

MITA No. 013/06/2008

22 April 2009

CapitaCommercial Trust

Reinitiate Coverage

BUY

Looking beyond the weak office market outlook

S\$0.83

Fair Value: S\$1.06

Stock Code: CACT.SI
 Reuters: C61U
 ISIN Code: CCTSP
 Bloomberg: CCTSP

Event: Reinitiate Coverage

General Data	
Issued Capital (m)	1,400
Mkt Cap (S\$m/US\$m)	1,162/772
Major Shareholder	CapitaLand (31.3%)
Free Float (%)	57.0
NTA per share (S\$)	2.97
Daily Vol 3-mth ('000)	4,905
52Wk High (S\$)	2.430
52Wk Low (S\$)	0.595

Wide tenant base mitigates tenancy risk. Tenancy risk for CCT is well-managed, with a wide base of 540 tenants. CCT's maximum exposure to a single tenant is ~13% of its monthly gross rental income and this comes from RC Hotels. The top ten tenants contribute approximately 50% of monthly gross rental income. Other than RC Hotels and Standard Chartered Bank, the remaining tenants each contribute ≤5% of CCT's monthly gross rental income.

Strong landlord-tenant relationship minimizes tenant turnover. CCT has maintained good relationship with its tenants. This is seen from the long term relationship between CCT and some tenants who have stayed with CCT since its establishment. Some tenants, such as Standard Chartered Bank, have also taken up long term lease contracts with CCT.

S\$282.3m of gross rental locked in for FY09. CCT's income visibility remains very healthy for FY09. At the end of FY08, CCT had already locked in 79% (~S\$282.3m) of its forecast gross rental income for FY09. As prime and Grade A office average rents continue to decline, rental upside from lease renewals is expected to decline but the impact is mitigated by the small % of expiring lease in FY09.

An equity fund raising may be needed by 2011. While we do not foresee major issues with the refinancing of borrowings due in FY09 and FY10, chances of an equity fund raising appear to be higher in FY11 with the significant liquidity needs. Total borrowings due for refinancing in FY11 could increase to S\$1,006m if convertible bonds holders exercise early redemption option. With the declining valuation of its properties, gearing level is expected to trend upwards and CCT may also have to consider equity fund raising to keep its gearing level in line with the S-REITs sector's gearing level.

Go for the yield and assets; re-initiate with BUY. We advise investors to look beyond the weak office market outlook and focus on the quality of CCT's assets and the DPU yield of CCT over the next 2 years. For FY09 and FY10, we still expect CCT to deliver DPU yields of 12.3% and 10.5%, respectively. Having a strong sponsor in CapitaLand could also provide support to CCT if there is any need for fund raising. We derive a RNAV estimate of S\$1.06 per share for CCT and we peg our fair value estimate at S\$1.06, which is at par to its RNAV. We re-initiate coverage on CCT with a **BUY** rating.

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Year to 31-Dec	Gross Revenue (S\$m)	Net Property Income (S\$m)	Distributable Income (S\$m)	DPU (S cents)	Price/NAV (x)	Distribution Yield (%)
FY 07	240.1	174.0	120.4	8.7	0.3	10.5
FY 08	335.3	233.5	153.0	11.0	0.3	13.3
FY 09F	382.4	271.4	142.7	10.2	0.3	12.3
FY 10F	356.6	260.2	121.7	8.7	0.3	10.5

Please refer to the important disclosures at the back of this document.

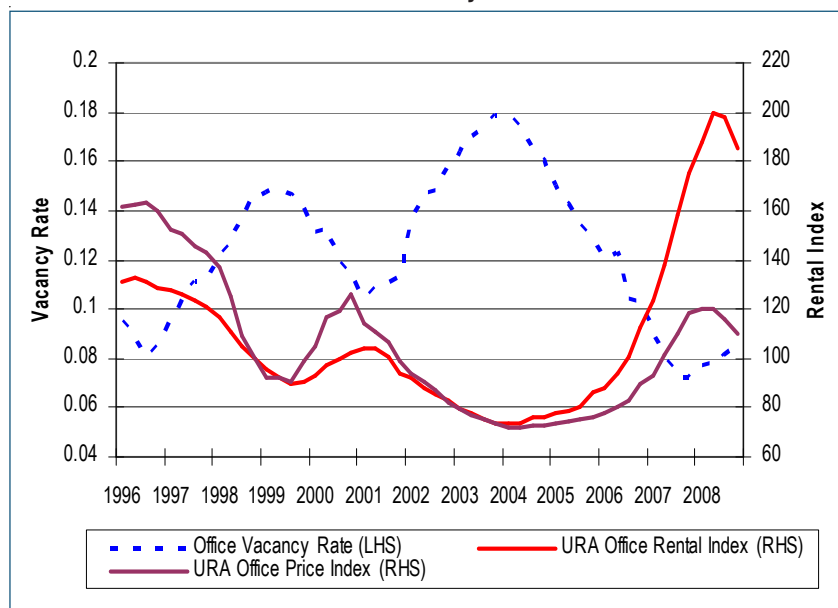
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Section A: Office Sector Outlook

Office rental rates under pressure. The outlook for the Singapore office market still remains worrisome with looming supply of new office space. An estimated 1.6m sq ft and 2.8m sq ft of office space are expected to be completed in 2009 and 2010 respectively, and these represent increases of approximately 2.2% and 3.9% in total office space in Singapore (~72m sq ft as at the end of 2008). However, take-up rate of these new office spaces is expected to be slow as companies shelve their expansion plans or scale back on operations in light of the weak economic outlook. Financial institutions, which had been a key source of demand for office space in 2007, had been badly hit by the subprime and credit crisis. As these institutions scale back on their operations, it is possible that some of their vacant office space may emerge in the leasing market as shadow office spaces and thus worsening the oversupply situation. According to DTZ, there was at least 106,000 sq ft of shadow office spaces available for leasing in 1Q09 and this is expected to increase in the coming quarters.

