



CapitaLand Debt Investors' Day 2015

Presentation by Ms Lynette Leong
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7 September 2015



Important Notice

This presentation shall be read in conjunction with CCT's 2Q 2015 Unaudited Financial Statement Announcement.

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

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

A low-angle photograph of the Capital Tower in Singapore, showing its distinctive stepped design and glass facade against a blue sky with scattered white clouds. The tower's structure features alternating bands of glass and white panels, creating a rhythmic pattern as it ascends.

1. Overview of CCT

Capital Tower, Singapore



CapitaLand Commercial Trust

First and Largest Commercial REIT in Singapore (since 11 May 2004)

S\$3.9b[#]

Market
Capitalisation

10

Properties in Singapore's
Central Area

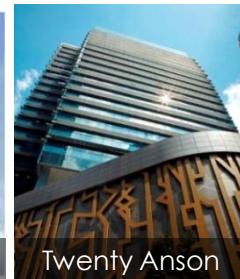
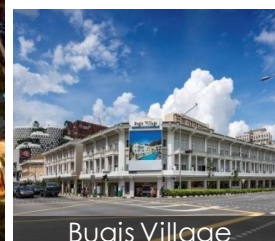
S\$7.7b^{*}

Deposited
Properties

About 4 million
sq ft NLA (100% basis)

32%

Owned by
CapitaLand Group

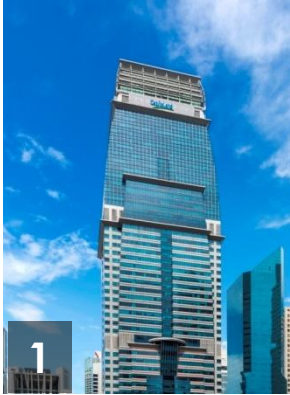


[#] Market Capitalisation as at 31 Aug 2015

^{*} Deposited Properties as at 30 Jun 2015



Owens 10 centrally-located quality commercial properties



- | | |
|---------------------------|--------------------------|
| 1. Capital Tower | 6. Twenty Anson |
| 2. Six Battery Road | 7. HSBC Building |
| 3. One George Street | 8. Wilkie Edge |
| 4. Raffles City Singapore | 9. Bugis Village |
| 5. CapitaGreen | 10. Golden Shoe Car Park |
- (obtained TOP on 18 Dec 2014)



CCT's strategies for growth

Delivering consistent growth

- High portfolio occupancy: 93% - 99% since 2004
- Total returns grew 227.7% since 2004

Building a resilient portfolio

- Portfolio occupancy at 98%
- Well spread portfolio lease profile with major leases expiring in 2019 and beyond
- Reducing amount of leases due in 2016 and 2017 and focusing on retaining strategic tenants

Augmenting portfolio quality

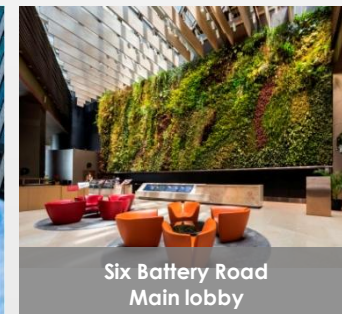
Through asset enhancement initiatives (AEIs), acquisition and development

Proactive capital management: Low gearing with debt headroom of S\$1.3 billion

Provides flexibility and enables quick response to growth opportunities



Acquisition pipeline: Call option to buy 60% interest in CapitaGreen within 3 years after completion



Six Battery Road
Main lobby



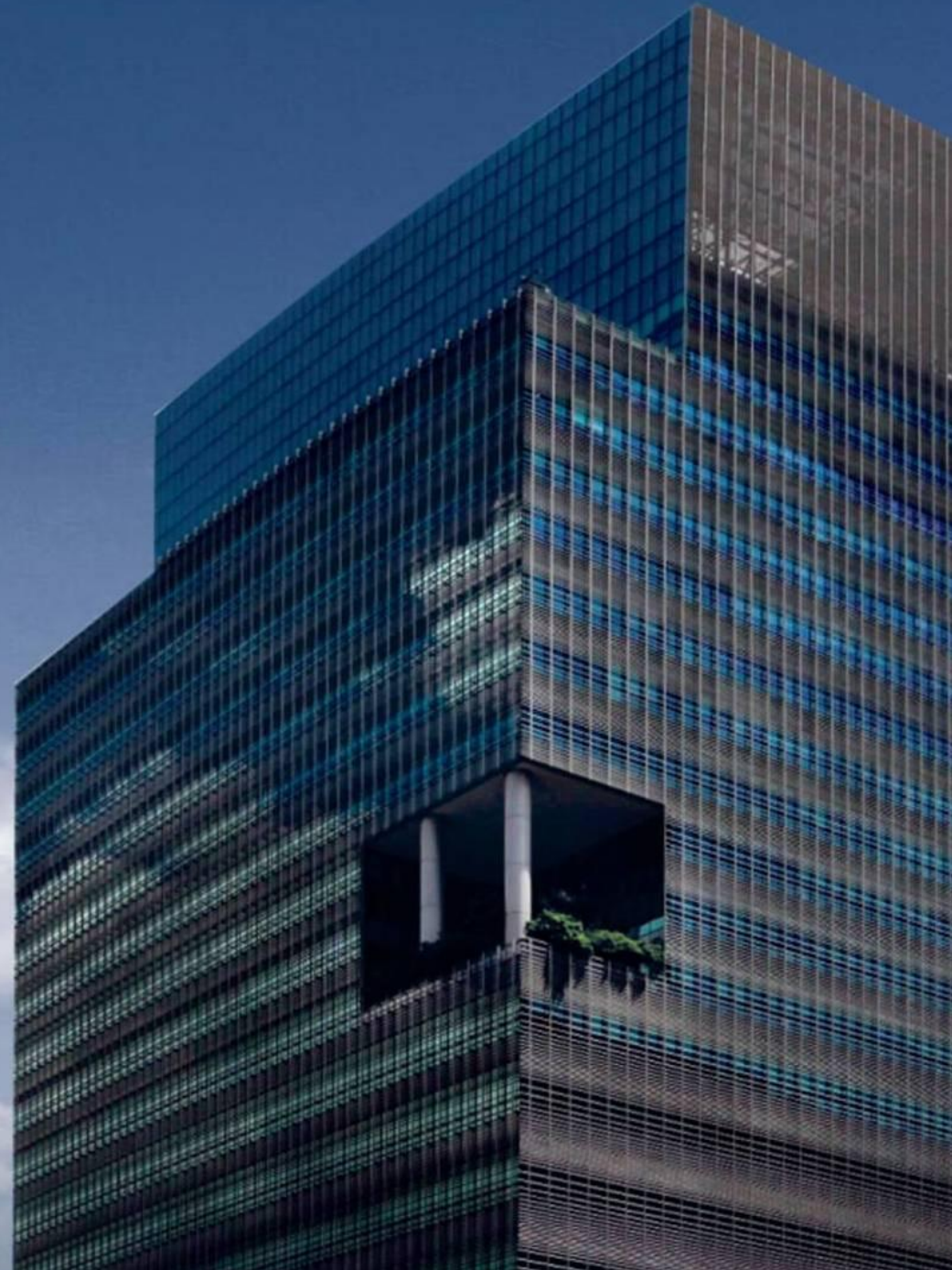
Raffles City Singapore
Office tower drop-off point



Capital Tower
Main lobby

2. Financial Highlights

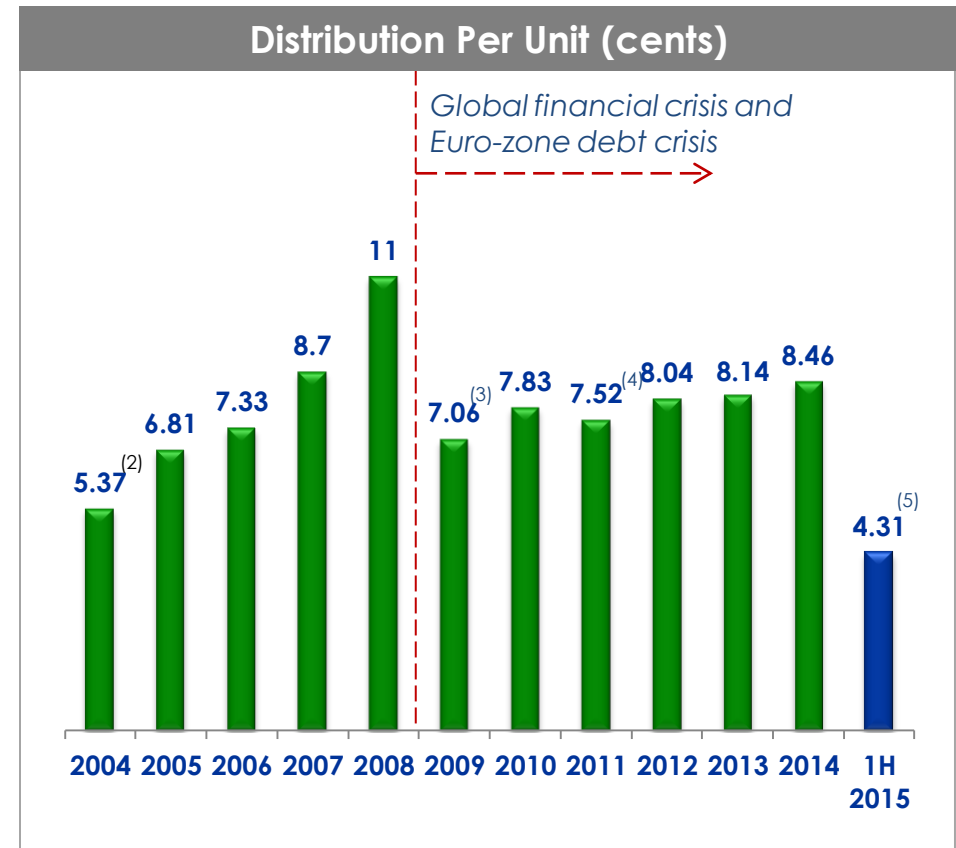
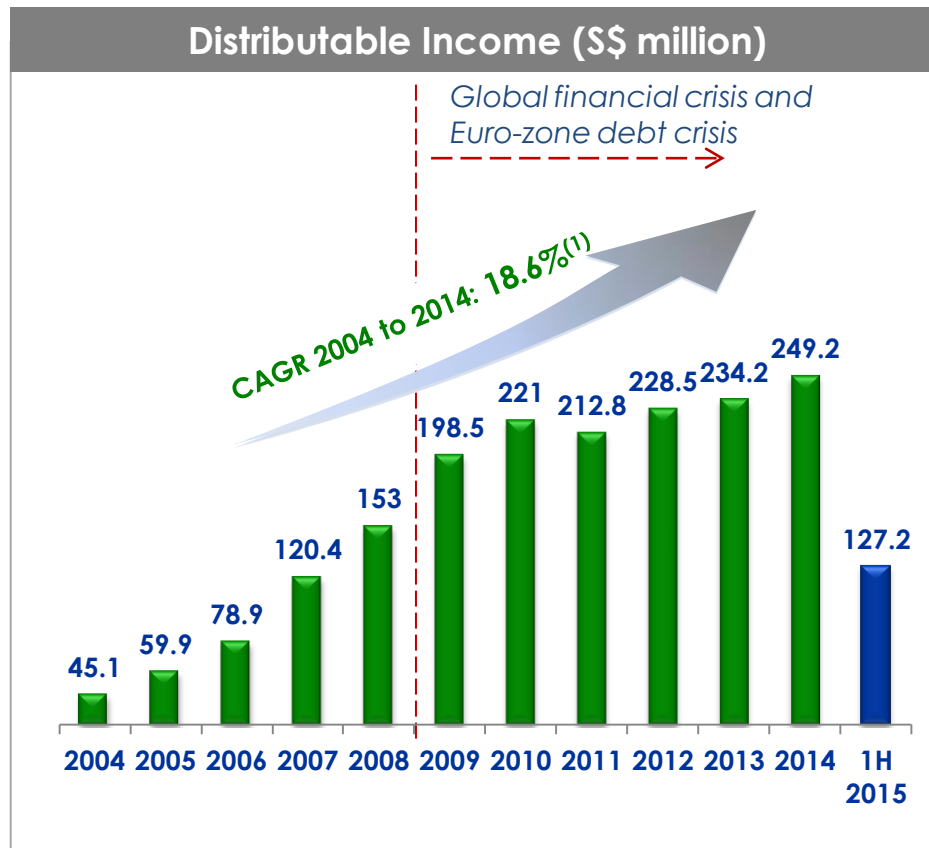
One George Street, Singapore





