



# 1H2022 Results Presentation

11 August 2022

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*Berlin Campus*

# About IREIT Global

# About IREIT Global

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

### Investment Mandate

Income-producing real estate in Europe which are used primarily for office, retail and industrial (including logistics) purposes, as well as real estate-related assets

### Portfolio

37 freehold properties: 5 office properties in Germany, 5 office properties in Spain and 27 retail properties in France, with a total lettable area of c.384,000 sqm and valuation of c.€1.0bn <sup>(1)</sup>

### Manager

IREIT Global Group Pte. Ltd., which is jointly owned by Tikehau Capital and City Developments Limited (“CDL”). Tikehau Capital is a global alternative asset management group listed in France, while CDL is a leading global real estate company listed in Singapore

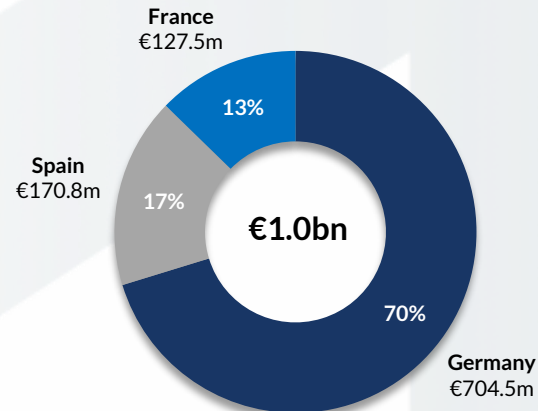
### Distribution Policy

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

### Dual Currency Trading

Units quoted in S\$ (SGX Code: UD1U) and € (8U7U). Investors are free to buy in one currency counter and sell in the other currency counter.

### Valuation by Geography <sup>(1)</sup>



(1) Based on fair valuation as at 30 Jun 2022

# Quality Assets Across Europe

## Germany



Berlin Campus



Bonn Campus



Darmstadt Campus (Greater Frankfurt)



Münster Campus



Concor Park (Munich)

## Spain



Delta Nova IV (Madrid)



Delta Nova VI (Madrid)



Il·lumina (Barcelona)



Sant Cugat Green (Barcelona)



Parc Cugat (Barcelona)

## France (1)



Cergy



Châteauroux



Evreux



Mâcon



Laval



*Il·lumina*

# Key Highlights

# Key Highlights

## Maintains Firm Performance in 1H2022



26.4%

Rise in Net  
Property Income



95.0%

Portfolio  
Occupancy



€1.0 bn

Portfolio  
Valuation



30.8%

Aggregate  
Leverage

- 1H2022 net property income increased by 26.4% YoY to €24.4m due mainly to the contribution from the acquisition of the French portfolio and Parc Cugat in 3Q2021.
- Occupancy stable at 95.0% as at 30 Jun 2022, while WALE improved to 4.7 years from 3.7 years a quarter ago.
  - ✓ In 2Q2022, IREIT secured a 6-year lease extension for 100% of Bonn Campus and a 12-year major new lease for c.5,300 sqm data centre space at Sant Cugat Green.
- Portfolio valuation surpassed €1.0bn mark for the first time as at 30 Jun 2022, driven mainly by Bonn Campus' lease extension.
- Aggregate leverage improved to 30.8% as at 30 Jun 2022 from 32.1% a quarter ago as a result of higher portfolio valuation.
  - ✓ Aggregate leverage is among the lowest within the S-REITs sector.
  - ✓ Weighted average debt to maturity healthy at 4.0 years, with substantially all of the borrowings being hedged.



# Operating & Financial Performance

(€ '000)	1H2022	1H2021	Variance (%)
Gross Revenue	30,070	23,646	27.2
Property Operating Expenses	(5,635)	(4,319)	30.5
Net Property Income	24,435	19,327	26.4
Income Available for Distribution	18,233	15,149	20.4
Income to be Distributed to Unitholders	16,410	13,634	20.4

- Gross revenue for 1H2022 registered an increase of 27.2% compared to that of 1H2021, contributing to the increase in net property income of 26.4% over the same period.
  - ✓ Due mainly to the contribution from the acquisition of the French portfolio and Parc Cugat in 3Q2021.
- Income available for distribution for 1H2022 was in turn higher by 20.4% compared to that of 1H2021.

