(a real estate investment trust constituted on 1 November 2013 under the laws of the Republic of Singapore)
Managed by IREIT Global Group Pte. Ltd. (Company Registration No: 201331623K)

EXTRAORDINARY GENERAL MEETING TO BE HELD ON 18 SEPTEMBER 2020
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

*Capitalised terms used herein, unless otherwise defined, shall have the meaning ascribed to them in the circular of IREIT Global dated 3 September 2020 (the "**Circular**").*

IREIT Global Group Pte. Ltd., as manager of IREIT Global ("**IREIT**" and the manager of IREIT, the "**Manager**") refers to:

(i) its notice of extraordinary general meeting ("**EGM**") dated 3 September 2020; and

(ii) the accompanying announcement released on 3 September 2020 setting out, *inter alia*, the alternative arrangements relating to attendance at the EGM via electronic means.

The Manager wishes to inform that the responses to all substantial and relevant questions which have been submitted by unitholders shall be published in this announcement. Due to the significant overlap in the questions being asked by the unitholders of IREIT ("**Unitholders**"), the Manager has summarised and grouped similar questions together when providing the responses for Unitholders' ease of reference.

Please refer to the **Appendix** hereto for the list of substantial and relevant questions, and the Manager's responses to these questions.

BY ORDER OF THE BOARD
IREIT GLOBAL GROUP PTE. LTD.
(as manager of IREIT Global)
(Company registration no. 201331623K)

Lee Wei Hsiung
Company Secretary
18 September 2020

APPENDIX

Proposed Acquisition
1. Why is IREIT acquiring the Spain Properties which are not DPU yield accretive to existing Unitholders? When is the Acquisition expected to turn DPU yield accretive? • As illustrated in Section 3 of the Circular dated 3 September 2020, the Manager sees several key benefits on the proposed Acquisition, notwithstanding the potential dilution of the DPU yield in the immediate term. Having already owned a 40% interest in the Spain Properties, the proposed Acquisition will allow IREIT to deepen its strategic presence in Spain, the fifth largest economy in Europe by Gross Domestic Product ("**GDP**"), and to achieve full ownership of a high quality office portfolio that it is already familiar and managing on a daily basis. • The proposed Acquisition is also expected to increase IREIT's portfolio strength through enhanced diversification. Currently, IREIT derives its income stream largely from its German portfolio of five freehold office properties, which are mostly let to single tenants. While the German portfolio has remained resilient due to its blue-chip tenant base, the Manager is cognisant of the concentration risks relating to a single economy and a few key tenants. Therefore, the Manager views the Acquisition as a strategic addition that complements well with IREIT's German portfolio, given that the diversified tenant base and well-distributed lease expiry profile of the multi-tenanted Spain Properties will add strength, scale and diversification to IREIT's portfolio. • In addition, the Spain Properties offer attractive asset management opportunities through potential for positive rental reversions and the uplifting of occupancies. Based on the Independent Market Research Consultant, the passing rents of the Spain Properties are on average 14.5% below their respective market rents, presenting an opportunity for further organic growth. The asset management opportunities were also clearly demonstrated in May 2020 when the Manager successfully secured a new five-year lease with AREAS, one of the global leaders in food and beverage services for approximately 3,450 sqm of office space at Il·luminia, despite the current challenging market environment. In July 2020, the Manager successfully negotiated the extension of approximately 95.0% of the leases (by GRI as at 30 June 2020) which were due to expire by December 2020. As a result of the foregoing initiatives, the overall occupancy of the Spain Properties improved from 80.8% as at 31 March 2020 to 84.7% as at 30 June 2020, while the Weighted Average Lease Expiry ("**WALE**") improved from 3.8 years to 4.1 years during the same period. • For illustrative purposes only, if the proposed Acquisition and the issuance of Rights Units and Acquisition Fee Units were completed on 1 January 2020 as detailed on page 35 of the Circular, the pro forma DPU yield for IREIT would be at 7.3% post Acquisition, based on IREIT's DPU for the financial period ended 30 June 2020 and a Theoretical Ex-Right Price ("**TERP**") of S$0.622. The Manager considers this to be an attractive yield taking into account, *inter alia*, the quality of IREIT's portfolio.

- While the proposed Acquisition is not expected to be immediately DPU yield accretive after the completion of the Acquisition as illustrated on page 35 of the Circular, the Manager has been making progress on the leasing front which has led to an increase in the overall occupancy rate and WALE of the Spain Properties. The Manager also notes that the Spain Properties have remained resilient with less than 2% of the tenants by rent requesting for rental rebates between April and June 2020. Going forward, it will continue to intensify its efforts and seek various avenues to optimise IREIT's portfolio and improve its yield.