CCT delivered higher returns y-o-y through property market cycles

Due to successful portfolio reconstitution strategy including recycling of capital, AEI, acquisition and development

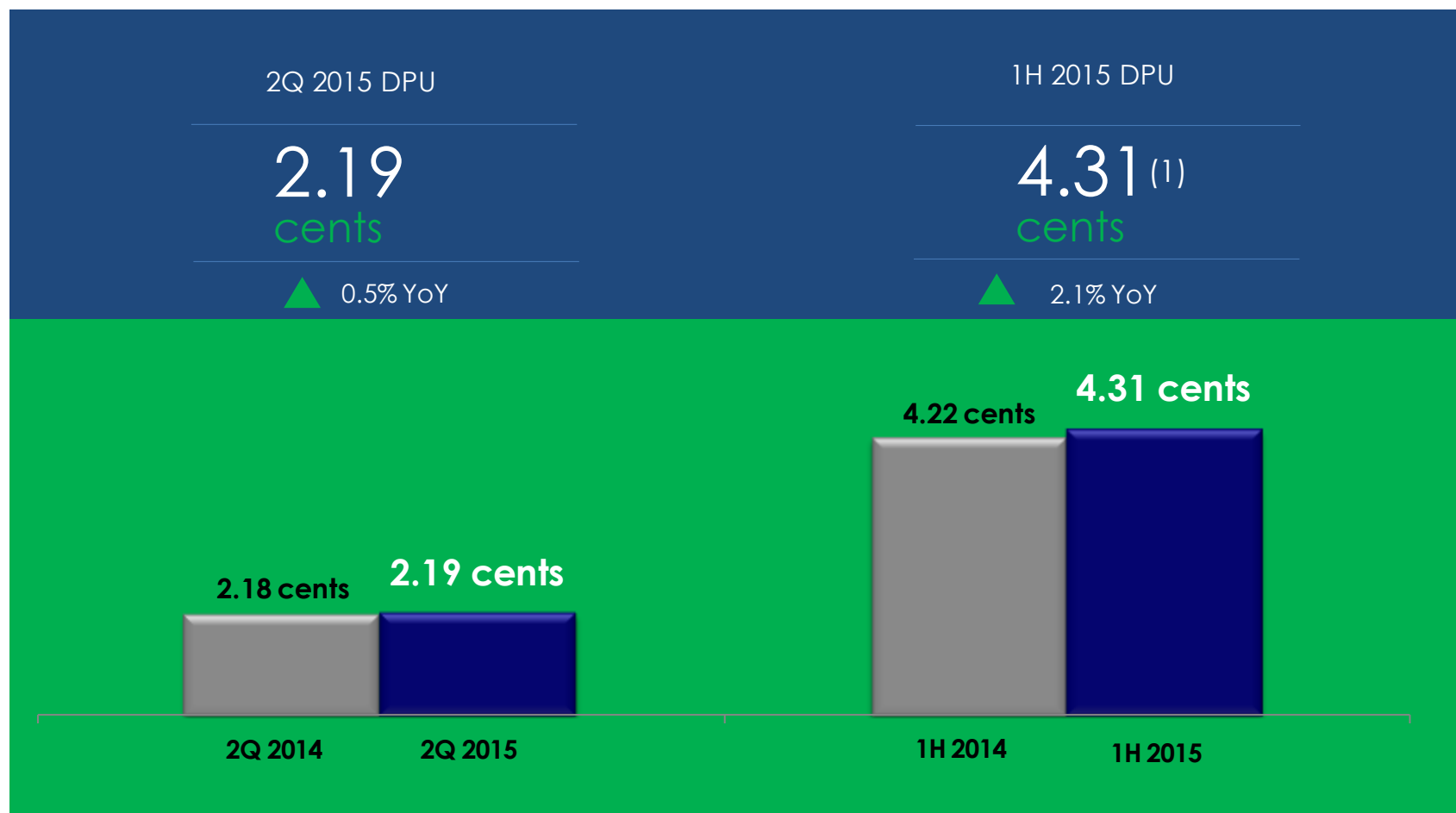


Notes:

- (1) CAGR: Compounded Annual Growth Rate; After taking into consideration the issue of rights units in July 2009
- (2) Annualised
- (3) After taking into consideration the issue of rights units in July 2009
- (4) Decline in 2011 DPU compared to 2010 was due to divestment of two properties in 2010, Robinson Point and StarHub Centre
- (5) Annualised 1H 2015 DPU is 8.69 cents



1H 2015 distribution per unit up by 2.1%

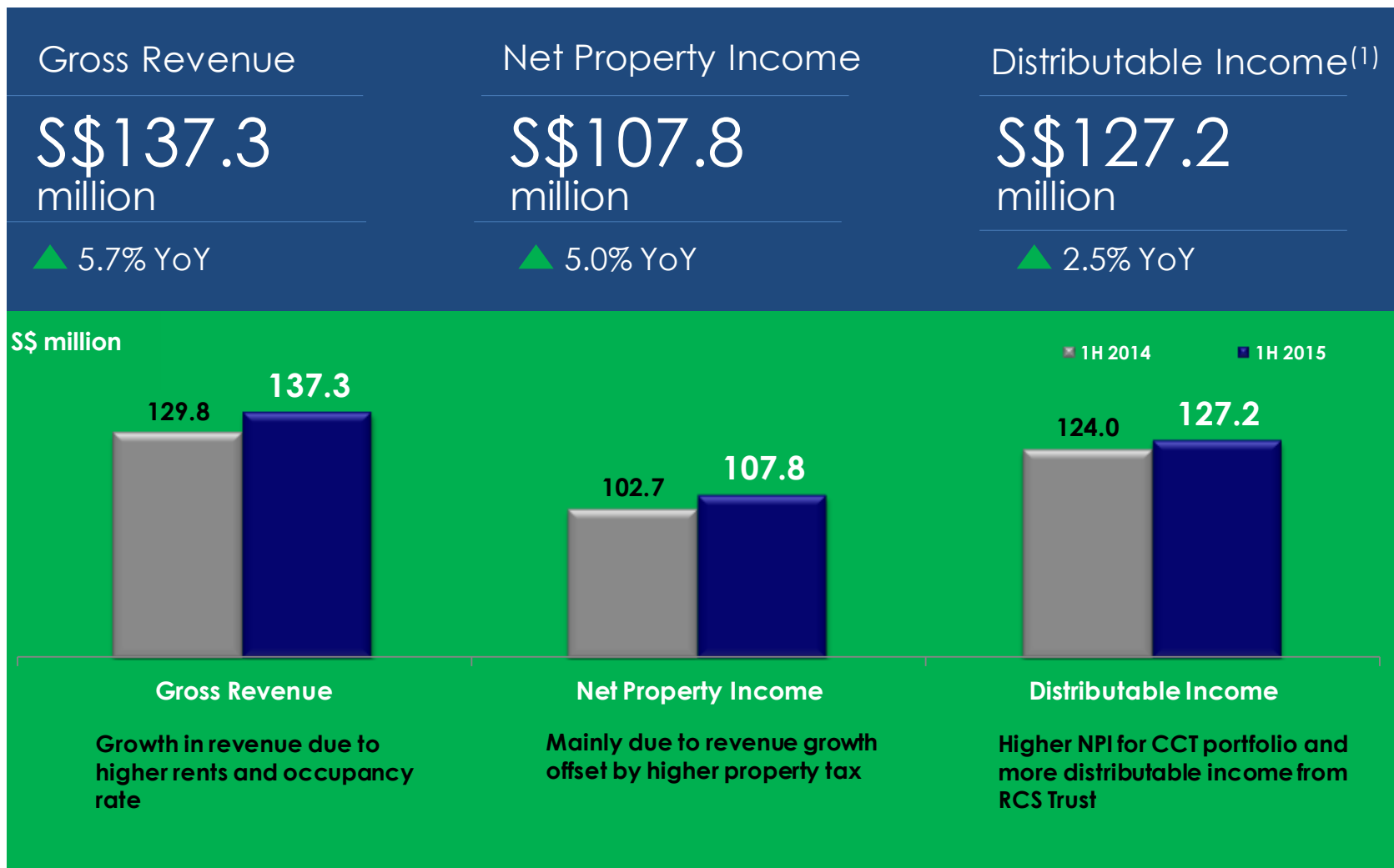


Note:

(1) Assuming all the outstanding S\$175.0 million CB 2017 were converted into CCT units, DPU for 1H 2015 would be reduced by approximately 0.16 cents (assuming no interest expense savings).



