



CAPITALAND COMMERCIAL TRUST

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

19 July 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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- 2. Rationale and benefits of the Proposed Acquisition**
- 3. Conclusion**
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Overview

A photograph of a modern glass skyscraper with a large white geometric overlay on the left side containing the word 'Overview'. The building is composed of a grid of blue-tinted glass panels. The sun is visible on the right side, creating a bright lens flare effect. In the foreground, there are green trees and a paved area.

Transaction Overview – 2nd Acquisition in Frankfurt, Germany



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

Notes:

(1) Main Airport Center is currently owned by CapitaLand International “CLI” (94.9%) and Lum Chang (5.1%). CCT to acquire 94.9% stake from Vendors (CLI and Lum Chang) and CapitaLand will retain the remaining 5.1% post transaction.

(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

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

All information on a 100% basis

Notes:

(1) Manager's valuer

(2) Trustee's valuer

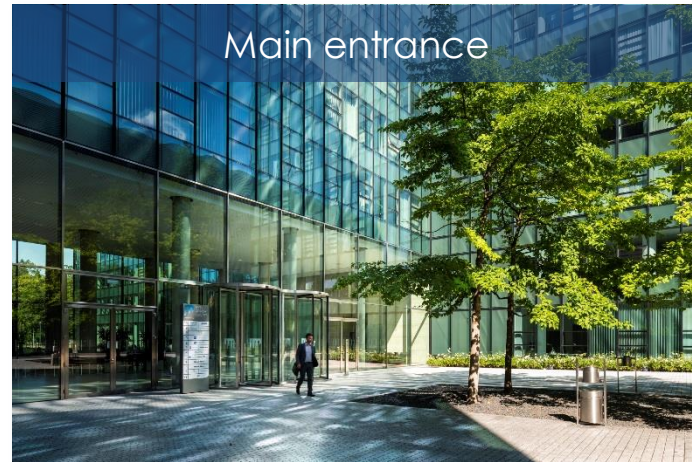
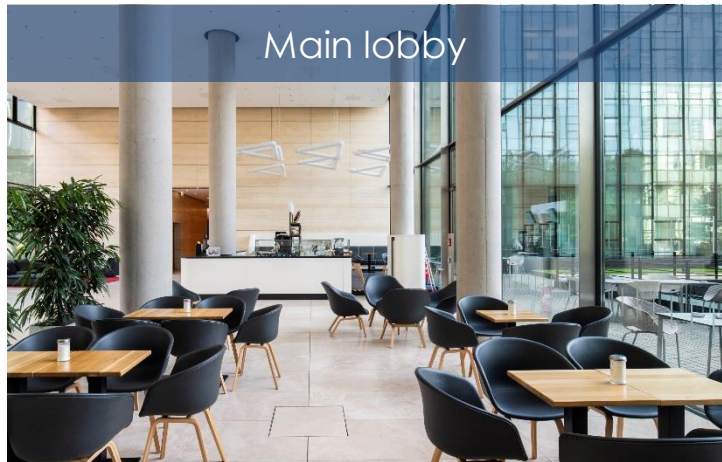
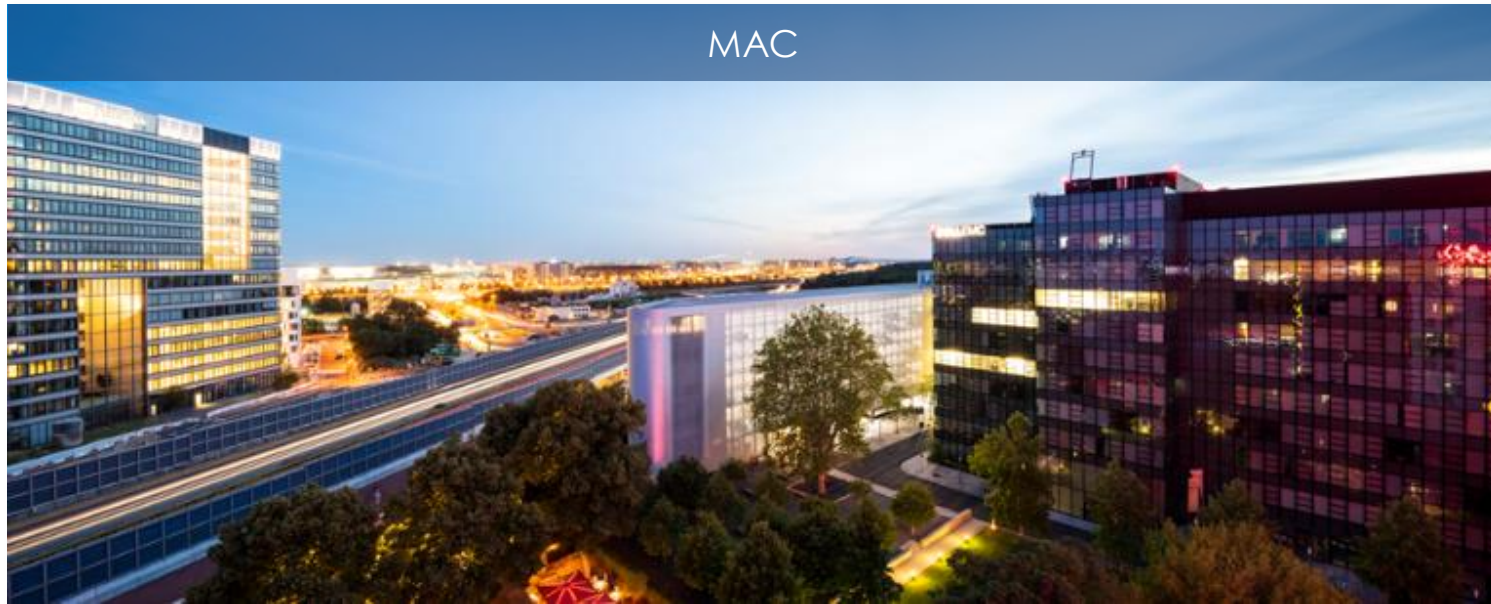
(3) As at 30 June 2019, based on NLA

(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)



Strategically located close to Frankfurt Airport and within a short distance to Frankfurt CBD

