



**Investor Presentation**  
February 2018



## Agenda

- **About IREIT Global**
- **Overview of Tikehau Capital**
- **Financial Highlights**
- **Economy & Real Estate Review**
- **Outlook & Strategy**





About  
IREIT  
Global



# About IREIT Global

## **First Singapore-listed REIT with Europe-focused Mandate**

- Listed in 2014, IREIT is the first Singapore real estate investment trust (REIT) 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

## **Quality Freehold Assets, Long-term Stable Income**

- Current portfolio comprises five freehold office properties strategically located in the key German cities of Berlin, Bonn, Darmstadt, Münster and Munich

## **Manager Under the Wings of Tikehau Capital**

- Managed by IREIT Global Group Pte. Ltd., an 80%-owned subsidiary of pan-European asset management and investment firm Tikehau Capital

## **Distribution Policy**

- To distribute at least 90% of annual distributable income for each financial year; distributions to be made on a semi-annual basis

# Key Investment Merits

## Attractive and Stable Distribution Yield

- 2017 distribution yield of 7.3%<sup>1</sup>, which is backed by long-term rental income from its blue-chip tenant base, is significantly above the average yields of 6.4%<sup>2</sup> and 4.0%<sup>3</sup> for Singapore REITs and developed Europe REITs, respectively

## Leveraging on Tikehau Capital, a Well-regarded Pan-European Asset Management and Investment Firm with €12.6bn AUM

- Supported by an experienced management team, proven track record and a strong shareholders' equity of €2.3bn, Tikehau brings not only its extensive network but also expertise in sourcing and managing investment opportunities in the European real estate market

## Proxy for Europe's Strong Economic Growth and Office Real Estate Market

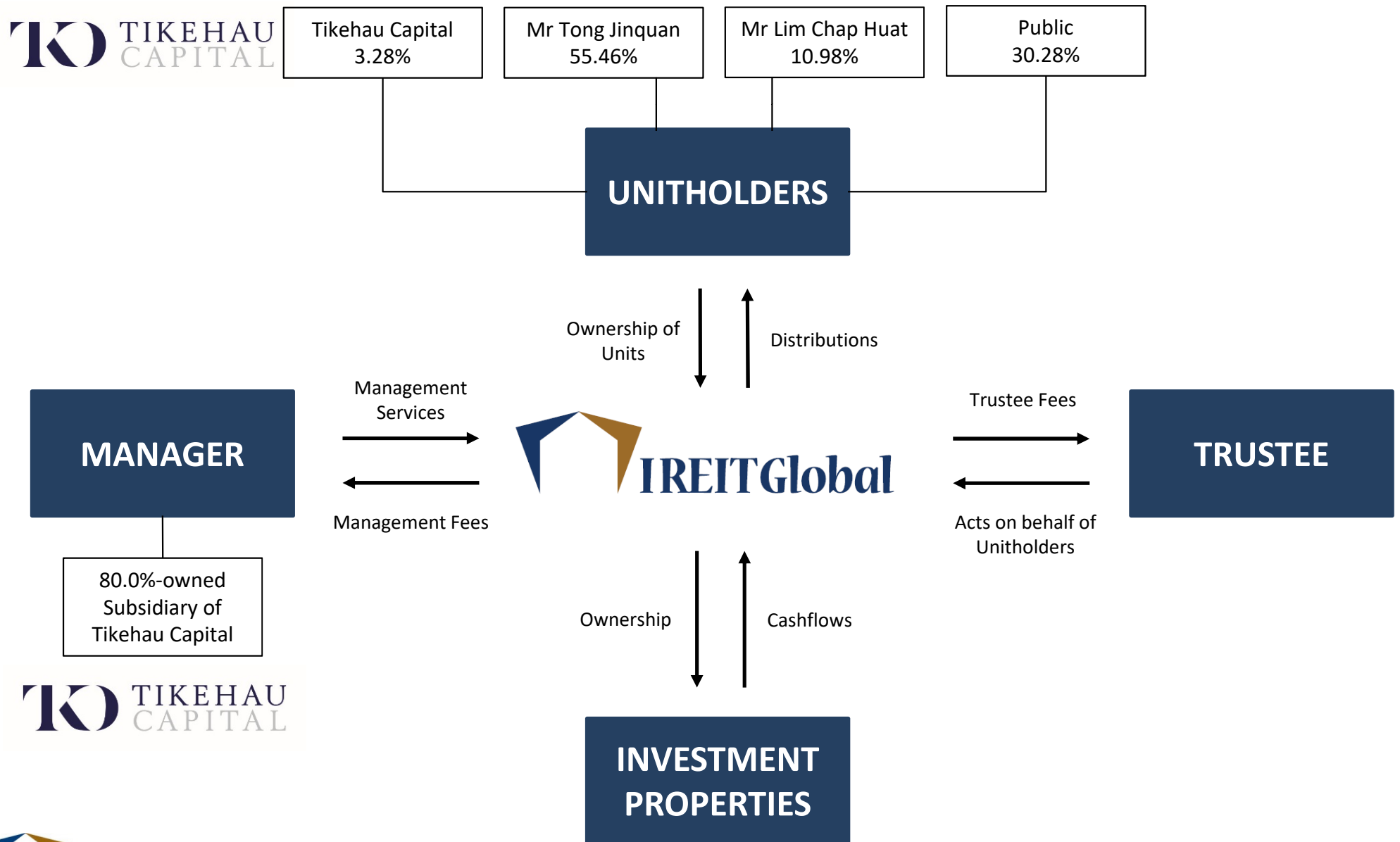
- With all its investment properties located in Germany, Europe's largest economy and a choice market for international investors, IREIT is a beneficiary of the robust economic and investment activities in Europe

<sup>1</sup> Based on 2017 DPU of 5.77 Singapore cents and IREIT's closing unit price as at 23 Feb 2018

<sup>2</sup> Based on Prospectus/Bloomberg current financial year yield forecasts as at 23 Feb 2018

