



CAPITALAND INTEGRATED COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 29 October 2001 (as amended))

ANNOUNCEMENT

PROPOSED ACQUISITION OF 50.0% INTEREST IN 101–103 MILLER STREET AND GREENWOOD PLAZA, NORTH SYDNEY, AUSTRALIA

1. INTRODUCTION

CapitaLand Integrated Commercial Trust Management Limited, in its capacity as manager of CapitaLand Integrated Commercial Trust (“**CICT**”, and the manager of CICT, the “**Manager**”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CICT (the “**Trustee**”), has entered¹ into an agreement (the “**Contract for Sale**”) with The Trust Company (Australia) Limited, in its capacity as trustee of TGA Miller Street Trust (the “**Vendor**”), in relation to the acquisition of a 50.0% interest in 101-103 Miller Street and Greenwood Plaza, North Sydney, Australia (the “**Acquisition**”).

2. INFORMATION ON THE PROPERTY

The property is located at 101–103 Miller Street and 36 Blue Street, North Sydney, Australia (the “**Property**”). The Property is a freehold iconic integrated development with a 28-storey Premium Grade office tower, a 2-storey office building, and a retail centre, Greenwood Plaza. It has a site area of 11,870 sqm with a net lettable area of 46,403 sqm (comprising 37,473 sqm of office space and 8,930 sqm of retail space) with 531 car park lots and 170 bicycle lots.

The Property has a committed occupancy rate of 94.9%² with a total of about 90 tenants. The Property has a weighted average lease expiry (“**WALE**”) of 3.6 years (based on committed gross rental income², excluding gross turnover rents) and there are annual rent escalations in the existing leases ranging from 3% to 5%. The Property has a net property income (“**NPI**”) yield of 4.9% (based on 1H 2021 annualised NPI) and a passing yield of 5.6% (as at 1 December 2021)³.

¹ Through its wholly owned sub-trust.

² As at 20 October 2021.

³ As set out in the valuation report issued by Savills (as defined herein) dated 1 December 2021.

3. PURCHASE PRICE AND VALUATION

3.1 Purchase Price and Valuation

The purchase price⁴ for the Acquisition is A\$422.0 million (S\$409.3 million)⁵ (the “**Purchase Price**”) and was negotiated on a willing-buyer and willing-seller basis, taking into account the independent valuation conducted by Savills Valuations Pty Ltd (“**Savills**”). The Manager and the Trustee have commissioned an independent property valuer, Savills, to value the Property. Savills has valued the property at A\$422.0 million (on a 50.0% basis) as at 1 December 2021 based on the capitalisation method and the discounted cash flow method.

3.2 Total Acquisition Outlay

The total acquisition outlay is estimated to be approximately A\$454.4 million (S\$440.8 million), comprising:

- (i) the Purchase Price of approximately A\$422.0 million (S\$409.3 million);
- (ii) an acquisition fee (the “**Acquisition Fee**”) payable in cash to the Manager for the Acquisition of approximately A\$4.2 million (S\$4.1 million); and
- (iii) approximately A\$28.2 million (S\$27.4 million) in relation to the other expenses in connection with the Acquisition, including stamp duty, estimated professional and other fees and expenses incurred or to be incurred by CICT in connection with the Acquisition,

(collectively, the “**Total Acquisition Outlay**”).

The Manager proposes to fund the Total Acquisition Outlay with a combination of Australian-dollar denominated debt, partial net sale proceeds from the divestment of One George Street (the “**Divestment**”) and about S\$95.9 million of the proceeds from CICT’s private placement closed on 8 December 2021 (the “**Private Placement**”).

3.3 Rental Guarantee

Pursuant to the Contract for Sale, the Vendor shall provide a rental guarantee of A\$7.0 million (the “**Rental Guarantee**”) in view of any potential impact to the tenants as a result of the ongoing COVID-19 situation in Sydney. The entire amount of the Rental Guarantee will be paid by the Vendor at completion of the Acquisition as part of the settlement of the Purchase Price.

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Acquisition, coupled with the proposed acquisitions of 66 Goulburn Street and 100 Arthur Street announced on 3 December 2021, is part of CICT’s portfolio reconstitution journey to drive sustainable growth and diversify income sources through accretive

⁴ The Purchase Price is based on 50.0% interest of the Property and includes the Rental Guarantee (as defined herein) of A\$7 million.