# Distribution Per Unit

Distribution Per Unit	1H2022	1H2021	Variance (%)
<b>Before Retention</b>			
- € cents	1.57	1.59	(1.3)
<b>After Retention</b>			
- € cents	1.41	1.43	(1.4)

<b>Had 1H2021 Management Fees been paid 100% in Cash</b>			
<b>Before Retention</b>			
- € cents	1.57	1.51	4.0
<b>After Retention</b>			
- € cents	1.41	1.36	3.7

- 1H2022 DPU decreased marginally by 1.4% YoY to 1.41 € cents, due to the effect of the management fees being paid 100% in cash from FY2022 onwards (compared to 50% in prior year).
  - ✓ Had the management fees been paid 100% in cash in 1H2021, DPU would have been 3.7% higher YoY.

# Distribution Details

Distribution Period	1 Jan 2022 to 30 Jun 2022
Distribution per Unit (“DPU”)	1.41 € cents
Ex-Date	18 Aug 2022 (Thursday)
Record Date	19 Aug 2022 (Friday)
Distribution Payment Date	31 Aug 2022 (Wednesday)

- Unitholders who are direct account holders of CDP with active Direct Crediting Service (“DCS”) bank accounts will still continue to receive their distributions in S\$ equivalent of the € distributions via CDP’s Currency Conversion Service (“CCY”) in their active DCS bank accounts, unless they opt out of the CCY.

# Financial Position

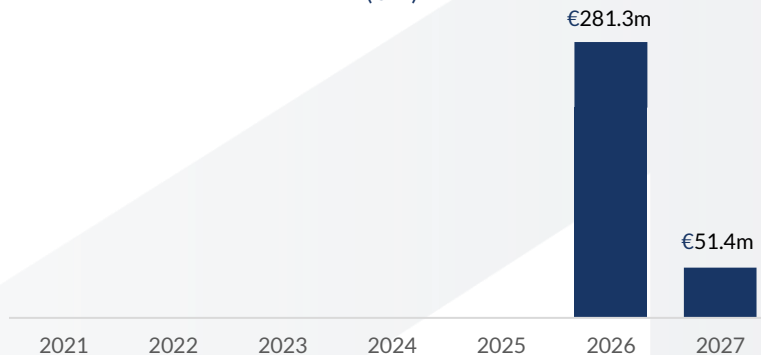
(€ '000)	As at 30 Jun 2022	As at 31 Dec 2021	Variance (%)
Investment Properties	1,002,770	974,870	2.9
Total Assets	1,079,773	1,035,499	4.3
Borrowings	329,314	328,922	0.1
Total Liabilities	420,700	416,053	1.1
Net Assets Attributable to Unitholders	659,073	619,446	6.4
NAV per Unit (€/unit) <sup>(1)</sup>	0.57	0.54	5.6
NAV per Unit (S\$/unit) <sup>(2)</sup>	0.83	0.83	-

- The increase in the total assets and net assets attributable to Unitholders was mainly due to the increase in the fair value of the investment properties.
- Based on closing unit price of S\$0.61 as at 30 Jun 2022, IREIT is trading at 26.5% discount to its NAV of S\$0.83 per Unit.

# Capital and Currency Management

	As at 30 Jun 2022	As at 31 Dec 2021
Gross Borrowings Outstanding (€'m)	332.7	332.7
Aggregate Leverage <sup>(1)</sup>	30.8%	32.1%
Effective Interest Rate per Annum <sup>(2)</sup>	1.8%	1.8%
Interest Coverage Ratio <sup>(1)</sup>	7.7x	7.7x
Weighted Average Debt Maturity	4.0 years	4.5 years

Debt Maturity Profile  
(€ m)



- Healthy aggregate leverage of 30.8%, among the lowest within the S-REITs sector.
  - ✓ Substantially all of the bank borrowings have been hedged with interest rate swaps and interest rate caps.
- Manager has also been managing the overall foreign currency exchange exposure through:
  - ✓ the use of €-denominated borrowings as a natural hedge to match the currency of assets and cashflows; and
  - ✓ the change in the distribution currency from S\$ to € with effect from Jul 2021.



