

# CapitaCommercial Trust



## 1H 2008 Financial Results Briefing

23 July 2008



# Important Notice

**This presentation is focused on comparing actual results versus forecasts stated in the CapitaCommercial Trust (CCT)'s Circular dated 9 June 2008. This shall be read in conjunction with paragraph 9 of CCT's 2008 Second 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.

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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.



# Agenda

- ▣ Positive 1H 2008 Financial Results
- ▣ Proactive Capital Management
- ▣ Internal / Organic Growth
- ▣ Resilient Office Market
- ▣ Summary



# Positive Financial Results



# 1H 2008 DPU Up By 22.7%

	1H 2008	1H 2007	Change
	S\$'000	S\$'000	%
<b>Gross Revenue</b>	145,585	117,400	24.0
<b>Net Property Income</b>	101,150	86,388	17.1
<b>Distributable Income</b>	71,918	58,526	22.9
<b>Distribution Per Unit</b>	<b>5.19¢</b>	<b>4.23¢</b>	<b>22.7</b>
<b>Annualised DPU</b>	10.44¢	8.53¢	22.4
<b>Distribution Yield</b>	5.5% <sup>1</sup>	2.9% <sup>2</sup>	Nm

Notes:

1. Based on CCT unit closing price of S\$1.91 as at 30 June 2008
2. Based on CCT unit closing price of S\$2.93 as at 29 June 2007



# 1H 08 DPU Outperforms Forecast by 4.2%

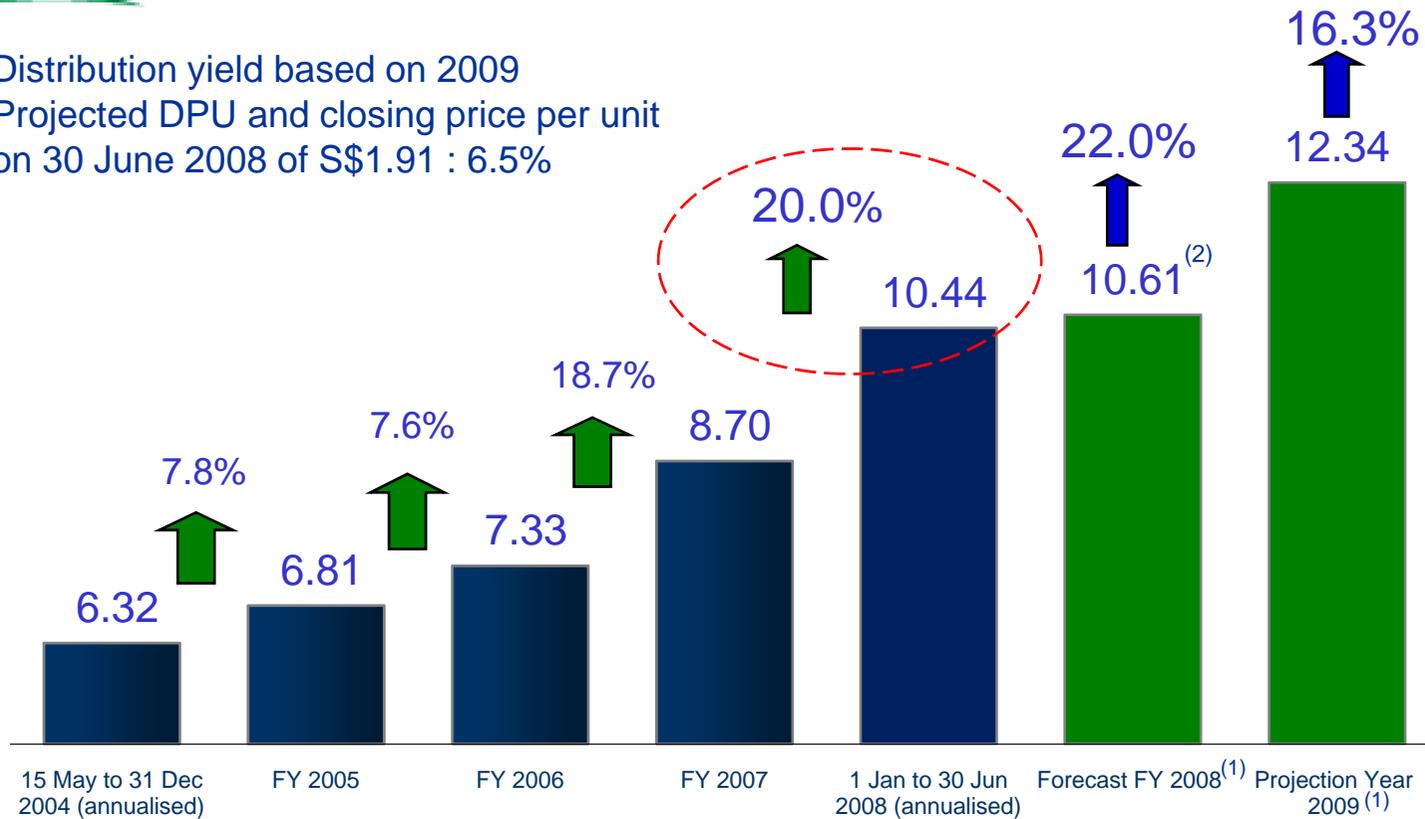
	1 Jan 2008 to 30 Jun 2008		
	Actual S\$'000	Forecast <sup>1</sup> S\$'000	Change
			%
<b>Gross Revenue</b>	145,585	144,122	1.0
<b>Net Property Income</b>	101,150	99,706	1.4
<b>Distributable Income</b>	71,918	68,969	4.3
<b>Distribution Per Unit</b>	<b>5.19¢</b>	<b>4.98¢</b>	<b>4.2</b>
<b>Annualised DPU</b>	10.44¢	10.01¢	4.3
<b>Distribution Yield<sup>2</sup></b>	5.5%	5.2%	Nm

Notes:

1. The forecast is based on management's forecast for the period 1 January 2008 to 30 June 2008. This, together with the forecast for the period 1 July 2008 to 31 December 2008, is the forecast shown in the CCT Circular to unitholders dated 9 June 2008 for the acquisition of 1 George Street
2. Based on CCT unit closing price of S\$1.91 as at 30 June 2008

# Delivering Higher DPU Year-on-Year

Distribution yield based on 2009  
 Projected DPU and closing price per unit  
 on 30 June 2008 of S\$1.91 : 6.5%



Notes:

- (1) The forecast and the accompanying assumptions for the Forecast FY 2008 and Projection Year FY 2009 are found in the Unitholder Circular 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.

# Portfolio Value Increases to S\$5.6 Bil

	As at 1 Dec 07		As at 1 Jun 08		Variance
	S\$ mil	S\$psf	S\$ mil	S\$psf	%
Capital Tower	1,224	1,652	1,283	1,734	4.8%
6 Battery Road	1,249	2,515	1,438	2,897	15.1%
HSBC Building	270	1,347	363	1,811	34.4%
Starhub Centre	350	1,247	362	1,288	3.4%
Robinson Point	218	1,637	234	1,755	7.3%
Bugis Village	72	603	73	609	0.8%
Golden Shoe Car Park	114	Nm <sup>1</sup>	116	Nm	1.8%
Market Street Car Park	61	Nm	64	Nm	4.9%
<b>Existing Properties</b>	<b>3,558</b>		<b>3,933</b>		<b>10.5%</b>
Raffles City Singapore					
100%	2,586	Nm	2,732	Nm	5.6%
60%	1,552		1,639		
<b>Portfolio<sup>2</sup></b>	<b>5,110</b>		<b>5,572</b>		<b>9.0%</b>

**Portfolio value increases by 9.1% (S\$462.6 mil) to S\$5,572.4 mil**

Increase is credited to "Statement of Total Return", but has NO IMPACT on distributable income

Notes :

1. Nm represents "Not meaningful"
2. Portfolio comprises Existing Properties and 60% of Raffles City

# Total Assets at S\$6.3B, Adj. NAV at S\$3.12

	30 Jun 08 S\$'000	31 Dec 07 S\$'000
Non-current assets <sup>1</sup>	5,719,939	5,238,359
Current assets <sup>2</sup>	589,765	40,374
<b>Total assets</b>	<b>6,309,704</b>	<b>5,278,733</b>
Current liabilities <sup>3</sup>	770,151	220,725
Non-current liabilities	1,135,949	1,120,386
<b>Net assets</b>	<b>4,403,604</b>	<b>3,937,622</b>
<b>Unitholders' funds</b>	<b>4,403,604</b>	<b>3,937,622</b>
<b>NAV</b>	<b>3.18</b>	<b>2.84</b>
<b>Adjusted NAV<sup>4</sup></b>	<b>3.12</b>	<b>2.80</b>

## On a fully diluted basis<sup>5</sup>

<b>NAV</b>	<b>3.13</b>	<b>2.84</b>
<b>Adjusted NAV<sup>4</sup></b>	<b>3.07</b>	<b>2.80</b>

### Notes:

1. The increase is mainly due to increase in valuation of investment properties.
2. The increase is mainly due to cash proceeds from the issuance of S\$150 mil 2-year MTN in Mar 08 and S\$370 mil Convertible Bonds in May 08 .
3. The increase is mainly due to the reclassification of the S\$580 mil CMBS due in Mar 09 from non-current liabilities to current liabilities.
4. Assuming the distribution income has been paid out to the unitholders
5. Assuming full conversion of Convertible Bonds to units at the end of the period.