⁵ Based on an exchange rate of A\$1.00 to S\$0.97 as at 6 December 2021. Unless otherwise stated, all Australian dollar amounts in this announcement have been translated into Singapore dollars based on this exchange rate.

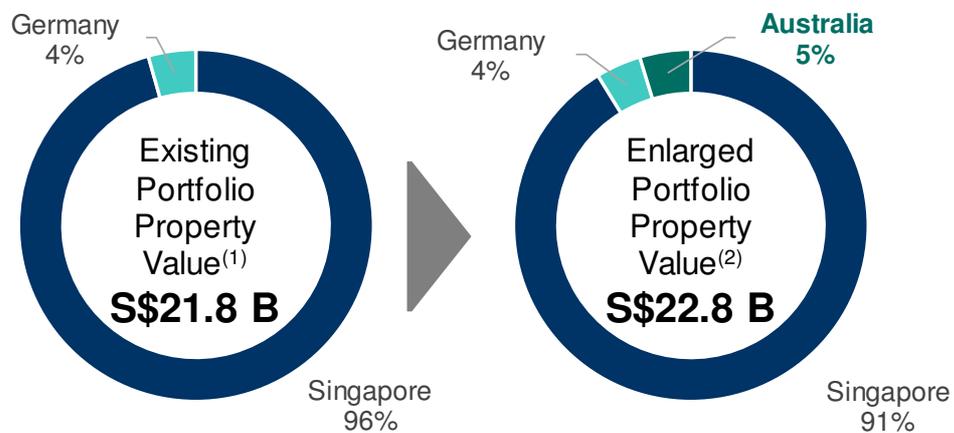
acquisitions and recycling capital into higher yielding assets. The entry into Australia will provide CICT with a new engine of growth in a developed market with strong fundamentals, and the potential to ride on Sydney's gradual recovery and rejuvenation in the mid to long term.

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

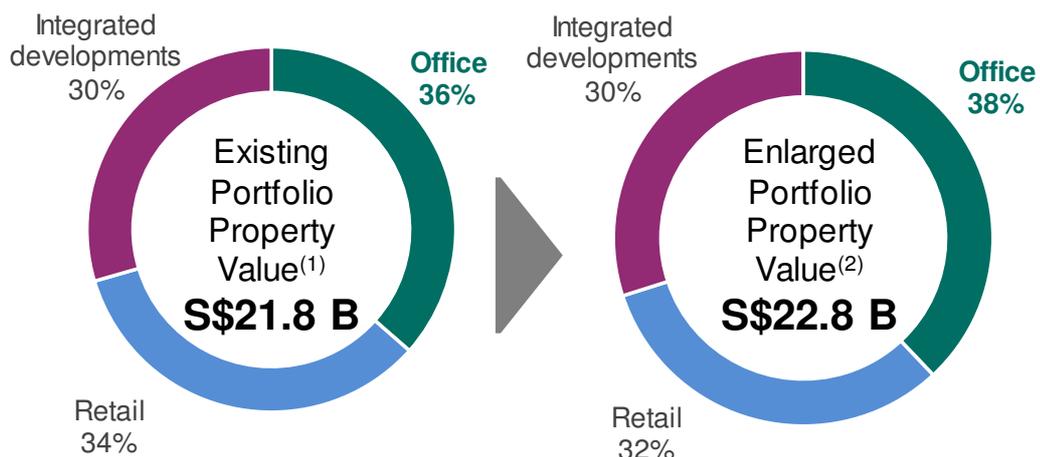
4.1 Deepening Presence in Sydney

The Acquisition, together with the proposed acquisitions of 66 Goulburn Street and 100 Arthur Street, have a total property value of approximately A\$1.1 billion⁶ (approximately S\$1.1 billion), accounting for approximately 5% of CICT's portfolio value. The three Australian properties will also increase CICT's portfolio property value from S\$21.8 billion to S\$22.8 billion.

Portfolio property value by geography



Portfolio property value by asset class



Notes:

(1) Existing portfolio property value is based on valuation as at 31 December 2020 and assuming One George Street had been divested.

⁶ Includes rental guarantee for 100 Arthur Street and the Property.

