



CAPITALAND INTEGRATED COMMERCIAL TRUST

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

ANNOUNCEMENT

ENTRY INTO INTERESTED PERSON TRANSACTION:

SUPPLEMENTAL LEASE MANAGEMENT AGREEMENT WITH CAPITALAND INTERNATIONAL (GERMANY) GMBH

1. INTRODUCTION

CapitaLand Integrated Commercial Trust Management Limited, as manager of CapitaLand Integrated Commercial Trust ("**CICT**", and the manager of CICT, the "**Manager**") wishes to announce that Gallileo Property S.a.r.l ("**GPS**", a subsidiary of CICT, has entered into a supplemental agreement to the leasing management agreement (the "**Supplemental Agreement**") with CapitaLand International (Germany) GmbH ("**CLIG**", a wholly owned subsidiary of CapitaLand Investment Limited ("**CLI**"), on 15 December 2023.

CICT has a 94.9% stake in GPS, which holds the property known as Gallileo, located in Frankfurt, Germany ("**Gallileo**"). The remaining 5.1% stake is held by CLI Five Pte. Ltd., a wholly owned subsidiary of CLI. GPS and CLIG had entered into a leasing management agreement dated 2 November 2020 (the "**Leasing Management Agreement**") pursuant to which CLIG provides leasing management and related services to GPS in respect of Gallileo.

CICT intends to carry out asset enhancement works ("**Repositioning Exercise**") at Gallileo following the expiry of Commerzbank AG's lease in January 2024. Pursuant to the Supplemental Agreement, the existing Leasing Management Agreement will be extended for a further two years (the "**Extended Term**") and CLIG will be appointed to provide development management and related services to GPS in relation to the Repositioning Exercise during the Extended Term.

2. DISCLOSURE REQUIREMENTS

Under Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual ("**Listing Manual**"), where an entity at risk (as defined in the Listing Manual) proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds three per cent (3%), but is less than five per cent (5%), of the latest audited consolidated net tangible assets ("**NTA**") of the issuer and its subsidiaries (the "**Issuer Group**"), an immediate announcement of the transaction must be made and if the value is equal to or exceeds five per cent (5%) of the Issuer Group's latest audited consolidated NTA, approval of the unitholders of the issuer must be obtained.

As at the date of this announcement, CLI, through its subsidiaries, has an aggregate interest in 1,538,852,340 units in CICT ("**Units**"), representing approximately 23.11%¹ of the total number of Units in issue, and is therefore regarded as a "controlling unitholder" of CICT under the Listing Manual. In addition, as the Manager is a wholly owned subsidiary of CLI, CLI is therefore regarded as a "controlling shareholder" of the Manager under the Listing Manual.

For the purposes of Chapter 9 of the Listing Manual, CLIG, being a subsidiary of CLI, is considered an "associate" of (i) a "controlling unitholder" of CICT and (ii) a "controlling shareholder" of the Manager, and therefore an "interested person" for the purposes of the Listing Manual of CICT. GPS is a subsidiary of CICT, which is regarded as an "entity at risk" for these purposes.

Therefore, the entry into the Supplemental Agreement constitutes an "interested person transaction" under Chapter 9 of the Listing Manual. The entry into the Supplemental Agreement, when aggregated with the existing interested person transactions with CLI and its subsidiaries and associates (the "**CLI Group**"), would exceed 3.0% of the latest audited NTA of CICT, and accordingly under Rule 905 of the Listing Manual, the Manager must make an announcement of such interested person transaction.

3. KEY TERMS OF THE SUPPLEMENTAL AGREEMENT

Under the Supplemental Agreement, CLIG will continue to provide leasing management services, such as monitoring rental collection, budget planning and monitoring, reviewing rental rates as well as letting services, such as managing queries of tenants, identifying potential tenants, and negotiating leases (collectively, the "**Leasing Management and Letting Services**") for the Extended Term.

The fees payable by GPS to CLIG for the Leasing Management and Letting Services for the Extended Term is estimated to be €2.86 million (S\$4.29 million²) (the "**LM and Letting Fees**").

The LM and Letting Fees are based on the existing terms of the Leasing Management Agreement. Under the Supplemental Agreement, there is no change to the scope of Leasing Management and Letting Services to be provided by CLIG during the Extended Term, and hence there is no change to the basis on which the LM and Letting Fees are charged. The LM and Letting Fees have been benchmarked against comparable quotations obtained by a third party service provider and evaluated based on various factors including pricing, experience and familiarity with the property and track record.

Under the Supplemental Agreement, CLIG has also been appointed to provide development management and related services to GPS in relation to the Repositioning Exercise, which include overall planning and coordination of the Repositioning Exercise, liaising with and managing consultants and coordinating and managing the project budgets and schedules (collectively, the "**Development Management and Related Services**").

GPS shall pay CLIG a fixed fee of €2.7 million (S\$4.05 million) (the "**DM Fees**") for the Development Management and Related Services.

¹ Based on a total of 6,657,723,344 Units.

² The Euro amounts in this announcement have been translated into Singapore dollars based on the exchange rate of €1 to S\$1.50.

The DM Fees have been benchmarked against comparable quotations obtained by a third party service provider. The fees are also within the range of development management fees charged by other comparable real estate investment trusts listed in Singapore with commercial properties located in Europe.

