and CapitaLand each holds a 45% interest, and MEC holds a 10% interest in two unlisted special purpose sub-trusts, namely Glory Office Trust and Glory SR Trust, set up to own the office and serviced residence components of the development respectively.

On 14 July 2017, CCT announced issuance of 54.7 million CCT units arising from the conversion of an aggregate of S\$78.0 million of CB 2017, leaving the balance of CB 2017 outstanding of S\$45.3 million. The total Units in issue is 3,061.0 million as at 14 July 2017.

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1(a)(i) Statement of Total Return & Distribution Statement (2Q 2017 vs 2Q 2016)

	Note	Group			Trust		
		2Q 2017	2Q 2016	Change	2Q 2017	2Q 2016	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Statement of Total Return</u>							
Gross rental income	1	80,738	61,101	32.1	59,521	61,101	(2.6)
Car park income	2	2,660	2,927	(9.1)	2,296	2,927	(21.6)
Other income	3	4,097	3,544	15.6	3,442	3,544	(2.9)
Gross revenue		87,495	67,572	29.5	65,259	67,572	(3.4)
Property management fees	4	(1,993)	(1,447)	37.7	(1,448)	(1,447)	0.1
Property tax	5	(6,022)	(5,974)	0.8	(4,324)	(5,974)	(27.6)
Other property operating expenses	6	(10,377)	(8,700)	19.3	(8,000)	(8,700)	(8.0)
Property operating expenses		(18,392)	(16,121)	14.1	(13,772)	(16,121)	(14.6)
Net property income	7	69,103	51,451	34.3	51,487	51,451	0.1
Interest income	8	247	1,334	(81.5)	3,664	1,300	NM
Investment income	9	-	-	-	44,777	23,311	92.1
Amortisation of intangible asset	10	(1,021)	(287)	NM	(1,021)	(287)	NM
Asset management fees:							
- Base fees	11	(1,649)	(1,323)	24.6	(1,239)	(1,323)	(6.3)
- Performance fees	11	(2,427)	(2,217)	9.5	(2,075)	(2,217)	(6.4)
Trust expenses	12	(1,173)	(632)	85.6	(1,146)	(636)	80.2
Finance costs	13	(17,663)	(9,592)	84.1	(10,234)	(9,592)	6.7
Net income before share of profit of joint ventures		45,417	38,734	17.3	84,213	62,007	35.8
Share of profit (net of tax) of:							
- Joint ventures	14	25,885	35,576	(27.2)	-	-	-
Net income		71,302	74,310	(4.0)	84,213	62,007	35.8
Impairment of available-for-sale investment	15	-	(8,916)	NM	-	(8,916)	NM
Net gain in fair value of investment properties	16	252,674	8,643	NM	237,829	8,643	NM
Transaction costs on disposal of investment property	17	(3,226)	-	NM	(3,226)	-	-
Total return for the period before tax		320,750	74,037	NM	318,816	61,734	NM
Tax expense	18	(175)	(49)	NM	(174)	(48)	NM
Total return for the period after tax		320,575	73,988	NM	318,642	61,686	NM
<u>Distribution Statement</u>							
Net income before share of profit of joint ventures		45,417	38,734	17.3	84,213	62,007	35.8
Net tax and other adjustments	19	866	3,043	(71.5)	(14,746)	3,081	NM
Distribution from joint venture	20	23,184	23,311	(0.5)	-	-	-
Distributable income to unitholders		69,467	65,088	6.7	69,467	65,088	6.7

NM – Not Meaningful

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Notes:

- (1) Gross rental income for 2Q 2017 was S\$80.7 million for the Group, an increase of S\$19.6 million or 32.1% from 2Q 2016. The increase was mainly due to contribution from CapitaGreen, for which CCT acquired the remaining 60% interest on 31 August 2016.
- (2) Car park income for the Trust was lower due to decline in car park occupancy for Golden Shoe Car Park in view of its impending re-development. Car park income from CapitaGreen had mitigated the decrease for the Group.
- (3) Other income includes the following:
- (a) Yield stabilization income of S\$1.0 million accrued in 2Q 2017 for Twenty Anson (2Q 2016: S\$0.3 million). The amount was accrued pursuant to a Deed of Yield Stabilization ("YS Deed") dated 22 March 2012 whereby a yield stabilization sum of S\$17.1 million was provided to achieve a net property income yield of up to 5.5% per annum based on Twenty Anson's purchase consideration of S\$430.0 million. In 2Q 2016 and 2Q 2017, the yield stabilization income was computed based on 4.0% net property income yield per annum. As at 30 June 2017, the remaining balance of yield stabilization sum was S\$0.3 million; and
- (b) Recovery from tenants and licence income. The amount was lower in 2Q 2017 vis-à-vis 2Q 2016 for the Trust. The decrease had been mitigated by contribution from CapitaGreen for the Group.
- (4) Property management fees for 2Q 2017 were higher for the Group vis-à-vis 2Q 2016 due to the consolidation of CapitaGreen's property management fees.
- (5) Property tax for the Trust was lower in 2Q 2017 vis-à-vis 2Q 2016 due to lower annual values of the properties. For the Group, consolidation of CapitaGreen's property tax accounted for higher property tax in 2Q 2017 versus 2Q 2016.
- (6) Other property operating expenses in 2Q 2017 were lower vis-à-vis 2Q 2016 for the Trust mainly due to lower marketing commission expenses and utility costs. For the Group, consolidation of expenses of CapitaGreen contributed to the increase.
- (7) The following was included as part of the net property income:

	Group			Trust		
	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %
Depreciation and amortisation of lease incentives ^(7a)	1,550	385	NM	556	385	44.4

- (7a) Higher depreciation and amortisation of lease incentives for the Group was due to consolidation of CapitaGreen in 2Q 2017.

- (8) Interest income includes the following:

	Group			Trust		
	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %
Interest income from cash balance	247	111	NM	209	77	NM
Interest income from unitholder's loan to MSO Trust ^(8a)	-	1,223	NM	3,455	1,223	NM
Total	247	1,334	(81.5)	3,664	1,300	NM

- (8a) At the Trust level, the increase in interest income in 2Q 2017 vis-à-vis 2Q 2016 was due to more unitholder's loans extended to MSO Trust (holds CapitaGreen). At the Group level, there was no interest income from MSO Trust in 2Q 2017 as MSO Trust is now wholly owned by CCT, and interest income from subsidiary is eliminated at the Group level.

- (9) The increase in 2Q 2017 versus 2Q 2016 was due to higher distributions from MSO Trust that holds CapitaGreen, RCS Trust that holds Raffles City Singapore and the S\$13.8 million dividend paid by FirstOffice Pte. Ltd. ("FOPL") that previously held Twenty Anson.