1H 2015 distributable income rose by 2.5% y-o-y

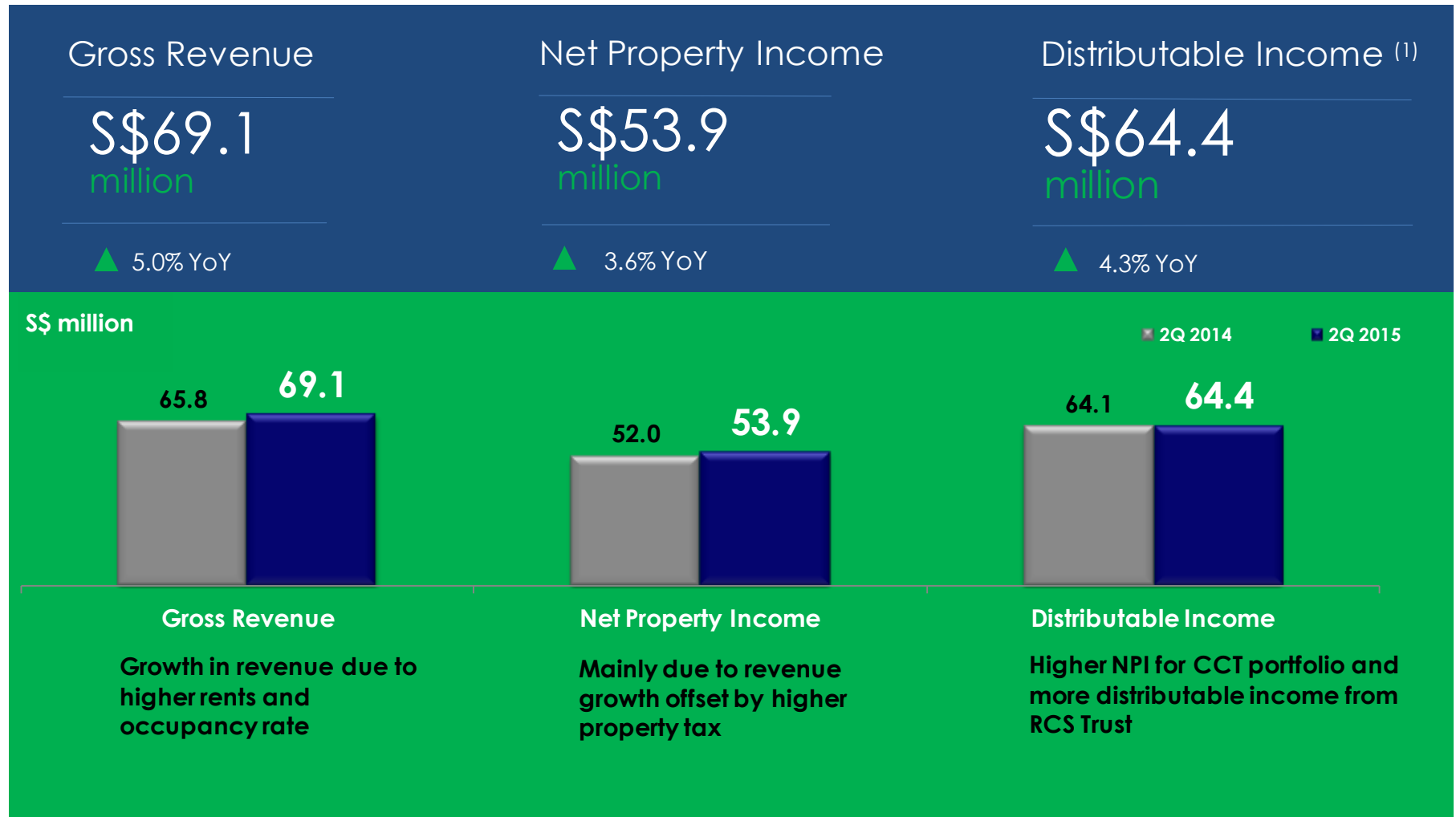


Note:

1. Distributable income in 1H 2014 had included S\$2.4 million of tax-exempt income from MQREIT.



2Q 2015 distributable income rose by 0.5%



Note:

(1) Distributable income in 2Q 2014 had included S\$2.4 million of tax-exempt income from MRCB-Quill REIT (MQREIT – formerly Quill Capita Trust).



Robust balance sheet

Statement of Financial Position As at 30 Jun 2015

	S\$ '000
Non-current Assets	6,425,536
Current Assets	132,117
Total Assets	6,557,653
Current Liabilities ⁽¹⁾	259,657
Non-current Liabilities	1,101,140
Total Liabilities	1,360,797
Net Assets	5,196,856
Unitholders' Funds	5,196,856

Units in issue ('000) **2,948,514**

	S\$ '000
Deposited Properties⁽²⁾	7,676,174

Net Asset Value Per Unit	\$1.76
Adjusted Net Asset Value Per Unit (excluding distributable income)	\$1.72

Credit Rating
A- by **S&P**
A3 by **Moody's**
 Outlook Stable

Notes:

(1) There are sufficient credit facilities to refinance borrowings due in 2015.

(2) Deposited properties for CCT Group includes CCT's 60.0% interest in total assets of RCS Trust (S\$1.88 billion) and 40.0% interest in MSO Trust (S\$0.63 billion).



Portfolio valuation up 0.9% mainly due to higher net property income

Capital values per sq ft still below market transactions

Investment Properties	31 Dec 2014 \$m	30 Jun 2015 \$m	6-month Variance (Dec 2014 to Jun 2015) %	30 Jun 2015 Capital Value \$psf
Capital Tower	1,309.0	1,310.0	0.1	1,768
Six Battery Road	1,330.0	1,345.0	1.1	2,722
One George Street	975.0	1,000.0	2.6	2,235
Twenty Anson	431.0	431.0	0.0	2,097
HSBC Building	450.0	452.0	0.4	2,255
Golden Shoe Car Park	141.0	141.0	0.0	NM ⁽¹⁾
Wilkie Edge	191.0	194.0	1.6	1,266
Bugis Village ⁽²⁾	55.4	55.2	(0.4)	456
Sub- Total	4,882.4	4,928.2	0.9	
Raffles City (60%)	1,865.7	1,872.9	0.4	NM ⁽¹⁾
CapitaGreen (40%)	610.4	626.4	2.62	2,226
Total	7,358.5	7,427.5	0.9	

Notes:

- (1) NM indicates "Not Meaningful".
- (2) The valuation of Bugis Village takes into account the right of the President of the Republic of Singapore, as Lessor under the State Lease, to terminate the said Lease on 1 April 2019 upon payment of S\$6,610,208.53 plus accrued interest.

3. Proactive Capital Management

Six Battery Road, Singapore



Proactive capital management strategy

1. Refinance ahead of debt maturities
2. Diversify sources of funding
3. Lengthen debt maturities
4. Increase financial flexibility



Strong financial ratios

	1Q 2015	2Q 2015	Remarks
Total Gross Debt ⁽¹⁾	\$2,263.7 m	\$2,265.3 m	Increased
Gearing ⁽²⁾	29.9%	29.5%	Decreased (Higher value of deposited properties)
Net Debt / EBITDA ⁽³⁾	5.0 times	4.9 times	Stable
Unencumbered Assets as % of Total Assets ⁽⁴⁾	100.0%	100.0%	Stable
Average Term to Maturity	4.1 years	3.9 years	Decreased (Passing of time)
Average Cost of Debt (p.a.) ⁽⁵⁾	2.4%	2.4%	Stable
Interest Coverage ⁽⁶⁾	7.6 times	7.6 times	Stable

Notes:

(1) Total gross debt includes CCT's 60.0% interest in RCS Trust and 40.0% interest in MSO Trust.

(2) In accordance with Property Funds Appendix, CCT's proportionate share of its joint ventures borrowings and deposited property values are included when computing the gearing ratio.

(3) Net debt excludes borrowings of RCS Trust and MSO Trust. EBITDA refers to earnings before interest, tax, depreciation and amortisation but after share of profit of associate and joint ventures.

(4) Investment properties at CCT Trust and Twenty Anson (held through CCT's 100.0% interest in FirstOffice Pte. Ltd.) are all unencumbered.

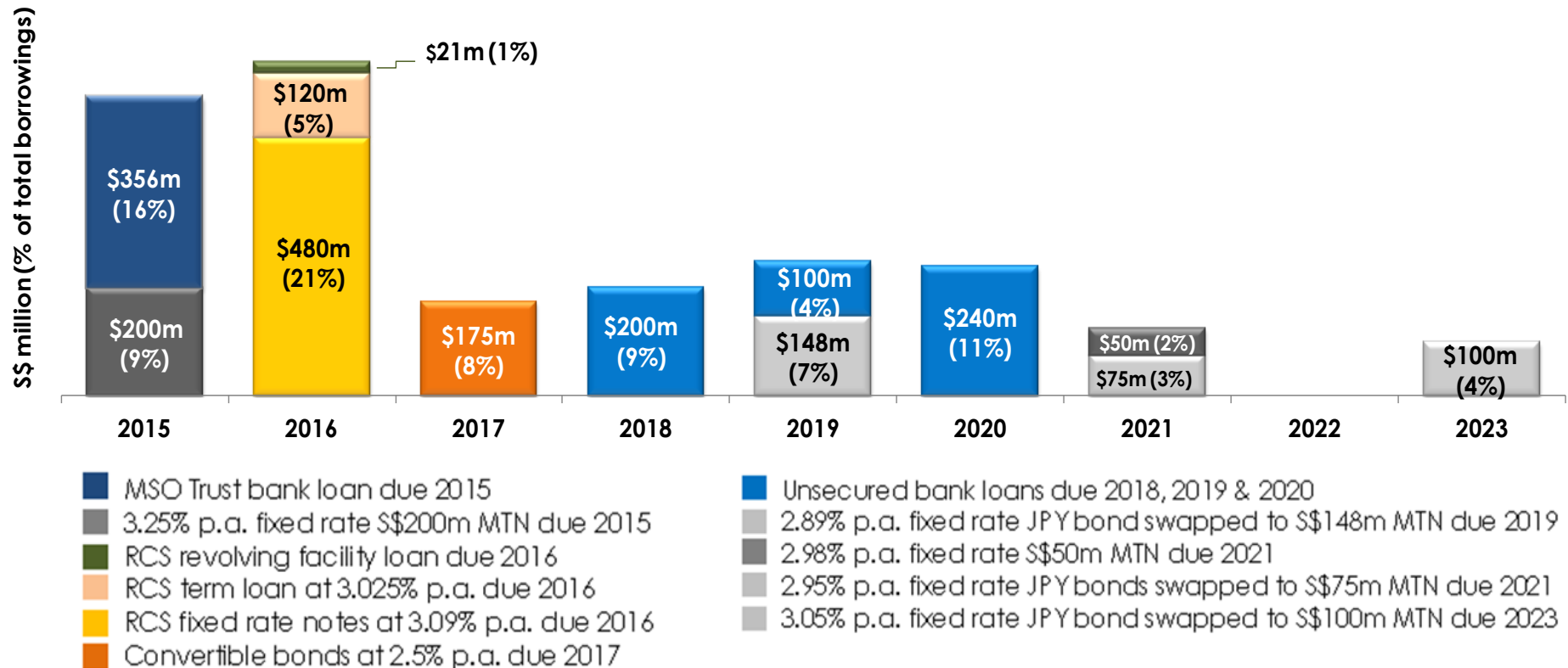
(5) Ratio of interest expense over weighted average borrowings.

