

## Media Release

# IREIT Global accelerates its expansion with the acquisition from Decathlon of a 27-property portfolio in France for €110.5 million<sup>(1)</sup>

- This transaction is a new step forward for IREIT Global, to increase the diversification of its portfolio from both geographical and asset class perspectives
- All properties are leased to Decathlon, a blue-chip tenant, through a 10-year sale-and-leaseback transaction
- Decathlon is the world's largest sporting goods retailer, which shows strong resilience and clear potential for further growth
- DPU accretive of 1.0% on a pro forma Adjusted FY2020<sup>(2)</sup> basis

## SINGAPORE | 28 April 2021

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 FIT 2, a French SAS company which is a direct wholly-owned subsidiary of IREIT, has entered into a conditional sale agreement with Decathlon SE (“Decathlon”) to acquire a portfolio of 27 retail properties located in France (the “Properties” or “Decathlon Portfolio” and the acquisition of the Properties, the “Acquisition”) for a purchase consideration of approximately €110.5 million<sup>(1)</sup>. The Properties were developed by Decathlon, the largest sporting goods retailer in the world with approximately 1,650 stores in nearly 1,000 cities in 57 countries and regions. Upon completion of the Acquisition, all Properties will be leased-back to Decathlon.

(1) Approximately S\$176.8 million based on the exchange rate of €1.00 = S\$1.60.

(2) Adjusted as though the Rights Issue and the Spanish Acquisition were completed on 1 January 2020 and IREIT had held and operated the Spain Properties through to 31 December 2020.

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*Decathlon Abbeville*

Mr Louis d’Estienne d’Orves, Chief Executive Officer of the Manager, said, “*Following IREIT’s acquisition of four Spanish properties completed in October 2020, we are pleased to announce that we have secured another attractive portfolio of properties. The proposed Acquisition will extend our presence to France and a new asset class, as IREIT’s current portfolio comprises office properties in Germany and Spain. This Decathlon Portfolio is complementary to our existing properties, and this acquisition is in line with our strategy of increasing our presence within Europe and beyond the office sector. This portfolio is yield accretive and aligned with our objective of delivering long term steady returns to unitholders.*”

He added, “*This acquisition demonstrates once again the strength of IREIT’s unique positioning in having two strong and complementary strategic investors, Tikehau Capital and City Developments Limited (“CDL”). IREIT is able to leverage on Tikehau Capital’s extensive pan-European network and intricate knowledge of the local real estate markets to secure and manage attractive opportunities, while CDL provides strong financial support and extensive network in Asia.*”

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### Enlarged footprint to strengthen portfolio resilience and diversification

The Decathlon Portfolio comprises 27 properties with a gross lettable area of 95,477 sqm. The sale-and-leaseback arrangement for the Properties comes with a committed occupancy of 100%<sup>(3)</sup> with weighted average lease expiry (“WALE”) by gross rental income of 10 years<sup>(3)</sup>.

The proposed Acquisition is IREIT’s first foray into France and will strengthen IREIT portfolio’s resilience and diversification. This effectively increases the granularity of IREIT’s portfolio and reduces its reliance on any single property, geographical location, and trade sector.



*Decathlon Lannion*

(3) The lease with Decathlon will be entered into and commence on the Acquisition completion date.

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IREIT's portfolio has been extremely resilient since the beginning of the COVID-19 pandemic with close to 100% of total rent collected over the period. Post-acquisition, IREIT's enlarged portfolio will comprise 36 high-quality properties across three European markets with a total gross lettable area of 368,464 sqm – five freehold office properties in Germany, four freehold office properties in Spain and 27 retail properties in France. All properties in the portfolio are freehold assets with a WALE of 4.5 years<sup>(4)</sup> (an increase of 28.6%). Building on IREIT's growth momentum, the proposed Acquisition will increase IREIT's portfolio asset value by 15.8% to €833.5 million (approximately S\$1,333.6 million).

### IREIT expanding geographical footprint with first investment in France

The third largest economy in Europe, France is a resilient economy where GDP growth is expected to outpace the rest of Europe and household consumption expenditure has returned to pre-COVID-19 levels. The Decathlon Portfolio is located in the attractive Out-of-Town sub-sector, which offers the best spread as compared to other real estate asset classes at 534 bps.

*“Despite COVID-19, France is currently doing well and will be expected to continue its recovery. Seeing as how France's household expenditure has increased to pre-COVID-19 levels and that the sporting goods sector has performed well, we are confident that together with a global French brand and an attractive sub-sector real estate asset class, this acquisition will provide attractive and sustainable returns to our unitholders,”* added Mr d'Estienne d'Orves.

### Sporting goods sector offers strong potential for rebound

The sporting goods industry, in particular, has remained resilient in the wider retail industry throughout the pandemic. The segment is expected to grow by approximately 13.0% in 2021, mostly driven by athleisure and higher physical activities<sup>(5)</sup>. The global sportswear market is also expected to grow at a CAGR of 7.5% from 2020 to 2024.

Furthermore, Decathlon, a leader in the sporting goods industry, is a world-renowned brand with an international footprint. Unlike its competitors, Decathlon is less susceptible to competition from third-party brands as approximately 80% of its turnover for 2020 stems

(4) Based on gross rental income as at 31 December 2020, and assuming the 10-year lease with Decathlon had commenced on same date.

(5) McKinsey & Company, “Sporting Goods 2021-The Next Normal for an Industry in Flux” and XERFI market research, “La distribution d'articles de sport”.

