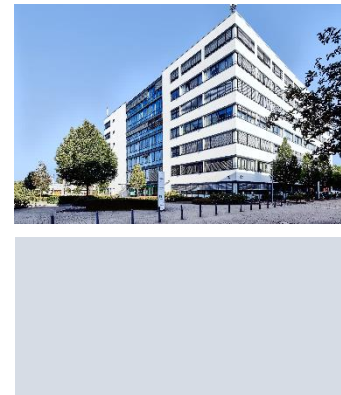
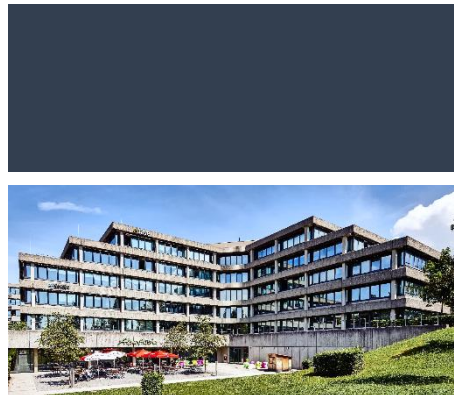
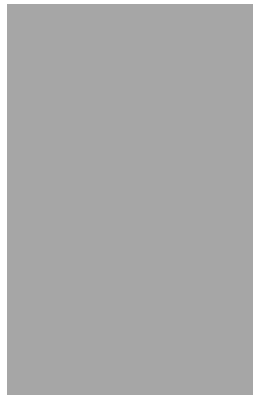




# 1Q2019 Results Presentation

15 May 2019



# Important Notice

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. The information contained in this presentation has not been independently verified. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither IREIT Global Group Pte. Ltd. (the “**Manager**”) or any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation. The past performance of IREIT Global (“**IREIT**”) is not indicative of the future performance of IREIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager. The value of units in IREIT (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). It is intended that unitholders of IREIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

# Agenda

		Slide
<b>1</b>	<b>About IREIT Global</b>	<b>4</b>
<b>2</b>	<b>Key Highlights</b>	<b>6</b>
<b>3</b>	<b>Portfolio Summary</b>	<b>14</b>
<b>4</b>	<b>European Market Review</b>	<b>17</b>
<b>5</b>	<b>New Strategic Investor</b>	<b>20</b>
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## About IREIT Global



*Berlin Campus*



# About IREIT Global

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

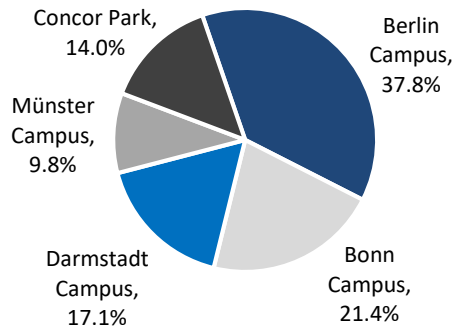
**Investment Mandate:** Principally invests, directly or indirectly, in a portfolio of income-producing real estate in Europe which is used primarily for office, retail and industrial (including logistics) purposes, as well as real estate-related assets

**Current Portfolio:** 5 freehold office assets in Germany, with total NLA of c.200,600 sqm and valuation of €504.9m

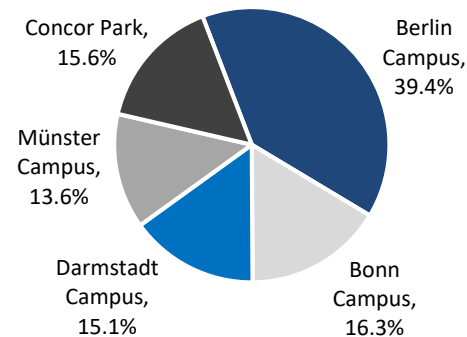
**Manager:** IREIT Global Group Pte. Ltd., a subsidiary of pan-European asset management and investment group Tikehau Capital

