



# CAPITALAND COMMERCIAL TRUST

Proposed Acquisition of a 94.9% Interest in Main Airport Center, Frankfurt, Germany

19 August 2019

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Terms not defined herein have the meanings given to them in the announcement in relation to the Acquisition dated 17 July 2019

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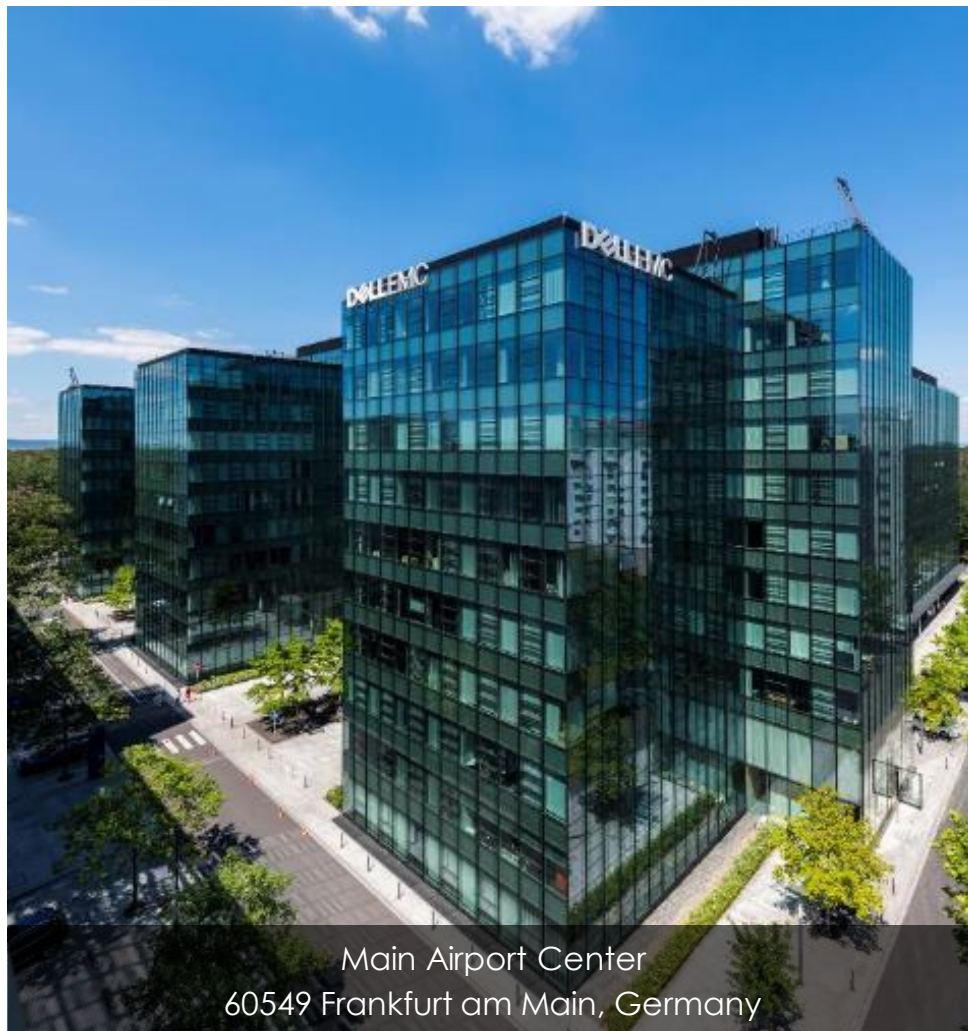


# Overview





# Transaction Overview – 2<sup>nd</sup> Acquisition in Frankfurt, Germany



Main Airport Center  
60549 Frankfurt am Main, Germany

- ✓ Opportunity to acquire a 94.9%<sup>(1)</sup> interest in Main Airport Center (the “Proposed Acquisition”), a high quality, multi-tenanted office building located within the Frankfurt airport office submarket
- ✓ Strategically located close to Europe's 3rd busiest international airport<sup>(2)</sup> – an established office location for both international and domestic companies
- ✓ Agreed Property Value of €265.0 million; 94.9% interest translates to €251.5 million (~\$387.1 million)<sup>(3)</sup>
- ✓ DPU accretive transaction funded by a combination of debt and equity
- ✓ Proposed Acquisition subject to CCT Unitholders' approval

## Notes:

- (1) Main Airport Center is currently owned by CLI MAC and CLI CP (the “Vendors”). CCT will acquire a 94.9% stake from the Vendors and CLI MAC will retain the remaining 5.1% post completion of the Proposed Acquisition.
- (2) In terms of passengers and aircraft movements. According to CBRE's valuation report dated 30 June 2019.
- (3) Based on exchange rate of €1.00 = \$1.539 as at 28 June 2019

# Overview of Main Airport Center

<b>Property</b>	<b>Main Airport Center (“MAC”)</b> 11 storeys and 2 basement levels
<b>Total number of tenants</b>	32 tenants
<b>Address</b>	Unterschweinstiege 2-14, 60549 Frankfurt
<b>Tenure</b>	Freehold
<b>Year of completion</b>	2004, by Tishman Speyer
<b>Net lettable area (“NLA”)</b>	~60,200 sqm <ul style="list-style-type: none"> <li>• Office: ~53,900 sqm (89.5%)</li> <li>• Ancillary: ~6,300 sqm (10.5%)</li> </ul>
<b>Carpark lots</b>	1,510
<b>Agreed property value</b>	€265.0 million
<b>Independent valuations</b>	<ul style="list-style-type: none"> <li>• CBRE<sup>(1)</sup>: €265.0 million</li> <li>• Cushman &amp; Wakefield<sup>(2)</sup>: €267.3 million</li> </ul>
<b>Weighted average lease expiry<sup>(3)</sup></b>	4.7 years
<b>Top tenants</b>	IQVIA, Dell, Miles & More
<b>Committed occupancy<sup>(4)</sup></b>	~90%
<b>NPI yield<sup>(5)</sup></b>	4.0%



All information on a 100% basis

Notes:

(1) Manager's valuer

(2) Trustee's valuer

(3) As at 30 June 2019, based on NLA

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

(5) Based on agreed property value of €265.0 million, 1H 2019 annualised adjusted NPI of €10.6 million and committed occupancy of approximately 90%



# Overview of MAC (cont'd)

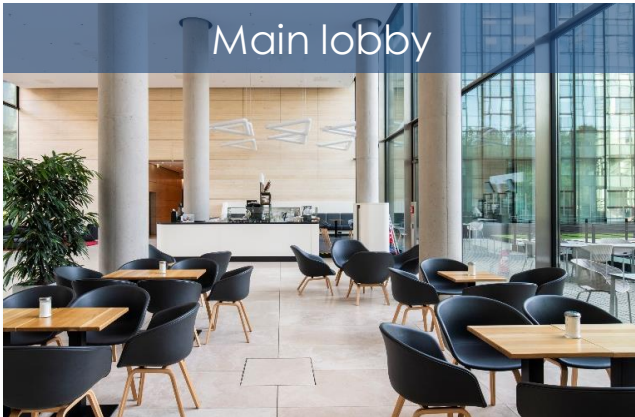
MAC



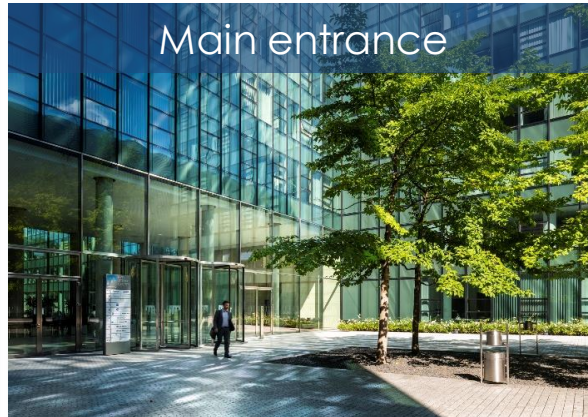
Office space: ~53,900 sqm



Main lobby



Main entrance



# Strategically located close to Frankfurt Airport and within a short distance to Frankfurt city centre

Frankfurt airport office submarket is an established market with excellent connectivity to Frankfurt city centre via a comprehensive transportation infrastructure network