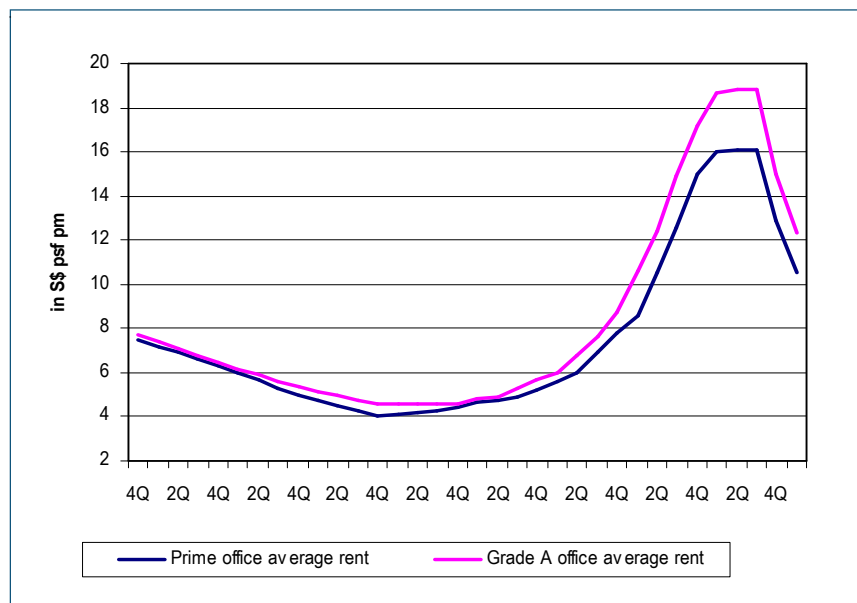
Exhibit 1: URA office indices and vacancy rate



Source: URA

Expecting another 25% fall in rents for the rest of 2009. According to CBRE, Prime and Grade A office rents continued to decline sharply in 1Q09. Prime office rents fell 18.6% QoQ and 34.4% YoY to S\$10.50 psf/month and Grade A office rents fell 18% QoQ and 34% YoY to S\$12.30 psf/month. During the previous trough in 4Q03, Prime and Grade A office rents bottomed at S\$4 psf/month and S\$4.55 psf/month, when islandwide office vacancy rate was hovering at 17.9% and with 6.4m sq ft of office space in the pipeline then. With the impending supply of office space in the coming years, worsened by the slowdown in the business environment, more downside to office rent is expected and we are now expecting office rental rates to decline by another 25% for the rest of 2009, to be followed by a 20% decline in 2010.

Exhibit 2: Prime and Grade A office rents



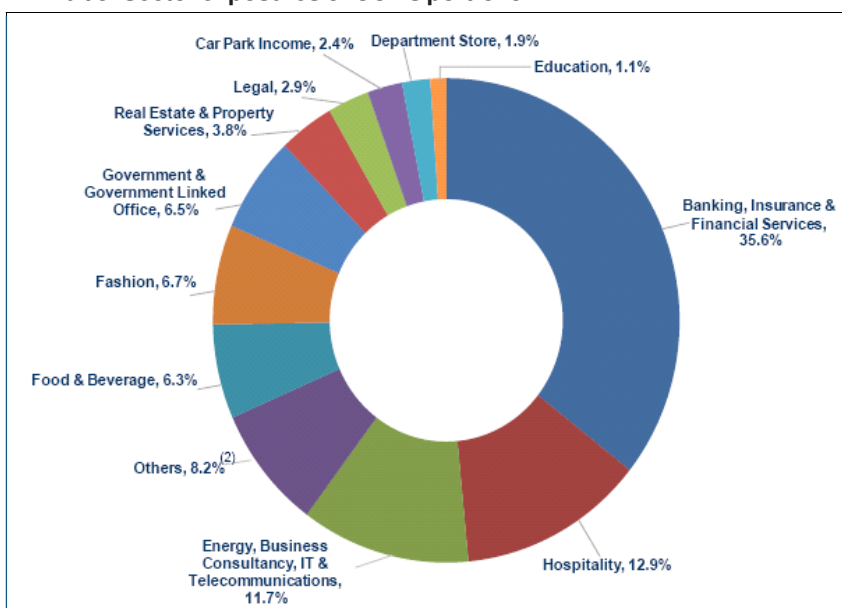
Source: CBRE

Section B: Asset Portfolio Analysis

Wide tenant base mitigates tenancy risk. Tenancy risk for CCT is well-managed, with a wide base of 540 tenants under its asset portfolio. CCT's maximum exposure to a single tenant is ~13% of its monthly gross rental income and this comes from RC Hotels, which is the lessee of the hotels and convention centre in Raffles City and the lease contract will expire in 2016. The top ten tenants contribute approximately 50% of monthly gross rental income. Other than RC Hotels and Standard Chartered Bank, the remaining tenants each contribute ≤5% of CCT's monthly gross rental income.

Not overly concerned about rental exposure to the financial sector. CCT has a diversified tenant mix in different industries. The banking, insurance and finance services sectors contribute the highest % (~35%) of CCT's monthly gross rental income (GRI) and this is followed by the hospitality sector (~13% of monthly GRI). While there may be concerns over CCT's higher exposure to the banking, insurance and financial services sector, which had been badly affected by the current financial crisis, we remain comfortable with CCT's exposure to this sector as its key tenants include strong names, such as Standard Chartered Bank (~11% of monthly gross rental income), JPMorgan Chase Bank (~5%), Nomura (~4%) and The Hongkong and Shanghai Banking Corporation (~3%). Notwithstanding the subprime crisis and the credit crunch, JPMorgan Chase Bank took up an additional one-and-a-half floor of office space at Capital Tower at the higher end of the micro-market rental rate in September 2008.

