



## **INVESTMENT FIRM SCP GROUP ACQUIRES REAL FROM METRO AG**

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- SCP Group entered into an agreement with METRO AG to acquire 100% of Real consisting of stationary hypermarket and digital business, 80 properties and affiliated companies
- In order to reposition the real estate properties SCP Group will partner with x+bricks Group, a German investor focusing on food-anchored real estate
- In the long run, majority of Real locations will continue to operate, either under Real brand or under the banner of other retailers
- Once stores are handed over to third parties in separate transactions at a later point in time, aim is that acquiring retailers take over employees
- The contractual terms are fully in line with the parameters communicated on 11 February 2020
- METRO AG expects net cash inflow of around €0.3 billion upon closing of the transaction, implied enterprise value of around €1.0 billion

**Duesseldorf / Luxembourg, 18 February 2020.** Luxembourg-based financial investment firm SCP Group entered into an agreement with METRO AG to acquire 100% of Real from METRO AG. Pursuant to this agreement signed today, SCP Group will become the sole owner of Real's stationary retail business (276 stores), the digital business including the online marketplace real.de, 80 real estate properties and all of Real's affiliated companies. All of the approximately 34,000 Real employees will be taken over with their current contracts under existing conditions. SCP Group will be responsible for managing Real's businesses and will rely on its strategic partner x+bricks Group to jointly oversee the repositioning of the real estate portfolio. METRO expects a net cash inflow of around €0.3 billion following closing of the transaction. The completion of the sale is subject to the approval of the responsible regulatory and competition authorities.

After closing of the transaction, SCP Group, together with x+bricks Group, an investor specialized in food-anchored real estate, will start a process defining viable concepts for the future of all Real locations. The majority of Real stores shall be sold to other German retailers in separate transactions, subject to approval by the relevant antitrust authorities, or partially be

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divided into smaller areas for alternative uses. Additionally, it is planned to continue to operate a core of 50 stores under the Real banner for 24 months. For each location, the new owner will examine potential options. Only if neither a continued operation nor operation by other retailers prove to be viable concepts, a closure of the respective location cannot be ruled out. SCP Group assumes that the number of sites, including the core as described above, to be closed will be approximately 30. SCP Group plans to resell Real's digital business.

### **Interests of Real employees considered**

Irrespective of the conceptual plan for individual stores, METRO and SCP Group will make sure that employees' interests are considered. The aim is that the majority of employees will either continue to be employed under their respective collective agreements, or be taken over by prospective new operators in case of store transfers. Employees, whose employment cannot be continued for operational reasons, will receive fixed severance payments. The basis for this has already been formalised as part of a voluntary general works agreement between Real GmbH and Real's General Works Council.

For the time being, Real's headquarters will continue to play an important role in the implementation of store concepts. The headquarters will be adjusted accordingly in the course of the planned downsizing of the store portfolio. Real remains a member of the Retail Trade Group RTG and MARKANT Handels- und Industriewaren Vermittlungs AG. METRO will provide services to Real for a transitional period depending on future requirements on the basis of service agreements with its cross-divisional service companies.

### **Thank you to Real employees**

Olaf Koch, CEO of METRO AG, commented on the transaction: "I would like to thank the Real management and employees for their enormous commitment during the many years as part of METRO, but especially since the start of the divestiture process. With its stationary market hall concept ("Markthalle"), the extremely successful online marketplace real.de and a fully automated convenience store concept (Emmas Enkel), amongst others, Real has developed promising business models, thereby demonstrating its innovative capability. It is important to us that the majority of today's Real stores will continue to be operated in some form in the future. Thereby, many of the experienced and qualified Real employees will have good prospects of continuing their employment going forward. Further, all employees have additional security through a works council agreement jointly concluded with the General Works Council. Our partners SCP Group and x+bricks Group have the necessary experience and network to ensure

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that remarketing of Real stores is economically viable and in the best interest of all employees. On METRO's way to becoming a pure wholesaler, the divestment of Real represents the last major portfolio transaction following the sale of Galeria Kaufhof and the demerger of MediaMarkt and Saturn. Now, METRO can fully concentrate on its core business."

**Constructive dialogue with all stakeholders**

Marjorie Brabet-Friel, CEO of SCP Group, commented: "Today, we have achieved an important milestone that will provide Real locations with the best available economically viable concept for the future. SCP Group and x+bricks Group combine a highly dedicated team with high retail and real estate expertise, the necessary funds as well as a long-term vision for Real and its locations. We are confident to find good individual solutions for most locations depending on local conditions. The future of the real employees is important to us and we will try to avoid store closures and lay-offs as far as possible. However, our approach will depend on the joint commitment from all interested parties. This will require a constructive dialogue with everyone involved: employees, local politicians, and owners of the Real retail properties – and of course, works councils and trade unions. Therefore, we will use the upcoming weeks and months to enter into hopefully fruitful discussions with all relevant parties."

The transaction has been filed with the European Commission. The purchase agreement is subject to the final approval by the board of directors of the stock listed Sistema PJSFC. The agreement will be implemented following the approval of the respective authorities.

METRO is a leading international wholesale company with food and non-food assortments that specialises on serving the needs of hotels, restaurants and caterers (HoReCa) as well as independent traders. Around the world, METRO has some 16 million customers who can choose whether to shop in one of the large-format stores, order online and collect their purchases at the store or have them delivered. METRO in addition also supports the competitiveness of entrepreneurs and own businesses with digital solutions and thereby contributes to cultural diversity in retail and hospitality. Sustainability is a key pillar of METRO's business. METRO has been the European sector leader in the Dow Jones Sustainability Index. The company operates in 34 countries and employs more than 100,000 people worldwide. In financial year 2018/19, METRO generated sales of €27.1 billion. In October 2019, METRO AG signed an agreement to sell a majority stake in METRO China. For more information, please visit [www.metroag.de/en](http://www.metroag.de/en)

The SCP Group is a Luxembourg-based investment firm targeting scalable asset-heavy opportunities in Europe with strong focus on retail and commercial real estate. In the past SCP Group successfully acquired, stabilised and improved multiple high street retail property portfolios in Germany generating attractive returns for its investors and enabling long-term success for these assets. The SCP Group combines determination for achieving superior investment returns with responsible approach to investment considerate of all stakeholders. For more information please see <https://thescpgroup.com/>

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