

# CapitaCommercial Trust



## 3Q 2008 Financial Results

23 October 2008



# Important Notice

**This presentation shall be read in conjunction with CCT's 2008 Third Quarter Unaudited Financial Statement and Distribution Announcement.**

The past performance of CCT is not indicative of the future performance of CCT. Similarly, the past performance of CapitaCommercial Trust Management Limited, the manager of CCT is not indicative of the future performance of the Manager.

The value of units in CCT (CCT Units) and the income derived from them may fall as well as rise. The CCT Units are not obligations of, deposits in, or guaranteed by, the CCT Manager. An investment in the CCT Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the CCT Manager redeem or purchase their CCT Units while the CCT Units are listed. It is intended that holders of the CCT Units may only deal in their CCT Units through trading on Singapore Exchange Securities Trading Limited (SGX-ST). Listing of the CCT Units on the SGX-ST does not guarantee a liquid market for the CCT Units.

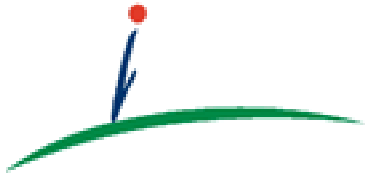
This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), 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 the current view of the CCT Manager on future events.



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- ▣ Proactive Capital Management
- ▣ Robust Portfolio Growth
- ▣ Office Market Outlook
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# Solid Financial Results



# 3Q 08 DPU Up 44.9% Y-O-Y and 4% Against Forecast

	Actual			Forecast <sup>(1)</sup>
	3Q 08 S\$'000	3Q 07 S\$'000	Change %	3Q 08 S\$'000
Gross Revenue	92,536	60,650	52.6	90,854
Net Property Income	66,712	43,207	54.4	65,753
Distributable Income	43,165	29,554	46.1	41,572
Distribution Per Unit	3.10¢	2.14¢	44.9	2.98¢
Annualised DPU	12.33¢	8.49¢	45.2	11.86¢
Distribution Yield	9.41% <sup>(2)</sup>	3.00% <sup>(3)</sup>	NM	9.05% <sup>(2)</sup>

Notes:

(1) The forecast is based on management's forecast shown in the circular to unitholder dated 9 June 2008 for the period 1 January 2008 to 30 September 2008 and adjusted for the actual date of 1 George Street acquisition on 11 July 2008. The acquisition of 1 George Street was assumed to be completed on 1 July 2008 in the circular.

(2) Based on CCT unit closing price of S\$1.31 as at 30 September 2008

(3) Based on CCT unit closing price of S\$2.84 as at 28 September 2007



# YTD Sep 08 DPU Up 30.1% Y-O-Y and 4% Against Forecast

	Actual			Forecast <sup>(1)</sup>
	YTD Sep 08 S\$'000	YTD Sep 07 S\$'000	Change %	YTD Sep 08 S\$'000
Gross Revenue	238,121	178,050	33.7	234,976
Net Property Income	167,862	129,595	29.5	165,458
Distributable Income	115,083	88,080	30.7	88,184
Distribution Per Unit	8.29¢	6.37¢	30.1	7.96¢
Annualised DPU	11.07¢	8.52¢	29.9	10.63¢
Distribution Yield	8.45% <sup>(2)</sup>	3.00% <sup>(3)</sup>	NM	8.11% <sup>(2)</sup>

Notes:

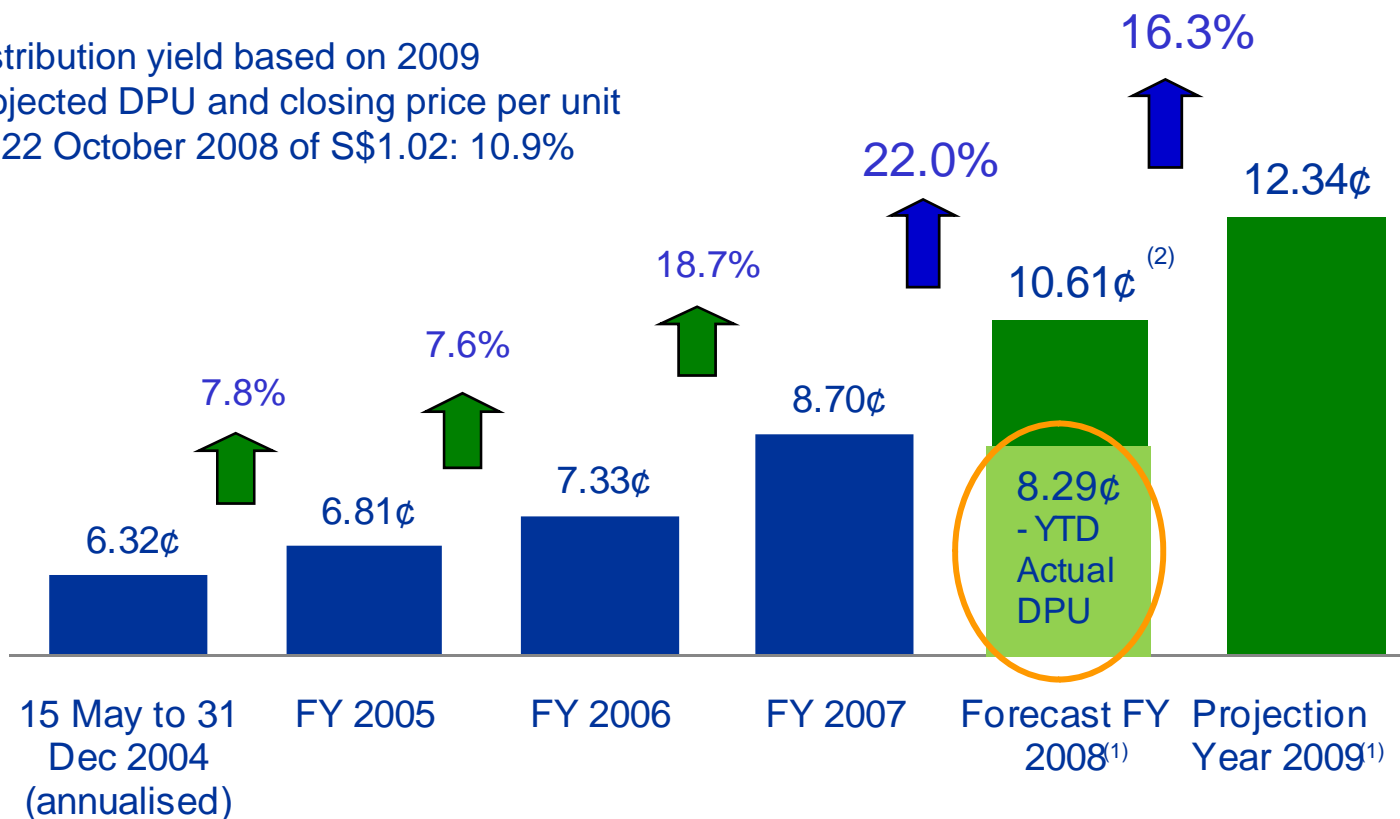
(1) The forecast is based on management's forecast shown in the circular to unitholders dated 9 June 2008 for the period 1 January 2008 to 30 September 2008 and adjusted for the actual date of 1 George Street acquisition on 11 July 2008. The acquisition of 1 George Street was assumed to be completed on 1 July 2008 in the circular.

(2) Based on CCT unit closing price of S\$1.31 as at 30 September 2008

(3) Based on CCT unit closing price of S\$2.84 as at 28 September 2007

# Delivering Higher DPU Year-on-Year

Distribution yield based on 2009  
 Projected DPU and closing price per unit  
 on 22 October 2008 of S\$1.02: 10.9%



Notes:

- (1) The forecast and the accompanying assumptions for the Forecast FY 2008 and Projection Year FY 2009 are found in the circular to unitholders dated 9 June 2008 for the proposed acquisition of 1 George Street. Forecast FY2008 assumes 1 George Street acquisition is completed by 1 July 2008.
- (2) The DPU of 10.61 cents is derived from the forecast for Existing Portfolio for the first half of 2008 and the forecast for the Enlarged Portfolio for the second half of 2008.



