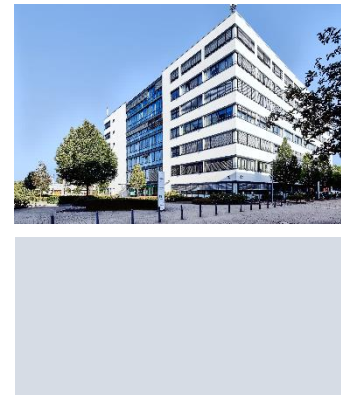
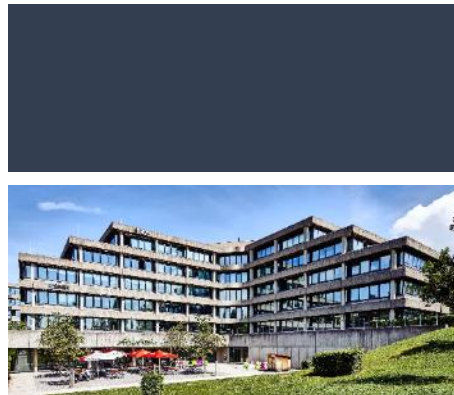
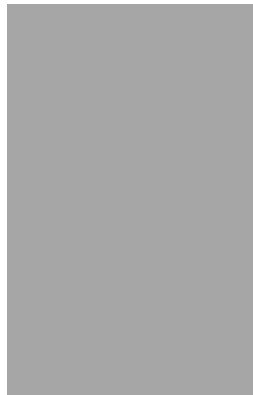




# 3Q2020 Business Update

10 November 2020



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# Important Notice

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# Agenda

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<b>1</b>	<b>About IREIT Global</b>	<b>4</b>
<b>2</b>	<b>Key Quarterly Updates</b>	<b>6</b>
<b>3</b>	<b>Capital and Currency Management</b>	<b>12</b>
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# About IREIT Global



*Berlin Campus*



# About IREIT Global

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

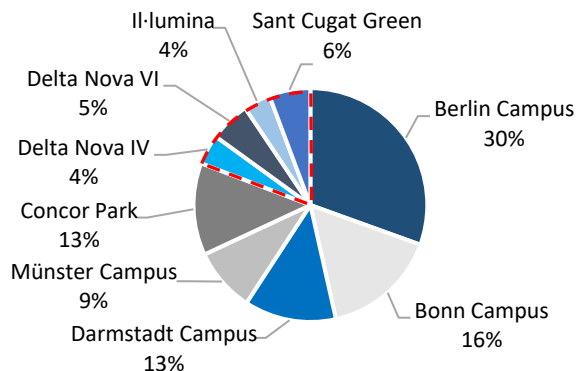
**Investment Mandate:** Principally invests, directly or indirectly, in a portfolio of income-producing real estate in Europe which is used primarily for office, retail and industrial (including logistics) purposes, as well as real estate-related assets

**Current Portfolio:** 5 freehold office properties in Germany and 4 freehold office properties in Spain, with a total attributable lettable area of c.273,000 sqm and valuation of c.€711.3m<sup>1</sup>

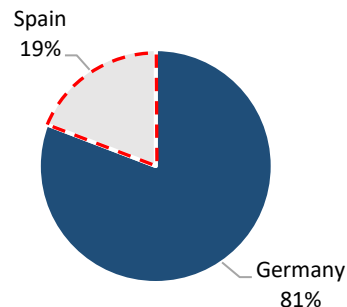
**Manager:** IREIT Global Group Pte. Ltd., which is jointly owned by Tikehau Capital and City Developments Limited (CDL). Tikehau Capital is an asset management and investment group listed in France, while CDL is a leading global real estate company listed in Singapore

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

**Valuation by Property<sup>1</sup>**



**Valuation by Geography<sup>1</sup>**



<sup>1</sup> Based on IREIT's 100% interest in the respective properties following completion of acquisition of the balance 60% interest in the Spanish portfolio on 22 Oct 2020

