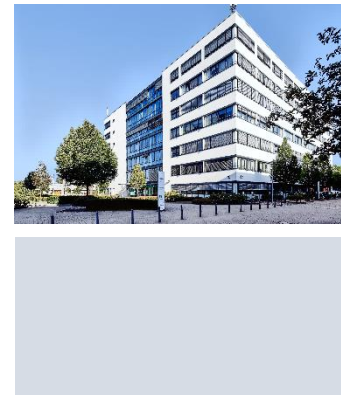
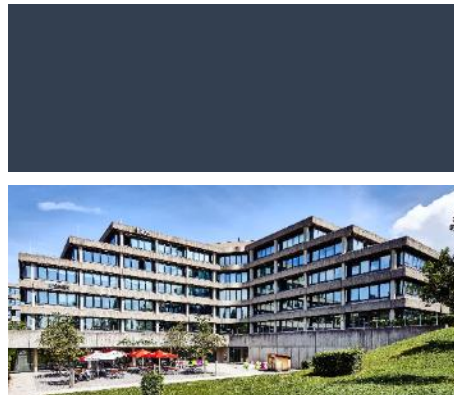




# Proposed Acquisition of a Spanish Office Portfolio

7 December 2019



Shareholders of the Manager:



**CITY  
DEVELOPMENTS  
LIMITED**

**TIKEHAU  
CAPITAL**

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# Agenda

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## Transaction Overview



*Berlin Campus*

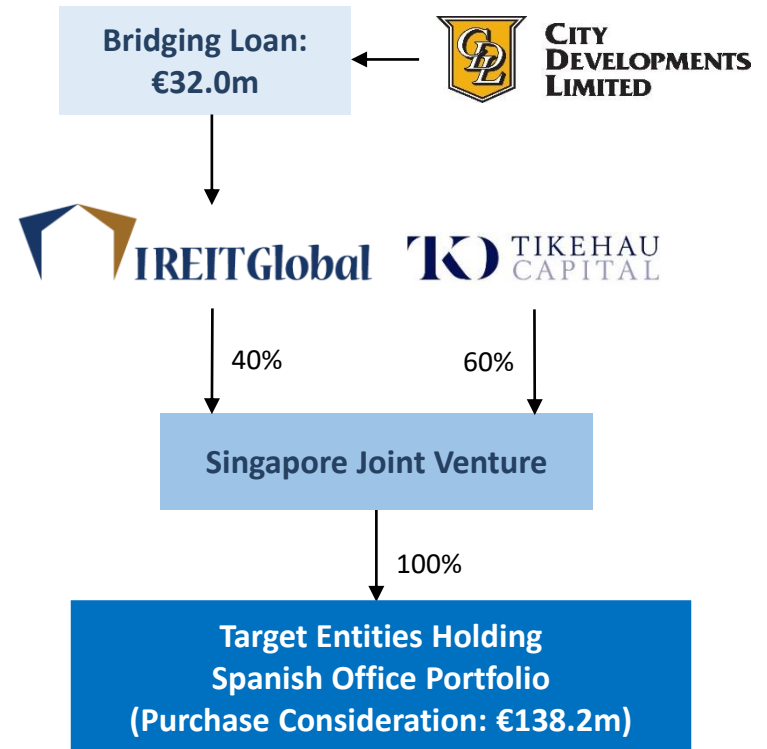


# Transaction Overview

## Proposed Acquisition of 4 Freehold Office Buildings Located in Spain

- IREIT partners with Tikehau Capital and City Developments Limited (CDL) to acquire 100% interest of the entities holding a portfolio of 4 multi-tenanted freehold office properties located in the established office areas of Madrid and Barcelona
- The Spanish portfolio will be held through a 40:60 joint venture (JV) by IREIT and Tikehau Capital. CDL fully supports acquisition and shows commitment by extending €32.0m bridging loan to IREIT to fund its investment
- The transaction marks IREIT's foray into Spain, the fifth largest economy in Europe and IREIT's maiden acquisition since Tikehau Capital and CDL formed a strategic partnership in Apr 2019
- Total agreed property value (100% basis) of €133.8m represents a 3.3% discount to aggregate valuation by independent valuer, Cushman & Wakefield
- Proposed acquisition to add scale, diversification and resilience to IREIT's portfolio and provide opportunity for future acquisition of Tikehau Capital's 60% stake