**Distribution Policy:** At least 90% of annual distributable income; distributions to be made on a semi-annual basis

**Valuation as at 31 Dec 2018**



**Net Lettable Area as at 31 Mar 2019**



# Key Highlights

2



*Bonn Campus*

# Key Figures At A Glance



## Financial Performance

Gross Revenue

**+1.4% YoY**

Distribution per Unit

**-2.7% YoY<sup>1</sup>**

Annualised DPU Yield

**7.6%<sup>2</sup>**



## Portfolio Management<sup>3</sup>

Occupancy Rate

**98.6%**

Appraised Value

**€504.9m**

WALE<sup>4</sup>

**4.2 years**



## Capital Management<sup>3</sup>

Aggregate Leverage

**38.0%**

Interest Rate

**1.5%**

% of Loans Hedged

**100.0%**

<sup>1</sup> In S\$ terms

<sup>2</sup> Based on IREIT's 1Q2019 DPU of 1.42 Singapore cents and closing unit price of S\$0.745 as at the last trading day of 1Q2019

<sup>3</sup> As at 31 Mar 2019

<sup>4</sup> Weighted average lease to expiry

# Key Highlights



- 1Q2019 net property income was 1.8% lower than that of 1Q2018 mainly due to the increase in property operating expenses by 30.2%
- DPU for 1Q2019 came in at 1.42 Singapore cents, down 2.7% YoY, representing an annualised distribution yield of 7.6%<sup>1</sup>



- Portfolio occupancy rate as at 31 Mar 2019 remains unchanged QoQ at 98.6%
- WALE at 4.2 years, with 91.3% of the portfolio leases due for renewal from FY2022 and beyond



- On 1 Feb 2019, IREIT drew down the new loan facilities of €200.8m to repay the then existing borrowings, taking advantage of the current low interest rate environment
- With the successful refinancing of its term loans, IREIT will benefit from comparatively lower interest rates and not have any refinancing requirements until 2026

<sup>1</sup> Based on IREIT's 1Q2019 DPU of 1.42 Singapore cents and closing unit price of S\$0.745 as at the last trading day of 1Q2019



# Operating & Financial Performance

(€ '000)	1Q2019	1Q2018	Variance (%)
Gross Revenue	8,696	8,579	1.4
Property Operating Expenses	(1,109)	(852)	30.2
Net Property Income	7,587	7,727	(1.8)
Income Available for Distribution	6,285	6,316	(0.5)
Income to be Distributed to Unitholders	5,657	5,684	(0.5)

- 1Q2019 net property income was 1.8% lower year-on-year mainly due to the increase in property operating expenses by 30.2%. As explained in the results announcement for 4Q2018, the facility management fees for FY2018 were recognised in 4Q2018 following the finalisation of the services contracts
- In addition, there was also an increase in repair and maintenance expenses for the upkeep of the properties

# Distribution Per Unit

Distribution per Unit	1Q2019	1Q2018	Variance (%)
<b>Before Retention</b>			
- € cents	0.99	1.00	(1.0)
- S\$ cents	1.58 <sup>1</sup>	1.63	(3.1)
<b>After Retention</b>			
- € cents	0.89	0.90	(1.1)
- S\$ cents	1.42 <sup>1</sup>	1.46	(2.7)

- DPU in S\$ terms was impacted by weaker SGD/EUR exchange rates<sup>1</sup>
- 1Q2019 DPU translates to an annualised distribution yield of 7.6%<sup>2</sup>

<sup>1</sup> The DPU in S\$ was computed after taking into consideration the forward foreign currency exchange contracts entered into to hedge the currency risk for distribution to Unitholders and is for illustrative purpose only. IREIT makes distributions on a semi-annual basis based on its half-yearly results and the next distribution will be for the period from 1 Jan 2019 to 30 Jun 2019

<sup>2</sup> Based on IREIT's closing unit price of S\$0.745 as at the last trading day of 1Q2019