# Portfolio Summary

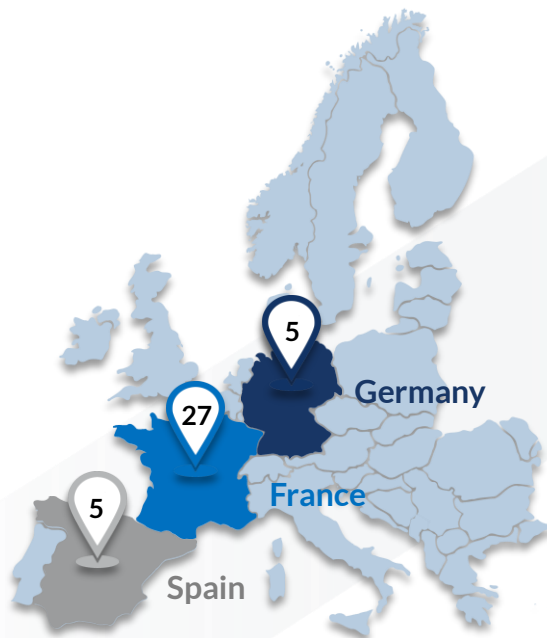
*Bonn Campus*

# Portfolio Overview

## Diversified Portfolio Across Key Developed Markets in Europe

Overall Portfolio	
Properties	37
Lettable Area (sqm)	384,282
Valuation (€ m) <sup>(1)</sup>	1,002.8
Occupancy (%)	95.0%
WALE (years) <sup>(2)</sup>	4.7

France	
Properties	27
Lettable Area (sqm)	95,500
Valuation <sup>(1)</sup> (€ m)	127.5
% of Portfolio	12.7%
Occupancy	100%
WALE (years) <sup>(2)</sup>	9.1



Germany	
Properties	5
Lettable Area (sqm)	201,103
Valuation (€ m) <sup>(1)</sup>	704.5
% of Portfolio	70.3%
Occupancy (%)	95.8%
WALE (years) <sup>(2)</sup>	3.6

Spain	
Properties	5
Lettable Area (sqm)	87,679
Valuation (€ m) <sup>(1)</sup>	170.8
% of Portfolio	17.0%
Occupancy (%)	87.5%
WALE (years) <sup>(2)</sup>	4.7

# Portfolio Fair Valuation

Independent Valuation (€ m)	As at 30 Jun 2022	As at 31 Dec 2021	Variance (%)
<b>German Portfolio</b>	<b>704.5</b>	<b>684.3</b>	<b>3.0</b>
Berlin Campus	325.4	323.2	0.7
Bonn Campus	140.0	121.8	14.9
Darmstadt Campus	70.2	71.5	(1.8)
Münster Campus	71.0	69.9	1.6
Concor Park	97.9	97.9	-
<b>Spanish Portfolio</b>	<b>170.8</b>	<b>167.2</b>	<b>2.2</b>
Delta Nova IV	31.6	30.9	2.3
Delta Nova VI	40.3	40.6	(0.7)
Il·lumina	25.4	25.5	(0.4)
Sant Cugat Green	44.8	41.6	7.7
Parc Cugat	28.7	28.6	0.3
<b>French Portfolio</b>	<b>127.5</b>	<b>123.4</b>	<b>3.3</b>
<b>IREIT Portfolio</b>	<b>1,002.8</b>	<b>974.9</b>	<b>2.9</b>

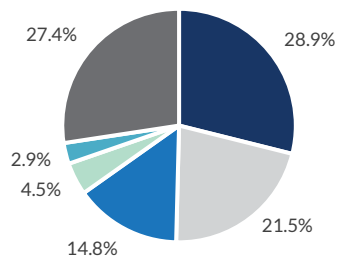
- IREIT's portfolio valuation surpassed €1.0bn as at 30 Jun 2022, driven mainly by Bonn Campus and Sant Cugat Green.
  - ✓ **Bonn Campus:** 6-year lease extension by Deutsche Telekom for 100% of property starting from May 2023.
  - ✓ **Sant Cugat Green:** 12-year major new lease for c.5,300 sqm of data centre space (20.4% of property) secured in Jun 2022.