<sup>3</sup> Based on FTSE EPRA/NAREIT Developed Europe REITs Index yield as at 31 Jan 2018

# Trust Structure and Unitholding Interests<sup>1</sup>





# Unit Price Performance

Bloomberg / Reuters / SGX Code: IREIT SP / IREI.SI / UD1U



Source: ShareInvestor.com (as at 23 Feb 2018)

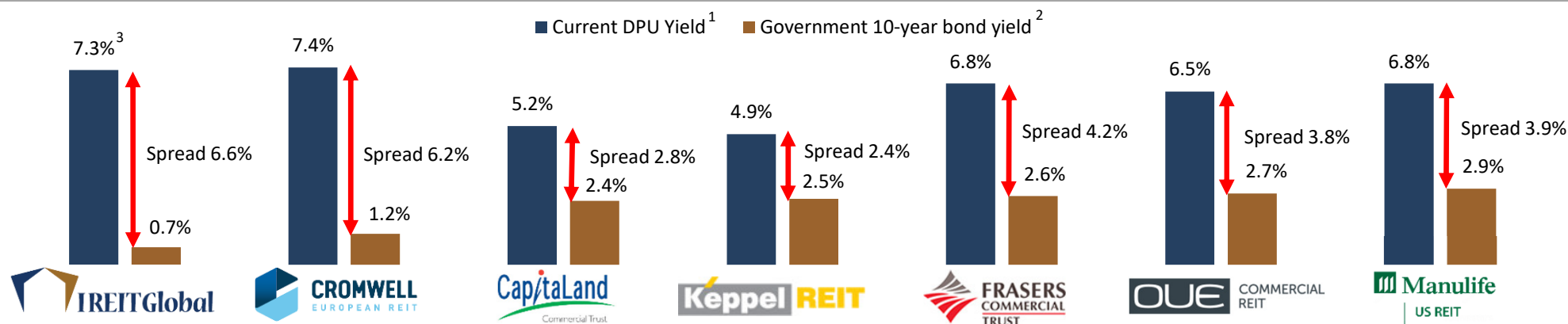
## As at 23 Feb 2018

- **Market Capitalisation:** S\$495.1mn (€305.3mn)
- **Free Float:** 30.3%
- **3-Month Average Daily / Monthly Traded Volume:** 471,467 / 10,057,967
- **2017 Distribution Yield:** 7.3%<sup>1</sup>
- **2017 Total Return (assuming distributions reinvested):** 17.4%<sup>2</sup>
- **Price-to-NAV:** 1.13x

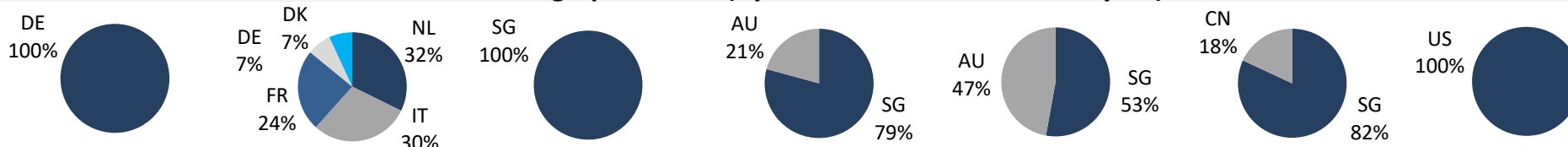
<sup>1</sup> Based on 2017 DPU of 5.77 Singapore cents and IREIT's closing unit price of S\$0.79 as at 23 Feb 2018

<sup>2</sup> Distributions are assumed to be reinvested at closing price on the day they were paid out

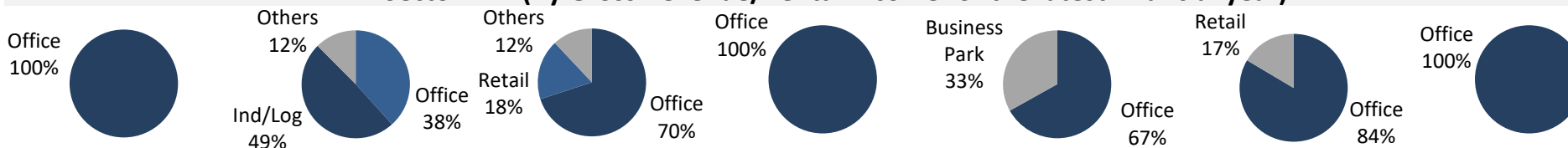
# Comparison with selected S-REITs



## Geographical Mix (By NPI for the latest financial year)



## Sector Mix (By Gross Revenue/Rental Income for the latest financial year)



## Distribution Taxation Status

Post-tax	Post-tax	Pre-tax	Mainly pre-tax	Mixed	Mainly pre-tax	Post-tax
Percentage of asset value that is freehold / 999 years						
100%	88.0%	0%	5.4%	35.3%	0%	100%

<sup>1</sup> Based on Prospectus/Bloomberg forecasts for current financial year DPU and closing unit prices as at 23 Feb 2018

<sup>2</sup> Based on blended 10-year government bond yield by geographical mix of NPI for the latest financial year

<sup>3</sup> 2017 distribution yield based on 2017 DPU and closing unit price as at 23 Feb 2018



# Portfolio Summary



**Münster Campus**  
Value: €47.8 million  
NLA: 27,183 sqm



**Berlin Campus**  
Value: €164.4 million  
NLA: 79,097 sqm



**Bonn Campus**  
Value: €101.7 million  
NLA: 32,736 sqm



**Darmstadt Campus**  
Value: €82.9 million  
NLA: 30,371 sqm



**Concor Park**  
Value: €66.3 million  
NLA: 31,286 sqm



# Portfolio Summary

	BERLIN CAMPUS	BONN CAMPUS	DARMSTADT CAMPUS	MÜNSTER CAMPUS	CONCOR PARK	TOTAL
Location	Berlin	Bonn	Darmstadt	Münster	Munich	
Completion Year	1994	2008	2007	2007	1978 and fully refurbished in 2011	
Net Lettable Area (sqm)	79,097	32,736	30,371	27,183	31,286	200,673
Car Park Spaces	496	652	1,189	588	516	3,441
Occupancy Rate <sup>1</sup>	99.2%	100.0%	100.0%	93.3%	96.9%	98.3%
No. of Tenants	5	1	1	1	12	18
Key Tenant(s)	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	
WALE <sup>2</sup>	6.5	5.3	4.8	3.2	3.2	5.1
Independent Appraisal <sup>3</sup> (€ mn)	164.4	101.7	82.9	47.8	66.3	463.1

