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

ANNOUNCEMENT

Annual General Meeting to be held on 21 April 2022
Responses to Substantial and Relevant Questions

CapitaLand Integrated Commercial Trust Management Limited, as the manager of CapitaLand Integrated Commercial Trust ("**CICT**", and the manager of CICT, the "**CICT Manager**") would like to thank all unitholders of CICT ("**Unitholders**") who have submitted their questions in advance of our Annual General Meeting ("**AGM**") to be held virtually via "live audio-visual webcast and live audio-only stream" at 2.30 p.m. on Thursday, 21 April 2022.

We have grouped the most asked questions, as well as questions relevant to the AGM agenda and aspects of CICT's business into a few key topics. Questions asked during the pre-AGM sessions, including the session jointly organised with Securities Investors Association (Singapore), have also been included. The key topics are:

A. Growth Strategy
B. Business Performance
C. Financials and Capital Management

Please refer to our responses to these substantial and relevant questions in the following pages.

The CEO of the CICT Manager, Mr Tony Tan will deliver a presentation to Unitholders at the AGM. Please refer to all AGM-related documents at Investor Relations: AGM & EGM (cict.com.sg).

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and CICT's website. The minutes of the AGM will be uploaded on SGXNet and CICT's website on or before 21 May 2022.

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

Lee Ju Lin, Audrey
Company Secretary

18 April 2022

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 derived 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.

A. Growth Strategy	
1.	**It is good to see CICT re-cycles its assets to generate higher DPU and NAV. What is the targeted percentage of assets to be based in Singapore versus assets overseas? Any expected geographic breakdown in five years' time?**
	Since 2020, we have guided that CICT is predominantly focused on Singapore with no more than 20% of its portfolio property value in overseas developed markets. It is a long-term plan to seek some diversification of income over time for greater stability. CICT would have 92% of its portfolio property value in Singapore, 4% in Frankfurt, Germany and 4% in Sydney, Australia, assuming all its announced acquisitions were completed and based on the respective asset valuations. Other than the guided split of 80:20 between Singapore and overseas developed markets over time, there is no further geographic breakdown as this would be dynamic depending on various factors including prevailing market condition, available opportunities, pricing and timing.
2.	**Are there any plans for more overseas acquisitions in 2022? What countries are CICT looking at and what are the criteria used when evaluating potential overseas acquisition?** **Which are the targeted countries besides Australia and Germany?**
	As part of the portfolio plan, we are proactively seeking acquisition opportunities in Singapore as well as other developed markets in a disciplined manner. We will evaluate such growth opportunities in other developed markets in terms of expected DPU-accretion, strategic fit and any value creation opportunities. We are open to acquire from both CapitaLand group and third parties. Outside Singapore, CICT currently has presence in Germany and Australia and these markets will be our immediate focus. With established presence, we are in better position to access to more opportunities for our assessments.
3.	**Any target balance between Retail, Integrated Developments and Office?**
	Investing in Retail, Integrated Developments and Office assets is CICT's focus. There is no target balance as the asset type split is dependent on availability of opportunities, best use for the location and market conditions.
4.	**In investing overseas, what is CICT's targeted profit yield as overseas investments are greater risk and cannot be bearing the same yield as Singapore properties?**
	For overseas investment, other than the strategic location, merits of the asset and growth potential, we look at the expected net property income yield compared to comparable market transactions. We also assess the funding structure and ultimately the risk-adjusted after-tax return.