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- (10) This relates to the amortisation of yield stabilization income in relation to Twenty Anson. The amount was computed based on 4% per annum of the net property yield of Twenty Anson.
- (11) Higher asset management fees for the Group in 2Q 2017 versus 2Q 2016 was due to consolidation of MSO Trust's asset management fees.
- (12) Trust expenses were higher in 2Q 2017 vis-à-vis 2Q 2016 mainly due to higher professional fees.
- (13) Finance costs include the following:

	Group			Trust		
	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %
Interest cost ^(13a)	16,773	8,285	NM	9,573	8,285	15.5
Amortisation and transaction costs	890	1,307	(31.9)	661	1,307	(49.4)
Total	17,663	9,592	84.1	10,234	9,592	6.7

- (13a) At the Trust level, the increase in interest cost in 2Q 2017 from 2Q 2016 was due to higher amount of bank borrowings for the acquisition of 60% interest in MSO Trust back in August 2016. Consolidation of MSO Trust's interest cost also resulted in higher interest cost for the Group in 2Q 2017 from a year ago.
- (14) In 2Q 2017, the share of profit of joint ventures relates to profits for RCS Trust (CCT's 60% interest) and OGS LLP (CCT's 50% interest). For 2Q 2016, it relates to profits of RCS Trust (CCT's 60% interest) and MSO Trust (CCT's 40% interest). Summary of the share of results of joint ventures are as follows:

	Group		
	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %
Gross revenue ^(14a)	35,610	42,485	(16.2)
Property operating expenses ^(14b)	(8,632)	(10,437)	(17.3)
Net property income	26,978	32,048	(15.8)
Finance costs ^(14c)	(3,571)	(9,208)	(61.2)
Net change in fair value of investment properties ^(14d)	4,917	15,473	(68.2)
Trust and other expenses ^(14e)	(2,439)	(2,737)	(10.9)
Profit of joint ventures (net of tax)	25,885	35,576	(27.2)

- (14a) In 2Q 2017, it relates to CCT's share of gross revenue from RCS Trust (CCT's 60% interest) and OGS LLP's (CCT's 50% interest). OGS LLP's contribution is with effect from 20 June 2017. In 2Q 2016, it relates to CCT's share of gross revenue of RCS Trust (CCT's 60% interest) and MSO Trust (CCT's 40% interest). MSO Trust's financials was consolidated to CCT Group with effect from 31 August 2016, and hence accounted for the lower gross revenue of joint ventures in 2Q 2017 compared to that in 2Q 2016.
- (14b) The decrease in share of property operating expenses in 2Q 2017 vis-à-vis 2Q 2016 was mainly due to MSO Trust's property operating expenses (CCT's 40% interest) not being included under share of results of joint ventures in 2Q 2017.
- (14c) The decrease in share of finance costs in 2Q 2017 vis-à-vis 2Q 2016 was mainly due to MSO Trust's finance costs (CCT's 40% interest) not being accounted under share of joint ventures. Lower interest expenses for RCS Trust had also contributed to the decrease in finance costs.

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- (14d) In 2Q 2017, the net gain in fair value of investment property of S\$4.9 million relates to net gain in fair value of Raffles City Singapore (CCT's 60% interest) and One George Street (CCT's 50% interest). Net gain in fair value of investment property of S\$15.5 million in 2Q 2016 relates to gains in fair value of Raffles City Singapore (CCT's 60% interest) and CapitaGreen (CCT's 40% interest).
- (14e) Includes asset management fees.
- (15) This relates to the impairment loss of MQREIT accounted in 2Q 2016.
- (16) This relates to the net increase in property values as at 30 June 2017 based on independent valuations over its carrying values.
- (17) This relates to the divestment fees and related cost incurred on the divestment of One George Street. The amount does not have any impact on CCT's distributable income.
- (18) This relates mainly to the tax on Twenty Anson's yield stabilization sum.
- (19) Included in net tax and other adjustments are the following:

	Group			Trust		
	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %
Asset management fee payable in Units	894	909	(1.7)	894	909	(1.7)
Trustee's fees	212	166	27.7	160	166	(3.6)
Amortisation and transaction costs (Finance) ^(19a)	890	1,307	(31.9)	661	1,307	(49.4)
Temporary differences and other items ^(19b)	(1,130)	661	NM	(16,461)	699	NM
Total	866	3,043	(71.5)	(14,746)	3,081	NM

- (19a) This relates to amortisation of upfront fees and transaction costs incurred on bank borrowings. The fees was lower in 2Q 2017 due to lower amortisation and transaction costs incurred.
- (19b) Included in temporary differences and other items were tax-exempt income retained by CCT. In 2Q 2017, it included dividend from FOPL as well as Twenty Anson's yield stabilization sum (2Q 2016: included tax-exempt income from Twenty Anson's yield stabilization sum). The amount was retained for anticipated capital expenditure and/or distribution to unitholders.
- (20) This relates to CCT's 60% interest in RCS Trust's distribution for 2Q 2017. For 2Q 2016, it relates to CCT's 60% interest in RCS Trust's and 40% interest in MSO Trust's distribution.

NM – Not Meaningful

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1(a)(ii) Statement of Total Return & Distribution Statement (1H 2017 vs 1H 2016)

<u>Statement of Total Return</u>	Note	Group			Trust		
		1H 2017 S\$'000	1H 2016 S\$'000	Change %	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Gross rental income	1	163,584	122,681	33.3	121,392	122,681	(1.1)
Car park income	2	5,418	5,682	(4.6)	4,727	5,682	(16.8)
Other income	3	8,018	6,066	32.2	6,728	6,066	10.9
Gross revenue		177,020	134,429	31.7	132,847	134,429	(1.2)
Property management fees		(4,009)	(2,911)	37.7	(2,921)	(2,911)	0.3
Property tax	4	(13,586)	(11,942)	13.8	(9,959)	(11,942)	(16.6)
Other property operating expenses	5	(20,467)	(16,097)	27.1	(16,185)	(16,097)	0.5
Property operating expenses		(38,062)	(30,950)	23.0	(29,065)	(30,950)	(6.1)
Net property income	6	138,958	103,479	34.3	103,782	103,479	0.3
Interest income	7	495	2,656	(81.4)	7,289	2,607	NM
Investment income	8	-	1,708	NM	74,024	47,614	55.5
Amortisation of intangible asset	9	(1,834)	(331)	NM	(1,834)	(331)	NM
Asset management fees:							
- Base fees	10	(3,356)	(2,624)	27.9	(2,546)	(2,624)	(3.0)
- Performance fees	10	(5,067)	(4,579)	10.7	(4,363)	(4,579)	(4.7)
Trust expenses	11	(2,214)	(1,209)	83.1	(2,073)	(1,203)	72.3
Finance costs	12	(35,612)	(19,063)	86.8	(20,821)	(19,050)	9.3
Net income before share of profit of joint ventures		91,370	80,037	14.2	153,458	125,913	21.9
Share of profit (net of tax) of:							
- Joint ventures	13	45,831	56,152	(18.4)	-	-	-
Net income		137,201	136,189	0.7	153,458	125,913	21.9
Impairment of available-for-sale investment	14	-	(8,916)	NM	-	(8,916)	NM
Net gain in fair value of investment properties	15	252,674	8,643	NM	237,829	8,643	NM
Transaction costs on disposal of investment property	16	(3,226)	-	NM	(3,226)	-	NM
Total return for the period before tax		386,649	135,916	NM	388,061	125,640	NM
Tax expense	17	(314)	(226)	38.9	(312)	(224)	39.3
Total return for the period after tax		386,335	135,690	NM	387,749	125,416	NM
<u>Distribution Statement</u>							
Net income before share of profit of joint ventures		91,370	80,037	14.2	153,458	125,913	21.9
Net tax and other adjustments	18	4,774	3,990	19.6	(12,699)	4,020	NM
Distribution from joint ventures	19	44,615	45,906	(2.8)	-	-	-
Distributable income to unitholders		140,759	129,933	8.3	140,759	129,933	8.3