(6) Ratio of EBITDA over finance costs which includes amortisation and transaction costs.



Well spread and termed out debt maturity profile

As at 30 Jun 2015

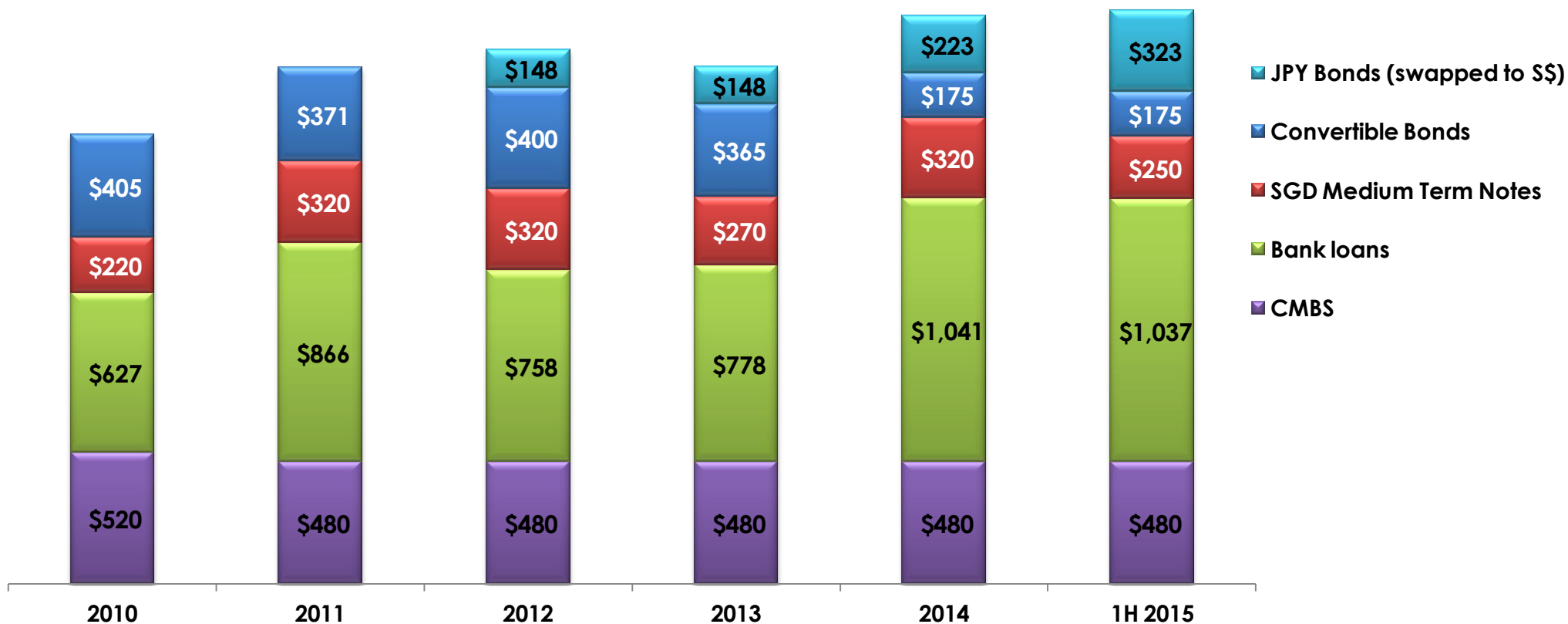


Note:

- (1) CCT issued S\$100.0 million 2.96% p.a. fixed rate notes due August 2021 on 13 August 2015, of which S\$90.0 million was used to repay revolving bank loan due in 2020. This is not reflected in the chart.

