

## Media Release

# IREIT strengthens portfolio diversification and resilience in France with acquisition of 17 retail properties for approximately €76.8 million

- Diversification into resilient Retail Parks (Out-of-Town) asset class, enhancing portfolio and income resiliency
- Fully leased to blue-chip tenant, B&M Group, a leading European discount retailer listed on the London Stock Exchange since 2014
- 100% committed portfolio occupancy with long weighted average lease expiry by gross rental income of 6.8 years
- Distribution per Unit (“DPU”) accretion of 2.0% on a pro forma adjusted FY2022 basis<sup>(1)</sup>

## SINGAPORE | 1 JUNE 2023

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 IREIT has entered into a call option agreement to acquire a portfolio comprising of 17 retail properties (the “New Properties”) located across France (the “Acquisition”). The aggregate purchase consideration for the Acquisition is approximately €76.8 million (approximately S\$112.2 million), which is approximately 1.7% discount to the average of the two independent valuations<sup>(2)</sup> of €78.1 million (approximately S\$114.1 million) of the New Properties.

(1) Pro forma adjusted FY2022 accretion of 2.0% was computed based on audited FY2022 with the assumption that Darmstadt Campus is 100% vacant for FY2022 from 1 January 2022 with nil revenue but with operating expenses of €0.6 million. DPU accretion based on audited FY2022 would be flat.

(2) As at 31 May 2023. The Manager has commissioned an independent property valuer, BNP Paribas Real Estate Valuation France (“BNPP”), and the Trustee has commissioned another independent property valuer, Savills Valuation SAS (“Savills”, and together with BNPP, the “Independent Valuers”), to value the New Properties.

## Media Release

The New Properties has a total gross lettable area (“**GLA**”) of 61,756 square metres (“**sqm**”) and an overall occupancy rate of 100%, along with a weighted average lease expiry (“**WALE**”) by gross rental income (“**GRI**”) of approximately 6.8 years as at 31 March 2023. Out of the New Properties, 13 are freehold properties while the remaining 4 are leasehold properties.

The New Properties are fully leased to B&M France SAS, (“**B&M France**”) a wholly-owned subsidiary of B&M European Value Retail (and together with its subsidiaries, the “**B&M Group**”). B&M Group is a leading European discount retailer that has been listed on the London Stock Exchange since 2014. It is currently a constituent of the FTSE100 index with a market capitalisation of approximately £4.7 billion as at 30 May 2023. The New Properties are expected to generate a Net Property Income (“**NPI**”) yield of 7.9%<sup>(3)</sup>. In addition, the Acquisition is DPU accretive of 2.0% on a pro forma adjusted FY2022 basis<sup>(4)</sup>.



*B&M Claye-Souilly*

(3) Based on the annualised NPI as at 31 May 2023 over the Purchase consideration.

(4) Pro forma adjusted FY2022 accretion of 2.0% was computed based on audited FY2022 with the assumption that Darmstadt Campus is 100% vacant for FY2022 from 1 January 2022 with nil revenue but with operating expenses of €0.6 million. DPU accretion based on audited FY2022 would be flat.

## Media Release

Mr Louis d'Estienne d'Orves, Chief Executive Officer of the Manager, said, “ *We are delighted to be acquiring an attractive portfolio of Retail Parks (Out-of-Town) properties located in well-established regional retail areas. In this macroeconomic environment marked by high inflation, the proposed Acquisition is in line with our strategy of strengthening our exposure to index-linked assets in established European markets, supported by a strong blue-chip tenant. The Retail Parks (Out-of-Town) segment has outpaced the broader retail investment market. Their success is expected to continue due to their attractive yields for investors and lower rental costs for tenants, compared to other asset classes. In addition, the popularity of hard-discounters, discounters and outlet stores in France has risen exponentially to reach an estimated total revenue of approximately €12.0 billion in 2023, which augurs well for this resilient asset class. Also noteworthy is that the tenant, B&M Group, has been occupying the properties since 2005 on average.*”