# Distribution Details

<b>Distribution Period</b>	From 1 Jan 2008 to 30 Jun 2008
<b>Distribution Per Unit</b>	5.19 cents Taxable - 5.16 cents Tax-exempt - 0.03 cents

## Distribution Timetable

Trading on "Ex" Basis	30 July 2008
Books Closure Date	1 August 2008
Distribution Payment Date	28 August 2008



# Proactive Capital Management



# S\$1.2 bn of Debt raised for Acquisition of 1 George Street

<b>Convertible Bonds</b>	Issued S\$370 million 2% coupon Convertible Bonds Yield To Maturity of 3.95%
<b>MTN Programme</b>	Raised S\$150 million under MTN Programme
<b>2-year Committed Secured Term Loan</b>	S\$650 million – assumed rate: 4.8%; All-in interest rate for 11 Jul 08 to 12 Jan 09: 2.86%
<b>Cash Surplus</b>	Balance of the total acquisition cost

Assumed an average interest rate of approximately **3.7% per annum** (including margins and excluding the amortisation of the premiums and discounts relating to the issue of the Convertible Bonds and debt issuance expenses) for the Forecast Period 2008 and the Projection Year 2009.



# Strong Balance Sheet with Prudent Gearing

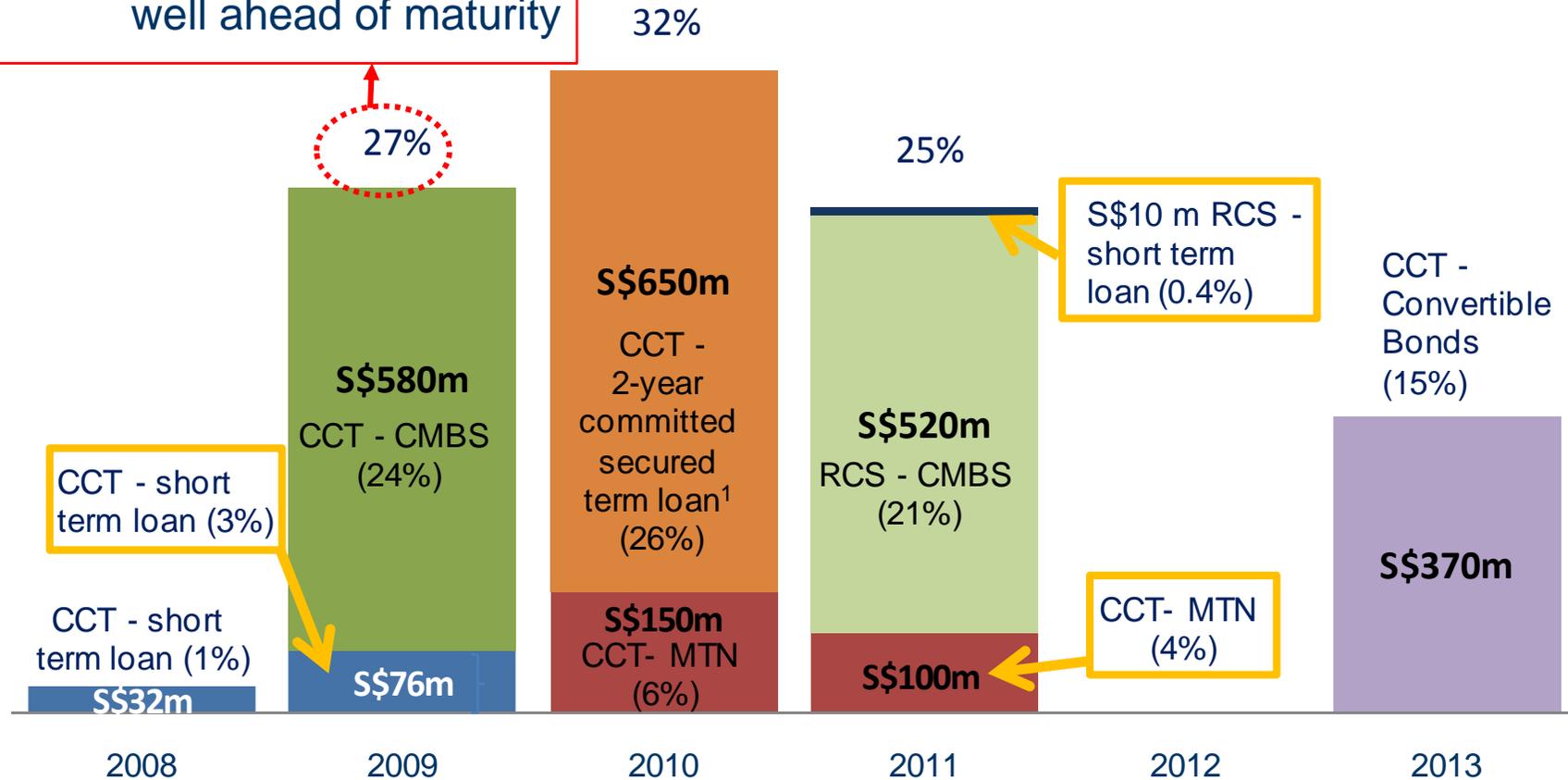
	As at 11 Jul 08 <sup>1</sup>	As at 30 Jun 08	As at 31 Dec 07
<b>Total debt (S\$'mil)</b>	<b>2,487.2</b>	<b>1,837.2</b>	<b>1,261.7</b>
<b>Gearing ratio<sup>2</sup></b>	<b>35.7%</b>	<b>29.1%</b>	<b>23.9%</b>
<b>Interest service coverage ratio<sup>3</sup></b>	<b>3.5 times</b>	<b>3.5 times</b>	<b>3.3 times</b>
<b>Average cost of debt</b>	<b>3.5%</b>	<b>3.7%</b>	<b>3.9%</b>
<b>Average fixed rate term to expiry<sup>4</sup></b>	<b>2.9 years</b>	<b>3.3 years</b>	<b>3.3 years</b>

Notes:

1. Date of completion of the acquisition of 1 George Street and drawdown of the S\$650 mil 2-year secured term loan.
2. Ratio of borrowings of CCT Trust and RCS Trust (60%) over total deposited properties of CCT Trust and RCS Trust (60%)
3. 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%)
4. Average fixed rate term to expiry of CCT Trust and RCS Trust, where applicable

# Debt Maturity Profile

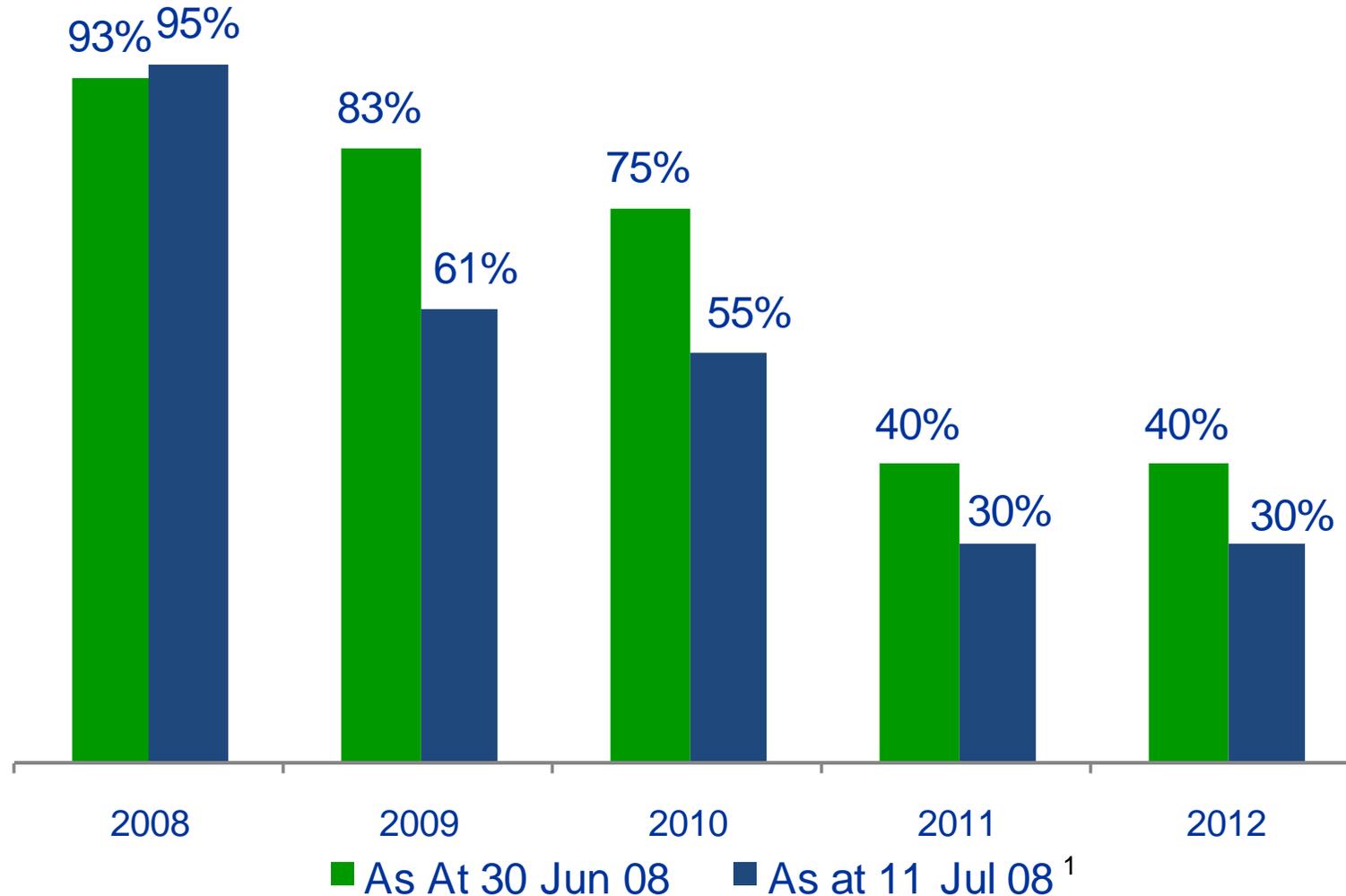
Several refinancing options available, focus on finalising well ahead of maturity