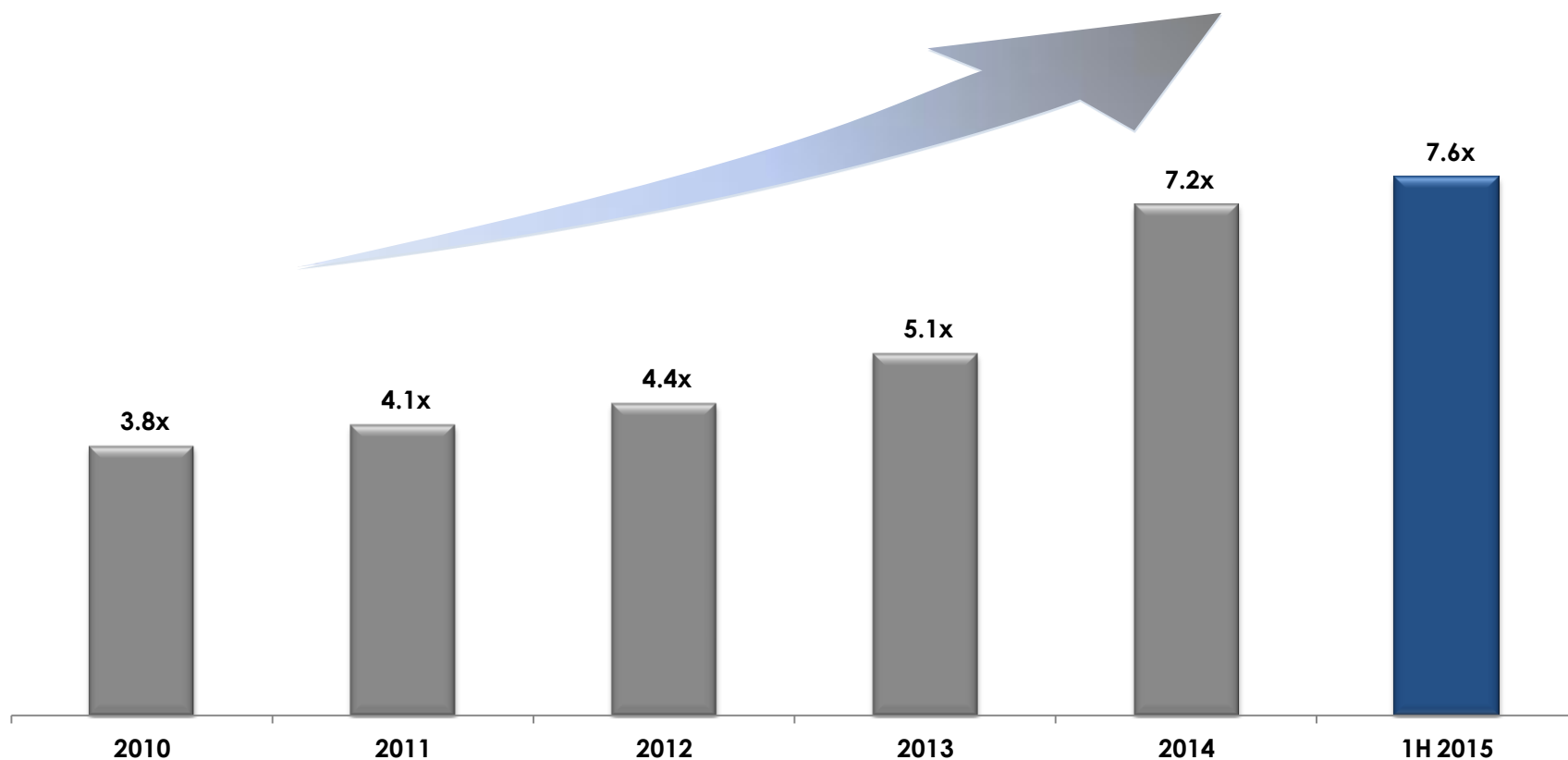


Diverse sources of funding - mitigate risks





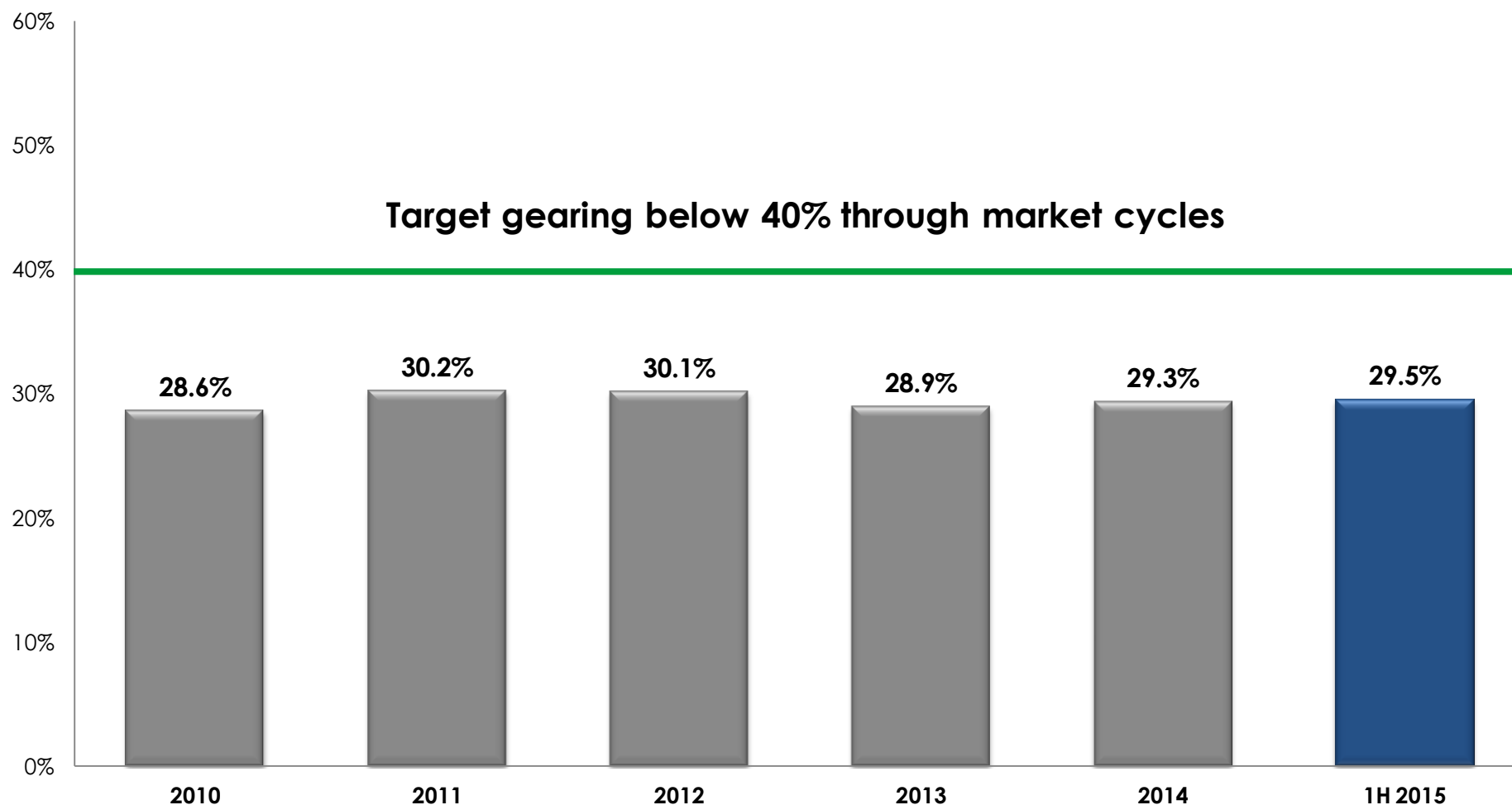
Improved interest coverage





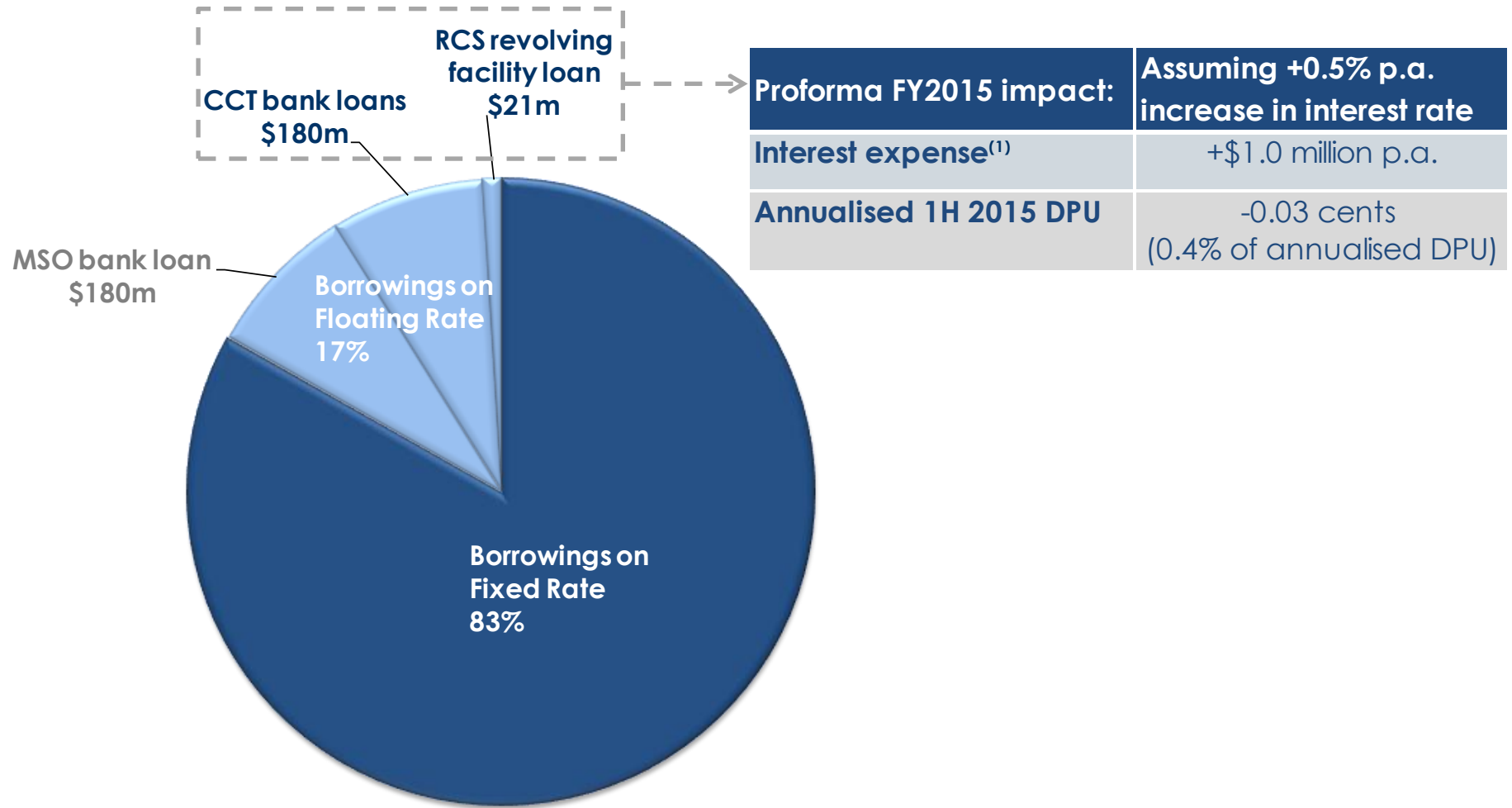
Low gearing provides financial flexibility

Assuming gearing of 40%, CCT has debt headroom of S\$1.3 billion





83% of fixed rate borrowings provides certainty of interest expense



Note:

(1) Excludes floating rate borrowings of MSO Trust (owns CapitaGreen)

A low-angle photograph of the Raffles City Singapore building. The image shows the lower part of the building with its glass facade and the upper part with its distinctive horizontal banding. The sky is blue with some white clouds. The text '4. Singapore Office Market and CCT's Portfolio Performance' is overlaid on the right side of the image.

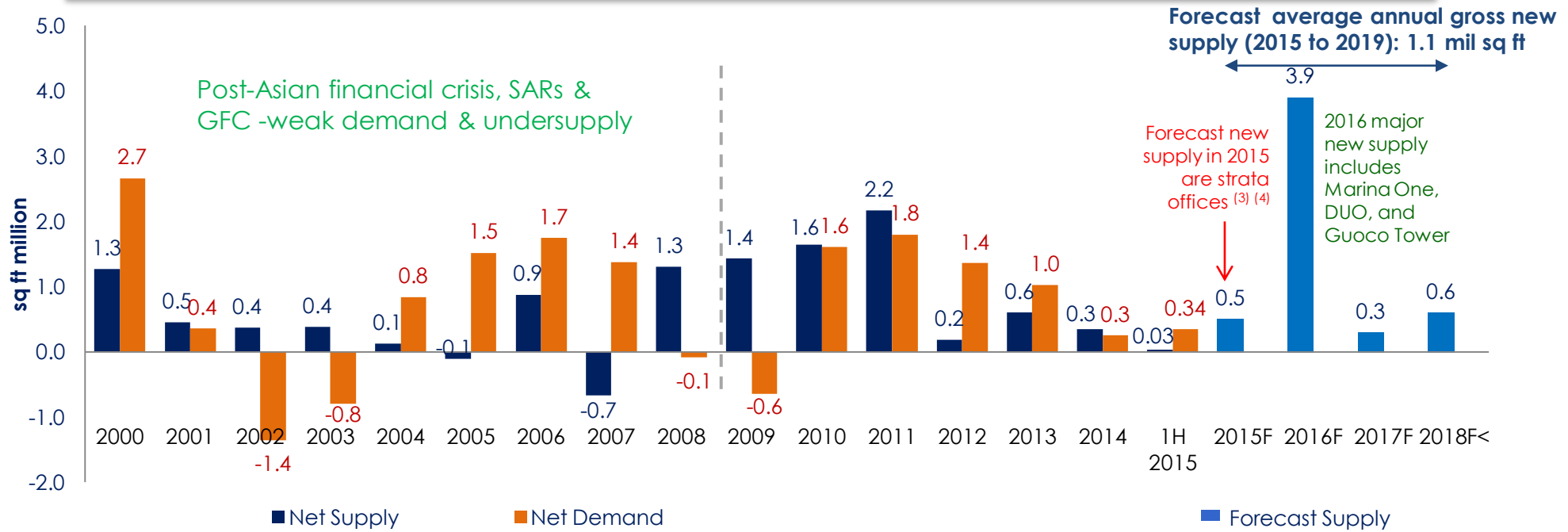
4. Singapore Office Market and CCT's Portfolio Performance

Capita Commercial
Capita Mall
Raffles City



Annual new supply to average 1.1m sq ft in 2015-2019; CBD Core occupancy at 96.2% as at end Jun 2015

Singapore Private Office Space (Central Area) – Net Demand & Supply



Periods	Average annual net supply	Average annual net demand
2005 – 2014 (through 10-year property market cycles)	0.8m sq ft	1.0m sq ft
2010 – 2014 (five years period post GFC)	1.0m sq ft	1.2m sq ft
2015 – 2019 (gross supply)	1.1m sq ft	N.A.

