



# 3Q2022 Business Update

9 November 2022

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# Agenda

About IREIT Global	4
Key Updates	7
Capital and Currency Management	12
Market Review	14
Looking Ahead	17



*Berlin Campus*

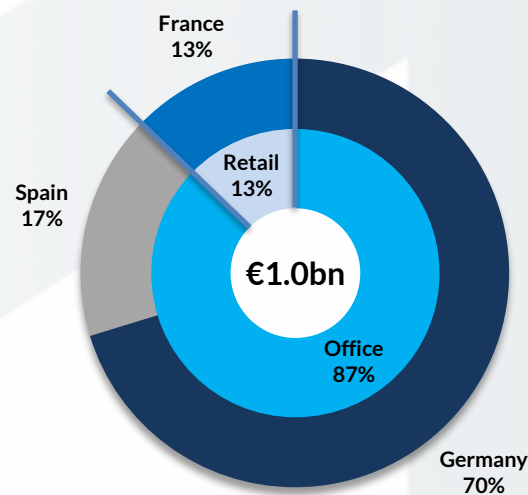
# About IREIT Global

# About IREIT Global

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

<b>Investment Mandate</b>	Income-producing real estate in Europe which are used primarily for office, retail and industrial (including logistics) purposes
<b>Portfolio</b>	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>
<b>Manager</b>	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
<b>Distribution Policy</b>	At least 90% of annual distributable income; distributions to be made on a semi-annual basis
<b>Dual Currency Trading</b>	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



# 37 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 Updates

# Continued Stable Performance in 3Q2022



**96.5%**  
Portfolio  
Occupancy



**4.6 years**  
Weighted Average  
Lease Expiry



**€1.0 bn**  
Portfolio  
Valuation



**30.6%**  
Aggregate  
Leverage

- Portfolio occupancy improved to 96.5% as at 30 Sep 2022 compared to 95.0% a quarter ago.
  - ✓ Due mainly to higher occupancy rate at Münster Campus as German federal government body had commenced lease of 4 office floors as part of its lease agreement signed in Nov 2021.
- Healthy rental escalation of 4.2% YoY <sup>(1)</sup> as a result of step-up rents and CPI indexation.
- Aggregate leverage remained low at 30.6% as at 30 Sep 2022 versus 30.8% a quarter ago.
  - ✓ Effective interest rate unchanged at 1.8% p.a., with substantially all of the bank borrowings hedged.
  - ✓ No refinancing requirements in the next 4 years as all of the borrowings will mature only in 2026 and beyond.



# Diversified Portfolio in Key European Markets



**37**  
Properties



**384,282 sqm**  
Lettable Area

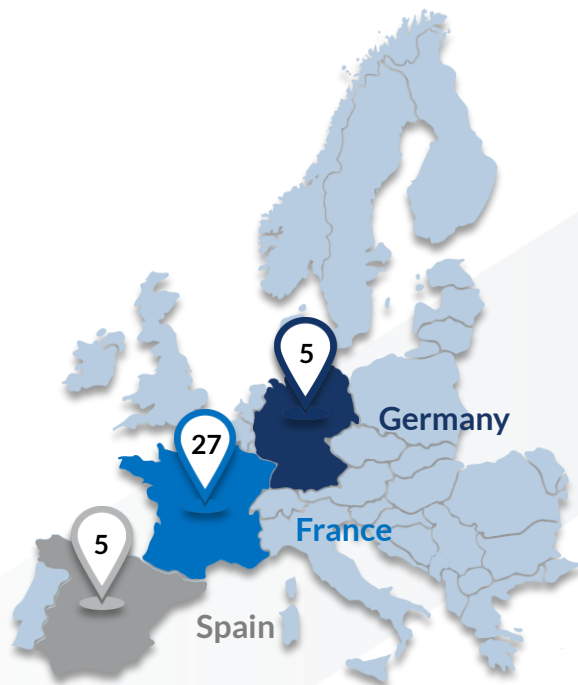
€ **€1,002.8m**  
Valuation <sup>(1)</sup>  
€974.9m as at 31 Dec 2021



