



# CAPITALAND COMMERCIAL TRUST

For Annual General Meeting to be held on 26 June 2020

4 June 2020



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CEO presentation

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# MAKING AN IMPACT

In the way we...

Grow our portfolio

Protect and curate our environment

Build communities

Nurture our people

Shape our future

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## MAKING AN IMPACT

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\*Any discrepancies in the tables and charts between the listed figures and totals thereof are due to rounding.

# 1. Steering through COVID-19

# Steering through COVID-19

Committed to the long term sustainability of CCT; and the health, safety and well-being of our stakeholders

## Immediate Response

- 1 Focus on cost management and cash conservation
- 2 Ensure health & safety of premises through best practices and complying with applicable policies and regulations

- 3 Monitor, engage and support tenants in more vulnerable industry groups – approx. S\$25.8 million<sup>(1)</sup> committed to support affected tenants

### Office tenants

- Passing on 30% property tax rebate
- Targeted assistance provided to affected tenants

### Retail tenants

- Including RCS and office buildings
- Rent rebates for April and May

### Hospitality tenants

- Passing on 100% property tax rebate
- Waiver of turnover rent for April

**Note:**

(1) Includes proportionate interest in joint ventures and applicable property tax rebate from the government

# Steering through COVID-19

Committed to the long term sustainability of CCT; and the health, safety and well-being of our stakeholders

## Ongoing Developments

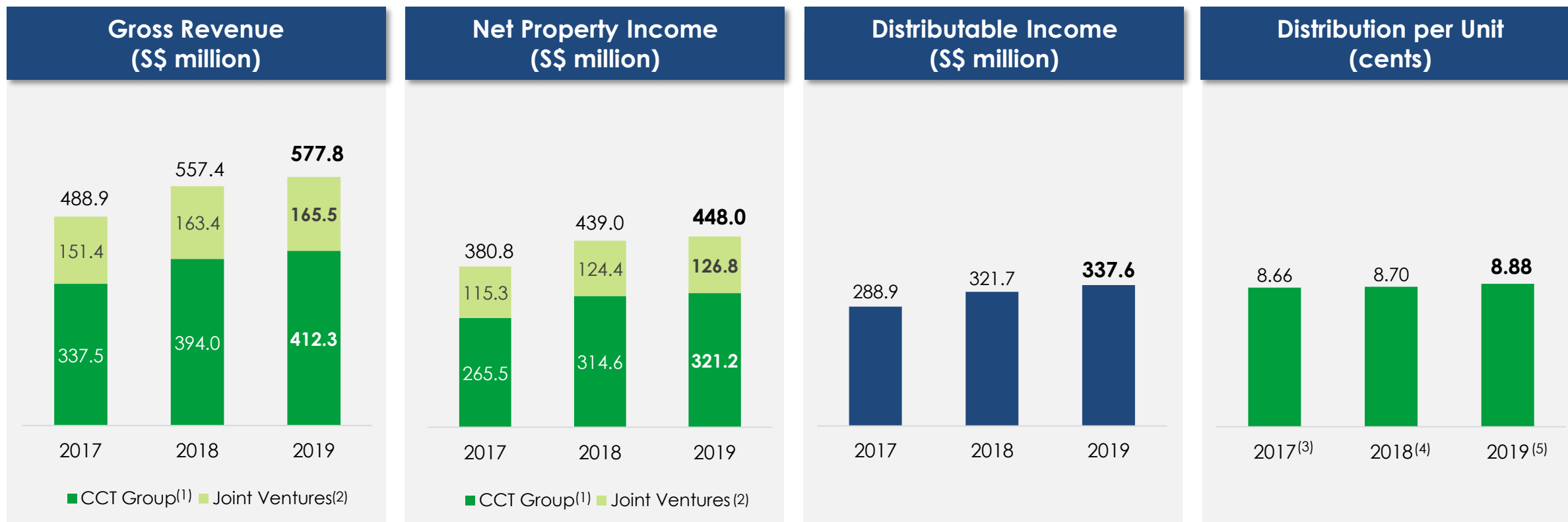
- 1 COVID-19 (Temporary Measures) Act and upcoming new Bill to support SMEs
- 2 Leasing and investment activities
- 3 Evolution of the future of office