5.	**What is the key motivation in investing in assets in Australia and Germany? Do they have better returns?**
	In the long term, CICT has plans to explore redevelopment or upgrading plans for certain Singapore properties. Hence, we wanted some income diversification from other markets which could mitigate some risks and downtime from Singapore, especially if we start to execute plan which may take some time to be completed and income contribution could be later. As both Sydney, Australia and Frankfurt, Germany are developed markets with quality assets, healthy occupier demand balanced with stable risk-adjusted after-tax return, they are natural markets for us to establish strategic positions. Additionally, CapitaLand Group has the network in the respective market.
6.	**With 79 Robinson Road, CapitaSpring and CapitaGreen, we seem to be moving towards owning assets with shorter leasehold versus 99 years leasehold. With this trend, how should we think about the risk profile of CICT?**
	We wish to clarify that there is no deliberate move towards owning assets with shorter leasehold. CICT's existing portfolio (including CapitaGreen and CapitaSpring) comprised a mix of leasehold and freehold properties. Based on CICT's portfolio gross floor area as at 31 December 2021, CICT has 12.5% of freehold and 87.5% of leasehold properties. The weighted average unexpired leasehold remaining is 110 years as at 31 December 2021. Amongst the leasehold properties, Six Battery Road and 21 Collyer Quay have 999-year leasehold. In CICT's recent announced acquisitions since December 2021, two of the three Sydney, Australia assets are freehold, while the third has a remaining lease of ~95 years. Only 79 Robinson Road announced on 25 March 2022 has a remaining lease of ~45 years.
7.	**What is our investment strategy? Is it to acquire newly completed assets?**
	CICT's strategy is to invest in Retail, Integrated Developments and Office assets in Singapore and overseas developed markets (no more than 20% of portfolio property value). The criteria for target investments include: i. potential for growth in yield/income ii. DPU-accretion iii. rental sustainability iv. potential for value creation; and v. green rated or potential to achieve green rating
8.	**One of the ways CICT aims to create value is through portfolio reconstitution. Examples include the divestment of One George Street in 2021 and the recent acquisition of 79 Robinson Road. What are some of the key metrics CICT looks at when deciding which properties to divest and which ones to invest in?**
	CICT embarked on its portfolio reconstitution journey to enhance its portfolio quality of assets and generate higher value. The criteria for target investments include: i. potential for growth in yield/income ii. DPU-accretion iii. rental sustainability iv. potential for value creation; and v. green rated or potential to achieve green rating

	The divestment targets are evaluated relative to CICT's asset and portfolio plan. Criteria will include value to be realised from the divestment when compared against other available options, including highest and best use.
9.	**CICT has a very large portfolio consisting of properties in Singapore as well as overseas. Countries across the world are opening as the COVID-19 pandemic recedes. What is CICT's strategy to capitalise on this in terms of both organic growth and external acquisitions?**
	CICT has a portfolio of 24 properties, 20 in Singapore (with one more asset pending acquisition completion), two in Germany and two in Australia (with a third asset pending acquisition completion) as at 24 March 2022. To drive organic growth, we consistently adopted an active asset and portfolio management and proactive leasing strategy. This included plans to increase occupancy rates and balance the achieved rental rates against occupancy, drive tenant sales and support tenants where relevant, to ride through challenges. In addition, we review our asset and portfolio plans to consider whether any asset enhancement works required to generate further value, to refresh offerings and enrich experience at our properties or an asset should be divested so that we can recycle capital to re-invest into other higher yielding opportunities. Underpinning all of these will be our prudent capital management strategy, which is to secure longer dated funding from diversified sources at attractive rates, within regulatory aggregate leverage. The ongoing rejuvenation of the mall at Raffles City Singapore will enhance retail offerings, see the reconfiguration of 111,000 sq ft from Levels 1 to 3 into smaller units for large format and specialty retail. Scheduled for completion in 4Q 2022, the revamped space presents an exciting opportunity to refresh our retail tenant mix with both homegrown and premium international brands, including key international fashion, beauty and lifestyle retailers. We are also planning some upgrading works and tenant repositioning at Clarke Quay to align with the new developments happening around the vicinity. As for external growth, we ventured into another overseas developed market and proposed to acquire three properties in Sydney, Australia in December 2021. One of the reasons for the acquisition is to benefit from the recovery potential with the reopening of Sydney. We completed the acquisition of two office buildings in Sydney, Australia on 24 March 2022 and are pending the completion of one more integrated development. And on 25 March 2022, CICT announced the proposed acquisition of 70% interest in 79 Robinson Road, a newly completed Grade A office building, strategically located in the Tanjong Pagar sub-market. The pro forma net property income yield was 4.0% and we could capitalise on the building's committed occupancy of 92.9% to benefit from the rising office market rent trend.
10.	**Will CICT be merged with another CapitaLand REIT with overseas exposure, e.g. CapitaLand China Trust (CLCT) for growth?**
	CICT has clearly articulated its growth strategy will be in Singapore and overseas developed markets (no more than 20% of portfolio property value) and in asset types comprising Retail, Integrated Development and Office. Any mergers & acquisitions which are not aligned to its strategy will not be considered.