### Proposed Funding Structure



# Overview of Spanish Portfolio

	DELTA NOVA IV	DELTA NOVA VI	IL-LUMINA	SAN CUGAT GREEN	TOTAL
Location	Madrid	Madrid	Barcelona	Barcelona	
Completion Year	2005 and refurbished in 2015	2005 and refurbished in 2015	1970s and fully refurbished in 2004	1993	
GLA (sqm)	10,117	14,855	20,922	26,134	<b>72,028</b>
Parking Spaces	249	384	310	580	<b>1,523</b>
Occupancy Rate <sup>1</sup>	94.6%	94.5%	69.2%	77.1%	<b>80.9%</b>
No. of Tenants	11	9	12	4	<b>28</b>
Key Tenant(s)	Almaraz, Clece, Digitex, Gesif	Almaraz, Clece, Digitex	Catalan Media, Digitex, Coca-Cola European Partners	DXC Technology, Roche, Sodexo	
WALE <sup>2</sup>	4.3	2.8	3.2	6.8	<b>4.6</b>
Agreed Value (€ m)	28.7	39.8	25.4	39.9	<b>133.8</b>
Valuation (€ m) <sup>3</sup>	30.1	40.4	26.1	41.7	<b>138.3</b>



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

<sup>2</sup> Based on gross rental income as at 30 Sep 2019

<sup>3</sup> Based on independent valuations dated Dec 2019

# Total Acquisition Outlay

IREIT's 40% Interest in JV to Hold the Spanish Portfolio	€ million
Purchase Consideration <sup>1</sup>	55.3
Professional and other Transaction Fees and Expenses	1.6
Acquisition Fee	0.5
Other Fees and Expenses for JV Investment	0.2
<b>Total Cost of Investment</b>	<b>57.6</b>

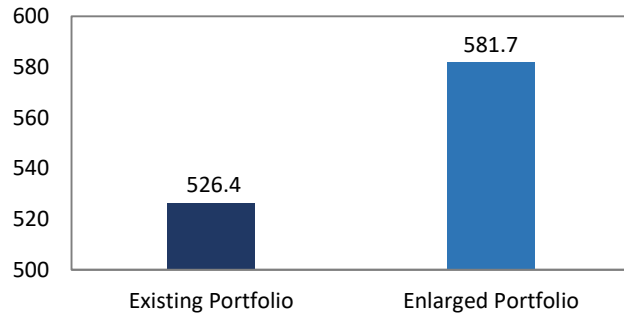
- The purchase consideration for the JV is based on the net asset value of the property holding companies on a debt-free and cash-free basis, as adjusted for the agreed property price. After taking into the mortgage financing at the asset level, the total cost of investment for IREIT's 40% interest is €57.6m
- For purposes of completion certainty (expected by the end of Dec 2019), the Manager intends to draw down the bridging loan to fund the required cash outlay in the interim period. The bridging loan will be for a tenure of 18 months and will bear interest at a rate of 3.875% above EURIBOR per annum
- Subsequent to the closing of the acquisition, the Manager will explore possible debt and equity financing options to repay the bridging loan and exercise the call option, while maintaining an appropriate capital structure for IREIT

<sup>1</sup> Includes IREIT's proportionate share of the mortgage financing that the Manager intends to obtain to refinance the existing debt of the Target Entities