<sup>1</sup> Based on all current leases in respect of the properties as at 31 Dec 2017

<sup>2</sup> Based on gross rental income as at 31 Dec 2017

<sup>3</sup> Based on independent valuations as at 31 Dec 2017

# Berlin Campus



As at 31 December 2017

Total Net Lettable Area  
**79,097 sqm**

Occupancy Rate  
**99.2%**

Number of Tenants  
**5**

Weighted Average Lease Expiry  
**6.5 years**

Property Value  
**€164.4 million**

Well-integrated into the portfolio after acquisition in August 2015

# Bonn Campus



As at 31 December 2017

Total Net Lettable Area  
**32,736 sqm**

Occupancy Rate  
**100.0%**

Number of Tenants  
**1**

Weighted Average Lease Expiry  
**5.3 years**

Property Value  
**€101.7 million**



Rental income increased by 10% in Dec 2016 as CPI-linked hurdle was achieved



# Darmstadt Campus



As at 31 December 2017

Total Net Lettable Area  
**30,371 sqm**

Occupancy Rate  
**100.0%**

Number of Tenants  
**1**

Weighted Average Lease Expiry  
**4.8 years**

Property Value  
**€82.9 million**



**Stable property with a WALE of 4.8 years**

# Münster Campus



As at 31 December 2017

Total Net Lettable Area  
**27,183 sqm**

Occupancy Rate  
**93.3%**

Number of Tenants  
**1**

Weighted Average Lease Expiry  
**3.2 years**

Property Value  
**€47.8 million**



Deutsche Telekom continued its lease for 5 out of 6 floors in Münster South Building for another 2.5 years (following option exercised in 2016)

# Concor Park



As at 31 December 2017

Total Net Lettable Area  
**31,286 sqm**

Occupancy Rate  
**96.9%**

Number of Tenants  
**12**

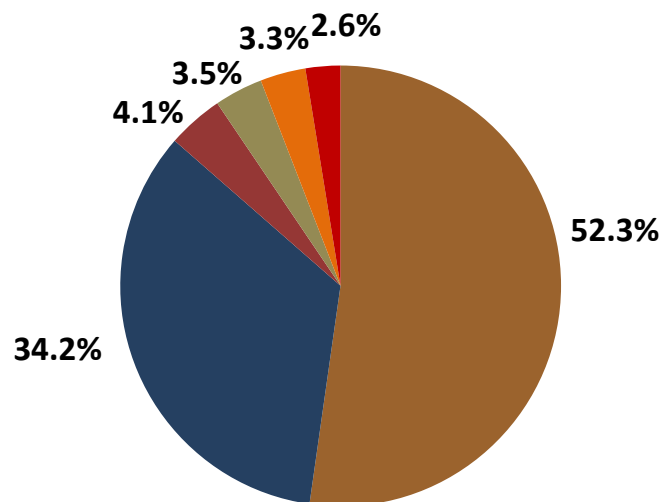
Weighted Average Lease Expiry  
**3.2 years**

Property Value  
**€66.3 million**

First redevelopment project in Germany to land the Green Building Gold Certificate, awarded by the German Sustainable Building Council

# Diversified Blue Chip Tenant Mix

## Top Five Tenants<sup>1</sup>



- GMG - Deutsche Telekom
- ST Microelectronics
- Ebase

- Deutsche Rentenversicherung Bund
- Allianz Handwerker Services GmbH
- Others



**Deutsche Telekom** is one of the world's leading integrated telcos with around c. 165 mil mobile customers, c. 30 mil fixed-network lines and c. 18.7 mil broadband lines. S&P's long-term rating stands at BBB+.



**Deutsche Rentenversicherung Bund** is a federal pension fund and the largest of the 16 federal pension institutions in Germany with 'AAA' credit rating.



**ST Microelectronics** is Europe's largest semiconductor chip maker based on revenue.



**Allianz Handwerker Services** is a unit of Allianz SE, one of the world's largest insurance companies. S&P's long-term rating stands at AA.