Exhibit 3: Sector exposures of CCT's portfolio

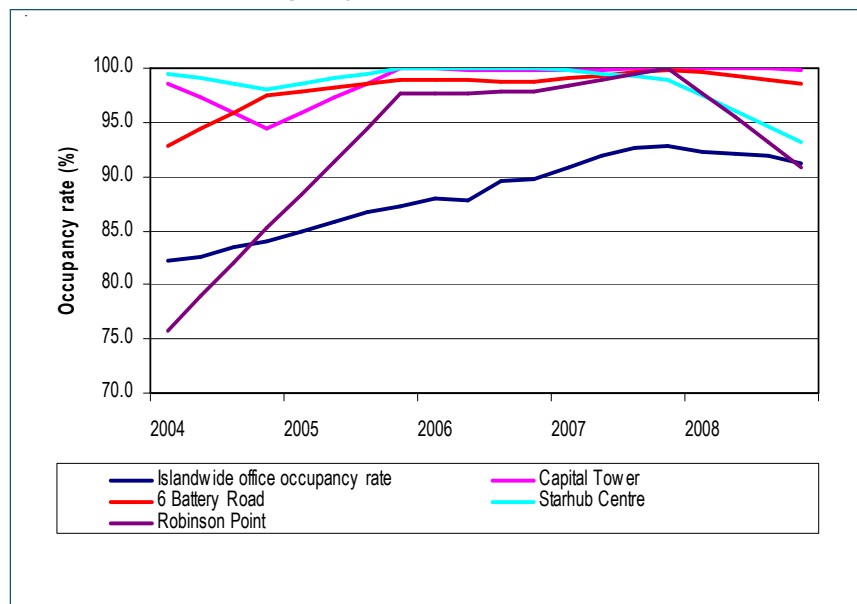


*Based on GRI for Dec 2008

Source: Company

Quality assets ensure stable occupancy rate during downturn. Going forward, the supply of office space is going to increase with the completion of new office space in the pipeline and coupled with weakening demand for office space from the finance sector and the postponement of expansion plans by businesses, islandwide office vacancy rate is expected to trend upwards. However, we still expect a certain degree of variation in the vacancy rate in different locations and by the quality of office buildings. In particular, we believe that the occupancy rates of Grade A office buildings in the CBD are likely to hold up better in comparison to office buildings outside of the CBD area as the steep decline in rental rates will improve the affordability of office space in CBD and this may attract more businesses to relocate to the CBD, which is still the choice location for offices given its prestige and accessibility. Our view has been supported by the occupancy track record of the assets in CCT's portfolio. Occupancy rate of CCT's Grade A office buildings, Capital Tower and 6 Battery Road, have consistently achieved high occupancy rate of above 90% since these were injected into CCT and have also consistently performed better than the islandwide occupancy rate. While occupancy rates at Robinson Point and Starhub Centre had declined at the end of 4Q08, occupancy rates at Capital Tower and 6 Battery Road continued to hold firm.

Exhibit 4: Historical occupancy trend of CCT's assets

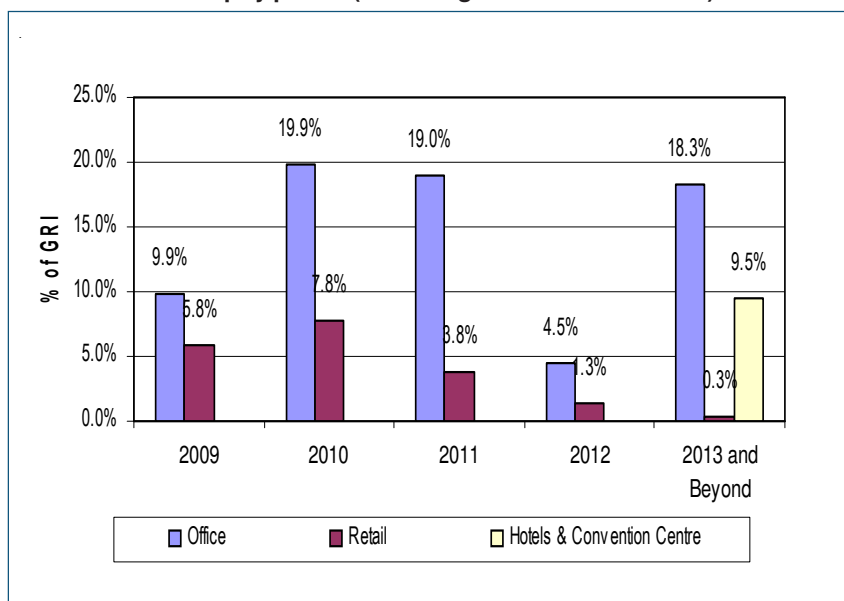


Source: URA, Company

Strong landlord-tenant relationship minimizes risk of high tenant turnover. The ability to maintain a strong landlord-tenant relationship is an important factor to minimize the turnover of tenants, which will also minimize the opportunity cost of having unoccupied office spaces. We believe that CCT has performed well in maintaining strong relationship with its tenants. This is seen from the long term relationship between CCT and some tenants such as JPMorgan Chase Bank, Standard Chartered Bank, Nomura Singapore, Government of Singapore Investment Corporation, Cisco Systems, Starhub and Intel Technology, which all of them have remained as CCT's tenants since its establishment in 2004. In addition, some of CCT's tenants, such as Standard Chartered Bank, have taken up long term lease contracts with CCT and this further highlights the strong working relationship between CCT and these tenants.

S\$282.3m of gross rental income locked in for FY09. Notwithstanding external shocks or unforeseen circumstances, CCT's income visibility remains very healthy for FY09. At the end of FY08, CCT had already locked in 79% (~S\$282.3m) of its forecast gross rental income for FY09. This amount is ~88.4% of our FY09 GRI estimate and ~95.2% of CCT's FY08 GRI. For the remaining leases that are up for renewal in FY09, office space constitutes ~9.9% of CCT's total GRI and retail space constitutes ~5.8% of CCT's total GRI. As prime and Grade A office average rents continue to decline, rental upside from lease renewals is expected to decline for the rest of the year but the impact is mitigated by the small % of expiring lease in FY09.