# 1. FY2019 Financial Highlights





# Strong financial performance due to high occupancy, higher rents and new acquisition

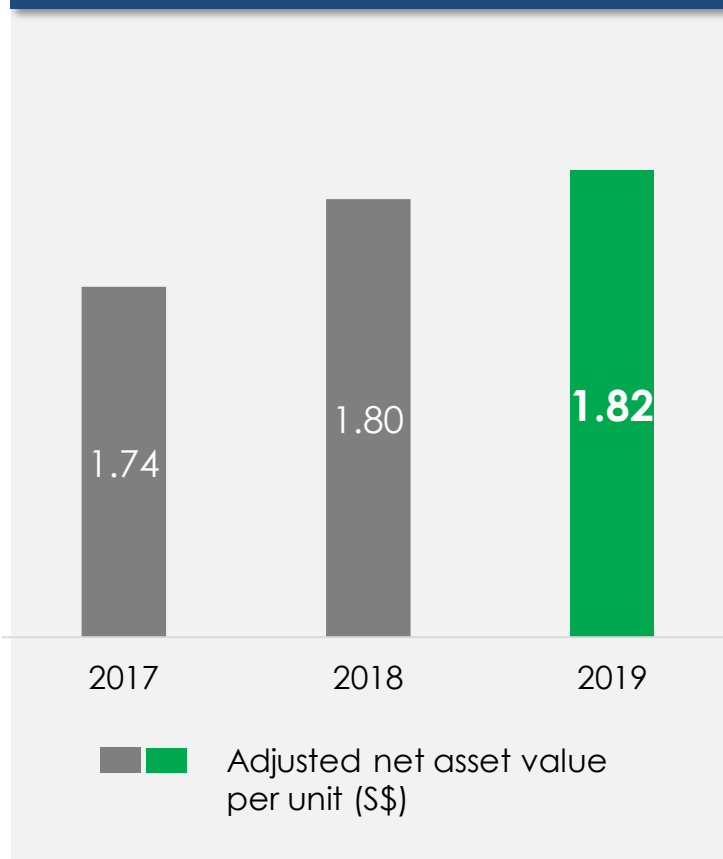


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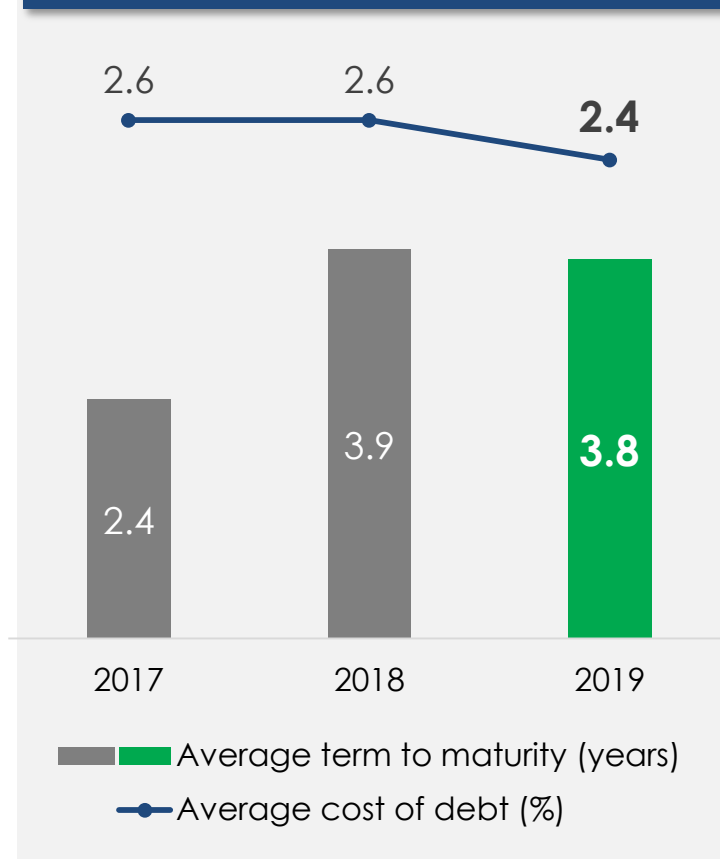
- (1) "CCT Group" refers to CCT and its subsidiaries.
- (2) Joint ventures refer to CCT's 60.0% interest in RCS Trust, 50.0% interest in OGS LLP (with effect from 20 June 2017) and 40.0% interest in MSO Trust (up to 31 August 2016).
- (3) Total Units in issue included 513.5 million new CCT Units issued on 26 October 2017 pursuant to a rights issue.
- (4) Total Units in issue included 130.0 million new CCT Units issued on 28 May 2018 pursuant to a private placement.
- (5) Total Units in issue included 105.0 million new CCT Units issued on 29 July 2019 pursuant to a private placement.

# Strong balance sheet maintained through proactive and prudent capital management

Steady increase in adjusted net asset value per unit



Extended average term to maturity while lowering average cost of debt

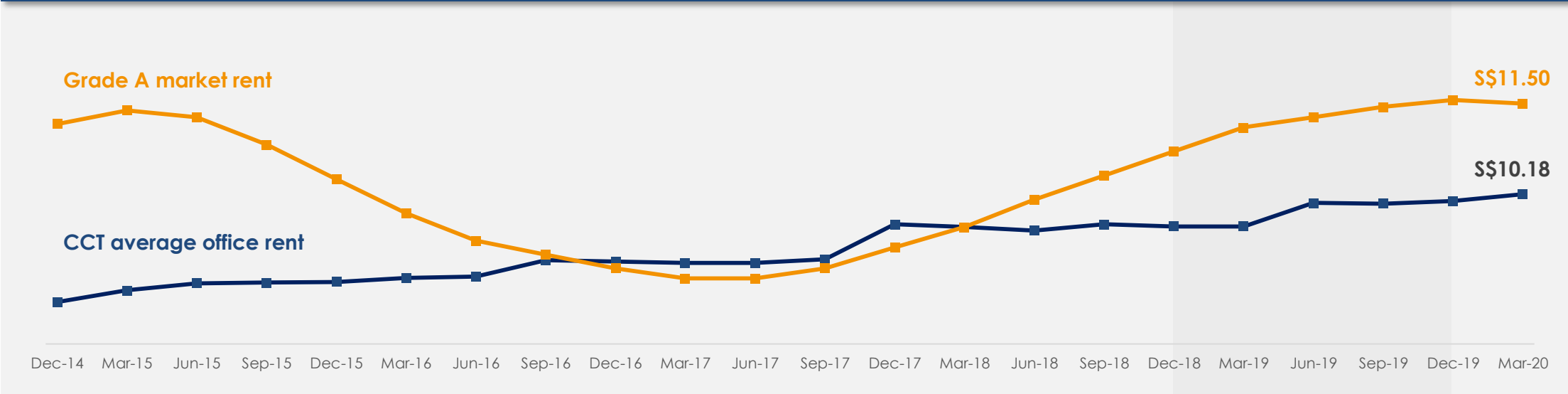


Aggregate leverage to range between 30% to 40% through property market cycles



# Proactive leasing of CCT's portfolio

## Positive rent reversions over expiring rents driving steady growth in average portfolio office rent



	FY 2018	FY 2019
Total new and renewal leases	1,022,000 sq ft	1,361,000 sq ft <sup>(1)</sup>
% of new leases	22%	34%
Portfolio occupancy as at 31 Dec	99.4%	98.0%
Tenant retention rate <sup>(2)</sup>	77%	82%