Note:

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

# 95% of 2008 Interest Rate Is Fixed



Note:

1. Date of completion of the acquisition of 1 George Street and drawdown of the S\$650 mil 2-year secured term loan.



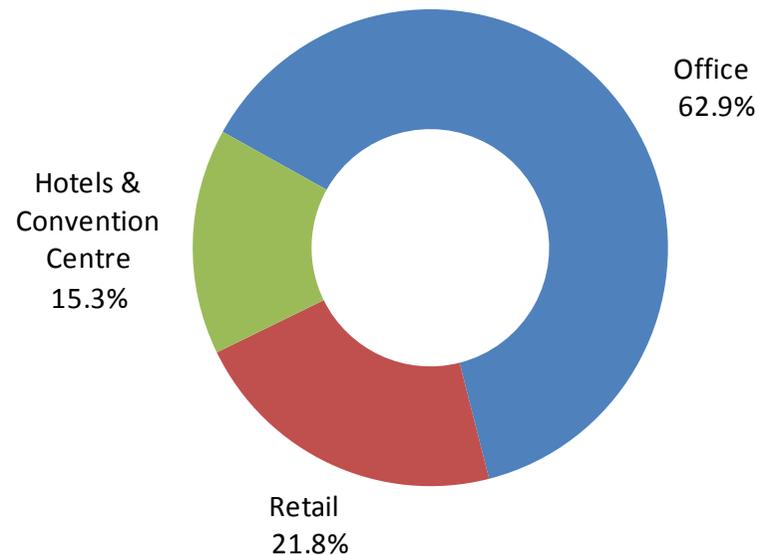
# Internal / Organic Growth

(Portfolio before addition of  
1 George Street)

# 63% of Income Contributed by Office

**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 June 2008)**

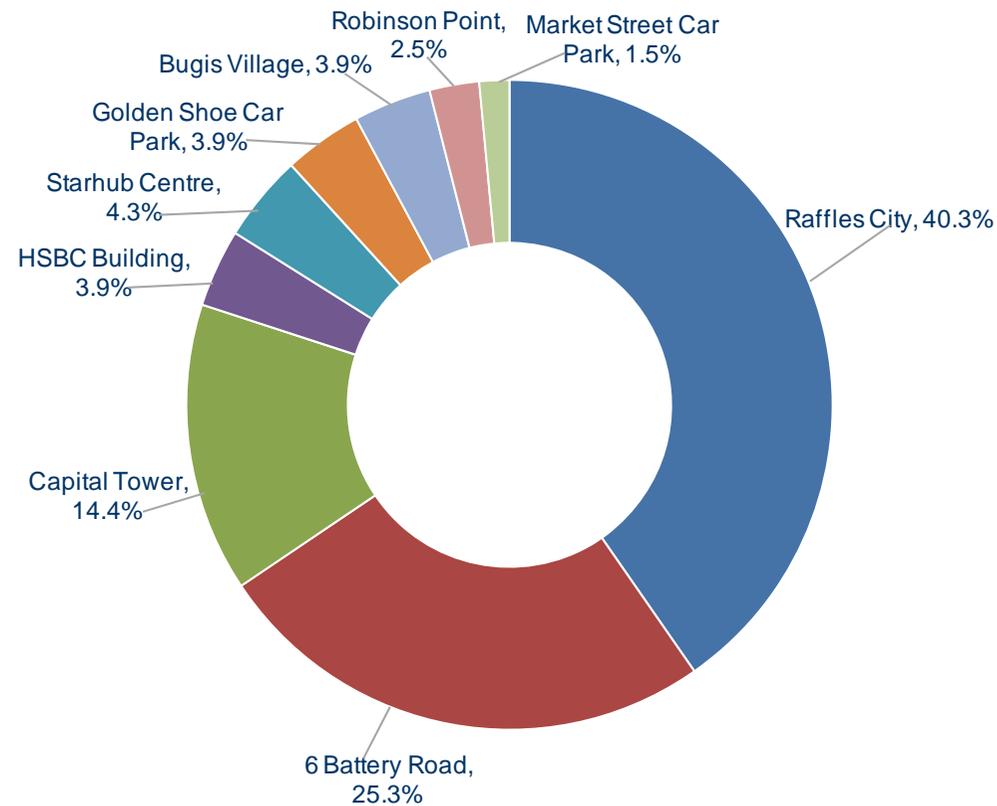


Note:

1. Excludes 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<sup>2</sup>

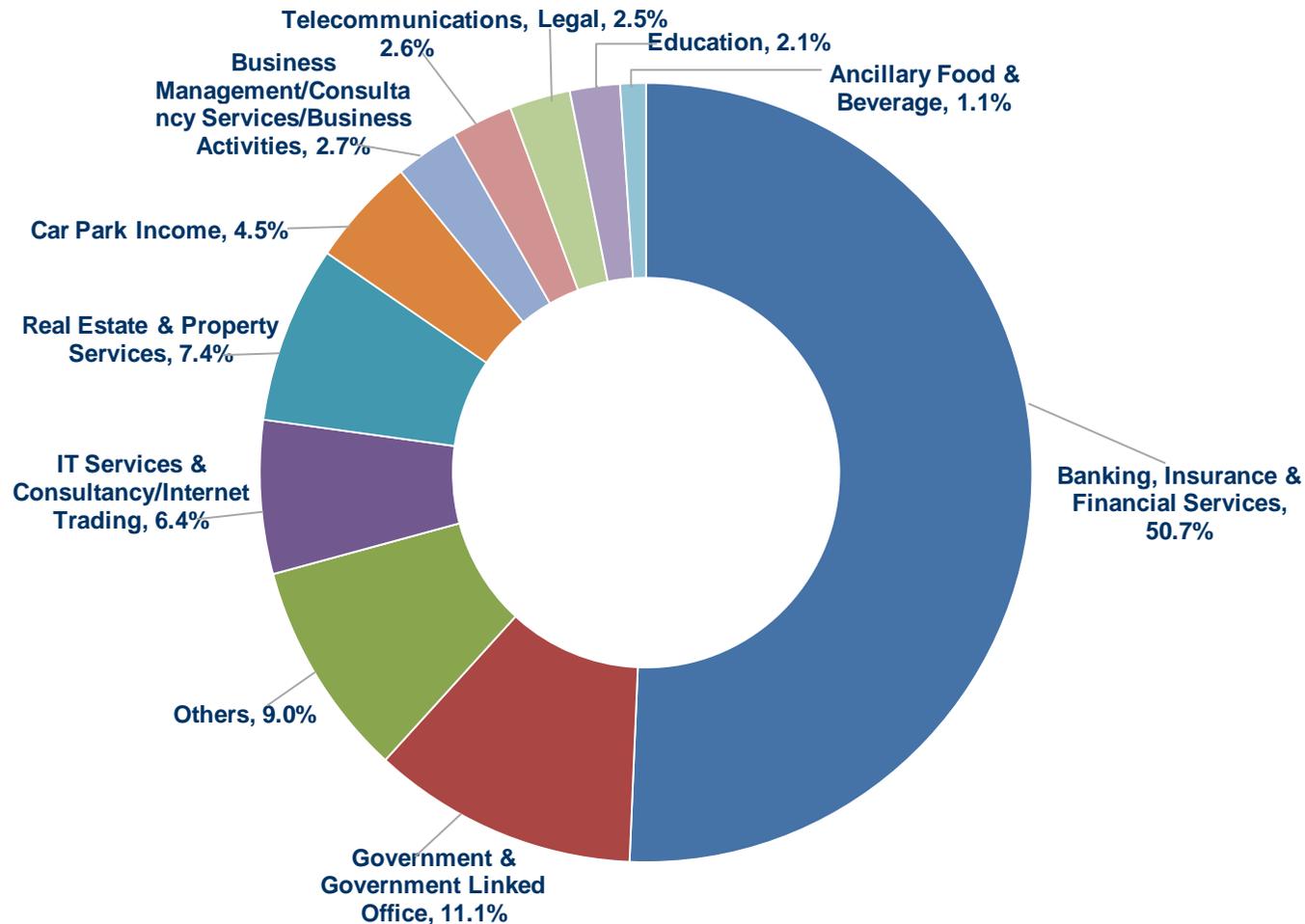


Notes:

1. Based on income for the period of 1 Jan to 30 Jun 2008
2. Represents CCT's interest of 60.0% in Raffles City



# Diverse Office Trade Mix<sup>1</sup>

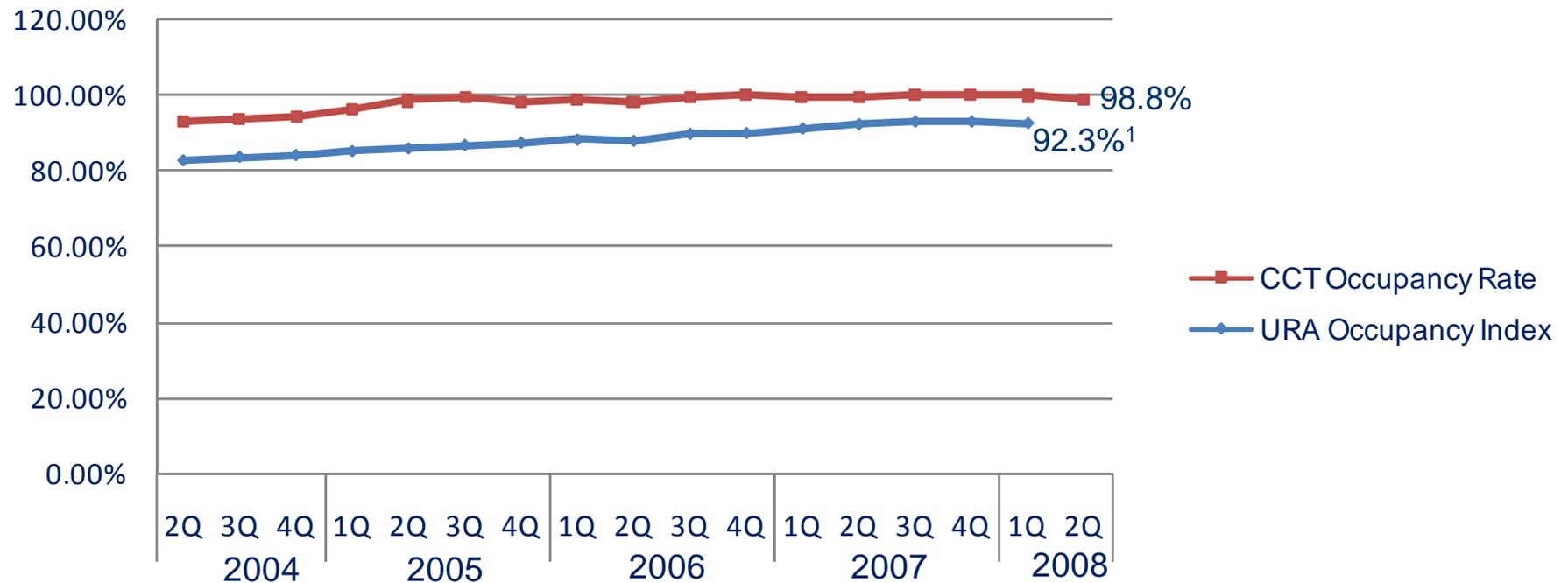


Note:

1. Based on monthly gross rental income as at 30 Jun 2008 for the office component including car park income from Golden Shoe Car Park and Market Street Car Park for the month ended 30 Jun 2008

# Committed Occupancy Consistently Above Market

## CCT's Committed Occupancy Since Inception



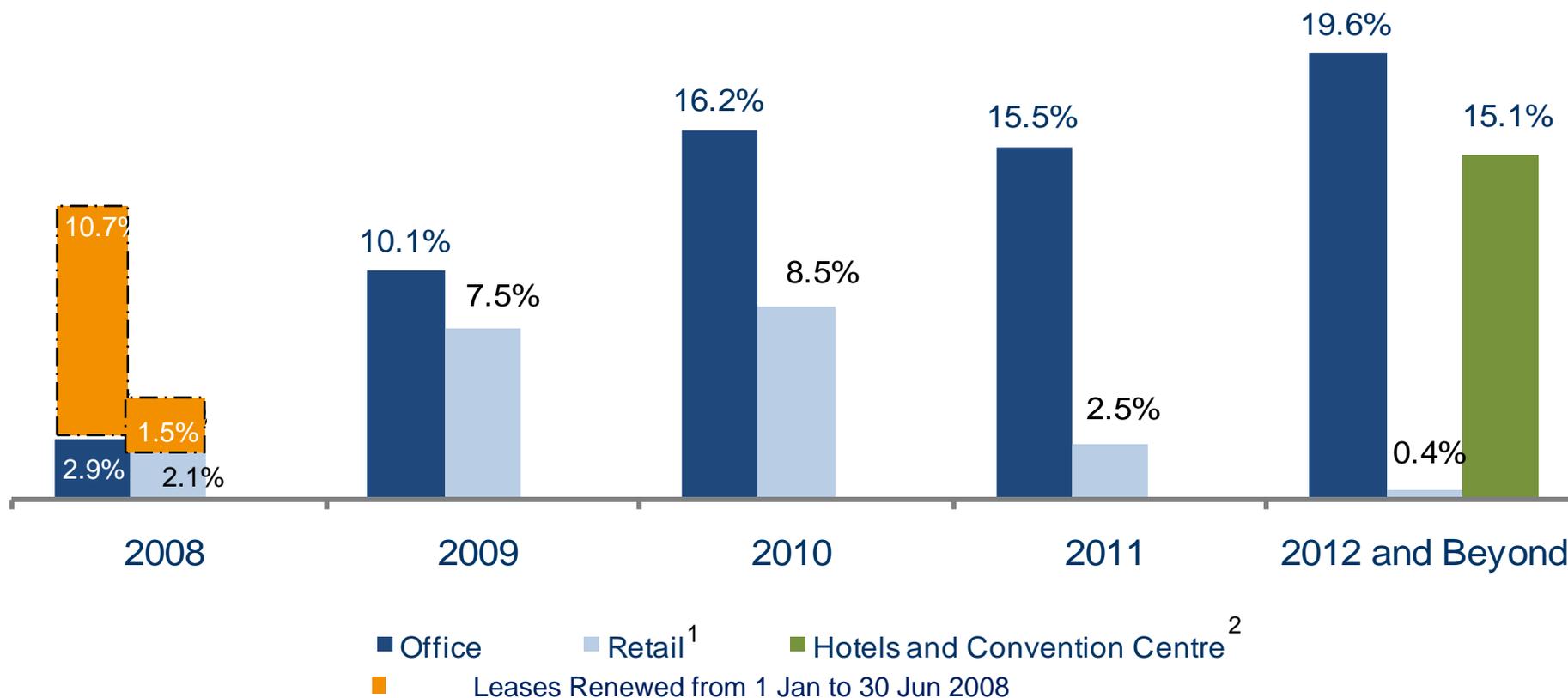
Note:

1. Figure as at 1Q 2008. URA has not released Occupancy Index figure for 2Q 2008



# Balanced Portfolio Lease Expiries

## Most of 2008's Expiries Have Been Renewed



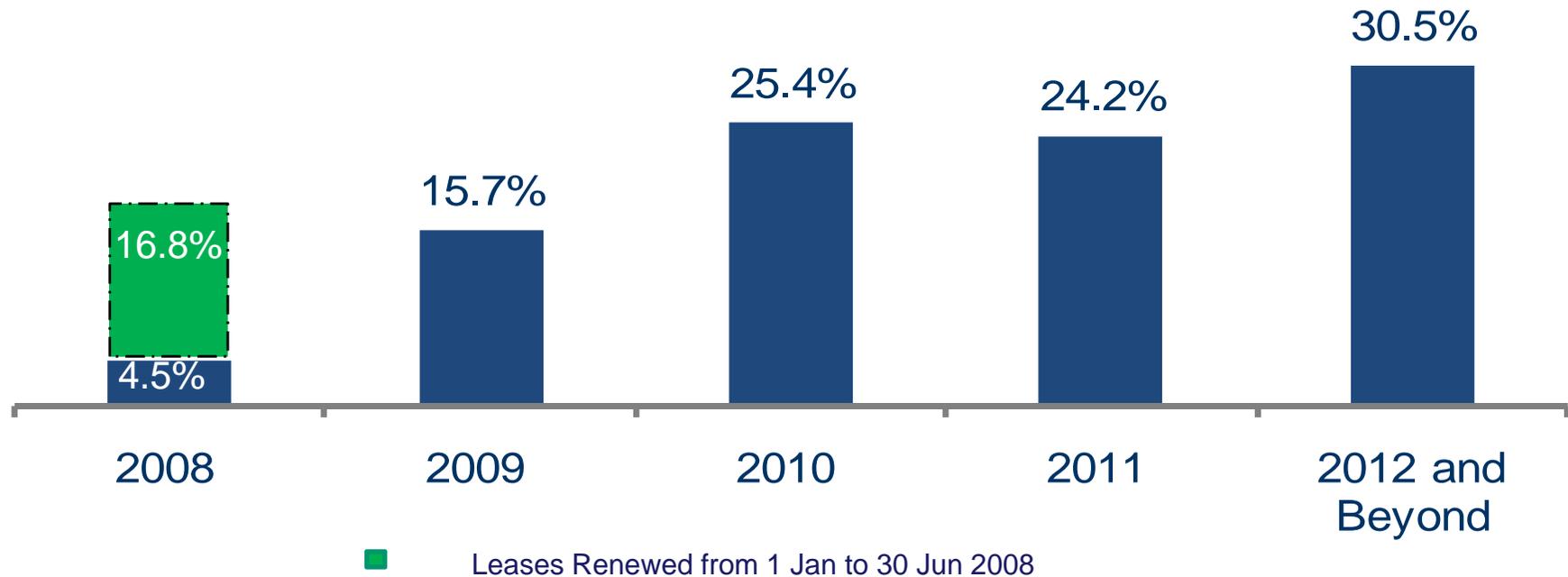
Notes:

1. Excludes turnover rent

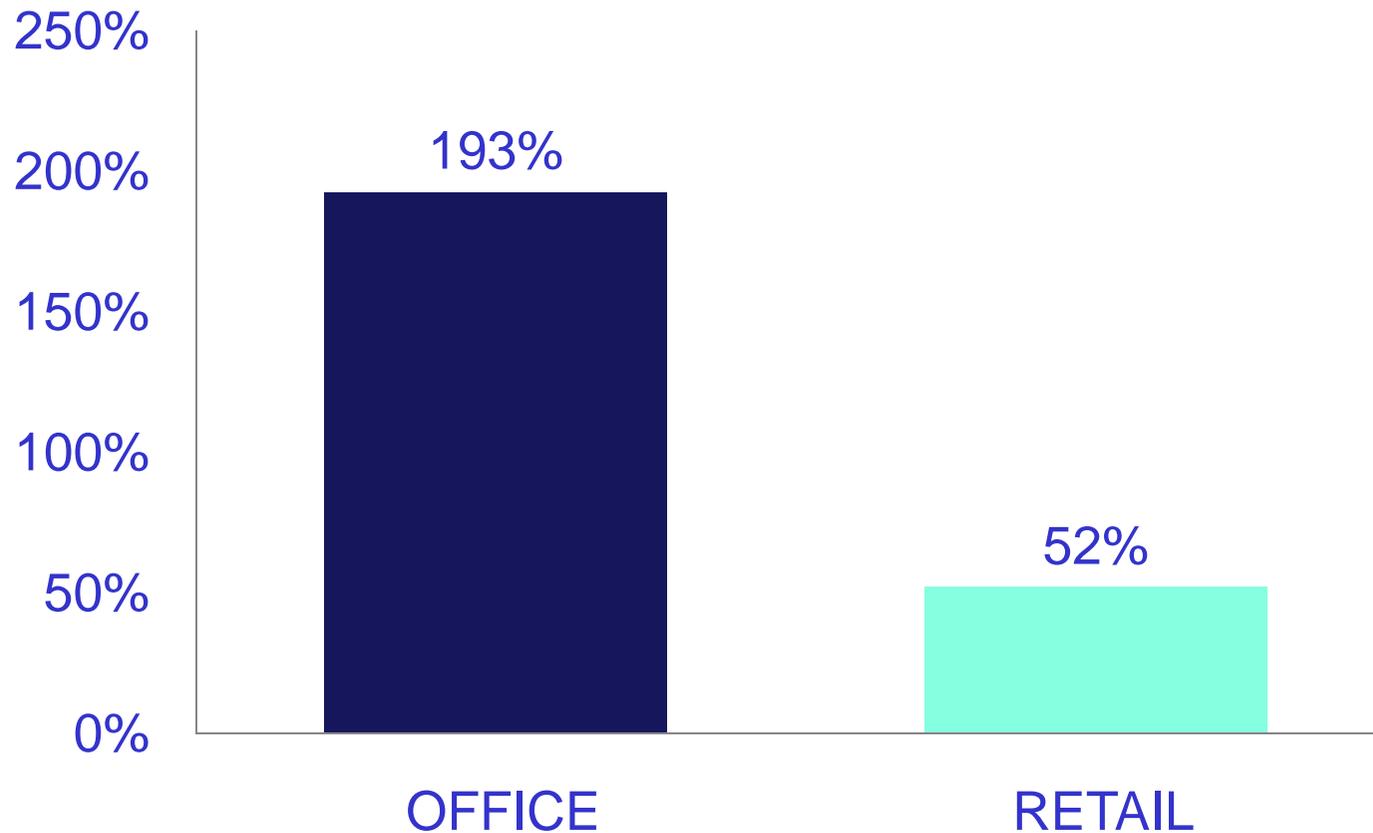
2. The hotels and convention centre master lease of Raffles City is on a 20 year lease commencing from 7 Nov 1996

# Well-Dispersed Office Lease Expiries Mitigate Concentration Risk

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



# Significantly Higher Rent Reversions<sup>1</sup> Achieved Above Last Contracted Rent



Note:

1. For leases signed during the period 1 Jan to 30 June 2008 (Both dates inclusive). Based on weighted average basis.



# CCT Buildings' Rental Rates<sup>1</sup>

## Consistently Outperform Market

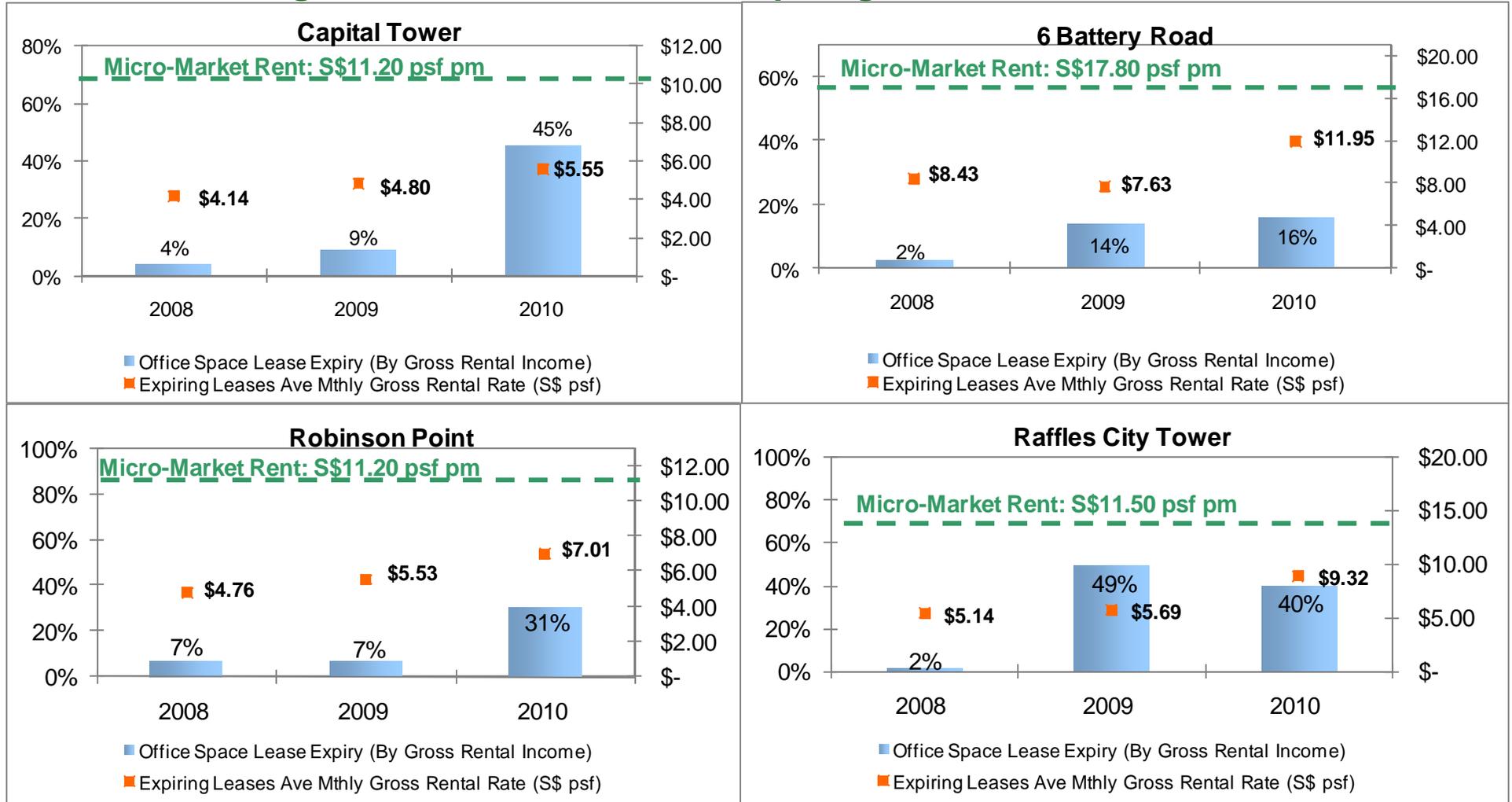
(S\$ psf pm)	Highest Rental Rates Committed		Est. Average Micro-Market Rent <sup>2</sup>	
	1Q 2008	2Q 2008	1Q 2008	2Q 2008
Capital Tower <sup>3</sup>	-	-	10.90	11.20
6 Battery Road	20.50	21.60	17.20	17.80
Raffles City Tower	16.50	16.70	10.90	11.50
Robinson Point	11.60	12.00	10.90	11.20

Notes:

1. Includes forward renewals and applicable to regular office units.
2. Estimated average micro-market rent for 1Q 2008 and 2Q 2008 is as at 29 Feb 2008 and 31 May 2008 respectively. 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)
3. No units available for lease for the period 1 Jan to 30 Jun 2008