- (2) Enlarged portfolio property value includes existing portfolio value, 66 Goulburn Street and 100 Arthur Street, which are based on valuations as at 15 November 2021, and 50.0% interest of the Property which is based on valuation as at 1 December 2021.

4.2 Riding on the Rejuvenation of North Sydney

As part of the North District Plan by Greater Sydney Commission, North Sydney is expected to undergo major urban renewal with plans to develop the central business district (“**CBD**”) of North Sydney as part of the Harbour CBD. The Sydney Metro, Australia’s largest public infrastructure project, is set to be North Sydney’s game changer as it will bring more traffic from the Western part of Sydney to North Sydney. Victoria Cross Metro, located in North Sydney CBD, will become a focal point to be developed into a high quality commercial and retail hub. In addition, North Sydney Council has indicated multiple plans to improve public domains to support the North Sydney CBD rejuvenation.

The Property is directly connected to North Sydney Station and located in close proximity to the upcoming Victoria Cross Metro. The Property’s strategic location in the heart of North Sydney CBD will be able to benefit from the transformation and growth in the area.

4.3 Quality Asset that Complements CICT’s Strategy, Enhances Resilience and Diversity of Portfolio

4.3.1 Iconic integrated development with quality office space and amenities

The Acquisition will provide CICT with the opportunity to co-own one of the most prominent buildings in North Sydney. The Property enjoys excellent connectivity with the public bus and train network as well as direct access to Sydney’s major arterial roads. A unique integrated access to North Sydney Station via Greenwood Plaza provides a seamless link to the North Sydney Station. It is also approximately 200 metres to the upcoming Victoria Cross Metro which is expected to be completed in 2024.

The Property is an iconic integrated development comprising a Premium Grade office building and a retail centre. 101 Miller Street, the main office component of the integrated development, has attained strong green credentials, namely 5-Star NABERS Energy, 4.5-Star NABERS Water and 5-Star Green Star ratings, with energy-saving features such as double-glazed windows. Offering large and efficient floor plates of up to 1,500 square metres in size, the 28-storey office building boasts panoramic views of the Sydney CBD, Harbour Bridge and Opera House. It is also well-equipped with amenities that promote the physical and mental well-being of building occupants such as end-of-trip facilities, café and integration with Greenwood Plaza.

Greenwood Plaza, the retail component of the integrated development, is a three-storey retail centre offering high quality urban retailing and convenience options. The rooftop of Greenwood Plaza is also known as one of the key activation spaces for the community in North Sydney, playing host to a wide range of seasonal events throughout the year. Home to several specialty retail and service outlets featuring well-known brands such as CottonOn, Din Tai Fung, Seed, L’Occitane, MAC

Cosmetics, Romeo's IGA, Vodafone and Medibank Private, the retail centre serves the daily needs of the North Sydney workforce, residents and student population. The trade area catchment holds a population of approximately 31,500 which is projected to increase to approximately 36,200 by 2041. Approximately 47,700 workers are employed within the area and expected to increase to around 71,200 by 2041. In addition, the socio-economic profile of the catchment is mostly younger, more affluent and a greater portion of them in "white collar" roles.⁷

4.3.2 Robust tenancy profile

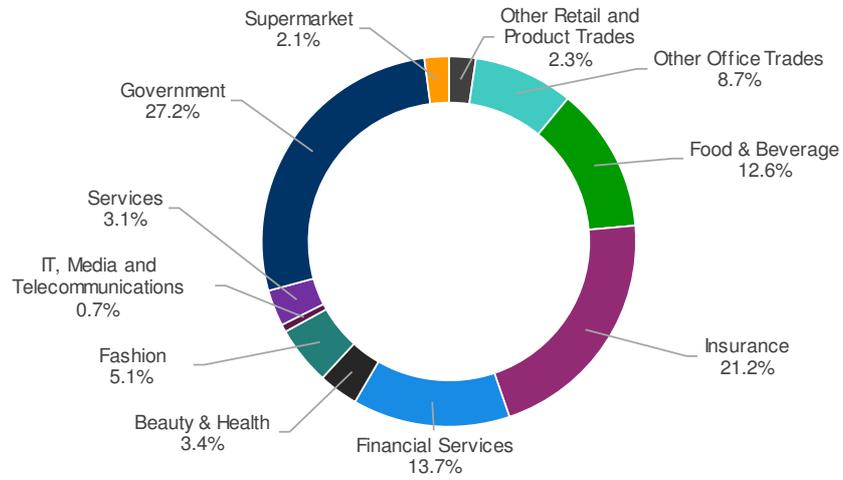
The Property has a committed occupancy of 94.9% and WALE of 3.6 years as at 20 October 2021. Building occupants include high quality tenants from the government, financial services and insurance sectors with over 60% of total NLA occupied by investment grade tenants.