B. Portfolio and Asset Performance	
1.	**Are the lower occupancy of Capital Tower, Six Battery Road and Clarke Quay transient?**
	The occupancies of Capital Tower, Six Battery Road and Clarke Quay as at 31 December 2021 are detailed below. There are ongoing negotiations for some of the vacancies that are expected to increase the occupancies of Capital Tower and Six Battery Road. - Capital Tower at 76.8% largely due to the relocation of an anchor tenant, JPMorgan to CapitaSpring in 4Q 2021; About 17.7% of Capital Tower's net lettable area (NLA) is under advanced negotiation. - Six Battery Road at 79.7% due to partial upgrading expected to be completed in phases. An anchor tenant was secured in January 2022, which will boost building occupancy to 89.3%. - Clarke Quay at 73.5% due to the government-stipulated restrictions on trading hours and sales of alcohol at nightlife venues like clubs, karaoke joints and bars without food licenses since 2020 as well as pending plans to reposition the tenant mix and upgrading work.
2.	**What are the plans for Clarke Quay given the reopening of nightlife?**
	The current tenant positioning for Clarke Quay leans towards more nightlife and entertainment trades and these were affected when the government stipulated restrictions on trading hours and sales of alcohol for most part of FY 2020 and FY 2021 during the pandemic. Although the restrictions have been largely lifted, our longer-term asset plan considers a balanced mix of day and night trading given the changing landscape of the area, as more residential developments are completing over the next few years. To change the positioning of the place, it requires repositioning of the tenant mix and likely some upgrading work to take place. The planning is still work-in-progress, and we will update when we have more details.
3.	**Occupancy rate and newly acquired leases of CapitaSpring. How much effect on DPU will CapitaSpring bring in?**
	FY 2022 is expected to be a stabilising year for CapitaSpring. CapitaSpring's committed occupancy as at 9 February 2022 was approximately 93% and tenants are progressively moving into CapitaSpring even in 2H 2022. Some net property income will be registered for CapitaSpring in FY 2022, based on accounting practices. In addition, there are interest expenses and fees to be paid before any dividend declaration by the sub-trust holding CapitaSpring. The distributable income from CICT's 45% interest in CapitaSpring is not expected to contribute meaningfully to FY 2022.
4.	**Noted that occupancy cost ratio rose to 18.3% in FY 2021 from about 16.9% in FY 2020. Should we be concerned?**
	The occupancy cost in FY 2020 was lower largely due to the higher amount of rental waivers provided to tenants. Occupancy cost is also dependent on various factors including trade mix and the type of tenants in the portfolio. Typically, occupancy cost will range between 18% to 20% annually.
5.	**What is the average rent for CapitaSpring and 79 Robinson Road?**
	We do not share the average rent of our buildings. However, given that both 79 Robinson Road and CapitaSpring were completed in 2020 and 2021 respectively, the committed rents would be around the Grade A office market rent range between 2018 to 2021, from S$10.00 to S$11.50 per square foot per month. More recently in 1Q 2022, the signing rents are in the range of S$12.00 to S$16.00 per square foot per month.

6. What is the rent reversion for CICT portfolio?

i) Rent Reversion for Retail Leases

The portfolio reported negative rent reversion using two bases of calculation. However, we noted the suburban malls reported almost flat rents when comparing the average of incoming rents versus average of outgoing rents.