# Financial Position

€ '000	As at 31 Mar 2019	As at 31 Dec 2018	Variance (%)
Investment Properties	504,900	504,900	-
Total Assets	527,723	528,875	(0.2)
Borrowings	199,429	193,215	3.2
Total Liabilities	228,854	223,268	2.5
Net Assets Attributable to Unitholders	298,869	305,607	(2.2)
NAV per Unit (€/unit) <sup>1</sup>	0.47	0.48	(2.1)
NAV per Unit (S\$/unit) <sup>2</sup>	0.72	0.75	(4.0)

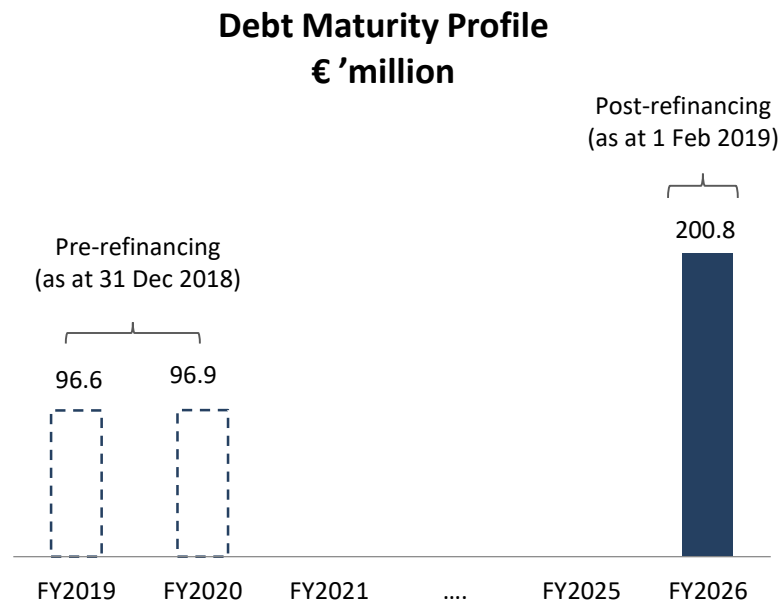
- The decrease in NAV per Unit in S\$ terms was more pronounced due to a weaker EUR/SGD exchange rate

<sup>1</sup> The NAV per Unit was computed based on net assets attributable to Unitholders as at 31 Mar 2019 and 31 Dec 2018, and the Units in issue and to be issued as at 31 Mar 2019 of 634.6m (31 Dec 2018: 633.4m)

<sup>2</sup> Based on S\$1.5223 as at 31 Mar 2019 and S\$1.5618 as at 31 Dec 2018 extracted from MAS website

# Capital Management

	As at 31 Mar 2019	As at 31 Dec 2018
Gross Borrowings Outstanding (€'m)	200.8	193.5
Aggregate Leverage <sup>1</sup>	38.0%	36.6%
Effective Interest Rate per Annum <sup>2</sup>	1.5%	2.0%
Interest Coverage Ratio <sup>3</sup>	10.0x	8.4x
Weighted Average Debt Maturity	6.8 years	1.1 years



- On 1 Feb 2019, IREIT drew down the new loan facilities of €200.8m maturing in Jan 2026 to repay the then existing bank borrowings of €193.5m
- Concurrent to the debt drawdown, interest rate swaps were entered into to hedge 100% of the interest of the new loan facilities, resulting in an all-in cost of debt of c.1.5% p.a. over the loan tenure

<sup>1</sup> Based on total debt over deposited properties

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

<sup>3</sup> Based on respective net property income over interest expense for 1Q2019 and 4Q2018



# Forex Risk Management

- Use of €-denominated borrowings acts as a natural hedge to match the currency of assets and cashflows at the property level
- Distributable income in € will be paid out in S\$. From FY2019, in accordance with its currency hedging policy, IREIT will be hedging approximately 80% of its income to be repatriated from overseas to Singapore on a quarterly basis, one year in advance



