

Münster



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# Financial Results 4Q 2016 and FY2016

28 February 2017

## Important Notice

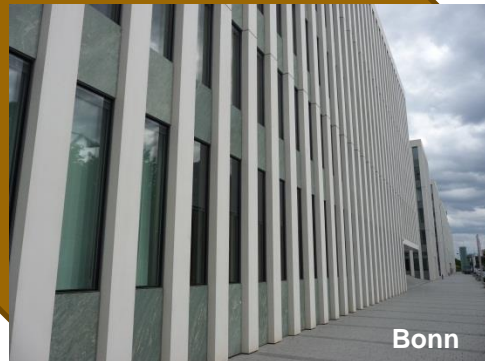
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This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

- Key Highlights
- Tikehau Capital
- Financial Highlights
- Portfolio Updates
- Looking Ahead



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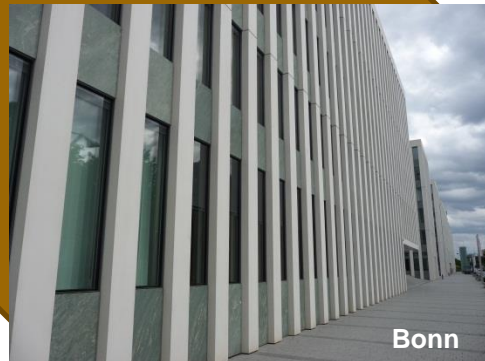
## Key Highlights

- Gross revenue
  - Stable year-on-year at €8.6 million for 4Q 2016
  - 28% increase year-on-year to €34.4 million for FY 2016
- Distributable income
  - Stable year-on-year at €6.4 million for 4Q 2016
  - 23% increase year-on-year to €25.6 million for FY 2016
- DPU of 6.33 Singapore cents for FY 2016
  - Annualised distribution yield of 8.9% based on year-end closing price <sup>(1)</sup>
- Portfolio occupancy stable at 99.8% with WALE of 5.9 years as at 31 December 2016
- CPI-linked hurdle rate for Bonn Campus reached
  - 10% increase in gross rental income from December 2016 onwards
- Tikehau Capital completed the take-over of the Manager
  - IREIT to leverage on Tikehau Capital's pan-European network, experience and expertise across the various real estate sectors

Note:

1) Closing price of S\$0.715 per Unit as at 30 Dec 2016

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# Tikehau Capital

## ➤ Overview

- A pan-European asset management and investment group which manages c.€10 billion on behalf of global institutional and private investors
- Invests in various asset classes (private debt, real estate, private equity, and liquid strategies), including through Tikehau Investment Management, its asset management subsidiary, and Salvepar, its listed minority equity investment company
- Controlled by its managers alongside first-tier institutional partners
- More than 170 employees in offices in Paris, Brussels, London, Milan and Singapore

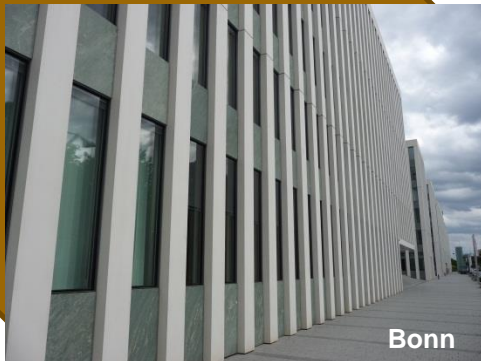
## ➤ Real Estate

- More than €1.7 billion assets under management – office (50%), retail (40%) and industrial/logistics (10%)
- Wide spectrum of real estate exposure
  - Multi-sector opportunities (retail, health, industrial, logistics, hotel, offices, etc...)
  - International opportunities, especially in Italy, in Germany and in Spain
  - Sale & lease back operations
  - Club deal for high scale opportunities
  - Debt deals

