

[Print this page](#)**Miscellaneous**

* Asterisks denote mandatory information

Name of Announcer *	CAPITACOMMERCIAL TRUST
Company Registration No.	N.A.
Announcement submitted on behalf of	CAPITACOMMERCIAL TRUST ("CCT")
Announcement is submitted with respect to *	CAPITACOMMERCIAL TRUST
Announcement is submitted by *	Michelle Koh
Designation *	Company Secretary, CapitaCommercial Trust Management Limited (As manager of CCT)
Date & Time of Broadcast	16-Jul-2008 23:30:25
Announcement No.	00126

>> Announcement Details

The details of the announcement start here ...

Announcement Title *

Moody's Rating for CapitaCommercial Trust

Description

CapitaCommercial Trust's Response:

CapitaCommercial Trust Management Limited, the Manager of CapitaCommercial Trust (CCT), has in place a proactive capital management strategy. This is demonstrated by its ability to secure 100% committed funding of S\$1.2 billion to finance 1 George Street in March 2008, four months ahead of its targeted completion, in the midst of the current difficult credit environment. The 1 George Street transaction was successfully completed on 11 July 2008.

In relation to the S\$656 million which is due for refinancing next year, the Manager has a number of refinancing options available to it and intends to finalise them well in advance of the existing debt maturity. The Manager is of the view that CCT's current gearing of 37% is a prudent level for the trust.

There is strong organic growth within the CCT's portfolio. Current occupancy is close to 100%. In addition, the full effect of the strong positive rent reversions from leases committed in 2007 and 2008 will progressively pronouncedly come through in the current and subsequent years and further strengthen CCT's financial position.

The higher income could be seen from the strong distribution per unit growth in CCT's forecast for 2008 and projection for 2009 as shown in the forecast and assumptions stated in the Unitholder's Circular dated 9 June 2008. CCT's forecast distribution per unit for 2008 is 10.61 cents, which is 22% higher than the DPU of 8.70 cents delivered in financial year 2007. For 2009, the projected DPU of 12.34 cents is 16.3% above the forecast DPU of 10.61 cents in 2008.

Attachments[Moody's.Press.Release.16July.2008.pdf](#)Total size = **43K**

(2048K size limit recommended)

[Close Window](#)

Rating Action: CapitaCommercial Trust

Moody's downgrades CapitaCommercial Trust ratings

Singapore, July 16, 2008 -- Moody's has today downgraded CapitaCommerical Trust's (CCT) A3 corporate family and Baa1 senior unsecured ratings to Baa1 and Baa2 respectively following the trust's completion of its acquisition of One George Street for S\$1.165 Billion. The outlook for the ratings is stable.

This completes the review for possible downgrade that commenced on 28 March 2008 when the acquisition was first announced.

"The downgrade reflects the entirely debt funded nature of the acquisition which has materially increased the leverage of CCT and to levels not consistent with its previous ratings," says Kathleen Lee, the lead analyst for CCT. "For example, interest coverage (EBITDA/Interest) is expected to fall to below 2.5 times compared to 3 to 3.5 times previously and Debt/EBITDA is expected to be at least 10 times at the end of 2009 compared to 8 times at the end of 2007," she continued.

At the same time Moody's notes that the acquisition further enhances CCT's leadership position in the office sector in Singapore with One George Street adding to its already quality property portfolio and further diversifying its overall tenant base and earnings.

"CCT has sizeable debt maturities in the next 9 months - representing about 27% of total debt -- and these remain unsupported by standby committed banking facilities," said Lee. However, the REIT has recently demonstrated solid access to the debt markets -- even in current conditions -- and Moody's expects CCT to put in place the required committed funding over the next 3-6 months.

The stable outlook reflects an expectation that interest coverage will stabilize at around 2.5 to 3 times by the end of 2009 and that Debt/EBITDA will reduce to around 9 times by the same point.

The rating is unlikely to be upgraded in the near term given the need to reduce leverage in line with the above.

On the other hand, downward rating pressure may evolve if CCT's EBITDA/Interest coverage falls below 2.5 times and Total Debt/EBITDA rises above 10x beyond the end of 2009. Evidence of the trust having difficulty raising the required financing for its funding shortfalls in 2008 or 2009 on suitable terms or at materially higher cost than anticipated would also be negative for the rating.

CapitaCommerical Trust is a Singapore-based real estate investment trust (REIT) which invests in commercial properties. As of 11 July 2008, CCT owned a portfolio of high-quality properties, mainly in the CBD of Singapore, with a valuation of approximately S\$6.5 billion.

Singapore
Kathleen Lee
Vice President - Senior Analyst
Corporate Finance Group
Moody's Singapore Pte Ltd.
JOURNALISTS: (852) 2916-1150
SUBSCRIBERS: (65) 6398-8308

Sydney
Brian Cahill
Managing Director
Corporate Finance Group
Moody's Investors Service Pty Ltd
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (612) 9270-8100

COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."