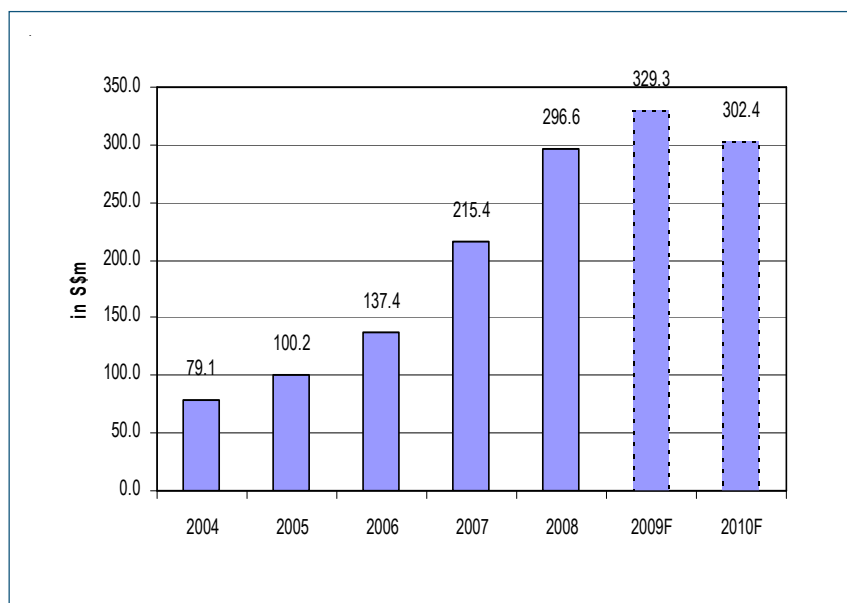
Exhibit 5: Lease expiry profile (excluding committed renewals)



Source: Company

Full impact of rent decline to be felt in FY10. We expect the impact of rent decline on CCT's portfolio to have a greater impact in FY10, as decline in office rental rate is likely to continue into FY10. For FY10, CCT will have to renew 19.9% of GRI from its office spaces and 7.8% of GRI from its retail spaces. Declining market rent, coupled with the higher proportion of office and retail space due for renewal and the higher average gross rental rate of the expiring leases in FY10, increase the risk of declining GRI in FY10. We are forecasting the GRI of CCT's portfolio to decline by 8.2% YoY to S\$302.4m in FY10.

Exhibit 6: CCT's Gross Rental Income forecasts



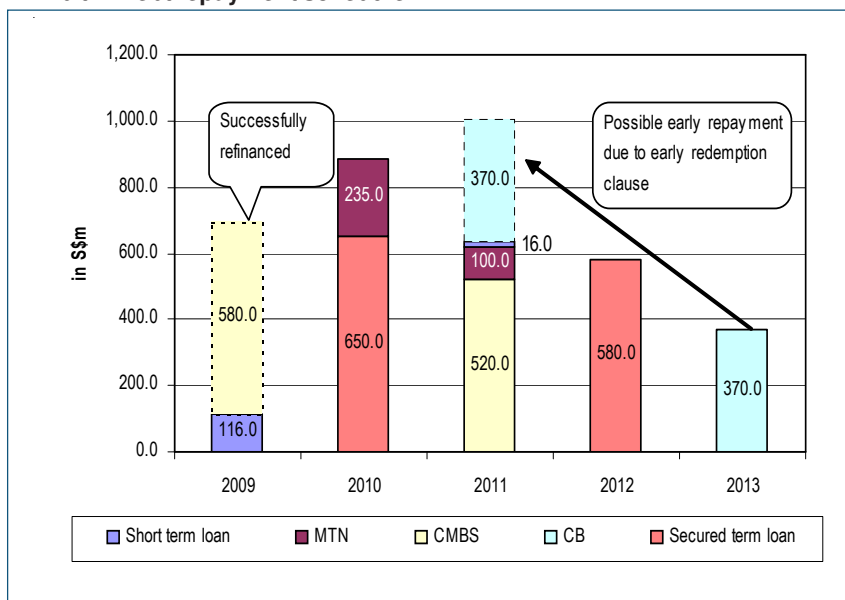
Source: Company, OIR estimates

Passing on property tax rebate to tenants. As part of the measures to lower operating costs for businesses, Singapore Government announced a 40% property tax rebate for industrial and commercial properties in 2009. In response to the move by the government, CCT announced that it will pass on the property tax rebate to its tenants. Such a move will bring about intrinsic benefits to CCT as it will enhance the landlord-tenant relationship. This will also lower the risk of tenant turnover as the pressure on tenants' operating costs eases. Nevertheless, CCT will still get to enjoy a lower property tax as we expect annual values of office buildings, which are used in the computation of property taxes, to decline in light of weakening office rents.

Section C: Capital Management

Successfully refinanced S\$580m CMBS in January. In January, CCT announced that it had successfully secured a 3-year term loan of up to S\$580m from four banks (DBS Bank, Standard Chartered Bank, UOB and The Bank of Tokyo-Mitsubishi UFJ) and the loan is secured by a mortgage and other securities relating to just one property - Capital Tower. Proceeds from the term loan had been used to refinance the borrowings under the S\$580m commercial mortgage-backed securities (CMBS) due in March and management guided that the all-in interest cost for the loan is within the earlier projection made in June 2008, which assumed an average interest of 4.4% for CCT in 2009.