## Portfolio Summary

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*Darmstadt Campus*

# 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	31,222	<b>200,609</b>
Car Park Spaces	496	652	1,189	588	516	<b>3,441</b>
Occupancy Rate <sup>1</sup>	100.0%	100.0%	100.0%	93.3%	97.1%	<b>98.6%</b>
No. of Tenants	8	1	1	1	12	<b>21</b>
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>	5.2	4.0	3.6	4.1	2.7	<b>4.2</b>
Independent Appraisal <sup>3</sup> (€ m)	190.7	107.8	86.4	49.5	70.5	<b>504.9</b>

<sup>1</sup> Based on all current leases in respect of the properties as at 31 Mar 2019

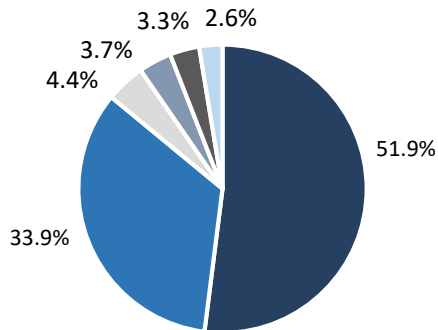
<sup>2</sup> Based on gross rental income as at 31 Mar 2019

<sup>3</sup> Based on independent valuations as at 31 Dec 2018

# Portfolio Summary (cont'd)

## Blue-Chip Tenant Mix

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

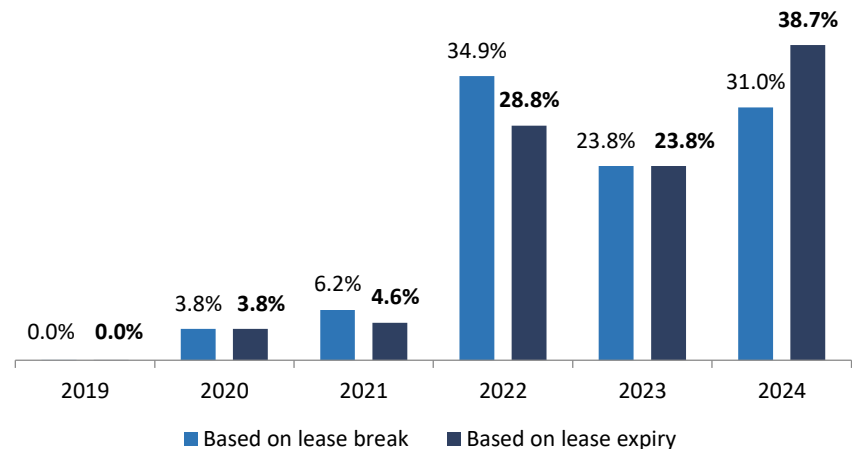


- GMG - Deutsche Telekom
- Deutsche Rentenversicherung Bund
- ST Microelectronics
- Allianz Handwerker Services GmbH
- Ebase
- Others

## Stable Leases

### Lease Break & Expiry Profile

Weighted Average Lease Expiry: 4.2 years<sup>1</sup>



**91.3% of portfolio leases<sup>1</sup> will be due for renewal only in FY2022 and beyond<sup>2</sup>**



**Deutsche Telekom** is one of the world's leading integrated telcos with around c. 178m mobile customers, c. 28m fixed-network lines and c. 20m broadband lines. S&P's long-term rating stands at BBB+.



**Deutsche Rentenversicherung Bund** is Europe's largest statutory pension insurance company with over 57m customers and 'AAA' credit rating.



**ST Microelectronics** is one of the world's largest semiconductor companies with net revenues of US\$9.66b in 2018 and BBB credit rating.



**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 distributors, insurance companies, banks, asset managers, capital management companies and FinTechs.

