



**NEWS RELEASE**

**For Immediate Release**

**21 January 2015**

**CCT's FY 2014 DPU of 8.46 cents up 3.9% year-on-year**  
**CapitaGreen achieved TOP with 69.3% leasing commitment**

*Singapore, 21 January 2015* – CapitaCommercial Trust Management Limited, the Manager of CapitaCommercial Trust (CCT or Trust), is pleased to report an estimated distribution per unit (DPU) of 2.15 cents for 4Q 2014, which translates to a 2.9% increase from the DPU of 2.09 cents for 4Q 2013. For the financial year ended 31 December 2014 (FY 2014), the estimated DPU was 8.46 cents<sup>1</sup>, up 3.9% from the 8.14 cents reported for financial year ended 31 December 2013 (FY 2013). The increase in DPU occurred despite the enlarged base of CCT units due to the partial conversion of CCT's convertible bonds due in 2015 (CB 2015) and absence of yield protection income for One George Street. Based on CCT's closing price per unit of S\$1.835 on 20 January 2015, CCT's distribution yield is 4.6%.

CCT's first development project, CapitaGreen, a Grade A office building at 138 Market Street developed jointly with CapitaLand and Mitsubishi Estate Asia, obtained Temporary Occupation Permit (TOP) on 18 December 2014. As at 31 December 2014, CapitaGreen has secured leases for 486,800 square feet or 69.3% of its net lettable area, which well exceeds the target level of 50% upon TOP.

The Trust's distributable income of S\$249.2 million in FY 2014 was 6.4% higher than the S\$234.2 million achieved in FY 2013. This was largely due to higher net property income (NPI) and lower interest expense for CCT's wholly-owned properties, and higher

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<sup>1</sup> The estimated DPU for 4Q 2014, 2H 2014 and FY 2014 were computed on the basis that none of the outstanding convertible bonds due 2017 ("CB 2017") is converted into CCT units ("Units") on or before books closure date. Accordingly, the actual quantum of DPU may differ if any of the CB 2017 is converted into Units on or before books closure date.

distributable income from RCS Trust and Quill Capita Trust. The 4Q 2014 distributable income of S\$63.6 million registered a year-on-year increase of 5.7%.

The estimated DPU for the financial period from 1 July 2014 to 31 December 2014 (2H 2014) is 4.24 cents<sup>1 2</sup>. Books closure date for 2H 2014 DPU is Thursday, 29 January 2015, and payment for the distribution is expected to be on Wednesday, 25 February 2015.

The Trust's investment properties, including its joint venture interests in Raffles City Singapore and CapitaGreen, have been assessed by independent valuers to be worth S\$7,358.5 million as at 31 December 2014. This translates to an increase in fair value of investment properties of S\$398.7 million or 5.7% compared to that as at 31 December 2013. In this latest valuation, CapitaGreen was assessed as an operating asset instead of a property under construction and largely contributed to the increase in the investment properties' fair value. As at 31 December 2014, the Trust's total deposited property value including other assets was S\$7,633.6 million. This translates to an adjusted net asset value per unit of \$1.71, after deducting the distributable income payable to unitholders.

The Trust's unaudited Consolidated Financial Statements for FY 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>2</sup> DPU for 2H 2014 of 4.24 cents consisted of the adjusted DPU of 2.09 cents from 2.10 cents for 3Q 2014 and DPU of 2.15 cents for 4Q 2014. The adjustment takes into account the conversion of the principal amount of S\$5.0 million of convertible bonds due 2015 ("CB 2015") into 4.2 million units. The remaining outstanding \$0.3 million of CB 2015 has been fully redeemed by CCT in 4Q 2014. As a result, CB 2015 had been cancelled in their entirety in November 2014.