# Total Assets at S\$7.0B, Adj. NAV at S\$3.11

	30 Sep 08 S\$'000	31 Dec 07 S\$'000	Remarks
Non-current assets	6,928,088	5,238,359	Increase mainly due to acquisition of 1 George Street of S\$1,165 mil and increase in fair value of investment properties of S\$445.6 mil
Current assets	84,673	40,374	Increase due to increase in cash
<b>Total assets</b>	<b>7,012,761</b>	<b>5,278,733</b>	
Current liabilities	752,910	220,725	Increase due to the reclassification of the S\$580 mil CMBS due in Mar 09 from non-current liabilities to current liabilities
Non-current liabilities	1,877,091	1,120,386	Increase due to additional borrowings of S\$1.2 bil for the acquisition of 1 George Street , as well as S\$85 mill 2-year MTN issued, and reduced by the reclassification of S\$580 million CMBS
<b>Net assets</b>	<b>4,382,760</b>	<b>3,937,622</b>	
<b>Unitholders' funds</b>	<b>4,382,760</b>	<b>3,937,622</b>	
<b>NAV per unit</b>	<b>3.15</b>	<b>2.84</b>	
<b>Adjusted NAV<sup>(1)</sup> per unit</b>	<b>3.11</b>	<b>2.80</b>	
<b>On a fully diluted basis<sup>(2)</sup></b>			
<b>NAV per unit</b>	<b>3.01</b>	<b>2.84</b>	
<b>Adjusted NAV per unit</b>	<b>2.94</b>	<b>2.80</b>	

Notes:

(1) Assuming the distribution income has been paid out to the unitholders

(2) Assuming full conversion of Convertible Bonds to units at the end of the period





# Proactive Capital Management

# Raised S\$1.36 billion of Debt in 2008 Under Tough Market Conditions

Date	Amt Raised	Tenure and Rates	Type of Borrowings	Remarks
Jan 2008	S\$100 mil	3 yrs @ 3.15%	Medium Term Notes	For Wilkie Edge
Mar 2008	S\$150 mil	2 yrs @ 3.05%	Medium Term Notes	For 1 George St acquisition
Apr/May 2008	S\$370 mil	5 yrs @ 2% coupon; YTM: 3.95%	Convertible Bonds	For 1 George St acquisition
Jul 2008	S\$650 mil	2 yrs (fixed rate at 2.86% till 12 Jan 2009)	Secured Term Loan	The assumed interest cost in CCT's unitholder circular dated 9 June 2008 is 4.8%. All-in interest rate for 11 Jul 08 to 12 Jan 09: 2.86%.
Aug 2008	S\$85 mil	2 yrs @ 3.85%	Medium Term Notes	For Wilkie Edge
<b>Total</b>	<b>S\$1,355 mil</b>			



# Healthy Financial Ratios and Prudent Gearing

	As at 30 Sep 08	As at 30 Jun 08	As at 31 Dec 07
<b>Total debt (S\$'mil)</b>	<b>2,543.8</b>	1,837.2	1,261.7
<b>Gearing ratio<sup>(1)</sup></b>	<b>36.3%</b>	29.1%	23.9%
<b>Interest service coverage ratio<sup>(2)</sup></b>	<b>3.1 times</b>	3.5 times	3.3 times
<b>Average cost of debt</b>	<b>3.6%</b>	3.7%	3.9%
<b>Average fixed rate term to expiry<sup>(3)</sup></b>	<b>2.7 years</b>	3.3 years	3.3 years

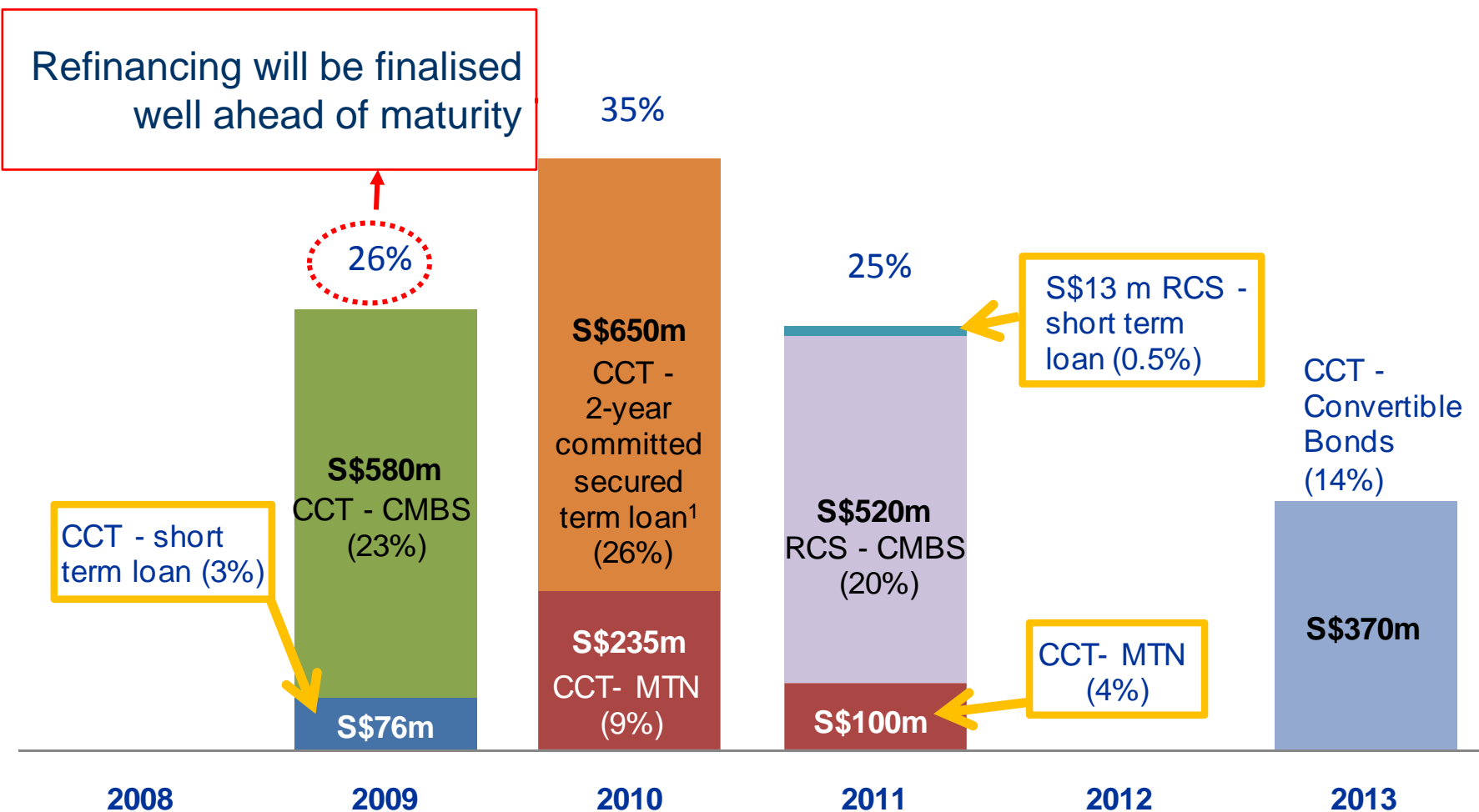
Notes:

(1) Ratio of borrowings of CCT Trust and RCS Trust (60%) over total deposited properties of CCT Trust and RCS Trust (60%)

(2) Ratio of net investment income before interest and tax of CCT Trust and RCS Trust (60%) over interest expenses of CCT Trust and RCS Trust (60%)

(3) Average fixed rate term to expiry of CCT Trust and RCS Trust,

# Debt Maturity Profile

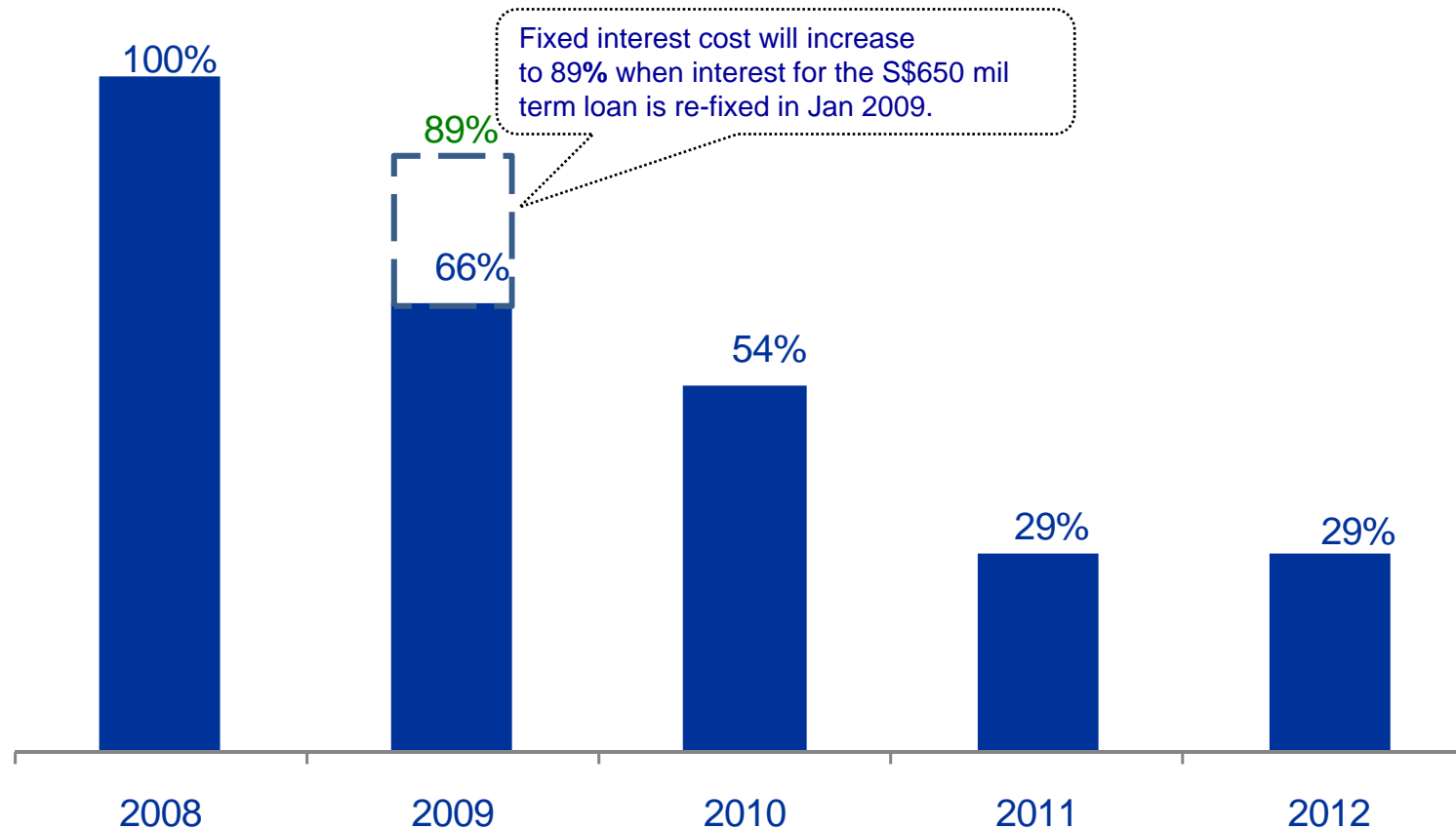


Note:

(1) The secured term loan was drawdown for the acquisition of 1 George Street on 11 July 2008.