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from in-house brands<sup>(6)</sup>. Moreover, Decathlon has successfully navigated through the COVID-19 crisis by enhancing its “Click & Collect” program, which enable customers to “reserve” products online and ahead of physical trips, as well as online deliveries, demonstrating the resilience of its business model.

### **Proposed Equity Fund Raising for the Acquisition, with continued support from IREIT’s key strategic investors**

The Manager intends to partially finance the proposed Acquisition through an Equity Fund Raising (“EFR”), which may comprise a private placement (the “Private Placement”) of new IREIT units (the “New Units”) to investors and/or a non-renounceable preferential offering of New Units to the existing unitholders of IREIT (“Unitholders”) on a pro rata basis (the “Preferential Offering”).

The final funding structure will be ascertained by the Manager at the appropriate time, after taking into consideration the then prevailing market conditions, interest rate environment, availability of alternative funding options, the impact on IREIT’s capital structure, distribution per unit (“DPU”) and debt expiry profile and the covenants and requirements associated with each financing option.

(6) XERFI market research, “La distribution d’articles de sport”.



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As a demonstration of its support for IREIT and the Preferential Offering, in the event that the EFR includes the Preferential Offering, each of Tikehau Capital SCA (“Tikehau Capital”), City Strategic Equity Pte. Ltd. (“CSEPL”, a wholly-owned subsidiary of City Developments Limited) and AT Investments Limited (“AT Investments”), being key strategic investors of IREIT, and the Manager (acting in its own capacity), respectively owns an aggregate direct interest in approximately 29.3%<sup>(7)</sup>, 21.1%<sup>(8)</sup>, 5.4% and 0.2%<sup>(9)</sup> respectively of the total number of units in IREIT in issue as at the date of this Announcement<sup>(9),(10)</sup>, has provided an irrevocable undertaking to subscribe in full for its total provisional allotment of the units issued under the Preferential Offering (“Preferential Offering Units”). CSEPL has also undertaken to subscribe for excess units, so that when aggregated with its provisional allotment of the Preferential Offering Units, its total subscription amount would amount to approximately S\$59 million<sup>(11)</sup> of the Preferential Offering Units.

Should the market conditions be non-conducive to raise capital by equity, the Manager may decide in the best interest of Unitholders to fund the total cost of the Acquisition (the “Total Acquisition Cost”) with less or no equity capital raised by way of the EFR and the balance to be funded through a combination of external bank borrowing(s) and/or a drawdown of debt facilities. In this regard, the Manager may drawdown on a bridge loan facility of up to €79.0 million from Tikehau Capital, to partially fund the Total Acquisition Cost.

The proposed Acquisition is expected to be completed by 3Q2021, subject to the approval of Unitholders of IREIT at an extraordinary general meeting to be convened by way of electronic means and which is expected to occur before 29 June 2021, and all other relevant conditions specified in the announcements and the circular to be issued to Unitholders in due course relating to the Acquisition.

(7) Includes the 1,820,699 Units to be transferred from the Manager to Tikehau Capital pursuant to the share transfer agreement dated 21 April 2021, the transfer of which will be completed prior to the Units being traded ex-rights for the Preferential Offering.

(8) Includes the 1,820,698 Units to be transferred from the Manager to CSEPL (as nominated by City REIT Management Pte Ltd) pursuant to the share transfer agreement dated 21 April 2021, the transfer of which will be completed prior to the Units being traded ex-rights for the Preferential Offering.

(9) Prior to the Units being traded ex-rights for the Preferential Offering, the Manager expects to be issued new Units as payment for its base management fees for the period from 1 January 2021 to 31 March 2021. For the avoidance of doubt, the Undertaking takes into account these new Units to be issued to the Manager in determining IGGPL’s provisional allotment but does not include the 1,820,699 Units and the 1,820,698 Units to be transferred from the Manager to Tikehau Capital and CSEPL, respectively, prior to the Units being traded ex-rights for the Preferential Offering.

(10) Based on the total number of 938,963,086 Units in issue as at the date of this Announcement.

(11) Subject to approval of Unitholders.

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### ABOUT IREIT GLOBAL

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[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, located in Berlin, Bonn, Darmstadt, Münster and Munich and four freehold office properties in Spain, located in Madrid and Barcelona.

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 global real estate company listed in Singapore.

### ABOUT TIKEHAU CAPITAL

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

Tikehau Capital is a global alternative asset management group with €28.5 billion of assets under management as at 31 December 2020. 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 differentiated business model, a strong balance sheet, proprietary global deal flow and a track record of backing high quality companies and executives.

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Deeply rooted in the real economy, Tikehau Capital provides bespoke and innovative alternative financing solutions to companies it invests in and seeks to create long-term value for its investors. Leveraging its strong equity base (€2.8 billion of shareholders' equity as at 31 December 2020), the firm invests its own capital alongside its investor-clients within each of its strategies.

Controlled by its managers alongside leading institutional partners, Tikehau Capital is guided by a strong entrepreneurial spirit and DNA, shared by its 594 employees as at 31 December 2020 across its 12 offices in Europe, Asia and North America. Tikehau Capital is listed in compartment A of the regulated Euronext Paris market (ISIN code: 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 around 110 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. Along with its London-based hotel arm, Millennium & Copthorne Hotels Limited ("M&C"), the CDL Group has 152 hotels and 44,000 rooms worldwide, many in key gateway cities.





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### FOR FURTHER ENQUIRIES

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### IMPORTANT NOTICE

This news release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in IREIT (“Units”).

The value of 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 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.

