

IREIT makes foray into Spain with the strategic acquisition of an office portfolio

- ◆ Portfolio of 4 freehold office buildings to be held through a 40:60 joint venture between IREIT and Tikehau Capital
- ◆ Strategic investor CDL fully supports acquisition and shows commitment by extending bridging loan to finance the investment
- ◆ Proposed acquisition to add scale and diversification to IREIT's portfolio, strengthening the resilience of its income streams
- ◆ Current occupancy and rental rates provide good upside opportunities for future income improvement

SINGAPORE ◆ 7 DECEMBER 2019

For immediate release

IREIT Global (IREIT), a Europe-focused real estate investment trust managed by IREIT Global Group Pte. Ltd. (the Manager), is pleased to announce that it has partnered with Tikehau Capital and City Developments Limited (CDL), the two shareholders of the Manager and key unitholders of IREIT, to acquire a portfolio of four freehold office buildings located in Spain. IREIT and Tikehau Capital will enter into a joint venture, which would be 40% held by IREIT and 60.0% held by Tikehau Capital for the purpose of acquiring 100% of the interests in the property holding companies of the Spanish portfolio. Through the joint venture, IREIT will be actively involved in all key operational and financial matters. Under the terms of the joint venture, Tikehau Capital will grant IREIT a call option to acquire its 60% stake. CDL has also shown its commitment and support by extending a bridging loan to finance IREIT's investment.

The proposed acquisition will mark IREIT's entry into Spain, the fifth largest economy in Europe by GDP. The agreed property value of the Spanish portfolio on a 100% basis is at €133.8 million, representing a 3.3% discount to the aggregate valuation of €138.3 million by independent valuer, Cushman & Wakefield Spain Limited. The purchase consideration is based on the net asset value of the property holding companies on a debt-free and cash-free basis, as adjusted for the agreed property value. After taking into account the mortgage

financing at the asset level, IREIT's total cash outlay for its 40% interest in the Spanish portfolio including fees and expenses is estimated at €30.8 million. For the purposes of completion certainty (expected by the end of December 2019), the Manager intends to draw down the bridging loan to fund the required cash outlay in the interim period. Subsequent to the closing of the acquisition, the Manager will explore possible debt and equity financing options to repay the bridging loan and exercise the call option, while maintaining an appropriate capital structure for IREIT.

Mr Aymeric Thibord, Chief Executive Officer of the Manager, said, "The strong support from our key unitholders Tikehau Capital and CDL is a clear testament on their commitment and support to the long-term growth strategy of IREIT. The proposed acquisition will provide IREIT exposure to Spain, an improving economy with sound fundamentals and investment climate."

Since 2014, Spain has experienced a trend of economic expansion, driven by lower unemployment rate, strong tourist arrivals and healthy private consumption. In 2018, Spain's GDP growth came in at 2.4%, coming 0.5% points above the Eurozone average in 2018.¹ Led by the improving fundamentals of the Spanish economy, the office real estate market has also experienced strong take-up in office space and investor interest.

The portfolio of four freehold office buildings are located in the established secondary office areas of Madrid and Barcelona and have easily divisible floor plates, excellent natural lighting and great connectivity to major commercial areas via different modes of transportation systems. All the properties have also been awarded the Leadership in Energy & Environmental Design (LEED) certifications from the U.S. Green Building Council.

The Spanish properties are currently multi-tenanted and are anchored by a number of large reputable companies from diverse industries such as Clece (provider of logistics, facility management and cleaning services), Digitex (integrated management solutions provider), Gesif (unit of Cabot Credit Management Group), Catalan Media Corporation (public radio and television company in Catalonia), Coca-Cola European Partners (bottling company for Coca-Cola products), DXC Technology (spin-off from Hewlett-Packard) and Roche (Swiss healthcare company).

Mr Thibord added, "The Spanish portfolio is a strategic addition that complements well with IREIT's existing portfolio, as its diversified blue-chip tenant base and well-staggered lease expiry profile will add strength, scale and diversification to the portfolio."

¹ Eurostat



In addition, the passing rents of the Spanish properties are generally below the current market rents, while the overall occupancy rate currently stands at 80.9%². This presents an upside potential for IREIT by bringing the under-rented properties nearer to market levels and increasing the occupancy rate through active asset management. With the call option granted by Tikehau Capital to IREIT to acquire its 60.0% stake in the joint venture, it also provides a future growth opportunity for IREIT.

Please refer to the Manager's SGX announcement for more details.

ABOUT IREIT GLOBAL

www.ireitglobal.com ♦ SGX Main Board Listing

IREIT Global (SGX-UD1U) which was listed on 13 August 2014, is the first Singapore-listed real estate investment trust with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing real estate in Europe which is used primarily for office, retail and industrial (including logistics) purposes, as well as real estate-related assets.

IREIT Global's current portfolio comprises five freehold properties strategically located in the German cities of Berlin, Bonn, Darmstadt, Münster and Munich with a total net lettable area of approximately 200,900 sqm and 3,400 car park spaces.

IREIT Global is managed by IREIT Global Group Pte. Ltd. (the Manager), which is jointly owned by Tikehau Capital and City Developments Limited (CDL). Tikehau Capital is an asset management and investment group listed in France, while CDL is a leading real estate operating company listed in Singapore.

² As at 1 December 2019



ABOUT TIKEHAU CAPITAL

www.tikehaucapital.com ♦ Paris Euronext, Compartment A Listing

Tikehau Capital is an asset management and investment group with €24.3 billion of assets under management as at 30 September 2019 and shareholders' equity of €3.1 billion as at 30 June 2019. The Group invests in various asset classes (private debt, real estate, private equity and liquid strategies), including through its asset management subsidiaries, on behalf of institutional and private investors. Controlled by its managers, alongside leading institutional partners, Tikehau Capital employs more than 500 staff in its Paris, London, Amsterdam, Brussels, Luxembourg, Madrid, Milan, New York, Seoul, Singapore and Tokyo offices.

Tikehau Capital is listed on the regulated market of Euronext Paris, compartment A (ISIN code: FR0013230612; Ticker: TKO.FP).

ABOUT CITY DEVELOPMENTS LIMITED

www.cdl.com.sg ♦ SGX Main Board Listing

City Developments Limited (CDL) is a leading Singapore-listed real estate operating company with a global network spanning 103 locations in 29 countries and regions. Building on its proven track record of over 55 years in real estate development, investment and management in Singapore, CDL has developed its growth platforms in its key international markets of China, United Kingdom, Japan and Australia and is also developing a fund management business. CDL's London-based subsidiary, Millennium & Copthorne Hotels plc is one of the world's largest hotel chains with over 145 hotels worldwide.

FOR FURTHER ENQUIRIES

MR KEVIN TAN

+65 6718 0593

HEAD OF INVESTOR RELATIONS

Kevin.Tan@ireitglobal.com