*“This yield-accretive portfolio is in line with our strategy of diversifying our portfolio beyond the office sector and expanding our presence within Europe to enhance long term steady returns to unitholders. We will continue to leverage on the expertise of our joint sponsors – Tikehau Capital and City Developments Limited to identify potential yield-accretive acquisition opportunities in Europe that will strengthen our portfolio in scale and diversification,” Mr Louis d'Estienne d'Orves added.*

### **Increase in Exposure to an Attractive and Resilient Asset Class**

The New Properties are part of the Retail Parks (Out-of-Town) asset class, which has been resilient through the COVID-19 pandemic due to their accessibility, open-air format, wide range of available spaces, parking facilities, manageable operational cost, value-for-money brands and for some retailers, omni-channel experiences.

In addition, the Retail Parks (Out-of-Town) market in France offers one of the highest prime yields in the broader Retail market at approximately 5.0% in Q4 2022. Retail Parks (Out-of-Town) asset class has also witnessed a record investment value of approximately €2.1 billion in 2022, which is an increase of approximately 75% compared to the five-year average<sup>(5)</sup>.

(5) Source: Independent valuation report by Savills

## Media Release

Upon completion, IREIT's enlarged portfolio in France will comprise of 44 retail properties with the proportion increasing from 24.9% (95,500 sqm) to 35.3% (157,256 sqm) of the REIT's total GLA of approximately 446,038 sqm.

### Solid Tenancy and Favorable Lease Profile providing Stable Cash Flow

The New Properties are 100% leased to the B&M Group with a WALE by GRI of 6.8 years as at 31 March 2023. With built-in annual rental escalation pegged to inflation, the New Properties are expected to contribute to IREIT's organic rental growth.

Operating 1,133 stores worldwide with 113 stores in France, the B&M Group has recorded sales of approximately £4.7 billion in FY2022 and has witnessed its sales increasing at a CAGR of 12.6% from FY2019 to FY2022, underlining the growing consumer appetite for discount retailers and consolidating its position as one of the major players in the industry.

Amid the rising inflation, the discount retail industry has emerged as a fast-growing industry in recent years driven by the current macroeconomic inflationary pressures and reduction in purchasing power. In France, the popularity of hard-discounters, discounters and outlet stores has risen exponentially. Between September 2021 and 2022, there was an approximately 24% rise in traffic at discount stores, with 1.2 million new customers visiting discount stores in France<sup>(6)</sup>. The rising popularity of discount retailers among consumers has also driven the expansion of leading discounter brands in France (including B&M France), with the cumulative number of discount stores<sup>(7)</sup> in France increasing from 1,540 to over 2,050, representing a rise of approximately 33% over the period from 2019 to 2022<sup>(8)</sup>.

(6) Source: Kantar website. Inspiration: The Big Trends in France in 2022: How has inflation changed shopper behaviour?

(7) Based on the number of stores of the six leading discount brands in France, including B&M France.

(8) Sources: Knight Frank French Property Markets 2022 Review & 2023 Outlook, Press, Xerfi, Globaldata, Knight Frank & Clearwater International analysis.

## Media Release

### Quality Retail Portfolio with Potential Upside in Income through Developments

As at 31 December 2022, the New Properties represents approximately 15% of the B&M stores<sup>(9)</sup> in France. These 17 single tenant sites totaling a GLA of 61,756 sqm and approximately 252,000 sqm of land also allow for adaptability to meet construction standards and potential developments in future while new French regulations have imposed restrictions on the establishment of retail parks going forward. This results in a clear premium for existing assets and increases long-term attractiveness to the New Properties.

Following the implementation of new regulations in France enforcing the installation of electric vehicles charging stations at certain retail properties by 2025, there are plans to install electric charging stations at the car park spaces of some of the New Properties which is expected to generate additional rental income.