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Notes:

- (1) Gross rental revenue for 1H 2017 was S\$163.6 million for the Group, an increase of S\$40.9 million or 33.3% from 1H 2016. The increase was contributed mainly by CapitaGreen's gross rental revenue of S\$42.2 million, for which CCT acquired the remaining 60% interest on 31 August 2016.
- (2) Car park income for the Trust was lower due to decline in car park occupancy for Golden Shoe Car Park in view of its impending re-development. Car park income from CapitaGreen had mitigated the decrease for the Group.
- (3) Other income includes the following:
 - (a) Yield stabilization income of S\$1.8 million accrued in 1H 2017 for Twenty Anson (1H 2016: S\$0.3 million). Please refer to note (3)(a) of page 5 for additional information; and
 - (b) Recovery from tenants, licence and other income which was higher in 1H 2017 versus 1H 2016 mainly due to contribution from CapitaGreen's tenant recoveries. The increase was offset by lower tenant recoveries from other properties.
- (4) At the Group level, the higher property tax for 1H 2017 vis-à-vis 1H 2016 was primarily due to consolidation of MSO Trust's property tax after the acquisition on 31 August 2016. At the Trust level, the decrease in property tax for 1H 2017 was due to lower statutory annual values of the properties.
- (5) At the Group level, the increase in other property operating expenses for 1H 2017 vis-à-vis 1H 2016 was mainly due to the consolidation of CapitaGreen's property operating expenses.
- (6) The following items have been included in arriving at net property income:

	Group			Trust		
	1H 2017 S\$'000	1H 2016 S\$'000	Change %	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Depreciation and amortisation of lease incentives ^(6a)	2,938	781	NM	952	781	21.9

- (6a) Higher depreciation and amortisation of lease incentives for the Group was due to consolidation of CapitaGreen in 1H 2017.

- (7) Interest income includes the following:

	Group			Trust		
	1H 2017 S\$'000	1H 2016 S\$'000	Change %	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Interest income from cash balance	495	210	NM	416	161	NM
Interest income from unitholder's loan to MSO Trust ^(7a)	-	2,446	NM	6,873	2,446	NM
Total	495	2,656	(81.4)	7,289	2,607	NM

- (7a) At the Trust level, the increase in interest income in 1H 2017 from 1H 2016 was due to more unitholder's loans extended to MSO Trust (owns CapitaGreen) as well as higher interest rate for the loan. At the Group level, interest income from unitholder's loans to MSO Trust was only accounted for 1H 2016, prior to MSO Trust being a wholly owned subsidiary of CCT.
- (8) The increase in investment income at the Trust was primarily due to dividends paid by FOPL that previously held Twenty Anson as well as distributions from RCS Trust and MSO Trust in 1H 2017 (1H 2016: RCS Trust, MSO Trust and MQREIT). At the Group level, there was no investment income in 1H 2017. MQREIT declared a special distribution for the period 1 July 2016 to 16 December 2016 in December 2016, for which CCT Group had recognized in 4Q 2016.
- (9) This relates to the amortisation of yield stabilization sum in relation to FOPL. The amount was computed based on net property yield of 4.0% per annum for Twenty Anson.

NM – Not Meaningful

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- (10) Higher asset management fees for the Group in 1H 2017 versus 1H 2016 was due to consolidation of MSO Trust's asset management fees.
- (11) Trust expenses were higher in 1H 2017 vis-à-vis 1H 2016 due mainly to higher professional fees incurred.
- (12) Finance costs include the following:

	Group			Trust		
	1H 2017 S\$'000	1H 2016 S\$'000	Change %	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Interest cost ^(12a)	33,595	16,360	NM	19,274	16,360	17.8
Amortisation and transaction costs	2,017	2,703	(25.4)	1,547	2,690	(42.5)
Total	35,612	19,063	86.8	20,821	19,050	9.3

- (12a) The increase in interest cost for 1H 2017 for the Trust was due to CCT's acquisition of 60% units of MSO Trust funded by bank borrowings. For the Group, consolidation of MSO Trust's interest cost from its bank borrowings also contributed to the increase.
- (13) In 1H 2017, the share of profit of joint ventures relates to profits of RCS Trust (CCT's 60% interest) and OGS LLP, which holds One George Street (CCT's 50% interest) with effect from 19 June 2017. For 1H 2016, it relates to profits of RCS Trust (CCT's 60% interest) and MSO Trust (CCT's 40% interest). Summary of the share of results of joint ventures are as follows:

	Group		
	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Gross revenue ^(13a)	69,718	85,337	(18.3)
Property operating expenses ^(13b)	(16,798)	(20,862)	(19.5)
Net property income	52,920	64,475	(17.9)
Finance costs ^(13c)	(7,247)	(18,540)	(60.9)
Net change in fair value of investment properties ^(13d)	4,917	15,473	(68.2)
Trust and other expenses ^(13e)	(4,759)	(5,256)	(9.5)
Net profit of joint ventures (after tax)	45,831	56,152	(18.4)

- (13a) In 1H 2017, it relates to CCT's share of gross revenue of RCS Trust (CCT's 60% interest) and OGS LLP (CCT's 50% interest). OGS LLP's gross revenue was recognized for the period from 20 June 2017 to 30 June 2017 (both dates inclusive). In 1H 2016, it relates to CCT's share of gross revenue of RCS Trust (CCT's 60% interest) and MSO Trust (CCT's 40% interest). Gross revenue of MSO Trust was consolidated to CCT group with effect from 31 August 2016 and hence accounted for the drop of gross revenue in 1H 2017 from a year ago.
- (13b) The decrease in share of property operating expenses in 1H 2017 vis-à-vis 1H 2016 was mainly due to MSO Trust's property operating expenses (CCT's 40% interest) that was no longer accounted under share of joint ventures.
- (13c) The decrease in share of finance costs in 1H 2017 vis-à-vis 1H 2016 was mainly due to MSO Trust's finance costs (CCT's 40% interest) that was no longer accounted under share of joint ventures. Lower interest expenses for RCS Trust had also contributed to the decrease in finance costs.
- (13d) In 1H 2017, the net gain in fair value of investment property of S\$4.9 million relates to net gain in fair value of Raffles City Singapore (CCT's 60% interest) and One George Street (CCT's 50% interest). Net gain in fair value of investment property in 1H 2016 relates to gains in fair value of Raffles City Singapore (CCT's 60% interest) and CapitaGreen (CCT's 40% interest).
- (14) This relates to the impairment loss of MQREIT accounted in 1H 2016.
- (15) This relates to the net increase in property values as at 30 June 2017 based on independent valuations over its carrying values.