# Key Quarterly Updates

2



*Bonn Campus*

# Key Operational Highlights

## Occupancy Lifted by Positive Letting Activity Against the Weak Economic Backdrop

**Portfolio  
Occupancy**<sup>1</sup>

**96.3%**

**Weighted Average  
Lease to Expiry**<sup>1</sup>

**3.7 years**

**% of Total Leases to  
Expire in 2020 and 2021**<sup>1</sup>

**4.0%**

- Notwithstanding the current weak economic backdrop, IREIT's overall portfolio occupancy improved for a second consecutive quarter to 96.3% as at 30 Sep 2020 as a result of positive leasing activity at the Spanish portfolio.
- Over 98% of IREIT's total rental income has been collected since March 2020, reflecting resilience in the portfolio. 0.8% of the total income is given rental rebates for an agreed period.
- In 3Q2020, the Manager had successfully extended approximately 95.0% of leases (by gross rental income as at 30 Jun 2020) expiring in 2020. In Sep 2020, the Manager also secured a new 5-year lease with Axians, a leading information and communications technology integration service provider, for c.1,250 sqm at Il·lumina. This new lease increased the occupancy rate at the property significantly to 90.2% from 82.9% a quarter ago.

<sup>1</sup> Based on IREIT's 100% interest in the respective properties as at 30 Sep 2020

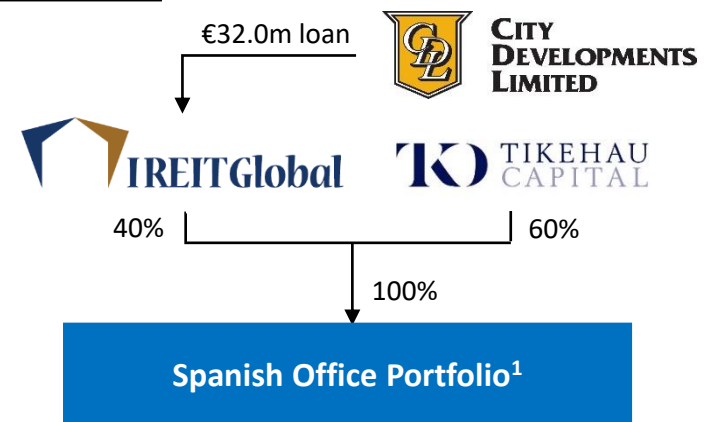
# Acquisition and Equity Fund Raising

## Strong Support from All Unitholders Reflects the Confidence in IREIT's Strategy

- On 7 Aug 2020, IREIT exercised the call option and entered into a conditional agreement with Tikehau Capital to acquire the balance 60% interest in the Spanish portfolio.
- The acquisition as an interested party transaction received the approval from unitholders at the EGM held on 18 Sep 2020. IREIT launched a S\$142.8m rights issue on the same day to fund the acquisition as well as to repay the €32m loan provided by CDL.
- The rights issue was significantly oversubscribed at 166.2% (including the excess undertaking from CDL and AT Investments Limited), reflecting strong confidence in IREIT's strategy and prospects amid the current challenging environment.
- The acquisition was completed on 22 Oct 2020. With a 100% interest in the Spanish portfolio, IREIT has gained further scale and diversification in its portfolio.
- On 28 Oct 2020, IREIT also repaid the €32.0m loan provided by CDL. The strengthening of IREIT's balance sheet will provide IREIT the additional debt headroom and flexibility to fund its future growth opportunities and capital needs.

### Transaction Structure

#### Pre-transaction



#### Post-transaction



(1) Held through one or more intermediate holding companies



# COVID-19 Update

## German Portfolio

- Due to the surge in COVID-19 infections, Germany imposed a new emergency month-long lockdown starting from 2 Nov 2020.
- This includes the closure of restaurants, bars, theatres, cinemas, pools, gyms and other leisure facilities. However, retail units (including hairdressers), supermarkets and schools will remain open.
- Under a new €10bn aid package, companies with up to 50 employees will receive 75% of their year-earlier revenues for Nov 2020.
- Most tenants and employees from IREIT's property and facility managers have already been working from home. Cleaning, maintenance and repairs at the properties are still carried out regularly.
- As at the end of 3Q2020, all the tenants continue to pay their rents and the Manager has not received any requests for rental rebates or deferrals.
- The Manager will continue to monitor the financial health of the tenants and their rental payments closely.