## ➤ Benefits to IREIT

- Strong real estate expertise, part of Tikehau's DNA
- A network of high profile operating partners, including for cross-border acquisitions
- Experienced team that can create value through sophisticated strategies
- Deep knowledge of all real estate sectors throughout Europe
- Can also provide debt deals and acquire minority shareholdings

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## Actual Year-on-Year – 4Q 2016

(€'000)	4Q 2016 Actual	4Q 2015 Actual	Variance (%)
<b>Gross revenue</b>	8,584	8,621	(0.4)
<b>Net property income</b>	7,922	7,659	3.4
<b>Distributable income</b>	6,387	6,461	(1.1)
<b>Available Distribution Per Unit</b>			
- € cents	1.03	1.05	(1.9)
- S\$ cents <sup>(1)</sup>	1.58	1.62	(2.5)

Note:

- 1) The available DPU was computed after taking into consideration the forward foreign currency exchange contracts that IREIT has entered into to hedge the currency risk for distribution to Unitholders

## Actual Year-on-Year – FY 2016

(€'000)	FY 2016 Actual	FY 2015 Actual	Variance (%)
<b>Gross revenue</b>	<b>34,399</b>	<b>26,924</b>	<b>27.8</b>
<b>Net property income</b>	<b>30,856</b>	<b>24,029</b>	<b>28.4</b>
<b>Distributable income</b>	<b>25,550</b>	<b>20,782</b>	<b>22.9</b>
<b>Available Distribution Per Unit</b>			
- € cents	4.14	3.39	22.1
- S\$ cents <sup>(1)</sup>	6.33	5.24	20.8

Note:

- 1) The available DPU was computed after taking into consideration the forward foreign currency exchange contracts that IREIT has entered into to hedge the currency risk for distribution to Unitholders

## Actual vs Forecast – 4Q 2016

(€'000)	4Q 2016 Actual	4Q 2016 Forecast <sup>(1)</sup>	Variance (%)
<b>Gross revenue</b>	<b>8,584</b>	<b>5,735</b>	<b>49.7</b>
<b>Net property income</b>	<b>7,922</b>	<b>5,105</b>	<b>55.2</b>
<b>Distributable income</b>	<b>6,387</b>	<b>4,387</b>	<b>45.6</b>
<b>Available Distribution Per Unit</b>			
- € cents <sup>(2)</sup>	1.03	1.02	1.0
- S\$ cents <sup>(3)</sup>	1.58	1.76	(10.2)

Notes:

- 1) The forecast figures were derived from the Projection Year 2016 as disclosed in the IPO prospectus dated 4 Aug 2014 (the "Prospectus") and have been pro-rated for the quarter ended 31 Dec 2016
- 2) The 4Q 2016 actual available DPU was computed based on 618.8 million Units entitled to distribution. The forecast available DPU was computed based on 428.1 million Units entitled to distribution as disclosed in the Prospectus
- 3) The available DPU was computed after taking into consideration the forward foreign currency exchange contracts that IREIT has entered into to hedge the currency risk for distribution to Unitholders

## Actual vs Forecast – FY 2016

(€'000)	FY 2016 Actual	FY 2016 Forecast <sup>(1)</sup>	Variance (%)
<b>Gross revenue</b>	<b>34,399</b>	<b>22,937</b>	<b>50.0</b>
<b>Net property income</b>	<b>30,856</b>	<b>20,420</b>	<b>51.1</b>
<b>Distributable income</b>	<b>25,550</b>	<b>17,554</b>	<b>45.6</b>
<b>Available Distribution Per Unit</b>			
- € cents <sup>(2)</sup>	4.14	4.11	0.7
- S\$ cents <sup>(3)</sup>	6.33	7.01	(9.7)

Notes:

- 1) The forecast figures were derived from the Projection Year 2016 as disclosed in the Prospectus
- 2) The FY 2016 actual available DPU was computed based on 618.8 million Units entitled to distribution. The forecast available DPU was computed based on 428.1 million Units entitled to distribution as disclosed in the Prospectus
- 3) The available DPU was computed after taking into consideration the forward foreign currency exchange contracts that IREIT has entered into to hedge the currency risk for distribution to Unitholders