Notes

(1) Includes WeWork's lease at 21 Collyer Quay

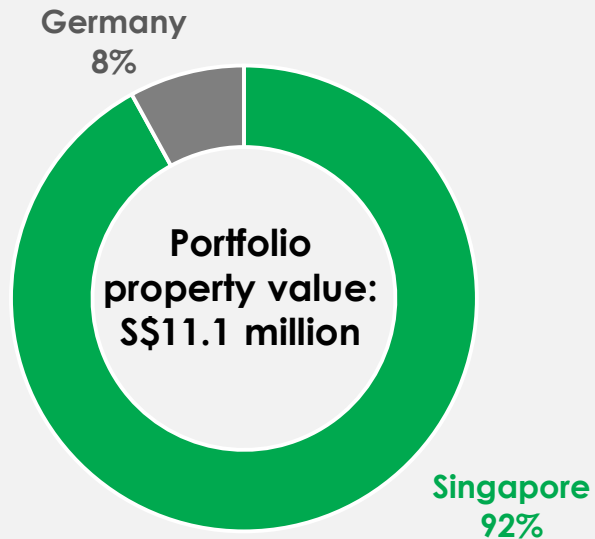
(2) Tenant retention rate =  $\frac{\text{Net lettable area renewed in the subject year}}{\text{Total net lettable area due for renewal in the subject year}}$

# Expanded footprint in Germany

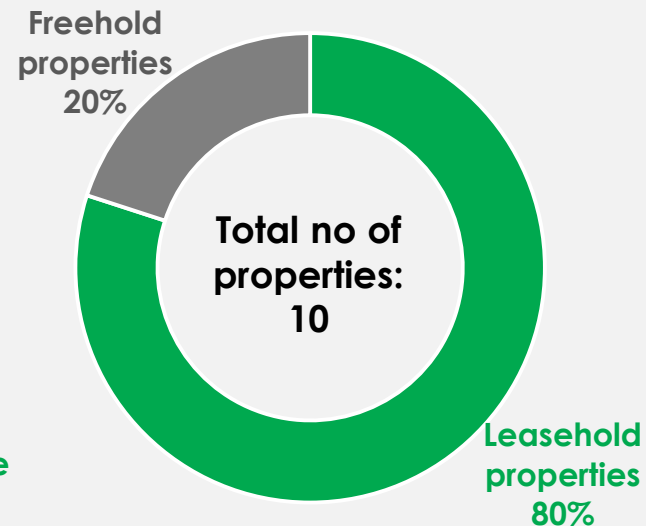
- Acquired second property, Main Airport Center, in Frankfurt increasing German exposure to 8% of portfolio property value
- Average occupancy of German properties at 95.9%; above Frankfurt's office market occupancy of 92.9%



Predominantly Singapore focused  
with 8% exposure to Germany



Proportion of freehold assets



# Announced AEs to position portfolio for growth; development works largely on track

## SIX BATTERY ROAD



Expected completion

**3Q 2021 (potential delay)**

- ✓ Standard Chartered Bank's lease ended in January 2020 and building's occupancy is lower
- ✓ AEI work commenced in January 2020; Phasing of works may be potentially delayed
- ✓ Leasing of upgraded space to take longer

## 21 COLLYER QUAY



**4Q 2020 (on track)**

- ✓ HSBC's one year extension lease ended in April 2020
- ✓ Upgrading works will commence post circuit breaker measures
- ✓ Leased to WeWork for seven years commencing 2Q 2021

## CAPITASPRING



**1H 2021 (on track)**

- ✓ 34.8% committed occupancy as at 31 Dec 2019
- ✓ Construction progress is on track with structural works reaching Level 45
- ✓ Construction work will continue post circuit breaker measures

### 3. Enhancing Sustainability Efforts



# Issued first green bond

Sustainability Financing Framework established for ease of future issues



- Issued first green bond of JPY10.0 billion due 2027 swapped into approximately S\$124.7 million



