



For Immediate Release

NEWS RELEASE

CCT deepens presence in Frankfurt with acquisition of 94.9% interest in Main Airport Center for €251.5 million
Accretive acquisition will grow CCT's overseas exposure to 8% of portfolio property value

Singapore, 17 July 2019 – CapitaLand Commercial Trust Management Limited (CCTML), the Manager of CapitaLand Commercial Trust (CCT), today announced that CCT has entered into an agreement to acquire an effective 94.9% interest in the holding companies of Main Airport Center (MAC) – a freehold office property in Frankfurt, Germany – from CapitaLand Limited and Lum Chang Holdings Limited. CapitaLand will continue to hold a 5.1% interest in the holding companies post-transaction. This accretive acquisition will mark CCT's second asset acquisition in Frankfurt¹ and increase CCT's overseas exposure from 5% to 8% of its portfolio property value.

The proposed transaction is based on an agreed property value of €265.0 million (about S\$407.8 million²) for MAC on a 100% basis, which translates to €251.5 million (about S\$387.1 million²) for the 94.9% interest. Including acquisition-related expenses, CCT's total acquisition outlay is estimated at €253.4 million³ (about S\$390.0 million²). CCT will fund the acquisition fully with Euro debt facilities or a combination of equity and Euro debt facilities and the transaction is expected to be DPU accretive in the range of 1.0% to 2.5%⁴, based on pro forma 1H 2019 DPU. The resultant pro forma aggregate leverage for CCT would be 35.0% to 37.0% as at 30 June 2019. The acquisition is conditional upon CCT's Unitholders' approval, which is expected to be obtained in September 2019.

Strategically located close to Frankfurt Airport and a mere 20-minute drive to Frankfurt's Central Business District, MAC is a multi-tenanted office building with a total net lettable area (NLA) of approximately 60,200 square metres (sqm). Of this, approximately 53,900 sqm is high-specification office space and the remaining 6,300 sqm is ancillary space housing a conference hall, meeting rooms and 1,510 car park lots. The committed occupancy of the property was approximately 90%⁵ as at 30 June 2019.

¹ In May 2018, CCT acquired a 94.9% interest in Gallileo, a freehold Grade A office property in Frankfurt's prime Banking District CBD. CapitaLand holds the remaining 5.1% in Gallileo

² Based on the exchange rate of €1.00 = S\$1.539 as at 28 June 2019

³ Total acquisition outlay includes acquisition fee which will be paid in the form of CCT units

⁴ Based on illustrative loan-to-value range of 40%-100% for the acquisition and indicative interest costs of 1.1% p.a. for Euro denominated borrowings

⁵ Committed occupancy as at 30 June 2019 after adjusting for expired leases and inclusion of newly committed leases

Mr Soo Kok Leng, Chairman of CCTML, said: “CCT made its maiden entry into Frankfurt last year with Gallileo, adding a new market that complements its established platform in Singapore where it is the largest office landlord in Central Business District by net lettable area. The proposed acquisition of MAC represents a continuation of our value creation efforts to grow CCT’s portfolio with quality assets that have long-term growth potential and create depth in markets where we are present. It increases CCT’s overall portfolio value and supports the geographical and income diversification of its portfolio mix.”

“Post-acquisition, the proportion of Singapore assets in CCT’s portfolio will stand at 92%, while overseas exposure will rise to 8% from 5% previously. This is aligned with our guidance of having up to 20% of CCT’s portfolio property value overseas in our pursuit for sustained growth. CCT remains predominantly Singapore-focused. Following the completion of CapitaLand’s merger with Ascendas-Singbridge, in addition to CapitaSpring, CCT can look forward to a larger pipeline of projects in Singapore from its sponsor.”

Mr Kevin Chee, Chief Executive Officer of CCTML said: “The proposed acquisition of MAC is a strategic fit with CCT’s existing portfolio. We are scaling up in a familiar and resilient market with strong property market fundamentals. Frankfurt’s office vacancy rate has seen a steady decline over the years. Average office rents in the city have risen steadily in recent years and are expected to continue their upward trajectory in the coming years in light of low vacancy rates. The joint venture structure with CapitaLand allows us to leverage our sponsor’s real estate expertise and network to deepen our presence in Frankfurt.”

“Offering income stability with a quality and diverse tenant base, the acquisition of MAC delivers an attractive net property income yield of 4.0%. Post-acquisition, CCT’s portfolio property value will increase from S\$10.7 billion to S\$11.1 billion.”