In addition, the New Properties have untapped gross floor area of approximately 5,000 sqm which IREIT could further develop for commercial use and may generate additional rental income.

### Strengthens IREIT's Portfolio Resilience and Diversification

The Acquisition of the Portfolio will increase IREIT's portfolio asset value by approximately 8.1% to €1,027.3 million and GLA by a further approximate 16.1% to 446,038 sqm. In addition, unitholders of IREIT ("**Unitholders**") will benefit from increased scale and diversification in its portfolio and income streams as the Acquisition reduces IREIT's exposure to the Office asset class and further diversifies its exposure to the accretive Retail asset class. As B&M France is a discount retailer that provides a range of products in the Grocery and General Merchandise sector, IREIT will also gain exposure to this segment of the retail market.

Post-Acquisition, the WALE of IREIT's portfolio is expected to increase from 4.8 years to 5.1 years as at 31 March 2023, with less than 44% of leases expiring before 2028.

(9) Based on number of stores.



## Media Release

The total cost of the Acquisition (the “**Total Acquisition Cost**”) is estimated to be €90.9 million (approximately S\$132.7 million), comprising the purchase consideration of approximately €76.8 million (approximately S\$112.2 million), and real estate transfer tax, acquisition fee, estimated premium on interest rate cap, professional and other transaction fees and expenses of approximately €14.1 million (approximately S\$20.5 million).

The Manager intends to finance the Total Acquisition Cost through a combination of (i) the net proceeds from a non-renounceable underwritten preferential offering of new Units to existing Unitholders on a *pro rata* basis (the “**Preferential Offering**”, and the new Units to be issued pursuant to the Preferential Offering, the “**Preferential Offering Units**”), (ii) external bank borrowings, and/or (iii) borrowings from Tikehau Capital. The Acquisition Fee in relation to the Acquisition is to be paid in the form of Acquisition Fee Units to be issued to the Manager<sup>(10)</sup>. The Manager will announce the details of the Preferential Offering (including details pertaining to the use of proceeds and percentage allocation for each issue) on the SGXNET at the appropriate time when it launches the Preferential Offering.

As a demonstration of the strategic investors’ support for IREIT and the Preferential Offering, each of Tikehau Capital and City Strategic Equity Pte. Ltd. (“**CSEPL**”) (a wholly-owned subsidiary of City Developments Limited (“**CDL**”)), being the joint sponsors of IREIT, and the Manager (acting in its own capacity), has provided an undertaking to subscribe in full each of their pro-rata allotment in the Preferential Offering. CSEPL has further undertaken to apply for excess units in the Preferential Offering such that its aggregated subscriptions would amount to a maximum of approximately S\$40.0 million.

A circular (the “**Circular**”) will be issued to the Unitholders in due course, together with a notice of extraordinary general meeting (“**EGM**”), for the purpose of seeking the approval of Unitholders for the proposed Acquisition.

(10) Based on the Trust Deed, the Manager shall be entitled to receive such number of Acquisition Fee Units as may be purchased for the relevant amount of the Acquisition Fee issued at the prevailing market price.



**IREIT Global Group Pte. Ltd.**

(as Manager of IREIT Global)

1 Wallich Street  
#15-03 Guoco Tower  
Singapore 078881  
Main (65) 6718 0590  
[www.ireitglobal.com](http://www.ireitglobal.com)

## Media Release

### ABOUT IREIT GLOBAL

---

[www.ireitglobal.com](http://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 office properties in Germany, five freehold office properties in Spain and 27 freehold retail properties in France.

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 a global alternative asset management group listed in France, while CDL is a leading global real estate company listed in Singapore.