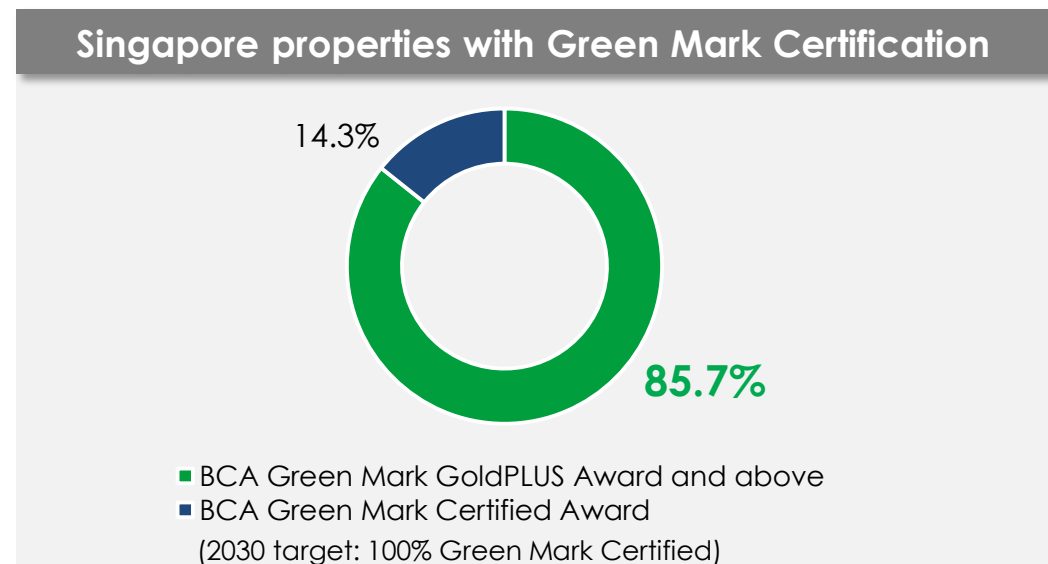
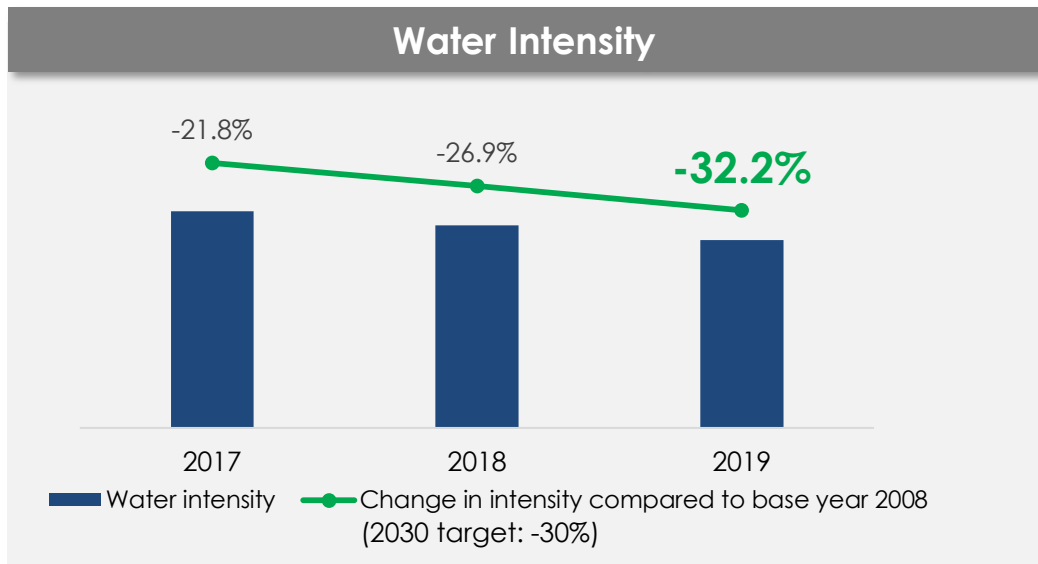
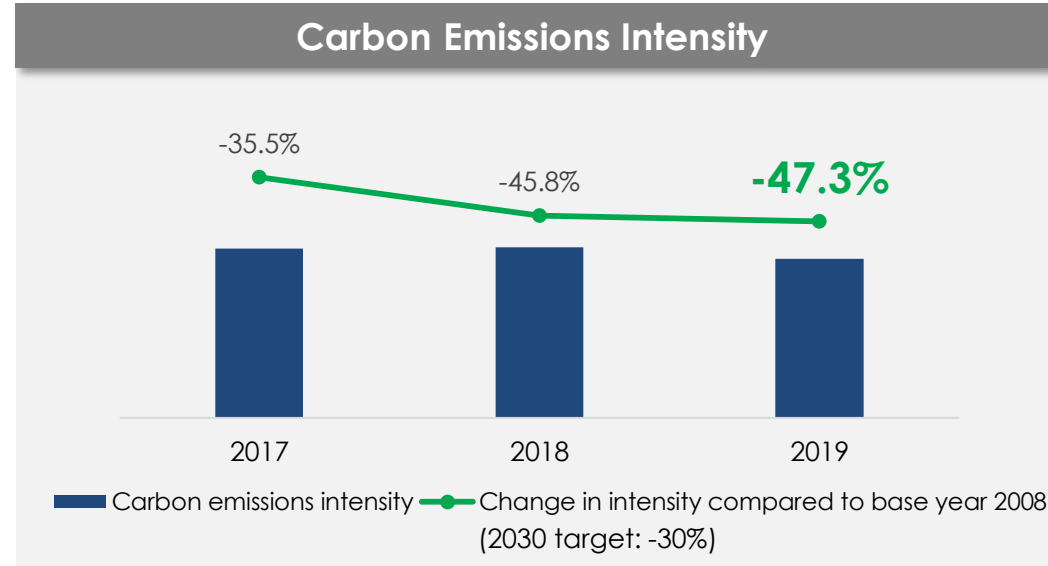
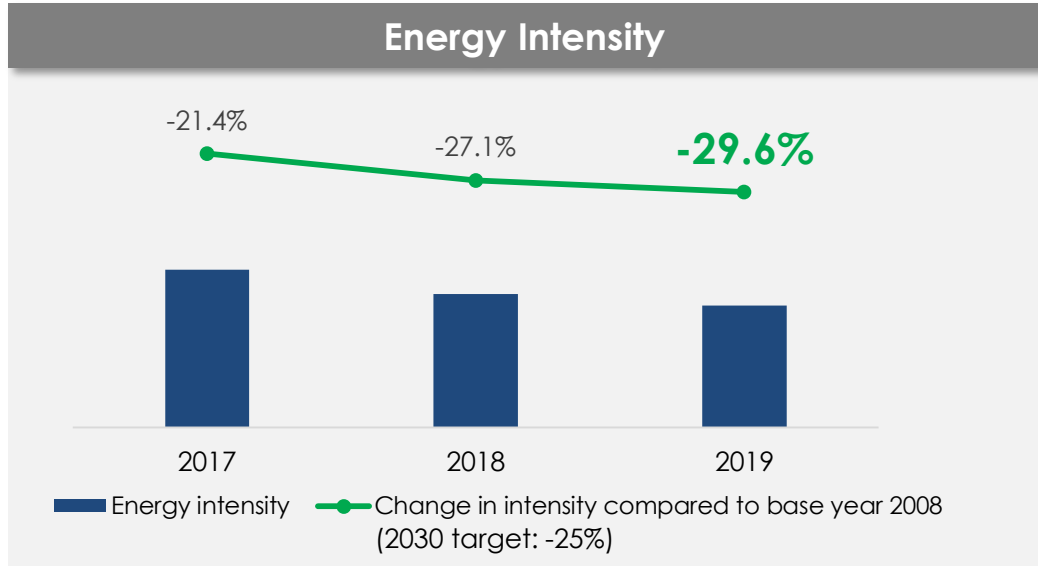
- Aligned with:
  - 2018 Green Bond Principles
  - 2018 Social Bond Principle
  - 2018 Sustainability Bond Guidelines