<sup>1</sup> Based on gross rental income as at 31 Mar 2019

<sup>2</sup> 6.1% of the leases is subject to lease break option in FY2022



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## European Market Review



*Münster Campus*

# Economic Backdrop

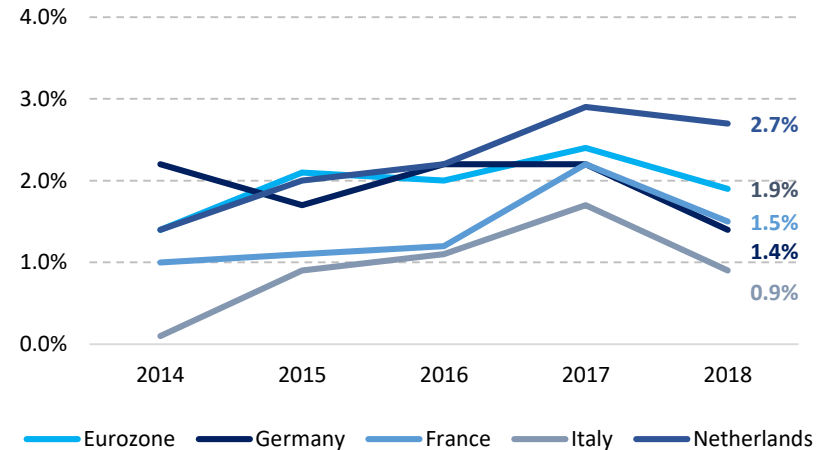
## Key Highlights

The economic growth moderated across most parts of Europe in 2018.

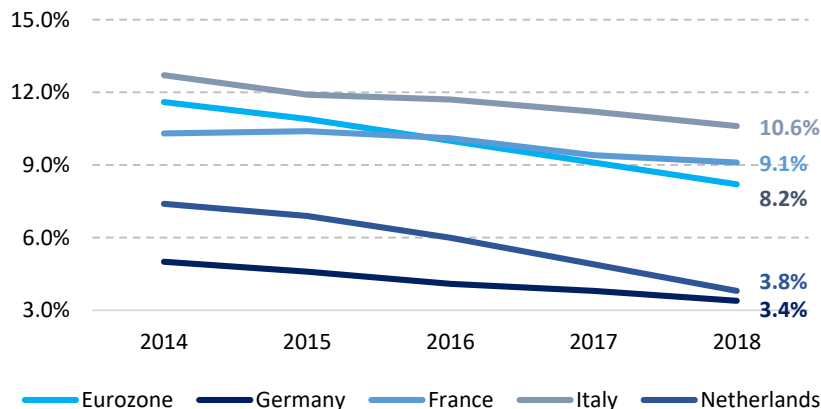
There were lingering worries over a potential escalation of international trade tensions, sharp slowdown in Chinese economy and negative repercussions of the ongoing Brexit process.

Healthy employment rate and private consumption have supported the European economy.