## SUMMARY OF CCT GROUP RESULTS

	2H 2014	4Q 2014	4Q 2013	Change %	FY 2014	FY 2013	Change %
Gross Revenue (S\$'000)	132,781	66,361	64,387	3.1	262,608	251,463	4.4
Net Property Income (S\$'000)	102,549	50,646	49,167	3.0	205,249	197,121	4.1
<b>Distributable Income (S\$'000)</b>	<b>125,184</b>	<b>63,605</b>	<b>60,200</b>	<b>5.7</b>	<b>249,213</b>	<b>234,235</b>	<b>6.4</b>
- Taxable (S\$'000)	123,499	61,920	60,200	2.9	245,178	232,568	5.4
- Tax-exempt (S\$'000)	1,685	1,685	-	NM	4,035	1,667	NM
<b>Distribution Per Unit ("DPU") (cents)</b>	<b>4.24<sup>1 2</sup></b>	<b>2.15<sup>1</sup></b>	<b>2.09</b>	<b>2.9</b>	<b>8.46<sup>1</sup></b>	<b>8.14</b>	<b>3.9</b>
- Taxable (cents)	4.19	2.10	2.09	0.5	8.33	8.14	2.3
- Tax-exempt (cents)	0.05	0.05	-	NM	0.13	-	NM

Notes:

- 4Q 2013 and FY 2013 had been restated with the adoption of Financial Reporting Standards ("FRS") 111 Joint Arrangements (please refer to paragraph 5 of Financial Statements). The adoption of FRS 111 has no impact on the total return for the period after tax and distributable income to CCT unitholders.
- NM – Not meaningful

Mr Soo Kok Leng, Chairman of the Manager, said, "CCT achieved an excellent set of results in 2014, generating stable growth in DPU through our proactive asset and portfolio management strategy. We were able to grow DPU through healthy rent reversions within the Trust's existing portfolio, and keep our operating costs within reasonable range without compromising the quality of our maintenance and customer service. In addition, our proactive capital management of the CB 2015 resulted in their cancellation ahead of maturity."

Mr Soo added, "Our strategy to create value through development has yielded positive results demonstrated by the notable increase in the Trust's net asset value following the completion of CapitaGreen. We expect CapitaGreen's occupancy to stabilise in the second half of 2015 and contribute to distributable income in 2016. Although CCT currently owns 40.0% interest in CapitaGreen, we have a call option to purchase the remaining 60.0% interest from our joint venture partners within three years after the building's achieving TOP. Continuing with our disciplined approach to acquisitions, we will assess the timing of the exercise of the call option with a view to enhancing the value for CCT unitholders."

About 83% of CCT's total borrowings are on fixed interest rate, which limits exposure to interest rate fluctuation and provides certainty in interest expense. The Trust has a robust balance sheet with a low gearing at 29.3%. Assuming a gearing of 40.0%, CCT has debt headroom of S\$1.3 billion as well as the financial flexibility to execute potential

growth opportunities. For the total S\$270.0 million of multicurrency Medium Term Notes (MTN) due in 2015, the Trust has sufficient standby facilities to refinance them.

Ms Lynette Leong, Chief Executive Officer of the Manager, said “In FY 2014, CCT’s portfolio of buildings achieved higher occupancy and signing rents that were greater than expired rents. Including the committed rents of CapitaGreen, the monthly average office rent of CCT’s office portfolio increased by 5.9% from \$8.13 per square foot in 4Q 2013 to S\$8.61 per square foot in 4Q 2014. We will continue with our proactive leasing approach for leases expiring in 2015.”

Ms Leong added, “We are pleased to have achieved 69.3% committed occupancy for CapitaGreen shortly after the building’s TOP, which well exceeds our target of 50.0%. CCT’s other properties have registered a robust committed occupancy of 99.5% underpinned by our high tenant retention rate of 86% in 2014. When combined with CapitaGreen, CCT’s portfolio committed occupancy is 96.8% which is above the market occupancy rate of 95.7% in 4Q 2014. We are also delighted to have achieved monthly rent of as high as S\$16 per square foot at CapitaGreen which bears testament to this ultra-modern building’s appeal to tenants desiring a superior office address. We target to attain 100% committed occupancy by end 2015.”