The total fees payable to CLIG under the Supplemental Agreement, comprising the LM and Letting Fees and the DM Fees, is estimated to be €5.56 million (S\$8.34 million) (the “**Fees**”). CICT’s proportionate share of the Fees (based on its 94.9% stake) is estimated to be €5.28 million (S\$7.92 million) which shall be the value of this interested person transaction to be aggregated pursuant to Rules 905 and 906 of the Listing Manual.

In addition, the Manager has appointed an independent financial adviser (the “**IFA**”) to review and evaluate the terms of the Supplemental Agreement, including the scope of the Development Management and Related Services and the DM Fees, and the IFA is of the opinion that the terms of the Supplemental Agreement are on normal commercial terms and not prejudicial to the interests of CICT and its minority unitholders. Please refer to paragraph 5 of this Announcement for further details.

The Manager is of the view that the entry into the Supplemental Agreement is on normal commercial terms and not prejudicial to the interests of CICT and its minority unitholders.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED ENTRY INTO THE SUPPLEMENTAL AGREEMENT

The Manager believes that the entry into the Supplemental Agreement will be beneficial to CICT and Unitholders.

4.1 Proven track record and experience of CLIG

CLIG has an experienced team of management and staff who have been involved in various day-to-day lease management functions for CICT’s properties in Germany. The team possesses extensive knowledge, expertise and understanding of CICT’s Germany properties and its business operating model.

Together with the Manager, CLIG has successfully executed all the leasing management services at CICT’s Germany properties, contributing to portfolio net property income over the years. The appointment of CLIG to provide the Leasing Management and Letting Services and the Development Management and Related Services will ensure continuity in the management of the existing portfolio.

4.2 Competitive fee structure and increased efficiency

A benchmarking exercise was conducted based on quotations obtained by a third party service provider to assess the competitiveness of the fee structure for the LM and Letting Fees as well as the DM Fees. The DM Fees are also in line with development management fees charged by other comparable real estate investment trusts listed in Singapore with commercial properties located in Europe.

As the existing leasing manager for Gallileo, CLIG will be able to achieve greater efficiencies when carrying out the various services, including collaborating with the respective consultants for the Repositioning Exercise.

5. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed Ernst & Young Corporate Finance Pte Ltd as the IFA to advise the audit committee of the Manager (the "**Audit Committee**") and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CICT (the "**Trustee**") in respect of the entry into the Supplemental Agreement, and the IFA has given its opinion to the Audit Committee that the terms of the Supplemental Agreement are on normal commercial terms and are not prejudicial to the interests of CICT and its minority unitholders.

6. AUDIT COMMITTEE STATEMENT

The Audit Committee has considered the terms of the Supplemental Agreement and is of the view that the entry into the Supplemental Agreement is on normal commercial terms and is not prejudicial to the interests of CICT and its minority unitholders.

7. TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS WITH CLI GROUP FOR THE CURRENT FINANCIAL YEAR

As at the date of this announcement, the value of all interested person transactions entered into between (1) CICT and its subsidiaries and (2) the CLI Group during the course of the current financial year (including the entry into the Supplemental Agreement but excluding any transaction with a value of less than S\$100,000) is approximately (a) S\$1,219.01 million and (b) S\$37.98 million³ pursuant to Rules 905 and 906 of the Listing Manual respectively.

The value of all interested person transactions entered into between (1) CICT and (2) all interested persons during the course of the current financial year (including the entry into the Supplemental Agreement but excluding any transaction with a value of less than S\$100,000) is approximately (a) S\$1,348.90 million and (b) S\$164.31 million⁴ pursuant to Rules 905 and 906 of the Listing Manual respectively.

8. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS⁵

As at the date of this announcement, all the directors of the Manager collectively hold an aggregate direct and indirect interest in 1,251,118 Units and certain directors of the Manager collectively hold an aggregate direct and indirect interest in 1,954,213 shares of CLI.

Mr Janine Gui Siew Kheng, a Non-Executive Non-Independent Director of the Manager, is the Chief M&A Officer of CLI and Deputy Chief Executive Officer of CLI International.

Save as disclosed in this announcement and as at the date of this announcement, none of the directors of the Manager or Controlling Unitholders has an interest, direct or indirect, in the entry into the Supplemental Agreement.

³ Rule 906 excludes from computation of the opening balance, the value attributable to the new Singapore master property management agreement entered into on 31 May 2023, between the Manager, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of CICT), CapitalLand Retail Management Pte Ltd and CapitalLand Commercial Management Pte Ltd, which had been approved by CICT unitholders at the extraordinary general meeting held on 19 April 2023 and exemptions for transactions under Rule 916(1).

⁴ See note 3.

⁵ "**Controlling Unitholders**" refers to a person with an interest in Units constituting not less than 15.0% of all Units in issue.

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

15 December 2023

IMPORTANT NOTICE

The past performance of CapitaLand Integrated Commercial Trust (“**CICT**”) is not indicative of future performance. The listing of the units in CICT (“**Units**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) does not guarantee a liquid market for the Units. The value of the Units and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, CapitaLand Integrated Commercial Trust Management Limited, as manager of CICT (the “**Manager**”), or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

This announcement 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.