**96.5%**  
Occupancy Rate  
95.7% as at 31 Dec 2021



**4.6 years**  
WALE <sup>(2)</sup>  
3.8 years as at 31 Dec 2021



## 5 German Properties

Lettable Area (sqm)	201,103
Valuation (€ m) <sup>(1)</sup>	704.5
% of Portfolio	70.3%
Occupancy (%)	99.2%
WALE (years) <sup>(2)</sup>	3.3

## 27 French Properties

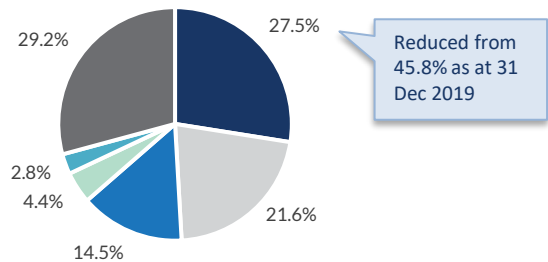
Lettable Area (sqm)	95,500
Valuation <sup>(1)</sup> (€ m)	127.5
% of Portfolio	12.7%
Occupancy	100%
WALE (years) <sup>(2)</sup>	8.8

## 5 Spanish Properties

Lettable Area (sqm)	87,679
Valuation (€ m) <sup>(1)</sup>	170.8
% of Portfolio	17.0%
Occupancy (%)	86.5%
WALE (years) <sup>(2)</sup>	5.4

# Well-Staggered Leases with Blue-Chip Tenants

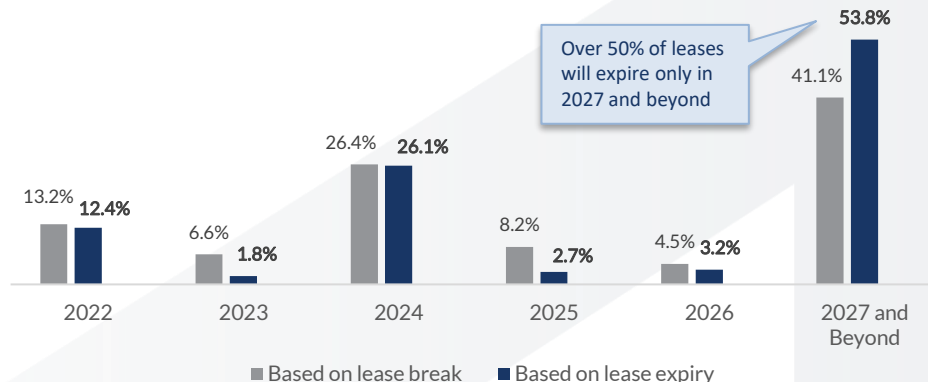
Key Tenants (1)



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

Lease Break and Expiry Profile (1)

Weighted Average Lease Expiry: 4.6 years



Over 50% of leases will expire only in 2027 and beyond



Deutsche Telekom is one of the world's leading integrated telcos with 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 €13.8bn in 2021 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.

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

# Active Asset Management to Optimise Portfolio



**11,824 sqm**  
New Lease Take-Up



**0.3%**  
Positive Rental Reversion <sup>(1)</sup>



**4.2%**  
Rental Escalation <sup>(1)</sup>



**100%**  
Rents Paid

## 3Q2022 Key Leasing Updates

- **Münster Campus:** German federal government body had commenced lease for 4 office floors in Sep 2022 as part of its lease agreement signed in Nov 2021.
- **Darmstadt Campus:** Active marketing underway as sole tenant will vacate property by end-Nov 2022. While 12 potential tenants have expressed interest in the property, the current leasing environment remains challenging. The asset contributes c.10.5% to IREIT's total rental income.
- **Delta Nova IV and VI:** 1 lease renewed and 1 lease extended. The 2 leases make up c.2,300 sqm (c.9% of total lettable area at the 2 properties).
- **Il-lumina:** In advanced negotiation for a 5-year call-centre lease to take up c.1,600 sqm of space vacated in Aug 2022. Active marketing of c.2,700 sqm of space to be vacated in Dec 2022 currently ongoing.