Exhibit 7: Debt repayment schedule



Source: Company, OIR estimates

Unencumbered assets provide financial flexibility. At the moment, CCT has S\$2.7bn worth of assets unencumbered (based on end-2008 valuation). However, with the weak office sector outlook and declining valuation of office buildings, financial institutions (FIs) have appeared to take a more prudent approach towards commercial property lending. This is evidenced in the decline in the LTV ratio for two of CCT's loans - 1) secured term loan facilities of S\$700m on One George Street (1GS) that CCT obtained in July 2008 (LTV: 60%) and 2) secured term loan facilities of S\$580m on Capital Tower (LTV: 46.5%). As such, the amount of loan facilities that CCT can obtain through the encumbrance of its assets will ultimately depend on 1) the valuation of the properties at the point of negotiation with the financial institutions and 2) the loan-to-value (LTV) ratio that the FIs are willing to offer.

CCT currently has total borrowings of S\$1,001m due for refinancing in FY09 and FY10. In light of the uncertainty associated with the valuation of unencumbered assets and LTV that FIs may offer, we did a sensitivity analysis on the amount of credit facilities available to CCT through the encumbrance of its remaining assets for the refinancing of its loans due in FY09 and FY10. We have included 1GS into the list of unencumbered assets as the term loan on which 1GS is encumbered with will mature in FY10. Results of the analysis show that CCT is still able to refinance its FY09 and FY10 borrowings through credit facilities encumbered on its assets, even in circumstance whereby asset values have fallen by 35% and LTV is lowered to 40%.

Exhibit 8: Sensitivity analysis on available credit facilities base on LTV and asset valuation

Unencumbered asset value (\$m):		Loan-To-Value ratio (%)							
		25.0	30.0	35.0	40.0	45.0	50.0	55.0	60.0
	\$3,847								
	10.0	1,058.0	1,269.5	1,481.1	1,692.7	1,904.3	2,115.9	2,327.5	2,539.1
	5.0	1,009.9	1,211.8	1,413.8	1,615.8	1,817.8	2,019.7	2,221.7	2,423.7
% change in	0.0	961.8	1,154.1	1,346.5	1,538.8	1,731.2	1,923.6	2,115.9	2,308.3
valuation	-5.0	913.7	1,096.4	1,279.2	1,461.9	1,644.6	1,827.4	2,010.1	2,192.8
of	-10.0	865.6	1,038.7	1,211.8	1,385.0	1,558.1	1,731.2	1,904.3	2,077.4
unencumbered	-15.0	817.5	981.0	1,144.5	1,308.0	1,471.5	1,635.0	1,798.5	1,962.0
assets	-20.0	769.4	923.3	1,077.2	1,231.1	1,385.0	1,538.8	1,692.7	1,846.6
	-25.0	721.3	865.6	1,009.9	1,154.1	1,298.4	1,442.7	1,586.9	1,731.2
	-30.0	673.2	807.9	942.5	1,077.2	1,211.8	1,346.5	1,481.1	1,615.8
	-35.0	625.2	750.2	875.2	1,000.2	1,125.3	1,250.3	1,375.3	1,500.4
	-40.0	577.1	692.5	807.9	923.3	1,038.7	1,154.1	1,269.5	1,385.0

Source: OIR

No significant capex needs. With the termination of plans to redevelop Market Street Car Park, concerns of huge capex requirements have eased. The original cost for the project was estimated to be between S\$1bn and S\$1.5bn. With a gearing ratio of 37.6% and debt of S\$2.6bn, we believe that CCT could be financially strained if it proceeds with the project, especially under the current tight credit market condition. At the same time, it will be taking on significant development risk as the office market weakens. Financing concerns ease with the lower capex needs. We expect normal capex to be around S\$20-30m per annum, which is just approximately 0.3%-0.4% of CCT's asset base.

Safe from refinancing risk for now... Having completed the refinancing of its S\$580m CMBS, CCT is now left with a short term loan of S\$116m that needs to be refinanced by mid 2009. CCT had also guided that refinancing of this short term loan is likely to be finalized ahead of maturity. This has eased concerns on the short term refinancing risk of CCT in FY09.

...but an equity fund raising may still be needed by 2011. Although management had clarified that there is no immediate plans to raise equity, we believe that an equity fund raising may still be needed by 2011. While we do not foresee major issues with the refinancing of borrowings due in FY09 and FY10, chances of an equity fund raising appear to be higher in FY11 with the significant liquidity needs. CCT will have total borrowings of S\$636m due for refinancing in FY11 and the amount could increase to S\$1,006m if holders of the convertible bonds (due in 2013) choose to exercise their early redemption option after 6th May 2011. With the declining valuation of its office buildings, gearing level is expected to trend upwards going forward and CCT may also have to consider equity fund raising to keep its gearing level in line with the S-REITs sector's gearing level.

Section D: Valuation

Valuation remains undemanding despite recent rally. Since the recovery of the STI after hitting a 52-week low on 9th March 2009, the share price of CCT staged a strong rebound, gaining 37.1% between 9th March and 21st April and outperformed the FTSE ST REIT Index which gained 26.5% over the same period. Based on its last closing price of S\$0.83, CCT's valuations still remain undemanding at Price/NAV of 0.28x (S-REITs average: 0.42x) and forecasted FY09 DPU yield of 12.3% (S-REITs average: 14.9%).

Go for the yield and assets; reinstate with BUY. While the office sector is expected to remain weak over the mid term, we believe that the weakness has already been reflected in CCT's share price. Thus, we advise investors to look beyond the weak office market outlook and focus on the quality of CCT's assets and the DPU yield of CCT over the next 2 years. Notwithstanding the decline in rental and occupancy rates and higher financing costs going forward, we still expect CCT to deliver DPU yields of 12.3% and 10.5% for FY09 and FY10, respectively. Having a strong sponsor in CapitaLand could also provide support to CCT if there is any need for fund raising. We derive a RNAV estimate of S\$1.06 per share for CCT and we peg our fair value estimate for CCT at S\$1.06, which is at par to its RNAV without any discount as we believe that the negatives have already been priced in at current share price and our forecasts have also taken into consideration the weak outlook. We re-initiate coverage on CCT with a **BUY** rating.