## Balance Sheet

€ '000	As at 31 Dec 2016	As at 31 Dec 2015
<b>Investment Properties</b>	<b>453,000</b>	<b>441,400</b>
<b>Total Assets</b>	<b>477,580</b>	<b>466,476</b>
<b>Borrowings</b>	<b>197,731</b>	<b>197,392</b>
<b>Total Liabilities</b>	<b>217,705</b>	<b>215,395</b>
<b>Net Assets Attributable to Unitholders</b>	<b>259,875</b>	<b>251,081</b>
<b>NAV per Unit (€/unit) <sup>(1)</sup></b>	<b>0.42</b>	<b>0.41</b>

Note:

- 1) The NAV per Unit was computed based on net assets attributable to Unitholders as at 31 Dec 2016 and 31 Dec 2015, and the Units in issue and to be issued as at 31 Dec 2016 of 622.6 million (31 Dec 2015: 614.8 million)

# Capital Structure

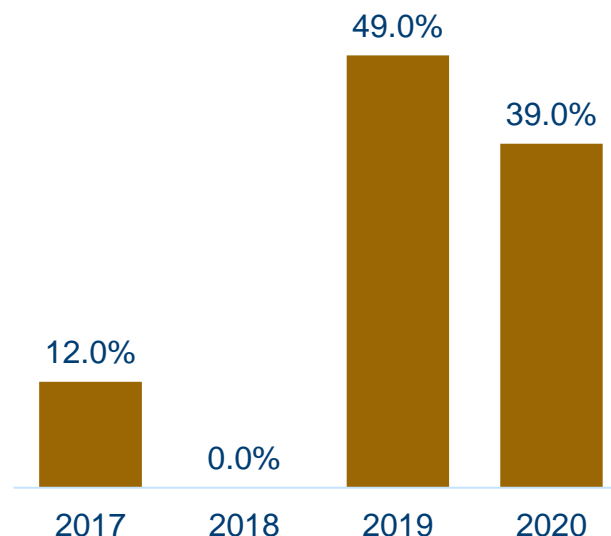
- Approximately 88% of the borrowings comprise term loans at fixed interest rates, which mitigate the volatility related to potential fluctuations in borrowing costs

**As at 31 Dec 2016**

<b>Aggregate Leverage Ratio <sup>(1)</sup></b>	<b>Total Debt</b>
41.6%	€198.6 mil
<b>Effective Interest Rate <sup>(2)</sup></b>	<b>Interest Cover Ratio <sup>(3)</sup></b>
2.0% per annum	8.4 times

## Debt Maturity Profile

**Average Weighted Debt Maturity:  
2.8 years <sup>(4)</sup>**



Notes:

- 1) Based on total debt over deposited properties as at 31 Dec 2016
- 2) Effective interest rate computed over the tenure of the borrowings
- 3) Based on net property income over interest expense for FY 2016
- 4) As at 31 Dec 2016

## Forex Risk Management

- Use of EUR denominated borrowings acts as a natural hedge to match the currency of assets and cashflows at the property level
- Distributable income in EUR will be paid out in SGD. The expected distributable income for FY2016 and FY2017 have been hedged as follows :

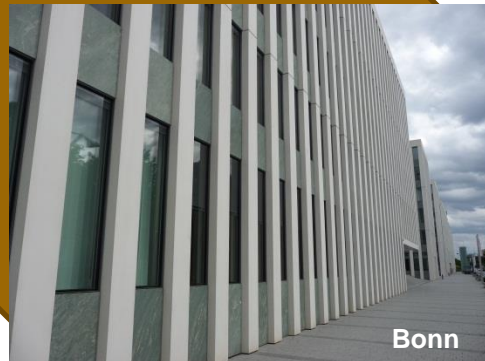
	%	Average Hedge Rate
Distributable Income 2016 (2H 2016) <sup>(1)</sup>	100	~S\$1.53 per Euro
Distributable Income 2017	100	~S\$1.55 per Euro

- IREIT pays out distributions in Singapore Dollars to Unitholders semi-annually (for the 6 months period ending 30 Jun and 31 Dec each year)
- For future distributable income, the Manager may enter into hedging transactions in respect of distributions for future periods, as and when appropriate.

