



**CITY  
DEVELOPMENTS  
LIMITED**

**News Release**

30 April 2019

**CDL MAKES REIT INVESTMENT TO GROW FUND MANAGEMENT BUSINESS**

- **Acquires 50% stake in the manager of Singapore-listed IREIT Global**
- **Immediate contribution to recurring income through management fees and attractive yield**
- **Gateway to real estate opportunities in established European economies**

To grow its fund management business, City Developments Limited (CDL), through its wholly-owned subsidiaries, City REIT Management Pte Ltd and City Strategic Equity Pte Ltd, has made an investment in a REIT (real estate investment trust). It has completed the acquisition of a 50% stake in IREIT Global Group Pte. Ltd., the manager of Singapore-listed IREIT Global, for about S\$18.4 million; and 78.6 million units (approximately 12.4%) of the total issued units in IREIT Global for about S\$59.4 million. The total consideration is about S\$77.8 million.

Listed on the Singapore Exchange since 2014, IREIT Global focuses on investing, directly or indirectly, in income-producing office, retail and industrial properties in Europe. Its current portfolio, which comprises five freehold office properties in Germany's cities of Berlin, Bonn, Darmstadt, Munich and Münster, is valued at €504.9 million (about S\$800 million). Annualised yield is about 8.0%<sup>1</sup>.

The five properties have a total Net Lettable Area (NLA) of more than 200,600 square metres (sqm) and comprises about 3,400 carpark lots. With an overall occupancy rate of 98.6%, their diversified blue-chip tenants include Allianz Handwerker Services GmbH, Deutsche Rentenversicherung Bund, GMG (a wholly-owned subsidiary of Deutsche Telekom) and ST Microelectronics.

<b>City</b>	<b>Name of Property</b>	<b>NLA (Sq m)</b>
Berlin	Berlin Campus	79,097
Bonn	Bonn Campus	32,736
Darmstadt	Darmstadt Campus	30,371
Munich	Concor Park	31,222
Münster	Münster Campus	27,183

Weighted Average Lease Expiry is 4.4 years<sup>2</sup> and more than 90% of the leases will be due for renewal only in 2022 and beyond.

**Mr Frank Khoo, CDL's Group Chief Investment Officer**, said, "As part of CDL's transformation, we are developing our fund management business through organic growth coupled with the acquisition of assets and platforms. This investment in a REIT is in line with our aim to achieve AUM of US\$5 billion by 2023. Besides being earnings accretive

<sup>1</sup> Based on IREIT's FY2018 DPU of 5.80 Singapore cents and closing unit price of S\$0.725 as at 31 December 2018

<sup>2</sup> As at 31 December 2018

with immediate contribution to our recurring income through management fees and attractive yield, the investment in IREIT Global complements our existing CDL Hospitality Trusts and will strengthen our REIT management expertise.”

“This deal will also enhance CDL’s diversification by increasing our presence in established European economies such as Germany, which has continued to develop physical and digital infrastructure to draw in talent and capital. Consequently, Germany has attracted companies looking to establish or expand their European presence, which has benefitted its economy. This has also translated to tightening cap rates, increasing rents, and decreasing vacancies across the country. We have confidence in the long-term fundamentals of the established European economies and will continue to seek opportunities to acquire assets with deep value, capitalising on attractive pricing and yields in key locations.”

“Through our asset management and enhancement expertise, we can add value and potentially recycle capital by injecting properties into IREIT Global. We will continue to explore investments in suitable platforms to grow our fund management business.”

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