

# CapitaCommercial Trust Third Quarter 2009 Results



**21 October 2009**



# Important Notice

**This presentation shall be read in conjunction with CCT's 2009 Third Quarter Unaudited Financial Statement 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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# Third Quarter 2009 Highlights



**CapitaCommercial**  
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## 3Q 2009 DPU outperforms 3Q 2008 by 20%

|                                   | Actual               |                      |             |
|-----------------------------------|----------------------|----------------------|-------------|
|                                   | 3Q 09<br>S\$'000     | 3Q 08<br>S\$'000     | Change<br>% |
| Gross Revenue                     | 102,648              | 92,536               | 11          |
| Net Property Income               | 77,057               | 66,712               | 16          |
| Distributable Income              | 52,136               | 43,165               | 21          |
| Distribution Per Unit             | 1.85¢ <sup>(1)</sup> | 1.54¢ <sup>(2)</sup> | 20          |
| Annualised DPU                    | 7.34¢                | 6.13¢                | 20          |
| Distribution Yield <sup>(3)</sup> | 7.1%                 | 5.9%                 | N.A.        |

Notes:

- (1) The DPU is computed on the basis that none of the S\$370 million convertible bonds due 2013 is converted into units. Accordingly, the quantum of DPU may differ from the table above if any of the convertible bonds is converted into Units
- (2) DPU is restated based on the issued units at the end of the period aggregated with the 1,403,891,006 rights units pursuant to the rights issue
- (3) Yield calculated based on the annualised DPU divided by the closing price per unit of S\$1.04 on 30 September 2009



## YTD Sep 2009 DPU above YTD Sep 2008 by 26%

|                                   | Actual                |                       |        |
|-----------------------------------|-----------------------|-----------------------|--------|
|                                   | YTD Sep 09<br>S\$'000 | YTD Sep 08<br>S\$'000 | Change |
|                                   |                       |                       | %      |
| Gross Revenue                     | 300,083               | 238,121               | 26     |
| Net Property Income               | 220,210               | 167,862               | 31     |
| Distributable Income              | 145,559               | 115,083               | 27     |
| Distribution Per Unit             | 5.18¢ <sup>(1)</sup>  | 4.12¢ <sup>(2)</sup>  | 26     |
| Annualised DPU                    | 6.93¢                 | 5.50¢                 | 26     |
| Distribution Yield <sup>(3)</sup> | 6.7%                  | 5.3%                  | N.A.   |

Notes:

- (1) The DPU is computed on the basis that none of the S\$370 million convertible bonds due 2013 is converted into units. Accordingly, the quantum of DPU may differ from the table above if any of the convertible bonds is converted into Units
- (2) DPU is restated based on the issued units at the end of the period aggregated with the 1,403,891,006 rights units pursuant to the rights issue
- (3) Yield calculated based on the annualised DPU divided by the closing price per unit of S\$1.04 on 30 September 2009



## **Continuing to sign new leases and renewals with positive rental reversion**

- **Signed new leases and renewals of 234,510 square feet in 3Q 2009**
  - Major tenants include: Servcorp Pte Ltd (serviced office operator) and Borouge Pte Ltd (leading plastics solutions provider).
  - Key sectors of these new leases and renewals: banking & financial services, electrical and electronics engineering, real estate and property services and retail.
- **Signed new leases and renewals totaling 709,690 square feet YTD (more than 20% of portfolio NLA), out of which about 95,000 square feet were forward renewals.**



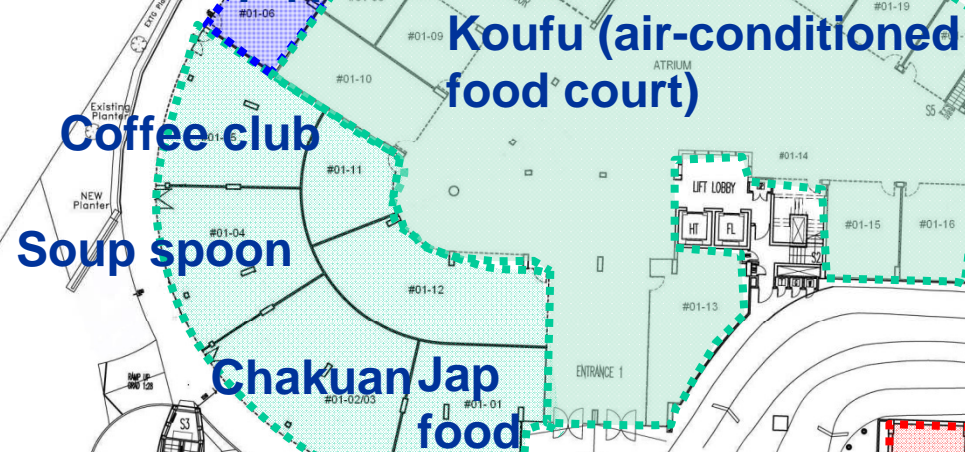


Retail: Services, beauty,  
fashion & 7-eleven,

Take-away deli,  
desserts & ice-cream

F&B

, contemporary  
restaurant & bar  
to open in Nov 09







## Koufu's air-conditioned food court at Market Street Car Park (MSCP)





# CCT inclusion in FTSE4Good Index Series



FTSE4Good

**FTSE4Good Index Series** is a series of benchmark and tradable indices derived from the globally recognised FTSE Global Equity Index Series

- CCT has been included in FTSE4Good Index Series which recognises companies meeting international corporate responsibility standards
- Most of CCT's 11 properties have received Green Mark certification from The Building and Construction Authority (BCA) as a result of the incorporation of environmentally friendly features.

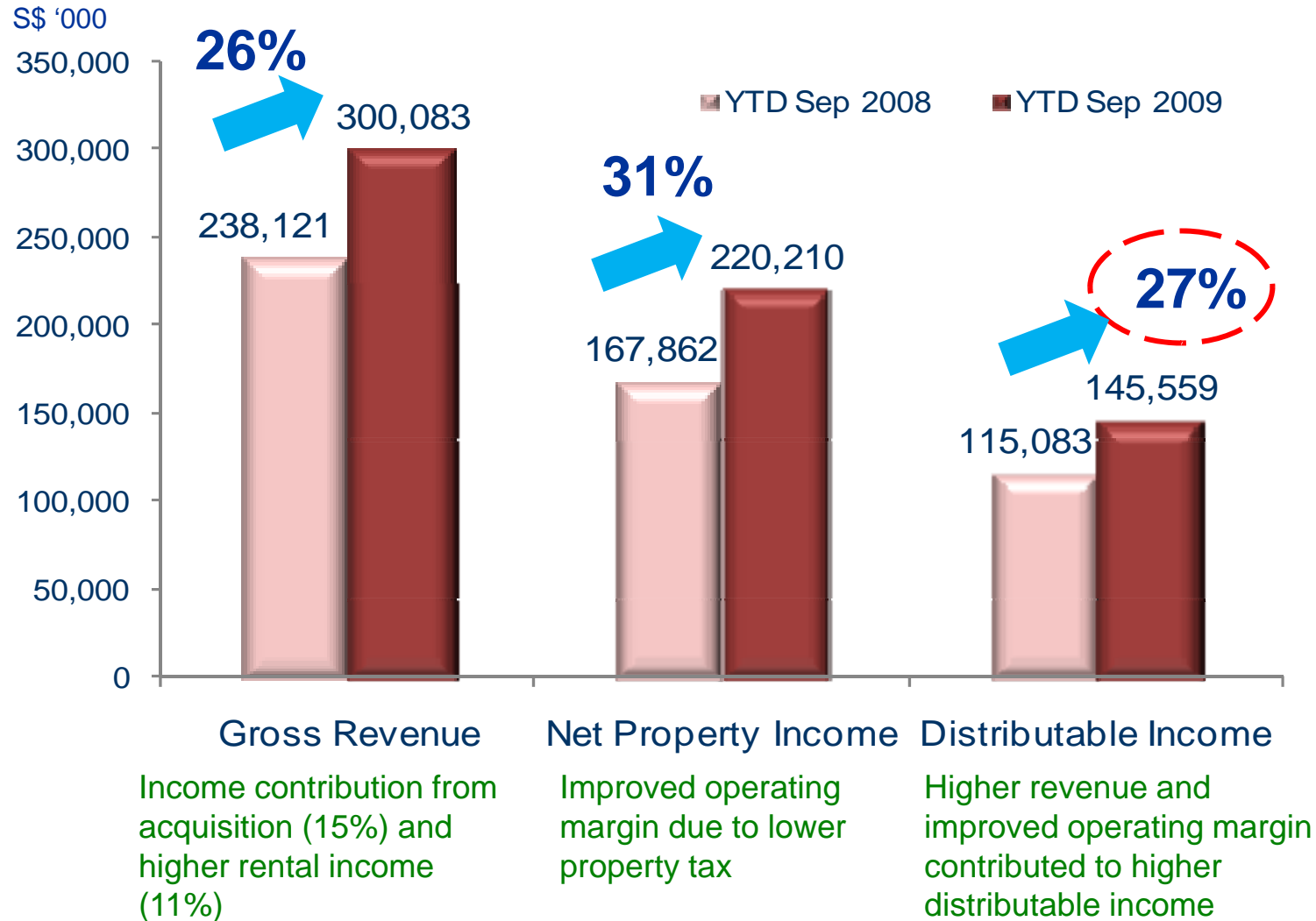
# Solid Financial Results



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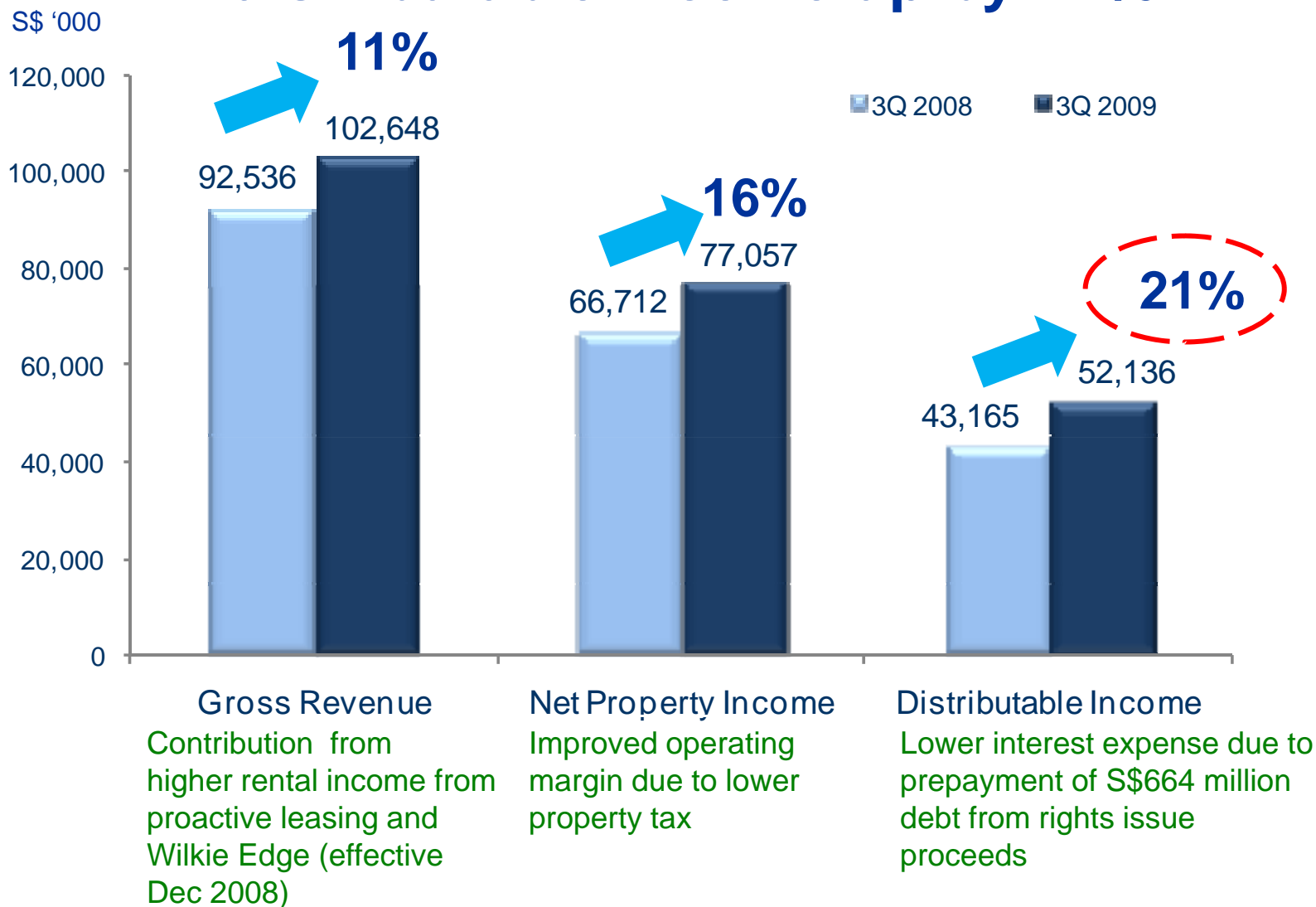