Note:

1) The distribution for 1H 2016 has already been paid out in September 2016

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## Portfolio at a Glance

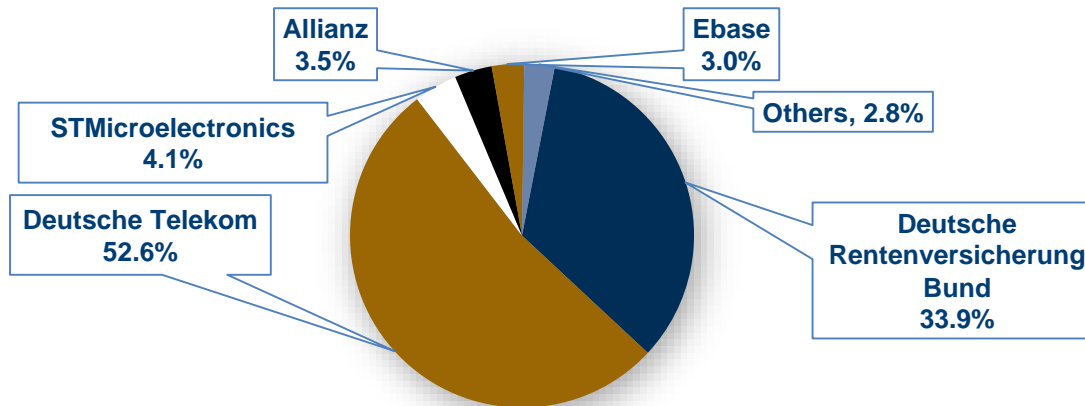
	Berlin Campus	Bonn Campus	Darmstadt Campus	Münster Campus	Concor Park	IREIT Portfolio
<b>Location</b>	Berlin	Bonn	Darmstadt	Münster	Munich	
<b>Net Lettable Area (sqm)</b>	79,097	32,736	30,371	27,183	31,286	<b>200,673</b>
<b>Car Park Spaces</b>	496	652	1,189	588	516	<b>3,441</b>
<b>Occupancy rate <sup>(1)</sup></b>	99.2%	100%	100%	100%	100%	<b>99.8%</b>
<b>No. of Tenants</b>	5	1	1	1	13	<b>19</b>
<b>Key Tenant(s)</b>	Deutsche Rentenversicherung Bund	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	ST Microelectronics, Allianz, Ebase, Yamaichi	
<b>WALE <sup>(2)</sup></b>	7.5	6.3	5.8	3.9	3.2	5.9
<b>Independent Appraisal <sup>(3)</sup></b>	€158.6 mil	€100.5 mil	€82.2 mil	€47.9 mil	€63.8 mil	<b>€453.0 mil</b>

Notes:

- 1) Based on all current leases in respect of the properties as at 31 Dec 2016
- 2) Based on gross rental income as at 31 Dec 2016
- 3) Based on independent valuations as at 31 Dec 2016

