



**NEWS RELEASE**

**For Immediate Release**

**17 April 2014**

**CCT's 1Q 2014 DPU of 2.08 cents increased 7.2% y-o-y**

**Achieved higher occupancy rate of 99.4%**

**Singapore, 17 April 2014** – CapitaCommercial Trust Management Limited, the Manager of CapitaCommercial Trust (CCT or Trust), is pleased to report an estimated distribution per unit (DPU) of 2.08 cents<sup>1</sup> for the financial quarter ended 31 March 2014 (1Q 2014). This is a 7.2% increase over the DPU of 1.94 cents<sup>2</sup> reported in 1Q 2013. Based on CCT's closing price per unit of S\$1.635 on 17 April 2014 and an annualised 1Q 2014 DPU, CCT's distribution yield is 5.2%.

In 1Q 2014, CCT's distributable income rose by 7.6% year-on-year from S\$55.7 million to S\$59.9 million. This was due to higher net property income from the Trust's wholly-owned properties as well as income from its 60.0% interest in Raffles City Singapore, and lower interest expense. For 1Q 2014, all properties, except for One George Street which is affected by the cessation of yield protection income, contributed to higher revenue, notably from Capital Tower and Six Battery Road due to better occupancy and positive rent reversions. However, higher property tax and operating expenses partially offset the increase in revenue.

The Trust's unaudited Consolidated Financial Statements for 1Q 2014 results are available on its website ([www.cct.com.sg](http://www.cct.com.sg)) and on SGXNet ([www.sgx.com](http://www.sgx.com)).

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<sup>1</sup> DPU for 1Q 2014 was computed on the basis that none of the convertible bonds due 2015 ("CB due 2015") or convertible bonds due 2017 ("CB due 2017") collectively known as "Convertible Bonds", is converted into CCT units. Accordingly, the actual quantum of DPU may differ if any of these Convertible Bonds is converted into CCT units.

Assuming all the outstanding S\$190.25 million CB due 2015 and S\$175.0 million CB due 2017 were converted, DPU for 1Q 2014 would be reduced by 0.18 cents (assuming no interest expense savings).

<sup>2</sup> DPU for 1Q 2013 was adjusted subsequent to 31 March 2013 from 1.96 cents to 1.94 cents, taking into account the conversion of S\$34.0 million of CB due 2015 into 27.6 million units and the payment of asset management fees in units that were entitled to distribution in 1H 2013.

## Summary of CCT's 1Q 2014 Results

	1Q 2014	1Q 2013 (restated)*	Change %
Gross Revenue (S\$'000)	64,001	62,028	3.2
Net Property Income (S\$'000)	50,703	49,954	1.5
Distributable Income (S\$'000)	59,929	55,703	7.6
<b>Distribution Per Unit (cents)</b>	<b>2.08<sup>1</sup></b>	<b>1.94<sup>2</sup></b>	<b>7.2</b>

\* 1Q 2013 has been restated with the adoption of FRS 111 Joint Arrangement. Interest in joint ventures were accounted for using equity method as share of profits/(losses) of joint ventures and not proportionately consolidated as previously reported

Mr Kee Teck Koon, Chairman of the Manager, said, "Our asset enhancement initiatives, active leasing efforts and disciplined capital management have enabled CCT to deliver good results for 1Q 2014. Our team has worked hard to achieve higher rents and close to 100% committed portfolio occupancy for the Trust, up from 98.7% as at 31 December 2013."

Mr Kee added, "Financing ongoing asset enhancement works for Capital Tower and Raffles City Singapore and the development of CapitaGreen in 1Q 2014 have resulted in a slightly higher gearing for CCT of 30.0%, compared to 29.3% in 4Q 2013. However, 30.0% is still at the low end of our target gearing range. The Trust has no outstanding debt due in 2014, and has in place standby facilities to refinance most of its borrowings due in 2015. The Trust's strong balance sheet provides it with debt headroom of S\$1.2 billion for investment opportunities, assuming gearing of up to 40.0%. However, we will continue to be disciplined in the use of capital, as we proactively seek out value-enhancing opportunities for CCT's unitholders."