## Spanish Portfolio

- On 26 Oct 2020, Spain imposed another nationwide lockdown for 15 days amid rapidly increasing number of virus infections. The lockdown was subsequently extended by another 6 months until 9 May 2021.
- Unlike the Mar 2020 total lockdown, Spain has delegated its powers to the regional governments to decide on the measures to fight the virus outbreak, such as night curfews, limit on social gatherings and closing of borders.
- Most tenants and employees from IREIT's property and facility managers have already been working remotely from home. Cleaning, maintenance and repairs at the properties are still carried out regularly.
- As at the end of 3Q2020, the Manager has agreed with a few tenants for rental rebates and deferrals. These tenants contribute less than 2% of IREIT's total rental income.
- With new restrictions in place and the return of the workers back to office being delayed, there may be further impact on the leases in the Spanish portfolio.
- The Manager will continue to monitor the financial health of the tenants and their rental payments closely.

# German Office Market

## Rental Rates Remained Stable Despite Lower Take-up in Office Space

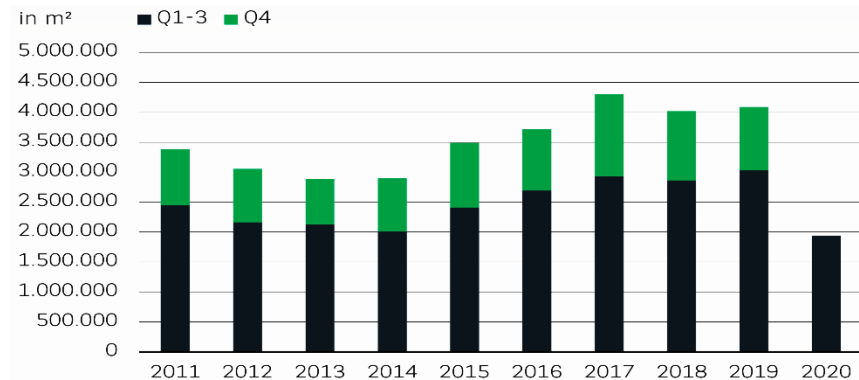
Total take-up in office space for the first 3 quarters of 2020 was almost 36% lower than 2019 at almost 2m sqm, due to the difficult economic situation caused by the COVID-19 pandemic. <sup>1</sup>

Average vacancy rate increased slightly to 4.2% at the end of 3Q2020 but was only 30 basis points higher than at the end of 2019. Rental rates, on the other hand, remained stable as the supply situation has not changed significantly and modern office space are still in high demand. <sup>1</sup>

In the office investment market, transaction volume fell by 15% YoY to €18bn for the first 3 quarters of 2020. Office properties continue to hold their position as the asset type with highest volume in the German real estate market. <sup>2</sup>

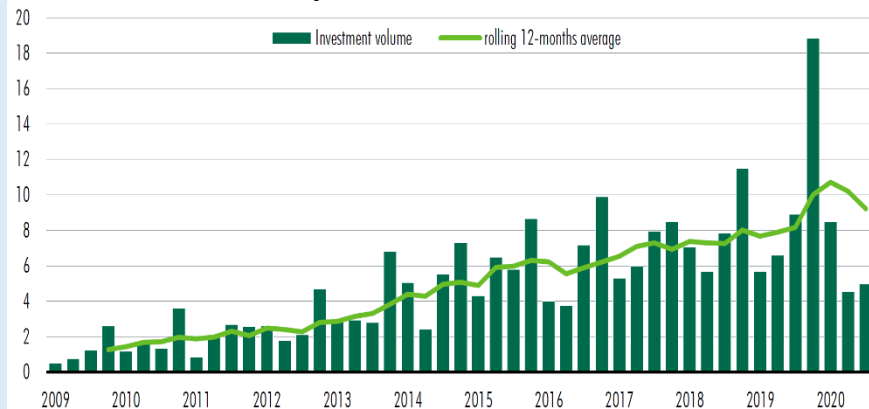
The focus by investors on core and core plus properties with long rental arrangements and tenants with good credit ratings and low supply of such properties were the key reasons for the decline in transaction volume. CBRE expects the transaction momentum to improve in 4Q2020, with office investment volume reaching up to €25bn for 2020. <sup>2</sup>