# No Risk of Interest Rate Exposure as 100% is Fixed for 2008

Objective is to keep at least 80% of interest cost fixed



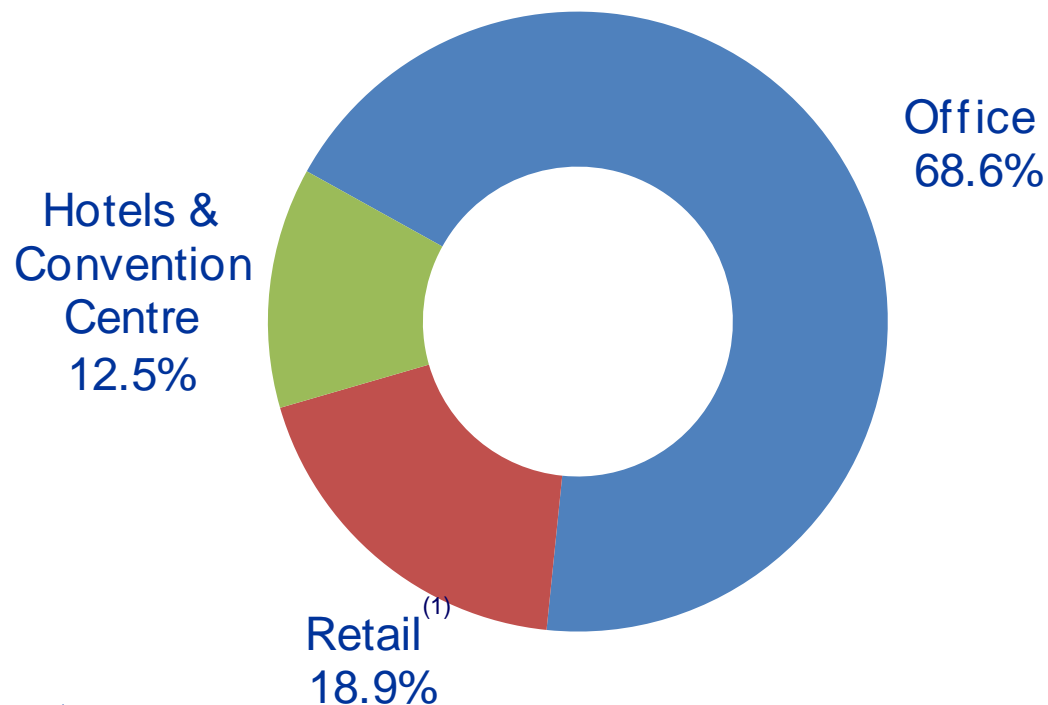


# Robust Portfolio Growth

# Increase in Office Component Income Contribution to 69% from 63%

**CCT's focus is owning and investing in real estate and real estate-related assets, which are income-producing and used, or predominantly used, for commercial purposes**

Major usage mix for CCT properties  
By Monthly Gross Rental Income (for the month of September 2008)



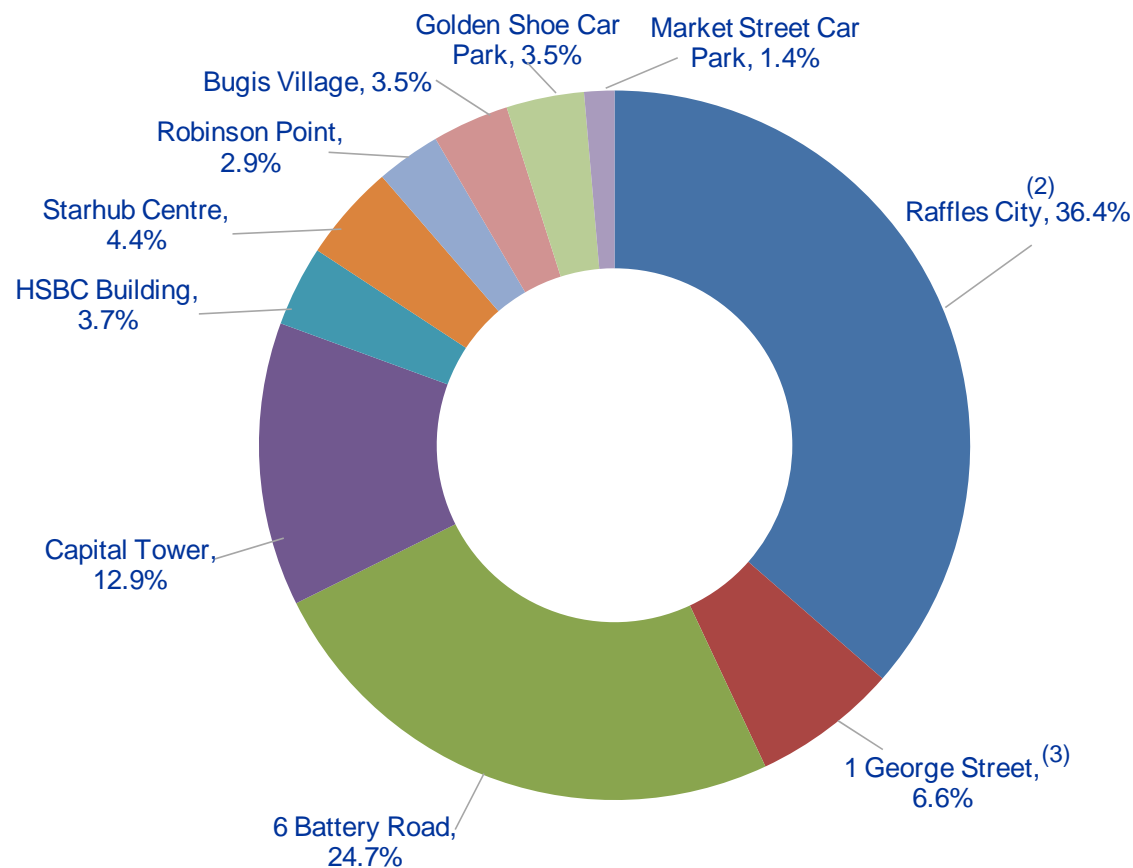
Note:

(1) Excludes retail turnover rent



# Portfolio Diversification with Focus on Quality

About 80% of Net Property Income<sup>(1)</sup> contribution from Grade A assets and Raffles City



