(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)

RESPONSES TO QUESTIONS FROM SIAS IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD ON 25 APRIL 2023

IREIT Global Group Pte. Ltd., as manager of IREIT Global ("**IREIT**" and the manager of IREIT, the "**Manager**") has received questions from the Securities Investors Association (Singapore) ("**SIAS**") in relation to the annual general meeting ("**AGM**") of IREIT to be held on Tuesday, 25 April 2023 at 10.00 a.m. (Singapore time).

The Manager would like to provide the responses to the questions from SIAS ahead of the AGM in this announcement. Please refer to the **Appendix** hereto for the list of 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
24 April 2023

APPENDIX

1.	**IREIT's portfolio occupancy rate has decreased year-on-year from 95.7% to 88.3% as at 31 December 2022. The occupancy rate of the German portfolio, which accounts for 70% of IREIT's portfolio by value, stood at just 84.1%. Darmstadt Campus was vacated by the sole tenant at the end of November 2022. What is the Manager's leasing strategy for this asset, and what proactive efforts were made to find tenants as soon as the tenant vacated in November 2022? Is there a need to refurbish and reposition the asset for new tenants? If so, what is the expected capital expenditure required?** • The Manager was first informed in November 2021 by GMG Generalmietgesellschaft mbH ("GMG"), a wholly owned subsidiary of Deutsche Telekom and sole tenant at Darmstadt Campus, that it intends to vacate the property when the lease expires on 29 November 2022. Since then, the Manager has stepped up its marketing efforts to lease out the spaces to be vacated by GMG. • Darmstadt Campus is situated in an office area that was previously predominantly occupied by Deutsche Telekom. With the rationalisation of Deutsche Telekom's operations in recent years, vacancy rate in the area has increased and more time is needed for the vacant spaces to be taken up. The general demand for office space has also been hampered by the COVID-19 pandemic, Russia-Ukraine war and more recently, the uncertain macroeconomic environment, high inflationary pressures and tight financing conditions. • Nonetheless, the Manager has continued to engage various business partners and work with the local authorities to address the localised issue and has adopted a multi-let strategy to fill up the spaces. As a result of these strong asset management initiatives, the Manager is pleased to announce that it has secured a strategic 15-year lease with a German federal government body for 25% of Darmstadt Campus (c.6,173 sqm office space, c.1,429 sqm storage space and 89 parking spaces). This will further help to improve the long-term stability of IREIT's income streams and reduce its portfolio's exposure to its legacy tenants such as GMG. With this anchor lease, the Manager believes that it will spur increased interest among other current interested parties to commit leases at Darmstadt Campus. • The Manager is currently pursing green certification for Darmstadt Campus. There are limited other needs to spend major capital expenditure to reposition or refurbish Darmstadt Campus, as it is situated in a prime office location and within a short walking distance to Darmstadt's main railway station, and has modern specifications with open plan office floors and subdivision flexibility. However, as the Manager's strategy is to diversify its income by repositioning the asset into a multi-tenanted structure, tenant improvements may be necessary to renovate and reposition the asset for the new tenants depending on their individual requirements. The Manager may also provide, among others, rent-free period or fitting-out costs to tenants as part of the standard leasing incentives to attract tenants to lease at the property.
2.	**The weighted average lease expiry of Berlin Campus is 1.5 years. What efforts has the manager made to retain Deutsche Rentenversicherung Bund at the Berlin Campus?**

- The Manager has been actively engaging the sole office tenant of Berlin Campus, Deutsche Rentenversicherung Bund ("DRV") since early 2022, well ahead of its lease expiry in June 2024, to understand its needs and to secure an early lease renewal with DRV.

- While the discussions with DRV are ongoing, the Manager is also exploring various options, including spending appropriate capital expenditure on asset enhancement initiatives, on Berlin Campus to reposition the asset, create significant long-term value and unlock the full potential of the property.

- The fundamentals for Berlin Campus have remained strong. The micro-location has benefited from a major urban rejuvenation over the last 10 years. The established office-district called Media Spree next to the property has also attracted many high-profile tenants to the area. Nonetheless, fully letting an asset as large as Berlin Campus under current economic conditions remains challenging, therefore the Manager is proactively exploring all feasible options.

3. Can the Manager confirm whether all tenants are paying their rent on time and if there are any material rental arrears?

- Yes, 100% of the tenants in IREIT's portfolio have continued to pay their rents on time without any material rental arrears since 2021.

4. To what extent does IREIT benefit from CPI indexation in the leases?

- The majority of the leases in IREIT's portfolio have rents that are pegged to inflation, either through an annual rental escalation clause or indexation once a cumulative inflation threshold is reached, hence allowing the rents to adjust well to the rising inflation rates. As such, IREIT has benefitted from rental escalation of 2.8% year-on-year based on the gross rental income as at 31 December 2022.

- It is also worth highlighting that the French portfolio and majority of the gross rental income under the Spanish portfolio are based on triple-net leases, hence utilities costs for such leases are borne by the tenants.