### ABOUT TIKEHAU CAPITAL

---

[www.tikehaucapital.com](http://www.tikehaucapital.com) | Paris Euronext, Compartment A Listing

Tikehau Capital is a global alternative asset management group with €39.7 billion of assets under management as at 31 March 2023. Tikehau Capital has developed a wide range of expertise across four asset classes (private debt, real assets, private equity and capital markets strategies) as well as multi-asset and special opportunities strategies. Tikehau Capital is a founder-led team with a distinctive business model, a strong balance sheet, proprietary global deal flow and a track record of backing high-quality companies and executives.

Deeply rooted in the real economy, Tikehau Capital provides bespoke and innovative alternative financing solutions to the companies it invests in and seeks to create long-term value for its investors, while generating positive impacts on society. Leveraging its strong equity base (€3.1 billion of shareholders' equity as at 31 December 2022), Tikehau Capital invests in its own capital alongside its investor-clients within each of its strategies.

---

Joint Sponsors of IREIT Global:



## Media Release

Controlled by its managers alongside leading institutional partners, Tikehau Capital is guided by a strong entrepreneurial spirit and DNA, shared by its 742 employees across its 14 offices in Europe, Asia and North America. Tikehau Capital is listed in compartment A of the regulated Euronext Paris market (ISIN: FR0013230612; Ticker: TKO.FP).

### **ABOUT CITY DEVELOPMENTS LIMITED**

---

[www.cdl.com.sg](http://www.cdl.com.sg) | SGX Main Board Listing

City Developments Limited (“CDL”) is a leading global real estate company with a network spanning 143 locations in 28 countries and regions. Listed on the Singapore Exchange, CDL is one of the largest companies by market capitalisation. Its income-stable and geographically diverse portfolio comprises residences, offices, hotels, serviced apartments, student accommodation, retail malls and integrated developments.

With a proven track record of 60 years in real estate development, investment and management, CDL has developed over 50,000 homes and owns around 21 million square feet of gross floor area in residential for lease, commercial and hospitality assets globally.

Along with its wholly-owned hotel subsidiary, Millennium & Copthorne Hotels Limited, CDL has over 150 hotels worldwide, many in key gateway cities.

### **FOR FURTHER ENQUIRIES**

---

IREIT Global Group Pte. Ltd.

Mr Kevin Tan

Head of Investor Relations and Capital Markets

(65) 6718 0593

[Kevin.Tan@ireitglobal.com](mailto:Kevin.Tan@ireitglobal.com)

Citigate Dewe Rogerson Singapore Pte Ltd

Ms Chia Hui Kheng / Ms Dolores Phua / Ms Louise Lim

(65) 6534 5122

[project.electro@citigatedewerogerson.com](mailto:project.electro@citigatedewerogerson.com)





**IREIT Global Group Pte. Ltd.**

(as Manager of IREIT Global)

1 Wallich Street  
#15-03 Guoco Tower  
Singapore 078881  
Main (65) 6718 0590  
[www.ireitglobal.com](http://www.ireitglobal.com)

## Media Release

### IMPORTANT NOTICE

This news release is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions.

This news release is for information purposes only and does not constitute an invitation or offer to sell or issue, or any solicitation of any offer to acquire any securities of IREIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

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, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of IREIT is not necessarily indicative of the future performance of IREIT.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This news release 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 similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the 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.

This news release is not an offer or sale of the Units in the United States. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration

---

Joint Sponsors of IREIT Global:





**IREIT Global Group Pte. Ltd.**

(as Manager of IREIT Global)

1 Wallich Street  
#15-03 Guoco Tower  
Singapore 078881  
Main (65) 6718 0590  
[www.ireitglobal.com](http://www.ireitglobal.com)

## Media Release

requirements under the U.S. Securities Act and in compliance with any applicable state securities laws. Any public offering of the Units to be made in the United States would be by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and its management, as well as financial statements. There will be no public offering of securities of IREIT in the United States.

This news release has not been reviewed by the Monetary Authority of Singapore.

---

Joint Sponsors of IREIT Global:



**CITY  
DEVELOPMENTS  
LIMITED**

**TK** TIKEHAU  
CAPITAL