Office Take-up of Selected German City Centres <sup>1</sup>



\* Berlin, Düsseldorf, Essen, Frankfurt, Hamburg, Köln, Leipzig, München

Germany Office Investment Volume <sup>2</sup>



<sup>1</sup> BNPP Real Estate Germany Office Market Q3 2020

<sup>2</sup> CBRE Germany Office Investment Q3 2020

# Spanish Office Market

## Slowdown in Leasing Activity but Investment Volume Remained Healthy

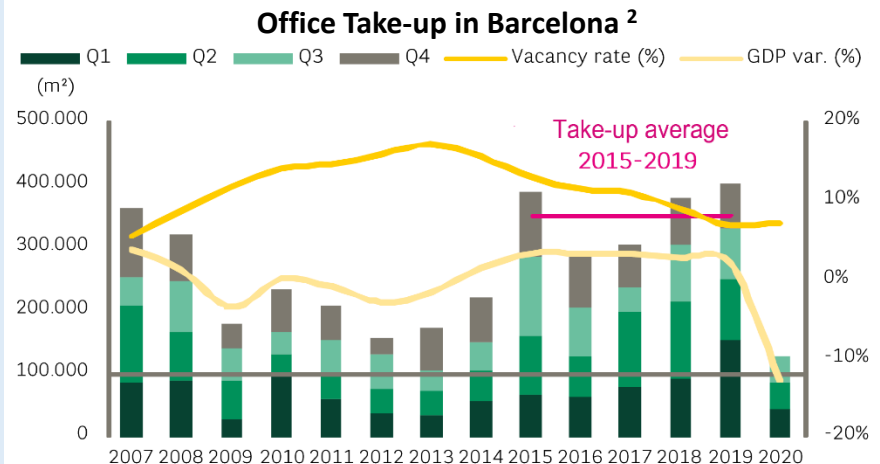
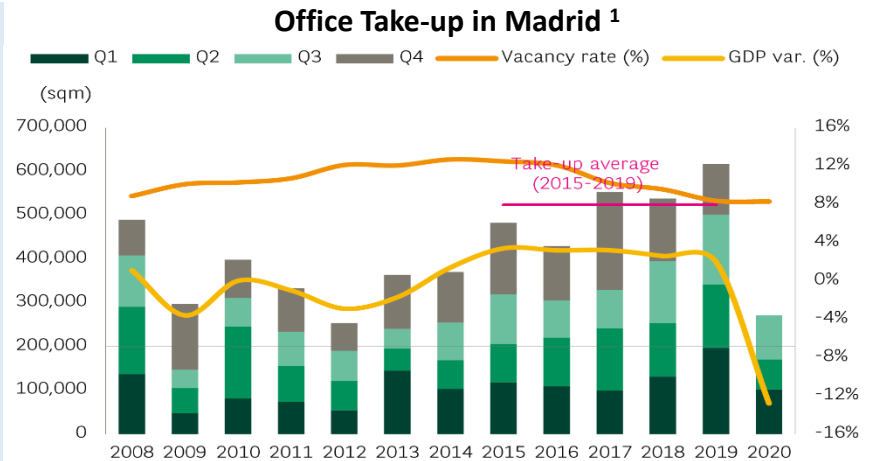
Office letting volume in Madrid fell 46% YoY for the first 3 quarters of 2020 to 270,805 sqm, while that in Barcelona fell 68% to 126,589 sqm as the COVID-19 pandemic had an impact on the Spanish economy and labour market. <sup>1,2</sup>

Vacancy rates in Madrid and Barcelona increased by 5 basis points and 60 basis points QoQ to 8.3% and 7.1%, respectively, in 3Q2020.