Ms Lynette Leong, Chief Executive Officer of the Manager, said, "CCT has started the year strongly, generating positive leasing momentum with 142,000 square feet of new leases and renewals signed in 1Q 2014. CCT's monthly average office portfolio gross rent continues its uptrend, increasing over the quarter from S\$8.13 per square foot to S\$8.22 per square foot at end March 2014. Six Battery Road and One George Street achieved monthly rents in the range of S\$9.50 per square foot to S\$12.80 per square foot, resulting in positive rental reversions for the Trust's Grade A properties. More than two-thirds of the leases expiring in 2014 have been renewed, underscoring our tenants' affinity for CCT's properties. The brisk leasing activities have improved CCT's committed portfolio occupancy rate over the first quarter to 99.4%. This is significantly higher than the Core CBD average occupancy rate of 95.7%<sup>3</sup> as at 31 March 2014."

<sup>3</sup> Source: CBRE Pte. Ltd.

In addition to the 142,000 square feet of new leases and renewals signed in 1Q 2014, CCT has renewed a major retail tenant's lease of 100,000 square feet at Raffles City Shopping Centre. New demand in CCT's portfolio was supported by tenants from industry sectors that include Banking, Insurance and Financial Services, as well as Maritime and Logistics. New and renewed tenants include Oldendorff Carriers (Singapore) Pte. Ltd., The Northern Trust Company and China International Capital Corporation (Singapore) Pte. Limited.

Commenting on the leasing commitment at CapitaGreen, a modern Grade A office building under development of which CCT has 40.0% interest, Ms Leong said, "CapitaGreen has secured commitments for 12% of its total net lettable area of 700,000 square feet from three leading international companies: Cargill, Bordier & Cie, and an international gym operator. In view of the limited new supply in the office market this year and next, CapitaGreen's 12% commitment achieved at this stage will help to build leasing momentum for the rest of the building, as we target to achieve about 50% commitment by the time the building completes in end 2014. The progressive commitments will also enable CapitaGreen to ride on the uptick in office market rents."

### **Outlook for Singapore Central Business District (CBD) Office Market**

Industry statistics show that the office market performed well in 1Q 2014. The island-wide net absorption for 1Q 2014 was 412,000 square feet with much of the leasing activity focused on the CBD Core, where average occupancy increased from 95.2% to 95.7%. Most noticeably, the Grade A office segment continued its strong performance with occupancy rising by 1.1% to 94.8%. After the first signs of rental recovery in late 2013, office rental growth has gained momentum in 1Q 2014. The average Grade A office rent grew by 5.1% during the quarter to reach S\$10.25 per square foot per month as at end March 2014. The general market consensus is that the rental uptrend will continue given the tight office supply in 2014 and 2015. Rental growth for 2014 is projected to be in the range of 10% to 15% by CBRE Pte Ltd, Colliers International and DTZ.

## **Commitment to Sustainability**

As part of its commitment to sustainability, CCT conscientiously manages its properties' energy consumption and advocates the importance of energy conservation to its tenants. This is exemplified through CCT's participation in Earth Hour. This year, for the sixth consecutive year, facade and non-essential lights at nine CCT properties were switched off throughout the night from 8.30pm on 29 March. They were: Capital Tower, Six Battery Road, One George Street, Raffles City Tower, HSBC Building, Twenty Anson, Wilkie Edge, Golden Shoe Car Park and CapitaGreen (under development). For the first time, CCT also participated in "i Light Marina Bay". Organised by URA, "i Light Marina Bay" is Asia's first and only sustainable light art festival which ran from 7 to 30 March 2014. One George Street, Twenty Anson and Wilkie Edge participated in i Light's "Switch Off, Turn Up" campaign by turning off their non-essential lighting and turning up air conditioning temperature by one degree celsius during office hours.

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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\$4.7 billion. 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 deposited properties of CCT stood at S\$7.2 billion as at 31 March 2014, comprising a portfolio of 10 prime commercial 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 Singapore (60.0% interest through RCS Trust), Twenty Anson, Bugis Village, Wilkie Edge, Golden Shoe Car Park and CapitaGreen (40.0% interest through the joint venture, MSO Trust).

In addition, CCT is a substantial unitholder of Quill Capita Trust with 30.0% unitholdings. Quill Capita Trust is a commercial REIT listed on Bursa Malaysia Securities Berhad, with a portfolio of 10 commercial properties in Kuala Lumpur, Cyberjaya and Penang. Since 18 September 2009, CCT has been a constituent of FTSE4Good Index Series (FTSE4Good), a series of benchmark and tradable indices derived from the globally recognized 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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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.