## Close proximity to Frankfurt city centre

### 20 mins by Car

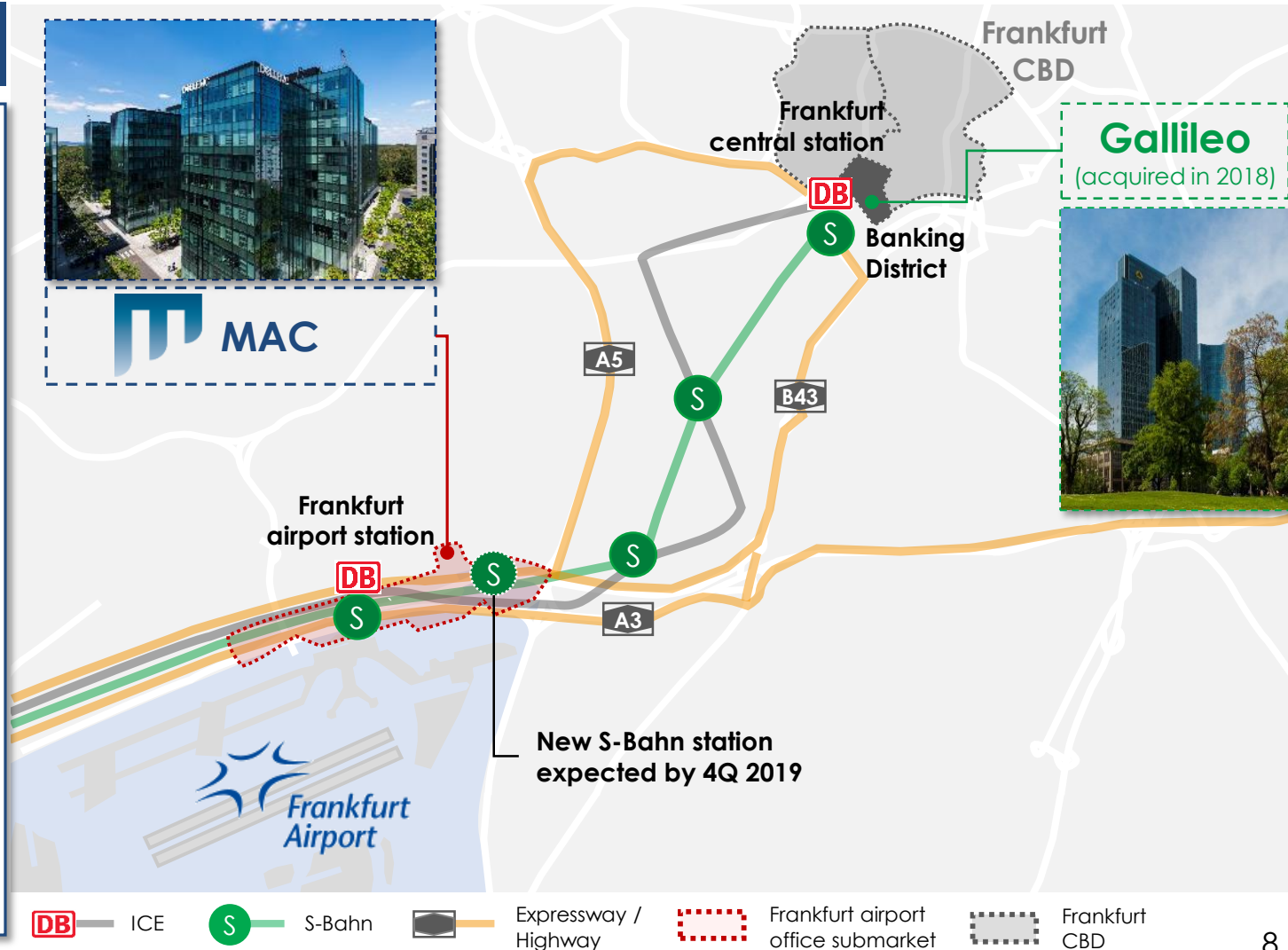
- Via A3 / A5 motorways

### 11 mins by Train

- Inter City Express (ICE) high speed trains offer 204 domestic and regional connections

### 15 mins by S-Bahn commuter railway

- 3 stops to Frankfurt city centre (Frankfurt central station)





# Funding of Cash Outlay

Using proceeds from Private Placement<sup>(1)</sup> and New Bank Loan<sup>(2)</sup>

<b>94.9% interest in Target Companies which hold MAC</b>	<b>S\$ million</b>
Agreed Property Value <sup>(3)</sup>	387.1
Less: Other adjustments <sup>(4)</sup>	(0.9)
Add: Acquisition Fee (payable in CCT units)	3.8
<b>Total Acquisition Outlay</b>	<b>390.0</b>
<b>Cash Outlay</b> (Total Acquisition Outlay less Acquisition Fee)	<b>386.1</b>

Notes:

- (1) Private Placement of 105,012,000 new CCT units at an issue price of S\$2.095 per new CCT unit, details of which were announced on 17 and 18 July 2019
- (2) New Bank Loan to be entered into by the Target Companies
- (3) Being 94.9% of the Agreed Property Value: €251.5 million (S\$387.1 million)
- (4) The net asset value of the Target Companies is based on the Agreed Property Value less the Loan Liabilities and subject to adjustments based on the net asset value of the Target Companies on completion.
- (5) Any discrepancies in figures are due to rounding

# Raised gross proceeds of S\$220 million via Private Placement of 105.0 million units at issue price of S\$2.095 per new unit

Private Placement was 5.0 times covered and drew strong demand from new and existing institutional, accredited and other investors.

17 Jul 2019	Closing Price (S\$) per Unit	Adjusted <sup>(1)</sup> Closing Price per Unit (S\$)	Volume Weighted Average Price <sup>(2)</sup> (VWAP) per Unit (S\$)	Adjusted <sup>(1)</sup> (VWAP) per Unit (S\$)
Issue Price per New Unit (S\$)				
2.095	2.17	2.1198	2.1762	2.1260
Issue price's discount to the respective prices	(3.5%)	(1.2%)	(3.7%)	(1.5%)

With the issue of the new units, CCT's total units outstanding on 29 July 2019 is 3,854,783,856


- Notes:
- (1) The Adjusted Closing Price and VWAP are computed after subtracting the Cumulative Distribution of 5.02 cents per Unit comprising 1H FY 2019 DPU of 4.40 cents for the period from 1 January to 30 June 2019 and advanced distribution of 0.62 cents for the period from 1 July to 28 July 2019 from the respective prices.
  - (2) Volume weighted average price for trades in the Units done on Singapore Exchange Securities Trading Limited (the "SGX-ST") for the Market Day on 17 July 2019 (being the Market Day on which the Placement Agreement was signed). "Market Day" refers to a day on which the SGX-ST is open for securities trading.



# Rationale and benefits of the Proposed Acquisition



# Rationale and benefits of the Proposed Acquisition

- 
- 1** Deepens strategic presence in attractive Frankfurt office market
  - 2** High quality freehold asset that complements CCT's existing portfolio
  - 3** Transaction is expected to be DPU accretive to Unitholders
  - 4** Enhances resilience, diversity and quality of CCT's portfolio
  - 5** Leverages Sponsor's established platform