# Upside Potential from Contracted Rental Rate

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

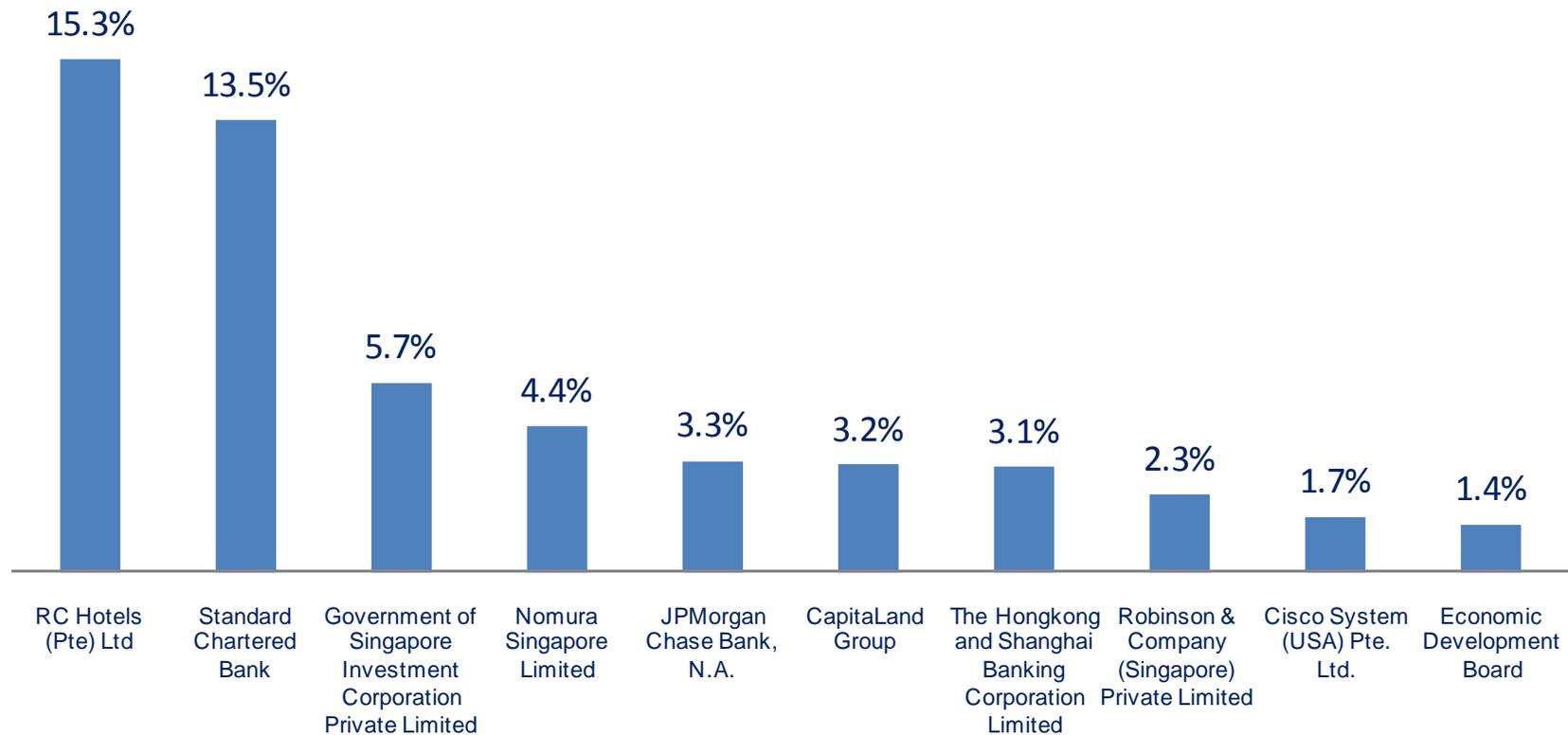


**Notes:**

1. Lease expiry by gross rental income as at 30 Jun 2008
2. Estimated average micro-market rent as at 31 May 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)

# Top 10 Tenants<sup>1</sup> – Portfolio

## 53% of Gross Rental Income Contributed by Top Ten Blue-Chip Tenants



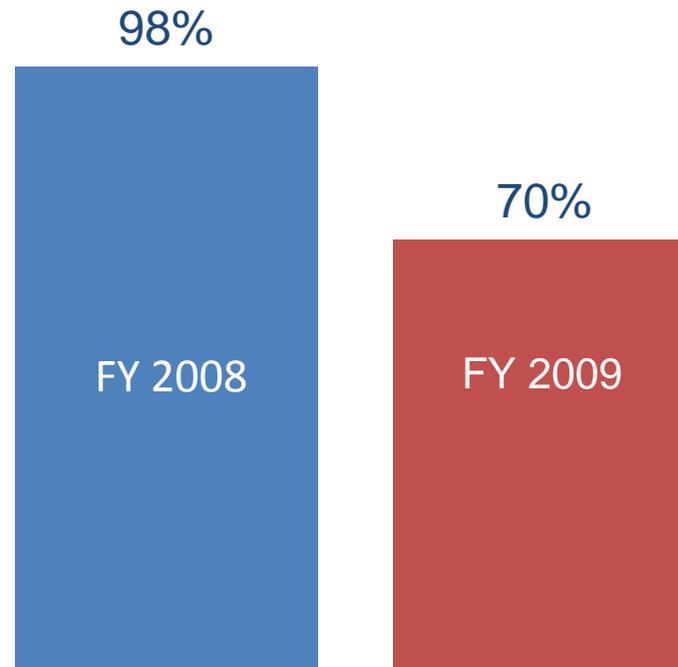
Note:

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



# Locked-in Gross Rental Income Provides Stability

% of Forecast Gross Rental Income Committed<sup>1</sup>



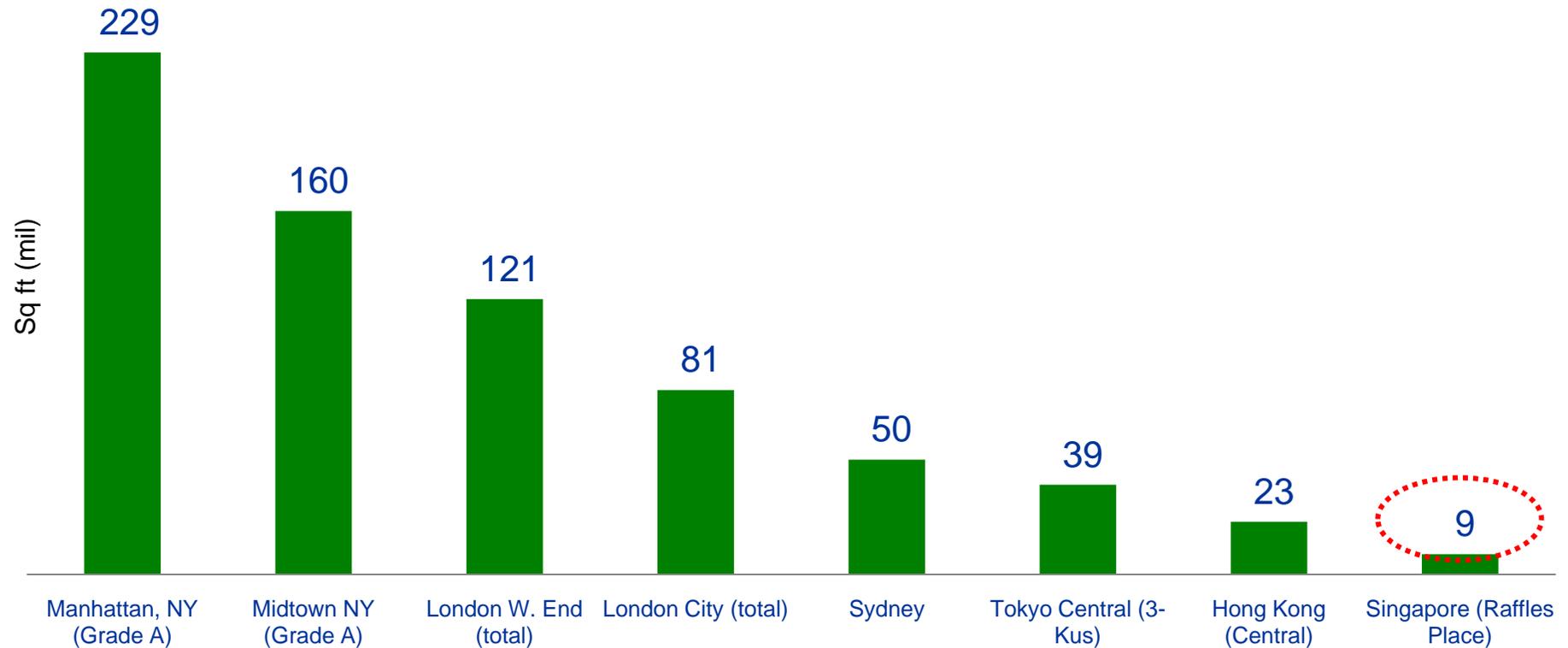
Note:

1. The forecast and projected gross rental excludes gross rental income from Raffles City Singapore. The forecasts and their accompanying assumptions are stated in CCT's circular to unitholders dated 9 June 2008. The calculation of the percentage of gross rental income committed excludes any renewals or new leases committed after 30 June 2008.