Exhibit 9: FY09 RNAV Table

	in S\$m
Valuation of investme	4,060.10
Book value of investment properties	6,710.60
Surplus from investment properties	-2,650.50
Surplus/(Deficit) from Quill Capita Trust stake	-22.9
Book value (as at end of FY08)	4,154.90
FY09 RNAV	1,481.50
Shares outstanding (m)	1,397.20
RNAV per share (S\$)	1.06
Discount to RNAV	0.00%
Fair Value (S\$)	\$1.06

Source: OIR estimates

Section E: Appendix

Appendix 1: Background of CapitaCommercial Trust

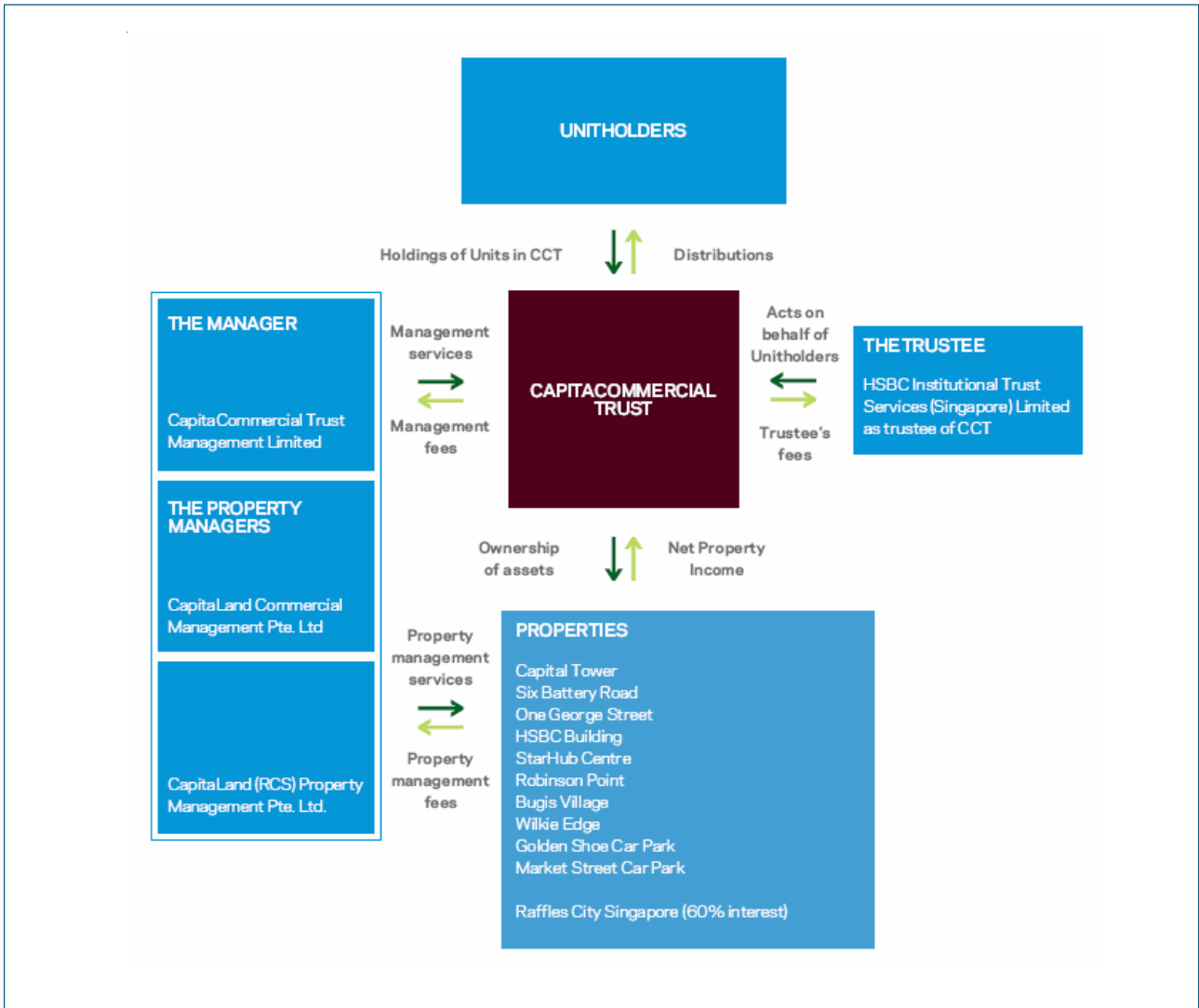
Listed on SGX-ST on 11th May 2004, CapitaCommercial Trust (CCT) is Singapore's first Real Estate Investment Trust investing in quality income-producing properties predominantly used for commercial purposes. CCT was created through a capital reduction exercise by CapitaLand Limited, which was a distribution in specie to its existing shareholders.

Managed by CapitaCommercial Trust Management Limited (CCTML), an indirect wholly-owned subsidiary of CapitaLand, CCT is among the largest Singapore-listed commercial REIT by market capitalisation and asset size since inauguration.

CCT's current market capitalisation is about S\$1.2 billion (based on closing price of S\$0.83 per unit on 21st April 2009). As of 31st December 2008, CCT's total asset size is about S\$6.9 billion, comprising eleven quality properties in the downtown core of Singapore. These include Capital Tower, 6 Battery Road, 1 George Street, HSBC Building, Starhub Centre, Robinson Point, Raffles City (60% interest through RCS Trust), Bugis Village, Golden Shoe Car Park, Market Street Car Park and Wilkie Edge.

In addition, CCT is a substantial unitholder of Quill Capita Trust with a 30% stake and has a 7.4% stake in the Malaysia Commercial Development Fund. QCT is a commercial REIT listed on Bursa Malaysia, with a portfolio of nine commercial properties in Kuala Lumpur and Cyberjaya. MCDF is CapitaLand's first and largest Malaysia private real estate fund, with focus on real estate development properties primarily in Kuala Lumpur and the Klang Valley.