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

Close proximity to city centre

20 mins by Car

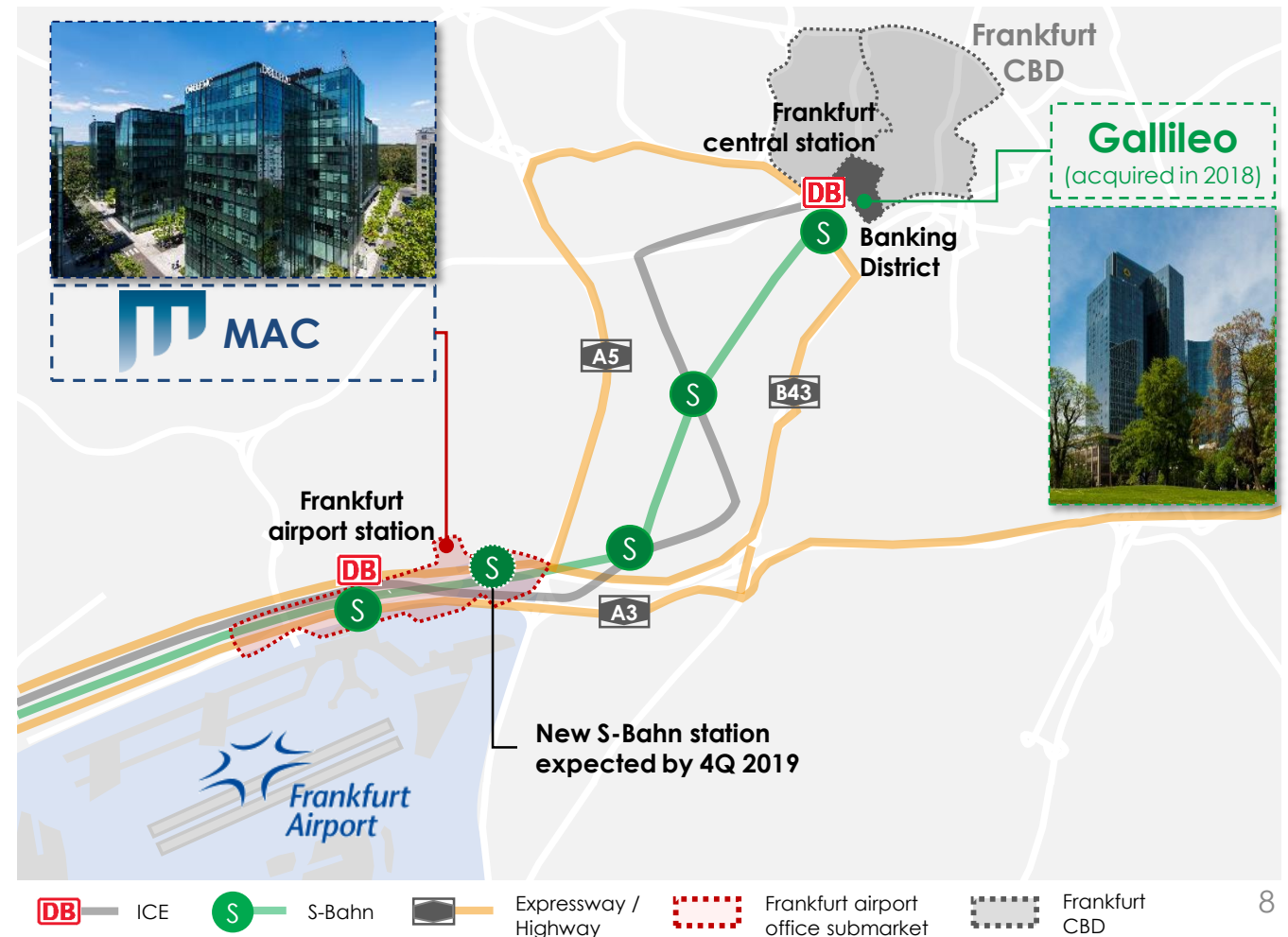
- Via A3 / A5 motorways

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 city centre (Frankfurt central station)



Funding of Cash Outlay

Using proceeds from private placement⁽¹⁾ and New Bank Loan⁽²⁾

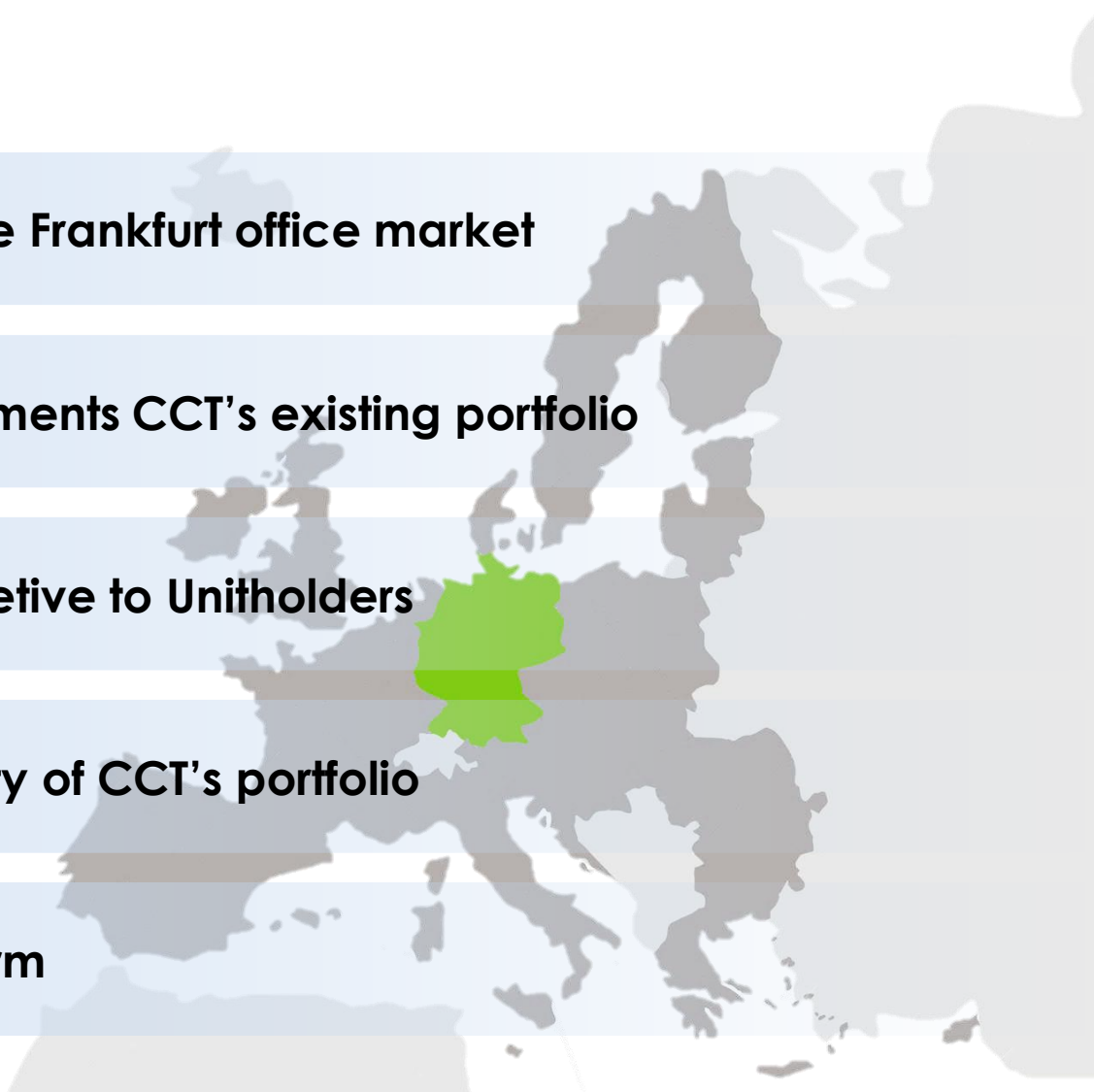
| 94.9% interest in Target Companies which hold MAC | S\$ million |
|---|--------------------|
| Agreed Property Value ⁽³⁾ | 387.1 |
| Less: Other adjustments ⁽⁴⁾ | (0.9) |
| Add: Acquisition fee (payable in CCT units) | 3.8 |
| Total Acquisition Outlay | 390.0 |
| Cash Outlay (Total acquisition outlay less acquisition fees payable in CCT units) | 386.1 |

Notes:

- (1) Private placement of 105,012,000 million new CCT units at an issue price of S\$2.095 per new CCT unit as per announcements 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) Subject to adjustments of the target companies' net asset value on completion
- (5) Any discrepancies in figures are due to rounding

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** Leveraging Sponsor's established platform