In the same quarter, average rents in Madrid remained stable QoQ at €18.90/sqm/month. In Barcelona, the average rents fell by 3.8% QoQ to €17.60/sqm/month.

Demand was seen to be diverted from central areas to decentralised locations in Madrid as companies manage their costs to remain viable. In Barcelona, the 22@ technology district remained in high demand, accounting for 40% of the contracted office space in 3Q2020.

In the office investment market, transaction volume remained strong with €2.01bn investment made in the first 3 quarters of 2020, up 44% YoY. BNPP expects the total investment volume to reach around €2.6bn for 2020.



<sup>1</sup> BNPP Real Estate Madrid Office Market Q3 2020

<sup>2</sup> BNPP Real Estate Barcelona Office Market Q3 2020



## Capital and Currency Management

3



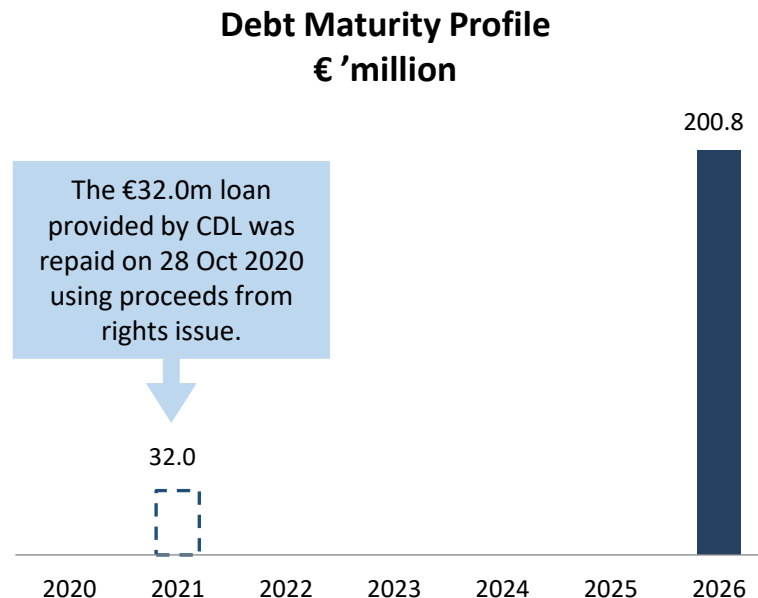
*Darmstadt Campus*



# Capital and Currency Management

The figures have not been audited or reviewed by auditors

	As at 30 Sep 2020	As at 31 Dec 2019
Gross Borrowings Outstanding (€'m)	232.8	232.8
Aggregate Leverage <sup>1</sup>	39.4%	39.3%
Effective Interest Rate per Annum <sup>2</sup>	1.8%	1.8%
Interest Coverage Ratio <sup>3</sup>	7.2x	8.7x
Weighted Average Debt Maturity	4.7 years	5.5 years



- In Sep 2020, IREIT launched a rights issue to raise gross proceeds of approximately S\$142.8m to fund the acquisition of the balance 60% interest in the Spanish portfolio and to repay the €32.0m loan
- The acquisition was subsequently completed in Oct 2020 and repayment of the loan was made in Oct 2020 using proceeds from rights issue. Taking the foregoing into account, pro forma aggregate leverage and weighted average debt maturity would be 35.8% and 5.6 years, respectively, as at 30 Sep 2020
- As distributable income in € will be paid out in S\$, IREIT has implemented a policy of hedging approximately 80% of its income to be repatriated from overseas to Singapore on a quarterly basis, one year in advance