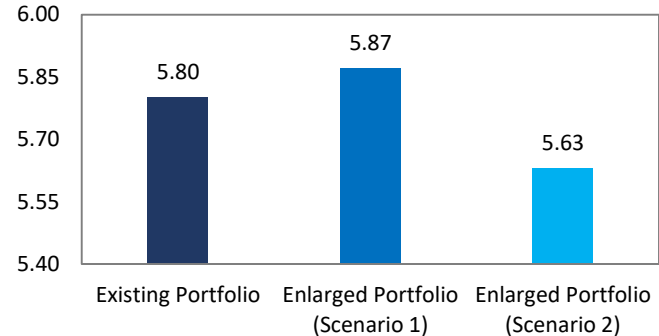
# Illustrative Financial Effects<sup>1</sup>

*Strictly for Illustrative Purposes Only*

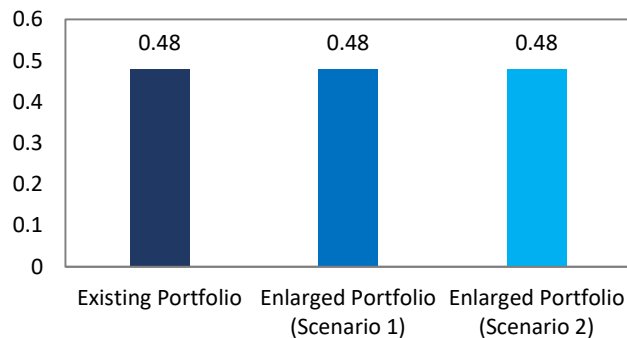
## Valuation (€ m)



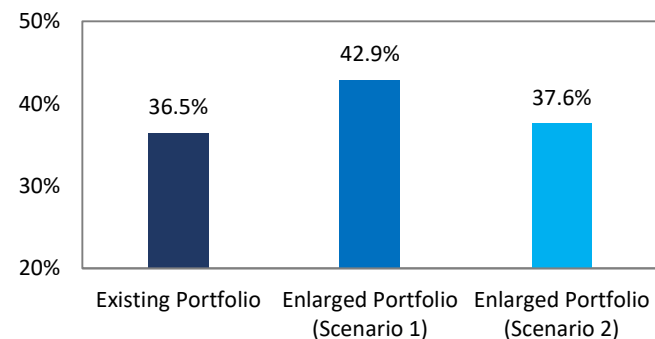
## Distribution Per Unit (Singapore cents)



## NAV per Unit (€)



## Aggregate Leverage



<sup>1</sup> **Scenario 1:** the IREIT Total Acquisition Cost is fully financed with debt financing comprising the CDL Loan and IREIT's proportionate share of the Mortgage Financing

**Scenario 2:** the IREIT Total Acquisition Cost is fully financed with a combination of equity (in place of the CDL Loan) and IREIT's proportionate share of the Mortgage Financing. It is assumed that an estimated equity of approximately S\$50.0m will be raised from an illustrative issuance of 62.7m new Units at an illustrative issue price of S\$0.7979 per New Unit and the exchange rate of €1.00 : S\$1.5195



# Key Rationale and Benefits

2



*Bonn Campus*

# Key Rationale and Benefits

**1**

**Foray into Spain, the Fifth Largest Economy in Europe by GDP**

**2**

**High Quality Office Portfolio that Complements IREIT's Existing Portfolio**

**3**

**Attractive Value Proposition with Upside from Active Management**

**4**

**Strengthen the Resilience, Diversification and Quality of IREIT's Portfolio**

**5**

**Leveraging on Strategic Investors' Strong Platform and Resources**

# Foray into Spain

## Fifth Largest Economy in Europe by GDP with Sound Fundamentals

- The proposed acquisition will provide IREIT exposure to Spain, an improving economy with sound fundamentals and investment climate
- Spain has experienced a trend of economic expansion, driven by lower unemployment rate, strong tourist arrivals and healthy private consumption
- For the period from 2019 to 2021, Spain's economic growth is expected to outpace that of eurozone<sup>1</sup>
- Led by improving fundamentals of the Spanish economy, the office property market has also seen a strong take-up in office space and investor interest