# YTD Sep 2009 net property income up by 31%; distributable income up by 27%





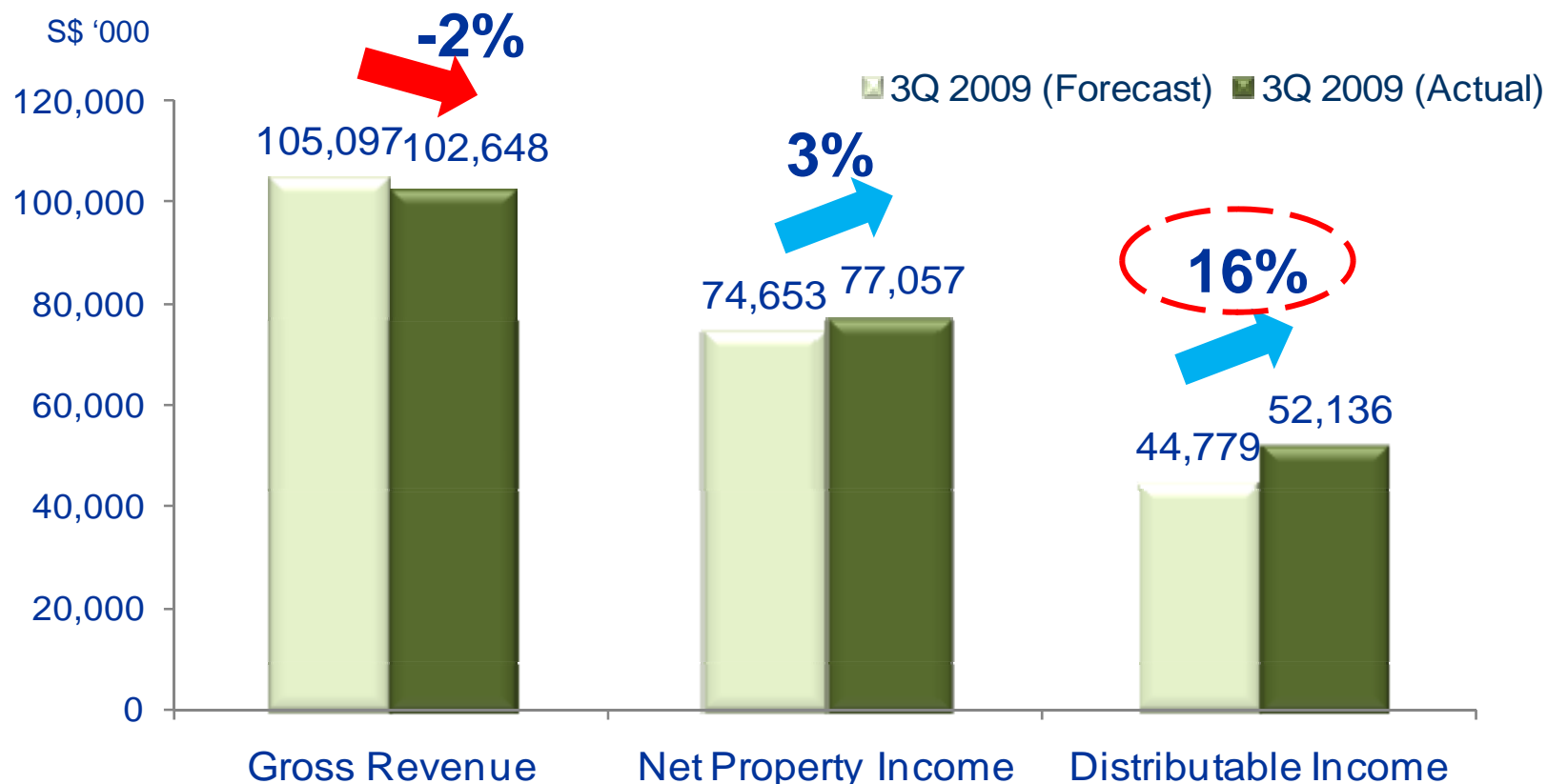
## 3Q 2009 gross revenue up by 11%; distributable income up by 21%







## 3Q 2009 distributable income above forecast <sup>(1)</sup> by 16%



Forecast market rents were assumed at Q1 2008 levels when market conditions were pre-global economic crisis

Improved operating margin due to cost savings efforts and lower property tax

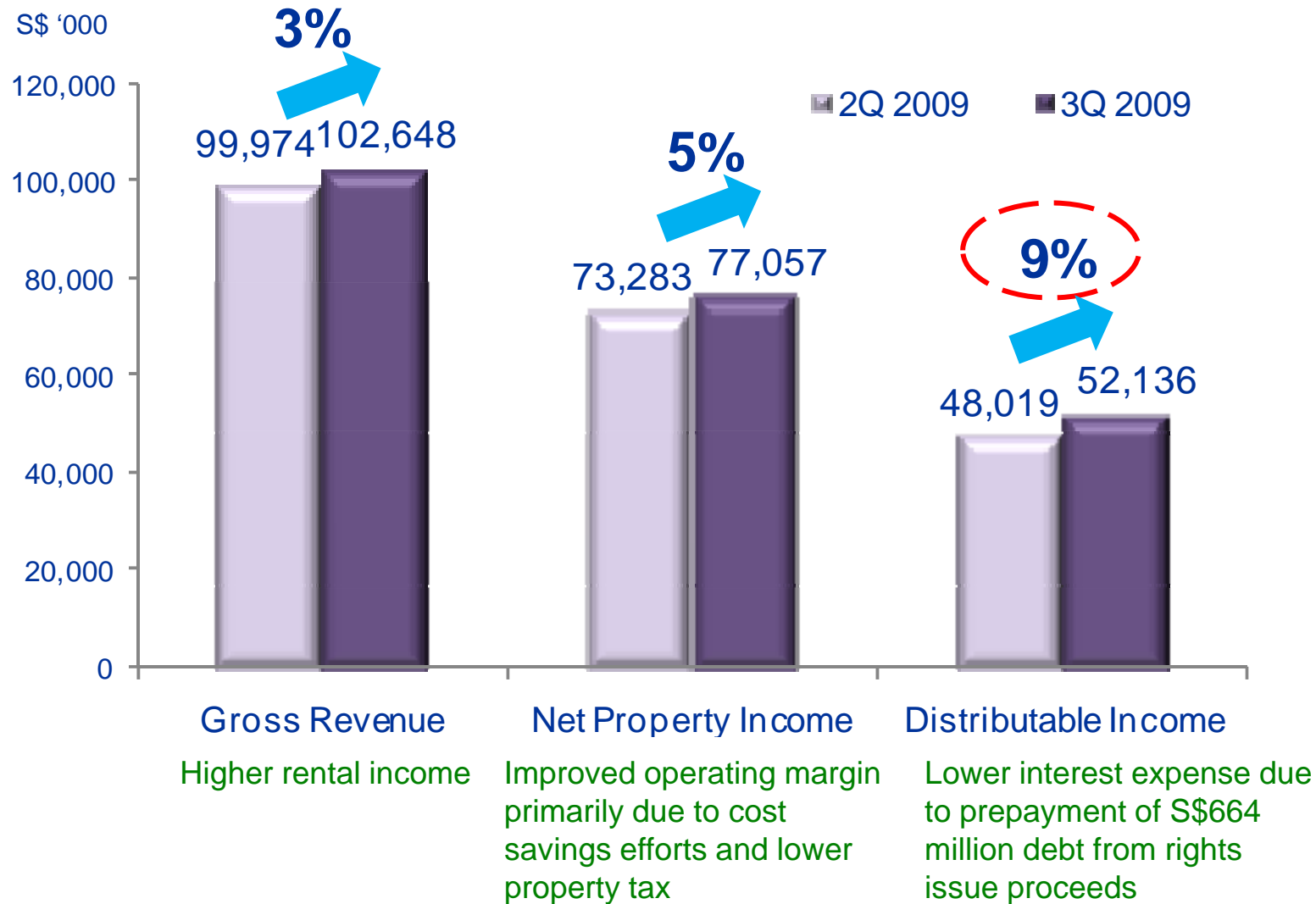
Lower borrowing costs due to lower gearing and average cost of debt compared with forecast

Note:

(1) The forecast is based on the forecast, together with the assumptions, as shown in the circular to unitholders dated 9 June 2008 for the proposed acquisition of One George Street, Singapore.