From January to 31 December 2021 (Excluding Newly Created and Reconfigured Units)		
Properties	**Change in Incoming Year 1 Rents versus Outgoing Final Rents (typically includes annual step-ups)**	**Change in Incoming Average Rents versus Outgoing Average Rents**
Suburban[1]	(2.4%)	0.2%
Downtown[2]	(13.8%)	(7.7%)
Portfolio	**(7.3%)**	**(3.2%)**

Notes:

1 Suburban malls comprise Tampines Mall, Bedok Mall, Junction 8, Lot One Shoppers' Mall, Bukit Panjang Plaza, IMM Building, Westgate and JCube (subsequently divested on 10 March 2022)

2 Downtown malls comprise Plaza Singapura, The Atrium@Orchard, Bugis Junction, Bugis+, Clarke Quay, Raffles City Singapore and Funan.

ii) Signing rents compared to expiring rents for Office Leases

Still seeing some negative rent reversions comparing signing rents to expired rents. However, the signing rents are mostly above market rents.

As Office Market Rents Improve, Gap Between Committed Rents and Expired Rents is Expected to Narrow

Building	Average Expired Rents (S$ psf/month)	Committed Rents in 4Q 2021 (S$ psf/month)	Sub-Market	Market Rents of Comparative Sub-Market (S$ psf)	
				Cushman & Wakefield(1)	Knight Frank(2)
CapitaGreen	11.93	10.80 – 12.70	Grade A Raffles Place	9.76	9.10 – 9.60
Six Battery Road	10.47	10.67 – 13.00			
Asia Square Tower 2	11.22	10.47 – 12.50	Marina Bay	11.53	10.95 – 11.45
Raffles City Tower	9.48	9.40 – 10.50	City Hall/ Marina Centre	9.33	8.85 – 9.35

7. How has tenant demand/requirement changed or evolved since the pandemic? Any specific trend seen in certain trades?

Across the portfolio, we do see "flexibility" as a common trend.

We have worked closely with our retail tenants to support them during this pandemic. For certain malls which were more impacted, we have restructured some leases to allow for more gross turnover rent compared to fixed rent component. However, lease terms remain stable at three years with annual step-up for such retail leases.

In terms of trade mix, the demand for retail space is mainly from the food & beverage and beauty services trades. We have also seen increased interest from home furnishing and furniture trade with online presence seeking to set up physical stores.

For office tenants who were contemplating the best approach to space needs, we see most of

	them making decisions of how their space configuration and requirement should be post-pandemic in the latter part of 2021. For some, they may think about core and flexible space as options to manage their space needs in the short and medium term. In terms of trade mix, we saw more demand for office space from the technology and non-banking financial services sectors. We have deliberately planned for flexible space operator, The Work Project to be in most of our Grade A office buildings as part of the core-flex strategy to cater to tenants' requirements. And this has also saw increased take-up by the real estate & property services sector.
8.	**With the inflation, how do CICT help those tenants who are impacted negatively?**
	The potential group of tenants that may be impacted by inflation is the retailers. Despite the higher energy rate, retailers will benefit from the bulk energy purchase rate that we have secured till end of 2022 compared to the retail market rate. Under the Code of Conduct under Fair Tenancy Framework, landlord must charge tenants for the total costs for the supply of electricity to tenant's premises calculated at the same rate(s) payable by landlord to the electricity retailer on a pass-through basis without any mark-up or price discrimination among landlord and its tenants in the same building. In this current environment with more easing of social distancing measures, we continue to support tenants' priority to drive more sales. We have the platforms and programmes to activate and support including lease of atrium space for promotion and/or marketing through CapitaLand's CapitaStar ecosystem.
9.	**Tenant retention rate of 69.3% in the Singapore office assets. This seems low. What are the undertakings to improve retention rate?**
	The lower tenant retention rate in FY 2021 was largely due to the non-renewal of JPMorgan lease at Capital Tower. However, this is part of the tenant retention plan as JPMorgan have moved to CapitaSpring, a new integrated development in late 4Q 2021. This tenant is retained within the portfolio as CICT owns 45% interest in CapitaSpring. However, as CapitaSpring only obtained its temporary occupation permit in November 2021, the space taken up by JPMorgan is considered new lease commitment and not a renewal, resulting in the lower tenant retention. Separately, as part of proactive asset and portfolio plans, there are times that we deliberately do not renew leases as we may have other tenant repositioning plan or are required to provide contiguous space to other existing tenants. To retain tenants, our teams do proactively engage with tenants, support them when we can, be aware of their longer-term plans so that we can be part of their business plan. We also ensure regular maintenance and upgrade of our properties where relevant to ensure the overall wellness and efficiency of the operations.
10.	**Why is the cap rate for the German assets dropped from 3.9% to 2.95% (Gallileo) while that of Singapore assets remain the same? What is the dynamic of this?**
	The definition of cap rate applied to Germany and Singapore is different. The cap rate for the German assets refers to the terminal cap rate in the discounted cash flow method, while the cap rate for Singapore assets refers to the cap rate used in the income capitalisation approach, which is based on market transactions. The terminal cap rate for Gallileo dropped from 3.9% to 2.95% was mainly due to the valuer taking into account that the building will be modernized and be more competitive after an assumed upgrading exercise.

