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Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	CAPITACOMMERCIAL TRUST
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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)
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>> Announcement Details

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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. In January 2009, the Manager announced that CCT has secured refinancing for its S$580 million commercial mortgage-backed securities (CMBS) due in March 2009. Four banks, namely, DBS Bank Ltd, Standard Chartered Bank, United Overseas Bank Limited and The Bank of Tokyo-Mitsubishi UFJ, Ltd, will provide a secured three-year term loan of up to S$580 million for CCT's refinancing.

The term loan will only be secured by a mortgage and other securities relating to Capital Tower. The Manager believes that the banks' willingness to lend to CCT with security over just one asset, Capital Tower, is an affirmation of their confidence in the quality and value of CCT's portfolio as well as its blue-chip tenant base. As a result, out of CCT's portfolio of eleven properties, eight properties with a total asset value of S$2.7 billion will be free of any encumbrance. This will provide the Manager with financial flexibility in managing CCT's capital and balance sheet.

There is evidence of strong organic growth within the CCT's portfolio. Current occupancy rate is about 97%. The average monthly passing rent of CCT's office properties is S$7.44 per square foot. This is significantly below market rentals which, according to industry statistics, were S$15.00 per square foot per month for Grade A office and S$12.90 per square foot per month for prime office in Singapore as at end-2008. The full effect of the rent reversions of leases committed in 2008 (when rentals were high), and full year income contributions from One George Street and Wilkie Edge (acquired in July and December 2008 respectively) will come through in 2009 and subsequent years. This will strengthen CCT's financial performance. The Manager has been actively engaging tenants for forward lease planning. As at 31 December 2008, 79% of the 2009 forecast gross rental income has been locked in with committed leases. This will ensure income stability for CCT's unitholders.

The Manager expects to be able to deliver CCT's forecast distribution per unit for 2009 of 12.34 cents, which is 12.2% higher than the DPU of 11.00 cents delivered in financial year 2008. This forecast was shown in the Unitholder's Circular dated 9 June 2008.

Attachments

Moody_CCT_PR_3Mar09.pdf

Total size = **61K**

(2048K size limit recommended)

Rating Action: CapitaCommercial Trust

Moody's downgrades CCT's credit ratings; outlook negative

Approximately US$217 million of debt securities affected

Singapore, March 03, 2009 -- Moody's has today downgraded CapitaCommerical Trust's ("CCT") corporate family rating to Baa2 from Baa1 and the senior unsecured ratings to Baa3 from Baa2. The outlook for both ratings is negative.

"The downgrade of CCT's ratings reflects the company's strained credit metrics, particularly Debt to EBITDA leverage and EBITDA/ Interest coverage which are in excess of 10x and around 2.5x respectively. These metrics are anticipated to weaken further to the extent that they would not be consistent with a Baa1-rated REIT," says Kathleen Lee, a Moody's VP/Senior Analyst.

"Furthermore, Moody's expects it will be difficult for CCT to improve these metrics over the intermediate term, as its operations will likely continue to be impacted by the slowing economy and constrained capital markets, which could be further exacerbated by upcoming new office completions from 2009 onwards," adds Lee, also Moody's lead analyst for the company.

Moody's notes that CCT has substantially addressed its short-term refinancing requirements surrounding its S$580 million CMBS notes due 16 March, 2009. When completed, the refinancing would result in improved financial flexibility to the extent that CCT's encumbered assets would fall from 92% to 59% as a proportion of total assets.

The Baa2 rating reflects CCT's leading position as Singapore's largest commercial real estate investment trust ("REIT") with a portfolio of fully-owned high quality assets supported by solid occupancy, high-quality tenants and a well-spread lease expiry profile. The rating also reflects CCT's relatively good access to bank markets, leveraging on the support of its established sponsor, CapitaLand Limited. CCT's strong operating profile is moderated by its high leverage, weak credit metrics, and inadequate liquidity.

The negative outlook reflects Moody's expectations that CCT's earnings and credit metrics will remain pressured over the medium term as tenant demand softens adding pressure to rental rates in a very challenging environment. The negative outlook also reflects potential weakness in the trust's operating performance, while asset devaluations may deepen thereby pressuring its already tight loan-to-value and EBITDA/Interest coverage covenant headroom in its banking facilities.

The outlook could return to stable if the REIT is able to deleverage while successfully navigating through the current economic downturn, such that its EBITDA/Interest coverage improves to 3x and DEBT/EBITDA drops below 7x on a sustained basis.

Downward rating pressure would develop should the REIT's operating performance disappoint, with EBITDA/Interest coverage staying below 2.5x and Debt to EBITDA rising above 9x on a consistent basis, or should any debt refinancing difficulties affect its debt maturities of S$116 million in 2Q/3Q09.

Downward rating pressure could also emerge if the trust's headroom to comply with its loan covenants is further tightened.

Moody's previous rating action with regard to CCT was taken on 23 December, 2008, when its Baa1 corporate family rating was placed on review for possible downgrade.

The principal methodology used in rating CCT was Rating Methodology for REITs and Other Commercial Property Firms, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory.

Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

CapitaCommerical Trust is a Singapore-based REIT which invests in commercial properties. As of 11 July 2008, CCT owned a portfolio of high-quality properties, mainly in Singapore's CBD, with a valuation of approximately S$6.7 billion.

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