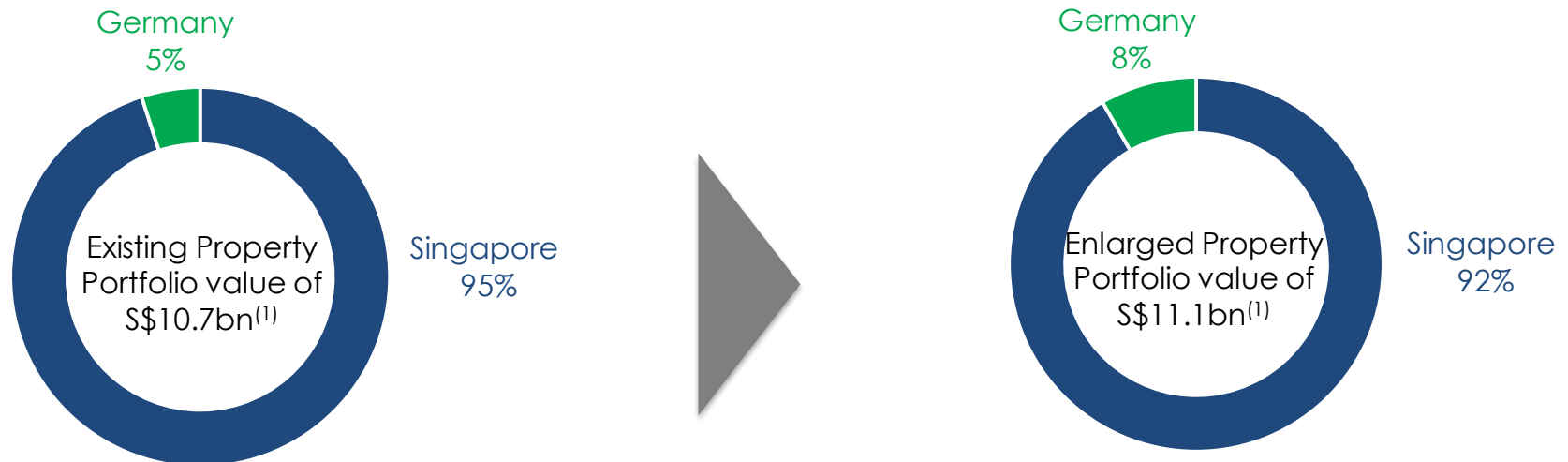
# 1 Deepens CCT's strategic presence in attractive Frankfurt office market

## Increases geographical exposure to Germany from 5% to 8%

- ✓ Proposed transaction represents CCT's second acquisition in Frankfurt
- ✓ Frankfurt is the largest financial centre in Germany and continental Europe with an attractive office market underpinned by strong fundamentals
- ✓ Rental and capital value growth expected

Source: Based on CBRE's valuation report dated 30 June 2019

### Geographic composition of CCT's portfolio

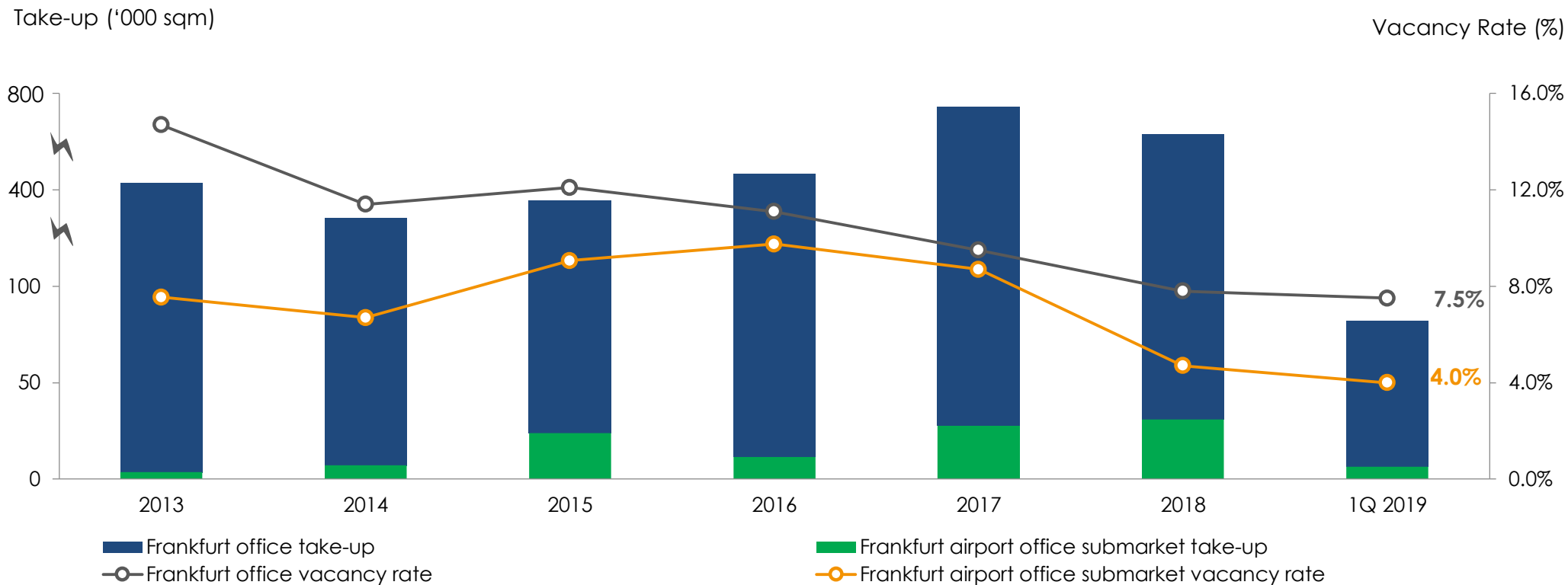


Note:

(1) As at 30 June 2019

# 1 Deepens CCT's strategic presence in attractive Frankfurt office market

Overall office vacancy remains tight with Frankfurt airport office submarket vacancy at 10-year low



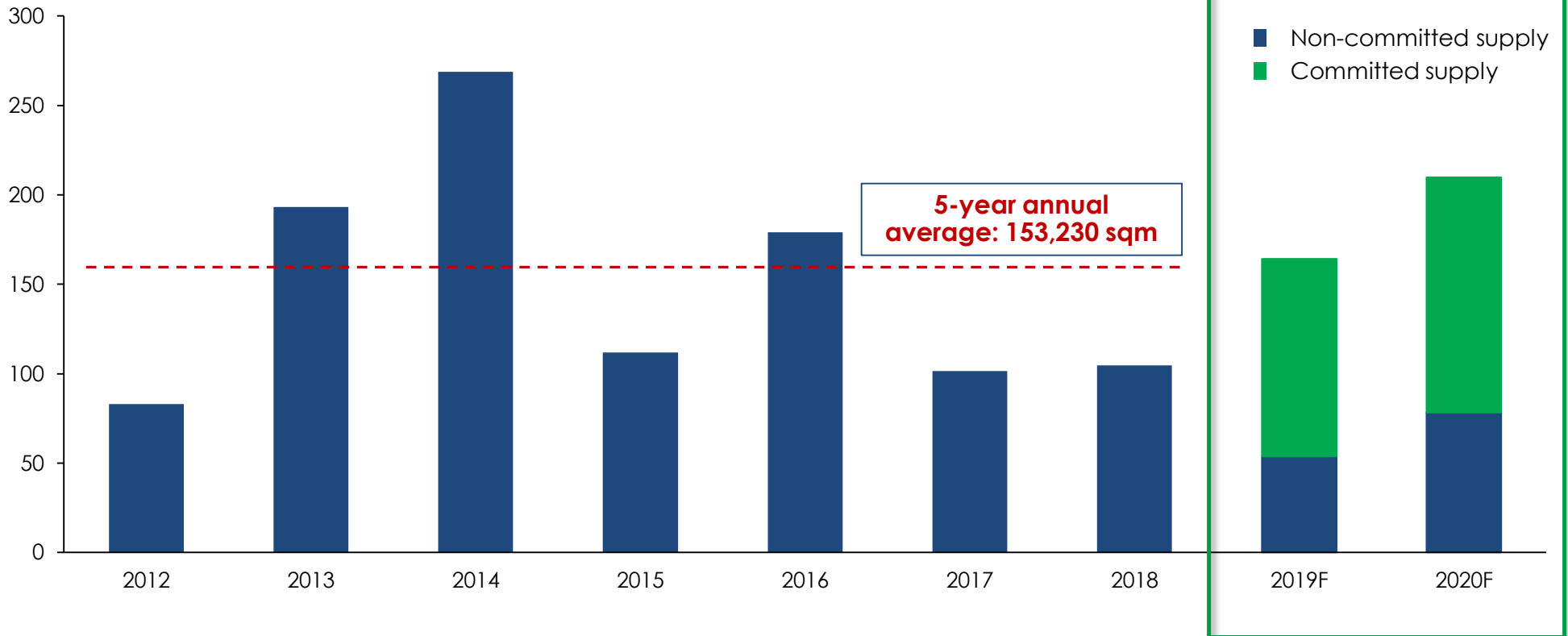
Frankfurt airport office submarket vacancy consistently lower than broader Frankfurt office market