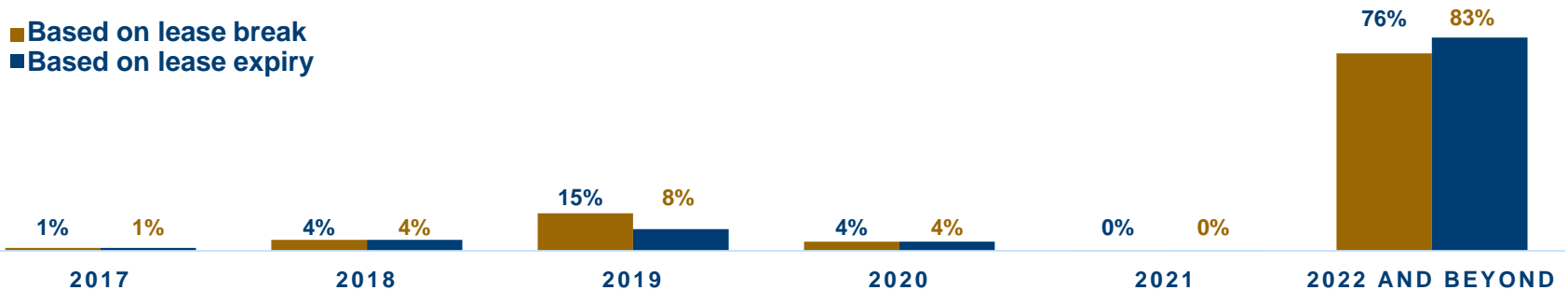
# Tenant Mix and Lease Expiry Profile

Top 5 Tenants <sup>(1)</sup>



Lease Break & Expiry Profile <sup>(2)</sup>

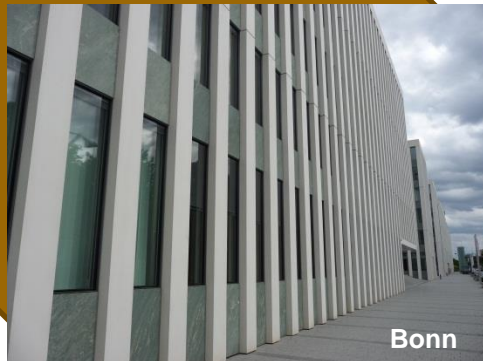
■ Based on lease break  
■ Based on lease expiry



Notes:

- 1) Based on gross rental income as at 31 Dec 2016
- 2) Based on all current leases in respect of the properties as at 31 Dec 2016

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## Looking Ahead

- Outlook for the European real estate market remains positive
  - Sustained economic growth, decreasing vacancy rates and attractive yield spreads to provide better returns
  - Leasing and investment activity of commercial space in Germany expected to remain firm
  - With freehold quality assets, long stable leases and a diversified blue chip client base, performance of IREIT's existing portfolio should remain stable for the coming year
  
- Deutsche Telekom to vacate one out of the six floors it currently occupies in the Münster South Building, from 1 April 2017
  - Release of the space presents an opportunity to convert the building into a multi-tenant building
  - Introduction of new tenants into this asset in line with strategy to retain blue-chip tenants as the core base, while continuing to broaden tenant profile
  
- Bonn Campus to enjoy 10% increase in gross rental income
  - CPI-linked hurdle reached. Rental increase effective from December 2016 onwards

## Looking Ahead (cont'd)

- Broadening of investment mandate
  - To invest beyond the office sector, into the retail and industrial (including logistics) sectors. Geographical focus of IREIT's investments shall remain as Europe
  - Leverage on Tikehau Capital's pan-European network, experience and expertise across the various real estate sectors
  - Allows IREIT to achieve objectives of long-term portfolio growth and greater asset and tenant diversification
  - Approval of unitholders to be sought. Further details to be provided in due course
  
- Capital management initiatives
  - Distributable income for 2017 fully hedged at average exchange rate of approximately S\$1.55 per Euro
  - €23.6 million term loan facility due to mature in August 2017. Credit approval received from the lending bank to extend the maturity date of the facility by one year with partial amortisation. Now in the process of finalising the legal documentation.
  
- Level of dividend distribution
  - IREIT's distribution policy : To distribute 100% of annual distributable income from IPO to end FY2016 and thereafter, at least 90% for each financial year
  - Going forward, the Manager intends to exercise its discretion on level of distribution, subject to minimum of 90%
  - To take into account funding requirements, other capital management considerations (including any needs for loan amortisations) and overall stability of distributions

THANK YOU