- While the leases under the German portfolio are not structured as triple-net leases, all tenants generally pay the ancillary costs in accordance with the German regulations (German Operating Costs Ordinance and the German Calculation Ordinance) as part of the service charge settlement. As such, a large proportion of the costs, including utilities costs, is passed on to the tenants.

5. In relation to IREIT's multicurrency debt issuance programme, does the Manager foresee any significant uses of cash in the near term? What are the costs associated with setting up the multicurrency debt issuance programme? Does the manager have any insight into the current pricing of medium-term notes or perpetual securities?

- The Manager has established the US$1bn multicurrency debt issuance programme ("EMTN programme") in May 2022 in order to broaden IREIT's funding sources and flexibility, as well as to position IREIT favourably for any attractive investment opportunities that may arise. The costs of establishing the EMTN programme are one-off and amount to approximately €350,000.

- As part of its prudent capital management strategy, the Manager will consider various options, including the appropriate use of bank borrowings, available credit facilities, securities issuance from the EMTN programme and equity, to finance its acquisitions and other corporate actions. Therefore, any issuance from the EMTN programme in the near term to raise cash proceeds will depend on all the foregoing factors, availability of attractive investment opportunities and the debt capital market conditions.

- The Manager understands that three-year S$ bonds in general may be priced around 6.00-6.25% per annum, while five-year bonds and perpetual securities will be more expensive than the three-year bond.

6. From a geographic standpoint, where does the Manager see the most promising opportunities in Europe currently?

- The Manager will continue to pursue investment opportunities across the office, retail and industrial (including logistics) asset classes and core western European countries such as France, Germany, Spain, Italy and Benelux, where it can also leverage on the local presence, extensive network and expertise of IREIT's joint sponsor, Tikehau Capital.

- At present, the Manager believes that logistics properties in western Europe appear more attractive, due in part to the significant yield expansion within the sector and also the continued demand for logistics space from increased e-commerce activity. The Manager also notes that certain retail sub-sectors, such as out-of-town retail and discount retailers, have benefitted from the COVID-19 pandemic and high inflation rates, as consumers become more conscious about rising costs and accessibility.

- Immediate yield accretion to IREIT's portfolio remains a challenge as the property yields of good quality assets continue to be depressed while the cost of debt has increased significantly. As such, the Manager will continue to look at investment opportunities on a holistic basis, beyond short-term returns, to determine how they complement the existing portfolio and how they strengthen the stability of IREIT's income streams.

7. With a mandate to invest in office, retail and industrial (including logistics) assets, can the Manager provide further details on its diversification strategy? What factors are being considered if the REIT were to expand into industrial assets?

- When pursuing new investment opportunities, the Manager will adopt a disciplined approach in sourcing for assets that will complement its existing portfolio, strengthen its long-term income streams, as well as diversify its tenant base, asset classes and geographical markets.

- As with any acquisition opportunities in other asset classes, the Manager will consider the distribution per unit ("DPU") impact on IREIT's portfolio, asset quality, tenant profile, lease expiry profile, portfolio concentration and long-term prospects of the asset and location for industrial assets.

8. The Manager acknowledges that IREIT is trading "at an attractive discount of approximately 34.4% to its NAV" (page 7 of Annual Report 2022). Has the Manager considered unit buybacks as a form of capital management to enhance value for Unitholders?

- Yes, the Manager has been actively exploring various ways to optimise the returns for Unitholders, including obtaining a unit buyback mandate from Unitholders to give the Manager the authority to exercise its power to repurchase or otherwise acquire Units from time to time for and on behalf of IREIT.

- However, the benefits of performing the unit buyback may not be very clear as the trading liquidity, free float and market capitalisation of IREIT may fall as a result. In addition, it may further restrict the use of internal cash resources. In view of these considerations, the Manager has determined that it may not be the appropriate time to obtain the unit buyback mandate, despite noting that IREIT is currently trading at a significant discount to its net asset value ("NAV").

9. For the benefit of unitholders, could the Manager provide a clear presentation of the cash flow projections for the 12-year lease in relation to the data centre space of approximately 5,300 sqm at Sant Cugat Green, based on the terms that have already been announced?

- As mentioned in the press release dated 21 June 2022 on the 12-year lease at Sant Cugat Green, IREIT will contribute €5.4 million and the tenant will contribute €2.4 million in the first two years as capital expenditure for the renovation and upgrading of the data centre to bring it to a tier 3 rating.

- As a rent-free period is provided for this two-year renovation and upgrading phase, IREIT will start receiving rental income at the start of the third year. The initial annual rent is approximately €0.7 million and comes with an annual rent indexation based on a 3% margin above the consumer price index in Spain throughout the remaining lease duration. The rental income over the entire lease period is expected to be significantly over €7 million.

10. Was the data centre lease at Sant Cugat Green approved by the Board, and if so, what was discussed regarding the lease's attractiveness?

- Yes, the data centre lease at Sant Cugat Green was approved by the Board following an analysis of the impact of the lease on IREIT's portfolio and a review of the key lease terms such as rental level, indexation, lease duration, investments made by the tenant and IREIT. The Manager also conducted a commercial and technical due diligence with specialists in the data centre industry prior to signing the lease.