11. Will rising interest rate eventually impact asset valuations?

Asset valuation is typically done using methods such as discounted cash flow basis and income capitalisation rate.

Cap rates are more affected by demand and benchmarked to transaction yields.

Discount rates are affected by both interest rate and risk premium which do not necessarily move in the same direction.

Other than cap rates and discount rates, other factors such as market rents and growth also drive valuation.

C. Financials and Capital Management

1. The gross revenue, net property income and distributable income of CICT may show an impressive jump year-on-year in FY 2021, but the net asset value (NAV) and distribution per unit (DPU) have not shown the same increase, especially DPU which is a disappointment. Going forward, how will the Manager improve the results?

The year-on-year increases in CICT's FY 2021 gross revenue, net property income and distributable income are largely attributable to the effects of the merger of CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust. CMT was subsequently renamed CapitaLand Integrated Commercial Trust (CCT).

FY 2020 financials reflected mainly CMT's information as the effective date of the trust scheme was from 21 October 2020, while FY 2021 financials had the full year contribution from CCT's properties.

Distribution per unit took into account the enlarged total unit base in the relevant periods as detailed below.

2021	1 January to 30 June	1 July to 15 December	16 December to 31 December	1 January to 31 December
DPU (cents)	5.18	4.85	0.37[1]	10.40
		5.22		

2020	1 January to 31 March	1 April to 30 June	1 July to 30 September	1 October to 20 October	21 October to 31 December	1 January to 31 December
DPU (cents)	0.85	2.11	3.10	0.89	1.74[2]	8.69
			3.99			
				2.63		

1 DPU for 16 December 2021 to 31 December 2021 was based on the enlarged number of 6,608,618,340 Units as at 31 December 2021 after the issuance of 127,551,000 Units via the private placement exercise on 16 December 2021.
2 DPU for 21 October 2020 to 31 December 2020 was based on the enlarged number of 6,470,704,116 Units as at 31 December 2020 after the issuance of 2,780,549,536 Units in connection with the payment to CCT Unitholders as consideration units on 28 October 2020.

The net asset value per unit saw a smaller increase year-on-year due to the divestment of 50% stake in One George Street and the enlarged total unit base from the issuance of 127,551,000 units pursuant to the private placement on 16 December 2021.

Please see response to question 9 under section A, Growth Strategy where CICT shared its portfolio reconstitution journey to enhance its asset and portfolio value and focus on driving higher occupancy to deliver return to unitholders. It would be challenging to match the timing of asset divestments and investments. As such, some of the executions may have downtime resulting in the gaps between the loss of income from divestments and contribution from new investments/lease. However, in the longer term, these actions will result in improved portfolio of assets and DPU growth prospects that will benefit all unitholders.