# Portfolio Lease Profile

## Well Staggered Lease Expiry Profile with a Blue-Chip Tenant Base

Key Tenants (1)



- GMG - Deutsche Telekom
- Decathlon
- Allianz Handwerker Services GmbH
- Deutsche Rentenversicherung Bund
- DXC Technology
- Others



**Deutsche Telekom** is one of the world's leading integrated telcos with around c. 248m mobile customers, c. 26m fixed-network lines and c. 22m 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.

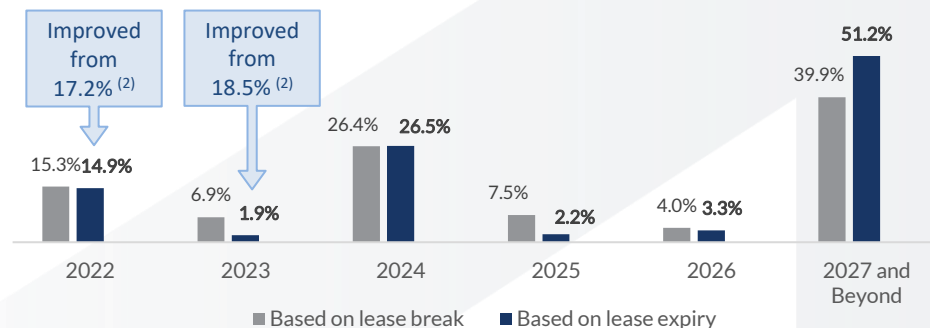
**Decathlon** is one of the world's largest sporting goods retailer with over 1,700 stores across 60 countries. It has a sales turnover of €11.4b in 2020 and its S&P's short-term rating stands at A-2.

**DXC Technology** is a Fortune 500 company and investment grade information technology services company listed on the NYSE. It is represented in the S&P 500 Index.

**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.

Lease Break and Expiry Profile (1)

Weighted Average Lease Expiry: 4.7 years



(1) Based on gross rental income as at 30 Jun 2022

(2) As at 31 Mar 2022

# Sustainability Initiatives

## Launch of BREEAM Certification Process for German and French Assets

### German Portfolio (except Berlin Campus)

- 4 properties: Bonn Campus, Darmstadt Campus, Münster Campus and Concor Park
- To pursue sustainability certification for Berlin Campus after refurbishment of property
- Targeted Certification: Good

### French Portfolio

- 27 properties, including those that already have the French HQE certification
- Targeted Certification: Good

### Spanish Portfolio

- 5 properties
- All properties have already been awarded the LEED certifications
- Targeted Certification: Not applicable