## 3Q 2009 distributable income above 2Q 2009 by 9%





# Total Assets at S\$6.3B, Adj. NAV at S\$1.49

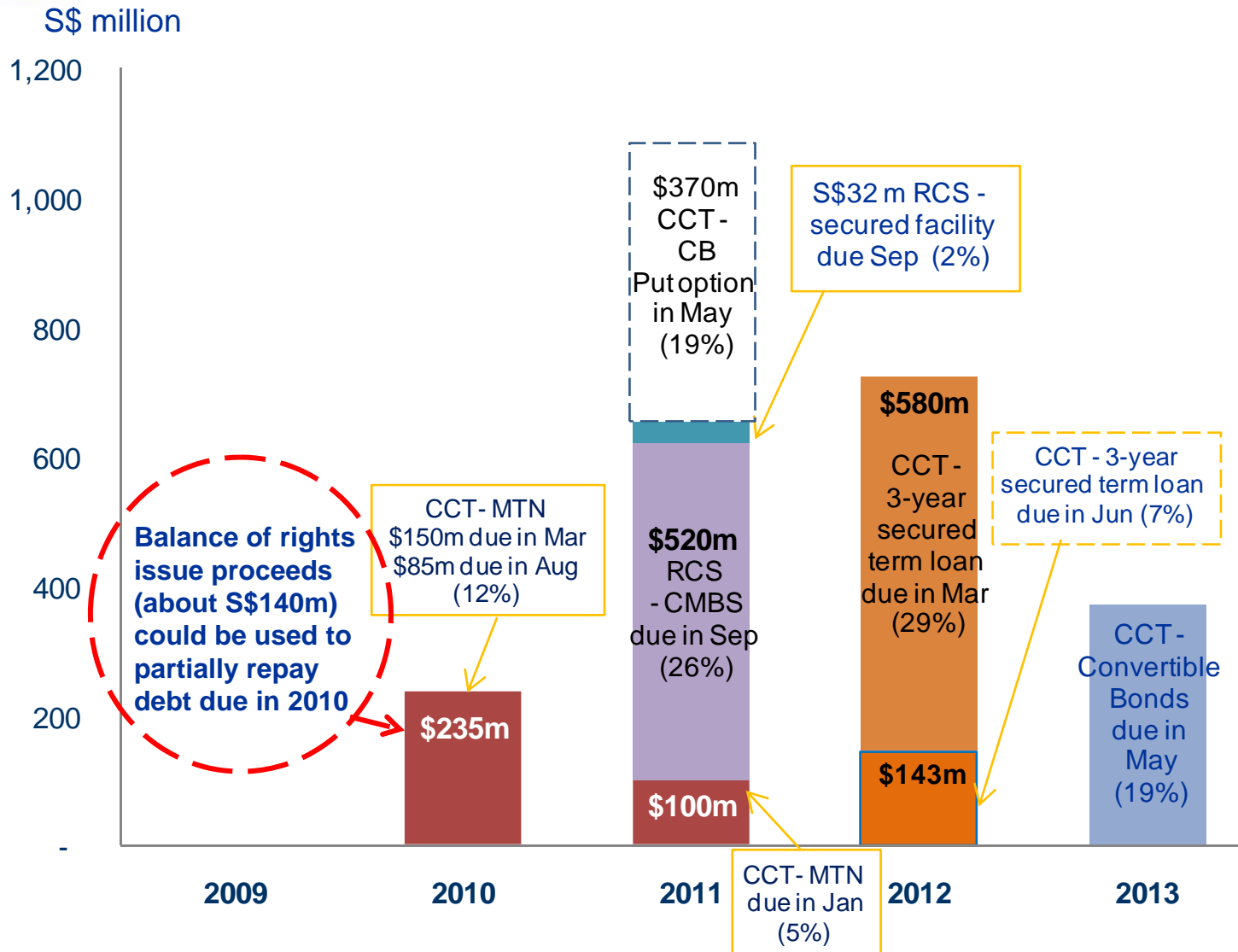
|   | 30-Sep-09<br>S\$'000 | 31-Dec-08<br>S\$'000      |
|---|----------------------|---------------------------|
| Non-current assets <sup>(1)</sup>                 | 6,116,271            | 6,785,965                 |
| Current assets <sup>(2)</sup>                     | 223,181              | 85,426                    |
| <b>Total assets</b>                               | <b>6,339,452</b>     | <b>6,871,391</b>          |
| Current liabilities <sup>(3)</sup>                | 318,836              | 793,555                   |
| Non-current liabilities <sup>(4)</sup>            | 1,771,701            | 1,922,945                 |
| <b>Net assets</b>                                 | <b>4,248,915</b>     | <b>4,154,891</b>          |
| <b>Unitholders' funds</b>                         | <b>4,248,915</b>     | <b>4,154,891</b>          |
| <b>NAV per unit (S\$)</b>                         | <b>1.51</b>          | <b>1.77<sup>(5)</sup></b> |
| <b>Adjusted NAV <sup>(6)</sup> per unit (S\$)</b> | <b>1.49</b>          | <b>1.74</b>               |

Notes:

- (1) Non-current assets is lower mainly due to revaluation of investment properties on 22 May 2009
- (2) Current assets has increased primarily due to higher cash at bank
- (3) Current liabilities has decreased mainly due to short term loans repayment of S\$1,346 million from part of the proceeds from the rights issue and refinancing with long term borrowings. Lower trade and other creditors of S\$14 million also contributed to the decline. However, this was offset by reclassification from non-current liabilities of S\$885 million borrowings
- (4) Non-current liabilities has decreased due mainly to reclassification to current liabilities of S\$885 million but offset by increase in term loans of S\$738 million
- (5) Restated with the effects of the rights issue and are computed based on the issued units at end of the period plus 1,403,891,000 rights issue pursuant to the 1-for-1 rights issue
- (6) Assuming the distribution income has been paid out to the unitholders



# No major refinancing till 2011





# Enhanced financial flexibility

- Total number of unsecured assets : 8 out of 11
- Value of unsecured assets : S\$3.0 billion (50.4% of total value of investment properties)
- S\$665.0 million untapped balance from S\$1.0 billion multicurrency medium term note programme



Six Battery Road



One George Street



Robinson Point



Starhub Centre



Bugis Village



Golden Shoe Car Park



Market Street Car Park



Wilkie Edge





## Gearing within target range of 30% to 45%

|  | As at<br>30 Sept 2009 | As at<br>30 June 2009 |
|--|-----------------------|-----------------------|
| Total Gross Debt :                                 | S\$1,979.1 million    | S\$2,643.0 million    |
| Gearing <sup>(1)</sup> :                           | 31.2%                 | 42.3%                 |
| Interest Service Coverage Ratio <sup>(2)</sup> :   | 3.1 times             | 2.9 times             |
| Average Cost of Debt:                              | 3.9%                  | 3.3%                  |
| Debt on fixed rate:                                | 82%                   | 61%                   |
| Average Fixed Rate Term to Expiry <sup>(3)</sup> : | 2.5 years             | 2.2 years             |

Notes:

- (1) Gross borrowings of CCT (inclusive of 60% interest in RCS Trust ) over total deposited properties of CCT (inclusive of 60% interest in RCS Trust ) .
- (2) Ratio of net investment income before interest, tax and amortisation of CCT (inclusive of 60% interest in RCS Trust ) over interest expenses of CCT (inclusive of 60% interest in RCS Trust )
- (3) Average number of years to maturity for fixed rate debt/hedge

# Stable Portfolio



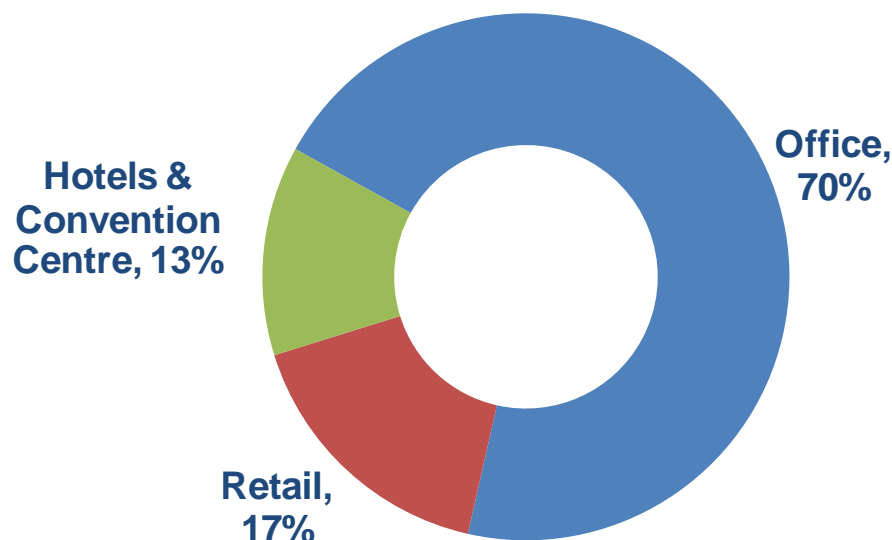
CapitaCommercial  
Trust



## Gross rental income<sup>(1)</sup> predominantly contributed by Grade A offices

**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 Gross Rental Income for the month of September 2009**



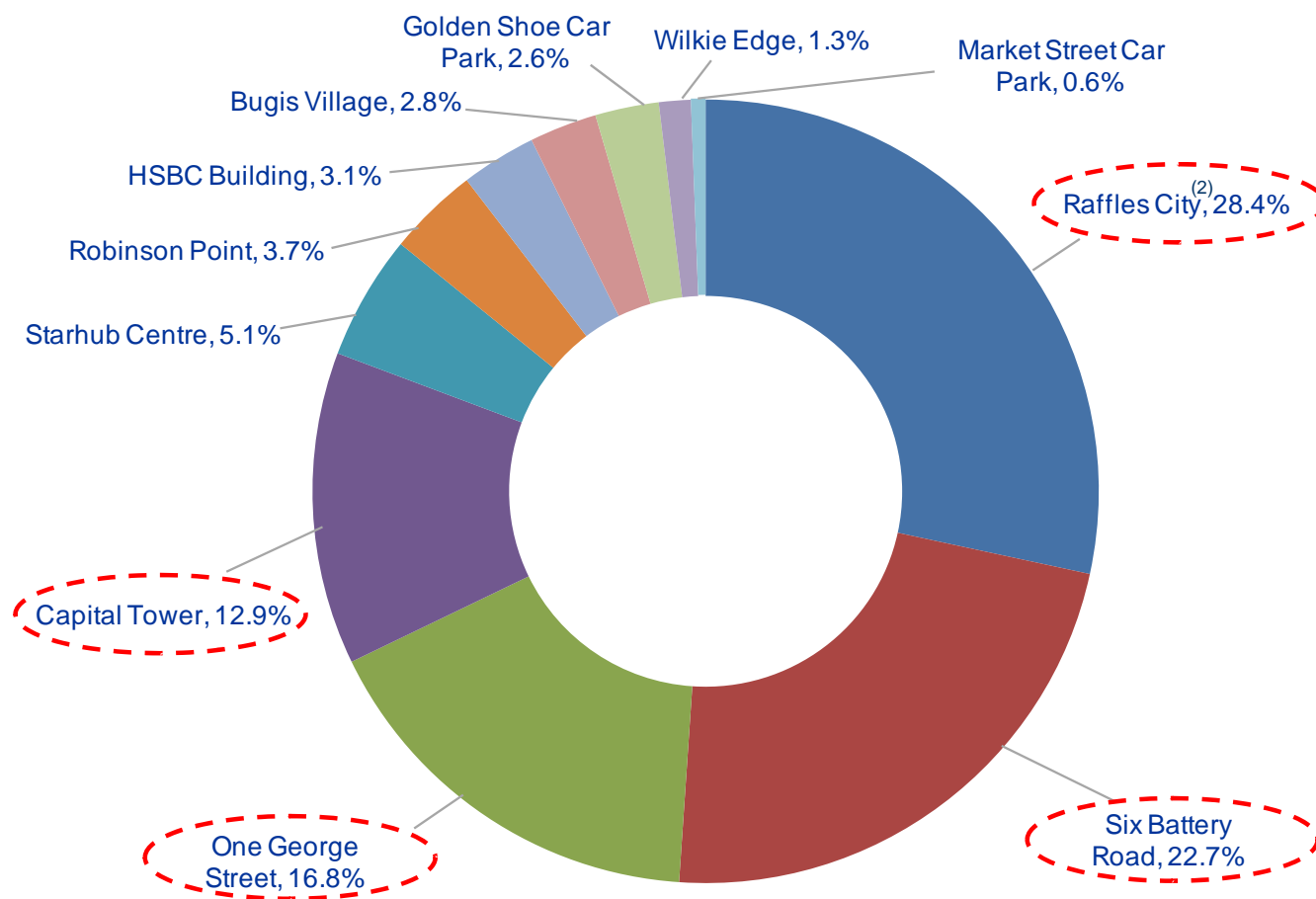
Note:

(1) Excludes retail turnover rent



# Portfolio diversification with focus on quality

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



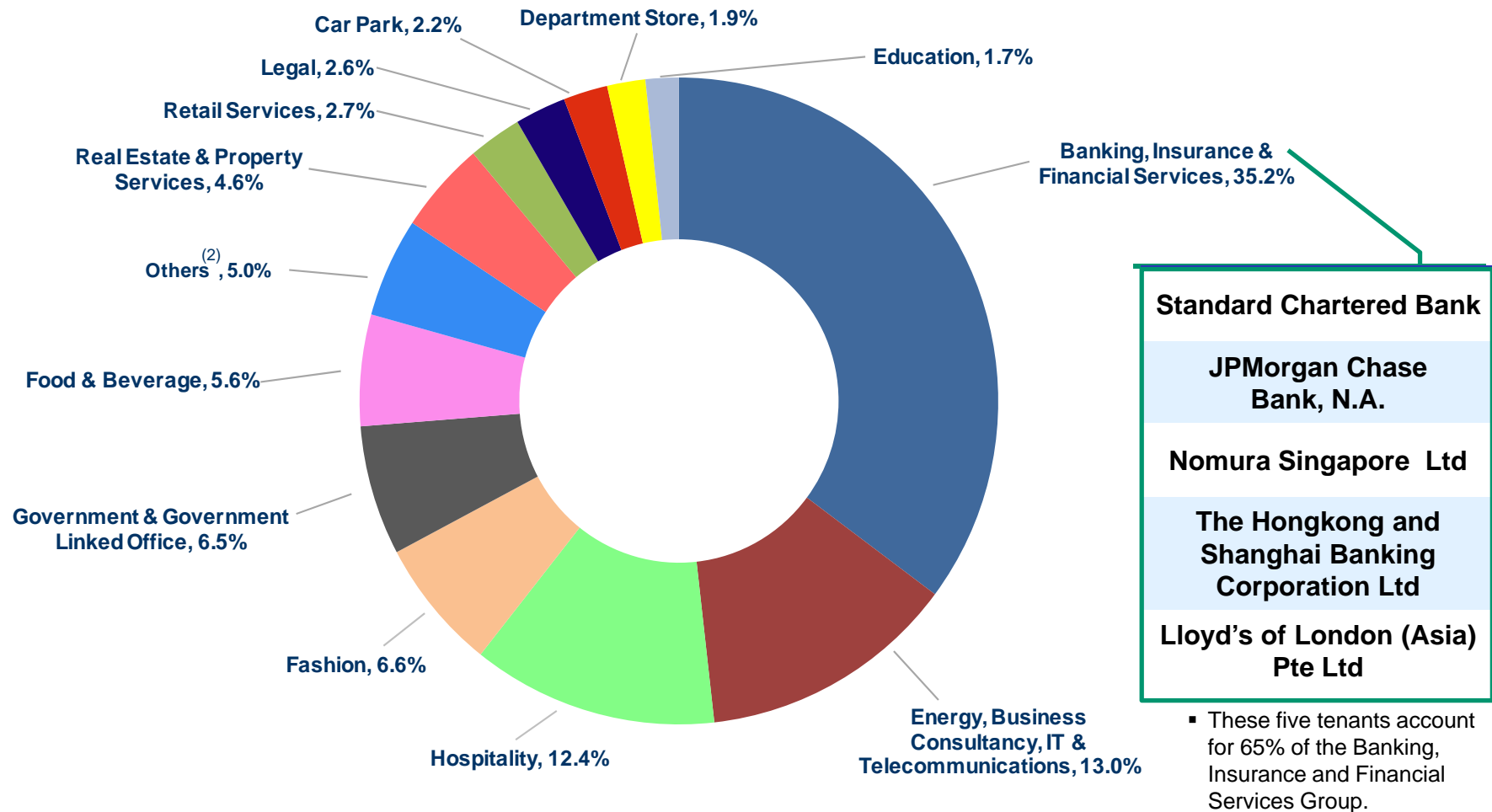
Notes:

(1) For the period from 1 January 2009 to 30 September 2009

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



# Diverse tenant mix<sup>(1)</sup> in CCT's portfolio



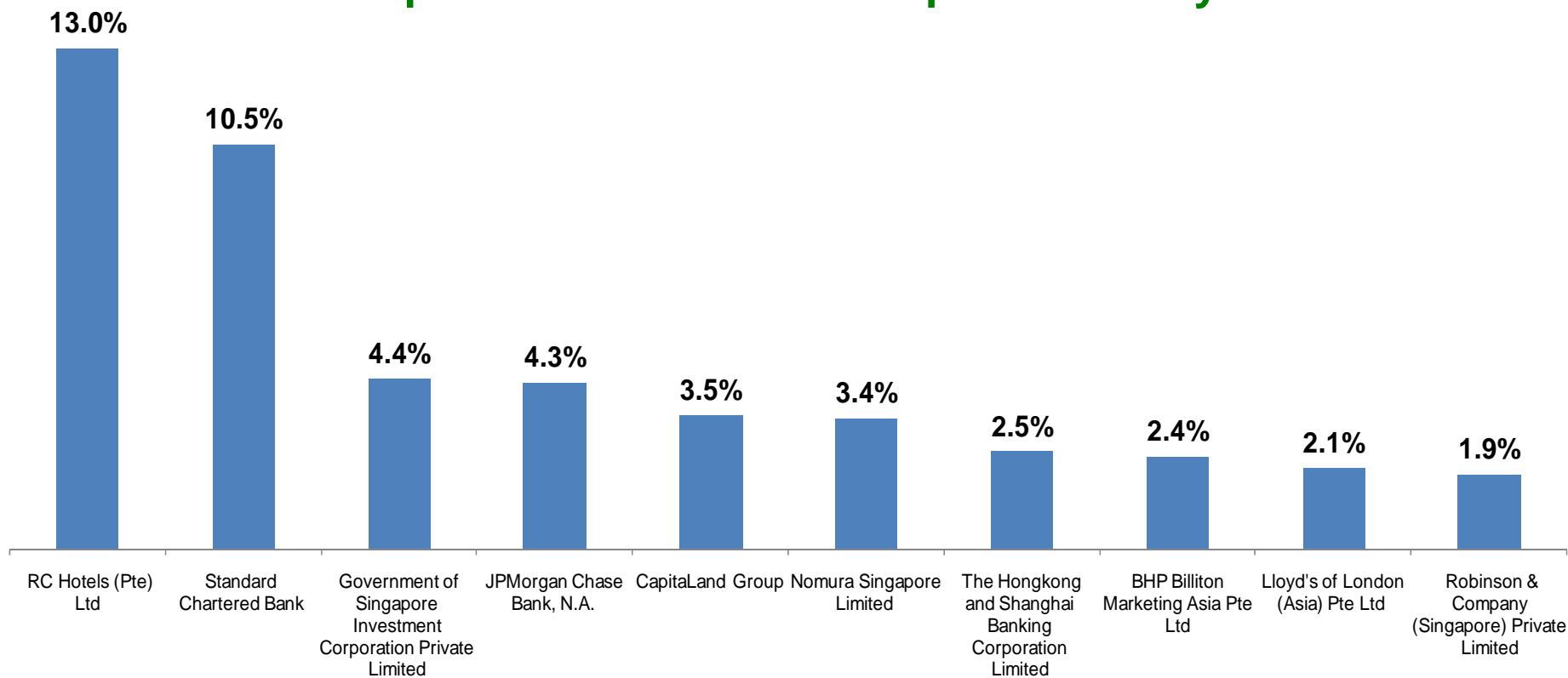
## Notes:

- (1) Based on monthly gross rental income as at 30 Sep 2009 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



## Top ten blue-chip tenants<sup>(1)</sup> contribute 48% of monthly gross rental income

**Weighted Average Lease Term to Expiry (by floor area)  
for Top 10 Tenants as at 30 Sep 2009 = 6.0 years**







Note:

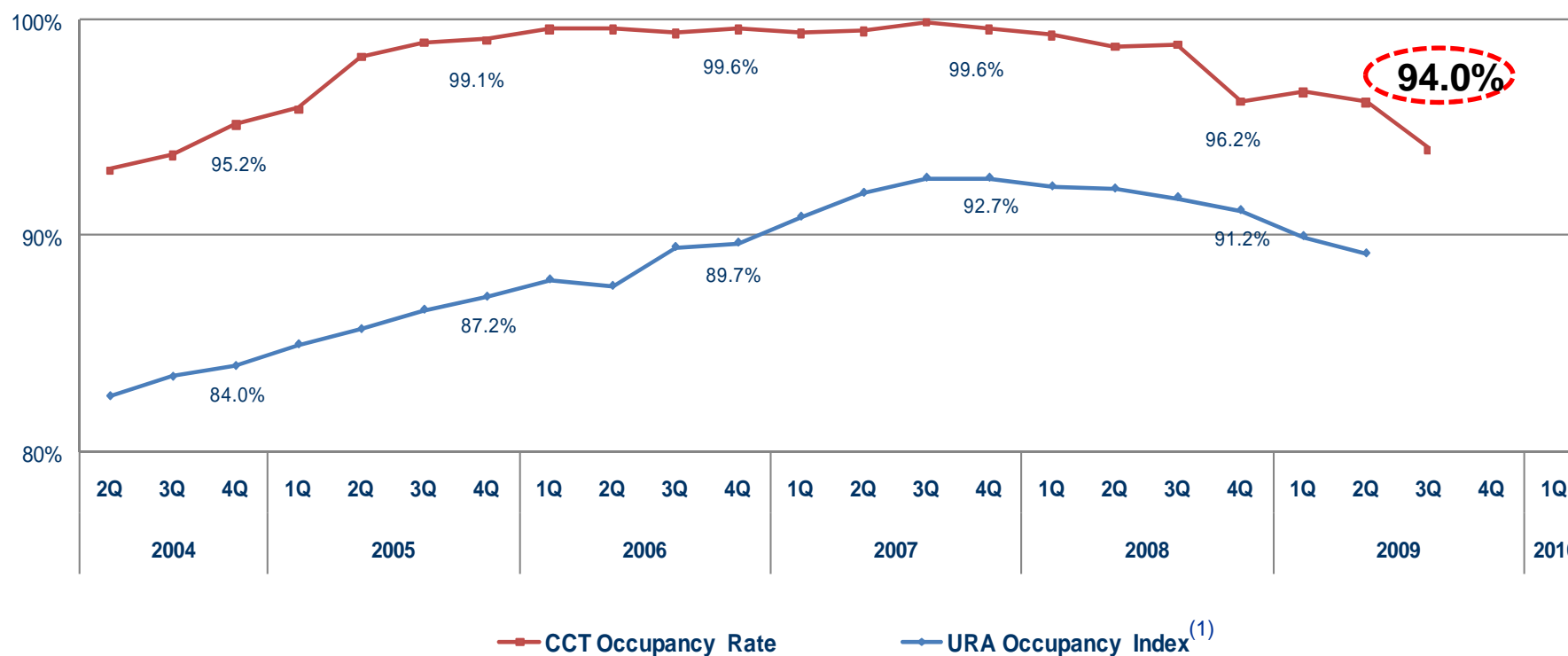
(1) Based on monthly gross rental income contribution as at 30 Sep 2009 (excluding retail turnover rent)



# Committed occupancy consistently above market levels

| CCT 3Q 2009 Occupancy level   |           | 3Q Industry Statistics – Occupancy level   |           |
|---|-----------|--|-----------|
| Grade A office: 97.9%  | 2Q: 97.4% | Grade A offices: 95.8%  | 2Q: 96.4% |
| Portfolio: 94.0%       | 2Q: 96.2% | Core CBD: 91.2%         | 2Q: 91.5% |