# 1 Deepens CCT's strategic presence in attractive Frankfurt office market

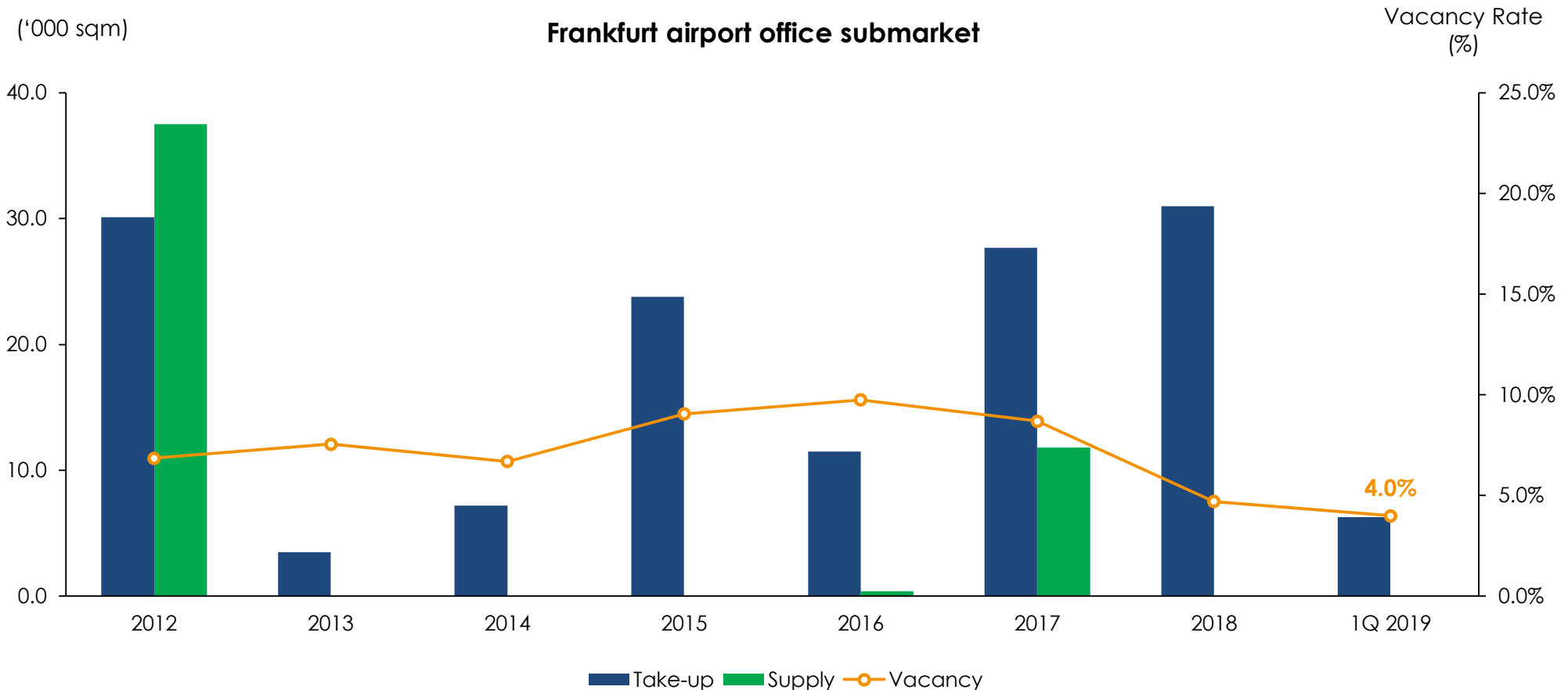
About 65% of new supply in Frankfurt office market in 2019F and 2020F has been committed

Supply ('000 sqm)



# 1 Deepens CCT's strategic presence in attractive Frankfurt office market

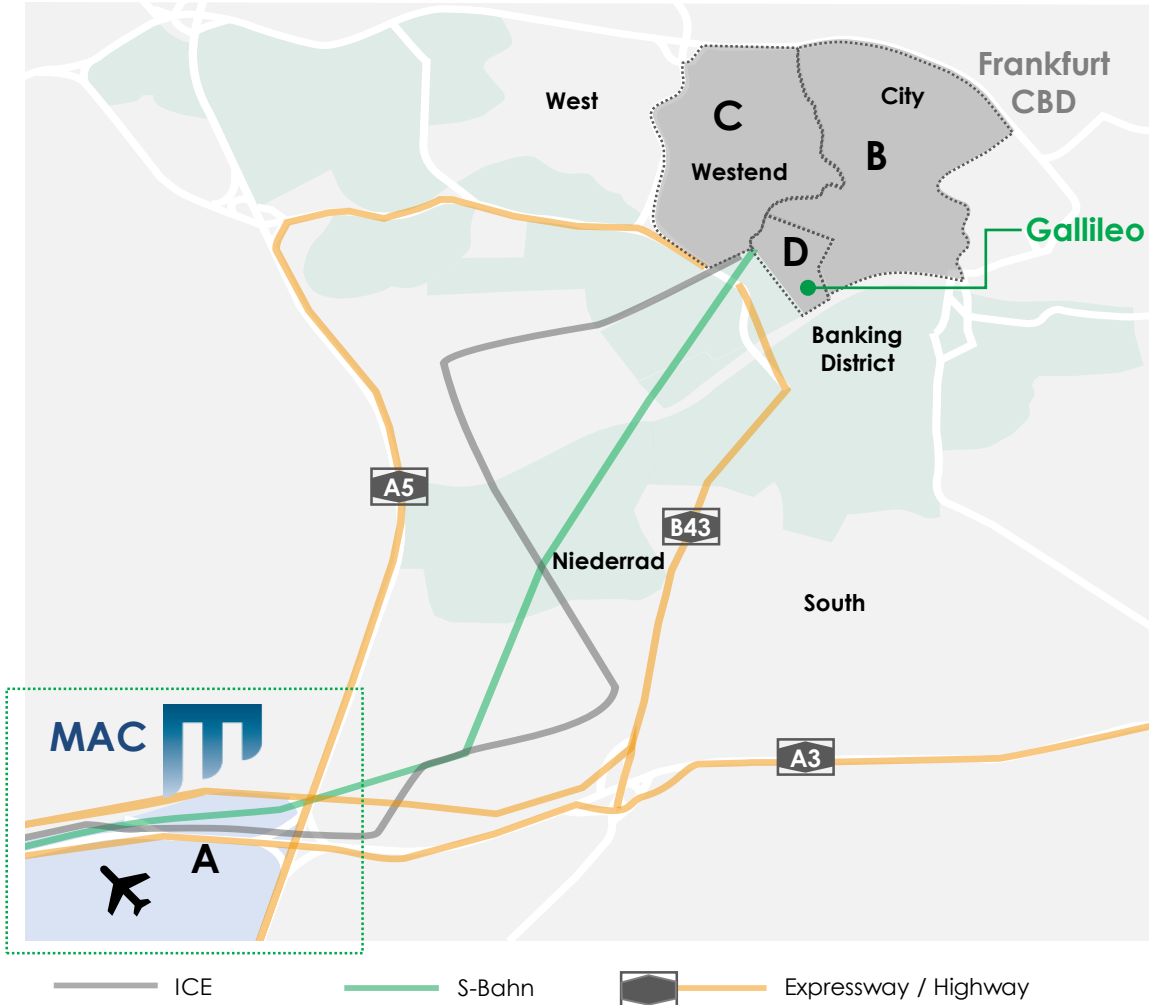
Growing occupier base of the Frankfurt airport office submarket has led to vacancy rates declining to a 10-year low