### 9M2019 Take-Up in Office Space<sup>2</sup>

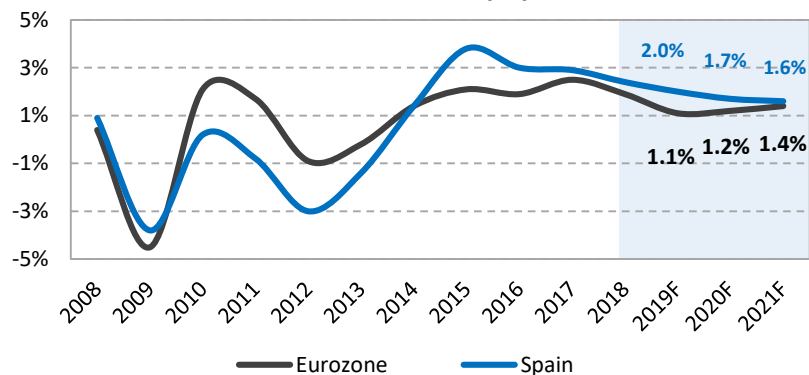


Madrid

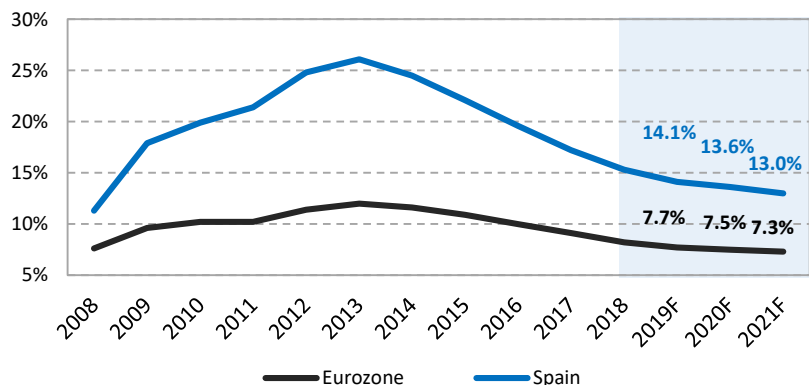


Barcelona

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



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



<sup>1</sup> Eurostat, European Central Bank, Bank of Spain

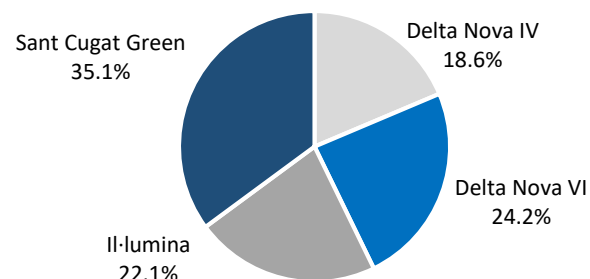
<sup>2</sup> JLL 3Q2019 Spain Office Market

# High Quality Complementary Portfolio

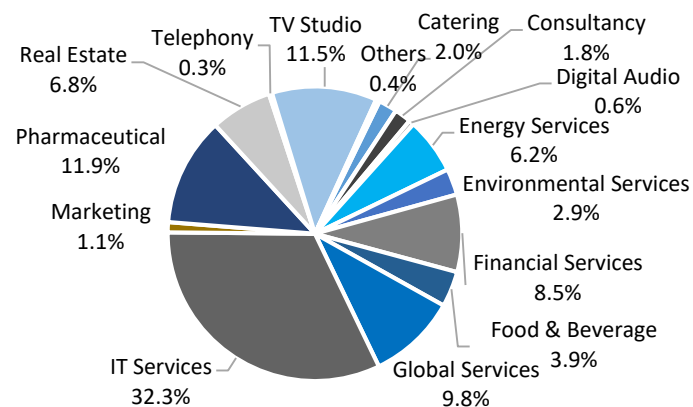
## Well-located Multi-tenanted Office Buildings Anchored by Blue-Chip Tenants