- Framework facilitates issuance of sustainable debt to fund investments that meet environmental and social objectives, including select United Nations' Sustainable Development Goals

# Continuing efforts to green portfolio and improve operational efficiency

Aligned with CapitaLand's commitment to meet 2030 targets with 2008 as base year





# Environment, Social & Governance (ESG) Recognition



## GRESB Real Estate Assessment

- Achieved GRESB 4 Star for 2019



## Ethical Boardroom

- Winner of Best Corporate Governance – Asia and Australasia (REITs category)



## Singapore Governance and Transparency Index 2019

- Ranked first (REIT and Business Trust Category)



## Governance Index for Trusts (GIFT) 2019

- Ranked tenth

# Corporate Awards

## Institutional Investor



### Institutional Investor 2019 All-Asia (ex-Japan) Executive Team rankings, Developed Markets - Small & Midcap Winners (Singapore):

- Ranked 2<sup>nd</sup> for Honored Companies
- Ranked 3<sup>rd</sup> for Best CEO
- Ranked 3<sup>rd</sup> for Best CFO
- Ranked 2<sup>nd</sup> for Best IR program
- Ranked 2<sup>nd</sup> for Best ESG/SRI Metrics
- Ranked 2<sup>nd</sup> for Best Corporate Governance

### SIAS Investors Choice Awards 2019

#### CCT is runner-up for two categories under REITs & Business Trust:

- Sustainability Award
- Shareholder Communications Excellence Award



### Alpha Southeast Asia's 9th Annual Institutional Investor Awards for Corporates, CCT is ranked third for the following categories:

- Most Organised Investor Relations
- Strongest Adherence to Corporate Governance
- Best Strategic Corporate Social Responsibility

# Property Awards



### Singapore FM Awards 2019

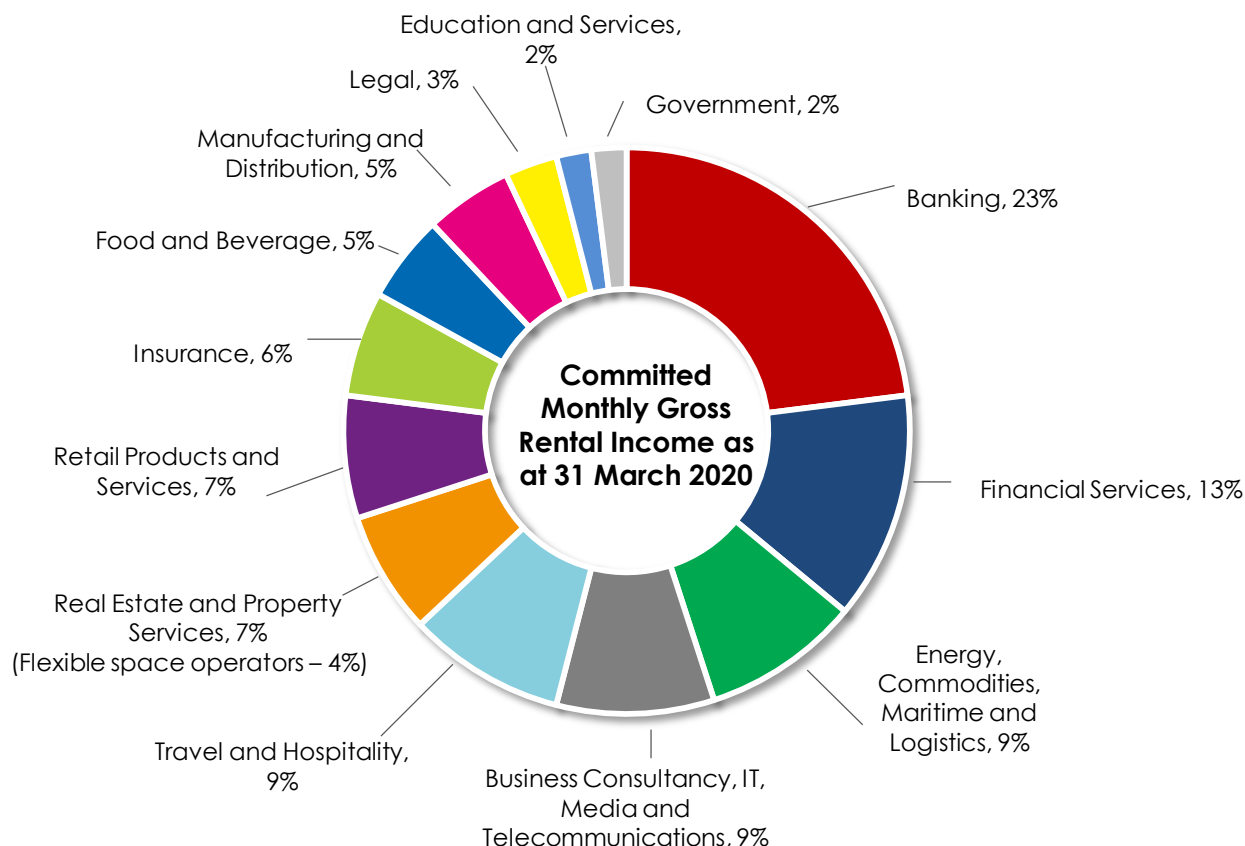
- Best FM Building Owner/Facility Occupier of the Year Award 2019 - **CapitaGreen**