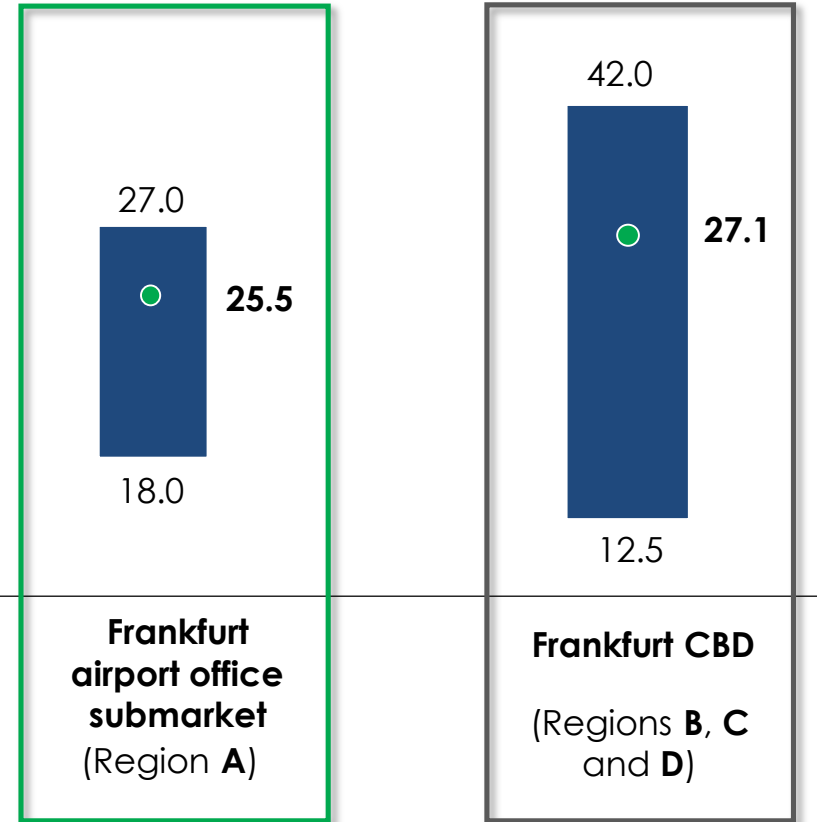


# 1 Deepens CCT's strategic presence in attractive Frankfurt office market

Frankfurt airport office submarket rent is competitive relative to CBD districts



Rental range by submarket (€ / square metre / month)



● Weighted average

# 1 Deepens CCT's strategic presence in attractive Frankfurt office market

Frankfurt airport office submarket is a thriving business cluster with excellent domestic and international connectivity via air, rail and road transportation hubs

- ✓ 81,000 employees
- ✓ 450 companies

## Key tenants in Frankfurt airport office submarket

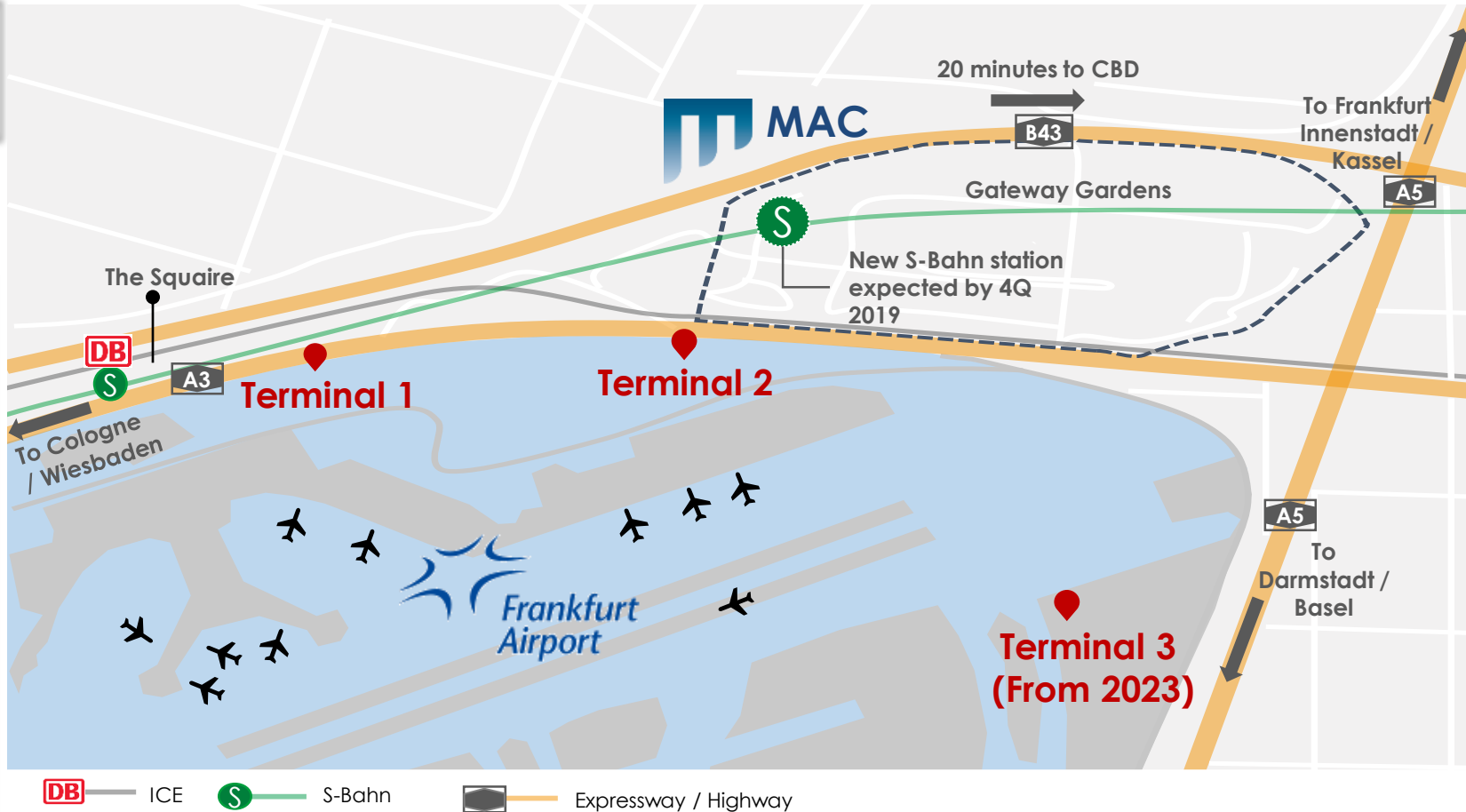
**DB SCHENKER**  
(Headquarters)

**KPMG**  
(Global office)

**SunExpress**  
(Country office)

**mundi pharma**  
(Major office)

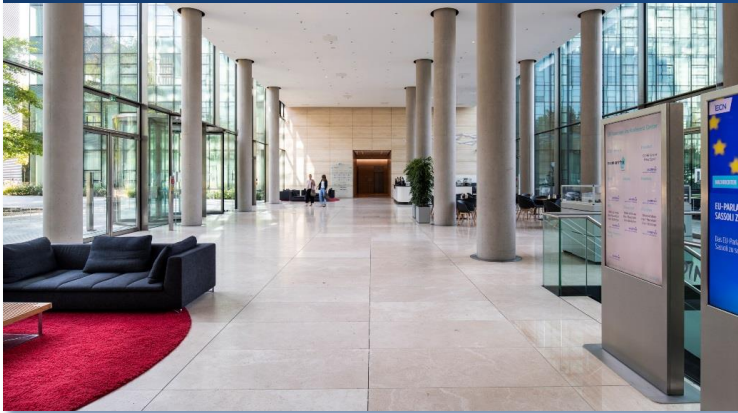
**Condor**  
(Headquarters)



## 2 High quality freehold asset that complements CCT's existing portfolio

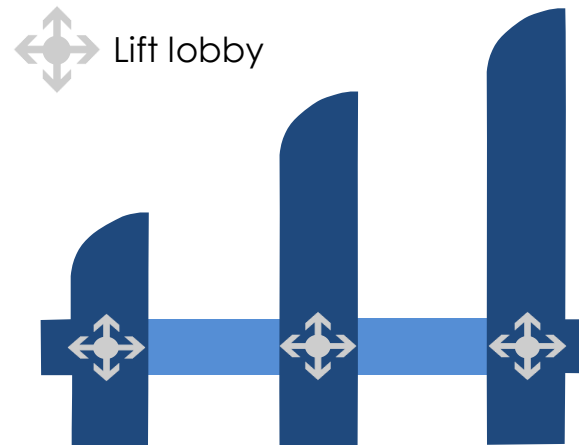
Modern office tower with high quality fit-out, conference centre, dining facilities and other amenities