NM – Not Meaningful

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- (16) This relates to the divestment fees and related cost incurred in relation to the divestment of One George Street. The amount does not have any impact on CCT's distributable income.
- (17) This relates to the withholding tax paid on the distribution received from MQREIT as well as the tax incurred for the yield stabilization sum for Twenty Anson.
- (18) Included in net tax and other adjustments are the following:

	Group			Trust		
	1H 2017 S\$'000	1H 2016 S\$'000	Change %	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Asset management fee paid and payable in Units	1,858	1,875	(0.9)	1,858	1,875	(0.9)
Trustee's fees	422	329	28.3	319	329	(3.0)
Amortisation and transaction costs (Finance) ^(18a)	2,017	2,703	(25.4)	1,547	2,690	(42.5)
Temporary differences and other items ^(18b)	477	(917)	NM	(16,423)	2,812	NM
Total	4,774	3,990	19.6	(12,699)	7,706	NM

- (18a) This relates to amortisation of upfront fees and transaction costs incurred on bank borrowings. The fees was lower in 1H 2017 due to lower amortisation and transaction costs incurred.
- (18b) Included in temporary differences and other items were tax-exempt income retained by CCT. In 1H 2017, it included dividend from FOPL, Twenty Anson's yield stabilization sum and MQREIT's net tax-exempt income (1H 2016: net tax-exempt income from MQREIT and Twenty Anson's yield stabilization sum). The amount was retained for anticipated capital expenditure and/or distribution to unitholders.
- (19) This relates to CCT's 60% interest in RCS Trust's distribution in 1H 2017. For 1H 2016, it relates to CCT's 60% and 40% interest in RCS Trust's and MSO Trust's distribution respectively.

NM – Not Meaningful

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1(b)(i) Statement of Financial Position as at 30 June 2017 vs 31 December 2016

Note	Group			Trust		
	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	Change %	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	Change %
Non-current assets						
	1,185	1,439	(17.7)	1,146	1,384	(17.2)
Plant and equipment						
1	5,314,000	6,590,500	(19.4)	3,698,000	4,987,500	(25.9)
Investment properties						
2	-	-	-	718,044	718,043	-
Interest in subsidiaries						
3	48,841	44,834	8.9	48,841	44,834	8.9
Available-for-sale investment						
4	1,498,364	1,189,793	25.9	1,172,574	864,393	35.7
Interest in joint ventures						
5	252	2,086	(87.9)	252	2,086	(87.9)
Intangible asset						
6	3,919	20,624	(81.0)	3,919	17,405	(77.5)
Financial derivatives						
	6,866,561	7,849,276	(12.5)	5,642,776	6,635,645	(15.0)
Total non-current assets						
Current assets						
7	346,000	-	NM	346,000	-	NM
Assets held for sale						
	46,126	41,636	10.8	50,498	48,574	4.0
Trade and other receivables						
8	696,844	159,962	NM	688,107	131,537	NM
Cash and cash equivalents						
6	-	257	NM	-	257	NM
Financial derivatives						
	1,088,970	201,855	NM	1,084,605	180,368	NM
Total current assets						
9	7,955,531	8,051,131	(1.2)	6,727,381	6,816,013	(1.3)
Total assets						
Current liabilities						
	47,973	52,786	(9.1)	199,817	202,800	(1.5)
Trade and other payables						
	6,975	8,413	(17.1)	6,975	8,413	(17.1)
Current portion of security deposits						
10	90,000	-	NM	90,000	-	NM
Interest-bearing liabilities						
11	122,937	173,450	(29.1)	122,937	173,450	(29.1)
Convertible bonds						
6	1,143	-	NM	1,143	-	NM
Financial derivatives						
	541	1,506	(64.1)	312	226	38.1
Current tax payable						
	269,569	236,155	14.1	421,184	384,889	9.4
Total current liabilities						
Non-current liabilities						
	41,338	52,397	(21.1)	20,645	32,627	(36.7)
Non-current portion of security deposits						
12	2,050,242	2,457,182	(16.6)	1,163,302	1,570,692	(25.9)
Interest-bearing liabilities						
6	47,587	26,855	77.2	27,016	21,262	27.1
Financial derivatives						
	2,139,167	2,536,434	(15.7)	1,210,963	1,624,581	(25.5)
Total non-current liabilities						
	2,408,736	2,772,589	(13.1)	1,632,147	2,009,470	(18.8)
Total liabilities						
	5,546,795	5,278,542	5.1	5,095,234	4,806,543	6.0
Net assets						
	5,546,795	5,278,542	5.1	5,095,234	4,806,543	6.0
Unitholders' funds						

NM – Not Meaningful

CAPITALAND COMMERCIAL TRUST 2017 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION ANNOUNCEMENT

Notes:

- (1) Investment properties as at 30 June 2017 for the Group and the Trust dropped from that as at 31 December 2016 due to:
 - (a) Divestment of One George Street to OGS LLP following the completion of the Sales and Contribution Agreement between CCT and OGS LLP on 19 June 2017; and
 - (b) Reclassification of Wilkie Edge and Golden Shoe Car Park from investment properties under Non-Current Assets to Assets held for sale under Current Assets as at 30 June 2017.

The lower value of the investment properties was offset partially by an increase in property values for the remaining properties based on independent market valuations as at 30 June 2017.
- (2) Interest in subsidiaries mainly relates to the cost of investments in CCT MTN Pte. Ltd., FOPL and MSO Trust (include unitholder's loan to MSO Trust).
- (3) This relates to CCT's 11.0% stake in MQREIT. The 8.9% increase was due to higher trading price of MQREIT as well as the higher exchange rate of Ringgit to Singapore Dollar.
- (4) This relates to CCT's 60% interest in RCS Trust and CCT's 50% interest in OGS LLP (which holds One George Street) as at 30 June 2017 (31 December 2016: relates to CCT's 60% interest in RCS Trust).
- (5) This relates primarily to the unamortised yield stabilization sum in relation to Twenty Anson.
- (6) This relates to the fair values of cross currency swaps and/or interest rate swaps.
- (7) Assets held for sale relate to the reclassification of Wilkie Edge and Golden Shoe Car Park from Investment Properties in relation to the announcements on 3 July 2017 for the signing of a sale and purchase agreement for the divestment of Wilkie Edge and on 13 July 2017 for the divestment of Golden Shoe Car Park to a joint venture of CCT, CapitaLand, and MEC. The joint venture will redevelop Golden Shoe Car Park into an integrated development. The property values of Wilkie Edge and Golden Shoe Car Park were based on independent market valuations as at 30 June 2017.
- (8) Cash and cash equivalents as at 30 June 2017 increased from 31 December 2016 mainly due to proceeds received from the divestment of One George Street to OGS LLP.
- (9) Total assets were S\$7,955.5 million as at 30 June 2017 (31 December 2016: S\$8,051.1 million). Total deposited property value, including RCS Trust (CCT's 60% interest) and OGS LLP (CCT's 50% interest) as at 30 June 2017 were S\$8,960.6 million (31 December 2016: S\$8,766.4 million).
- (10) This relates to bank borrowings that has been reclassified from Non-Current liabilities due to its maturity date falling within 1 year.
- (11) This relates to the liability component of CB 2017 of principal amount S\$123.2 million which was measured at amortised cost as at 30 June 2017 as compared with principal amount of S\$175.0 million as at 31 December 2016. The reduction was due to the conversion of principal amount of S\$51.8 million CB 2017 into 36.3 million Units at the conversion price of S\$1.4265 in 1H 2017. After 30 June 2017, an additional aggregate amount of S\$78.0 million of CB 2017 was converted into 54.7 million of CCT Units. The outstanding balance of CB 2017 as at 14 July 2017 was S\$45.25 million.
- (12) The interest-bearing liabilities comprised:
 - (a) Unsecured fixed rate notes totaling S\$225.0 million; JPY24.9 billion and HKD585.0 million (hedged via cross currency swaps to S\$425.8 million);
 - (b) Unsecured bank borrowings of S\$525.0 million; and
 - (c) Secured MSO Trust's bank borrowings of S\$890.0 million.