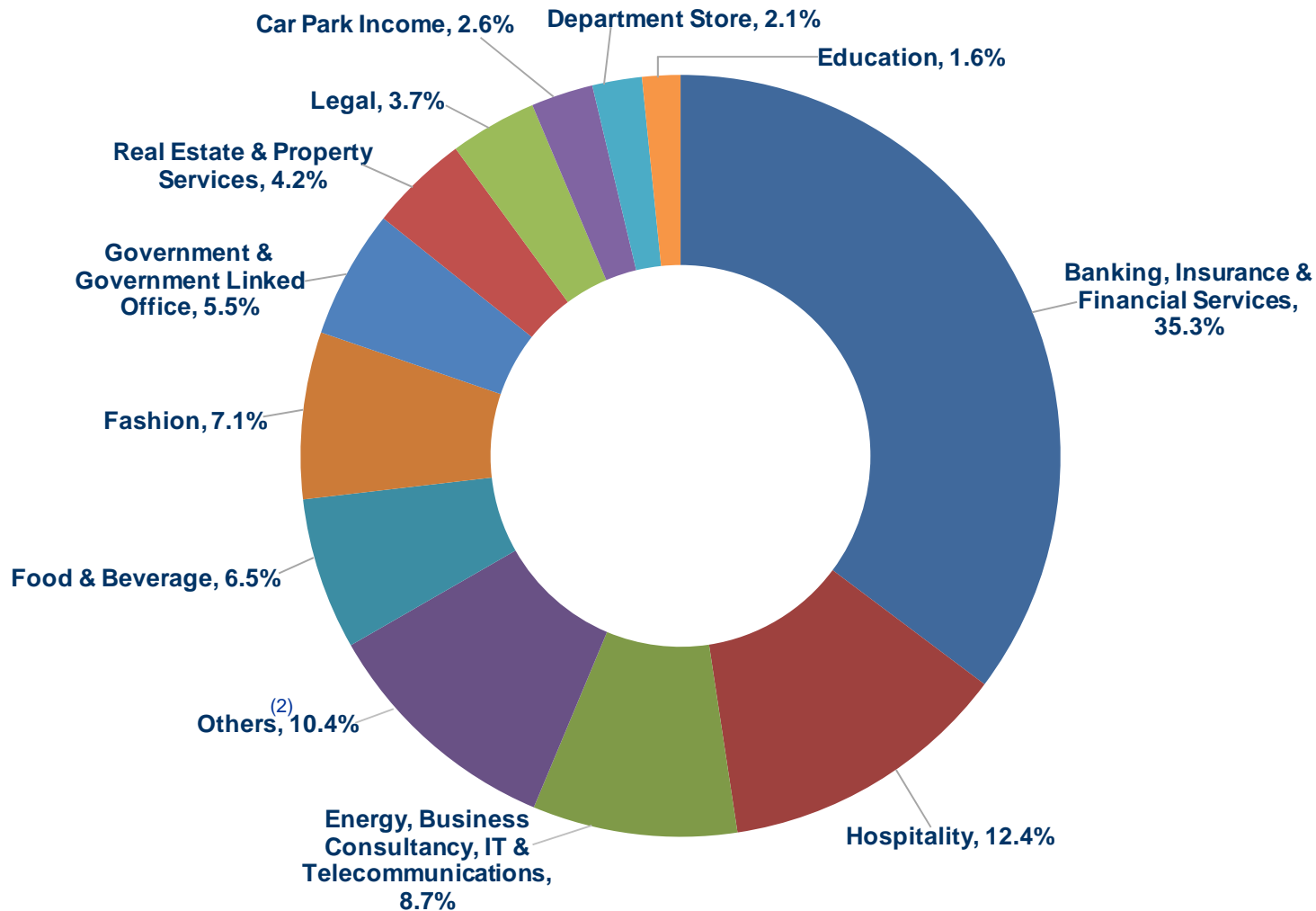
Notes:

(1) For the period of 1 Jan 2008 to 30 Sep 2008

(2) Represents CCT's interest of 60.0% in Raffles City

(3) Represents contribution from 1 George Street from 11 Jul 2008 to 30 Sep 2008

# Diverse Business Constituents<sup>(1)</sup> in CCT's Portfolio



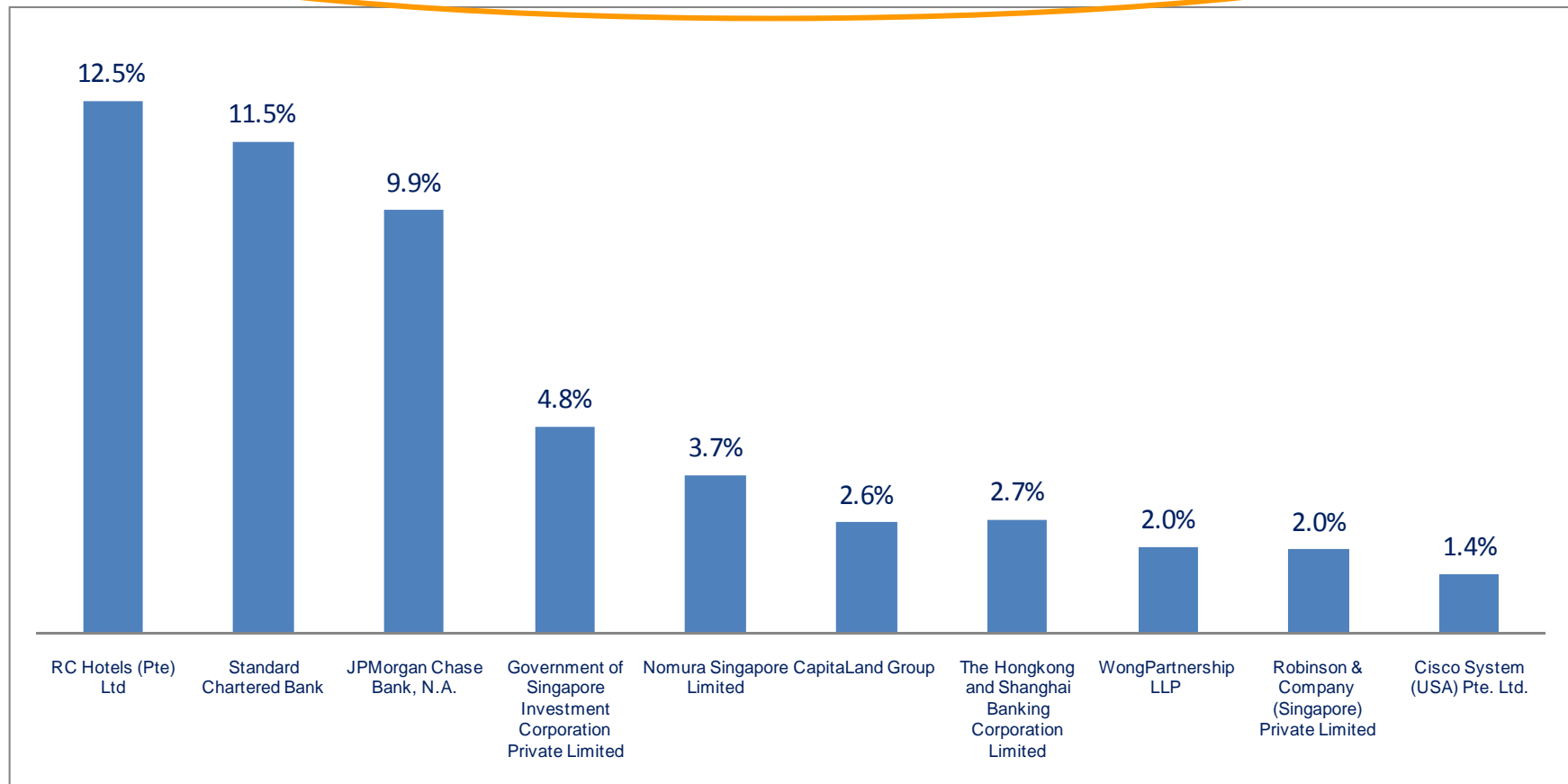
Notes:

(1) Based on monthly gross rental income for the month of Sep 2008 for the portfolio including car park income from Golden Shoe Car Park and Market Street Car Park

(2) Consists of other minor retail and office trades

# 53% of Gross Rental Income Contributed by Top Ten Blue-Chip Tenants<sup>(1)</sup>

**Weighted Average Lease Term to Expiry (by Floor Area) for Top 10 Tenants = 6.7 years**

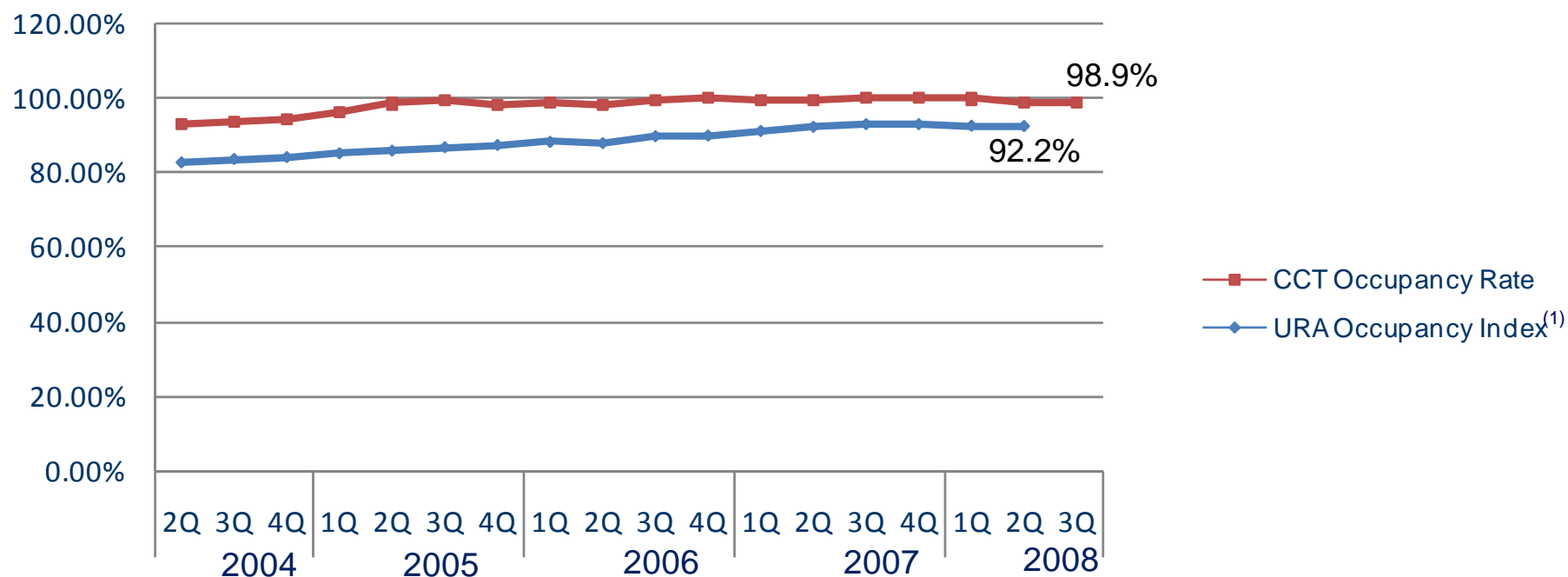


Note:

(1) Based on committed gross rental income (excluding retail turnover rent) for the month of September 2008

# Committed Occupancy Consistently Above Market

## CCT's Committed Occupancy Since Inception

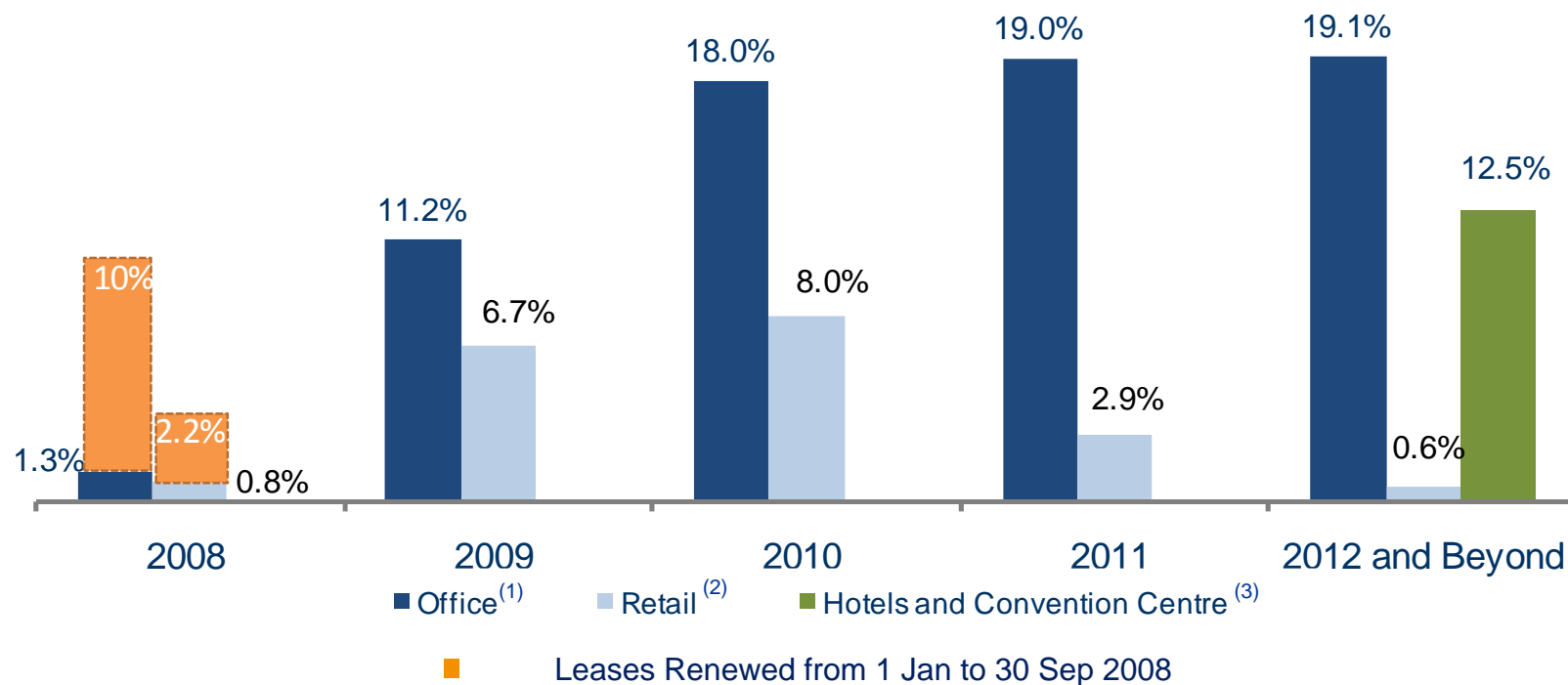


Note:

(1) URA has not released Occupancy Index figure for 3Q 2008

# Balanced Portfolio Lease Expiries

## Leases up for Renewal (by Gross Rental Income) as at 30 Sep 2008

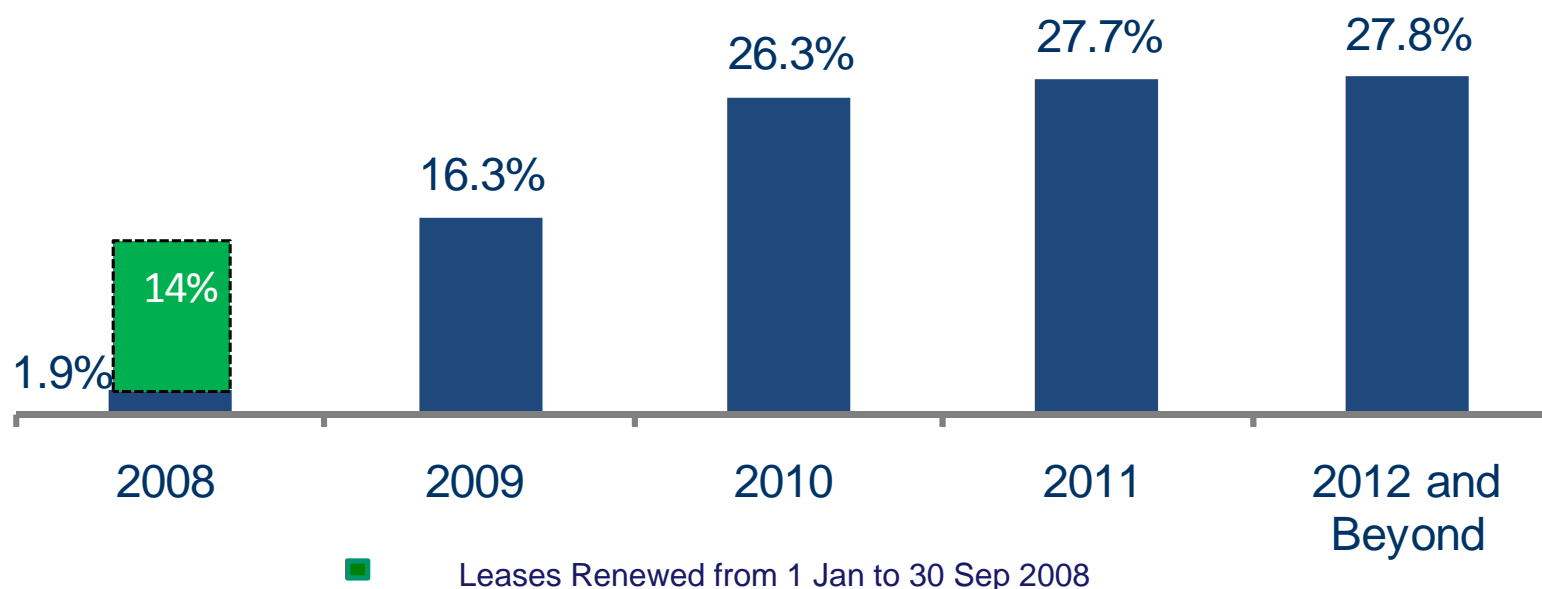


Notes:

- (1) Inclusive of 1 George Street
- (2) Excludes retail turnover rent
- (3) The hotels and convention centre master lease of Raffles City is on a 20 year lease commencing from 7 Nov 1996