## CCT's Committed Occupancy Since Inception



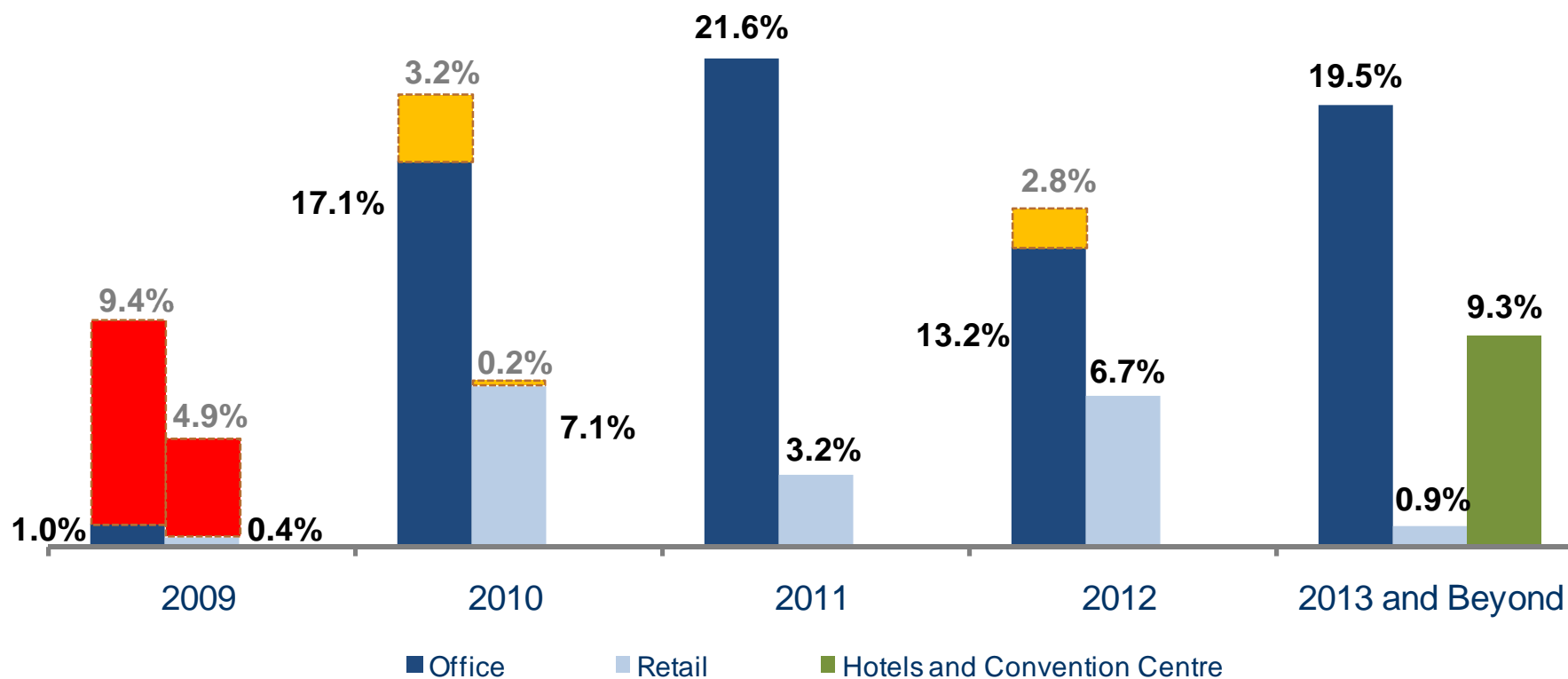
Note:

(1) URA has not released Occupancy Index Figure for 3Q 2009



# Well spread portfolio lease expiry profile

Leases up for renewal (by Monthly Gross Rental Income<sup>(1)</sup>)  
as at 30 September 2009



Note:

(1) Excludes turnover rent

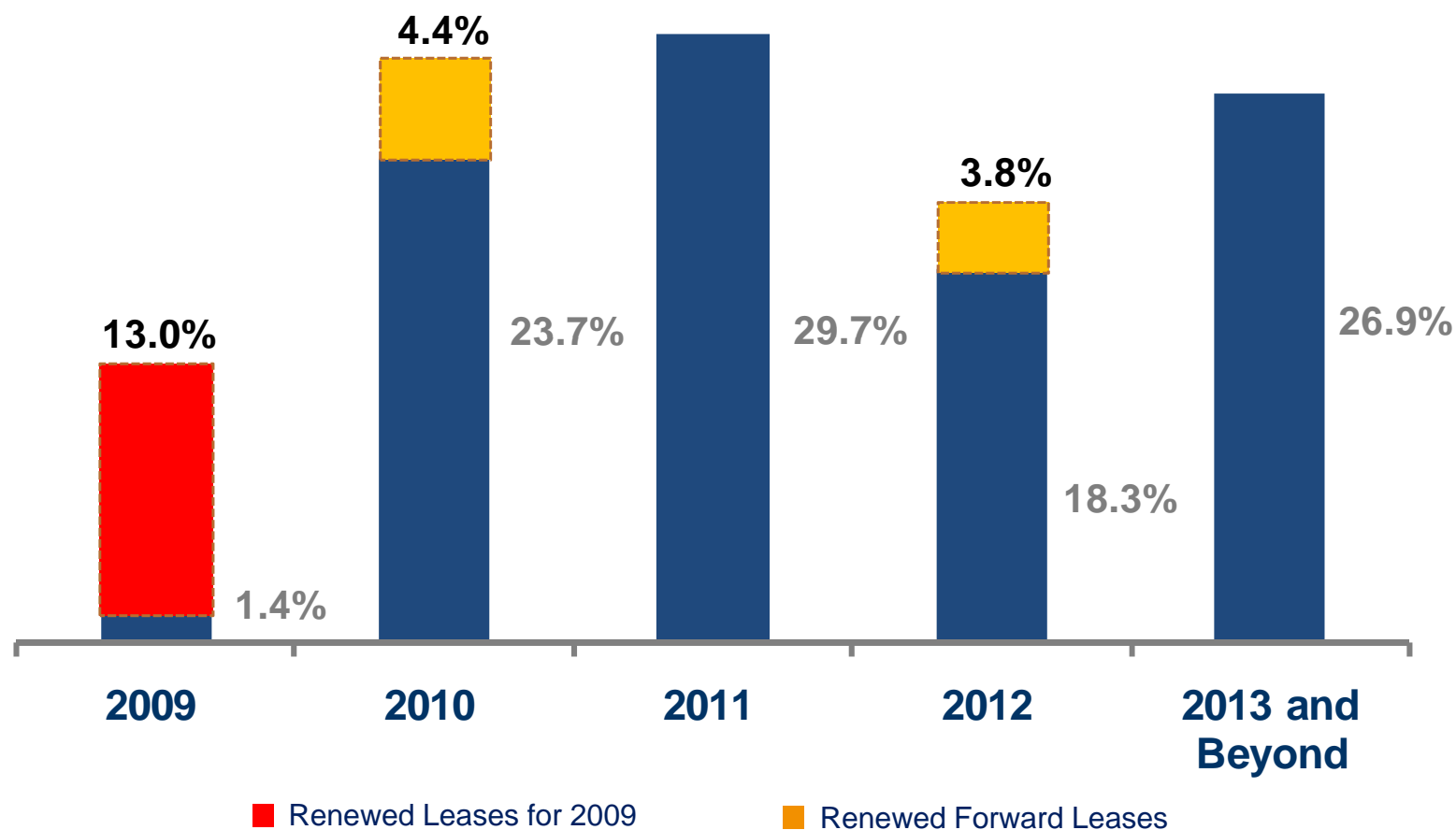
■ Renewed Leases for 2009

■ Renewed Forward Leases



**Almost all of the leases expiring in 2009 have been renewed**

**Office leases expiring as a percentage of Monthly Office Gross Rental Income as at 30 September 2009**



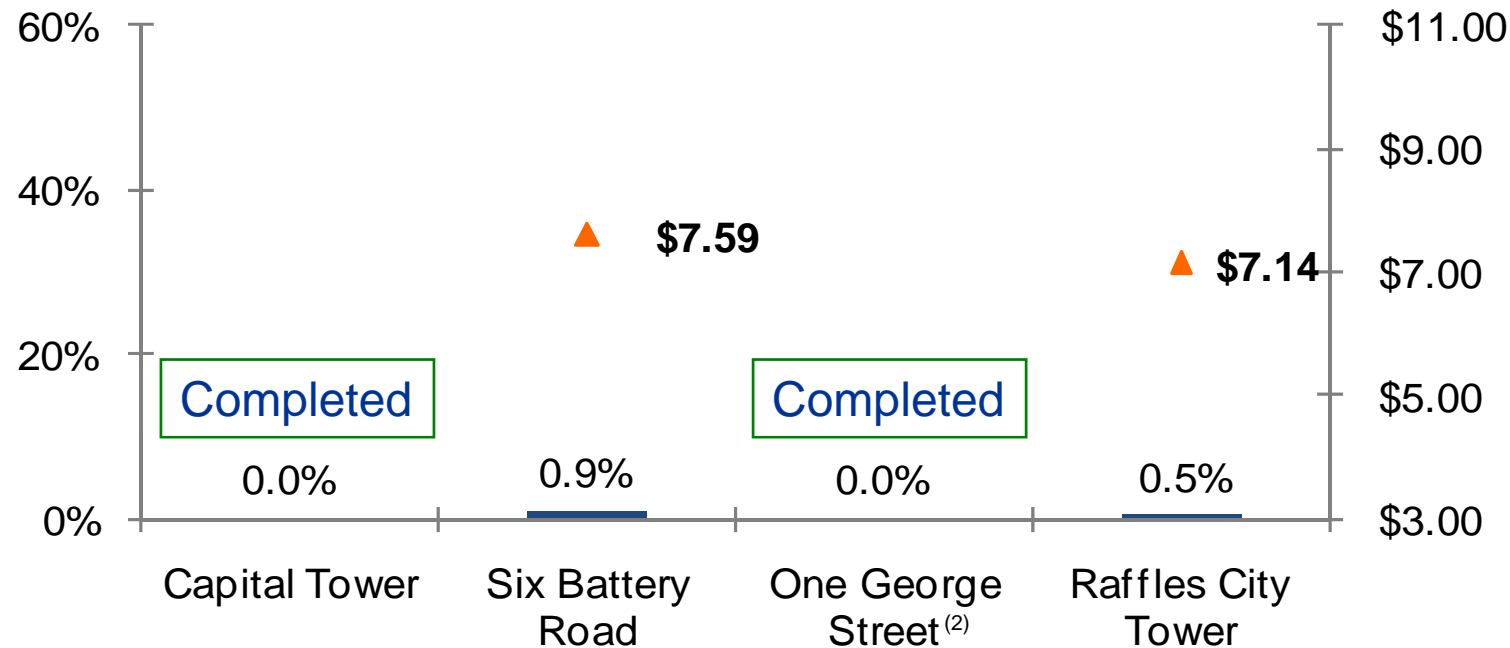


## Almost all 2009 lease renewals are completed – leasing risks mitigated

### 3Q 2009 Industry Statistics<sup>(1)</sup> –

Grade A Office Average Market Rent: S\$8.80 psf

Prime Office Average Market Rent: S\$7.50 psf



▲ Ave Monthly Gross Rental Rate for Expiring Leases (S\$ psf/month)

■ Leases expiring as a percentage of monthly office gross rental income as at 30 September 2009

Notes:

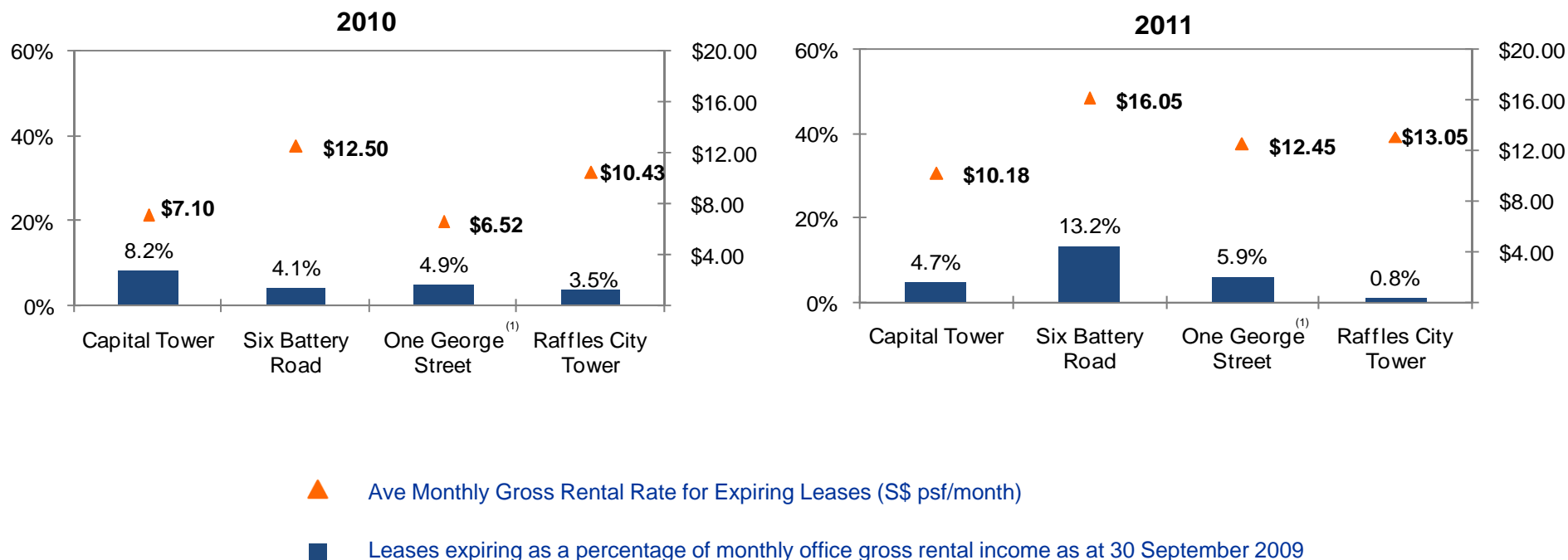
(1) Source: CBRE (as at Q3 2009)

(2) Has embedded yield protection of 4.25% p.a., based on purchase consideration of S\$1.165 billion until 10 July 2013 from CapitaLand. This eliminates downside rental risk for One George Street during the yield protection period, but allows CCT to benefit from any upside in rental reversion.





## Future leasing risk to be mitigated by forward lease renewals and prudent cost management



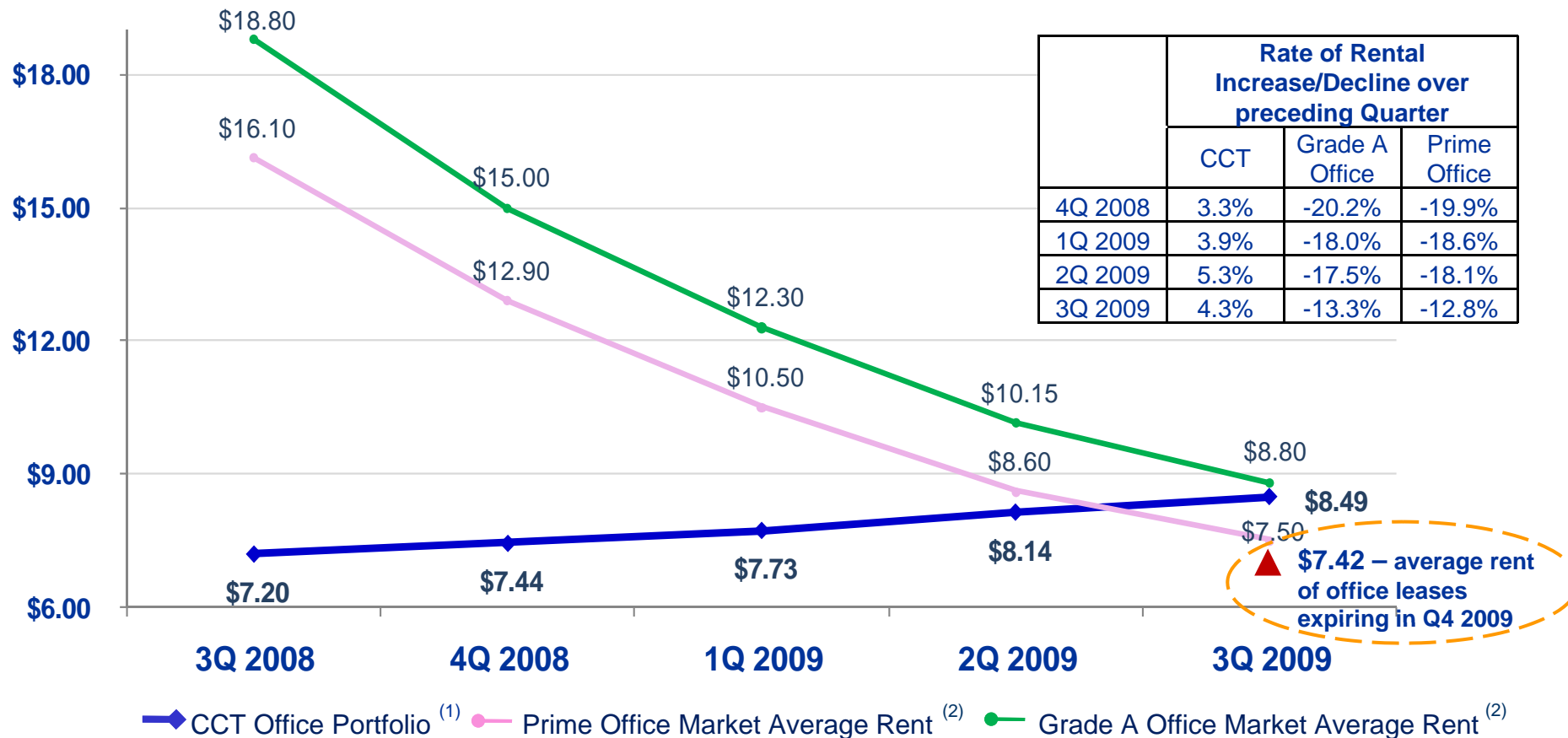
Note:

- (1) Has embedded yield protection of 4.25% p.a., based on purchase consideration of S\$1.165 billion until 10 July 2013 from CapitaLand. This eliminates downside rental risk for One George Street during the yield protection period, but allows CCT to benefit from any upside in rental reversion.



## Successful execution of forward lease renewals have resulted in higher rent reversions for CCT's office portfolio despite challenging market conditions

Office Market rentals have declined 53% since the peak 12 months ago, but decline has eased



Notes:

(1) Average monthly passing rent for CCT's office portfolio (inclusive of Grade A and Prime office)

(2) Source for office market rent: CBRE (figures as at end of each quarter)