Darmstadt Campus  
(Greater Frankfurt)



Il-lumina  
(Barcelona)



# Capital and Currency Management

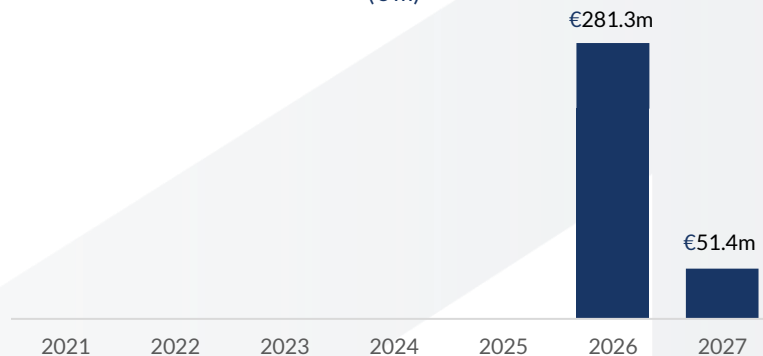
*Bonn Campus*



# Low Gearing with Limited Impact from Rate Hikes

	As at 30 Sep 2022	As at 31 Dec 2021
Gross Borrowings Outstanding (€'m)	332.7	332.7
Aggregate Leverage <sup>(1)</sup>	30.6%	32.1%
Effective Interest Rate per Annum <sup>(2)</sup>	1.8%	1.8%
Interest Coverage Ratio <sup>(1)</sup>	8.0x	7.7x
Weighted Average Debt Maturity	3.8 years	4.5 years

Debt Maturity Profile  
(€ m)



- Low aggregate leverage of 30.6% with effective interest rate unchanged at 1.8%.
  - ✓ Substantially all of the bank borrowings have been hedged with interest rate swaps and interest rate caps.
- Manager is managing the overall foreign currency exchange exposure through:
  - ✓ the use of €-denominated borrowings as a natural hedge to match the currency of assets.