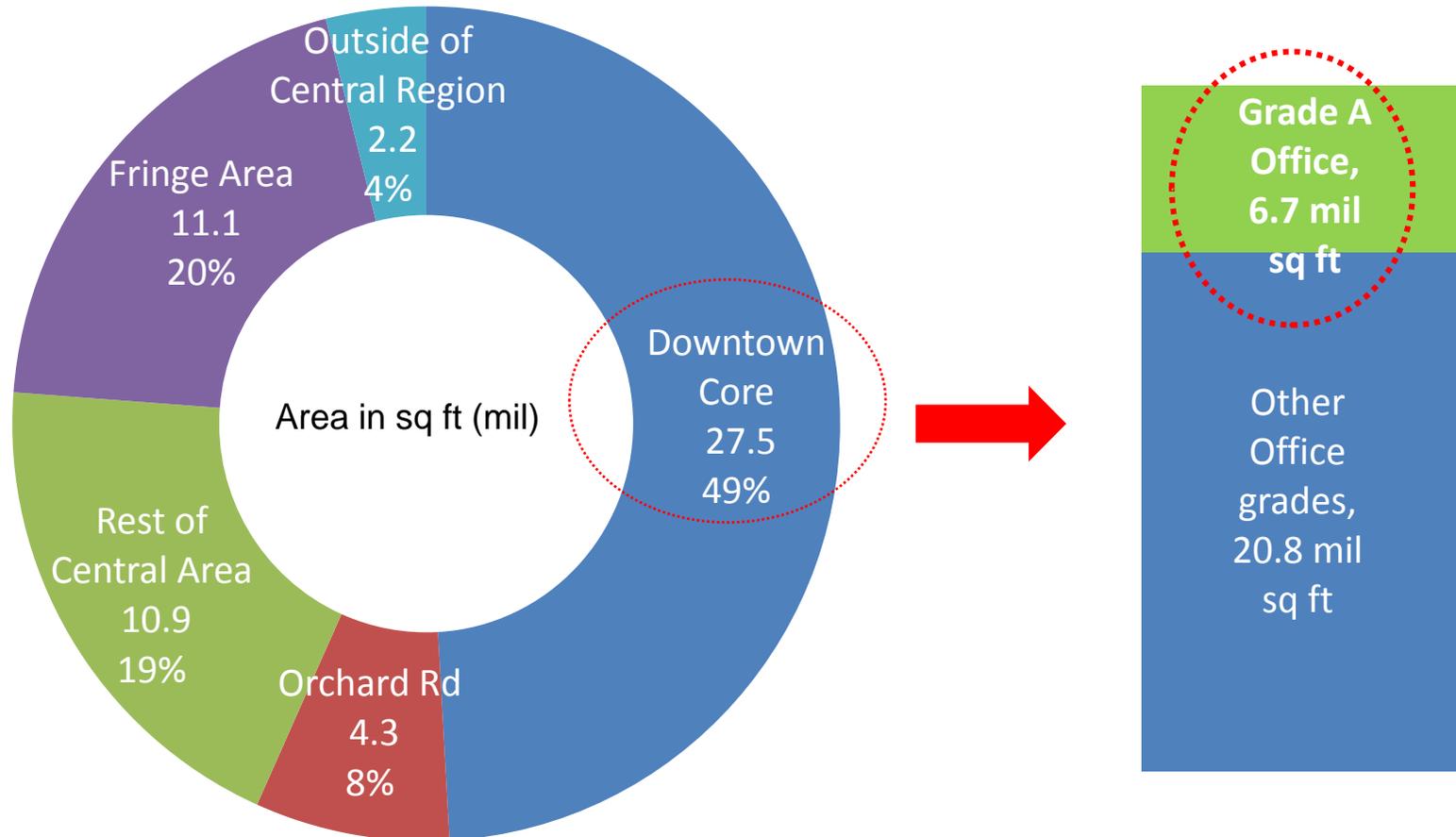
# Resilient Office Market

# Singapore's Core Office is Under-Supplied compared with the World's Major Financial Centres



Source: UBS Global Real Estate Report dated 20 May 2008

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



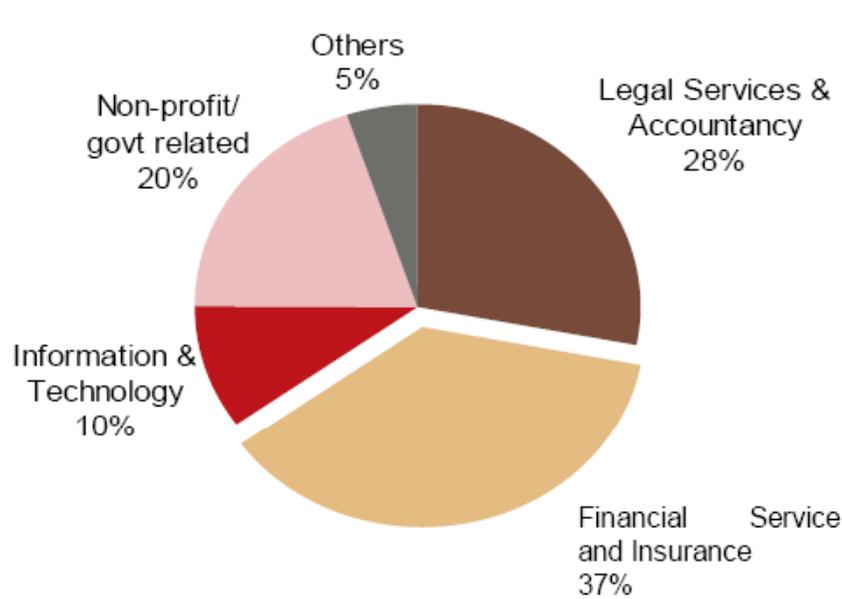
- **Singapore's Total Office Stock: 71 mil sq ft**
- **Total Private Office Stock: 56 mil sq ft (79%)**

Source: CBRE, May 2008.

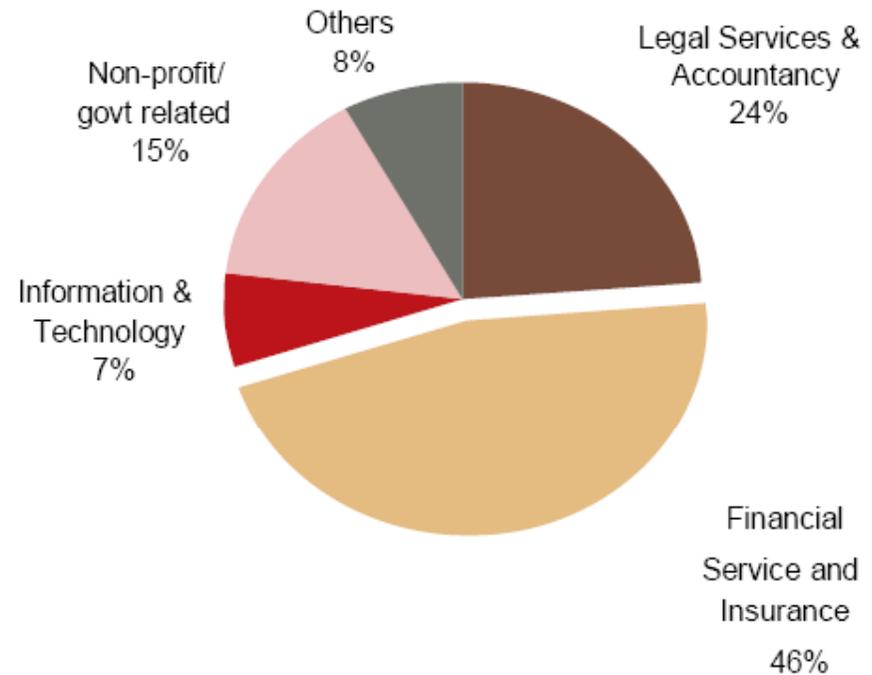
Note: Downtown Core covers Raffles Place, Marina Centre, Shenton Way and Marina Bay