Key conditions for acquisition and valuation

As CapitaLand is a controlling Unitholder of CCT, CCT’s proposed acquisition of an effective 94.9% interest in the holding companies of MAC will be an interested person/party transaction (IPT) under the Listing Manual of Singapore Exchange Securities Trading Limited (SGX) and the Property Funds Appendix of the Code of Collective Investment Schemes. As such, the acquisition is subject to the approval of CCT’s Unitholders at an extraordinary general meeting to be held at an appropriate time, during which CapitaLand has to abstain from voting.

According to the Property Funds Appendix, in the case of an IPT, two independent valuations of the property must be obtained, with one of the valuers commissioned independently by the trustee of CCT. CBRE – an independent property valuer appointed by CCTML, and Cushman & Wakefield – an independent property valuer appointed by the trustee of CCT, have valued MAC at €265.0 million (94.9% of which is €251.5 million) and €267.3 million (94.9% of which is €253.7 million) respectively as at 30 June 2019.

Please refer to the **Annex** for property details of MAC.

About CapitaLand Commercial Trust (www.cct.com.sg)

CapitaLand Commercial Trust (CCT) is Singapore's first and largest listed commercial real estate investment trust (REIT) with a market capitalisation of approximately S\$8.1 billion as at 30 June 2019. Listed on Singapore Exchange Securities Trading Limited (SGX-ST) since May 2004, CCT aims to own and invest in real estate and real estate-related assets which are income-producing and predominantly used for commercial purposes. CCT's deposited property is approximately S\$11.3 billion as at 30 June 2019 comprising a portfolio of eight prime commercial properties in Singapore and one property in Frankfurt, Germany. The properties in Singapore are Capital Tower, CapitaGreen, Asia Square Tower 2, Six Battery Road, Raffles City (60.0% interest through RCS Trust), One George Street (50.0% interest through OGS LLP), 21 Collyer Quay (HSBC Building) and CapitaSpring (45.0% interest through Glory Office Trust and Glory SR Trust), an upcoming 51-storey integrated development in Raffles Place. The property in the Banking District of Frankfurt, Germany is Gallileo (94.9% interest).

CCT is included in several indices. These include the Morgan Stanley Capital International, Inc (MSCI) Index, MSCI World ESG Leaders Index, FTSE4Good Index Series (FTSE4Good), the FTSE EPRA Nareit Global Real Estate Index Series, the iEdge SGX Sustainability Index and FTSE Straits Times Index.

CCT is managed by CapitaLand Commercial Trust Management Limited, which is a wholly owned subsidiary of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

Issued by CapitaLand Commercial Trust Management Limited (Company registration no. 200309059W)

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Important Notice

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CCT is not necessarily indicative of the future performance of CCT.

Property Details

Main Airport Center (MAC) is a freehold multi-tenanted office building comprising 11 storeys and two basement levels located in the vicinity of Frankfurt Airport, Germany. MAC is strategically designed such that all parts of the building have direct views of either the neighbouring Frankfurt Airport, the adjacent Stadtwald forest or the Frankfurt skyline. The property was completed in 2004 and has a total net lettable area (“NLA”) of approximately 60,200 sqm comprising a high-specification office space of approximately 53,900 sqm, ancillary space of approximately 6,300 sqm and 1,510 car park lots. The committed occupancy of MAC was approximately 90%⁶ as at 30 June 2019.

Located approximately 800 metres north of Frankfurt Airport terminal 2 and forming part of the Frankfurt airport office submarket, MAC is well served by comprehensive transportation infrastructure. Frankfurt’s city centre is a 20-minute drive via motorways A5 and A3, a 15-minute journey via commuter railway (“S-Bahn”) or a 11-minute journey by the intercity express. A new S-Bahn station “Gateway Gardens” located approximately 500 metres from MAC is scheduled to open by the fourth quarter of 2019. This new station creates a direct connection from MAC to the Frankfurt’s city centre.

Frankfurt airport office submarket is the largest local workplace in Germany with nearly 81,000 employees in around 450 companies. This airport office submarket is a thriving business cluster with excellent supporting amenities and transportation network infrastructure.

Address	Unterschweinstiege 2-14, 60549 Frankfurt
Proposed ownership	94.9% CCT, 5.1% CapitaLand
Tenure	Freehold
Year of completion	2004
Building NLA	60,200 sqm / 648,400 sq ft
Office NLA	53,900 sqm / 580,000 sq ft (89.5%)
Ancillary NLA	6,300 sqm / 68,400 sq ft (10.5%)
Carpark lots	1,510

⁶ Committed occupancy as at 30 June 2019 after adjusting for expired leases and inclusion of newly committed leases.