<sup>1</sup> Based on total debt over deposited properties, including IREIT's proportionate share of its joint venture borrowings and deposited property values

<sup>2</sup> Effective interest rate computed over the tenure of the borrowings

<sup>3</sup> Based on the definition set out in Appendix 6 of the CIS Code revised on 16 April 2020

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## Portfolio Summary

*Münster Campus*

# German Portfolio

	BERLIN CAMPUS	BONN CAMPUS	DARMSTADT CAMPUS	MÜNSTER CAMPUS	CONCOR PARK	TOTAL
City	Berlin	Bonn	Darmstadt	Münster	Munich	
Completion Year	1994	2008	2007	2007	1978 and fully refurbished in 2011	
Ownership	100.0%	100.0%	100.0%	100.0%	100.0%	
Lettable Area (sqm)	79,097	32,736	30,371	27,204	31,412	<b>200,820</b>
Car Park Spaces	496	652	1,189	588	516	<b>3,441</b>
Occupancy Rate <sup>1</sup>	100.0%	100.0%	100.0%	100.0%	97.5%	<b>99.6%</b>
No. of Tenants	7	1	1	2	15	<b>24</b>
Key Tenant(s)	Deutsche Rentenversicherung Bund	GMG, a wholly- owned subsidiary of Deutsche Telekom	GMG, a wholly- owned subsidiary of Deutsche Telekom	GMG, a wholly- owned subsidiary of Deutsche Telekom	Allianz, ST Microelectronics, Ebase, Yamaichi	
WALE <sup>2</sup>	3.7	2.5	2.1	2.5	6.6	<b>3.4</b>
Independent Appraisal <sup>3</sup> (€ m)	217.0	113.7	90.5	62.9	90.8	<b>574.9</b>

(1) Based on all current leases in respect of the properties as at 30 Sep 2020

(2) Based on gross rental income as at 30 Sep 2020

(3) Based on independent valuations as at 30 Jun 2020

# Spanish Portfolio

	DELTA NOVA IV	DELTA NOVA VI	SANT CUGAT GREEN	IL·LUMINA	TOTAL
City	Madrid	Madrid	Barcelona	Barcelona	
Completion Year	2005 and refurbished in 2015	2005 and refurbished in 2015	1993	1970s and fully redeveloped in 2004	
Ownership <sup>1</sup>	100.0%	100.0%	100.0%	100.0%	
Lettable Area (sqm)	10,256	14,855	26,134	20,922	<b>72,167</b>
Parking Spaces	249	384	580	310	<b>1,523</b>
Occupancy Rate <sup>2</sup>	93.7%	94.5%	77.1%	90.2%	<b>86.8%</b>
No. of Tenants	11	9	4	12	<b>36</b>
Key Tenant(s)	Gesif, Anticipa, E-Volucionaria, Aliseda	Almaraz, Clece, Digitex	DXC Technology, Roche, Sodexo	ÁREAS, Catalan Media, Digitex, Coca Cola European Partners	
WALE <sup>3</sup>	3.2	5.4	5.1	4.3	<b>4.6</b>
Independent Appraisal (€ m) <sup>4</sup>	29.6	39.8	40.6	26.4	<b>136.4</b>

(1) Acquisition of the balance 60% interest in the Spanish portfolio was completed on 22 Oct 2020

(2) Based on all current leases in respect of the properties as at 30 Sep 2020

(3) Based on gross rental income as at 30 Sep 2020

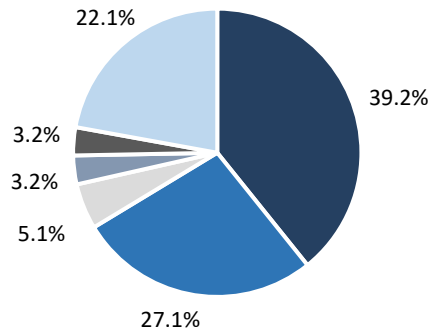
(4) Based on the average of two independent valuations as at 31 Jul 2020