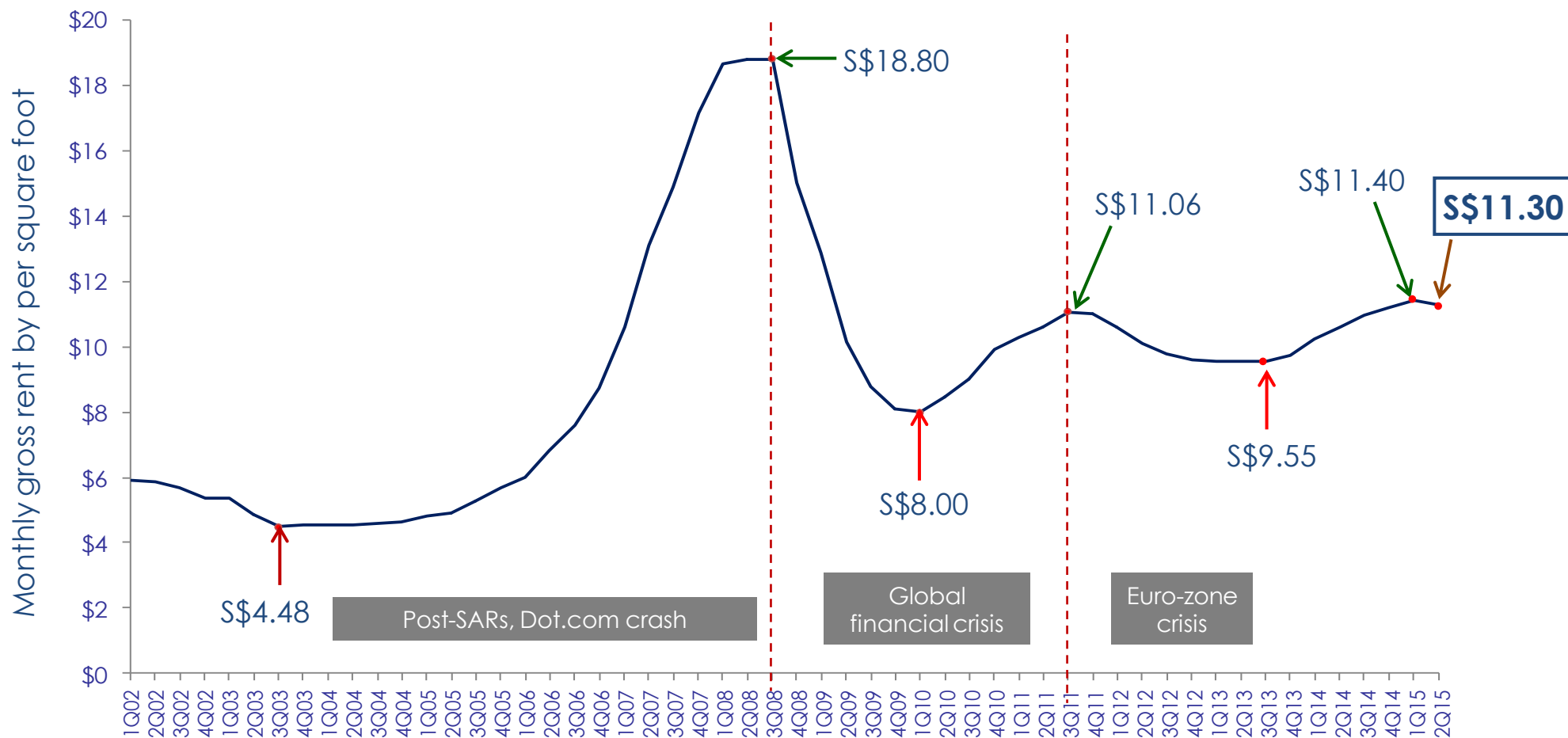
Notes:

- (1) Central Area comprises 'The Downtown Core', 'Orchard' and 'Rest of Central Area'
- (2) Supply is calculated as net change of stock over the quarter and may include office stock removed from market due to conversions or demolitions
- (3) Source: Historical data from URA statistics as at 2Q 2015; Forecast supply from CBRE Pte. Ltd. as at 2Q 2015
- (4) South Beach Development obtained TOP in 1Q 2015; 2015 forecast new supply are strata offices, namely, SBF Centre and EON Shenton



Grade A office market rent eased by 0.9% in 2Q 2015

	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15*
Mthly rent (S\$ / sq ft)	10.60	10.95	11.20	11.40	11.30
% change	+3.4%	+3.3%	+2.3%	+1.8%	-0.9%



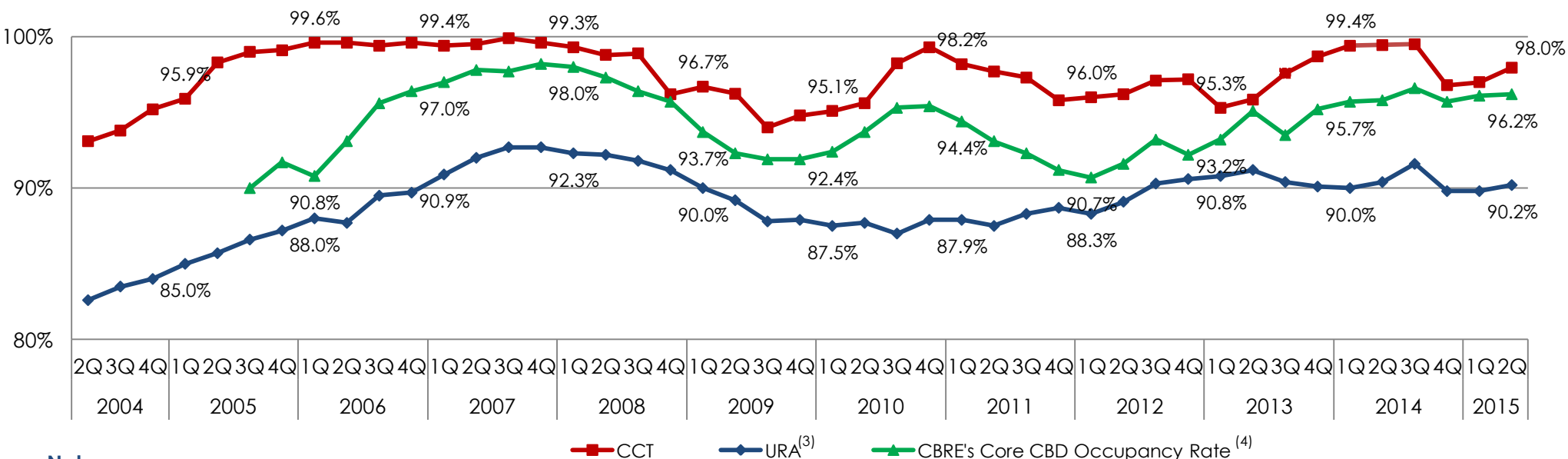
Source of data: CBRE Pte. Ltd. (figures as at end of each quarter).



CCT's portfolio occupancy of 98.0% above market occupancy of 96.2%

	CCT Committed Occupancy				Market Occupancy Level ⁽²⁾	
	Including CapitaGreen		Excluding CapitaGreen		2Q 2015	1Q 2015
	2Q 2015 ⁽¹⁾	1Q 2015	2Q 2015	1Q 2015		
Grade A office	97.1%	95.7%	99.8%	100.0%	95.6%	94.9%
Portfolio	98.0%	97.0%	99.7%	99.7%	96.2%	96.1%

CCT's Committed Occupancy Since Inception



Notes:

(1) Including CapitaGreen's occupancy of 80.4% as at 30 Jun 2015

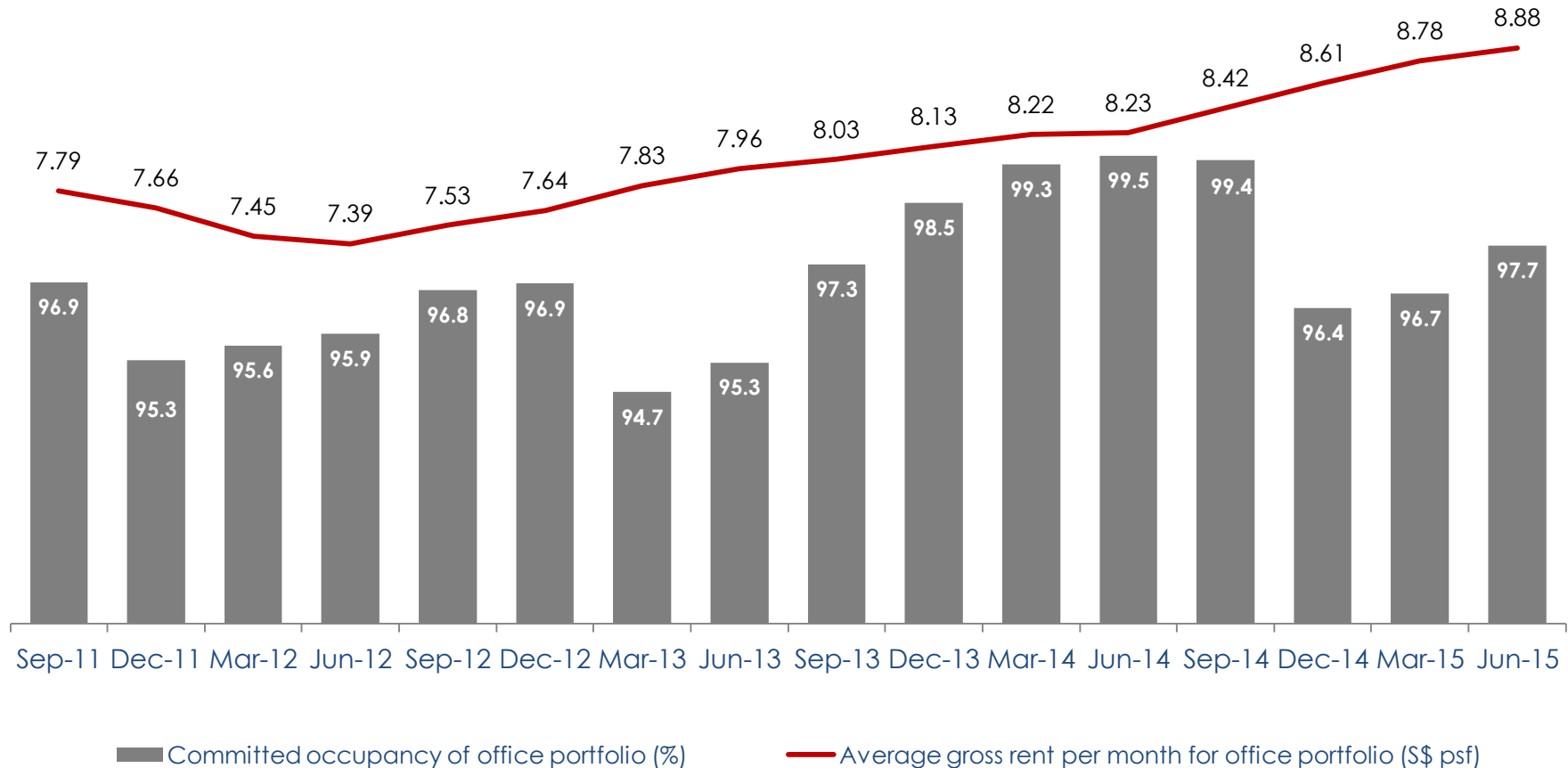
(2) Source: CBRE Pte. Ltd.