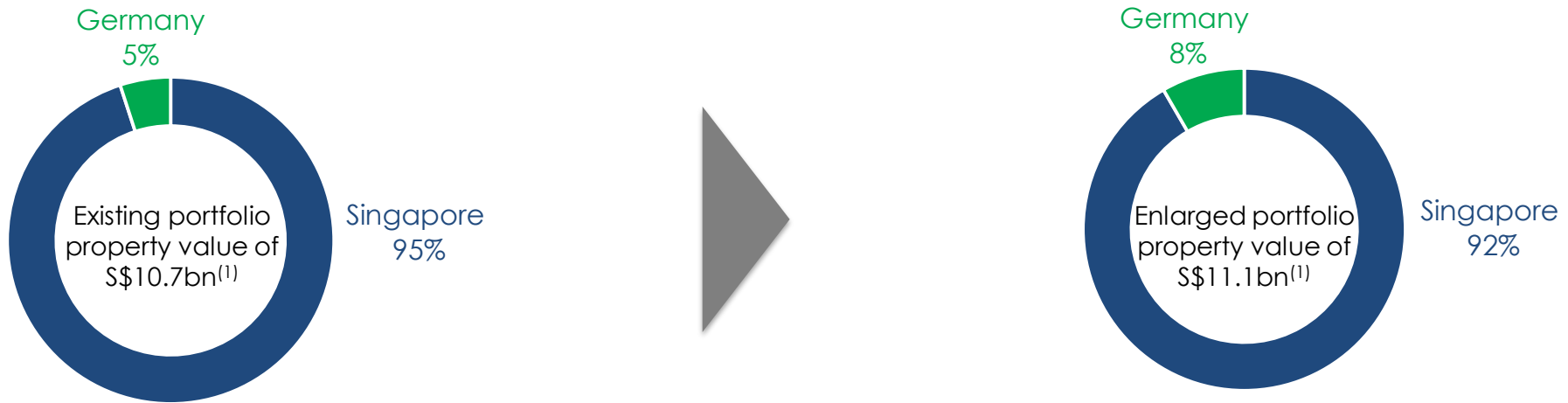
1 Deepens CCT's strategic presence in attractive Frankfurt office market

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 to continue upward trajectory

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

Geographic composition of CCT's portfolio

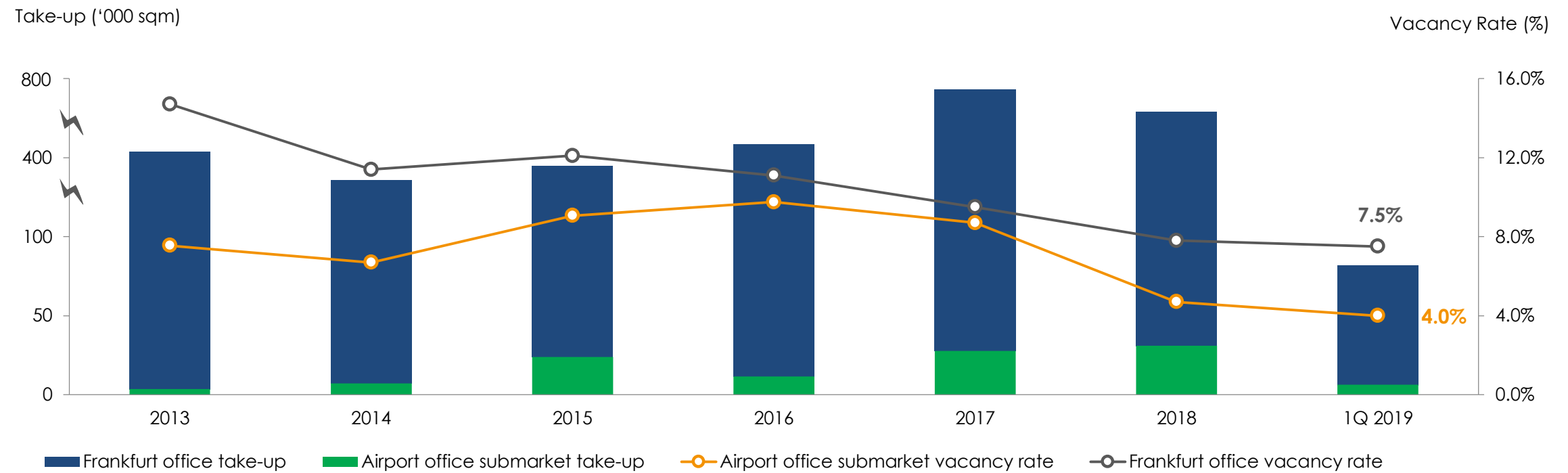


Note:
(1) As at 30 June 2019

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



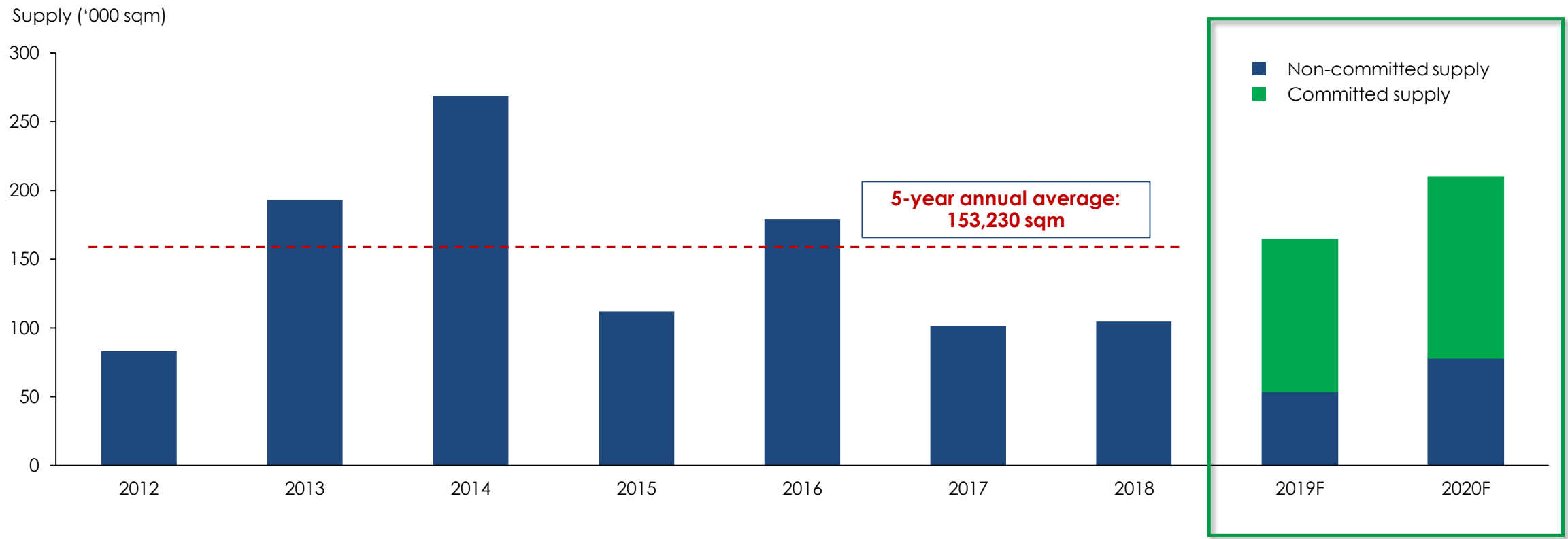
Frankfurt airport office submarket vacancy consistently lower than broader Frankfurt office market