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1(b)(ii) Aggregate amount of borrowings and debt securities

	Group			Trust		
	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	Change %	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	Change %
Secured borrowings						
Amount repayable after one year ⁽¹⁾	890,000	890,000	-	-	-	-
Less: Unamortised portion of transactions costs ⁽¹⁾	(3,060)	(3,510)	(12.8)	-	-	-
Net secured borrowings after one year	886,940	886,490	0.1	-	-	-
Unsecured borrowings						
Amount repayable after one year	1,164,926	1,572,655	(25.9)	1,164,926	1,572,655	(25.9)
Less: Unamortised portion of transactions costs	(1,624)	(1,963)	(17.3)	(1,624)	(1,963)	(17.3)
Net unsecured borrowings after one year	1,163,302	1,570,692	(25.9)	1,163,302	1,570,692	(25.9)
Amount repayable within one year	213,026	173,886	22.5	213,026	173,886	22.5
Less: Unamortised portion of transactions costs	(89)	(436)	(79.6)	(89)	(436)	(79.6)
Net unsecured borrowings within one year	212,937	173,450	22.8	212,937	173,450	22.8
Total unsecured borrowings	1,376,239	1,744,142	(21.1)	1,376,239	1,744,142	(21.1)
Total secured and unsecured borrowings	2,263,179	2,630,632	(14.0)	1,376,239	1,744,142	(21.1)

Note :

(1) This relates to MSO Trust's borrowings and transactions costs as at 30 June 2017 and 31 December 2016.

For information only

This relates to CCT's 60% interest in the aggregate borrowings of RCS Trust and CCT's 50% interest of OGS LLP which are not included under total borrowings in the statement of financial position of the Group.

	For information only		
	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	Change %
Secured borrowings ⁽¹⁾			
Amount repayable after one year	290,000	-	NM
Less: Unamortised portion of transactions costs	(1,265)	-	NM
Net repayable after one year	288,735	-	NM
Total secured borrowings	288,735	-	NM
Unsecured borrowings ⁽²⁾			
Amount repayable after one year	510,000	660,000	(22.7)
Less: Unamortised portion of transactions costs	(1,500)	(1,489)	0.7
Net repayable after one year	508,500	658,511	(22.8)
Amount repayable within one year	150,000	-	NM
Net repayable within one year	150,000	-	NM
Total unsecured borrowings	658,500	658,511	(0.0)

Notes :

(1) This relates to CCT's 50% of OGS LLP's borrowings and transactions costs as at 30 June 2017.

(2) This relates to CCT's 60% of RCS Trust's borrowings and transactions costs as at 30 June 2017 and 31 December 2016.

NM: Not meaningful

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1(c)(i) Statement of Cash Flow (2Q 2017 vs 2Q 2016)

	Note	Group	
		2Q 2017 S\$'000	2Q 2016 S\$'000
Operating activities			
Total return for the period before tax		320,750	74,037
Adjustments for :			
Share of profit of joint ventures		(25,885)	(35,576)
Amortisation of lease incentives		1,464	291
Amortisation of intangible asset		1,021	287
Depreciation of plant and equipment		86	94
Finance costs		17,663	9,592
Interest income		(247)	(1,334)
Loss on disposal of plant and equipment		96	-
Impairment on available-for-sale investment		-	8,916
Asset management fees paid and payable in Units		894	909
Net increase in fair value of investment properties		(252,674)	(8,643)
Operating income before working capital changes		63,168	48,573
Changes in working capital			
Trade and other receivables		(4,784)	(1,424)
Trade and other payables		(46)	1,663
Security deposits		(11,973)	(321)
Cash generated from operating activities		46,365	48,491
Tax expenses paid		(549)	(60)
Net cash from operating activities		45,816	48,431
Investing activities			
Capital expenditure on investment properties		(1,354)	(2,169)
Purchase of plant and equipment		(33)	(183)
Distributions received from joint ventures		21,430	21,654
Interest income received		200	2,988
Divestment of investment property	1	881,578	-
Net cash from investing activities		901,821	22,290
Financing activities			
Interest paid		(22,110)	(7,774)
Payment of transaction costs related to borrowings		(156)	-
Distribution to unitholders		(6,709)	(6,229)
Repayment of interest-bearing liabilities	2	(321,200)	-
Net cash used in financing activities		(350,175)	(14,003)
Net increase in cash and cash equivalents		597,462	56,718
Cash and cash equivalents at beginning of period		99,382	46,395
Cash and cash equivalents at end of period		696,844	103,113

Notes:

- 1) This relates to proceeds from divestment of One George Street to OGS LLP.
- 2) This relates to repayment of CCT's bank borrowings.

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1(c)(ii) Statement of Cash Flow (1H 2017 vs 1H 2016)

Note	Group	
	1H 2017 S\$'000	1H 2016 S\$'000
Operating activities		
Total return for the period before tax	386,649	135,916
Adjustments for :		
Share of profit of joint ventures	(45,831)	(56,152)
Amortisation of lease incentives	2,760	608
Amortisation of intangible asset	1,834	331
Depreciation of plant and equipment	178	173
Finance costs	35,612	19,063
Loss on disposal of plant and equipment	96	-
Interest income	(495)	(2,656)
Impairment on available-for-sale investment	-	8,916
Asset management fees paid and payable in Units	1,858	1,875
Net gain in fair value of investment properties	(252,674)	(8,643)
Distribution from available-for-sale investment	-	(1,708)
Operating income before working capital changes	129,987	97,723
Changes in working capital		
Trade and other receivables	(5,041)	(1,016)
Trade and other payables	(3,395)	494
Security deposits	(12,497)	440
Cash generated from operations	109,054	97,641
Tax expenses paid	(553)	(232)
Net cash generated from operating activities	108,501	97,409
Investing activities		
Capital expenditure on investment properties	(3,123)	(3,668)
Purchase of plant and equipment	(261)	(183)
Divestment of investment property	1	881,578
Distribution received from available-for-sale investment	-	1,708
Distributions received from joint ventures	44,383	43,668
Interest income received	586	3,520
Net cash from investing activities	923,163	45,045
Financing activities		
Interest paid	(34,342)	(17,282)
Borrowing transaction costs paid	(252)	-
Distribution to unitholders	(138,988)	(127,271)
Proceeds from interest-bearing liabilities	-	224,000
Repayment of interest-bearing liabilities	2	(321,200)
Net cash used in financing activities	(494,782)	(120,553)
Net increase in cash and cash equivalents	536,882	21,901
Cash and cash equivalents at beginning of the period	159,962	81,212
Cash and cash equivalents at end of the period	696,844	103,113

Notes:

- 1) This relates to proceeds from divestment of One George Street to OGS LLP.
- 2) This relates to repayment of CCT's bank borrowings.