- It is also worth highlighting that a significant portion (approximately 46% as indicated on page 5 of the Circular) of the gross proceeds assumed to be raised via the Rights Issue is intended to be used to repay the CDL loan and to finance IREIT's future capital expenditure, repayment of debt and/or investment opportunities, in addition to financing the proposed Acquisition. This has contributed to the illustrative dilutive effects of the DPU yield, although it will significantly enhance IREIT's debt headroom and financial flexibility for its growth plans and future capital needs.

2. Is it possible to structure the proposed Acquisition so that it will be yield accretive?

- The Manager has considered various funding options, including financing the proposed Acquisition, both in part and in full, through bank borrowings as well as refinancing CDL Loan with another loan facility to improve the overall financial effects. However, in view of the current uncertain market environment and global economic backdrop, the Manager believes it is prudent to keep an aggregate leverage well within the Monetary of Singapore's ("**MAS**") regulatory ceiling of 50%. For the avoidance of doubt, there is already an existing bank borrowing in place at the Spanish PropCos, which will continue to remain after the completion of the Acquisition.

- Therefore, the Manager has contemplated raising equity capital via a renounceable non-underwritten rights issue to acknowledge existing Unitholders' support and to allow them to participate in the future growth of IREIT by subscribing to the Rights Units at an attractive discount to the prevailing unit price of IREIT. A renounceable rights issue also provides flexibility to Unitholders given that their nil-paid rights can be monetised should they decide not to participate in the equity fund raising.

- For illustrative purposes only, if the Acquisition and issuance of the Rights Units were completed on 30 June 2020 as detailed on page 37 of the Circular, IREIT's pro forma aggregate leverage as at 30 June 2020 would have declined from 39.0% to 35.0%, taking into account that part of the gross proceeds from the Rights Issue would be used to repay the CDL Loan. This additional debt headroom will significantly increase the flexibility and nimbleness of IREIT to be able to respond quickly to today's highly dynamic and competitive market.

- To demonstrate their support and long-term commitment for IREIT, the key strategic investors of IREIT, namely Tikehau Capital, City Strategic Equity Pte. Ltd. ("**CDL**") and AT Investments Limited, have provided their respective undertakings which will result in the subscription of all unsubscribed Rights Units remaining after the fulfilment of valid Rights Units applications by other Unitholders under the terms of the Rights Issue. For the avoidance of doubt, the terms of the Rights Issue have not been determined yet and the Manager will announce the details of the Rights Issue at the appropriate time when it launches the Rights Issue.

Rights Issue

3. Will Unitholders' approval on Resolutions 1 and 2 as set out in the Notice of EGM dated 3 September 2020 lead to the Rights Issue? What is the potential dilution in value of IREIT's units?

- As disclosed on page 5 of the Circular, the Manager intends to finance the proposed Acquisition with part of the net proceeds from a renounceable non-underwritten rights issue of new Units to the then existing Unitholders on a pro rata basis, after it obtains approval from Unitholders for Resolution 1 in respect of the proposed Acquisition. Resolutions 1 and 2 are not inter-conditional upon one another.

- For clarity, as disclosed on page 8 of the Circular, if Unitholders do not approve Resolution 2 in respect of the transfer of a controlling interest to AT Investments Limited, the Manager would not be able to issue Rights Units to AT Investments Limited which would result in a transfer of controlling interest and this may result in a scaling down of the gross proceeds raised pursuant to the Rights Issue. Nonetheless, the proceeds to be raised from the Rights Issue, after taking into account the undertakings given by the key strategic investors of IREIT, will be sufficient to meet IREIT's present funding requirements for the Acquisition and repayment of the CDL Loan.

- The Manager is unable to comment on the potential movement in IREIT's unit price as it is determined by market forces. For illustrative purposes only, assuming approximately 302,317,000 new Units are issued at an issue price of S$0.466 per new Rights Unit in connection with the Rights Issue, approximately 2,061,612 new Units are issued as payment of the Acquisition Fee and approximately 553,652 new Units are issued as payment of the 1H2020 management fee in relation to the Spain Properties, the illustrative TERP is S$0.622 compared to IREIT's closing unit price of S$0.695 on the Last Practicable Date. However, it should be noted that the overall cost of investment per Unit to existing Unitholders would be reduced in tandem if they subscribe to their pro rata Rights Units.

4. Why does the Manager need to raise gross proceeds of approximately €90.0 million pursuant to the Rights Issue, which is more than required to complete the proposed Acquisition?

- As a REIT typically distributes most of its income and does not retain much cash on its balance sheet, capital would need to be raised either through debt, equity or hybrid securities to fund its operations and growth opportunities. For IREIT, the gross proceeds amounting to approximately €90.0 million (illustrative figure only pending any final rights issuance terms) to be raised from the Rights Issue is intended to be used, among others, to finance future capital expenditure, repayment of debt and/or acquisition (see page 5 of the Circular for the use of proceeds).

