

ASSET ACQUISITIONS AND DISPOSALS::ACQUISITION OF STAKES IN IREIT GLOBAL GROUP PTE. LTD. AND IREIT GLOBAL

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

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Announcement Details

Announcement Title

Asset Acquisitions and Disposals

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Acquisition of stakes in IREIT Global Group Pte. Ltd. and IREIT Global

Announcement Reference

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Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the attached announcement on the following matters:

- (1) Acquisition of a 50.0% Stake in IREIT Global Group Pte. Ltd.
- (2) Acquisition of a 12.4% Stake in the Units of IREIT Global

The News Release titled "CDL Makes REIT Investment To Grow Fund Management Business" issued by City Developments Limited on 30 April 2019 is also attached for information.

Attachments

[3004 CDL.pdf](#)

[News Release%20 CDL Invests in IREIT Global.pdf](#)

Total size =237K MB

- (1) ACQUISITION OF A 50.0% STAKE IN IREIT GLOBAL GROUP PTE. LTD.**
 - (2) ACQUISITION OF A 12.4% STAKE IN THE UNITS OF IREIT GLOBAL**
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1. INTRODUCTION

1.1 The Board of Directors of City Developments Limited (the “**Company**” or “**CDL**”) is pleased to announce that:

(a) its indirect wholly-owned subsidiary, City REIT Management Pte. Ltd. (“**CRMPL**”), has acquired 742,500 ordinary shares and 15,000 non-voting preference shares (collectively the “**Acquired Shares**”) in the share capital of IREIT Global Group Pte. Ltd., the manager of Singapore-listed IREIT Global (the “**Manager**”, and the acquisition of the shares therein, the “**Manager Acquisition**”) pursuant to a share purchase agreement (“**SPA**”) entered into with Tikehau Investment Management Asia Pacific Pte. Ltd. on 29 April 2019. Completion of the Manager Acquisition occurred simultaneously with the signing of the SPA on the same day. Following the Manager Acquisition, CRMPL currently holds a total economic interest of 50.0% in the Manager; and

(b) another of its indirect wholly-owned subsidiary, City Strategic Equity Pte. Ltd. (“**CSEPL**”), has acquired 75,600,000 units in IREIT Global from Shanghai Summit Pte. Ltd. and 3,000,000 units in IREIT Global from Mr Lim Chap Huat (collectively, the “**Sale Units**”, and the acquisition of the Sale Units, the “**Units Acquisition**”) pursuant to a unit purchase agreement entered into with each of Shanghai Summit Pte. Ltd. and Mr Lim Chap Huat on 29 April 2019 (collectively, the “**Unit Purchase Agreements**”). Following the acquisition of the Sale Units, CSEPL currently owns 12.4% of the total issued units in IREIT Global. As at the date of this announcement, IREIT Global has in aggregate 633,349,636 units in issue.

1.2 CRMPL and CSEPL are both private limited companies which have been incorporated in Singapore on 18 March 2019 and 22 March 2019 respectively, for the purpose of acquiring the Acquired Shares and Sale Units respectively. Each of CRMPL and CSEPL currently has a paid-up capital of S\$2.00.

2. THE MANAGER ACQUISITION

2.1 Pursuant to the Manager Acquisition, Mr Frank Khoo, Group Chief Investment Officer of the Company, has been appointed to the Board of Directors of the Manager as a

non-executive and non-independent director, with effect from 29 April 2019.

- 2.2 The consideration for the Manager Acquisition is S\$18,361,800 ("**Manager Consideration**"). The Manager Consideration, paid in cash, was arrived at after arm's length negotiations on a willing buyer and willing seller basis and after taking into account factors such as comparable valuation in the market with consideration of the business of the Manager and its financial position.
- 2.3 The Manager Acquisition is not expected to have any material impact on the net tangible assets or earnings per share of the CDL Group for the financial year ending 31 December 2019.

3. THE UNITS ACQUISITION

- 3.1 Completion of the acquisition by CSEPL of the Sale Units took place on 29 April 2019 simultaneously with the signing of the Unit Purchase Agreements, subject to crediting of the Sale Units into CSEPL's securities account.
- 3.2 The consideration for the Units Acquisition is S\$59,358,000.
- 3.3 The Units Acquisition is not expected to have any material impact on the net tangible assets or earnings per share of the CDL Group for the financial year ending 31 December 2019.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect in the Manager Acquisition and the Units Acquisition.

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

Date: 30 April 2019



**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%¹.

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.

City	Name of Property	NLA (Sq m)
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 years² 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

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

² 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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