An aggregate of 430,000 square feet of new leases and renewals was signed in 4Q 2014, including the lease renewal for a major tenant. Excluding CapitaGreen, approximately 900,000 square feet of new leases and renewals were signed in FY 2014, of which 15% were new leases. New demand in CCT’s portfolio was supported by tenants from diverse trade sectors including Banking, Insurance and Financial Services; Energy, Commodities, Maritime and Logistics; and Business Consultancy, IT, Media and Telecommunications. New and renewed tenants for 4Q 2014 included GIC Private Limited, Robert Walters (Singapore) Pte Ltd, Egon Zehnder International Pte Ltd, D’Amico Shipping Singapore Pte Ltd, RedPine Capital International Holdings Pte Ltd and Ashmore Investment Management (Singapore) Pte Ltd.

## **Outlook for Singapore Office Market**

Based on industry statistics<sup>3</sup>, Grade A office occupancy dipped slightly from 95.7% as at 3Q 2014 to 94.2% in 4Q 2014. This can be partly attributed to new market supply. Grade A office monthly rent per square foot increased by 2.3% from S\$10.95 as at 3Q 2014 to S\$11.20 as at 4Q 2014, and grew by 14.9% year-on-year. The island-wide office net absorption for 4Q 2014 was approximately 438,000 square feet, bringing the annual net absorption to 1.1 million square feet, which is generally in line with the 10-year market average of 1.5 million square feet. Given the limited new CBD Core office supply in 2015, the office market rent is expected to continue to rise. The rate of growth will depend on the volume of office demand against the next wave of gross new supply which will come on-stream from the second half of 2016. The annual average gross new supply<sup>4</sup> is estimated to be 1.1 million square feet from 2015 to 2019, which is comparable to the five-year historical market average net absorption<sup>5</sup> of 1.0 million square feet from 2009 to 2013 (post-global financial crisis).

## **Value Creation through Asset Enhancement Initiatives**

CCT undertakes asset enhancement initiatives (AEIs) to enhance the value of its assets and portfolio. The S\$32.3 million AEI at Raffles City Tower was completed as scheduled in June 2014, achieving a return on investment (ROI) of 9.3%, well above the targeted ROI of 8.6%. On-going asset enhancement works at Capital Tower were expanded in scope but kept within the same budget of S\$40.0 million and are expected to complete in 4Q 2015. The projected ROI for Capital Tower AEI is 7.8%.

To-date, the main and mezzanine lobbies of the building have been upgraded. Newly installed security turnstiles were activated in September 2014 and self-registration kiosks began operation. The VIP lift and lift lobbies have also been upgraded, while upgrading of restrooms has been completed for 36 out of 40 floors. Capital Tower's committed occupancy rate is 100% as at 31 December 2014.

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

<sup>4</sup> Source for gross new supply in CBD: Jones Lang LaSalle and CBRE Pte. Ltd.

<sup>5</sup> Source: Urban Redevelopment Authority (4Q 2014 data not released yet)

## About CapitaCommercial Trust ([www.cct.com.sg](http://www.cct.com.sg))

CapitaCommercial Trust is Singapore's first and largest listed commercial REIT with a market capitalisation of approximately S\$5.4 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 S\$7.6 billion as at 31 December 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, Raffles City (60.0% interest through RCS Trust), CapitaGreen (40.0% interest through the joint venture, MSO Trust), HSBC Building, Twenty Anson, Bugis Village, Wilkie Edge and Golden Shoe Car Park.

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

For more information, please contact:

<b><u>Media</u></b>	<b><u>Investors and Analysts</u></b>
Chia Sher Ling AVP, Corporate Communications DID: (65) 6713 3672 Mobile: (65) 8223 9991 Email: <a href="mailto:chia.sherling@capitaland.com">chia.sherling@capitaland.com</a>	Ho Mei Peng Head, Investor Relations & Communications DID: (65) 6713 3668 Mobile: (65) 9668 8290 Email: <a href="mailto:ho.meipeng@capitaland.com">ho.meipeng@capitaland.com</a>

### Important Notice

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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.