# Market Outlook

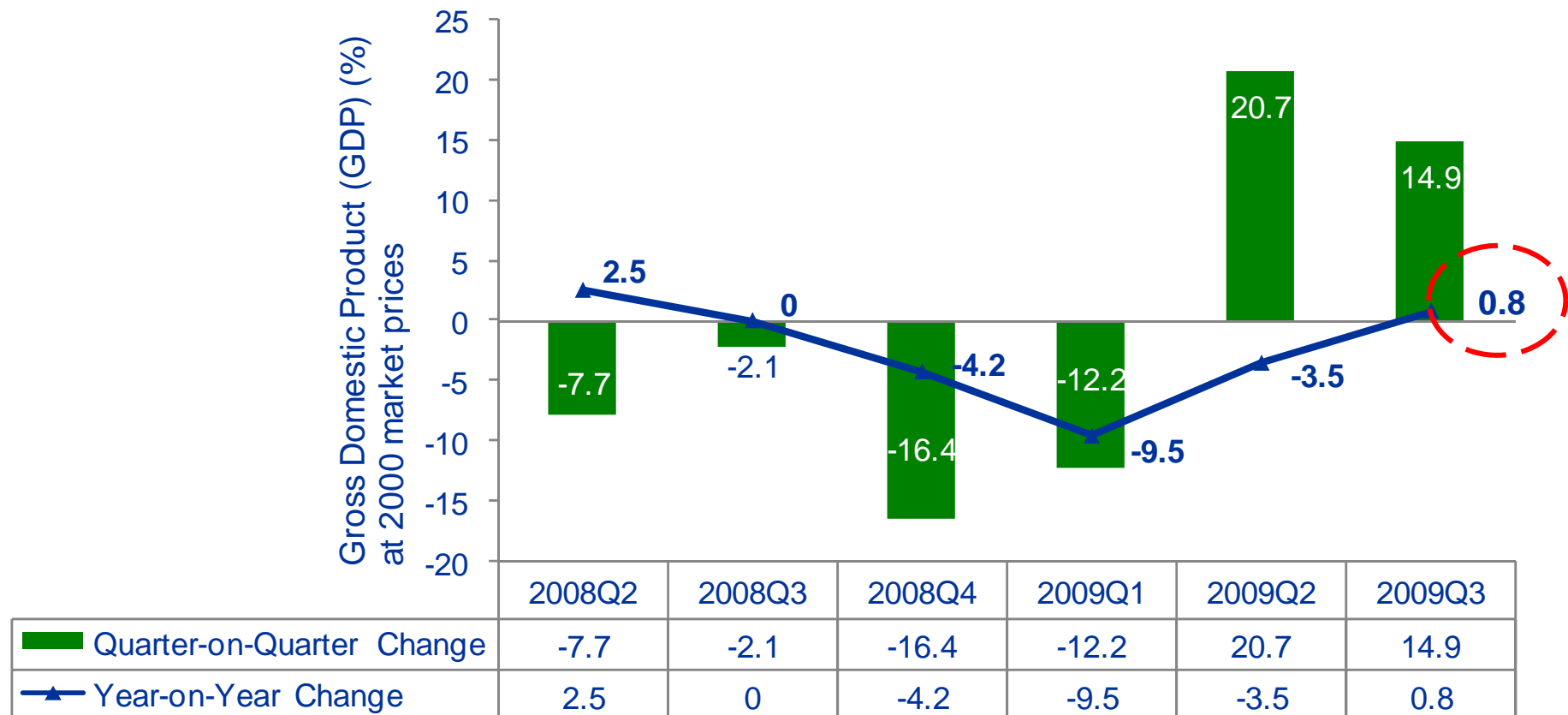




## Market outlook – positive signs

Singapore's year-on-year GDP turns positive after three quarters of contraction

Forecast GDP for 2009 -2.5% to -2%

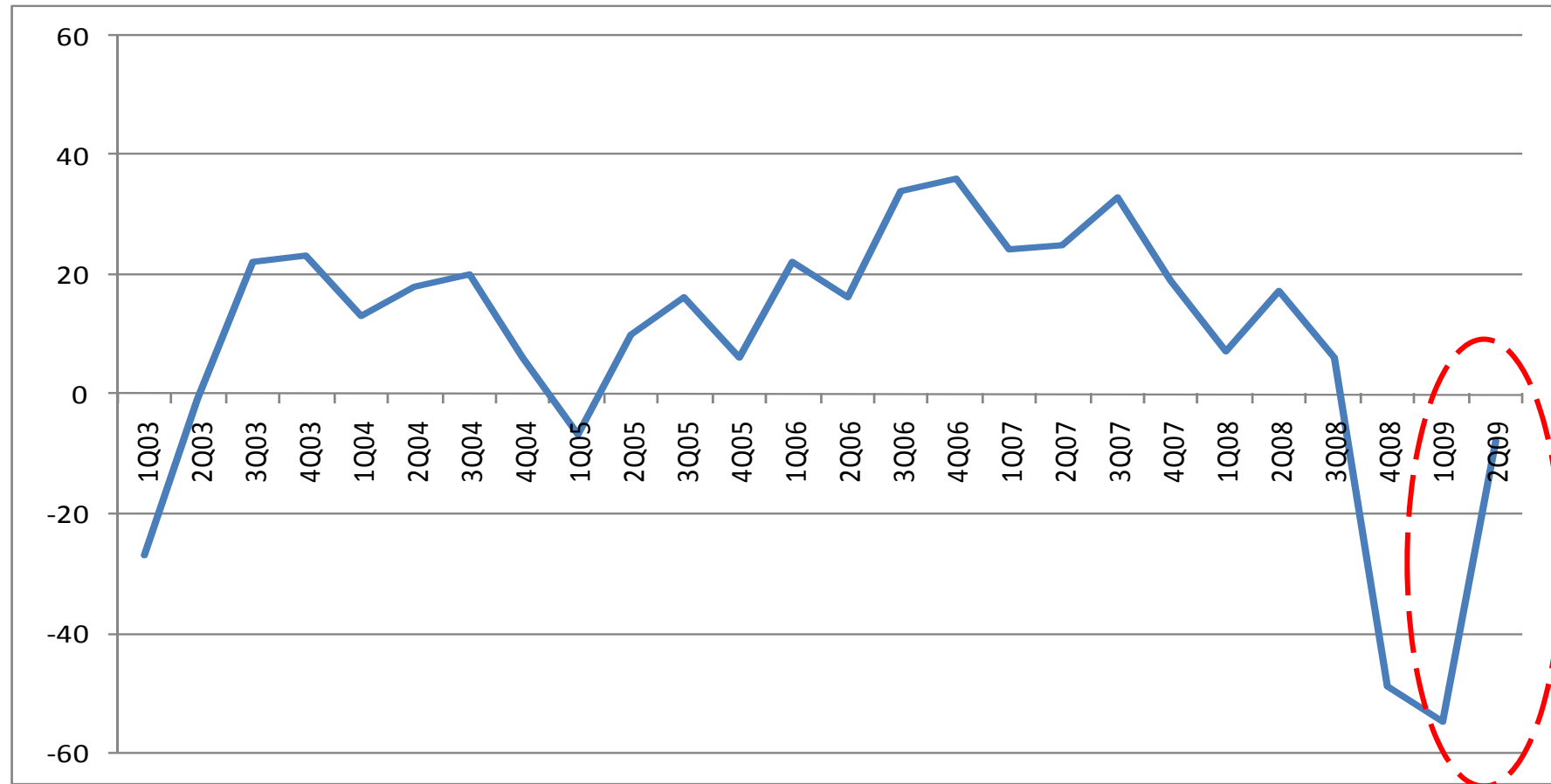


Source: Ministry of Trade and Industry, 12 October 2009



# Positive Signs: Singapore Business Confidence Improved

Singapore Business Confidence Index

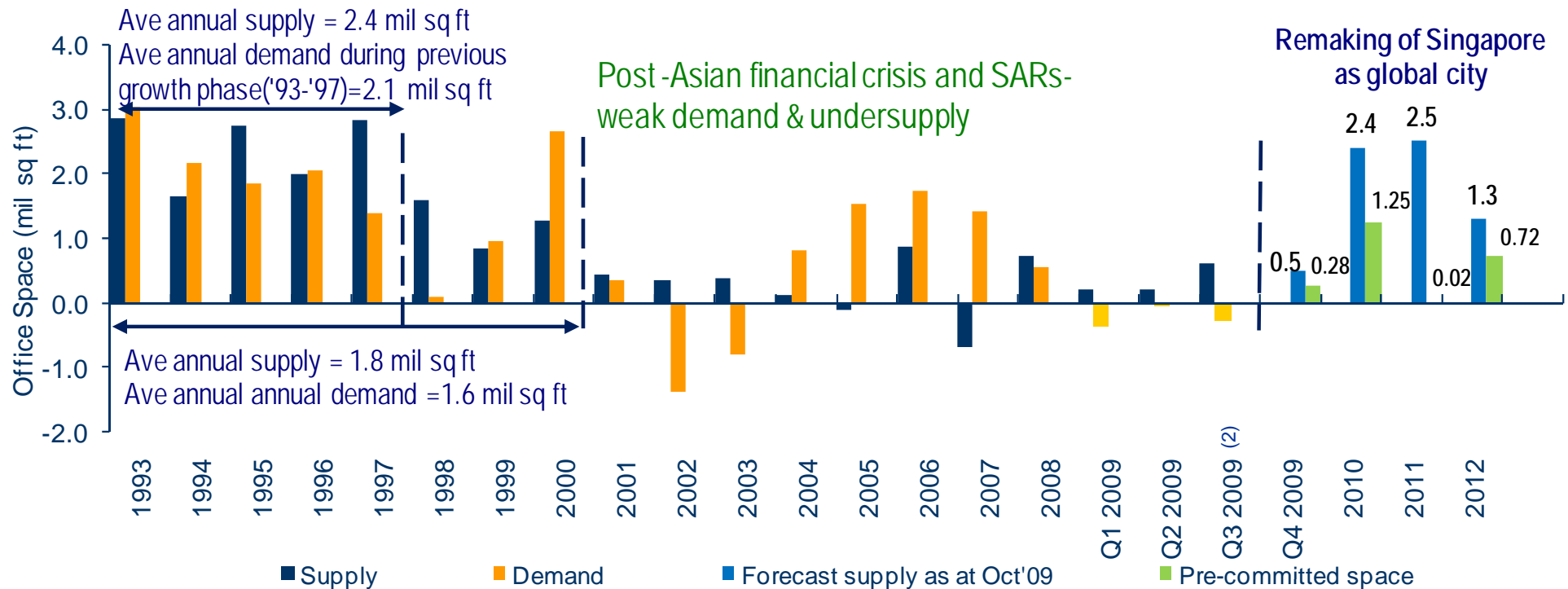


Source: Bloomberg



# **Future supply in Central Area <sup>(1)</sup> until 2012 at 6.8 million sq ft of which approx 33% have already been pre-committed**

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



Notes:

(1) Central Area comprises 'The Downtown Core', 'Orchard' and 'Rest of Central Area'

(2) The net demand in Q3 2009 data is an estimation as actual figures are not available

Source: Consensus Compiled from CBRE & JLL (October 09)





## Occupation Cost – Ranking now at 15 from 9; more cost competitive to base office in Singapore

### CBRE Global 50 Index (by occupation cost in US\$/sf/year)

| City                           | Ranking<br>(May 09) | Cost         |
|--------------------------------|---------------------|--------------|
| Tokyo ( Inner Central ), Japan | 1                   | 183.62       |
| London (West End), UK          | 2                   | 172.62       |
| Moscow, Russia                 | 3                   | 170.24       |
| Hong Kong (Central), China     | 4                   | 150.42       |
| Tokyo (Outer Central), Japan   | 5                   | 149.58       |
| Mumbai, India                  | 6                   | 131.04       |
| Dubai, UAE                     | 7                   | 122.52       |
| Paris, France                  | 8                   | 114.89       |
| New Delhi, India               | 12                  | 86.94        |
| <b>Singapore</b>               | <b>15</b>           | <b>82.79</b> |
| New York (Midtown), USA        | 21                  | 68.63        |

Source: CBRE Global Market Rents & CapitaLand Research

# Focus On Fundamentals



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# Continue to deliver robust performance

## ‘Triple A Strategy’

Accentuating

Accelerating

Anticipating



FTSE4Good



BCA GREEN MARK



CERT No.: 2007-0387  
SS ISO 14001:2004





# Continue to deliver robust performance

## Anticipating

- Illiquid credit market
- Challenging office market environment
- Uncertain outlook
- Potential risk of downward asset revaluation
- Increasing focus by investors on corporate social responsibility

## Accelerating

- Refinance way ahead of debt maturity
- Right climate to do rights issue to bring down gearing
- Forward lease renewals
- Proactive leasing
- Undertake cost management measures
- Undertake energy saving, water saving measures
- Implement environmentally friendly features in existing properties

## Accentuating

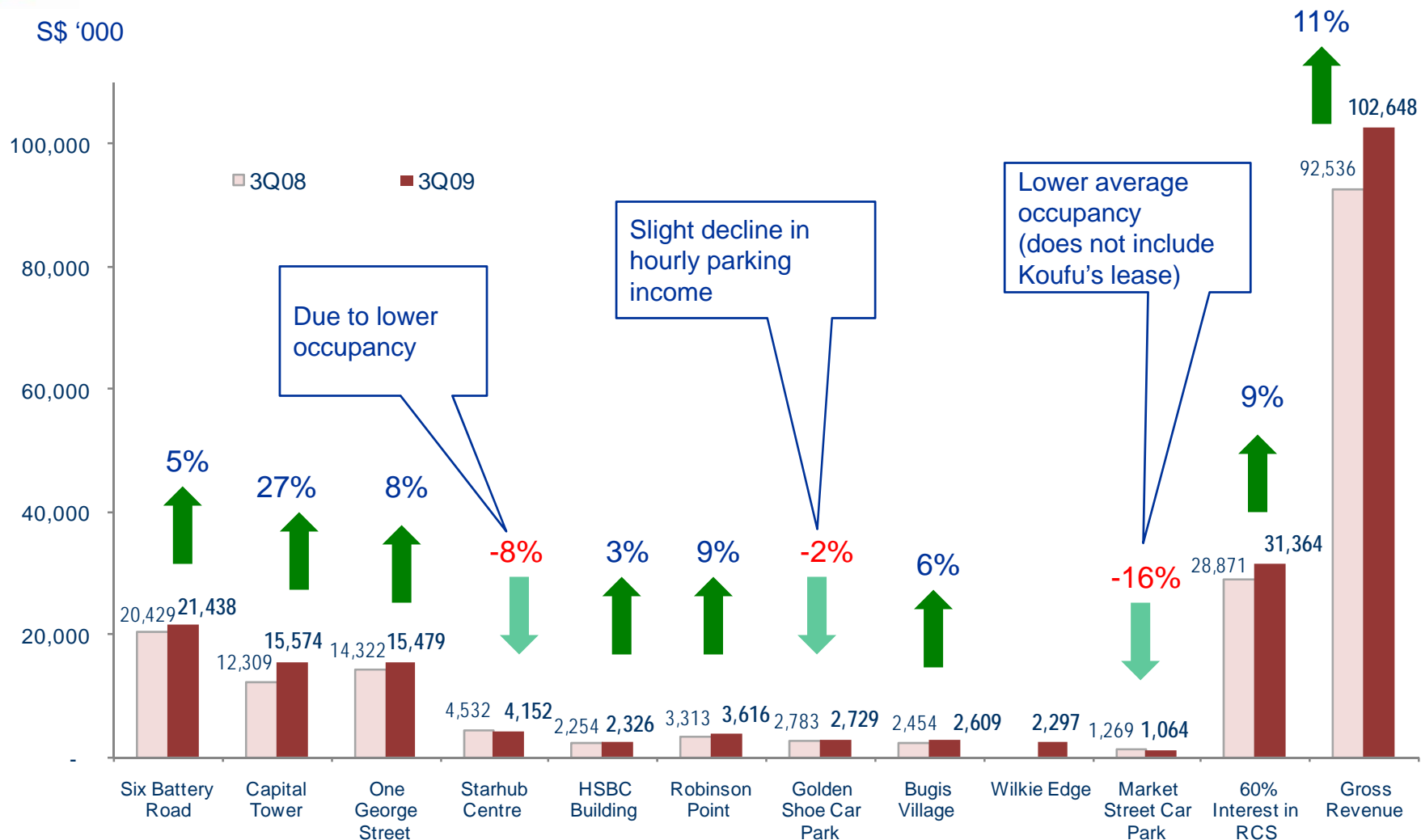
- ✓ **Despite challenging market conditions:**
- ✓ **97%** of 2009 forecast gross rental income locked-in
- ✓ Net property income grew at higher % than gross revenue year-on-year
- ✓ Higher-than-market occupancy rate of **94%**
- ✓ Increased average office portfolio rent to **S\$8.49** psf/month
- ✓ Achieved forward lease renewals
- ✓ Gearing at low of **31.2%**
- ✓ Included in **FTSE4Good index series**