Apr 2022

May 2022

2H2022

1Q2023

Tender for BREEAM certification for French Portfolio

Receipt of ESG Assessment reports for German Portfolio and French portfolio

Launch of certification process

Assessment on the targeted BREEAM certification for French portfolio

Implementation of the action plans to achieve the targeted certification

Preparation and submission of supporting documents to BRE

Receipt of BREEAM certificates for German Portfolio and French Portfolio



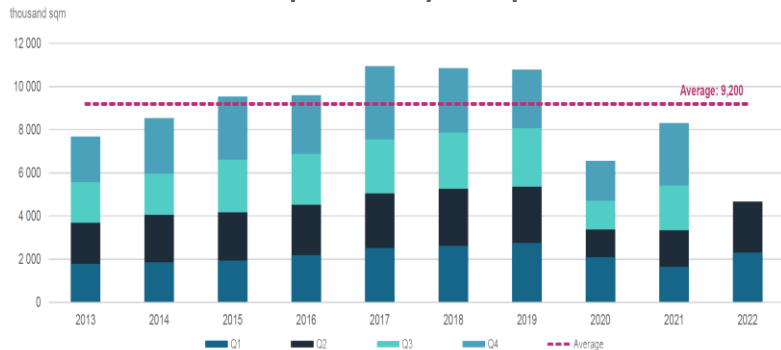
# Market Review

*Sables d'Olonne*

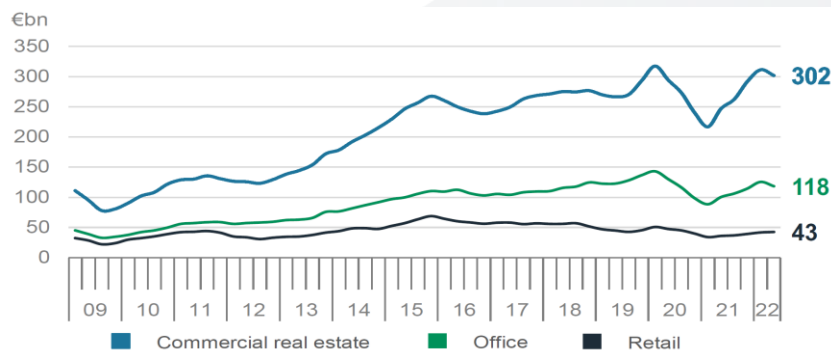
# Office Market in Europe

## Investments in Europe Turning Cautious in 2Q2022

Office Take-up in 17 Key European Cities <sup>(1)</sup>



Commercial Real Estate Investment Volume in Europe <sup>(1)</sup>

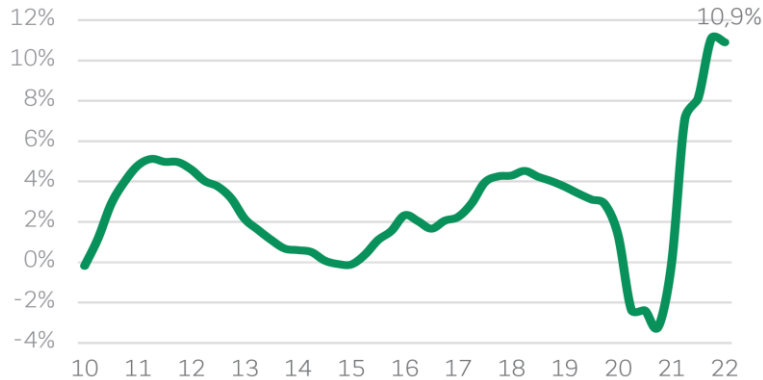


- Take-up in 17 key European office markets at 4.67m sqm in 1H2022, representing an increase of 39% YoY.
  - ✓ Overall vacancy rate stable at 7.1% and average prime rents remained at high levels.
- Office investment volume in 1H2022 at €118bn (+8% YoY), representing 39.1% of the total commercial volume of €302bn.
  - ✓ However, key markets have witnessed a slow down in 2Q2022 as a result of significant economic uncertainty triggered by the war in Ukraine, high inflation and rising financing costs.

# Retail Market in France

## Challenging Environment May Impact On Consumer Spending

Retail Sales in France <sup>(1)</sup>



Retail Investment Volume in France <sup>(1)</sup>



- Retail sales in 1Q2022 up 10.9% YoY compared to 11.1% in 4Q2021, showing signs of stabilization.
  - ✓ However, current challenging environment may weigh on consumer spending going forward.
- Retail investment in 2Q2022 came in at €1.3bn, bringing the total retail investment volume in 1H2022 to €2.5bn.



*Delta Nova VI*

**Looking  
Ahead**

# Looking Ahead



## Macro

- Office leasing market in Europe has continued to improve in 1H2022 following the lifting of the COVID-19 pandemic restrictions. Nonetheless, 3 key challenges remain:
  - ✓ Hybrid/flexible working arrangement, higher operating costs, and increased ESG focus.
- Out-of-town retail subsector has remained healthy due to its defensive nature (affordable rents).
- However, high inflation rates and financing costs, as well as the war in Ukraine have resulted in significant economic and geopolitical uncertainty.

- Manager has continued to focus on its asset management initiatives to try to retain the existing tenants and safeguard the overall occupancy rate of IREIT's portfolio.
- In 2Q2022, Manager has successfully clinched a 6-year lease extension for 100% of Bonn Campus and a new 12-year major lease for c.5,300 sqm of data centre space at Sant Cugat Green.
- With the entire lease at Darmstadt Campus due to expire in end-Nov 2022, active marketing of the property is currently ongoing to try to fill up the space to be vacated.



## Portfolio



## Focus

- Manager will continue to assess the macroeconomic environment closely and maintain its vigilance.
  - ✓ To diversify IREIT's asset class exposure and strengthen its income streams.
- Anticipating growing market focus on sustainability and energy conservation, Manager has already started to pursue green building certifications for selected properties within IREIT's portfolio since the beginning of 2022.
- Manager has also established a US\$1bn multicurrency debt issuance programme in May 2022, thereby broadening IREIT's funding sources and flexibility.



## Thank You

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*Concor Park*