# 4. Looking Ahead



# Diverse tenant mix provides resilience

Monitor and support tenants in business sectors more affected by COVID-19



Businesses more affected by COVID-19	
Travel and Hospitality	9%
Flex space operators	4%
Retail Products & Services	7%
Food and Beverage	5%
<b>Total</b>	<b>25%</b>

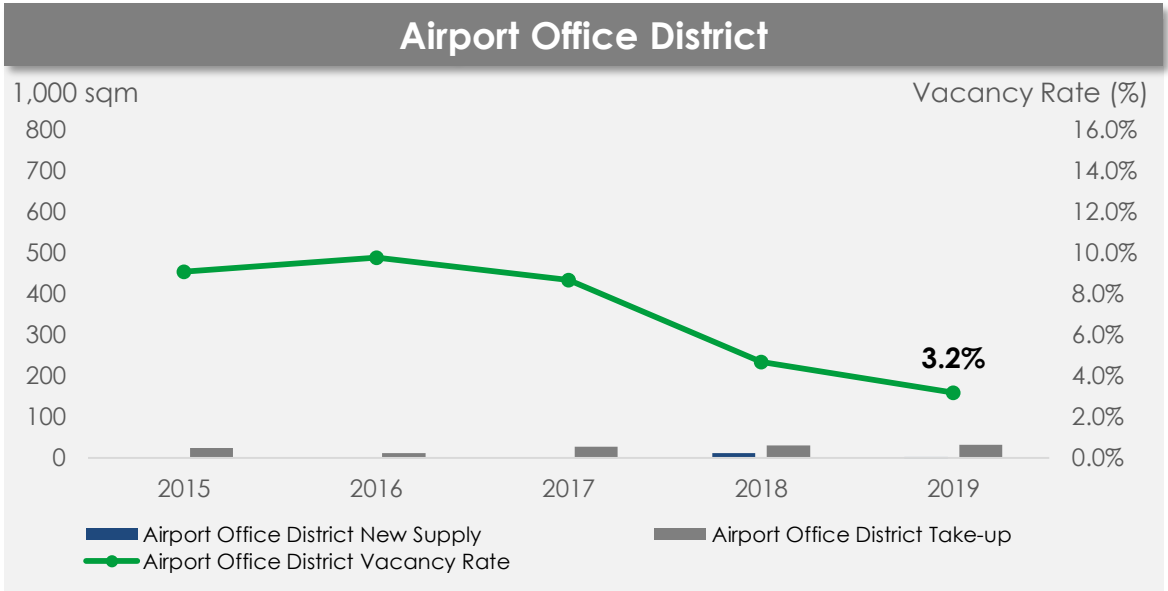
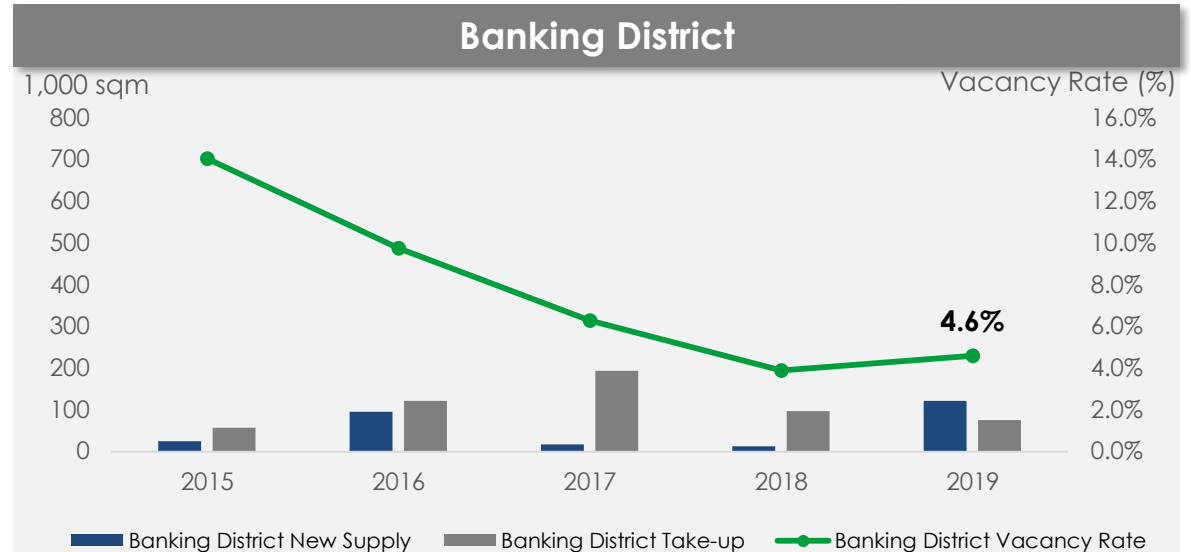
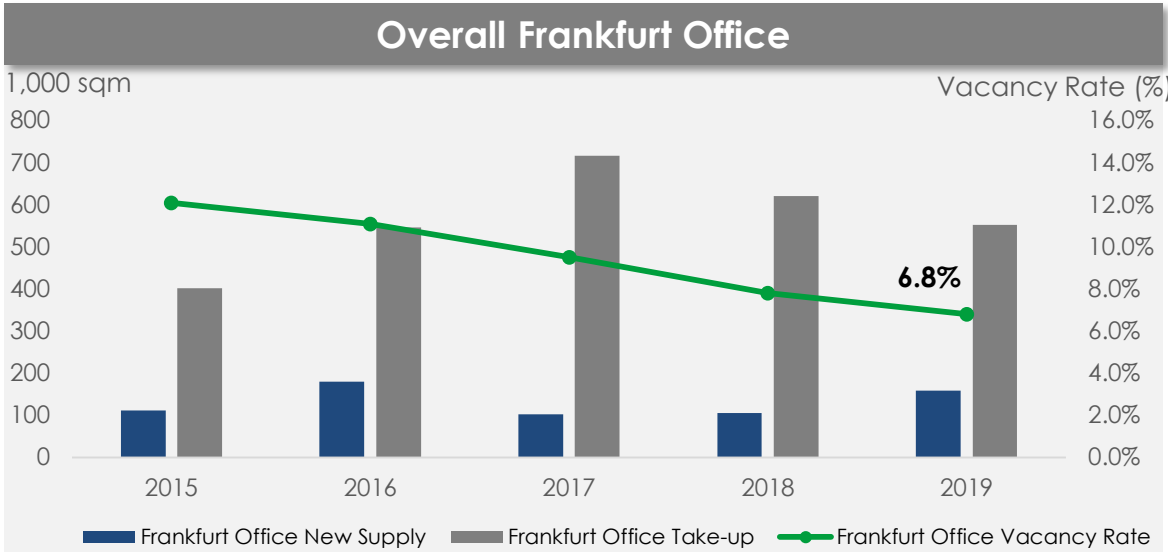
**Notes:**