Main lobby



- ✓ Double volume 4.3 metres high lobby
- ✓ Metal and glass façade with heat and noise protective glazing

Typical office floor plan<sup>(1)</sup>



- ✓ Flexible floor plate sizes (from ~490 to ~2,300 square metres) cater to different tenants' requirements
- ✓ 2.9 metres raised floor-to-ceiling height and well-designed floor plates which allow natural light to permeate the building
- ✓ Three separate lift lobbies offer exclusive access and privacy

Note:

(1) Floor plan not drawn to scale



## 2 High quality freehold asset that complements CCT's existing portfolio

### Anchored by blue-chip tenant base

Tenant	Key highlights	Contribution to monthly gross rental income <sup>(1)</sup>	Trade mix <sup>(1)</sup>
<b>IQVIA</b>	✓ Country office of a Fortune 500 company providing integrated healthcare services (Business Consultancy, IT, Media and Telecommunications)	16.6%	
	✓ Regional corporate headquarters (Business Consultancy, IT, Media and Telecommunications)	16.2%	
<b>Miles &amp; More</b> 	✓ Corporate office of Europe's leading frequent flyer and awards programme (Travel and Hospitality)	14.4%	
<b>Sub-total</b>		<b>47.2%</b>	

### Other key tenants



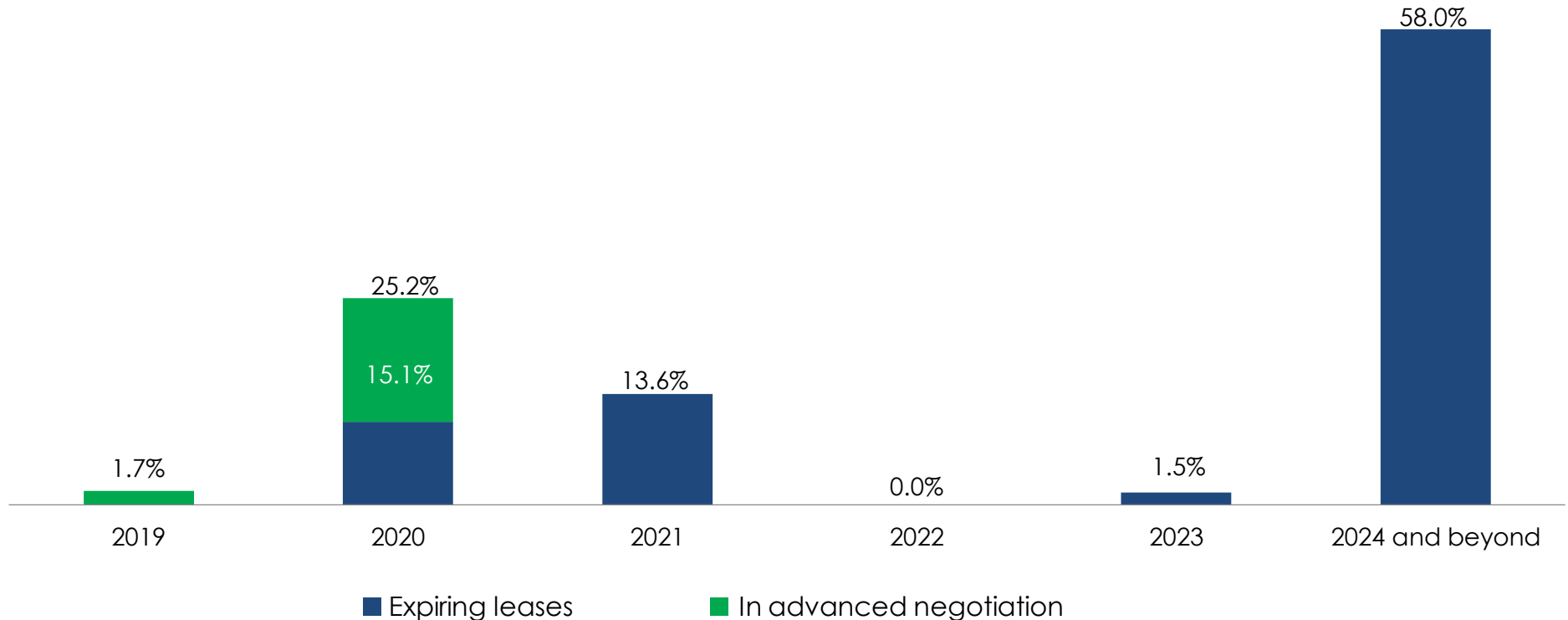
Note:

(1) Based on committed monthly gross rental income as at 30 June 2019 after adjusting for expired leases and inclusion of newly committed leases

## 2 High quality freehold asset that complements CCT's existing portfolio

Lease expiry profile<sup>(1)</sup> provides opportunity for active lease management; bulk of the leases are due 2024 and beyond

Weighted average lease term to expiry ("WALE") of 4.7 years <sup>(2)</sup>



Notes:

(1) Property lease expiry profile based on monthly gross rental income as at 30 June 2019 after adjusting for expired leases and inclusion of newly committed leases

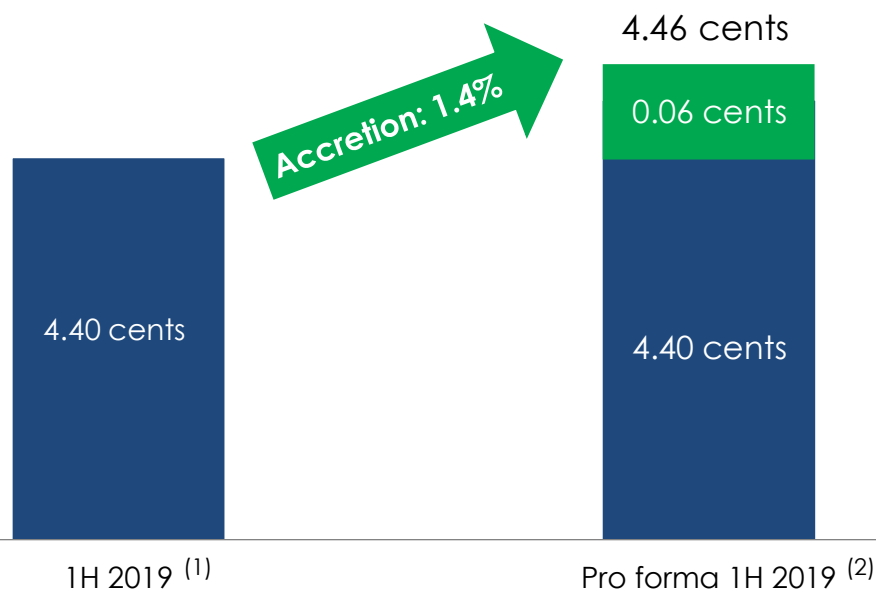
(2) WALE by NLA as at 30 June 2019 after adjusting for expired leases and inclusion of newly committed leases

### 3 Transaction is expected to be DPU accretive to Unitholders

#### Pro forma DPU accretion of 1.4%

#### Pro forma 1H 2019 DPU for Enlarged Portfolio

#### Key drivers



- ✓ Attractive NPI yield of 4.0%<sup>(3)</sup> at committed occupancy of approximately 90%
- ✓ Potential upside from higher occupancy due to active lease management