Appendix 2: Trust Structure



Source: Company

Appendix 3: Asset Portfolio of CapitaCommercial Trust

	Type	Tenure (yrs)	Net Lettable Area (sq ft)	FY08 Occupancy Rates (%)	FY08 Gross Rental Income (\$m)	Valuation as at end-2008 (\$m)
Capital Tower	Office	Leasehold exp 31 Dec 2094	740,943.8	99.9	49.1	1,246.5
6 Battery Road	Office	Leasehold exp 19 Apr 2825	496,388.0	98.6	75.6	1,370.5
Starhub Centre	Office	Leasehold exp 31 Jan 2095	280,065.9	93.1	16.6	332.8
Robinson Point	Office	Freehold	133,138.7	90.9	11.0	226.6
Bugis Village	Mixed use	Leasehold exp 30 Mar 2088	121,180.0	96.6	9.9	69.4
Golden Shoe Car Park	Car park	Leasehold exp 31 Jan 2081	44,315.0	100.0	11.1	109.6
Market Street Car Park	Car park	Leasehold exp 31 Mar 2073	21,204.9	82.8	4.9	60.4
HSBC Building	Office	Leasehold exp 18 Dec 2849	200,466.9	100.0	8.9	355.0
Wilkie Edge	Mixed use	Leasehold exp 20 Feb 2105	145,969.2	67.0	0.2	176.8
1 George Street	Office	Leasehold exp 21 Jan 2102	448,004.3	100.0	30.5	1,146.0
Raffles City	Mixed use	Leasehold exp 15 Jul 2078	781,351.5	99.9	117.4	2,695.0

Source: Company

Appendix 4: Acquisitions since IPO

Date	Asset	Asset Value (\$m)	Comments
May-04	Capital Tower	793.9	IPO
May-04	6 Battery Road	675.2	IPO
May-04	Starhub Centre	266.1	IPO
May-04	Robinson Point	119.8	IPO
May-04	Bugis Village	56.5	IPO
May-04	Golden Shoe Car Park	72.1	IPO
May-04	Market Street Car Park	34.9	IPO
Apr-05	HSBC Building	147.0	-
Apr-06	100% investment in Junior Bonds of Aragorn ABS Berhad	19.7	Fully redeemed
Sep-06	60% interest in Raffles City Singapore	1,299.6	-
Jan-07 & Aug-07	30% interest in Quill Capita Trust	58.8	-
NA	7.4% interest in Malaysia Commercial Development Fund	30.5	Committed investment
Nov-07	Wilkie Edge	182.7	-
Jul-08	1 George Street	1,165.0	-
		<u>4,921.8</u>	

Source: Company

Appendix 5: S-REITs Table

	Last Price	Ccy	Market Cap (in S\$m)	Consensus FY09 DPU (in S\$)	Consensus FY10 DPU (in S\$)	FY09 Yield (%)	FY10 Yield (%)	Gearing ratio (%)	Book value per share (in S\$)	P/B (x)	% Price chge (1m)	% Price chge (3m)	% Price chge (12m)
Office													
Frasers Commercial Trust	0.165	SGD	121.4	0.039	0.033	23.6	20.0	53.8	0.99	0.17	22.2	-32.7	-80.2
CapitaCommercial Trust*	0.830	SGD	1,162.3	0.119	0.102	14.3	12.3	32.2	2.97	0.28	15.3	-14.4	-60.3
K-REIT Asia	0.680	SGD	447.1	0.088	0.084	12.9	12.4	27.6	2.28	0.30	28.3	-1.4	-53.1
Suntec REIT*	0.670	SGD	1,057.8	0.094	0.081	14.0	12.1	34.3	2.01	0.33	27.6	-2.2	-55.0
Office Average						16.2	14.2	37.0	2.06	0.27	23.4	-12.7	-62.2
Retail													
CapitaMall Trust**	1.280	SGD	4,059.7	0.090	0.093	7.0	7.3	42.1	2.45	0.52	14.3	6.0	-55.6
Frasers Centerpoint Trust*	0.685	SGD	426.7	0.068	0.070	9.9	10.2	28.5	1.22	0.56	18.1	6.2	-42.4
Starhill Global REIT	0.445	SGD	427.6	0.069	0.066	15.5	14.8	30.8	1.44	0.31	3.5	-10.1	-64.4
Retail Average						10.8	10.8	33.8	1.70	0.46	12.0	0.7	-54.1
Healthcare													
Parkway Life REIT	0.740	SGD	446.0	0.076	0.077	10.3	10.4	23.6	1.34	0.55	-5.1	-4.5	-39.3
Healthcare Average						10.3	10.4	23.6	1.34	0.55	-5.1	-4.5	-39.3
Hospitality													
Ascott Residence Trust*	0.470	SGD	288.4	0.066	0.062	14.0	13.2	37.0	1.47	0.32	14.6	-6.9	-62.4
CDL Hospitality REIT	0.575	SGD	477.5	0.071	0.066	12.3	11.5	18.3	1.42	0.41	27.8	-9.4	-68.4
Hospitality Average						13.2	12.3	27.7	1.44	0.36	21.2	-8.2	-65.4
Industrial													
Ascendas REIT	1.380	SGD	2,323.2	0.129	0.128	9.3	9.3	34.9	1.61	0.86	14.1	-0.7	-41.6
Cambridge Industrial Trust	0.280	SGD	223.0	0.046	0.046	16.4	16.4	37.8	0.75	0.38	16.7	-1.8	-58.2
Macarthurcook Industrial REIT	0.260	SGD	68.0	0.088	0.075	33.8	28.8	39.6	1.27	0.21	15.6	-5.5	-72.0
Mapletree Logistics Trust*	0.440	SGD	853.3	0.047	0.047	10.7	10.7	38.1	0.89	0.50	23.9	11.4	-56.0
Industrial Average						17.6	16.3	37.6	1.13	0.48	17.6	0.9	-57.0
Overseas													
Ascendas India Trust	0.485	SGD	367.0	0.069	0.067	14.2	13.8	5.9	0.94	0.52	-4.9	-3.0	-54.7
CapitaRetail China Trust	0.875	SGD	542.9	0.082	0.087	9.4	9.9	31.5	1.24	0.71	34.6	31.6	-34.7
First REIT	0.560	SGD	153.5	NA	NA	NA	NA	15.0	0.93	0.60	30.2	28.7	-20.6
Fortune REIT (in HK\$)	2.920	HKD	2,403.5	0.367	0.320	12.6	11.0	26.4	7.50	0.39	24.3	13.6	-42.3
Lippo-Mapletree Indonesia*	0.255	SGD	272.9	0.047	0.054	18.4	21.2	11.9	0.71	0.36	41.7	-7.3	-55.7
Saizen REIT	0.160	SGD	72.3	0.028	0.028	17.5	17.5	45.9	0.65	0.25	39.1	45.5	-79.2
Overseas Average						14.4	14.7	22.8	2.00	0.47	27.5	18.2	-47.9
S-REITs Average						14.6	13.8	30.8	1.70	0.42	20.1	2.2	-54.8