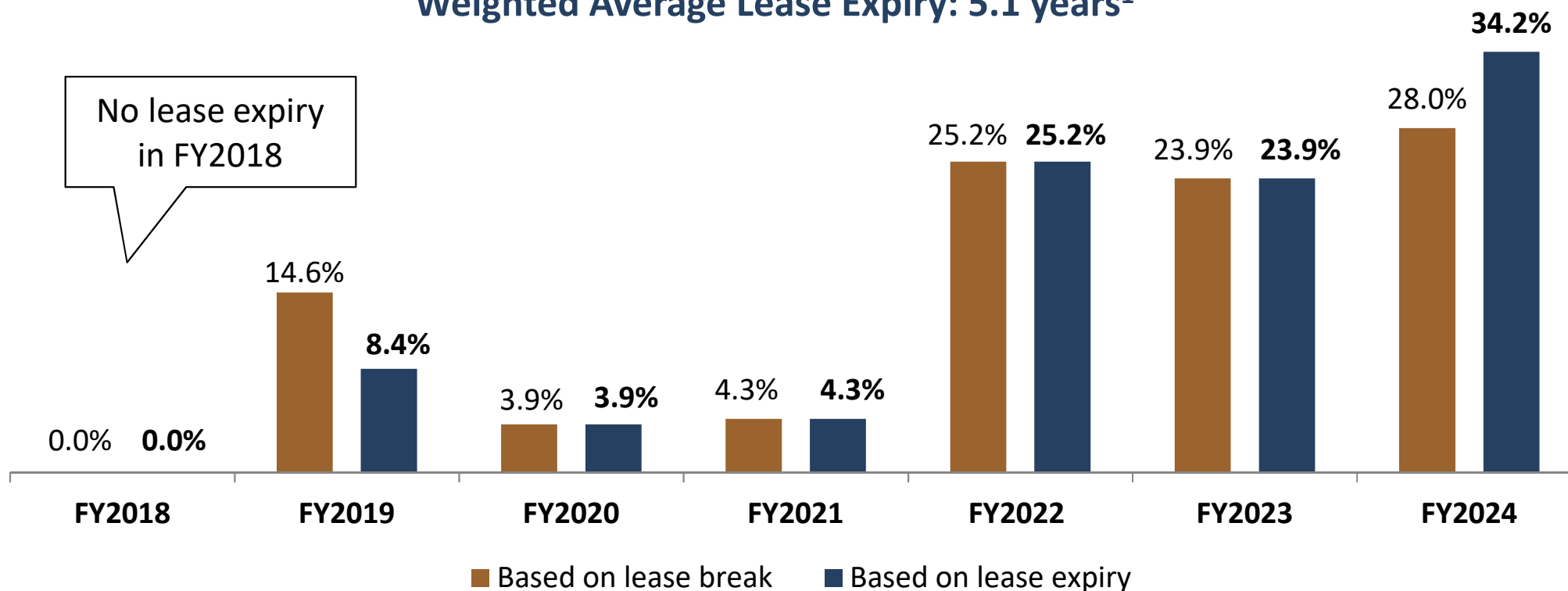
**ebase GmbH** is part of the Commerzbank Group. As a B2B direct bank, ebase is a full service partner for financial service providers, insurance companies, banks, asset managers and capital management companies.



# Stable Long Leases

## Lease Break & Expiry Profile

Weighted Average Lease Expiry: 5.1 years<sup>1</sup>



**83.3% of its leases will be due for renewal only in FY2022 and beyond<sup>2</sup>**

<sup>1</sup> Based on gross rental income as at 31 Dec 2017

<sup>2</sup> Out of which 6.2% are subject to lease break options prior to FY2022



# Overview of Tikehau Capital

# Overview of Tikehau Capital

- Pan-European diversified asset management and investment firm founded in 2004, with offices in Paris, London, Brussels, Madrid, Milan, Seoul and Singapore
  - ✓ €12.6bn of AUM, of which €1.9bn is for real estate<sup>1</sup>
  - ✓ Strong shareholders' equity of €2.3bn<sup>1</sup>
  - ✓ c.185 employees and partners
  - ✓ Established track record in private and public markets
  - ✓ Pioneer and leader in alternative financing for SMEs in Europe
  - ✓ Listed on Euronext Paris (market capitalisation of €2.3bn)<sup>1</sup>