- The portfolio of 4 freehold office buildings are located in the established secondary office areas of Madrid and Barcelona
- They have easily divisible floor plates and enjoy excellent natural lighting and great connectivity to major commercial areas via different modes of transportation systems
- All the properties have been awarded the Leadership in Energy & Environmental Design (LEED) certifications from the U.S. Green Building Council
- The properties are currently multi-tenanted and are anchored by a number of large reputable companies from diverse industries
- This complements well with IREIT's existing portfolio as the diversified blue-chip tenant base of the Spanish portfolio will add strength, scale and diversification to IREIT's portfolio and income streams

**Rental Income by Property<sup>1</sup>**



**Rental Income by Trade Sector<sup>1</sup>**



<sup>1</sup> Spanish Portfolio as at 30 Sep 2019

# Attractive Value Proposition

## Upside Potential from Active Leasing Efforts and Rental Growth

- The Manager and the vendor has agreed on the property value of €133.8m for the Spanish portfolio, representing a 3.3% discount to independent valuation
- The overall occupancy rate of the Spanish portfolio stands at 80.9%, while the passing rents are generally below the current market rents
- As such, there is potential to bring the under-rented properties nearer to market levels and to increase the occupancy rate through active leasing efforts
- In addition, it presents an opportunity for IREIT to benefit from positive rental reversions as the existing leases are renewed at potentially higher rental rates