* DPU and Yields are based on OIR forecast

Post-Rights gearing level of CMT will be 29.2%

Source: Bloomberg, OIR

CCT's Key Financial Data
EARNINGS FORECAST

Year Ended 31 Dec (S\$ m)	FY07	FY08	FY09F	FY10F
Gross revenue	240.1	335.3	382.4	356.6
Property management fees	-7.0	-9.1	-11.5	-10.7
Property tax	-21.1	-42.4	-42.1	-32.1
Other property operating expenses	-38.1	-50.4	-57.4	-53.6
Property operating expenses	-66.1	-101.8	-111.0	-96.3
Net property income	174.0	233.5	271.4	260.2
Other income (Loss)	-4.5	6.1	0.0	0.0
Manager's management fees	-13.6	-16.3	-19.1	-17.8
Trust expenses	-5.8	-15.2	-11.5	-10.7
Gain on sale of investment property	0.6	0.0	0.0	0.0
Loss on disposal of subsidiary	-0.2	0.0	0.0	0.0
Borrowing costs	-49.3	-84.1	-111.8	-117.8
Net income before share of profit of associate & fair value changes	101.1	124.0	129.0	113.9
Net change in fair value of investment properties	1,305.8	203.8	0.0	0.0
Share of profit of associate (net of tax)	9.0	3.9	4.0	4.0
Total return for the period before tax	1,416.0	331.7	132.9	117.9
Income tax	-0.1	0.0	0.0	0.0
Total return for the period after tax	1,415.9	331.7	132.9	117.9
Net income before share of profit of associate & fair value changes	101.1	124.0	129.0	113.9
Adjustments	19.3	29.0	13.7	7.9
Distributable income to unitholders	120.4	153.0	142.7	121.7
DPU (S-cents)	8.7	11.0	10.2	8.7

BALANCE SHEET**As at 31 Dec (S\$ m)**

	FY07	FY08	FY09F	FY10F
Plant and equipment	1.1	1.3	1.3	1.4
Investment properties	5,110.0	6,710.6	6,730.6	6,750.6
Investment in associate	64.6	63.9	65.2	66.5
Other investment	7.8	10.2	10.2	10.2
Trade and other receivables	4.9	18.7	21.4	19.9
Cash	35.5	66.7	36.1	34.6
Total assets	5,278.7	6,871.4	6,864.8	6,883.2
Long-term borrowings	1,097.5	1,514.8	1,305.9	1,590.9
Debt securities	0.0	350.7	350.7	350.7
Other non-current liabilities	22.9	31.3	32.8	34.5
Trade and other payables	47.5	96.8	110.4	103.0
Derivative liability	10.5	26.1	26.1	26.1
Short-term borrowings	162.1	696.0	885.0	620.0
Provision for taxation	0.7	0.7	0.7	0.8
Total current liabilities	220.7	819.7	1,022.3	749.9
Total liabilities	1,341.1	2,716.5	2,711.7	2,725.9
Unitholders' funds	3,937.6	4,154.9	4,153.1	4,157.2
Total liabilities and unitholders' funds	5,278.7	6,871.4	6,864.8	6,883.2

CASH FLOW**Year Ended 31 Dec (S\$ m)**

	FY07	FY08	FY09F	FY10F
Total return before tax	1,416.0	331.7	132.9	117.9
Adjustments	-1,254.0	-118.2	108.8	114.8
Operating income before working cap change	162.0	213.5	241.8	232.7
Change in working capital	15.7	32.5	11.0	-6.0
Cash generated from operations	177.6	246.0	252.7	226.7
Tax paid	0.0	0.0	0.0	0.0
Cash generated from operating activities	177.6	246.0	252.7	226.7
Cashflow from investing activities	-82.1	-1,328.7	-20.8	-20.8
Cashflow from financing activities	-102.0	1,113.9	-262.5	-207.4
Change in cash	-6.4	31.2	-30.6	-1.5
Cash at beginning of period	41.9	35.5	66.7	36.1
Cash at end of period	35.5	66.7	36.1	34.6

Key Ratios

PER (x)	0.8	3.6	9.0	10.1
P/NAV (x)	0.3	0.3	0.3	0.3
NPI margin (%)	72.5	69.6	71.0	73.0
Net income margin (%)	589.8	98.9	34.8	33.1
Gearing (%)	23.9	37.3	37.0	37.2
DPU yield (%)	10.2	12.9	11.9	10.2
ROE (%)	36.0	8.0	3.2	2.8
ROA (%)	26.8	4.8	1.9	1.7

Source: Company data, OIR estimates

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