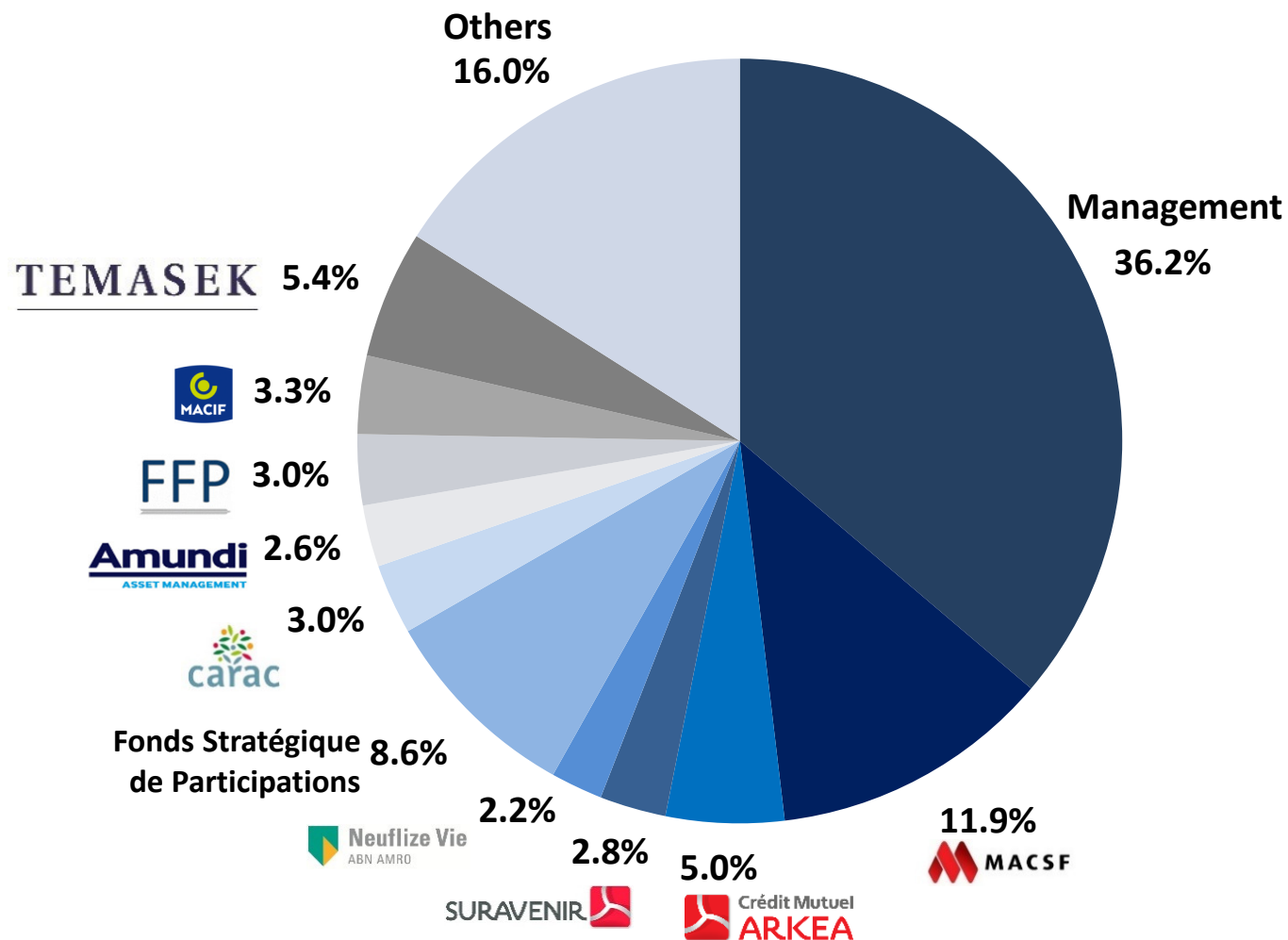
**TKO**  
**LISTED**  
**EURONEXT**



Private Debt	44% of AUM <sup>1</sup>
Real Estate	15% of AUM <sup>1</sup>
Private Equity	18% of AUM <sup>1</sup>
Liquid Strategies	23% of AUM <sup>1</sup>












# First-Tier Institutional Shareholders

## Tikehau Capital's Shareholder Structure<sup>1</sup>



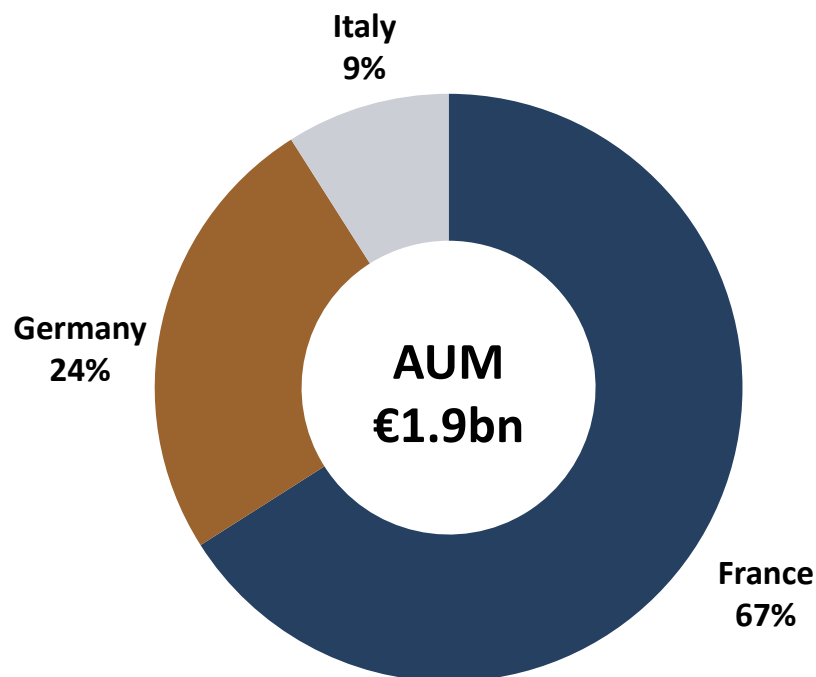


# Recent Milestones in Real Estate Business

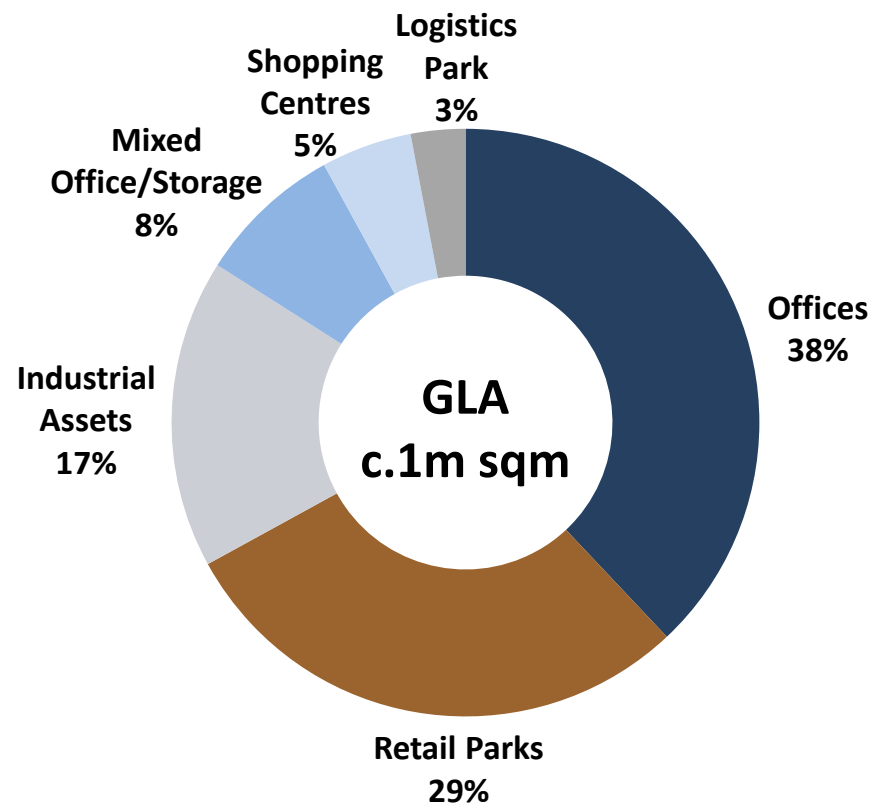
<p><b>2014</b> investments</p>	 <p><b>Industrial</b> France <b>22 sites</b> March / June 2014</p>	<p><b>Castiglione</b></p> <p><b>Mezzanine financing</b> France <b>Prime asset</b> November 2014</p>	 <p><b>Retail parks</b> France <b>37 sites</b> December 2014</p>		
<p><b>2015</b> investments</p>	 <p><b>Retail parks</b> France <b>35 sites</b> October 2015</p>	 <p><b>Shopping center</b> France <b>25,200m<sup>2</sup></b> October 2015</p>			
<p><b>2016</b> investments</p>	 <p><b>Shopping center</b> Italy <b>27,900m<sup>2</sup></b> February 2016</p>	 <p><b>Bercy 2 – add-on</b> France <b>2,000m<sup>2</sup></b> April 2016</p>	 <p><b>Logistic park</b> France <b>28,800m<sup>2</sup></b> July 2016</p>	 <p><b>Singapore listed REIT</b> <b>Office portfolio</b> <b>200,673m<sup>2</sup></b> November 2016</p>	 <p><b>Mixed use portfolio</b> France <b>130 sites</b> December 2016</p>
<p><b>2017</b> investments</p>	 <p><b>Shopping center</b> Italy <b>21,000m<sup>2</sup></b> May 2017</p>	 <p><b>Mixed use portfolio</b> France <b>200 sites</b> October 2017</p>			