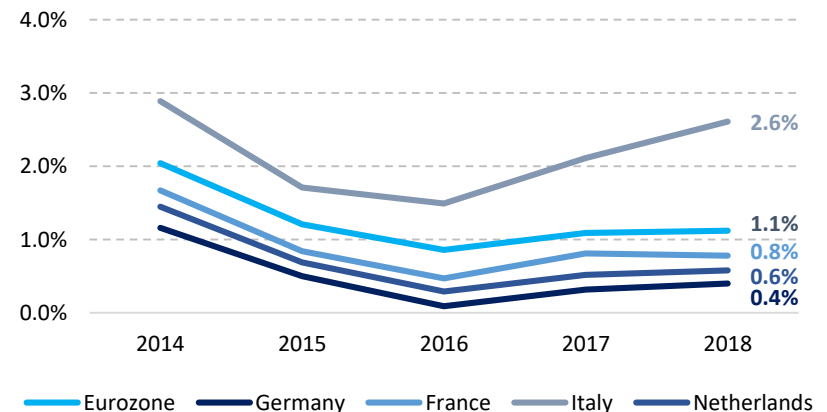
### GDP Growth (%)<sup>1</sup>



### Unemployment Rate (%)<sup>1</sup>



### 10-Year Government Bond Yield (%)<sup>1</sup>



<sup>1</sup> Eurostat

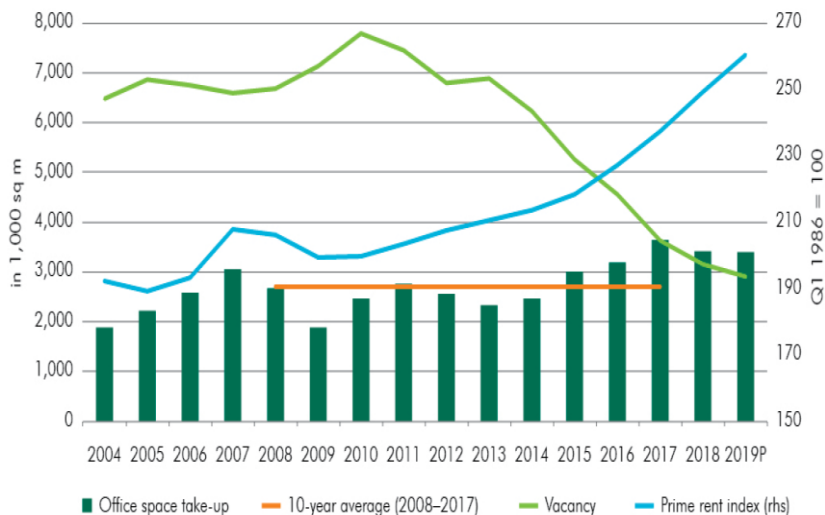
# Real Estate Market

## Sound Fundamentals and Leasing Activity Supported the German Office Space

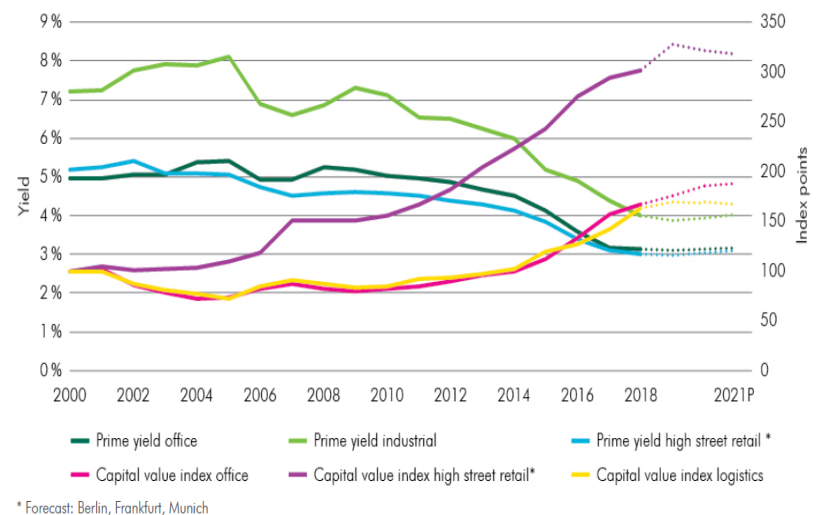
Leasing activity in German office market remained healthy in 2018, with the annual office space take-up in the Top 5 locations of Berlin, Düsseldorf, Frankfurt am Main, Hamburg and Munich totalling 3.4m sqm, just 6.4% lower than 2017 record high.<sup>1</sup>

Sound leasing activity, falling vacancy rates, rising rents and favourable interest rates continued to appeal to investors and support the German office real estate investment market. In 2018, the investment volume for German office real estate was up 15% YoY to €32b, marking the highest volume since records began.<sup>2</sup>

**Office Space Take-Up Top 5 German Cities<sup>1</sup>**



**Average Prime Yields Top 5 German Cities<sup>1</sup>**



<sup>1</sup> CBRE Germany Real Estate Outlook 2019

<sup>2</sup> CBRE Germany Office Investment 4Q2018



5

## New Strategic Investor



*Concor Park*



# New Strategic Investor

City Developments acquired 50% stake in the Manager and 12.4% stake in IREIT units

City Developments (CDL) is a leading Singapore-listed real estate operating company with a global network spanning 103 locations in 29 countries and regions and proven track record of over 55 years in real estate development, investment and management.