# Portfolio Lease Profile

## Blue-Chip Tenant Mix

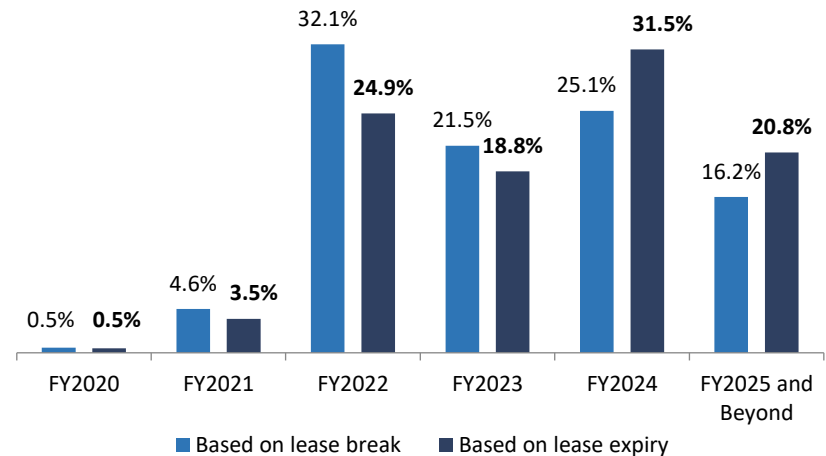
### Key Tenants<sup>1</sup>



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

## Stable Leases

### Lease Break & Expiry Profile Weighted Average Lease Expiry: 3.7 years<sup>1</sup>



**96.0% of portfolio leases<sup>1</sup> will be due for renewal only in FY2022 and beyond<sup>2</sup>**



**Deutsche Telekom** is one of the world's leading integrated telcos with around c. 178m mobile customers, c. 28m fixed-network lines and c. 20m 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.



**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, and has more than 200 industry-leading global relationships.



**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.



**ST Microelectronics** is one of the world's largest semiconductor companies with net revenues of US\$9.66b in 2018 and BBB credit rating.

<sup>1</sup> Based on gross rental income of IREIT's 100% interest in the respective properties as at 30 Sep 2020

<sup>2</sup> 8.3% of the leases is subject to lease break option from FY2020 to FY2022



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## Looking Ahead



*Berlin Campus*

# Looking Ahead

## Macro Economy

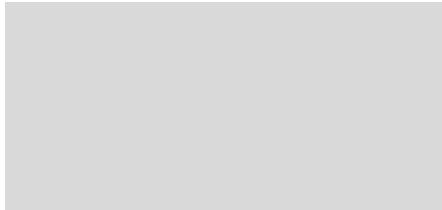
- The resurgence of the COVID-19 virus in Europe has resulted in the imposition of new lockdown measures by governments to mitigate the spread of the virus infection
- However, the measures are expected to be less severe than those in the earlier lockdowns and financial aids will be given to support companies
- Interest rates are also expected to remain accommodative for longer periods

## Real Estate Market

- Overall take-up in office space has declined and vacancy rate has increased as the COVID-19 pandemic has dampened the local economy and labour market
- However, office rents are not expected to be significantly affected due to still healthy vacancy rates, low supply of quality product offerings and potential delays in deliveries of new office supply in Europe
- Low mortgage rates and the attractiveness of real estate as a higher yielding asset class are also likely to provide some support on the investment markets

## Key Focus

- The Manager will continue to monitor the financial health of IREIT's tenants and work closely with them to ensure high tenant retention and occupancy within the portfolio
- The Manager will also explore new growth opportunities to further diversify and build scale to IREIT's portfolio so as to provide sustainable long-term returns to unitholders
- The repayment of the €32.0m loan using proceeds from IREIT's rights issue has reduced IREIT's aggregate leverage significantly, providing it with additional debt headroom and flexibility to explore various financing options for future growth plans and capital needs



# Thank You

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