# Overview of Tikehau's Real Estate Portfolio

## AUM by Country



## Area by Asset Category

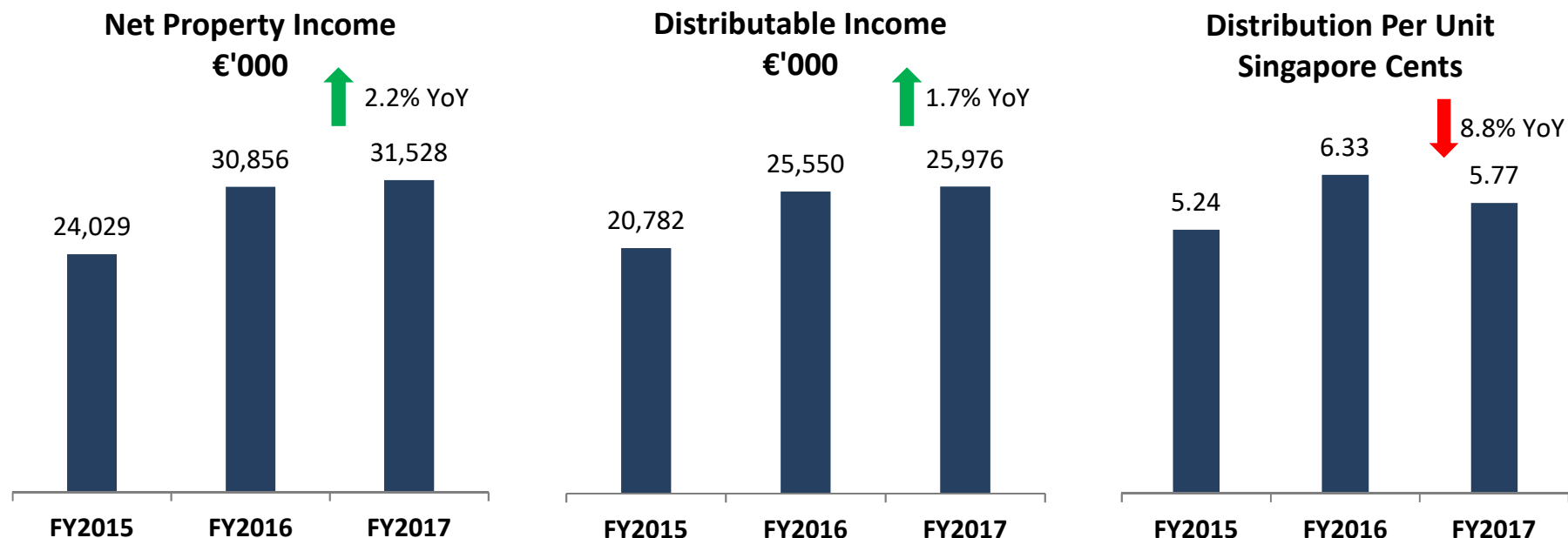


Highly diversified portfolio under management generating a rental income of €111m  
232 assets under management with c.258 tenants as at 30 September 2017



Financial  
Highlights

# Steady Financial Performance



- 2017 net property income increased marginally due to higher contribution from Bonn Campus as a result of a 10% CPI-linked increase in rental income from December 2016, partially offset by lower rental income from Münster South Building as a result of the vacant floor with effect from April 2017
- Despite retaining 10% of distributable income in line with IREIT's distribution policy, 2017 DPU only decreased by 8.8% YoY to 5.77 Singapore cents



# Financial Position

€ '000	AS AT 31 DECEMBER 2017	AS AT 31 DECEMBER 2016
Investment Properties	463,100	453,000
Total Assets	486,755	477,580
Borrowings	195,476	197,731
Total Liabilities	218,064	217,705
Net Assets Attributable to Unitholders	268,691	259,875
NAV per Unit (€/unit) <sup>1</sup>	0.43	0.42

- The increase in appraised value of €10.1mn YoY has lifted the value of the investment properties to €463.1mn, and this in turn contributed to the uptick in NAV to €0.43 per unit.

<sup>1</sup> The NAV per Unit was computed based on net assets attributable to Unitholders as at 31 December 2017 and 31 December 2016, and the Units in issue and to be issued as at 31 December 2017 of 628.0 million (31 December 2016: 622.6 million)

# Capital Management

- ~89.2% of borrowings at fixed interest rates – mitigates volatility from potential fluctuations in borrowing costs
- For the €23.63 million short-term loan facility,
  - ✓ €2.55 million has been paid in 2017 and another €2.55 million will be payable in 2018
  - ✓ Credit approval has been received from HSH Nordbank AG to extend the remaining principal amount of €18.52 million to 2020