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1(d)(i) Statement of movement in unitholders' funds (2Q 2017 vs 2Q 2016)

	Note	Group		Trust	
		2Q 2017 S\$'000	2Q 2016 S\$'000	2Q 2017 S\$'000	2Q 2016 S\$'000
Net assets as at beginning of period		5,191,183	5,134,660	4,732,287	4,681,079
Operations					
Total return for the period		320,575	73,988	318,642	61,686
Unitholders' transactions					
Creation of units:					
- Units issued in respect of RCS Trust's asset management fees		1,186	1,187	1,186	1,187
- Asset management fee paid and payable in Units		894	302	894	302
Conversion of convertible bonds		53,745	-	53,745	-
Net increase in net assets resulting from unitholders' transactions		55,825	1,489	55,825	1,489
Movement in reserves					
- Available-for-sale reserve	1	1,453	9,919	1,453	9,919
- Capital reserves	2	(2,173)	-	(2,173)	-
- Hedging reserves	3	(20,068)	6,793	(10,800)	9,012
Net decrease in net assets resulting from movement in reserves		(20,788)	16,712	(11,520)	18,931
Net increase in net assets		355,612	92,189	362,947	82,106
Net assets as at end of the period		5,546,795	5,226,849	5,095,234	4,763,185

Notes:

- (1) This relates to marked to market movement of MQREIT.
- (2) The movement in capital reserves relates the option value of principal amount of S\$51.8 million CB 2017 that were converted into 36.3 million Units in 2Q 2017.
- (3) The movement in hedging reserves for the Trust relates to the fair value changes of the cross currency and interest rate swaps and the revaluation of JPY and HKD notes. Included in movement for the Group was the subsidiary's (MSO Trust) and the Group's share of movement in hedging reserves of the joint ventures (RCS Trust).

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1(d)(ii) Statement of movement in unitholders' funds (1H 2017 vs 1H 2016)

	Note	Group		Trust	
		1H 2017 S\$'000	1H 2016 S\$'000	1H 2017 S\$'000	1H 2016 S\$'000
Net assets as at beginning of the year		5,278,542	5,234,136	4,806,543	4,770,343
Operations					
Total return for the period		386,335	135,690	387,749	125,416
Unitholders' transactions					
Creation of new units:					
- Units issued in respect of RCS Trust's asset management fees		6,603	3,419	6,603	3,419
- Asset management fee paid and payable in Units		1,857	1,269	1,857	1,269
Conversion of convertible bonds		53,745	-	53,745	-
Distributions to unitholders		(138,988)	(127,271)	(138,988)	(127,271)
Net decrease in net assets resulting from unitholders' transactions		(76,783)	(122,583)	(76,783)	(122,583)
Movement in reserves					
- Available-for-sale reserve	1	4,007	12,487	4,007	12,487
- Capital reserves	2	(2,173)	-	(2,173)	-
- Hedging reserves	3	(43,133)	(32,881)	(24,109)	(22,478)
Net increase in net assets resulting from movement in reserves		(41,299)	(20,394)	(22,275)	(9,991)
Net increase in net assets		268,253	(7,287)	288,691	(7,158)
Net assets as at end of the year		5,546,795	5,226,849	5,095,234	4,763,185

Notes:

- 1) This relates to marked to market movement of MQREIT.
- 2) The movement in capital reserves relates the option value of principal amount of S\$51.8 million CB 2017 that were converted into 36.3 million Units in 1H 2017.
- 3) The movement in hedging reserves for the Trust relates to the fair value changes of the cross currency and interest rate swaps and the revaluation of JPY and HKD notes. Included in movement for the Group was the subsidiary's (MSO Trust) and the Group's share of movement in hedging reserves of the joint venture (RCS Trust).

Convertible Bonds

Principal Amount Outstanding	Maturity Date	Conversion Price per Unit as at 30 June 2017
<u>CB 2017</u> S\$123.25 million 2.5 per cent.	12 September 2017	1.4265

Assuming all the outstanding principle amount of S\$123.25 million of CB 2017 were fully converted at the conversion price of \$1.4265 per unit, the number of new units issued would be 86,400,280, representing 2.9% of the total number of CCT units in issue as at 30 June 2017 (3,006,284,332 Units).

In comparison, as at 30 June 2016, the then outstanding principal amount of CB 2017 of S\$175.0 million would convert to 118,115,550 Units at the conversion price of S\$1.4816, representing 4.0% of the total number of CCT units in issue as at 30 June 2016 (2,956,335,012 Units).

On 14 July 2017, an additional S\$78.0 million of CB 2017 were converted into 54,679,281 new CCT units. The principal amount of CB 2017 outstanding as at 14 July 2017 was S\$45.25 million.

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1(e)(i) Details of any change in the units (2Q 2017 vs 2Q 2016)

	Group and Trust	
	2Q 2017 Units	2Q 2016 Units
Units in issue as at beginning of period	2,969,040,247	2,955,321,679
New Units issued:		
- As payment of asset management fee in relation to RCS Trust (CCT's 60% interest) ⁽¹⁾	771,314	807,826
- As payment of asset management fees in relation to Wilkie Edge and One George Street ⁽¹⁾	195,175	205,507
- Conversion of convertible bonds ⁽²⁾	36,277,596	-
Total issued units as at end of period	3,006,284,332	2,956,335,012
Estimated new Units to be issued:		
- for settlement of the asset management fees in relation to Wilkie Edge and One George Street ⁽³⁾	946,013	-
Total Units issued and estimated new Units to be issued	3,007,230,345	2,956,335,012

Notes:

- (1) For 2Q 2017, it relates to payment of base component of asset management fees for 1Q 2017. For 2Q 2016, it relates to payment of both base and performance components of asset management fees for 1Q 2016.
- (2) This relates to the conversion of principal amount of S\$51.8 million of CB due 2017 at the conversion price of \$1.4265 per unit into Units in 2Q 2017.
- (3) This relates to Units to be issued for the payment of 2Q 2017 base component of asset management fees and 1H 2017 performance component of the asset management fees, in 3Q 2017 and 1Q 2018 respectively.

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1(e)(ii) Details of any change in the units (1H 2017 vs 1H 2016)

	Group and Trust	
	1H 2017 Units	1H 2016 Units
Units in issue as at beginning of year	2,963,491,301	2,952,931,319
New Units issued:		
- As payment of asset management fee in relation to RCS Trust (CCT's 60% interest) ⁽¹⁾	4,428,032	2,475,369
- As payment of asset management fees in relation to Wilkie Edge and One George Street ⁽¹⁾	2,087,403	928,324
- Conversion of convertible bonds ⁽²⁾	36,277,596	-
Units in issue as at end of the period	3,006,284,332	2,956,335,012
Estimated new Units to be issued:		
- in settlement of the asset management fees in relation to Wilkie Edge and One George Street ⁽³⁾	946,013	-
Total Units issued and estimated new Units to be issued:	3,007,230,345	2,956,335,012

Notes:

- (1) In 1H 2017, it relates to payment of base component of asset management fee for 4Q 2016 and 1Q 2017 and performance component of asset management fee for FY 2016. In 1H 2016, it relates to payment of both base and performance components of asset management fees for 4Q 2015 and base fee component of asset management fee for 1Q 2016.
- (2) This relates to the conversion of principal amount of S\$51.8 million of CB due 2017 at the conversion price of \$1.4265 per unit into Units in 1H 2017.
- (3) This relates to Units to be issued for the payment of 2Q 2017 base component of asset management fees and 1H 2017 performance component of the asset management fees, in 3Q 2017 and 1Q 2018 respectively.