# Supplementary Slides





# 3Q 2009 Gross Revenue <sup>(1)</sup> – By Asset



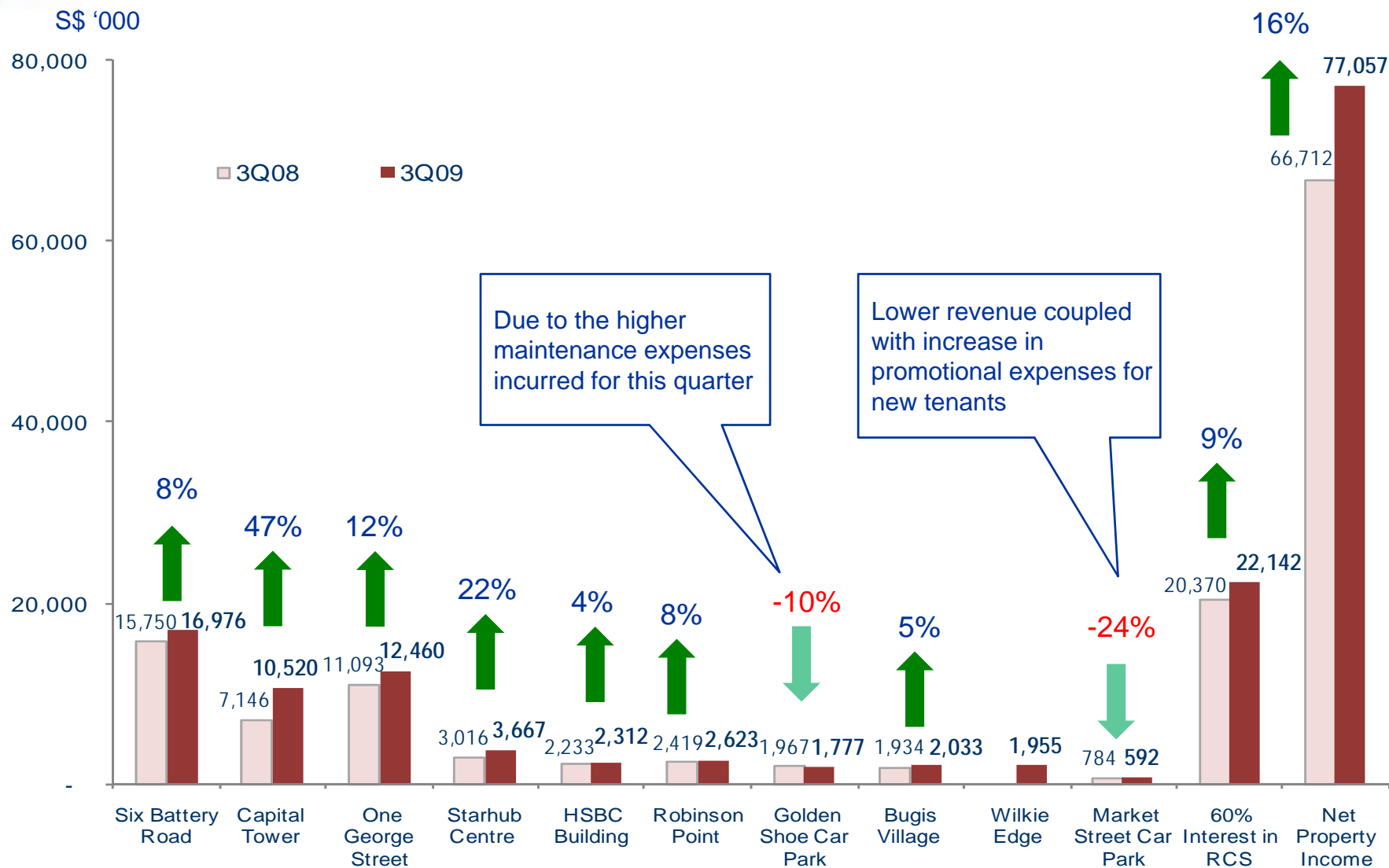
Note:

(1) Wilkie Edge was legally completed in December 2008. Hence, it did not contribute any revenue for 3Q 2008.





# 3Q 2009 Net Property Income <sup>(1)</sup> - By Asset







Note:

(1) Wilkie Edge was legally completed in December 2008. Hence, it did not contribute any revenue for 3Q 2008.



# Committed occupancy rates above market levels

| CCT 3Q 2009 Occupancy level   |           | 3Q Industry Statistics – Occupancy level   |           |
|---|-----------|--|-----------|
| Grade A office: 97.9%  | 2Q: 97.4% | Grade A offices: 95.8%  | 2Q: 96.4% |
| Portfolio: 94.0%       | 2Q: 96.2% | Core CBD: 91.2%         | 2Q: 91.5% |

|                            | 2004        | 2005               | 2006        | 2007        | 2008        | 1Q 2009     | 2Q 2009     | 3Q 2009     |
|----------------------------|-------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Capital Tower              | 94.5        | 100.0              | 100.0       | 100.0       | 99.9        | 99.9        | 99.7        | 99.9        |
| Six Battery Road           | 97.5        | 99.5               | 100.0       | 99.9        | 98.6        | 97.6        | 97.6        | 99.1        |
| Starhub Centre             | 98.1        | 100.0              | 100.0       | 99.0        | 93.1        | 93.1        | 93.1        | 66.4        |
| Robinson Point             | 85.2        | 99.1               | 100.0       | 100.0       | 90.9        | 95.9        | 100.0       | 94.1        |
| Bugis Village              | 92.9        | 92.1               | 95.3        | 99.1        | 96.6        | 96.6        | 93.7        | 93.7        |
| Golden Shoe Car Park       | 100.0       | 85.4               | 98.0        | 96.4        | 100.0       | 100.0       | 93.6        | 100.0       |
| Market Street Car Park     | 100.0       | 0.0 <sup>(1)</sup> | 95.6        | 95.4        | 82.8        | 69.9        | 99.1        | 100.0       |
| HSBC Building              |             | 100.0              | 100.0       | 100.0       | 100.0       | 100.0       | 100.0       | 100.0       |
| Raffles City               |             |                    | 99.5        | 99.3        | 99.9        | 98.9        | 99.1        | 99.1        |
| Wilkie Edge <sup>(2)</sup> |             |                    |             |             | 52.5        | 67.0        | 72.6        | 74.8        |
| One George Street          |             |                    |             |             | 100.0       | 100.0       | 93.4        | 93.2        |
| <b>Portfolio Occupancy</b> | <b>95.2</b> | <b>99.1</b>        | <b>99.6</b> | <b>99.6</b> | <b>96.2</b> | <b>96.7</b> | <b>96.2</b> | <b>94.0</b> |

Note:

(1) Market Street Car Park's retail space was closed in November 2005 for asset enhancement work

(2) Wilkie Edge is a new property legally completed in December 2008



## Details of Q4 2009 forecast office supply in Central Area

| Expected Completion | Development   | Location            | Net Floor Area (sf) | Total Net Floor Area (sf) |
|---------------------|---|---------------------|---------------------|---------------------------|
| Q4                  | 2 Havelock Road (Additions & alterations to Apollo Centre)  | Havelock Road       | 20,000              |                           |
| Q4                  | Straits Trading Building redevelopment – 85% pre-commitment | Battery Road        | 160,000             |                           |
| Q4                  | 71 Robinson Road – 8% pre-committed                         | Robinson Road       | 238,000             |                           |
| 2009                | LPA at Scotts/ (Owner/Tenant: UOB-Kay Hian Trading Pte Ltd) | Scotts / Anthony Rd | 119,162             | <b>537,162</b>            |

575,000 sq ft of supply has been added to existing stock in Q3 2009. Properties include:

- 78 Shenton Way South Tower (76,000 sq ft – of which about 79% leased)
- Mapletree Anson (320,000 sq ft – of which about 35% leased)
- Land Parcel B at Scotts Road

*Source: Supply forecast compiled from CBRE report (October 09); pre-commitment estimates obtained from published reports*



## Details of 2010 forecast office supply in Central Area

| Expected Completion | Development  | Location     | Net Floor Area (sf) | Total Net Floor Area (sf) |
|---------------------|--|--------------|---------------------|---------------------------|
| Q1                  | Tokio Marine Centre (formerly Asia Chambers redevelopment) | McCallum St  | 133,000             |                           |
| Q1                  | Twenty Anson   | Anson Road   | 209,000             |                           |
| Q2                  | Marina Bay Financial Centre (Phase 1) – 67% pre-committed  | Marina Bay   | 1,600,000           |                           |
| Q3                  | 50 Collyer Quay – some pre-commitment                      | Collyer Quay | 411,992             |                           |
| 2010                | North Bridge Road (Owner/Tenant: Kim Eng Holdings' HQ)     | City Fringe  | 50,000              | <b>2,403,992</b>          |

*Source: Supply forecast compiled from CBRE report (October 09); pre-commitment estimates obtained from published reports*



## Details of forecast office supply in Central Area for 2011 - 2012

| Expected Completion | Development  | Location      | Net Floor Area (sf) | Total Net Floor Area (sf) |
|---------------------|--|---------------|---------------------|---------------------------|
| Q1 2011             | Ocean Financial Centre – 2% pre-committed                    | Collyer Quay  | 850,000             |                           |
| 2011                | 1 Raffles Place (OUB Centre Tower 2)                         | Raffles Place | 350,000             |                           |
| 2011                | Hotel / Office at Upper Pickering Street (Hotel Plaza Group) | Chinatown     | 70,084              |                           |
| Q3 2011             | Asia Square (Marina View Tower 1 (only L6 - L43 office))     | Marina Bay    | 1,260,000           | 2,530,284                 |
| 2012                | Marina Bay Financial Centre (Phase 2) – 55% pre-committed    | Marina Bay    | 1,300,000           | 1,300,000                 |
|                     | <b>TOTAL FORECAST SUPPLY (2009 – 2012)</b>                   |               |                     | <b>6,771,438</b>          |

Source: Supply forecast compiled from CBRE report (October 09); pre-commitment estimates obtained from published reports



**CapitaCommercial Trust Management Limited**  
**39 Robinson Road**  
**#18-01 Robinson Point**  
**Singapore 068911**  
**Tel: (65) 6536 1188**  
**Fax: (65) 6533 6133**  
**<http://www.cct.com.sg>**

**For enquiries, please contact:**  
**Ms Ho Mei Peng**  
**Head, Investor Relations & Communications**  
**Direct: (65) 6826 5586**  
**Email: [ho.meipeng@capitaland.com](mailto:ho.meipeng@capitaland.com)**