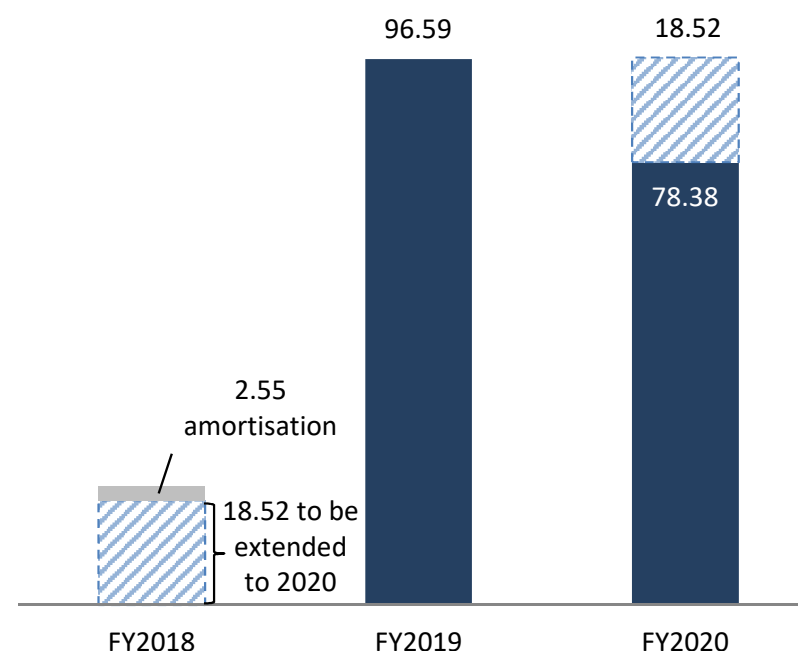
As at 31 December 2017	
<b>Aggregate Leverage<sup>1</sup></b>	<b>Gross Borrowings Outstanding</b>
40.3%	€196.0 million
<b>Effective Interest Rate<sup>2</sup></b>	<b>Interest Coverage Ratio<sup>3</sup></b>
2.0% per annum	8.5 times
<b>Average Weighted Debt Maturity: 1.9 years</b>	

<sup>1</sup> Based on total debt over deposited properties as at 31 December 2017

<sup>2</sup> Effective interest rate computed over the tenure of the borrowings

<sup>3</sup> Based on net property income over interest expense for 4Q 2017

**Debt Maturity Profile**  
€'million



# 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. Hedging for FY 2018 has been undertaken as follows:

Fiscal Year	Amount Hedged	Average Hedge Rate
FY 2018	Equivalent to ~80% of FY 2017 income distribution	~S\$1.63 per Euro

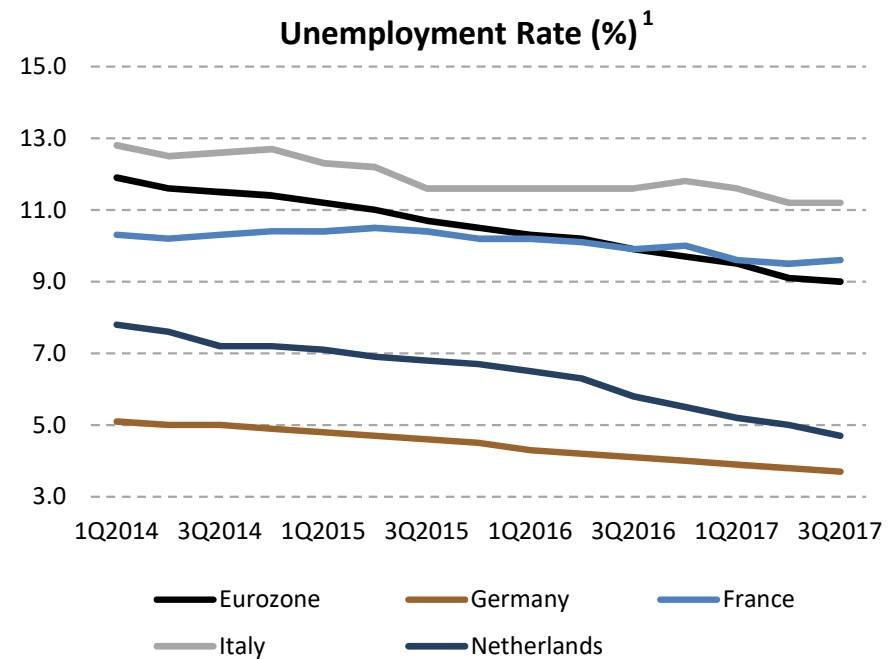
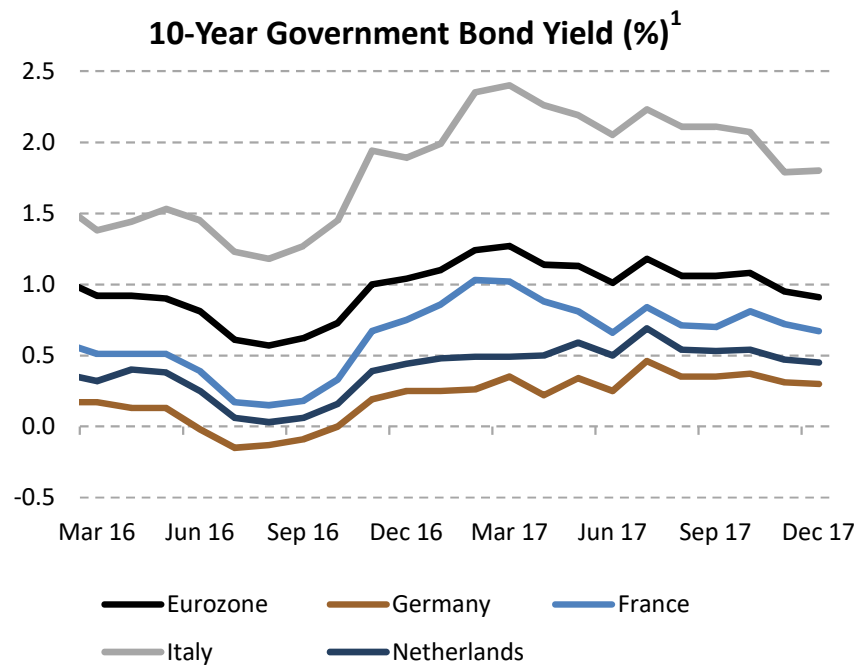
- From 2019, in accordance with its currency hedging policy, IREIT will be hedging its income to be repatriated from overseas to Singapore on a quarterly basis.
  - ✓ The Manager will use currency forwards to hedge ~80% of the estimated EUR-denominated income to be repatriated, one year in advance