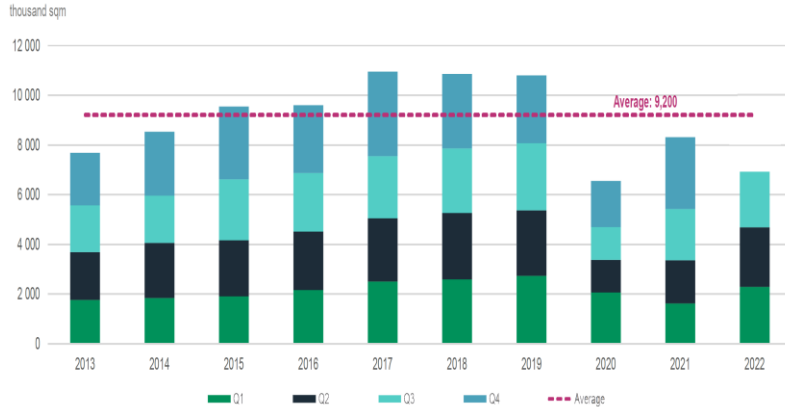


# Market Review

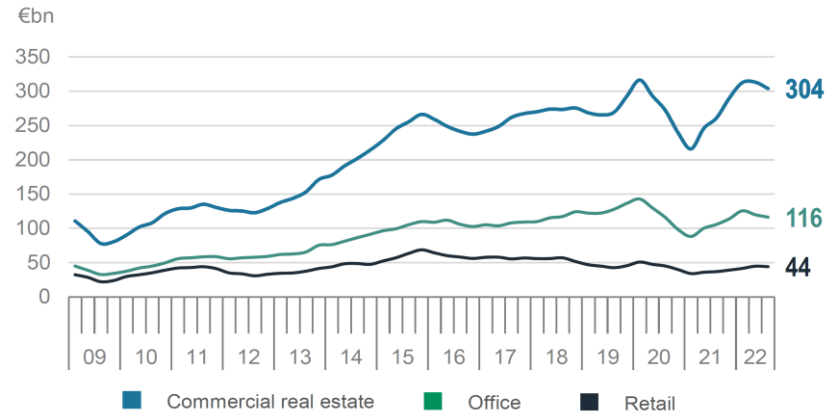
*Bonn Campus*

# Europe: Office Market Turning Cautious

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



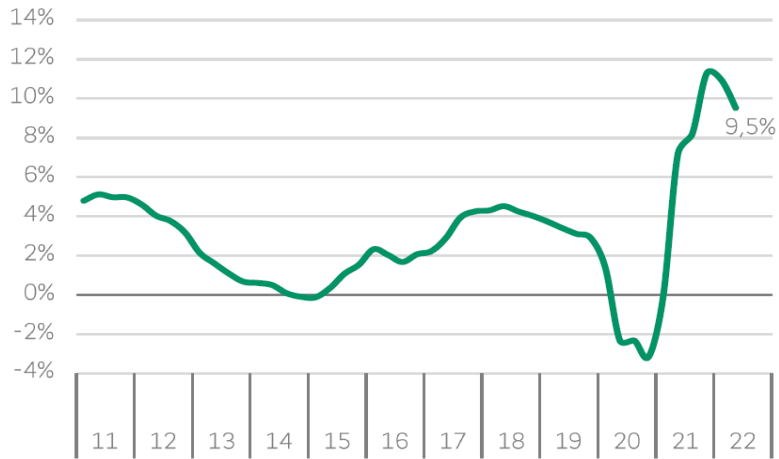
Commercial Real Estate Investment Volume in Europe <sup>(1)</sup>



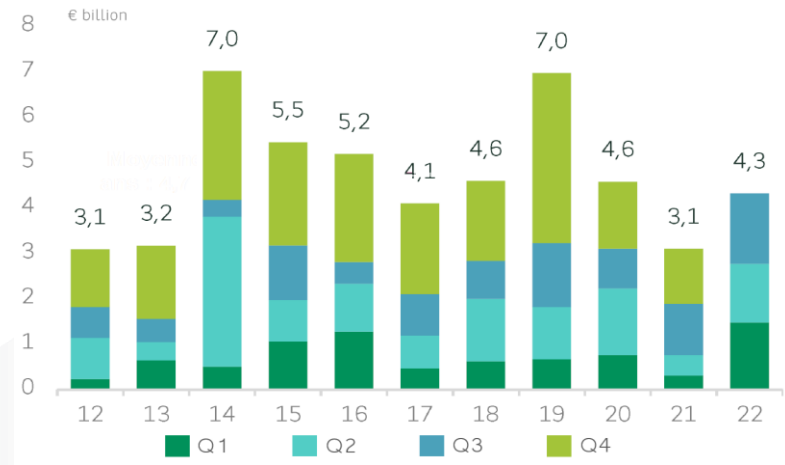
- Office take-up in 17 key European markets up 8% YoY in 3Q2022, representing a slowdown from 37% YoY growth in 2Q2022.
  - ✓ Overall vacancy rate relatively stable at 7.4% (2Q2022: 7.1%) and average prime rents remained at high levels.
- Office investment volume in 3Q2022 at €116bn (+3% YoY), accounting for 38.2% of the total commercial volume of €304bn on a rolling-year basis.
  - ✓ Office market, along with other asset classes, saw a decline in investment volume QoQ.

# France: Retail Sales Growth Slowing Down

Retail Sales in France (1)



Retail Investment Volume in France (1)



- Retail sales in 1Q2022 up 9.5% YoY compared to 10.9% in 1Q2022, showing signs of moderation.
  - ✓ Current challenging environment may continue to weigh on consumer spending going forward.
- Retail investment still healthy at €1.6bn in 3Q2022, bringing the total retail investment volume in 9M2022 to €4.3bn.





*Delta Nova VI*

**Looking  
Ahead**

# Looking Ahead



## Macro

- The ongoing Ukraine-Russian war, high inflationary pressures and rising interest rates have made the economic landscape in Europe significantly more challenging.
- The increase in funding costs may result in yield expansion and downward repricing of assets, as well as widen the preference towards modern and well-connected assets over old ones.

- IREIT has benefited from higher rents due to rising inflation as its portfolio leases have rental escalation clauses pegged to CPI.
- On the cost side, all utilities costs for the leased spaces and common areas are directly paid by tenants.
- Manager is actively marketing the spaces to be vacated at IREIT's portfolio to safeguard IREIT's future occupancy rate and rental income.



## Portfolio



## Focus

- Manager remains focused to grow IREIT and optimise its portfolio to create value for its unitholders.
  - ✓ To diversify IREIT's asset class exposure and tenant base, and strengthen its resilience.
- Manager will continue to broaden IREIT's funding sources and flexibility, while maintaining a healthy capital structure to weather any market gyrations.



## Thank You

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*Concor Park*