(1) Based on committed monthly gross rental income of tenants as at 31 March 2020, including CCT's 60.0% interest in Raffles City Singapore, 50.0% interest in One George Street and 94.9% interest in Gallileo and Main Airport Center (with effect from 18 September 2019), Frankfurt; and excluding retail turnover rent

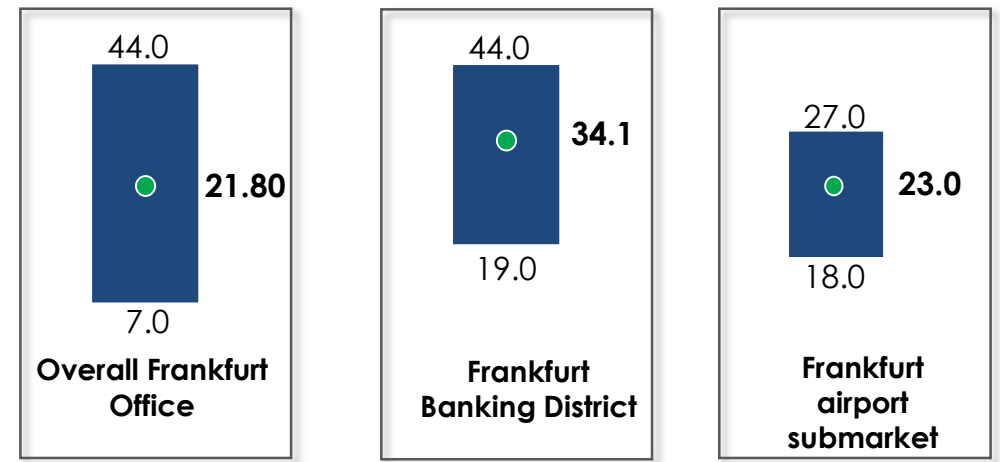
(2) Excludes WeWork Singapore as lease expected to commence in 2Q 2021

(3) Excludes Bugis Village as the lease with the State ended on 31 March 2020

# Frankfurt office market expected to be resilient due to lower vacancy



### Office rental range by submarket



● Weighted average (€/square metre / month)

# Grade A office market rent hit peak of S\$11.55 psf in 4Q 2019

	4Q 17	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
Mthly rent (S\$ / sq ft )	9.40	9.70	10.10	10.45	10.80	11.15	11.30	11.45	11.55	11.50
% change	3.3%	3.2%	4.1%	3.5%	3.3%	3.2%	1.3%	1.3%	0.9%	-0.4%