(3) Source: URA

(4) Covers Raffles Place, Marina Centre, Shenton Way and Marina Bay, data only available from 3Q 2005 onwards



Monthly average office rent of CCT's portfolio⁽¹⁾⁽²⁾ up by 1.1% q-o-q



Notes:

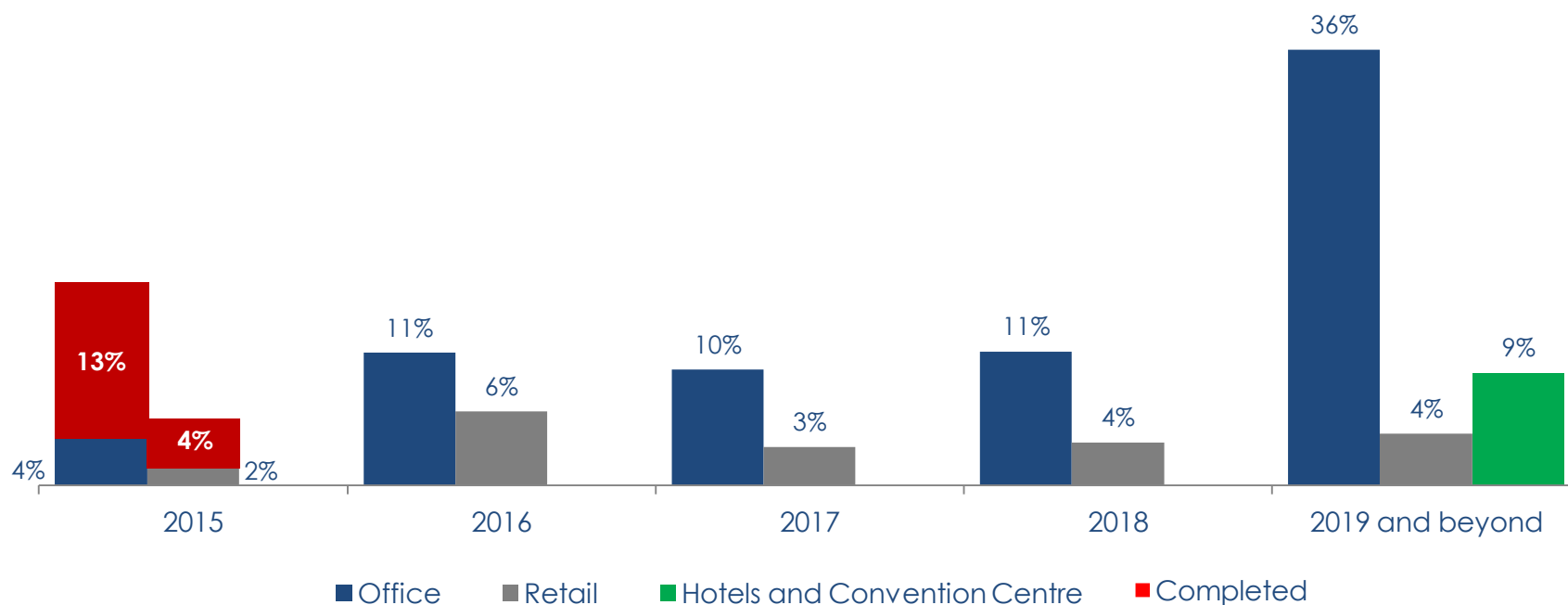
(1) Average gross rent per month for office portfolio (\$/psf) = $\frac{\text{Total committed gross rent for office per month}}{\text{Committed area of office per month}}$

(2) Includes 40.0% interest in CapitaGreen with effect from Dec 2014



Well spread portfolio lease expiry profile

Lease expiry profile⁽¹⁾ as a percentage of committed monthly gross rental income⁽²⁾



Portfolio WALE⁽³⁾ by NLA as at end Jun 2015 = 7.7 years

Notes:

(1) Includes CapitaGreen

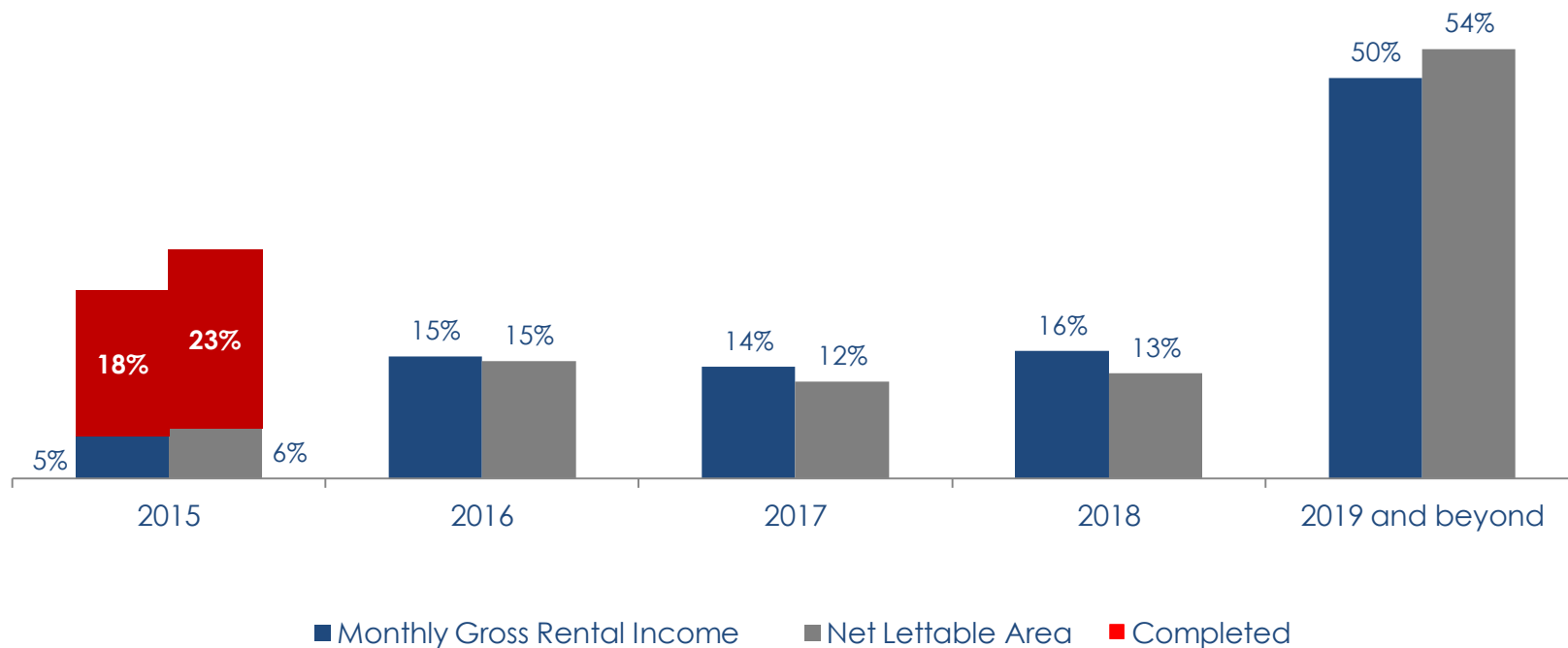
(2) Excludes retail and hotel turnover rent

(3) WALE: Weighted Average Lease term to Expiry



Focusing on forward renewals and tenant retention; most leases expiring in 2015 have been renewed

Office lease expiry profile⁽¹⁾ as a percentage of committed net lettable area
and committed monthly gross rental income



Note:

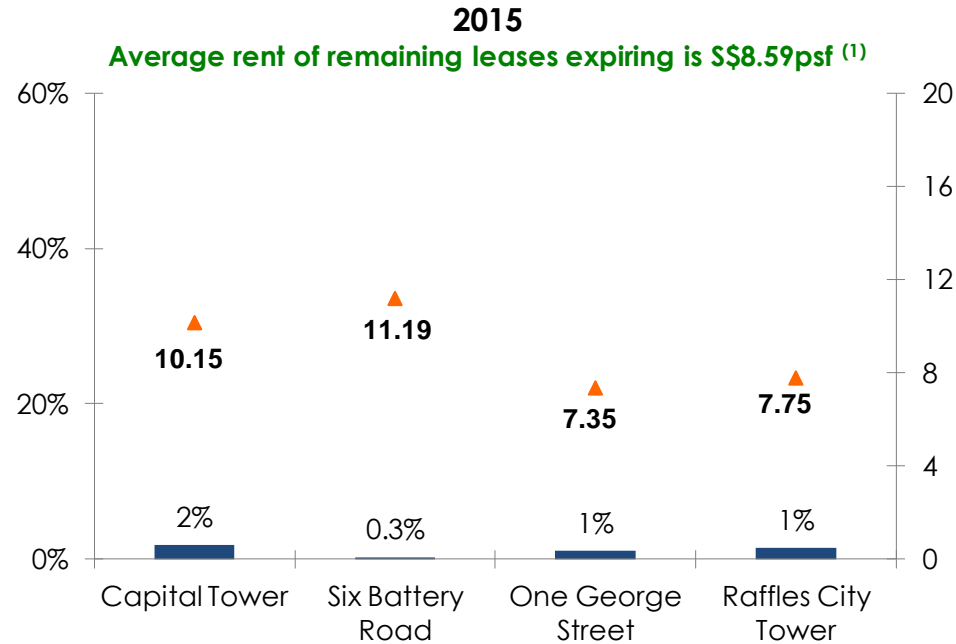
(1) Includes CapitaGreen



Expiring rents below current market rent - well positioned to capture potential rental upside

2Q 2015 Industry Statistics⁽¹⁾ –

Grade A Office Average Market Rent: S\$11.30 psf per month



▲ Average monthly gross rental rate for expiring leases (S\$ psf / month)