### Office Rental Growth Forecast (2019-2023)<sup>2</sup>

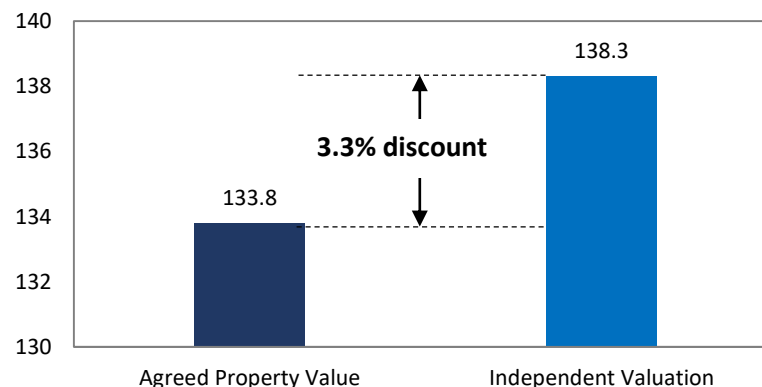
+2.9%  
p.a

Madrid

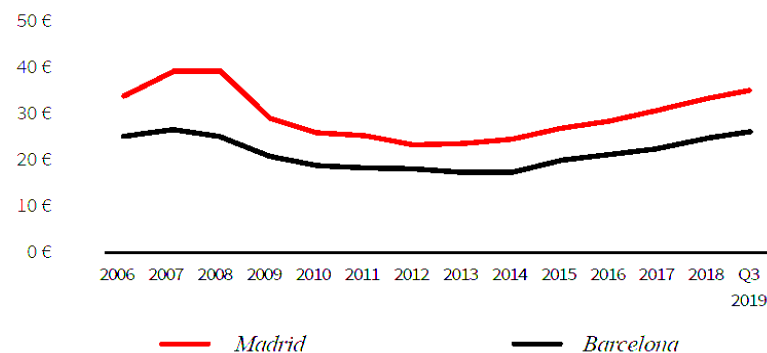
+4.0%  
p.a

Barcelona

### Comparison Between Agreed Value and Valuation<sup>1</sup>



### Monthly Office Rents (€/sqm/month)<sup>2</sup>



<sup>1</sup> Based on Independent Valuation dated Dec 2019

<sup>2</sup> JLL 3Q2019 Spain Office Market



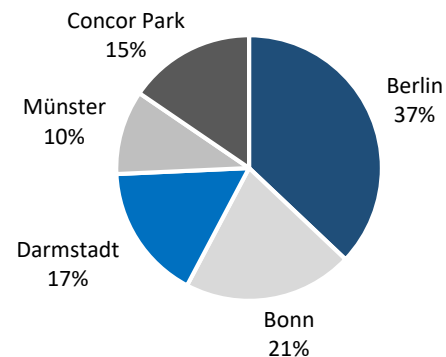
# 4

## Increased Resilience and Diversification

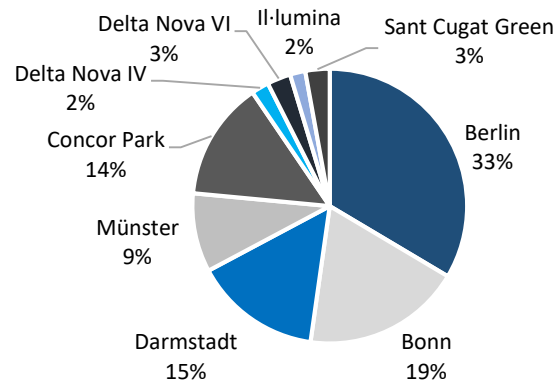
### Addition of Spanish Assets to Lower Reliance on Any Property, Tenant and Location

- The Spanish properties have a diversified tenant base. With the addition, the properties will introduce 28 new tenants into IREIT's tenants, thereby increasing its tenant and trade sector diversification
- As such, the proposed acquisition is expected to reduce the reliance on any single property, tenant and geographical location, benefitting unitholders from increased scale and diversification in its portfolio and income streams

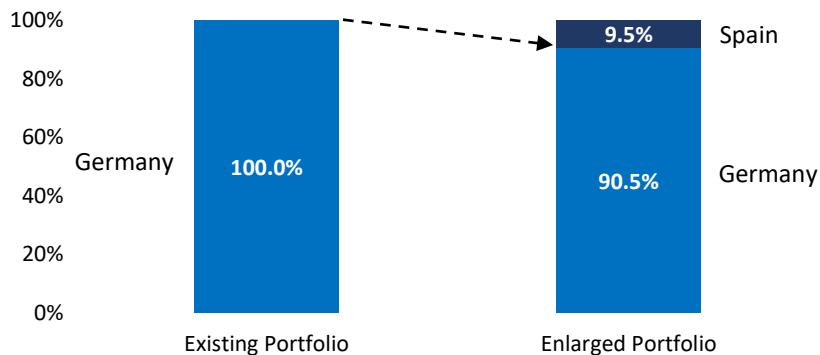
Existing Portfolio (as at 30 June 2019)



Enlarged Portfolio<sup>1</sup>



Country Exposure By Valuation<sup>1</sup>



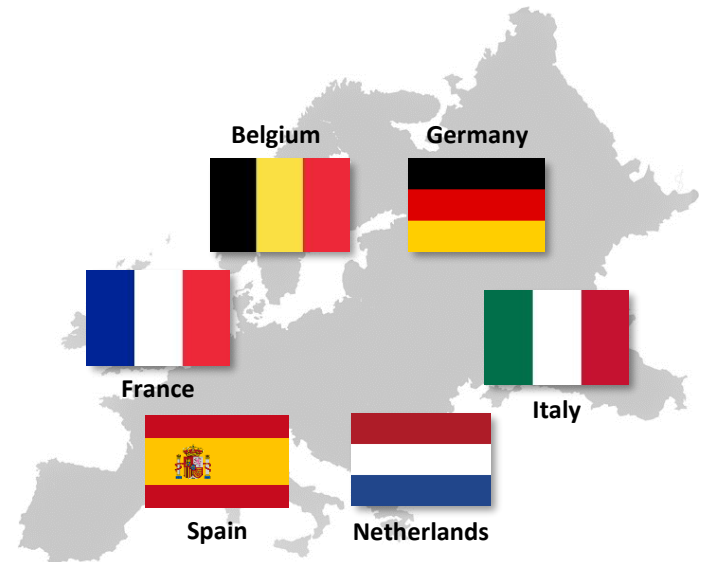
<sup>1</sup> Based on proportionate share of independent valuation of Spanish Portfolio in Dec 2019