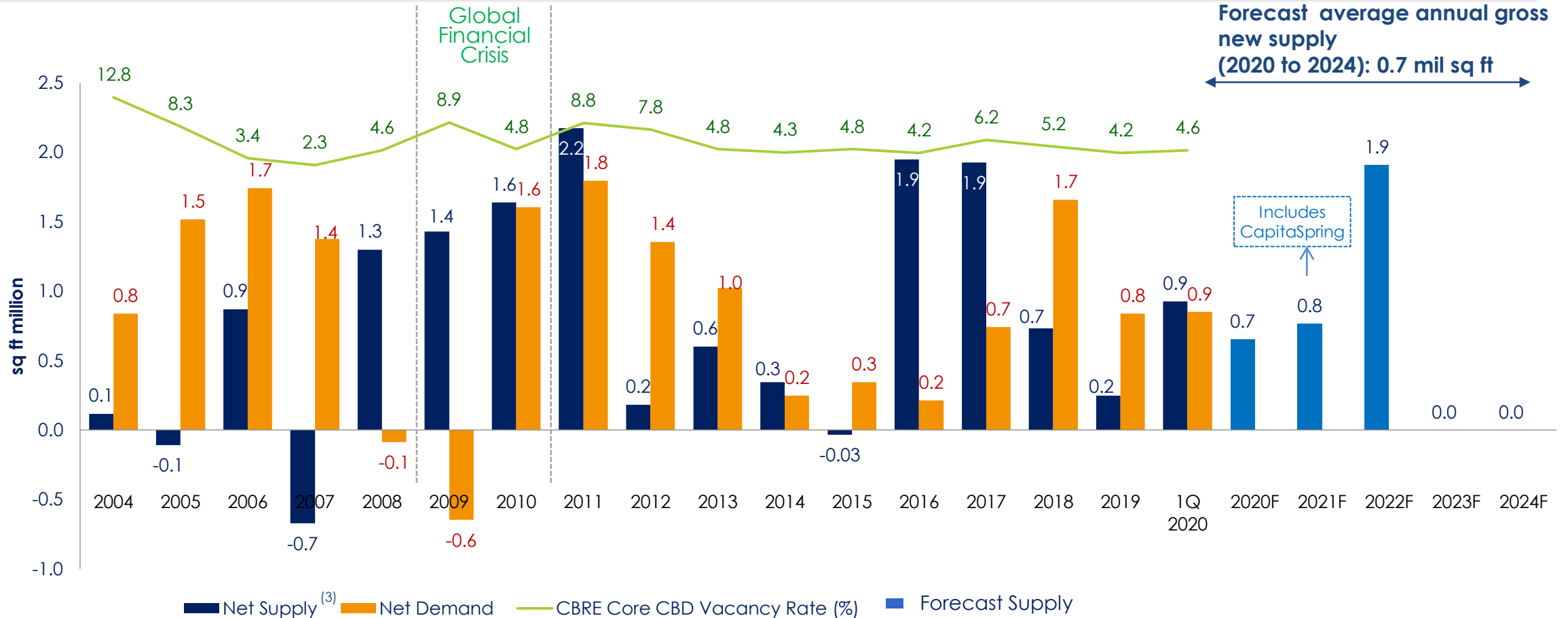


Source of data: CBRE Research (figures as at end of each quarter).

# Singapore office market expected annual gross new supply to average 0.7 mil sq ft<sup>(1)</sup> over 5 years



## Singapore Private Office Space (Central Area)<sup>(2)</sup> – Net Demand & Supply



**Notes:**

- (1) Average annual supply in Singapore’s Central Area over last five to 10 years: 1.0 million sq ft
- (2) Central Area comprises ‘The Downtown Core’, ‘Orchard’ and ‘Rest of Central Area’
- (3) Supply is calculated as net change of stock over the quarter and may include office stock removed from market due to conversions or demolitions.
- (4) Source: Historical data from URA statistics as at 1Q 2020; Forecast supply from CBRE Research as at 1Q 2020.

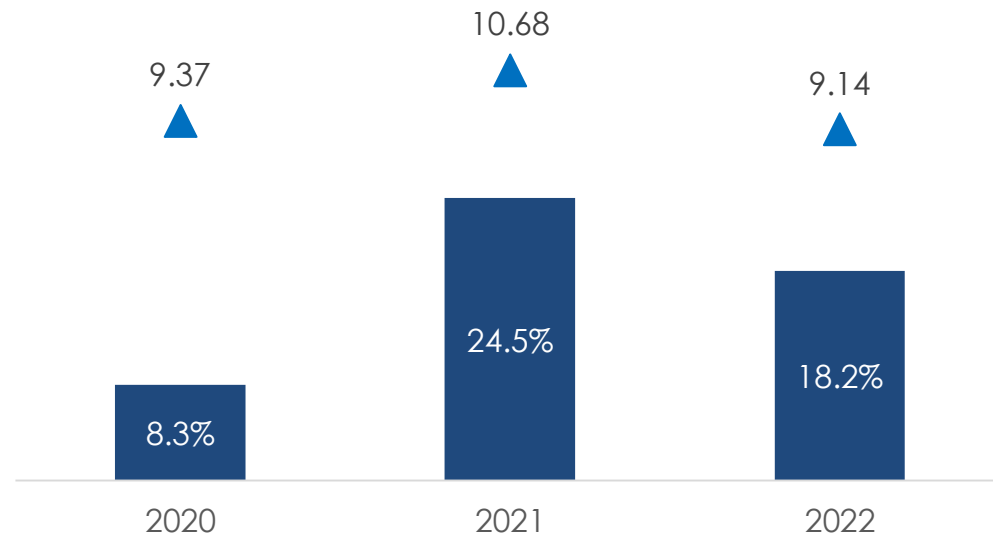
# Expiring rents are below office market rent providing resilience

Committed majority of expiring 2020 leases with only 10%<sup>(1)</sup> of leases remaining



Average expiring rents and contribution to office portfolio rental income of CCT's five key properties as at 1Q 2020

CBRE Monthly Grade A office rent (1Q 2020) \$11.50 psf



- Expiring leases as a % of office portfolio gross rental income
- ▲ Expiring average gross rental rate (\$\$ psf)



**Note:**  
(1) Based on monthly gross rental income



# Focus for 2020

## Proactive portfolio and asset management

- Engage and retain tenants proactively and lift portfolio occupancy
- Support tenants to tide over challenging period
- Manage opex and capex
- Complete upgrading of Six Battery Road and 21 Collyer Quay

## Prudent capital management

- Keep aggregate leverage below 40% through cycles
- Maintain low average cost of debt
- Extend debt average term to maturity
- Tap on multiple sources of funds
- Ensure at least 80% of total borrowings on fixed interest rate



# Thank you

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