# Most of 2008's Office Expiries Have Been Renewed

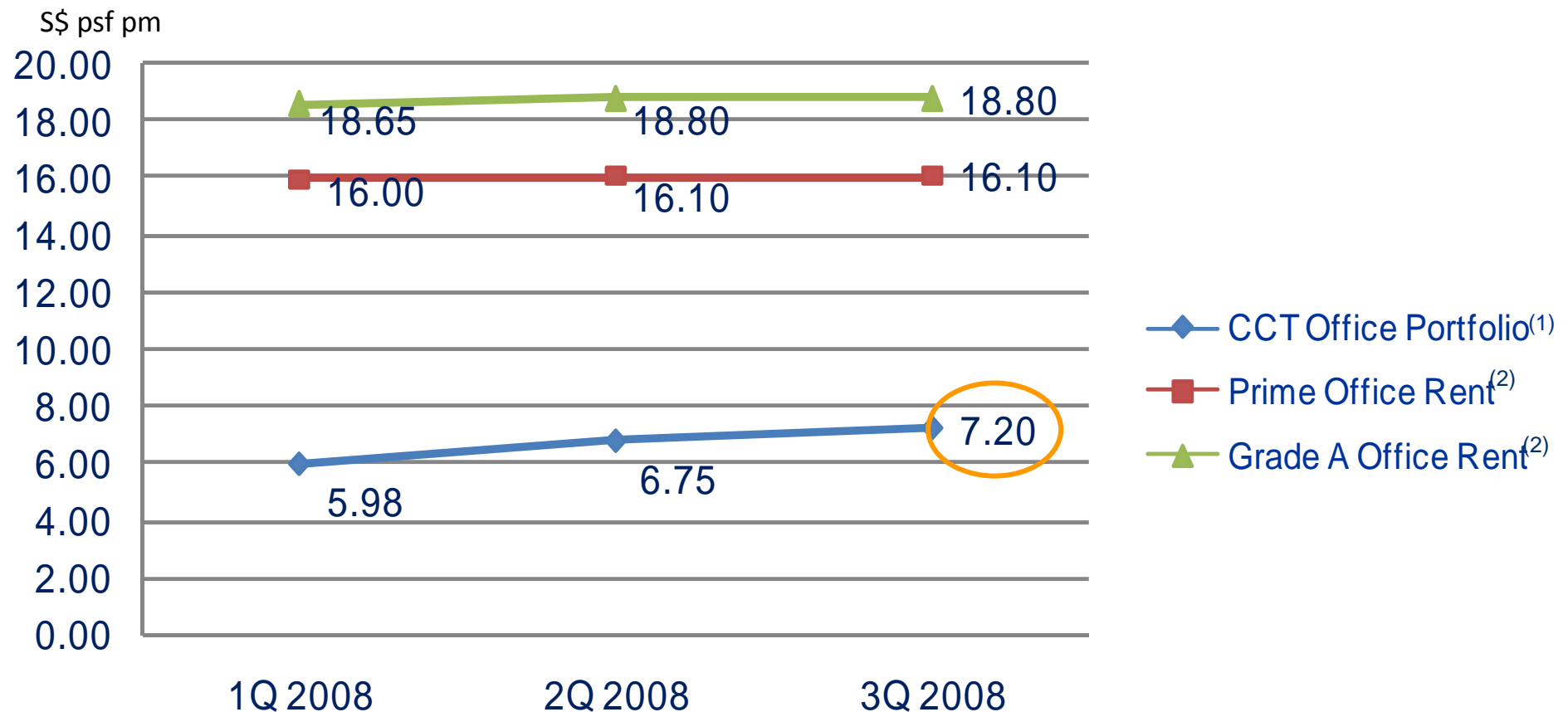
Office Leases up for Renewal<sup>(1)</sup> (by Gross Rental Income)  
as at 30 Sep 2008



Note:

(1) Inclusive of 1 George Street

# CCT's Office Properties Are Significantly Under-rented Compared to Market Rents



Notes:

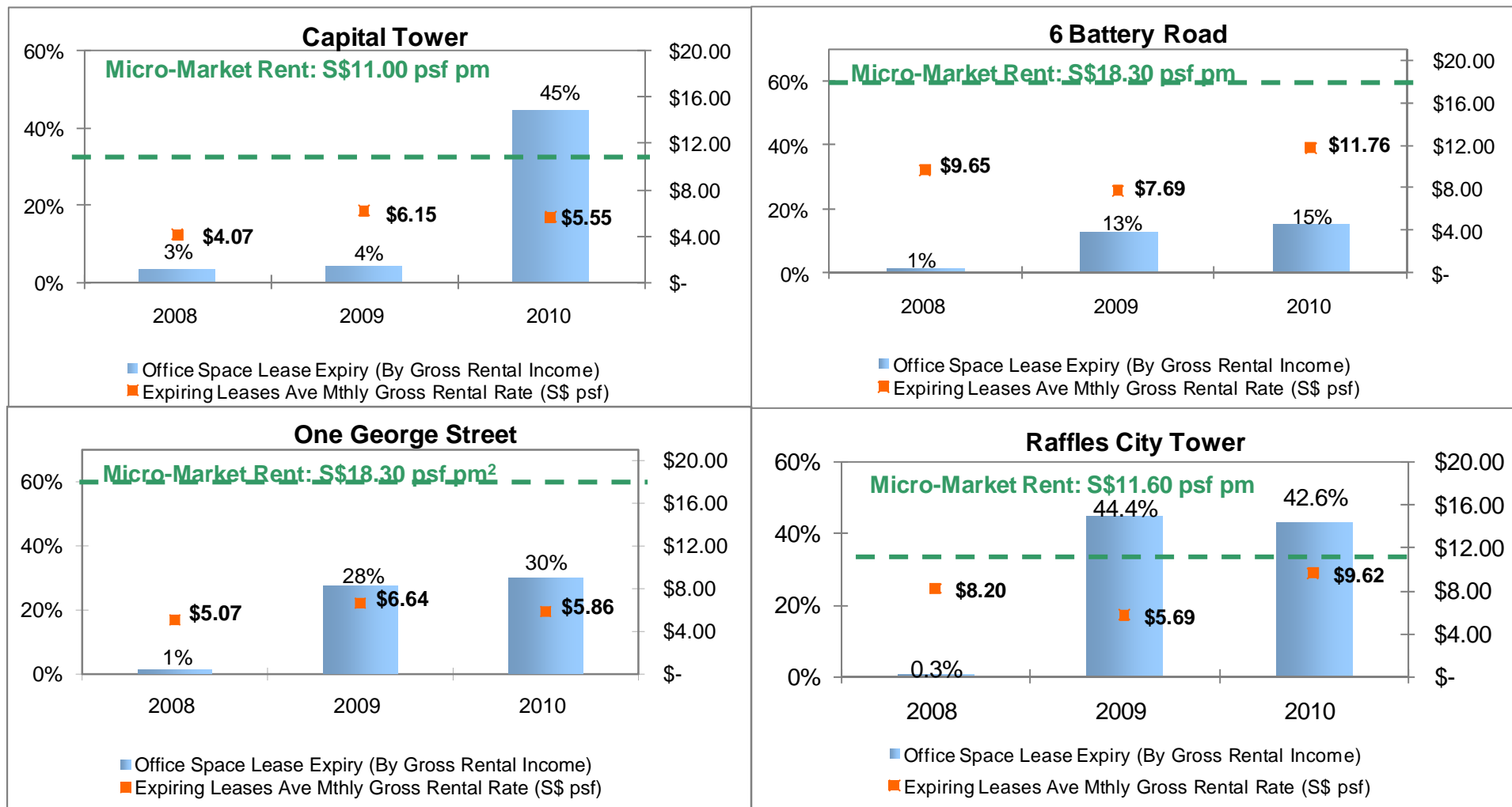
(1) Average passing rent for CCT's office portfolio . 1 George Street is included in CCT's portfolio for 3Q 2008 only

(2) Extracted from CBRE's press release "Office Rents Plateau as Occupancy Levels Ease in the Quarter" dated 2 Oct 2008



# Upside Potential from Contracted Rental Rate

Average Gross Rental Rate of Expiring Leases<sup>(1)</sup> vs. Current Micro-Market Rent<sup>(2)</sup>



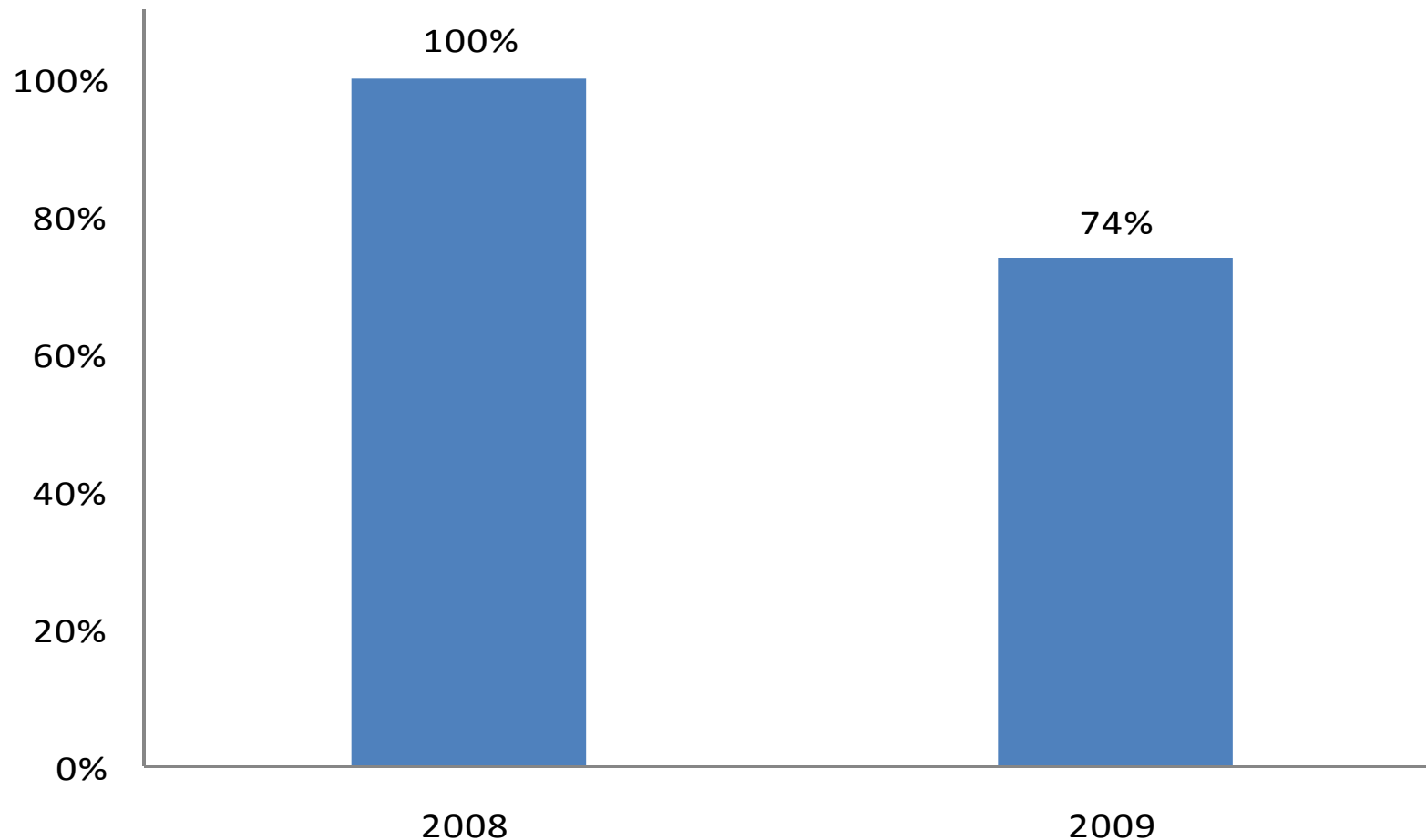
Notes:

(1) Lease expiry by gross rental income as at 30 Sep 2008

(2) Estimated average micro-market rent as at 31 Aug 2008. Based on typical lettings of up to 10,000 sq ft on standard lease terms. They do not reflect lettings of anchor space (Source: CBRE)



# About 70% of 2009's Forecast Gross Rental<sup>(1)</sup> Have Been Committed



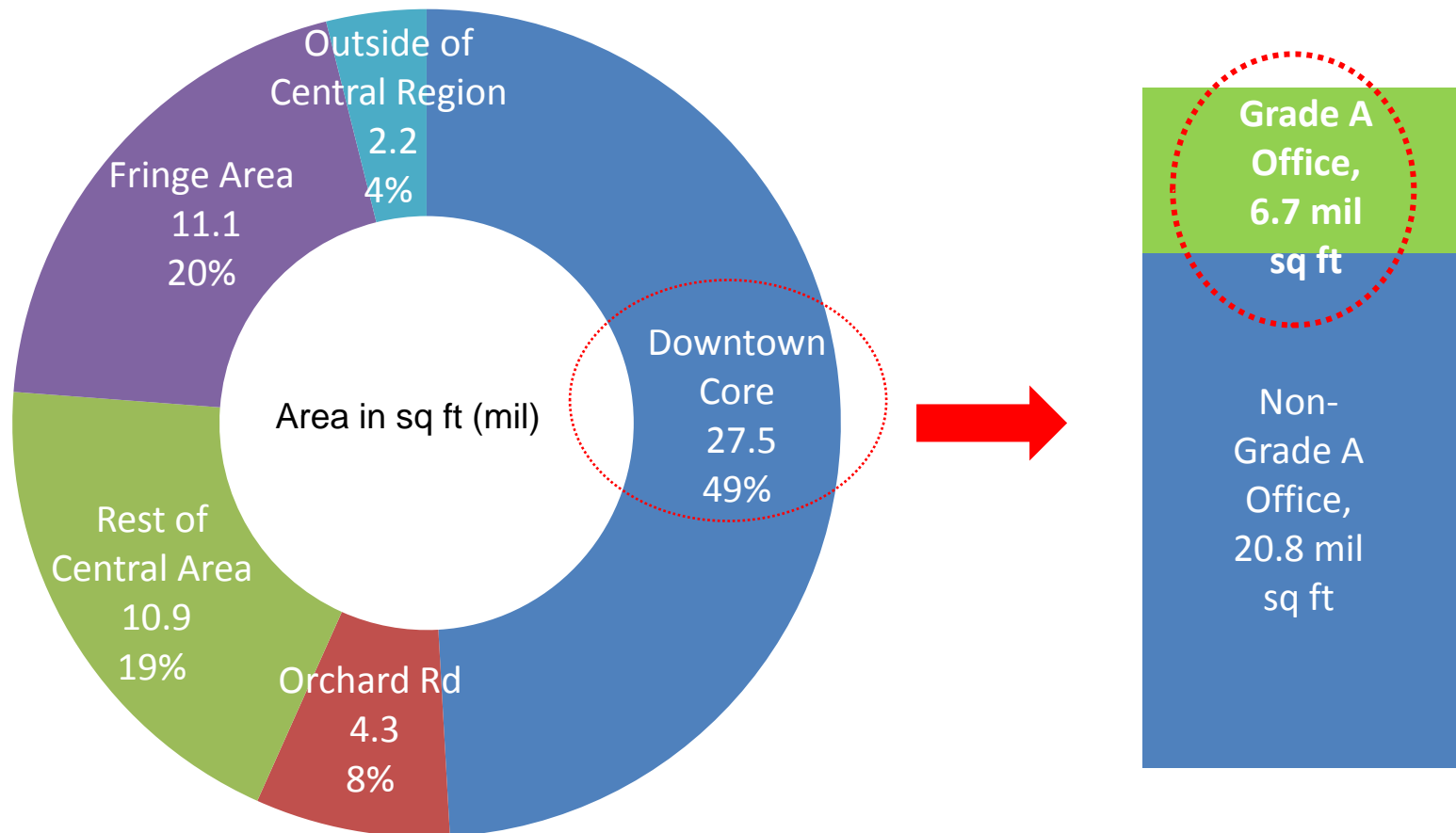
Note:

(1) Based on the Forecast Gross Rental Income for the enlarged portfolio, published in CCT's circular to unitholders dated 9 June 2008



# Office Market Outlook

# Singapore Has Only 6.7 mil sq ft of Grade A Office



- **Singapore's Total Office Stock: 71 mil sq ft**
- **Total Private Office Stock: 56 mil sq ft (79%)**

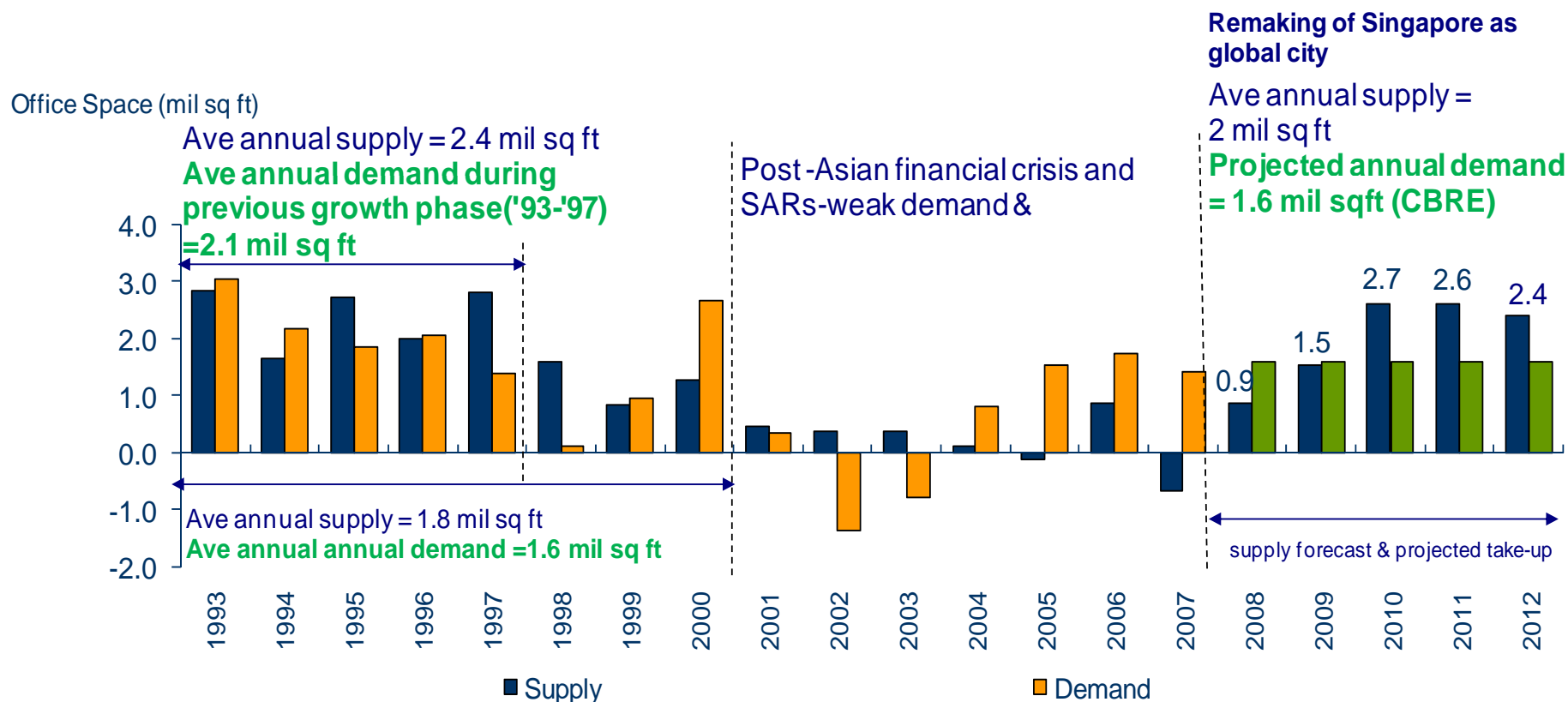
Source: CBRE, May 2008.