Source: CBRE Research, 1Q 2019

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



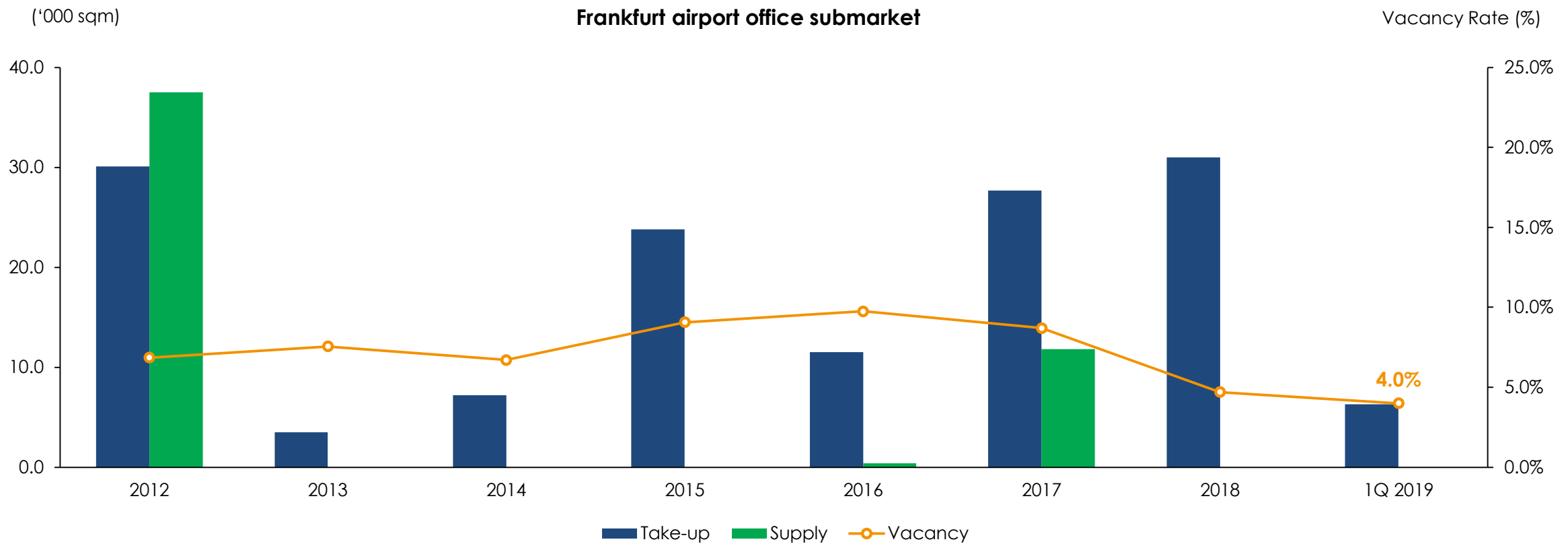
Source: CBRE Research, 1Q 2019

1

Deepens CCT's strategic presence in attractive Frankfurt office market



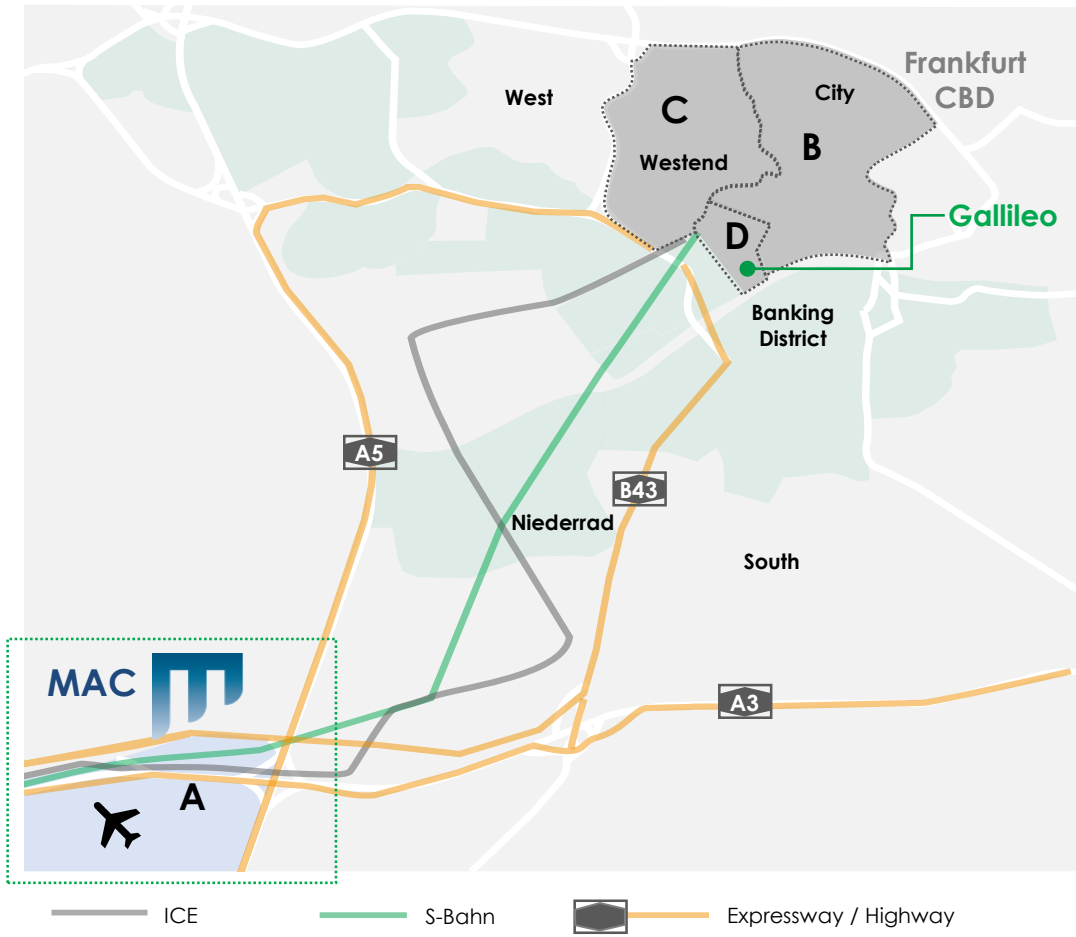
Growing occupier base of the Frankfurt airport office submarket has led to vacancy rates declining to a 10-year low



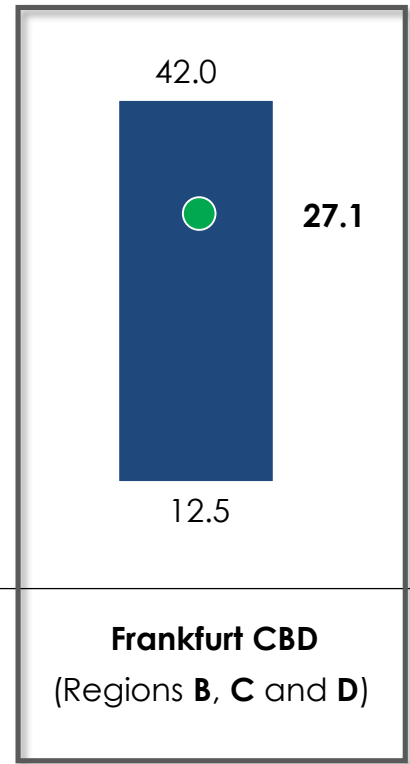
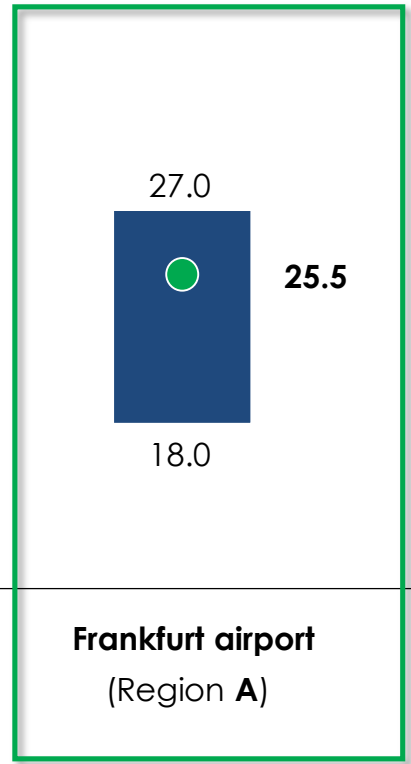
Source: CBRE Research, 1Q 2019

