

## **News Release**

14 September 2018

### **CDL ACQUIRES PRIME GRADE A COMMERCIAL BUILDING IN LONDON FOR £183 MILLION**

- **Landmark freehold building in the heart of Aldgate, one of London's most vibrant districts**
- **Immediate contribution to recurring income with its strong occupancy rate of 88%**
- **Potential for Asset Enhancement Initiative (AEI) to add value and maximise positive rental reversions**

As part of its focus on expanding recurring income in global gateway cities, City Developments Limited (CDL) has completed the acquisition of a prime freehold Grade A commercial building, Aldgate House, in London for £183 million (approximately S\$328 million). The project is strategically located in the heart of Aldgate, one of London's most vibrant districts, and is bounded by Aldgate High Street, Middlesex Street and St Botolph Street.

Enjoying excellent transportation connectivity, the property is right beside the Aldgate Underground Station. Six other Underground Stations – Aldgate East, Fenchurch Street, Liverpool Street, Tower Gateway, Tower Hill and Whitechapel – are within a five-minute walk, providing easy access to the West End, Midtown and Docklands districts as well as the National Rail network and London's main airports. The Elizabeth Line, London's new high-speed railway due for completion in 2018, is also accessible via the Liverpool Street and Whitechapel Crossrail Stations. It will increase the capacity of connectivity in Central London by 10%, bringing a further 1.5 million people to within 45 minutes commute of Central London.

The landmark Aldgate House was originally constructed in the 1970s and has undergone significant refurbishment in the past decade, including an extension of the upper floors, new cladding system in 2008 and interior refurbishment to several floors in 2017 and 2018. Being situated on a site with great frontage, the property benefits from excellent levels of natural light on all four elevations and provides stunning views from the full floor-to-ceiling glazing on all elevations.

Aldgate House has Net Lettable Area (NLA) of approximately 211,000 square feet (sq ft) including Grade A office, retail and ancillary spaces over two basements, ground, mezzanine and eight upper floors. It currently enjoys a strong occupancy rate of 88% with quality and well-diversified tenants that have a strong credit rating. The asset is currently achieving a passing yield of approximately 5%. Over 45% of the office rentals in the building are below the market rents in the Aldgate area and there is strong potential for positive rental reversions. The overall Weighted Average Unexpired Lease Term (WAULT) for the building of 6.2 years (to lease breaks) and 7.9 years (to lease expiries) is attractive as this will provide stable recurring income to CDL.

Overall, the Central London office market outlook is positive as rental growth is expected to continue into 2021, bolstered by the heightened demand and tightening of both existing office stock and new supply. Investment sales transactions in the City of London area are also recording their highest level of activity since end 2015 due to London's status as a global financial hub and favourable exchange rates. With the current market trend and sentiments, Aldgate House is well-positioned to capitalise on an increasingly favourable office landlord market.

**Mr Frank Khoo, CDL Group Chief Investment Officer**, said, “A key focus for CDL is to grow our recurring income significantly over the next 10 years through acquisitions and organic growth which will help to mitigate the volatility of development projects. This acquisition will enhance CDL’s recurring income portfolio. We see tremendous potential in this prime commercial building and we continue to believe that London will remain as a global financial hub. The vibrant Aldgate district is home to major occupiers from a diverse sector base including financial, fintech, insurance, legal, cultural and creative companies. It is also emerging as the heart of Digital London and the presence of healthtech companies is expected to increase with plans to develop a world-class life sciences research facility in the vicinity.”

“There is also potential to undertake AEI to add value to this property. We can refurbish office spaces to increase the rental and convert unused areas to provide additional facilities such as a restaurant. Planning consent has also been obtained for the creation of additional massing at the basement for a commercial gym. CDL will continue to seek opportunities in the UK to further enhance our recurring income streams.”

In the UK, CDL currently owns another recurring income asset, the prime freehold Development House office building which was acquired in 2016. The 28,000 sq ft property at Leonard Street, Shoreditch district, remains fully leased with vacant possession expected from Q3 2018. The site has obtained planning approval to be redeveloped into a nine-storey building consisting of over 72,000 sq ft of NLA.

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