Note: Downtown Core covers Raffles Place, Marina Centre, Shenton Way and Marina Bay



# Average Annual Supply of 2 mil sq ft (2008 – 2012) is Lower Than Historical Average

## Singapore Private Office Space (Central Area) -- Demand & Supply



Note: Central Area comprises 'The Downtown Core', 'Orchard' and 'Rest of Central Area'

Source: URA, CBRE & CapitaLand Research (July 2008)

# **About 61% of MBFC (Ph 1 & 2) pre-committed 2 years ahead of buildings' completion**

## Key Financial Institutions in Marina Bay Financial Centre

Company	NLA (sqft)	Comments
Standard Chartered	508,298	85% or 24 floors in Tower 1
Natixis	65,000	3 floors in Tower 1
Wellington Inv Mgt	21,000	1 floor in Tower 1
Amex	50,000	2 floors in Tower 2
Barclays	100,000	4 floors in Tower 2
Pictet	25,000	Occupy Tower 2
Icap	35,000	Occupy Tower 2
BHP Billiton	142,000	7 floors in Tower 2
Macquarie	74,000	3 floors in Tower 2
Murex	25,000	Occupy Tower 2
Others	142,498	-
DBS	700,000	22 floors in Tower 3
<b>Total NLA for Phases 1 and 2 is 2.92 million sq ft</b>		

65.6% of MBFC  
Phase 1 committed  
- Tower 1 (100%)  
- Tower 2 (45%)

55% of MBFC  
Phase 2 (Tower 3)  
committed

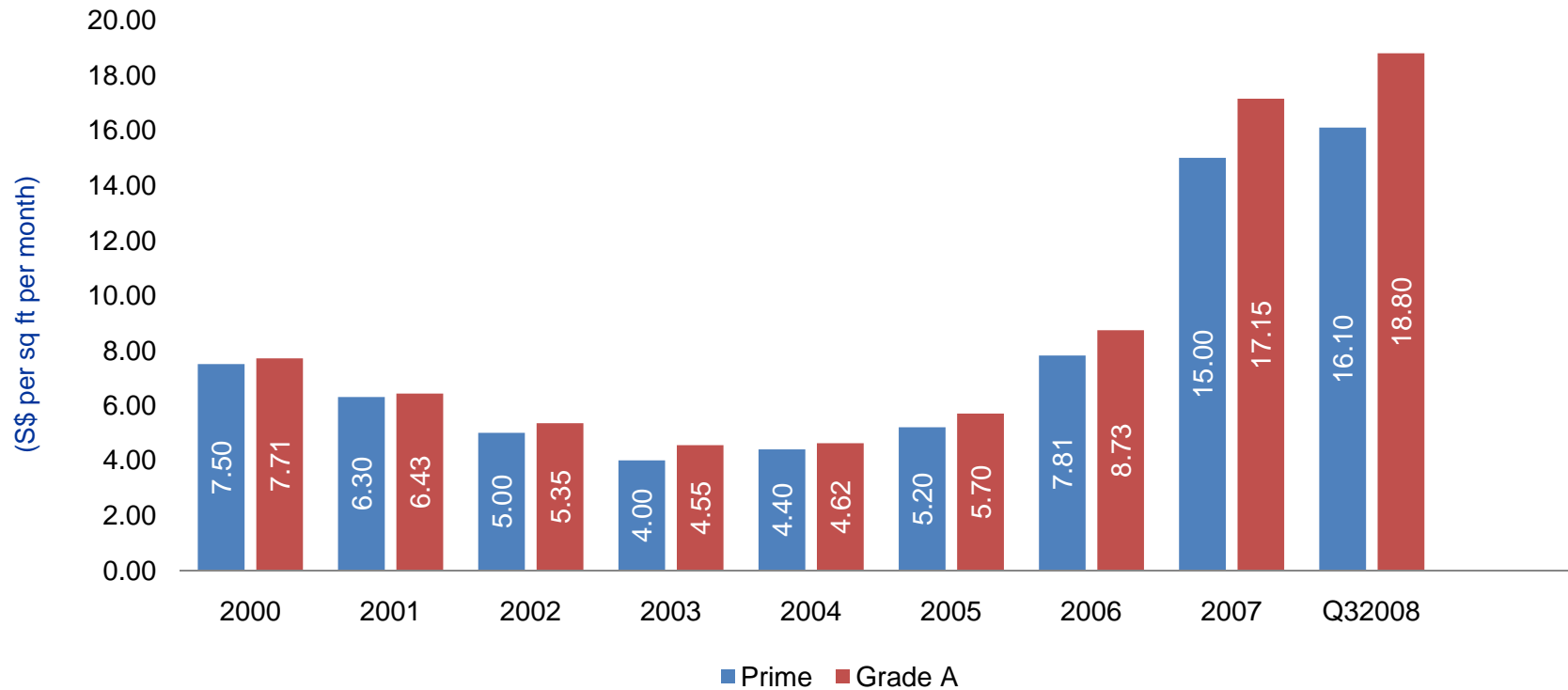
**CapitaCommercial**  
Trust

Sources: MBFC (Sept 2008); BNP Paribas estimates and DTZ report in CCT's Unitholder Circular dated 9 June 2008



# Office Rents Remained Stable in Q3 2008

Q3 2008 Grade A vacancy is about 1.2%



Source: Extracted from the independent property market review by CBRE in the Unitholder Circular dated 9 June 2008 and CBRE MarketView, October 2008



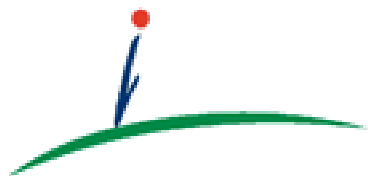


# Summary



# Summary

- ✓ Delivered solid YTD 2008 DPU of 8.29 cents
- ✓ Higher gross rental income from rental reversions and addition of 1 George Street underpin 3Q 2008 net property income
- ✓ DPU yield of 10.9% based on 2009 forecast DPU is 810 basis points above current 10-year government bond yield of 2.8%
- ✓ CCT's office portfolio average rent of S\$7.20 per sq ft per month is still significantly below market rental level
- ✓ Already locked in 100% and 74% of forecast gross rental income for 2008 and 2009 respectively
- ✓ Committed portfolio occupancy of 99%
- ✓ Refinancing for S\$580 million CMBS maturing next year expected to be finalised ahead of the maturity date

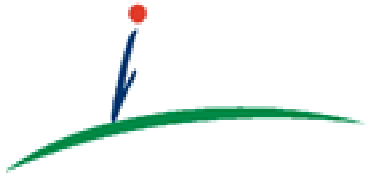


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# Supplementary Slides



# 3Q 08 Gross Revenue - By Asset

	Actual			Forecast <sup>(1)</sup>
	3Q 08 S\$'000	3Q 07 S\$'000	Change %	3Q 08 S\$'000
Capital Tower	12,309	10,968	12.2	12,191
6 Battery Road	20,429	9,712	110.3	19,994
HSBC Building	2,254	2,184	3.2	2,254
Starhub Centre	4,532	3,358	35.0	4,514
Robinson Point	3,313	1,819	82.1	3,106
Bugis Village	2,454	2,335	5.1	2,439
Golden Shoe Car Park	2,783	2,596	7.2	2,745
Market Street Car Park	1,269	1,749	(27.4)	783
One George Street	14,322	-	NM	14,322
<b>Sub-Total</b>	<b>63,665</b>	<b>34,721</b>	<b>83.4</b>	<b>62,348</b>
60% Interest in RCS	28,871	25,005	15.5	28,506
<b>Gross Revenue</b>	<b>92,536</b>	<b>59,726</b>	<b>54.9</b>	<b>90,854</b>

Note:

- (1) The forecast is based on management's forecast shown in the Circular dated 9 June 2008 for the acquisition of 1 George Street for the period 1 January 2008 to 30 September 2008 and adjusted for the actual date of acquisition of 1 George Street on 11 July 2008. The acquisition of 1 George Street was assumed to be completed on 1 July 2008 in the Circular.

# 3Q 08 Net Property Income - By Asset

	Actual			Forecast <sup>(1)</sup>
	3Q 08 S\$'000	3Q 07 S\$'000	Change %	3Q 08 S\$'000
Capital Tower	7,146	7,071	1.1	7,065
6 Battery Road	15,750	6,808	131.3	15,679
HSBC Building	2,233	2,169	3.0	2,232
Starhub Centre	3,016	2,522	19.6	2,981
Robinson Point	2,419	1,225	97.5	2,219
Bugis Village	1,934	1,844	4.9	1,898
Golden Shoe Car Park	1,967	1,935	1.7	1,944
Market Street Car Park	784	1,275	(38.5)	343
One George Street	11,093	-	NM	11,093
<b>Sub-Total</b>	<b>46,342</b>	<b>24,849</b>	<b>86.5</b>	<b>45,454</b>
60% Interest in RCS	20,370	17,648	15.4	20,299
<b>Net Property Income</b>	<b>66,712</b>	<b>42,497</b>	<b>57.0</b>	<b>65,753</b>

Note:

- (1) The forecast is based on management's forecast shown in the circular to unitholders dated 9 June 2008 for the acquisition of 1 George Street for the period 1 January 2008 to 30 September 2008 and adjusted for the actual date of acquisition of 1 George Street on 11 July 2008. The acquisition of 1 George Street was assumed to be completed on 1 July 2008 in the circular.