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

Source: CBRE Research, 1Q 2019

1

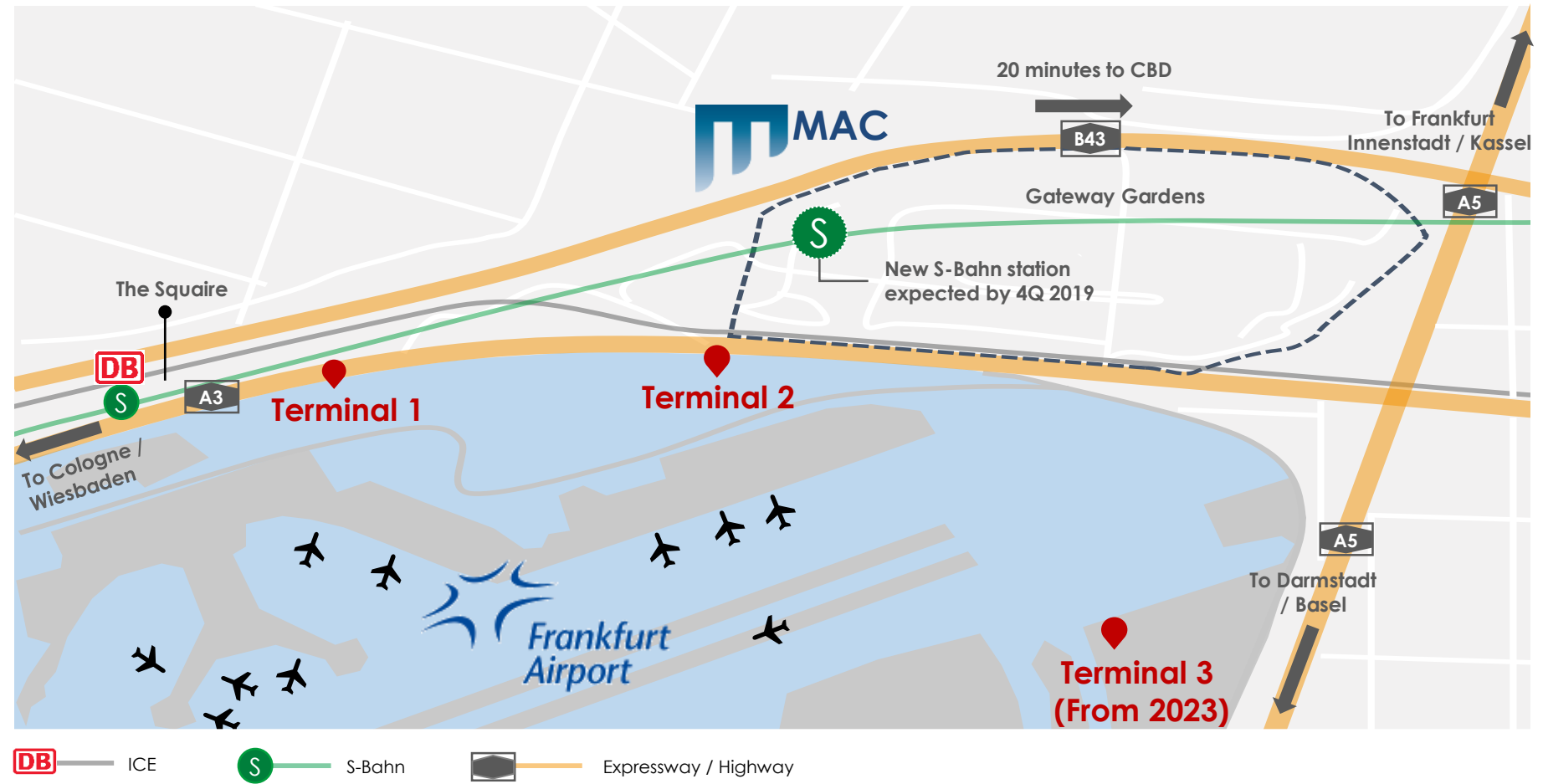
Deepens CCT's strategic presence in attractive Frankfurt office market

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

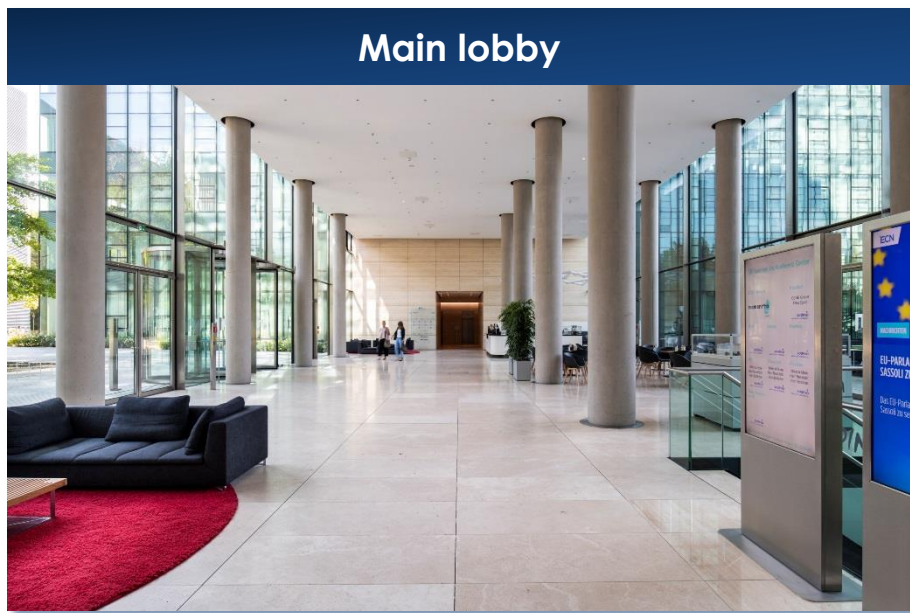
Key tenants in Frankfurt airport office submarket

- SCHENKER**
(Headquarters)
- KPMG**
(Global office)
- SunExpress**
(Country office)
- mundipharma**
(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



Typical office floor plan⁽¹⁾

↕ Lift lobby

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

- ✓ 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

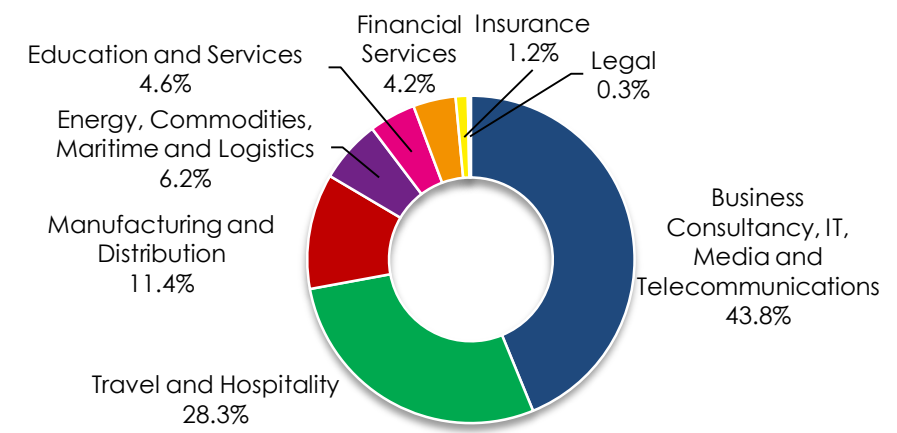
Note:
(1) Floor plan not drawn to scale

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 ⁽¹⁾ |
|-----------------------------|---|--|
| IQVIA | ✓ 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% |
| Miles & More | ✓ Corporate office of Europe's leading frequent flyer and awards programme (Travel and Hospitality) | 14.4% |
| Sub-total | | 47.2% |