# Economy and Real Estate Review

# Europe Economic Review

- Positive economic growth across most of Europe, driven by buoyant business climate, falling unemployment rate and ongoing low interest rates. In 2017, Eurozone GDP rose by 2.5%, significantly stronger than 2016 GDP growth of 1.8%<sup>1</sup>
- IHS Markit Eurozone PMI Composite Output Index, an indicator of the economic strength in Eurozone, hit 58.6 in January 2018, the highest reading since June 2006

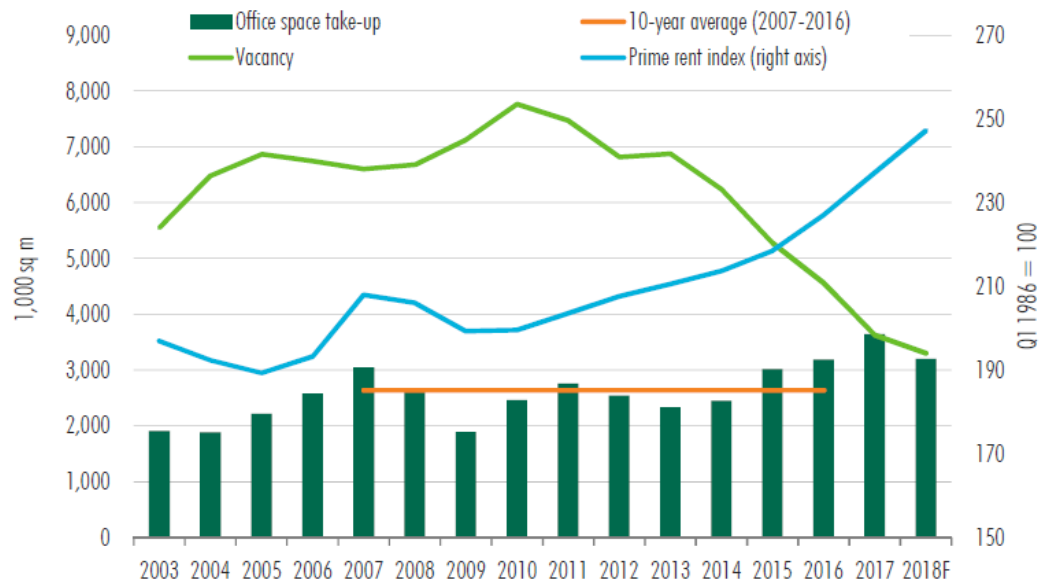




# Europe Real Estate Review

- Outlook for European real estate market is likely to remain positive due to rising rents, decreasing vacancy rates and attractive spreads between property cap rates and government bond yields
- German office market is expected to benefit from firm occupier demand and growing supply shortage

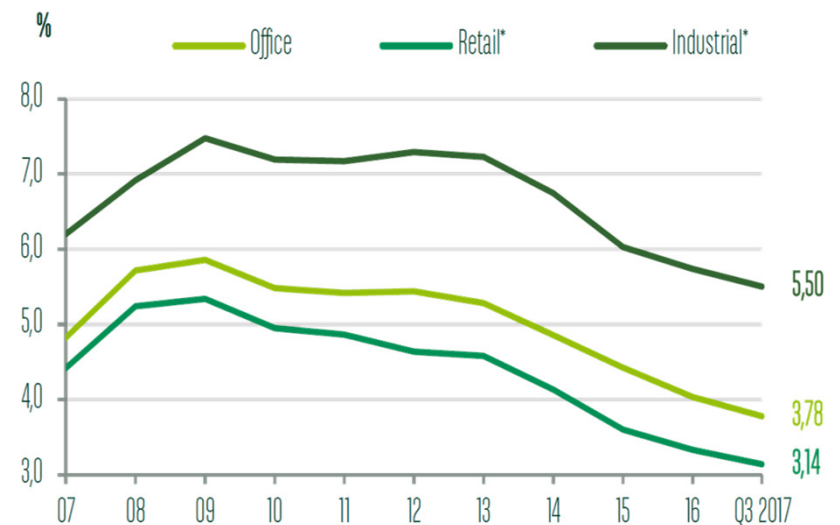
**Office Space Take-up, Vacancy and Prime Rents in Top 5 German Markets (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich)<sup>1</sup>**



<sup>1</sup> CBRE Research, 2018

<sup>2</sup> BNPP Real Estate Research, 2017

**Real Estate Average Prime Yields for Western Europe (15 Cities)<sup>2</sup>**



\*Except Luxembourg, Vienna and Warsaw



# Outlook & Strategy

# Looking Ahead

- Germany is expected to remain as one of the main destinations for European commercial real estate investments, driven by sound economic fundamentals, firm occupier demand and rising rents
- For FY 2018, the operating performance of IREIT's existing properties should continue to be supported by its freehold quality assets, blue chip tenant base and long leases, with notably no lease expiries in the 12 months ahead
- IREIT has already undertaken hedging for its FY 2018 distributions at an average hedge rate of ~S\$1.63 per Euro. From 2019, in accordance with its currency hedging policy, IREIT will be hedging its income to be repatriated from overseas to Singapore on a quarterly basis
- IREIT will make the remaining two partial loan repayments of €1.275 mn each in 1H 2018 and is now in the process of finalising the legal documentation to extend the maturity date of the €18.52 million loan principal by two years without amortisation to 2020
- In the year ahead, IREIT will continue to pursue its growth strategy based on the four pillars of seeking diversification, adopting a long-term approach, achieving scale and leveraging on Tikehau Capital's local presence





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