# Growth in Financial Services & Insurance Occupiers Creates Demand for Grade A Office

## Typical Occupiers' Profile of Grade A Office Buildings in CBD



Profile in 2004

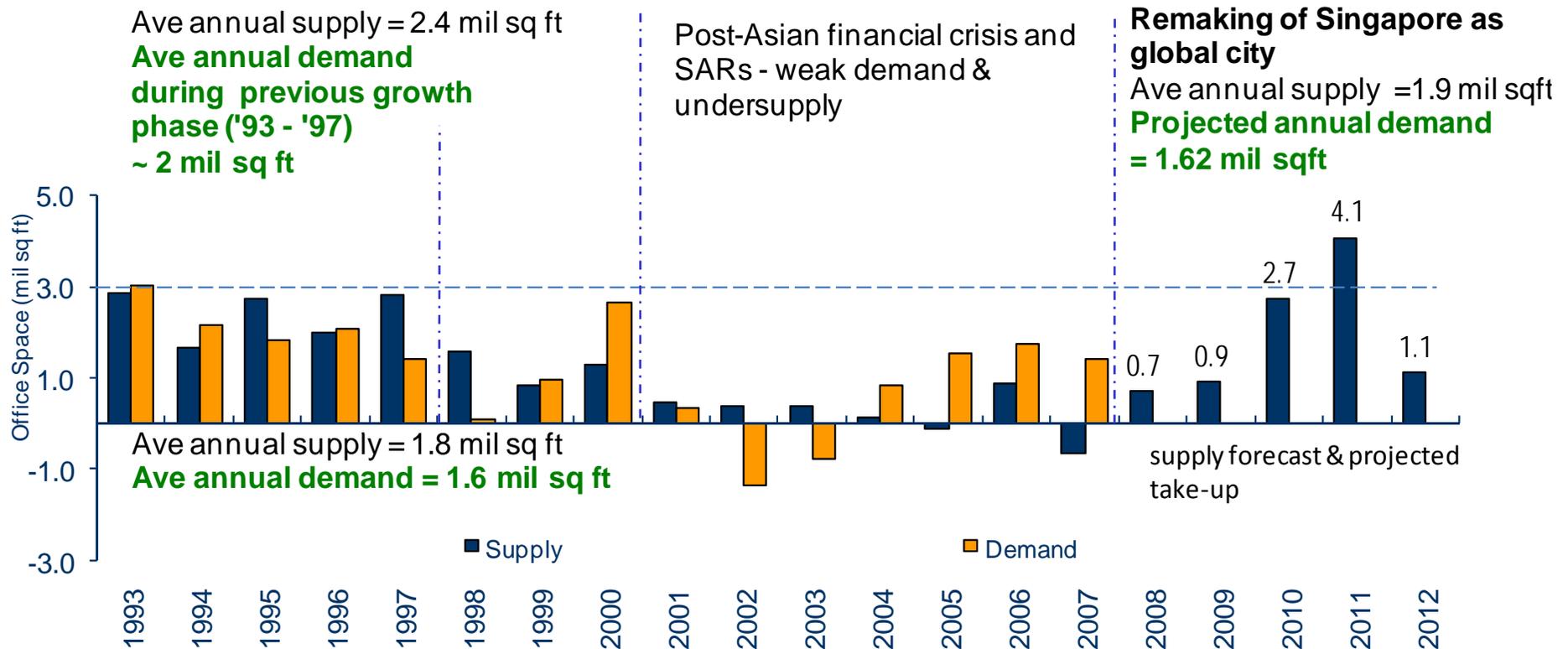


Profile in 2008

Source: Jones Lang LaSalle Research, July 2008

# Average Annual Supply of 1.9 mil sq ft (2008 – 2012) is Lower Than Historical Average

## Singapore private office space (Central Area) – demand and supply



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

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



# Firm Lease Commitments for MBFC

## 3 years ahead of buildings' completion

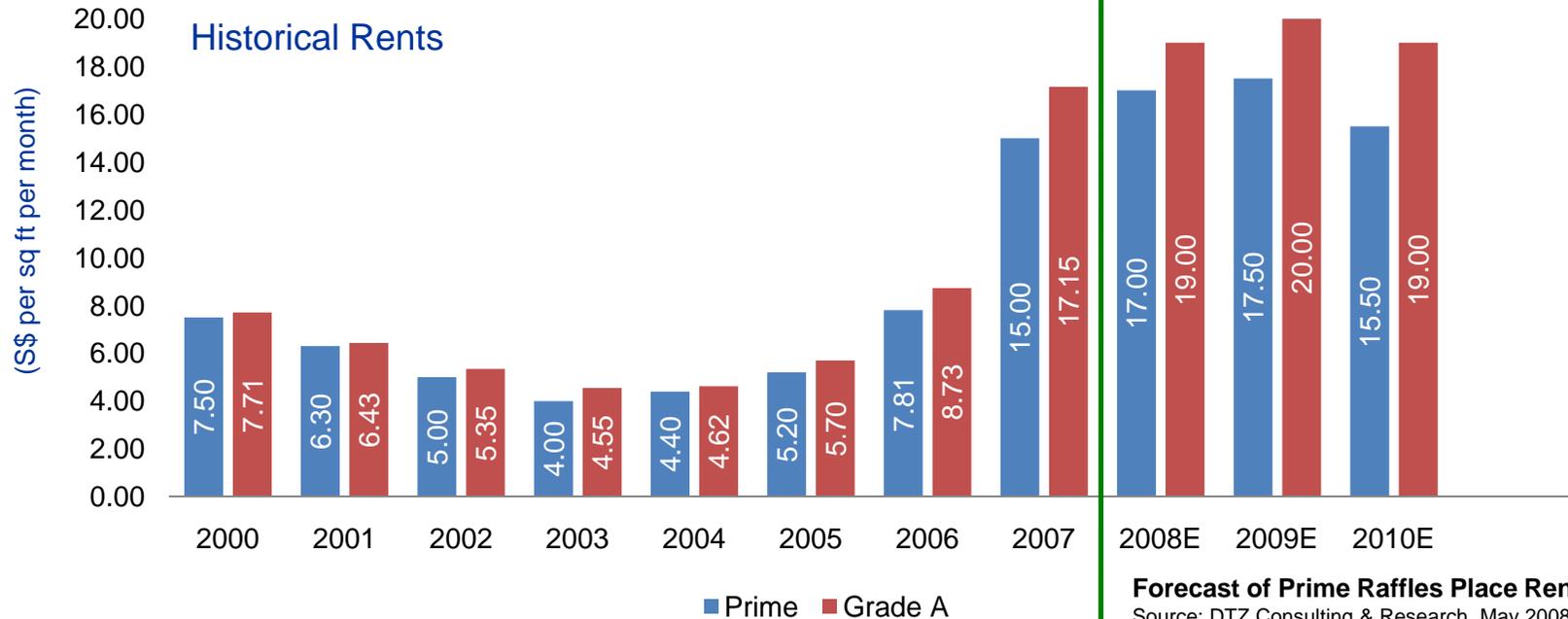
### Key Financial Institutions in Marina Bay Financial Centre

Company	Net Lettable Area (sqft)	Phase	Comments
Standard Chartered	508,298	1	85% or 24 floors in Tower 1
Natixis	65,000	1	3 floors in Tower 1
Wellington Inv Mgt	21,000	1	1 floor in Tower 1
Amex	50,000	1	2 floors in Tower 2
Barclays	100,000	1	4 floors in Tower 2
Pictet	25,000	1	Occupy Tower 2
Icap	35,000	1	Occupy Tower 2
Others	142,498	1	-
<b>Phase 1</b>	<b>946,796 (57% of MBFC Phase 1 NLA committed)</b>		
DBS	700,000	2	22 floors in Tower 3
<b>Phase 2</b>	<b>700,000 (56% of MBFC Phase 2 NLA committed)</b>		
<b>TOTAL</b>	<b>1,646,796</b>		

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

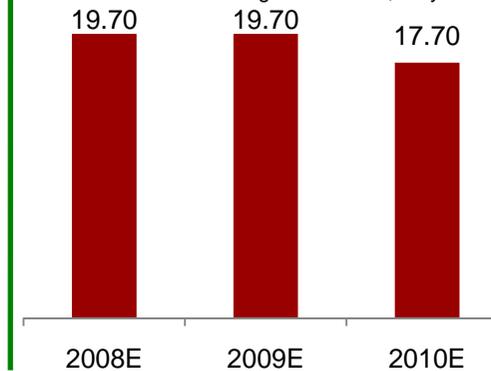
# Office Rents Expected to Remain Stable Through 2010

CBRE Research, May 2008



## Forecast of Prime Raffles Place Rents

Source: DTZ Consulting & Research, May 2008



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



# Summary



# Summary

- ▣ Delivered higher 1H 2008 DPU of 5.19 cents
- ▣ Significant upside potential from strong rent reversions due to portfolio's below market rentals
- ▣ Already locked in about 98% and 70% of forecast gross rental income for 2008 and 2009 respectively (excluding Raffles City Singapore)
- ▣ Already working on several refinancing options for debt maturing next year and will finalise well ahead of debt maturity
- ▣ Income contribution from 1 George Street with effect from 11 July 2008



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# Supplementary Slides



# Gross Revenue - By Asset

## Actual vs Forecast

	1 Jan 08 to 30 Jun 08			2Q 2008
	Actual S\$'000	Forecast <sup>1</sup> S\$'000	Change %	Actual S\$'000
Capital Tower	24,561	24,396	0.7	12,382
6 Battery Road	34,812	34,751	0.2	18,353
HSBC Building	4,416	4,415	0.0	2,232
Starhub Centre	7,124	7,027	1.4	3,777
Robinson Point	4,355	4,254	2.4	2,343
Bugis Village	4,953	4,859	1.9	2,491
Golden Shoe Car Park	5,466	5,473	(0.1)	2,738
Market Street Car Park	2,475	2,287	8.2	1,135
<b>Sub-Total</b>	<b>88,162</b>	<b>87,462</b>	<b>0.8</b>	<b>45,451</b>
<b>60% Interest in RCS</b>	<b>57,423</b>	<b>56,660</b>	<b>1.3</b>	<b>28,938</b>
<b>Gross Revenue</b>	<b>145,585</b>	<b>144,122</b>	<b>1.0</b>	<b>74,389</b>

Note:

1. The forecast is based on management's forecast for the period 1 January 2008 to 30 June 2008. This, together with the forecast for the period 1 July 2008 to 31 December 2008, is the forecast shown in the CCT Circular to Unitholders dated 9 June 2008 for the acquisition of 1 George Street.



# Net Property Income - By Asset

## Actual vs Forecast

	1 Jan 08 to 30 Jun 08			2Q 2008
	Actual S\$'000	Forecast <sup>1</sup> S\$'000	Change %	Actual S\$'000
Capital Tower	14,526	14,346	1.3	7,389
6 Battery Road	25,631	25,218	1.6	13,805
HSBC Building	3,917	3,906	0.3	1,771
Starhub Centre	4,381	4,253	3.0	2,327
Robinson Point	2,520	2,403	4.9	1,281
Bugis Village	3,930	3,821	2.9	1,984
Golden Shoe Car Park	3,987	3,923	1.6	2,001
Market Street Car Park	1,519	1,295	17.3	735
<b>Sub-Total</b>	<b>60,411</b>	<b>59,165</b>	<b>2.1</b>	<b>31,293</b>
<b>60% Interest in RCS</b>	<b>40,739</b>	<b>40,541</b>	<b>0.5</b>	<b>20,231</b>
<b>Net Property Income</b>	<b>101,150</b>	<b>99,706</b>	<b>1.4</b>	<b>51,524</b>

Note:

1. The forecast is based on management's forecast for the period 1 January 2008 to 30 June 2008. This, together with the forecast for the period 1 July 2008 to 31 December 2008, is the forecast shown in the CCT Circular to Unitholders dated 9 June 2008 for the acquisition of 1 George Street.