Trade mix⁽¹⁾



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

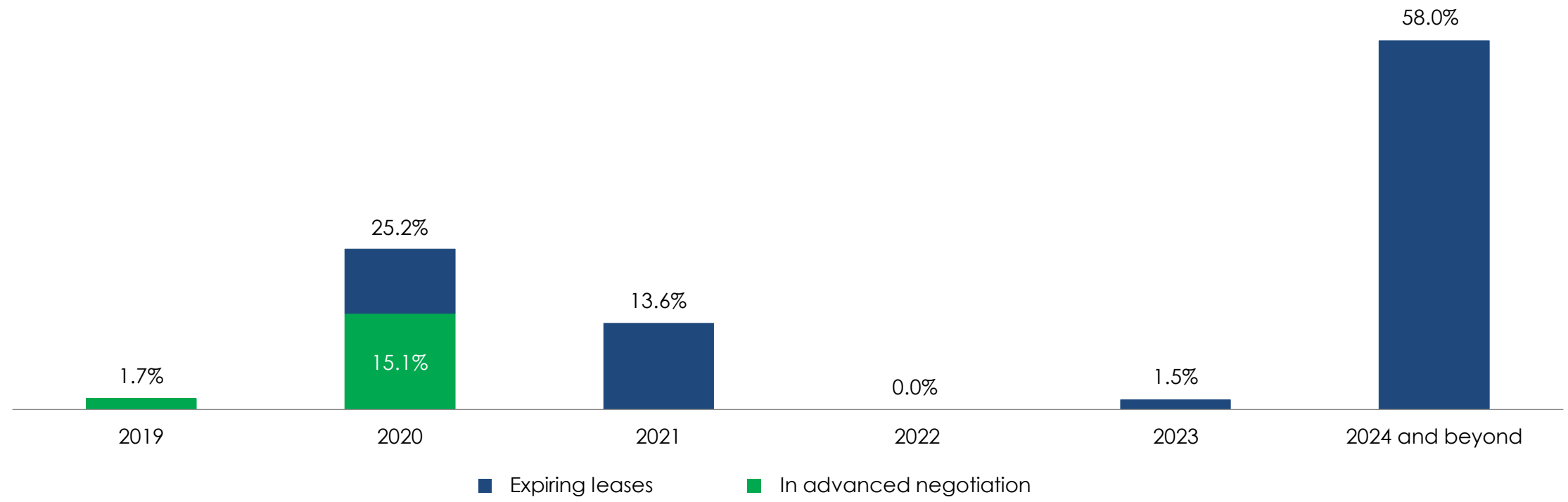
2

High quality freehold asset that complements CCT's existing portfolio



Lease expiry profile⁽¹⁾ 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 ⁽²⁾



Notes:

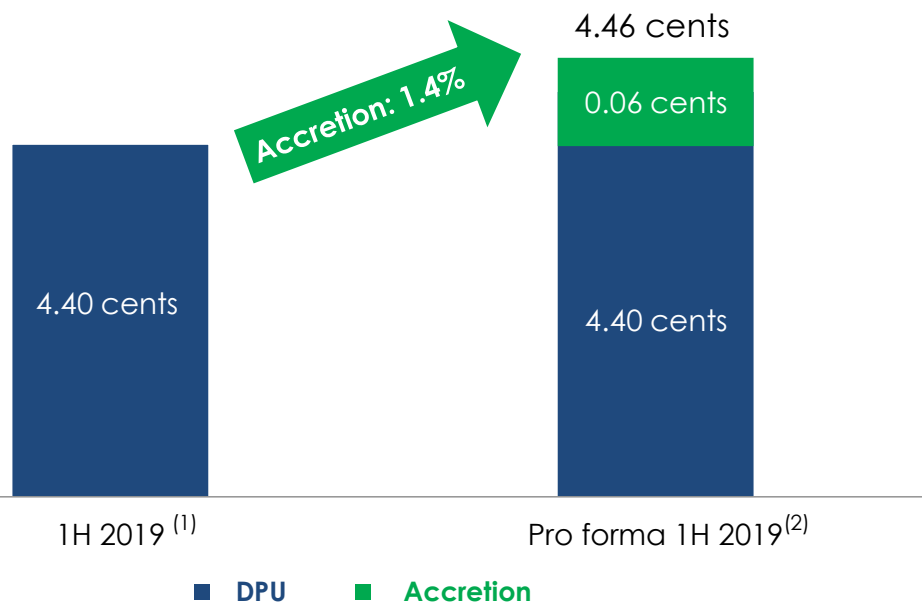
(1) Property lease expiry profile based on monthly gross rental income as at 30 June 2019 after adjusting for expired leases and inclusion of newly committed leases

(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

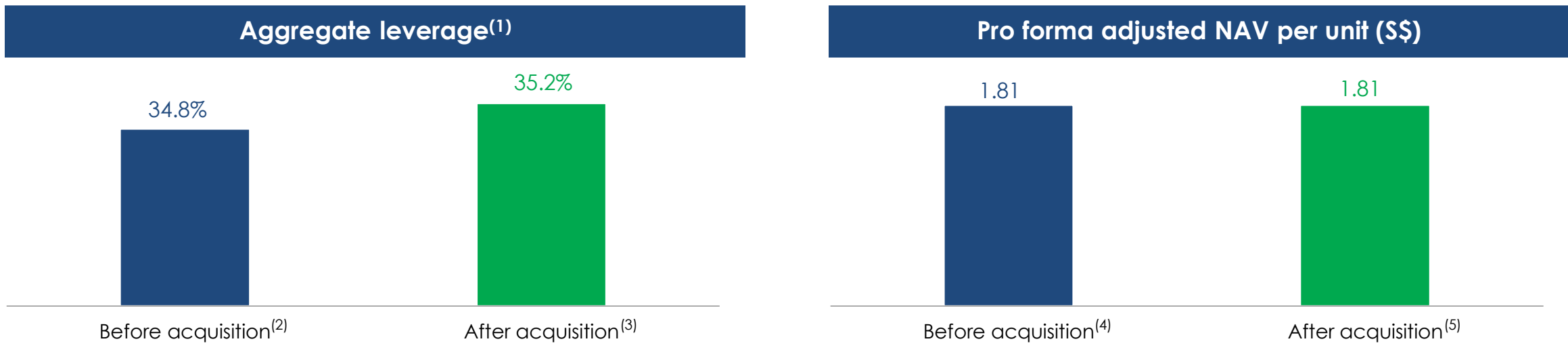
- ✓ Attractive NPI yield of 4.0%⁽³⁾ at committed occupancy of approximately 90%
- ✓ Potential upside from higher occupancy due to active lease management

Notes:
(1) Based on CCT's financial statements as at 30 June 2019
(2) Based on funding of Total Acquisition Outlay with the New Bank Loan at indicative interest rate of 1.1% p.a. and private placement net proceeds; total number of units in issue after private placement is 3,856,631,000
(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

- ✓ 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 total assets of the CCT Group, including all its authorised investments held or deemed to be held upon the trust under the trust deed dated 6 February 2004 constituting CCT (as amended), (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