Lease expiry profile



⁷ Source: Location IQ, November 2021.

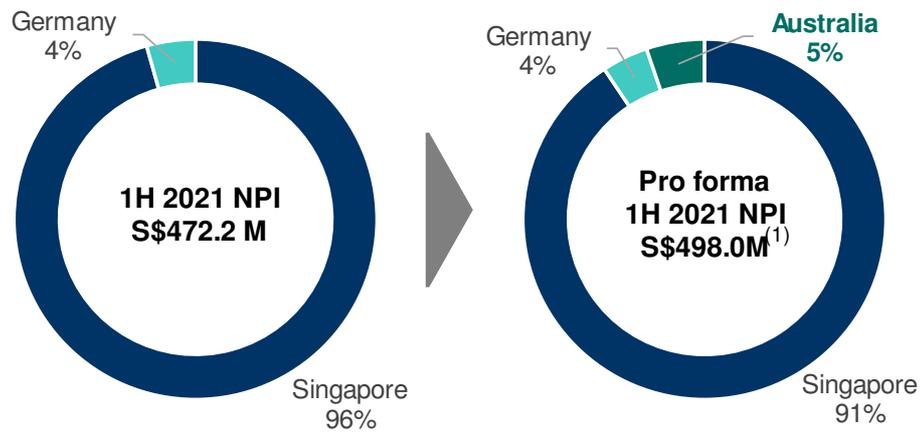
Tenant Mix



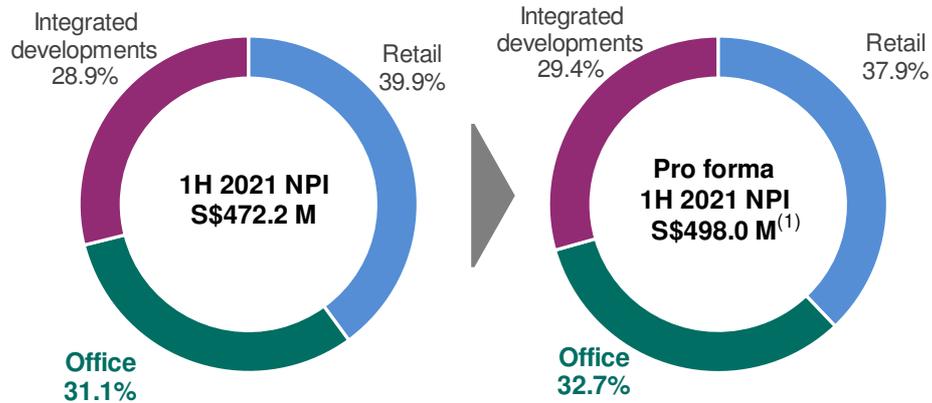
4.3.3 Improving income diversification with the addition of the three Australian properties

The Acquisition would improve income diversification of CICT's portfolio:

NPI contribution by geography



NPI contribution by asset class

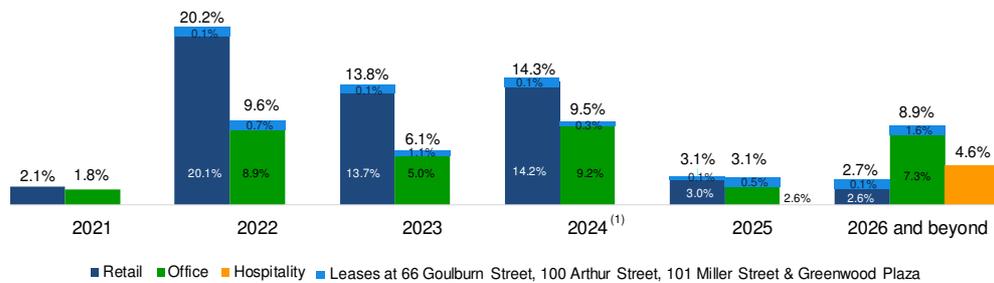


Note:

- (1) Based on CICT's 1H 2021 NPI and 1H 2021 NPI of 66 Goulburn Street and 100 Arthur Street and 1H 2021 NPI of the Property assuming the acquisitions of the three Australian properties were completed on 1 January 2021 and held and operated to 30 June 2021.