■ DPU ■ Accretion

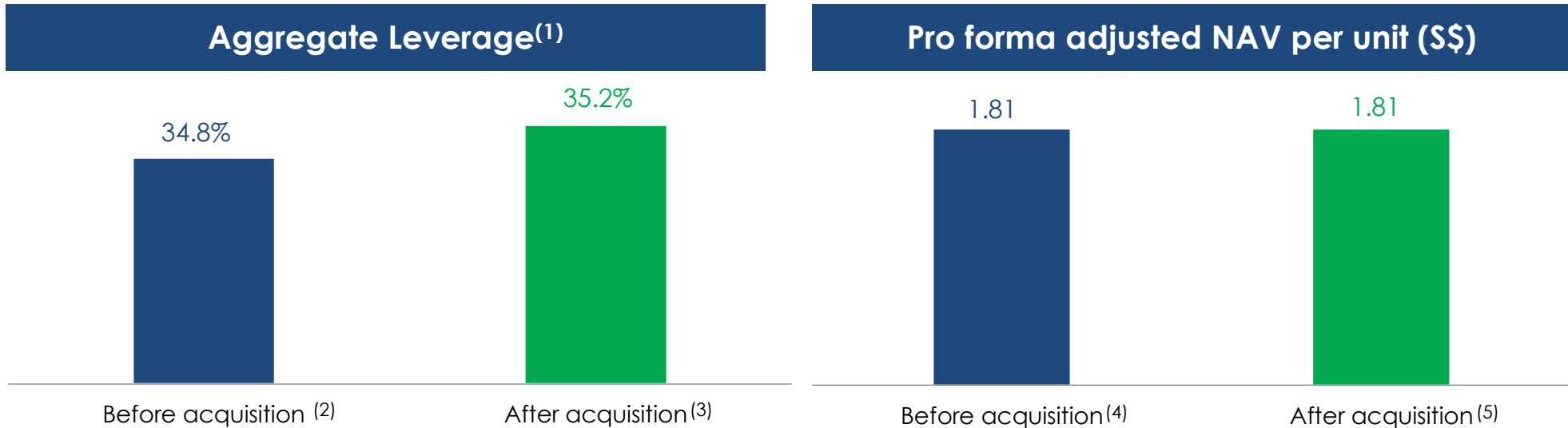
#### Notes:

- (1) Based on CCT's financial statements as at 30 June 2019
- (2) Based on (i) funding of the Total Acquisition Outlay through the New Bank Loan at an indicative interest rate of 1.1% p.a. and net proceeds from the Private Placement and (ii) a total of 3,856,631,000 Units in issue after the Private Placement which includes an estimated 1.8 million new Units to be issued for the Acquisition Fee which is payable to the Manager in Units.
- (3) Based on Agreed Property Value of €265.0 million, 1H 2019 annualised adjusted NPI of €10.6 million and committed occupancy of approximately 90%



# 3 Transaction is expected to be DPU accretive to Unitholders

## Aggregate Leverage at 35.2% after acquisition



### Capital management strategy

- ✓ Borrowings in EUR to achieve natural hedge
- ✓ Net distributions to be hedged on a rolling four-quarter basis

Notes:

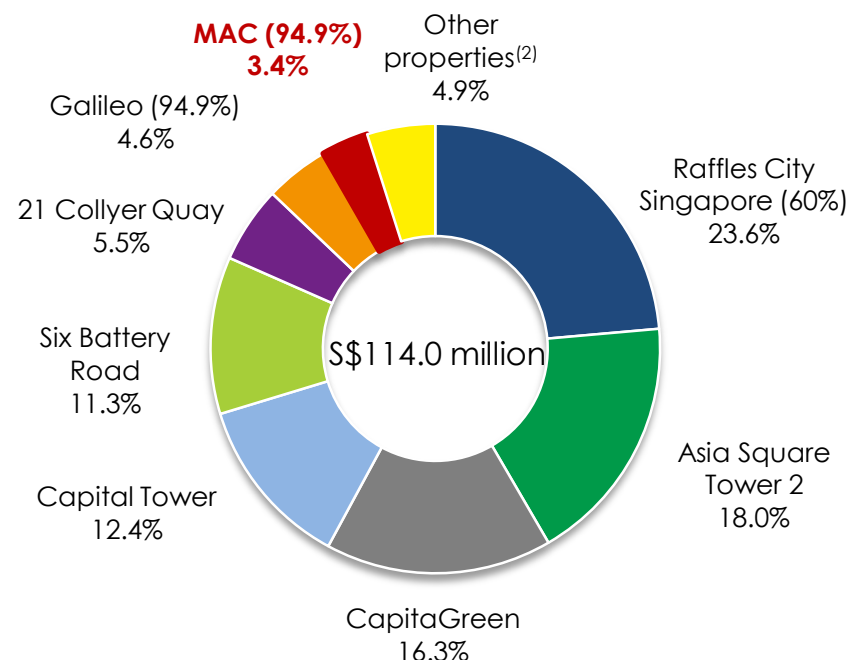
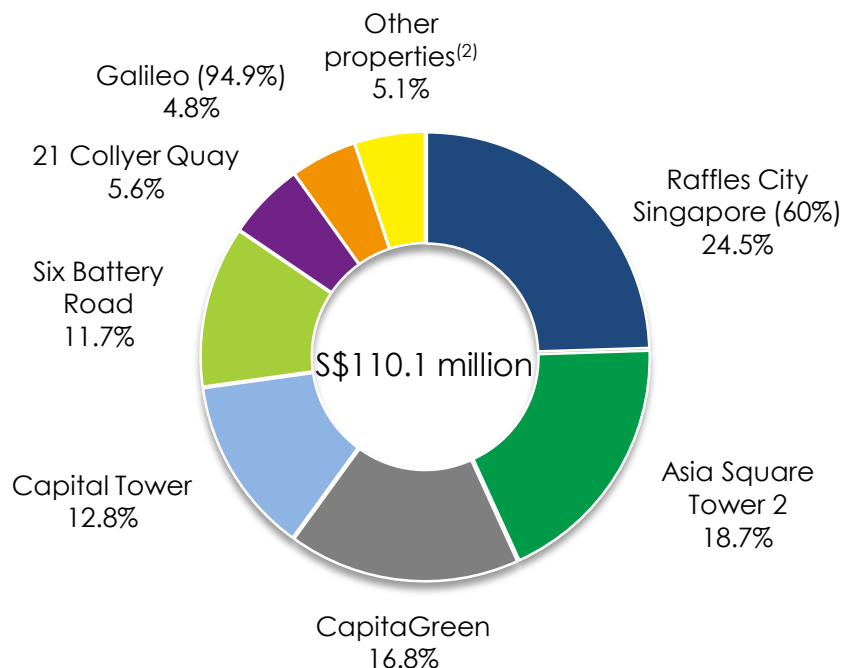
- (1) "Aggregate Leverage" means the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property of the CCT Group (inclusive of proportionate share of deposited property of jointly controlled entities)
- (2) CCT Group's Aggregate Leverage as at 30 June 2019
- (3) Based on the funding of the Cash Outlay using the net proceeds from the private placement and the New Bank Loan
- (4) Based on CCT's financial statements as at 30 June 2019
- (5) Excludes 1H 2019 distributable income to Unitholders and based on the total number of Units in issue of 3,856,631,000 at the end of the period which includes 105,012,000 new Units issued in connection with the private placement to partially finance the Acquisition and an estimated 1.8 million new Units to be issued for the Acquisition Fee which is payable to the Manager in Units

# 4 Enhances resilience, diversity and quality of CCT's portfolio

Improves asset diversification; NPI contribution by any single property decreases from 24.5% to 23.6%

