

CICT sells 21 Collyer Quay for S\$688m

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CAPITALAND Integrated Commercial Trust (CICT) has divested 21 Collyer Quay, an office building located in Raffles Place, for S\$688 million.

The sale price is in line with the property's independent valuation, said the trust's manager on Tuesday (Nov 12). Savills – the independent property valuer of the deal – has valued the asset at S\$688 million as at Oct 31.

Excluding divestment-related expenses, net proceeds from the sale would amount to about S\$681.7 million.

This amount will be used to repay debt and finance capital expenditure, asset upgrading works, as well as investments. It will also be used to fund general corporate and working capital requirements.

Based on CICT's annualised net property income for the period ended Sep 30 and the consideration price, the exit yield of the property is below 3.5 per cent, said the manager.

Assuming the divestment was completed, and net proceeds were used to repay existing debt on Jun 30, 2024, the trust's pro forma aggregate leverage is expected to fall from 39.9 per cent to about 38.3 per cent.

The transaction is not expected to have any material effect on CICT's distribution per unit and net asset value per unit for the financial year ending Dec 31.

The 21-storey building, which



has a net lettable area of 213,000 square feet, is fully occupied by co-working operator WeWork. The co-working operator took over the lease of the former HSBC building in 2021 after the bank shifted to Marina Bay Financial Centre Tower 2. WeWork has a seven-year lease for the lettable area until 2028.

CICT's manager referred to the buyer of 21 Collyer Quay as an "unrelated third party".

The Business Times had previously reported that in late 2023,

CICT received interest in the office building, which has a leasehold tenure of 999 years. Potential buying interest fell in the range of S\$3,600 to S\$3,700 per square foot (psf) on the property's net lettable area.

But, CICT was said to be eyeing a higher price of S\$3,900 to S\$4,000 psf, translating to between S\$830 million and S\$852 million.

Rather than bearing risk and uncertainty, CICT may divest 21 Collyer Quay at a premium to valua-

21 Collyer Quay, which has a net lettable area of 213,000 square feet, is fully occupied by co-working operator WeWork.

PHOTO: GOOGLE MAPS

tion, reported BT in February this year. As at Dec 31, 2022, the building was valued at S\$634 million, based on 3.45 per cent cap rate.

Analysts from various brokerages had also said previously that CICT's divestment of its Singapore assets could further strengthen its balance sheet and position it to acquire higher-quality assets from its sponsor.

A potential candidate for divestment pointed out by one of the analysts was 21 Collyer Quay.

The latest divestment comes a few months after CICT said it will purchase a 50 per cent interest in Ion Orchard and its connecting underpass, Ion Orchard Link, for S\$1.85 billion.

Tony Tan, chief executive of CICT's manager, described the Ion deal as a "transformational move" towards a diverse trade mix that allows the trust to capture Singapore's luxury retail market, leverage domestic and international buying power, while benefitting from resilient demand for essentials across economic cycles.

The trust's manager also noted that acquiring Ion Orchard would consolidate CICT's retail presence in a "tightly held" downtown precinct.

Units of CICT closed down S\$0.01 or 0.5 per cent at S\$1.96 on Tuesday.