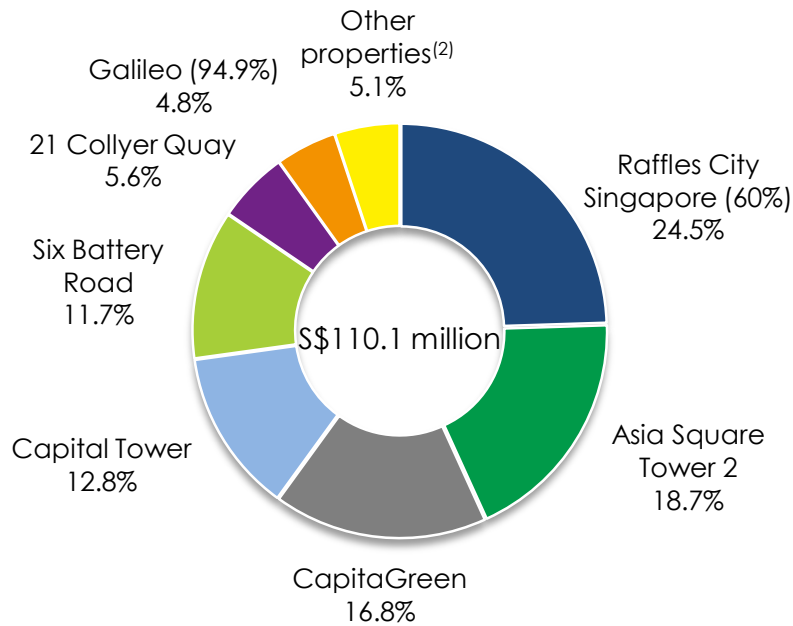
(4) Based on CCT's financial statements as at 30 June 2019

(5) Based on funding of Total Acquisition Outlay with the New Bank Loan at indicative interest rate of 1.1% p.a. and private placement net proceeds; total number of units in issue after private placement is 3,856,631,000.

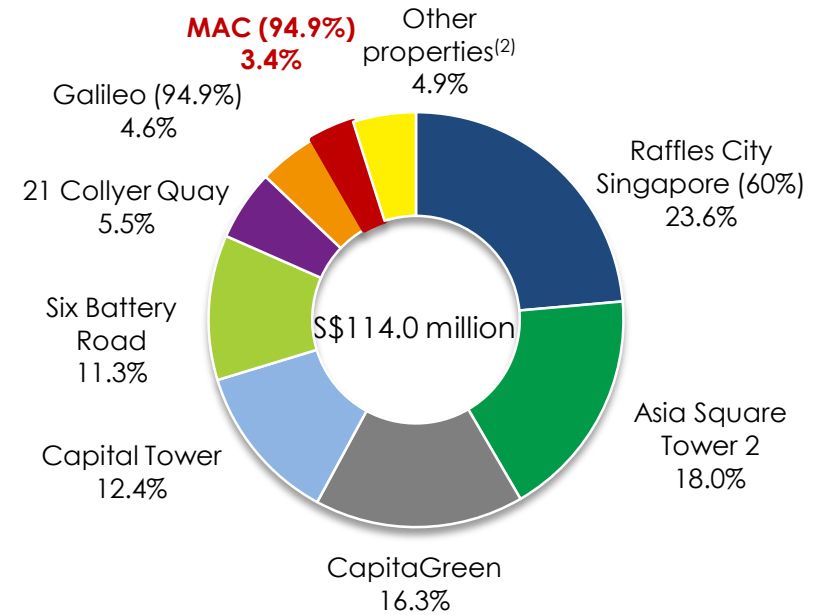
4 Enhances resilience, diversity and quality of CCT's portfolio

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

Existing Portfolio: 2Q 2019 NPI⁽¹⁾



Enlarged Portfolio: Pro forma 2Q 2019 NPI^{(1), (3)}

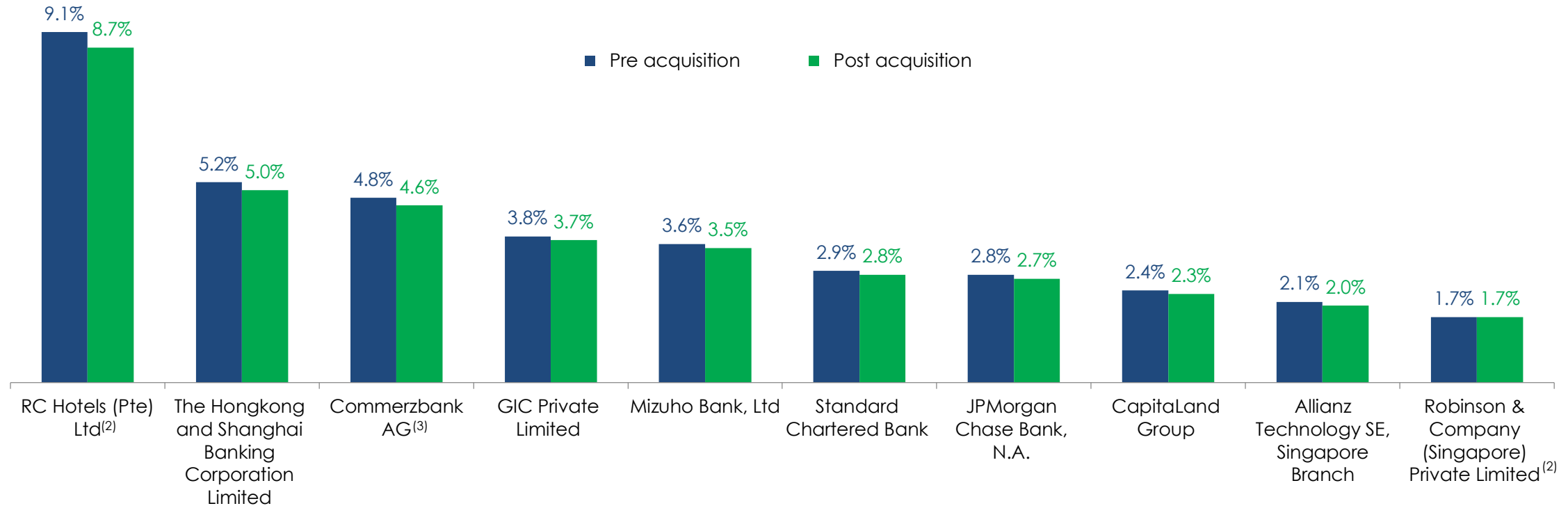


Notes:

- (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; and excluding retail turnover rent
- (2) 50.0% interest in One George Street, and Bugis Village
- (3) Pro forma NPI ~\$3.9 million contribution from 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⁽¹⁾ 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 and after adjusting for expired leases and inclusion of newly committed leases
- (2) Based on CCT's 60.0% interest in Raffles City Singapore
- (3) Based on CCT's 94.9% interest in Gallileo, Frankfurt