CICT's portfolio WALE⁸ will increase to 3.1 years from 3.0 years following the acquisitions of all three Australian properties.

Portfolio Lease Expiry Profile Post Acquisition



Note:

- (1) The existing lease with Commerzbank will be terminated in 2024. The Manager is exploring future plans for the building.

⁸ WALE is based on:

- committed monthly gross rental income as at 30 September 2021 for CICT's portfolio and excludes gross turnover rents;
- committed monthly gross rental income as at 30 September 2021 for 66 Goulburn Street and 100 Arthur Street and as at 20 October 2021 for the Property and excludes gross turnover rents; and
- excluding the Divestment and based on 94.9% interest in Gallileo and Main Airport Center, Frankfurt and WeWork's 7-year lease at 21 Collyer Quay.

4.4 Transaction is DPU Accretive to Unitholders

The Acquisition is accretive to CICT's distribution per unit in CICT ("Unit") ("DPU") on a pro forma basis.

The pro forma impact on annualised 1H 2021 DPU is expected to be an improvement of 0.09⁹ Singapore cents or 1.0% from 10.23 cents¹⁰ to 10.32 cents assuming the Acquisition was completed on 1 January 2021.

The pro forma impact on annualised 1H 2021 DPU as a result of the acquisitions of the three Australian properties and assuming the acquisitions were completed on 1 January 2021 is expected to be 0.28 cents or 2.8% from 10.23 cents to 10.51 cents¹¹.

4.5 Leveraging Sponsor's Established Platform

CICT would be able to continue to leverage on its sponsor, CapitaLand Investment Limited, for its investment and asset management capabilities. The property manager of the Property is Mirvac Real Estate Pty Limited.

5. NON-DISCLOSEABLE TRANSACTION

The Acquisition is classified as a non-discloseable transaction under Chapter 10 of the Listing Manual.

6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS¹²

Save as disclosed and based on information available to the Manager as at the date of this announcement, save for unitholding interests in CICT held by certain directors of the Manager and the controlling unitholders of CICT, none of the Directors of the Manager or controlling unitholders of CICT has any interest, direct or indirect, in the Acquisition.

BY ORDER OF THE BOARD

CapitaLand Integrated Commercial Trust Management Limited
(Registration Number: 200106159R)
as manager of CapitaLand Integrated Commercial Trust

Lee Ju Lin, Audrey
Company Secretary
23 December 2021

⁹ Based on pro forma 1H 2021 annualised NPI of the Property. Assuming a loan-to-value of approximately 51% for the proposed Acquisition and the balance of the Total Acquisition Outlay to be funded from a combination of partial net sales proceeds from the Divestment and about S\$95.9 million of the net proceeds from the Private Placement.

¹⁰ DPU for 1H 2021 on an annualised basis, and assuming the Divestment had been completed on 1 January 2021.

¹¹ Assuming a loan-to-value of approximately 50% for the proposed acquisitions and the balance of the total acquisition outlays to be funded from a combination of net sales proceeds from the Divestment and net proceeds from the Private Placement. Pro forma annualised DPU for 1H 2021 assumes the Divestment and the proposed acquisitions of the three Australian properties had been completed on 1 January 2021.

¹² "Controlling Unitholders" refers to a person with an interest in Units constituting not less than 15.0% of all Units in issue.

IMPORTANT NOTICE

This Announcement may contain forward-looking statements. 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, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs and property operating expenses), 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 the current view of the Manager regarding future events. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this Announcement. None of the Manager or any of its affiliates, advisers or representatives undertakes any obligation to update publicly or revise any forward-looking statements, and none of them shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this Announcement or its contents or otherwise arising in connection with this Announcement.

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