	• Since 2016, the data centre space has not been leased out and is considered as structurally vacant. Hence, this 12-year lease is an attractive yet unique opportunity where the tenant not only takes up a long-term lease at Sant Cugat Green, but also invests substantially with IREIT. The end product is a high-quality data centre that optimises the value and long-term marketability of Sant Cugat Green.
11.	**What is the penalty if the tenant decides to exercise the break option to vacate the data centre at Sant Cugat Green after the eighth year?** • The tenant will have to pay two months of rent for every year if it breaks the lease between the eighth and twelfth year. If the break option is exercised at the end of the eighth year, then the tenant will have to pay a penalty of eight months of rent to IREIT.
12.	**What is the estimated return on investment (ROI) for the 12-year data centre lease at Sant Cugat Green?** • Due to sensitivity issues, the Manager will not be providing this information. However, as disclosed in the response to Question 10, IREIT benefits not only from the rental income in relation to this data centre lease, but also from improved valuation and long-term marketability of Sant Cugat Green as a result of the renovation and upgrading works. Following the signing of the data centre lease, it is noted that the independent valuation of Sant Cugat Green had increased by 8% (or €3.2 million) in June 2022 as compared to the valuation as at the end of December 2021.

Important Notice

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any securities of IREIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The past performance of IREIT is not necessarily indicative of the future performance of IREIT.

This announcement 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s view of future events.

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 have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders 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 publication has not been reviewed by the Monetary Authority of Singapore.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

REIT: IREIT Global
(**Manager:** IREIT Global Group Pte. Ltd)

Stock code: UD1U/8U7U

Meeting details:
Date: 25 April 2023
Time: 10.00 a.m.
Venue: Bridge+, Metro 2 Event Space, Level 2, 79 Robinson Road, CapitaSky, Singapore 068897

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q1. Would the board/management elaborate further on the financial matters and the operational challenges in Europe? Specifically:

(i) **Occupancy rate:** The portfolio occupancy rate has decreased from 95.7% to 88.3%. The occupancy rate in Germany, which accounts for 70% of the group's portfolio by value, stood at just 84.1%. Darmstadt Campus was vacated by the sole tenant at the end of November 2022. **What is the manager's leasing strategy for this asset, and what proactive efforts were made to find tenants as soon as the tenant vacated in November 2022? Is there a need to refurbish and reposition the asset for new tenants? If so, what is the expected capital expenditure required?**

(ii) **Berlin Campus:** The weighted average lease expiry is 1.5 years. **What efforts has the manager made to retain Deutsche Rentenversicherung Bund at the Berlin Campus?**

(iii) **Rent arrears: Could management confirm whether all tenants are paying their rent on time and if there are any material rental arrears?**

(iv) **CPI indexation: To what extent will the REIT benefit from CPI indexation in the leases?**

Q2. The REIT is in a rather unique position as it has no debt refinancing requirements until 2026. €281.3 million or 84.6% of the total borrowings mature in 2026. As at 31 December 2022, the REIT's aggregate leverage stood at 32.0% and the weighted average interest rate was 1.8%.

The REIT established its inaugural US$1 billion multicurrency debt issuance programme in May 2022.

(i) **Multicurrency debt issuance programme: Does the manager foresee any significant uses of cash in the near term? What are the costs associated with setting up the multicurrency debt issuance programme? Does the manager have any insight into the current pricing of medium-term notes or perpetual securities?**

(ii) **Acquisition strategy: From a geographic standpoint, where does the manager see the most promising opportunities in Europe currently?**

(iii) **Diversification: With a mandate to invest in office, retail and industrial (including logistics) assets, could the manager provide further details on its diversification strategy? What factors are being considered if the REIT were to expand into industrial assets?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

(iv) **Discount:** In addition, management is cognisant that the REIT is trading "at an attractive discount of approximately 34.4% to its NAV" (page 7 – Letter to unitholders). management acknowledges that the REIT is trading "at an attractive discount of approximately 34.4% to its NAV" (page 7 - Letter to Unitholders). **Has the manager considered unit buybacks as a form of capital management to enhance value for unitholders?**

Q3. The The REIT manager has highlighted its success in securing a new 12-year lease for roughly 5,300 square meters of vacant data center space at Sant Cugat Green, as a result of its proactive leasing initiatives. This move has boosted the property's occupancy rate from 77.1% to 97.2% as of 31 December 2022.

Further information about the lease can be found here:
https://links.sgx.com/FileOpen/IREIT%20Sant%20Cugat%20Green%20Lease%20Press%20Release.ashx?App=Announcement&FileID=721398

A total capital expenditure of approximately €7.8 million has been agreed upon to upgrade the power supply requirements, air conditioning, and fire protection of the data center, with the REIT contributing €5.4 million and the tenant contributing the remaining €2.4 million.

(i) **For the benefit of unitholders, could the manager provide a clear presentation of the cash flow projections for the 12-year lease based on the terms that have already been announced?**

(ii) **Was the lease approved by the board, and if so, what was discussed regarding the lease's attractiveness?**

(iii) **What is the penalty if the tenant decides to exercise the break option to vacate the data centre after the eighth year?**

(iv) **What is the estimated return on investment (ROI) for this lease?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US