5 Leveraging Sponsor's established platform

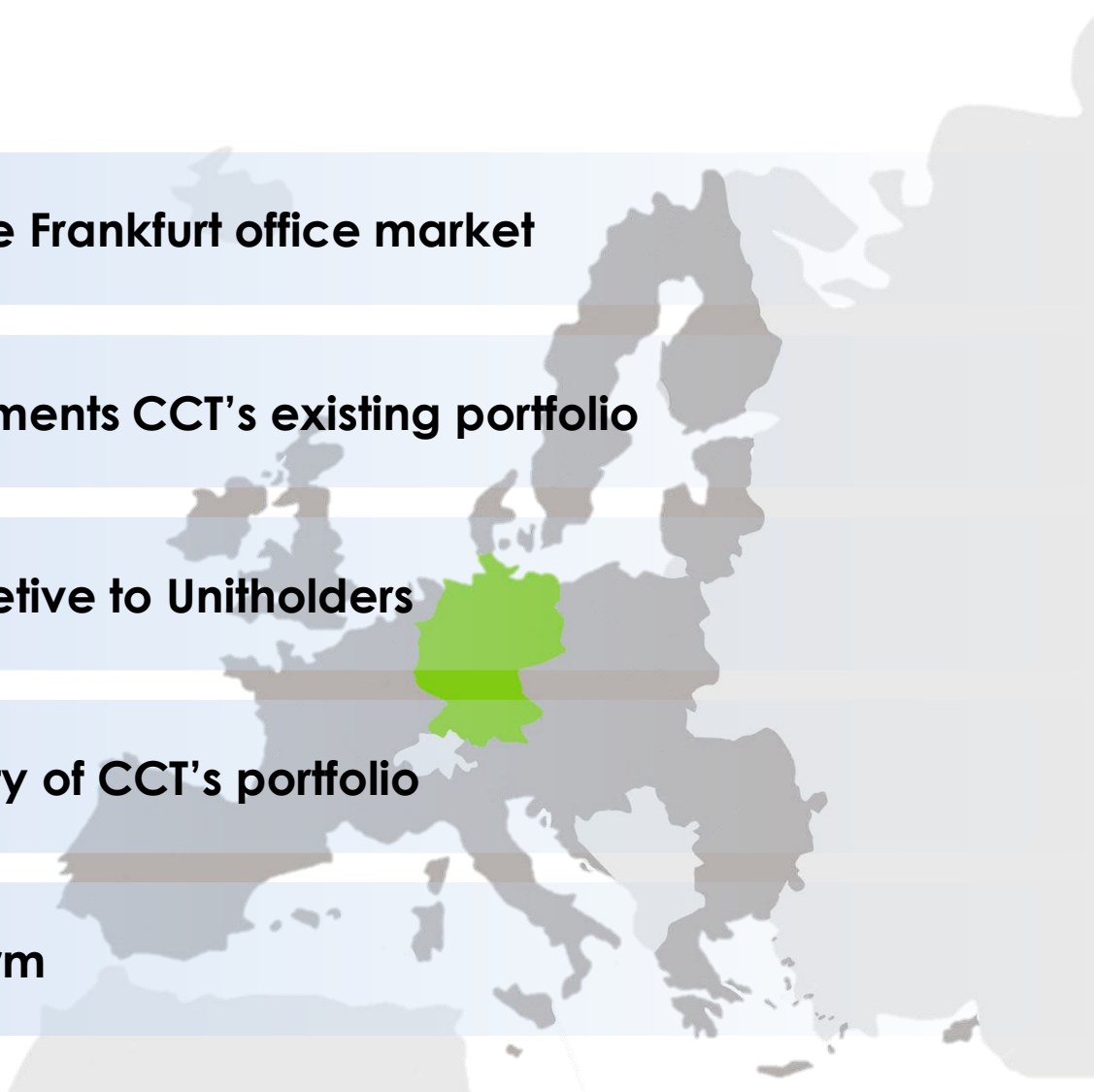
Leveraging CapitaLand's strong presence and platform in Europe which has been established since 2000



Conclusion

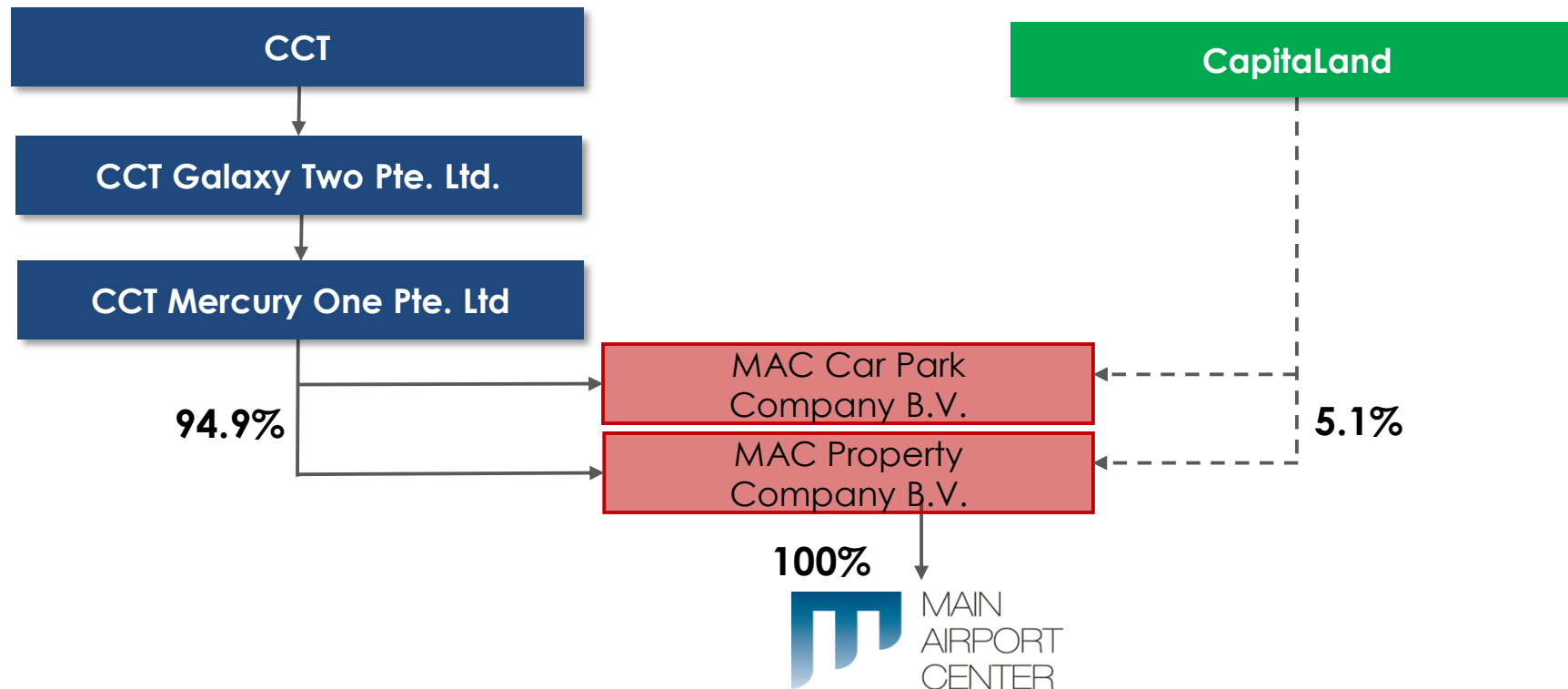


Rationale and benefits of the Proposed Acquisition

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- 1** Deepens strategic presence in attractive Frankfurt office market
 - 2** High quality freehold asset that complements CCT's existing portfolio
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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⁽¹⁾

CCT to acquire 94.9% stake from Vendors (CLI and Lum Chang)



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⁽¹⁾

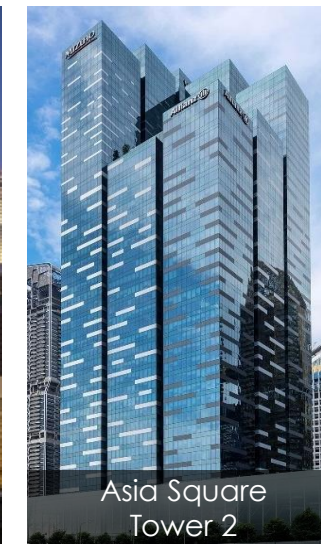
| Events | Indicative Dates |
|---|------------------|
| Dispatch of circular and notice of Extraordinary General Meeting (EGM) | August 2019 |
| EGM | September 2019 |
| Completion of the Proposed Acquisition (assuming Unitholders' approval is obtained) | By 4Q 2019 |

Note:

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

CCT's portfolio post acquisition

| | | | | | | |
|--|---|--|--|---|---------------------------|--------------------------|
| \$S8.2 billion⁽¹⁾ Market Capitalisation | 10 8 properties in Singapore and two in Germany | \$S11.7 billion Deposited Property | Approx. 5.2 million sq ft⁽²⁾ NLA (100% basis) | 30% Owned by CapitaLand Group | 97.6% Occupancy | 5.5 years WALE |
|--|---|--|--|---|---------------------------|--------------------------|



Notes:
 (1) Market Capitalisation based on closing price of \$S2.18 per unit as at 16 July 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

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