# Leveraging on Strategic Investors' Platform and Resources

## Deep Knowledge, Expertise and Support from Tikehau Capital and CDL

- Tikehau Capital has deep asset and investment management experience across Europe. Its real estate business is the second largest operating segment, with an AUM of €8.5bn as at 30 Sep 2019
- CDL is a leading Singapore listed real estate operating company with a global network spanning 103 locations in 29 countries and regions and over 55 years of proven track record in real estate development, investment and management
- The Spanish portfolio is being acquired from a third-party vendor via a sale process that requires speed and certainty
- By leveraging Tikehau Capital's extensive pan-European network and intricate knowledge of the local markets, the Manager has managed to negotiate and secure the properties at a collective discount to their independent valuations
- On the other hand, CDL's strong support by extending a bridging loan to fund the acquisition has enabled IREIT to commit and secure the properties in a sales process which requires speed and execution certainty

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## Conclusion

3



*Darmstadt Campus*

# Conclusion

1

**Foray into Spain, the Fifth Largest Economy in Europe by GDP**

2

**High Quality Office Portfolio that Complements IREIT's Existing Portfolio**

3

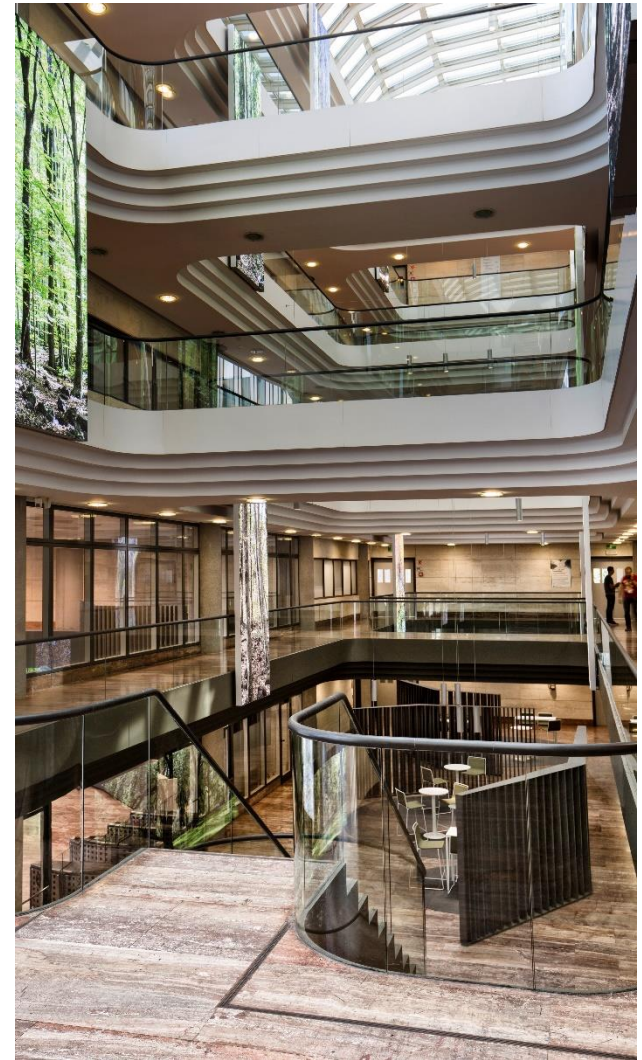
**Attractive Value Proposition with Upside from Active Management**

4

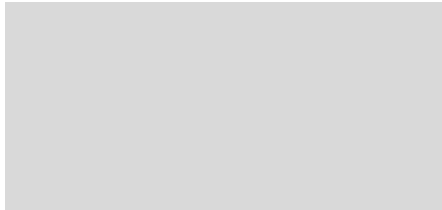
**Strengthen the Resilience, Diversification and Quality of IREIT's Portfolio**

5

**Leveraging on Strategic Investors' Strong Platform and Resources**







# Thank You

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