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

The figures have not been audited nor reviewed by our auditors.

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with the audited financial statements for the year ended 31 December 2016.

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

Nil

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6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the financial period

EPU (2Q 2017 vs 2Q 2016)

	Note	Group		Trust	
		2Q 2017	2Q 2016	2Q 2017	2Q 2016
<u>Basic EPU</u>					
Weighted average number of Units in issue		2,979,325,536	2,956,068,079	2,979,325,536	2,956,068,079
Based on weighted average number of Units in issue	1	10.76¢	2.50¢	10.70¢	2.09¢
<u>Diluted EPU</u>					
Weighted average number of Units in issue (diluted)		3,095,528,448	3,077,874,203	3,095,528,448	3,077,874,203
Based on weighted average number of Units in issue (diluted)	2	10.39¢	2.46¢	10.33¢	2.06¢

EPU (1H 2017 vs 1H 2016)

	Note	Group		Trust	
		1H 2017	1H 2016	1H 2017	1H 2016
<u>Basic EPU</u>					
Weighted average number of Units in issue		2,972,148,136	2,955,268,868	2,972,148,136	2,955,268,868
Based on weighted average number of Units in issue	1	13.00¢	4.59¢	13.05¢	4.24¢
<u>Diluted EPU</u>					
Weighted average number of Units in issue (diluted)		3,088,766,275	3,077,469,558	3,088,766,275	3,077,469,558
Based on weighted average number of Units in issue (diluted)	2	12.60¢	4.51¢	12.65¢	4.18¢

Notes:

- (1) In computing the basic EPU, total return for the period after tax and the weighted average number of Units outstanding during the period were used.
- (2) In computing the diluted EPU, the total return for the period after tax and the weighted average number of Units outstanding during the period were adjusted for the effects of all potential dilutive Units arising from the assumed conversion of the outstanding convertible bonds to Units and assumed issuance of Units for the payment of unpaid asset management fees.

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Distribution per unit ("DPU")

In computing, the number of Units as at end of the period was used for the computation.

	2Q 2017	2Q 2016	1H 2017	1H 2016
Number of Units in issue	3,006,284,332	2,956,335,012	3,006,284,332	2,956,335,012
DPU for period (adjusted)	2.27¢ ¹	2.20¢	4.59¢ ¹	4.39¢

Note:

(1) The adjusted DPU for 2Q 2017 and 1H 2017 were computed based on number of units in issue as at 14 July 2017, which included the number of units issued arising from the conversion of a principal amount of S\$78.0 million of CB 2017. The actual quantum of DPU will be announced on books closure date being Thursday, 27 July 2017, when the total amount of CB 2017 conversion notices received before books closure date are tabulated to determine the final number of CCT units that are entitled to CCT's 1H 2017 distributable income.

7 Net asset value ("NAV") / Net tangible asset ("NTA") per Unit based on Units in issue at the end of the period.

	Note	Group		Trust	
		30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Number of Units in issue at end of the period		3,006,284,332	2,963,491,301	3,006,284,332	2,963,491,301
NAV (S\$'000)		5,546,795	5,278,542	5,095,234	4,806,543
NTA (S\$'000)		5,546,543	5,276,456	5,094,982	4,804,457
NAV per Unit	1	\$1.85	\$1.78	\$1.69	\$1.62
NTA per Unit	1	\$1.84	\$1.78	\$1.69	\$1.62
Adjusted NAV / NTA per Unit (excluding the distributable income to unitholders)		\$1.80	\$1.73	\$1.65	\$1.57

Note:

(1) NAV and NTA per Unit were computed based on NAV and NTA over the number of Units issued as at end of the period respectively.

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8 Review of the performance

<u>Statement of Total Return</u>	Group					
	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	87,495	67,572	29.5	177,020	134,429	31.7
Property operating expenses	(18,392)	(16,121)	14.1	(38,062)	(30,950)	23.0
Net property income	69,103	51,451	34.3	138,958	103,479	34.3
Interest income	247	1,334	(81.5)	495	2,656	(81.4)
Investment income	-	-	-	-	1,708	NM
Amortisation of intangible asset	(1,021)	(287)	NM	(1,834)	(331)	NM
Asset management fees:						
- Base fees	(1,649)	(1,323)	24.6	(3,356)	(2,624)	27.9
- Performance fees	(2,427)	(2,217)	9.5	(5,067)	(4,579)	10.7
Trust expenses	(1,173)	(632)	85.6	(2,214)	(1,209)	83.1
Finance costs	(17,663)	(9,592)	84.1	(35,612)	(19,063)	86.8
Net income before share of profit of joint ventures	45,417	38,734	17.3	91,370	80,037	14.2
Share of profit (net of tax) of:						
- Joint ventures	25,885	35,576	(27.2)	45,831	56,152	(18.4)
Net income	71,302	74,310	(4.0)	137,201	136,189	0.7
Impairment of available-for-sale investment	-	(8,916)	-	-	(8,916)	NM
Net gain in fair value of investment properties	252,674	8,643	-	252,674	8,643	NM
Transaction costs on disposal of investment property	(3,226)	-	-	(3,226)	-	NM
Total return for the period before tax	320,750	74,037	NM	386,649	135,916	NM
Tax expense	(175)	(49)	NM	(314)	(226)	38.9
Total return for the period after tax	320,575	73,988	NM	386,335	135,690	NM
<u>Distribution Statement</u>						
Net income before share of profit of joint ventures	45,417	38,734	17.3	91,370	80,037	14.2
Net tax and other adjustments	866	3,043	(71.5)	4,774	3,990	19.6
Distribution from joint ventures	23,184	23,311	(0.5)	44,615	45,906	(2.8)
Distributable income to unitholders	69,467	65,088	6.7	140,759	129,933	8.3
DPU for the period (adjusted)	2.27¢	2.20¢	3.2	4.59¢	4.39¢	4.6
Annualised	9.10¢	8.85¢	2.8	9.26¢	8.83¢	4.9

NM – Not Meaningful

Review of CCT Group's performance 2Q 2017 vs 2Q 2016

- Gross revenue for 2Q 2017 was S\$87.5 million, an increase of S\$19.9 million or 29.5% over 2Q 2016. The increase was mainly due to contribution from CapitaGreen.
- Property operating expenses for 2Q 2017 were S\$18.4 million, an increase of S\$2.3 million or 14.1% from 2Q 2016. The increase was mainly due to the consolidation of property expenses of CapitaGreen but offset by lower property tax.

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- c) Amortisation expense relates to the amortisation of intangible asset. The increase was due to higher yield stabilization sum required for Twenty Anson. Amortisation expense does not affect distributable income.
- d) Trust expenses in 2Q 2017 of S\$1.2 million were higher than 2Q 2016 by S\$0.5 million or 85.6% mainly due to higher professional fees.
- e) Finance costs of S\$17.7 million for 2Q 2017 were S\$8.1 million or 84.1% higher than the same quarter last year largely due to consolidation of MSO Trust's finance costs of S\$7.4 million and higher borrowings incurred for the acquisition of 60% interest in MSO Trust (holds CapitaGreen).
- f) Share of profit of joint ventures for 2Q 2017 relates to CCT's share of profits of RCS Trust (CCT's 60% interest) and OGS LLP (CCT's 50% interest), while for 2Q 2016, it relates to CCT's share of profits of RCS Trust (CCT's 60% interest) and MSO Trust (CCT's 40% interest).
- g) The distributable income to unitholders of S\$69.5 million for 2Q 2017 was S\$4.4 million or 6.7% higher than that of 2Q 2016. The increase was largely due to increased distribution received from MSO Trust (holds CapitaGreen).