- This cash proceeds will provide IREIT with greater financial flexibility and nimbleness as it evaluates acquisition opportunities and considers ways to optimise its portfolio via asset enhancement initiatives, as well as allow it to react quickly to unforeseen capital needs. The Manager will make an announcement at the appropriate time on the use of the proceeds from the Rights Issue once when they have been utilised.

5. Why would the Rights Issue be done at such a large discount, as illustrated in the Circular?

- The Rights Units are intended to be priced at an attractive discount to the prevailing market price to acknowledge IREIT's existing Unitholders for their support and to incentivise them to subscribe for their Rights Units and participate in the future growth of IREIT. It should be noted that the actual terms of Rights Issue will only be determined once the Rights Issue is launched. However, for illustrative purposes only, the issue price of S$0.466 per Rights Unit as indicated in the Circular was arrived based on the assumption of a 25% discount to the TERP, which is in line with the past rights issuances done by Singapore REITs.

Asset Management

6. What are the Manager's plans moving forward in view of the weakening commercial real estate market driven by remote working in the COVID-19 pandemic? Is the Manager moving into other types of property?

- Telecommuting may continue to play an important role in current COVID-19 pandemic period and in the consideration of future office space requirements by tenants. However, the negative impact from telecommuting and the adoption of work-from-home culture may be negated by the requirement for more space per employee to take into account the need for social distancing following the COVID-19 pandemic. In addition, the virus situation has led to a delay in ongoing development projects and may even trigger developers to rethink their future development strategies, hence delaying or reducing the future office supply to the market.

- Several studies have also shown that in order for a company to keep employees' engagement high and to keep its culture vibrant, employees have to interact physically with one another. In addition, a vast majority of employees working in Continental Europe have already returned to their offices, while following strict health and safety local rules such as wearing masks at all times and keeping a minimum social distancing indoors. Therefore, it may be premature to draw any definitive conclusions regarding any structural change in the need for office space.

- Within IREIT's portfolio, the Manager also notes that the largest tenant, Deutsche Telekom, has already been adopting flexible workplace environment for several years. While Deutsche Telekom has reduced its lease spaces at other properties over the recent years, it has concentrated its staff at IREIT's assets which resulted in an increase in its workplace utilisation. It is also worth noting that the telecommunications sector has been very defensive over the last few months and this trend should continue barring any unforeseen circumstances.

- IREIT's second largest tenant and sole office tenant at Berlin Campus, Deutsche Rentenversicherung Bund ("**DRV**"), has already seen the majority of its employees returning to the property for some time due to its highly sensitive business which makes it difficult to work remotely from home. In addition, the office rent at Berlin Campus is significantly more attractive compared to some other assets that DRV is occupying in the same area. This gives Berlin Campus a competitive advantage against the other assets.

- Looking ahead, the Manager will continue to interact regularly with the tenants at IREIT's portfolio to understand their needs and potential changes in business operations. For instance, the Manager has arranged for meetings with some tenants to understand the impact of COVID-19 pandemic on their businesses. As part of the growth strategy based on the four pillars and as permitted by IREIT's investment mandate, the Manager is also constantly on the lookout for new investment opportunities across various asset types including office and logistics properties in Europe that fit strategically and contribute positively to enhanced scale and diversification in IREIT's portfolio.

7. **The occupancy rate at Sant Cugat Green is 77.1%, lower than the occupancy rate of 80% around the area. In addition, the building is 27 years old and has not been refurbished or redeveloped since its completion in 1993. What is the Manager's plan to increase its occupancy rate? Will there be any asset enhancement initiatives planned in order to increase the attractiveness of the building?**

   - Sant Cugat Green is a modern office building in Barcelona with a gross lettable area of 26,134 sqm, comprising three basement levels, a ground floor and four upper floors, and 580 parking spaces. A number of major improvement works have been accomplished since 2014 to upgrade the building and increase its attractiveness. This includes the refurbishment of the edges/waterproofing on roof and terrace; the upgrading of the mechanical, electrical and plumbing systems; the refurbishment of all common areas such as the lobby entrance and pedestrian path; creation of new terraces on upper floors; and the building of a new outdoor car parking area. This has contributed chiefly to the office space being fully let to-date. As a result of these improvement works, Sant Cugat Green was also awarded the Gold certification under the Leadership in Energy & Environmental Design ("**LEED**") rating system from the U.S. Green Building Council in October 2017.

- The current vacancy at the building pertains to the lower ground floor units which were previously used as a data centre (approximately 5,100 sqm) and storage (approximately 1,000 sqm). Compared to office space, the demand for such data centre space within an office building tends to be lower, thus resulting in the occupancy rate at Sant Cugat Green being historically lower than that in the surrounding area. Nonetheless, amid the Manager's recent active asset management initiatives, it has managed to attract a few prospective tenants who are interested in taking up these units. The Manager is currently still in discussions with them and will make the disclosure on its leasing efforts as appropriate.