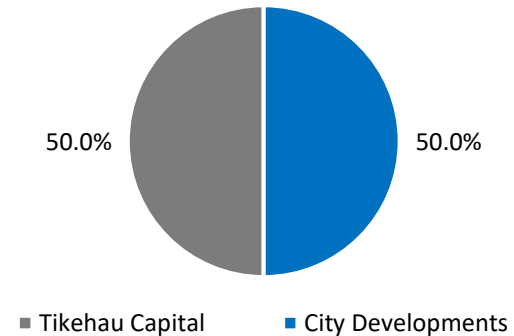
The strategic investment in IREIT is expected to bring the following benefits:

- Further diversification of its unitholders base
- Greater expertise and reach in the real estate sector
- Stronger financial capabilities

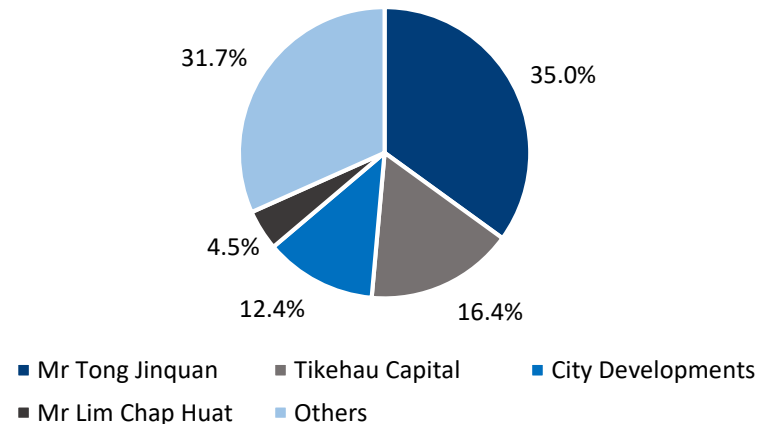
These benefits will help IREIT to pursue its growth plans to bring greater diversification and scale to the existing portfolio.

To show its long-term commitment to grow IREIT and greater alignment of interest with unitholders, Tikehau Capital almost doubled its stake to 16.4%.

Shareholdings in the Manager<sup>1</sup>



Unitholdings in IREIT Global<sup>1</sup>



<sup>1</sup> Based on latest SGX filings post transaction



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## Looking Ahead



*Berlin Campus*

# Looking Ahead

## Leasing Market

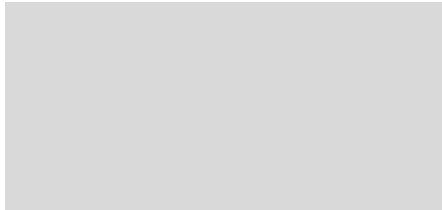
- Sound leasing activity, falling vacancy rates, rising rents and favourable interest rates have continued to support the German office real estate market
- There were lingering worries over international trade tensions, sharp slowdown in Chinese economy and negative repercussions of the ongoing Brexit process, but the ECB is committed to support the European economy with low interest rates

## Strategic Stake

- On 30 April 2019, IREIT announced the introduction of a new strategic investor, City Developments Limited (CDL), which has acquired a 50% stake in the Manager and 12.4% stake in IREIT units.
- To show its long-term commitment to grow IREIT and greater alignment of interest with unitholders, incumbent Tikehau Capital also increased its stake in IREIT to 16.4% from 8.5% prior to the transaction.

## Key Focus

- The Manager will continue to undertake various initiatives to upkeep the existing properties as they age and retain its existing tenants
- Further diversification and scale will be sought with acquisitions to strengthen the portfolio even if this may have some negative impact on distributions in the short-term
- The Manager remains focused on executing its strategy based on the four pillars of growth so as to build a resilient and sustainable portfolio for unitholders



# Thank You

For enquiries, please contact:

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