2.	**In December 2021, a private placement was done to raise funds for a purchase in Australia. Why was a rights issue not considered for the benefit of existing unitholders?** **Is private placement a preferred method of raising funds compared to rights issue?**
	CICT announced the proposed acquisition of trusts which hold two office assets in Sydney, Australia on 3 December 2021 at a total estimated purchase consideration of A$330.7 million. We were then already under negotiation for a 50% interest in a third asset in Sydney, Australia, an integrated development known as 101 – 103 Miller Street and Greenwood Plaza at a purchase price of A$422.0 million. This proposed acquisition was subsequently announced on 23 December 2021. We knew we could fund the first two proposed acquisitions using the divestment proceeds from the sale of 50% interest in One George Street and debt. CICT's aggregate leverage was 40.9% as at 30 September 2021 before the proposed acquisitions. However, with a third asset under negotiation, and the onset of highly transmissible Omicron in late November 2021, we wanted to be more prudent in capital management going into year-end and hence, launched a modest private placement (issued units about 2% of our total units outstanding) to raise gross proceeds of S$250.0 million on 9 December 2021. The evaluation of which method to use for raising funds, be it through a private placement or rights issue/preferential offering is dependent on various factors including the amount of gross proceeds required, timing, speed of execution, and DPU accretion. A private placement could be conducted most efficiently at a tighter discount. A rights issue would require extended time to execute at a wider discount as there has to be a period given for the acceptance of the rights offer. However, rights issue would be very relevant if a larger amount of gross proceeds is required. In the December 2021 situation where a small equity amount was raised, we believe a private placement would be a better option to raise funds quickly and yet benefit all including existing unitholders with the overall DPU accretion given the tight discount and narrow window of opportunity. In addition, an advanced distribution of 4.85 cents for the period from 1 July 2021 to 15 December 2021 was paid to existing unitholders prior to the issue of the private placement units on 16 December 2021. The private placement units were not entitled to this advanced distribution.
3.	**How will CICT be impacted by rising interest rate and inflation?**
	About 83% of our borrowings are already on fixed interest rate as at 31 December 2021. We shared the sensitivity done on the floating rate borrowings where every 0.1% increase in interest rate would result in S$1.48 million of estimated additional annual interest expenses. The estimated impact on DPU would be -0.02 cents or -0.19% of FY 2021 DPU. The other cost which would impact CICT is energy rate. CICT has signed fixed energy rate till the end of 2022, however, the rate is almost double that of what we were getting under previous contract which ended in late 2021. Assuming a doubling of FY 2021 utilities cost, the impact on FY 2021 DPU would be about -4% to -5%. CICT will work on mitigating rising cost by increasing revenue and executing growth strategy as well as reducing energy and water consumption and non-urgent expenses.

4.	**CICT's 2021 annual report provided guidance that the proforma impact of a 0.1% p.a. increase in interest rate is an estimated additional annual interest expense of S$1.48m p.a. Market analysts are expecting the US Fed funds rate to increase to about 2% by the end of this year. If Singapore's interest rates were to increase by about the same amount, CICT's additional annual interest expense may be substantial.** **What are some of the ways in which CICT can mitigate this risk?**
	CICT can weather rate hikes by maintaining a high fixed rate hedge ratio and a well spread-out debt maturity profile with no overconcentration level of debt in any one year. Additionally, with an aggregate leverage ratio well below the 50% regulatory threshold, CICT's debt interest servicing is maintained at a healthy level of 4 times. Coupled with the easing of social distancing measures and reopening of borders, along with CICT's portfolio reconstitution, these are positive for the REIT's underlying performance going forward and would be able to cushion against threat of higher interest rates.
5.	**Noticed that CICT has quite a huge chunk of Medium-Term Notes (MTN) borrowings. With reverse QE coming up soon, can CICT renew some MTNs, before interest starts to go up significantly?**
	MTN comprised about 58.5% of CICT's total borrowings and proportionate share of joint ventures' borrowings, while unsecured bank loans constituted 31.1% and secured bank loans, the remaining 10.4%. Unlike bank loans, MTNs have fixed tenure and it would not be possible to repay them ahead of maturity date.
6.	**What is the frequency of CICT's distribution for the next two years?**
	The CICT Manager announced on 6 January 2021 via SGXNet and CICT website that CICT will make distributions on a half-yearly basis going forward. This is the frequency of distribution in the normal course of business. If there are corporate actions, such as the private placement in December 2021, ad hoc advanced distribution could be made to ensure that distribution accumulated prior to the issue of new units were paid to existing unitholders.