Existing Portfolio: 2Q 2019 NPI<sup>(1)</sup>

Enlarged Portfolio: Pro forma 2Q 2019 NPI<sup>(1), (3)</sup>

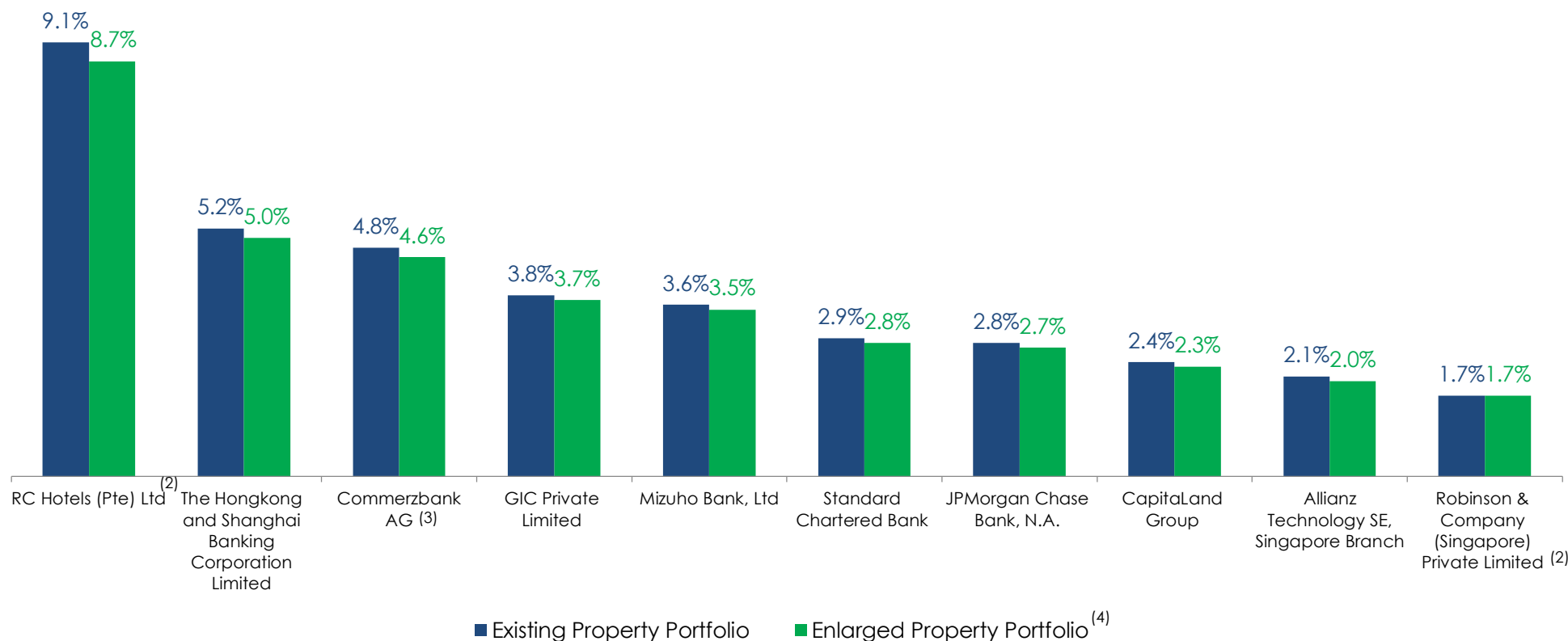


Notes:

- (1) Based on NPI from 1 April 2019 to 30 June 2019 including NPI from CCT's 60.0% interest in Raffles City Singapore and 50.0% interest in One George Street
- (2) 50.0% interest in One George Street, and Bugis Village
- (3) Pro forma NPI ~\$3.9 million contribution from 94.9% interest in MAC assuming CCT owns the property from 1 April 2019 to 30 June 2019 and after adjusting for expired leases and inclusion of newly committed leases

# 4 Enhances resilience, diversity and quality of CCT's portfolio

Top 10 tenants contribute 37% of monthly gross rental income<sup>(1)</sup> post acquisition; largest tenant contribution reduced from 9.1% to 8.7% post acquisition



Notes:

- (1) As at 30 June 2019, excluding retail turnover rent
- (2) Based on CCT's 60.0% interest in Raffles City Singapore
- (3) Based on CCT's 94.9% interest in Gallileo, Frankfurt
- (4) After adjusting for expired leases and inclusion of newly committed leases for MAC

# 5 Leverages Sponsor's established platform

Leveraging CapitaLand's strong presence and platform in Europe which has been established since 2000






# Conclusion

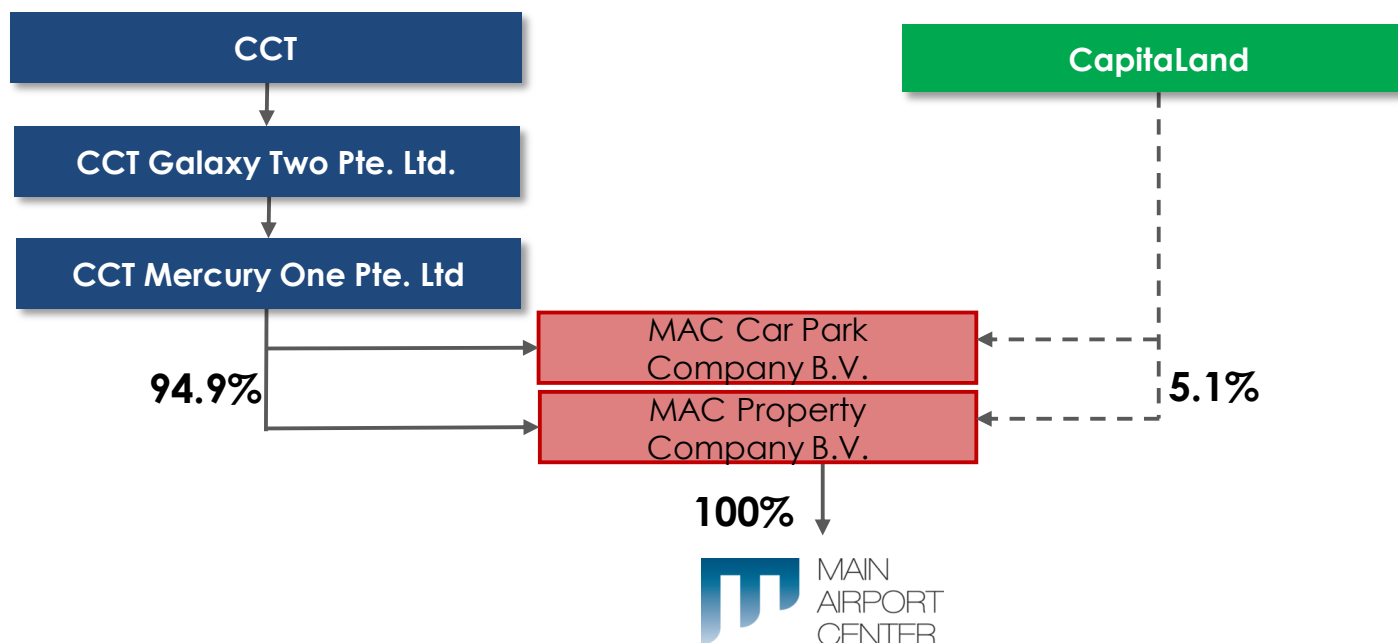


# Rationale and benefits of the Proposed Acquisition

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- 1** Deepens strategic presence in attractive Frankfurt office market
  - 2** High quality freehold asset that complements CCT's existing portfolio
  - 3** Transaction is expected to be DPU accretive to Unitholders
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  - 5** Leverages Sponsor's established platform

# Unitholders Approval to be sought for the Proposed Acquisition of 94.9% stake in Main Airport Center from Interested Persons by way of an Ordinary Resolution<sup>(1)</sup>

## CCT to acquire 94.9% stake from Vendors



Note:

- (1) Proposed Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders by way of an Ordinary Resolution is required. Ordinary Resolution means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed. CapitaLand and Temasek Holdings Private Limited and their associates will abstain from voting on the resolution relating to the Proposed Acquisition given that the Property will be acquired from indirect wholly owned subsidiaries of CapitaLand.

# Indicative timeline<sup>(1)</sup>

Events	Indicative Dates
Dispatch of circular and notice of Extraordinary General Meeting (EGM)	19 August 2019
<b>EGM</b>	6 September 2019
Completion of the Proposed Acquisition (assuming Unitholders' approval is obtained)	By 4Q 2019

Note:

(1) Subjected to changes by the Manager without prior notice.



# CCT's portfolio post acquisition

<b>S\$8.0 billion<sup>(1)</sup></b> Market Capitalisation	<b>10</b> 8 properties in Singapore and two in Germany	<b>S\$11.7 billion</b> Deposited Property	<b>Approx. 5.2 million sq ft<sup>(2)</sup></b>	<b>29.3%</b> Owned by CapitaLand Group	<b>97.6%</b> Occupancy	<b>5.5 years</b> WALE
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Main Airport Center (MAC)  
(94.9% interest)



Capital Tower



CapitaGreen



Asia Square Tower 2



CapitaSpring  
(45.0% interest)



One George Street  
(50.0% interest)



Gallileo (94.9% interest)



21 Collyer Quay



Raffles City Singapore  
(60.0% interest)



Six Battery Road

Notes:  
 (1) Market Capitalisation based on closing price of S\$2.08 per unit as at 16 August 2019  
 (2) Excludes CapitaSpring, currently under development and targeted for completion in 1H 2021  
 (3) Portfolio post acquisition based on pro forma information as at 30 June 2019





# Thank you

For enquiries, please contact: Ms Ho Mei Peng, Head, Investor Relations, Direct: (65) 6713 3668

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