■ $\frac{\text{Monthly gross rental income for leases expiring at respective properties}}{\text{Monthly gross rental income for office portfolio}} \times 100\%$

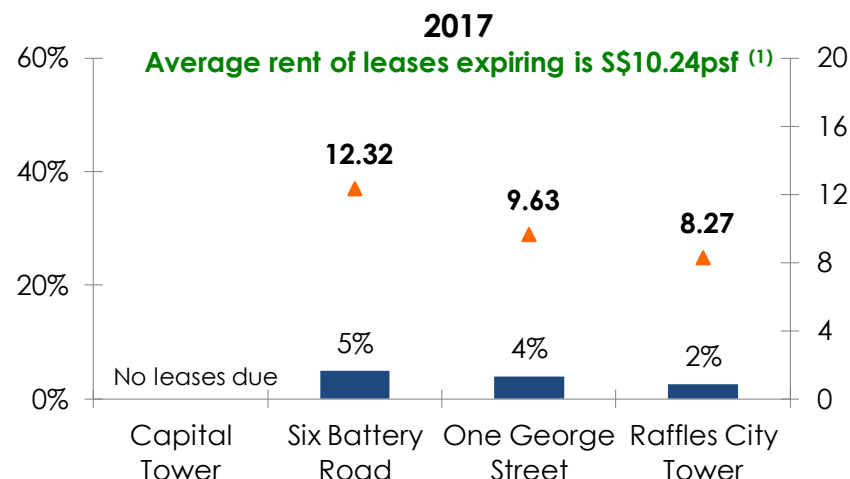
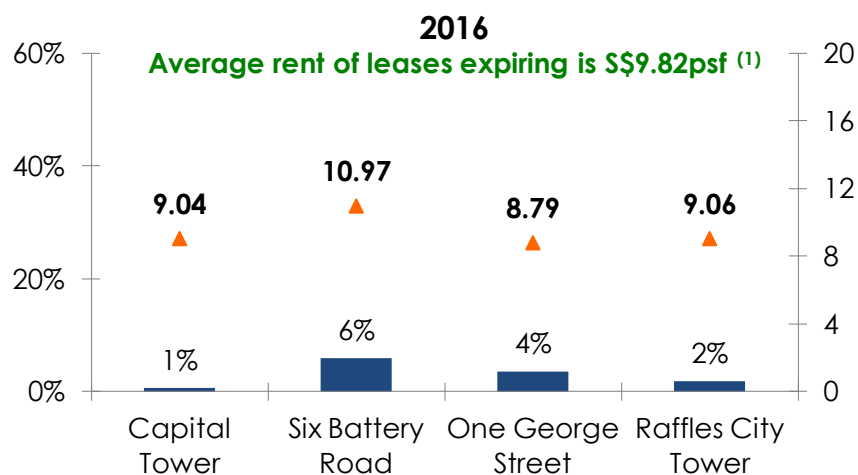
S\$ psf per month	Average Expired Rents	Committed Rents ⁽²⁾
Six Battery Road	11.32	12.80 – 14.80
One George Street	10.00	12.50 – 13.00

Notes:

(1) Source: CBRE Pte. Ltd. as at 2Q 2015

(2) Renewal/new leases committed in 2Q 2015

Average expiring rents still below current market rentals



- ▲ Average monthly gross rental rate for expiring leases (S\$ psf/month)
- $\frac{\text{Monthly gross rental income for leases expiring at respective properties}}{\text{Monthly gross rental income for office portfolio}} \times 100\%$

Note:

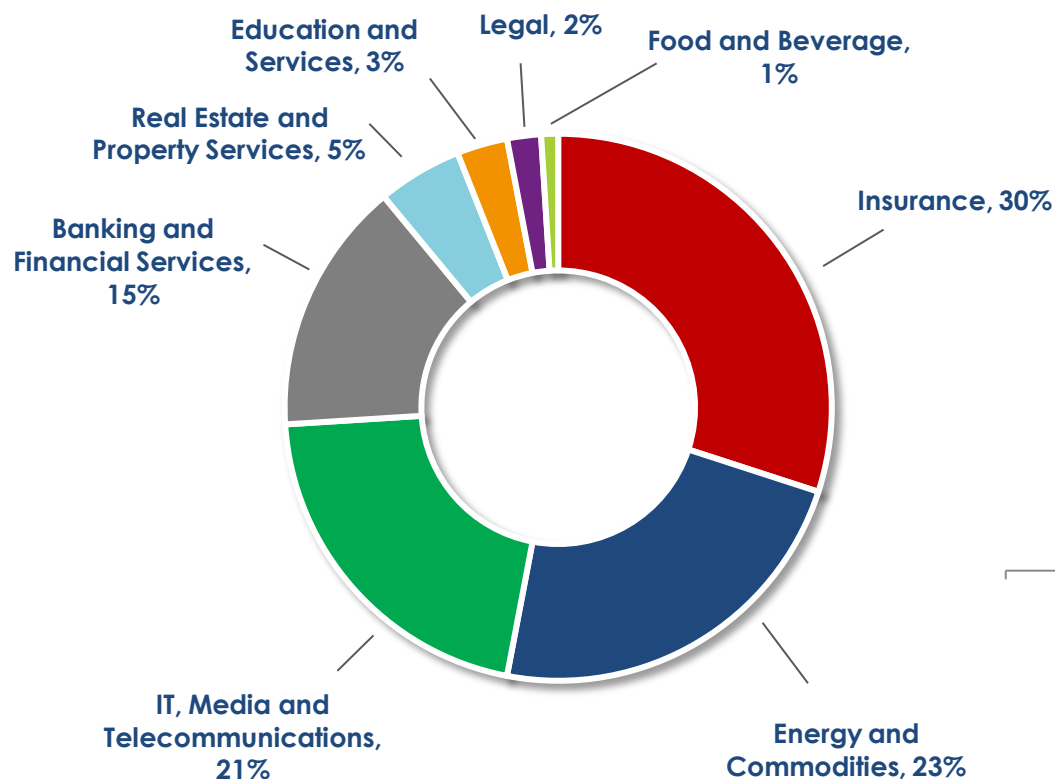
(1) Three Grade A buildings and Raffles City Tower only



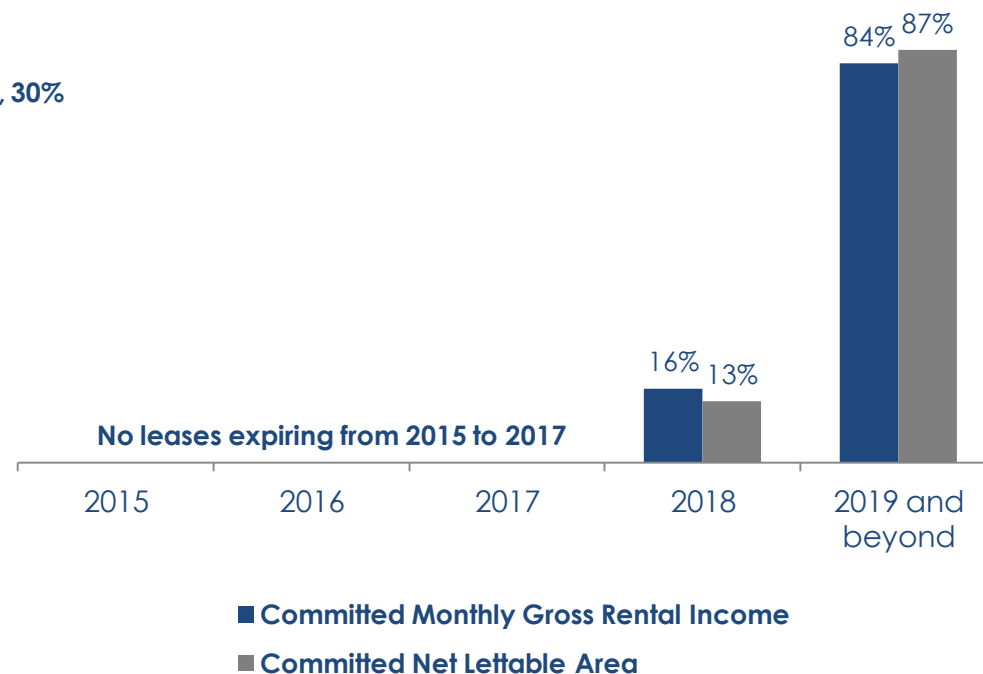
CapitaGreen committed leases for approximately 80.4%⁽¹⁾ of NLA or 566,000 sq ft

Committed tenants are on long term leases and 74% predominantly from the Insurance, Energy and Commodities and IT sectors

Tenant trade mix⁽²⁾ for CapitaGreen



Lease expiry profile for CapitaGreen



Notes:

(1) CapitaGreen's total net lettable area is 703,000 sf as at 30 June 2015

(2) Based on net lettable area of leases committed at CapitaGreen



Potential acquisition pipeline of remaining 60.0%



CapitaGreen 138 Market Street

- Total project development cost of S\$1.4 billion
- CCT owns 40.0% share of CapitaGreen
- Has call option to acquire balance 60.0% from JV partners
- Purchase price at market valuation
- Subject to minimum of development cost compounded at 6.3% p.a.⁽¹⁾
- Exercise period: within 3 years after completion (2015 to 2017)

Note:

(1) Based on actual costs incurred since commencement of development in 2011 and compounded at 6.3% p.a.



Value creation through AElS

Property	Six Battery Road	Raffles City Tower (100.0% interest)	Capital Tower
Occupancy rate (as at December 2014)	99.2%	100.0%	100.0%
Total AEI final / budget	Final: S\$85.8m Budget: S\$92.0m	Final: S\$32.3m Budget: S\$34.7m	Budget: S\$40.0m
Target return on investment	8.1%	8.6%	7.8%
Achieved return on investment	8.6%	9.3%	-
Areas of work	Upgrading of main lobby and upper floors' lift lobbies, restrooms and technical specifications, chiller replacement, increasing ceiling height of lettable area and installation of variable air volume boxes	Upgrading of main lobby, driveway, canopy, upper floors' lift lobbies, restrooms, creation of pantries and turnstiles installation	Upgrading of main and mezzanine lobbies, restrooms and technical specifications, chiller replacement and turnstiles installation
AEI Period	COMPLETED 4Q 2010 to 4Q 2013	COMPLETED 4Q 2012 to 2Q 2014	4Q 2013 to 4Q 2015



Thank you

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