Review of CCT Group's performance 1H 2017 vs 1H 2016

- a) Gross revenue of S\$177.0 million in 1H 2017 was higher than 1H 2016 by S\$42.6 million or 31.7%. The increase was primary due to consolidation of MSO Trust's gross revenue.
- b) Property operating expenses for 1H 2017 of S\$38.1 million were higher than 1H 2016 by S\$7.1 million or 23.0%. The increase was mainly due to consolidation of MSO Trust's property operating expenses as well as increase in property reimbursement expenses and ad-hoc maintenance and repairs.
- c) Amortisation expense relates to the amortisation of intangible asset. The amount for 1H 2017 of S\$1.8 million was higher than 1H 2016 of S\$0.3 million mainly due to higher yield stabilization sum required for Twenty Anson. Amortisation expense does not affect distributable income.
- d) Trust expenses in 1H 2017 of S\$2.2 million were higher than 1H 2016 by S\$1.0 million or 83.1% mainly due to higher professional fees incurred.
- e) Finance costs of S\$35.6 million for 1H 2017 were S\$16.5 million or 86.8% higher compared with 1H 2016, mainly due to consolidation of MSO Trust's interest cost from its bank borrowings and also interest cost incurred from the borrowings required to fund CCT's acquisition of 60% units of MSO Trust.
- f) Share of profit of joint ventures for 1H 2017 relates to CCT's share of profits of RCS Trust (CCT's 60% interest) and OGS LLP (CCT's 50% interest) while for 1H 2016, it relates to CCT's share of profits of RCS Trust (CCT's 60% interest) and MSO Trust (CCT's 40% interest).
- g) The distributable income to unitholders in 1H 2017 of S\$140.8 million was 8.3% higher than 1H 2016 of S\$129.9 million. The bulk of the increase was contributed by MSO Trust (holds CapitaGreen).

9 Variance from Previous Forecast / Prospect Statement

CCT has not disclosed 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 distributable income for 2Q 2017 of S\$69.5 million increased by 6.7% from that of 2Q 2016, largely contributed by CapitaGreen, given the increase in CCT's ownership from 40% to 100% from 31 August 2016. CapitaGreen continued to be a significant contributor to CCT's distributable income and mitigated negative rent reversions experienced by other assets in the portfolio.

Despite market headwinds, CCT's portfolio remained resilient with 97.6% occupancy rate which is higher than core central business district ("Core CBD") market occupancy rate of 94.1% in 2Q 2017. With proactive leasing efforts, only about 2% of leases by occupied office net lettable area are due for renewal in the next half year of 2017, of which 0.8% are in advanced negotiations. We will continue with our proactive efforts to attract and retain tenants to mitigate leasing risk.

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As at 14 July 2017, CCT received conversion notices for aggregate principal amount of S\$129.8 million of CCT's convertible bonds due 12 September 2017, which translates to additional 91.0 million of new CCT units issued.

In line with the Trust's portfolio reconstitution strategy, the Manager had announced the following:

- (a) 19 June 2017, completion of the divestment of One George Street to OGS LLP, a joint venture in which CCT has a 50% interest;
- (b) 3 July 2017 to divest Wilkie Edge for a consideration of S\$280.0 million or S\$1,812 per square foot based on the building's net lettable area. The sale is expected to be completed in September 2017; and
- (c) 13 July 2017, CCT, CapitaLand and MEC formed a joint venture to redevelop Golden Shoe Car Park into a landmark integrated development. CCT and CapitaLand will each hold a 45% interest, and MEC holds a 10% interest in two unlisted special purpose sub-trusts, namely Glory Office Trust and Glory SR Trust, set up to own the office and serviced residence components of the development respectively.

The proceeds from the sale of One George Street and Wilkie Edge will be deployed for repayment of borrowings, redevelopment of Golden Shoe Car Park and other general corporate funding requirements.

In 2Q 2017, FOPL, which held Twenty Anson before the property was transferred to CCT, paid a dividend of S\$13.8 million to CCT. The dividend received from FOPL forms part of the tax-exempt income of CCT. Cumulatively, CCT's retained net tax-exempt income as at 30 June 2017 was S\$37.1 million. The Manager deployed S\$3.1 million of this tax-exempt income for capital expenditure, leaving a balance of S\$34.0 million. The Manager will evaluate various options for the utilization of tax-exempt income retained, including for capital expenditure or future distributions to unitholders.

Outlook

Based on data from CBRE Pte. Ltd., Singapore's Core CBD occupancy rate eased to 94.1% while that of Grade A office saw a dip by 1.1% to 95.5%. Average monthly market rent for Grade A offices remained flat at S\$8.95 per square foot in 2Q 2017 after being on the decline since 1Q 2015.

As at 30 June 2017, CCT's average office portfolio rent per month remained flat at S\$9.18 quarter-on-quarter. Given the higher expiring rental rates of CCT portfolio relative to market rental rates, there will be continued pressure on the net property income of CCT.

In line with CCT's portfolio reconstitution strategy to recycle capital for growth opportunities, the Trust has completed the sale of 50% of One George Street on 19 June 2017 and the sale of Golden Shoe Car Park to a joint venture for redevelopment. The completion of the sale of Wilkie Edge is expected in September 2017. The Manager will use the divestment proceeds to fund CCT's share of capital required for the redevelopment of GSCP and reduce CCT's existing borrowings. The Manager will also use some of the divestment gains to make up for the loss of distributable income contributions in 2H 2017 from One George Street (50%) and Wilkie Edge over the same period.

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11 Distributions

11(a) Current financial period

Any distributions declared for the current financial period? Yes.

Name of distribution Distribution for the period from 1 January 2017 to 30 June 2017

Distribution type Taxable income

Adjusted Estimated Distribution rate ⁽¹⁾ Taxable income distribution: 4.59 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%.

Books closure date: 27 July 2017

Date payable 25 August 2017

Note:

(1) The adjusted estimated Distribution Rate was computed based on the number of units issued as at 14 July 2017. The actual quantum of DPU will be announced on books closure date on Thursday, 27 July 2017 when the total amount of CB 2017 received before books closure date are tabulated to determine the final number of CCT units that are entitled to CCT's 1H 2017 distributable income.

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 2016 to 30 June 2016

Distribution type Taxable income

Distribution rate Taxable income distribution: 4.39 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%.

Books closure date: 28 July 2016

Date payable: 25 August 2016

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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.

14 Confirmation that issuer has procured undertakings from all of 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 second quarter 2017 unaudited financial statements of the Group and Trust to be false or misleading in any material respect.

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

Ronald Tay
Director

Lynette Leong Chin Yee
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.

By Order of the Board
CapitaLand Commercial Trust Management Limited
(Company registration no. 200309059W)
As Manager of CapitaLand Commercial Trust

Toh Su Jin Jason
Company Secretary
19 July 2017