



(a real estate investment trust constituted on 1 November 2013
under the laws of the Republic of Singapore)

ENTRY INTO HOSPITALITY LEASE, PRE-EMPTIVE WAIVER FROM THE INCOME-PRODUCING RULE, AND EXPANSION OF INVESTMENT STRATEGY

1. Entry into Hospitality Lease

IREIT Global Group Pte. Ltd., in its capacity as the manager of IREIT Global (“**IREIT**”, and as manager of IREIT, the “**Manager**”) wishes to announce that IREIT has entered into a lease agreement (the “**Lease Agreement**”) with Premier Inn Hotel GmbH, United Kingdom’s largest hotel chain, to lease out approximately 10,348 square metres of gross floor area (which represents approximately 12% of net lettable space) of Berlin Campus as hospitality space.

This marks the first lease commitment entered into by IREIT for Berlin Campus as part of the Manager’s comprehensive strategy under “Project RE:O” to transform and reposition the property into a multi-let and mixed-use asset. With the completion of Project RE:O, Berlin Campus will be a property with office, retail and hospitality components.¹

In connection with the hospitality lease initiative, the Manager has submitted a building application to the relevant German authorities for the refurbishment of Berlin Campus to include approximately 270 hotel rooms. Refurbishment works are expected to commence in the second quarter of 2025 after such approval is received and expected to complete by the first half of 2027. The estimated capital expenditure is approximately €42 million, of which €22 million relates directly to Premier Inn Hotel GmbH and the remaining €20 million largely to create a new entrance area and upgrade the facade. This capital expenditure will be borne by IREIT.

The Lease Agreement with Premier Inn Hotel GmbH is for a long lease period of 20 years with no break option and an annual rent of approximately €2.2 million with built-in annual rental escalation.² The rental escalation is expected to boost the annual rent to approximately €2.6 million in the fourth year under the Lease Agreement. The lease will also benefit from an annual indexation after the rental escalation period. The first year under the Lease Agreement is expected to be starting from the first half of 2027 upon completion of the refurbishment works.

2. Pre-Emptive Waiver from the Income-Producing Rule

Given that Berlin Campus will not be income-producing when its present tenant vacates the premises and Project RE:O is being undertaken, the Manager had pre-emptively sought for, and obtained, a waiver from the Monetary Authority of Singapore (the “**MAS**”) from compliance with paragraph 7.1(a) of Appendix 6 to the Code on Collective Investment Schemes (the “**income-**

1 Please refer to the Manager’s announcement titled “*Update regarding Berlin Campus*” dated 24 June 2024.

2 The built-in annual rental escalation comprises a fixed rental escalation for the first four years, followed by an annual rent increase in line with the German Consumer Price Index (CPI) from the fifth year onwards.

producing rule”), which requires that 75% of IREIT’s deposited property be invested in income-producing real estate.

The MAS has granted IREIT a waiver from compliance with the income-producing rule until 31 December 2028 in respect of Berlin Campus not being income-producing. Given that undertaking Project RE:O results in IREIT being unable to meet the income-producing rule, the MAS has imposed a condition that the approval from the unitholders of IREIT (“**Unitholders**”) for Project RE:O be obtained at a general meeting. Under the terms of the waiver, the circular is required to contain all information necessary to enable Unitholders to make an informed decision, including but not limited to, the following:

- (a) Salient information on Project RE:O, including the costs and the sources of funding; the rationale for and the associated risks of undertaking the project, and the impact on distributions to Unitholders.
- (b) The fact that IREIT will not be able to comply with the income-producing rule while Project RE:O is undertaken after the expiry of the lease with the present tenant, until such time Berlin Campus generates sufficient rental income to qualify as an income-producing real estate.
- (c) The views of the board of directors of the Manager that Project RE:O is in the interests of IREIT and Unitholders and its reasons for stating so, including the Manager’s considerations and reasons for not pursuing other courses of action (e.g. leasing Berlin Campus as-is, rejuvenating it in phases, selling the property or reducing other non-income producing assets) that would have enabled IREIT to continue to comply with the income-producing rule.

The Manager is also required to provide periodic updates by way of SGXNET announcements of any material developments in respect of Project RE:O. Further, the MAS requires that its prior approval be obtained before IREIT undertakes any further property development activities.

Given the above, the Manager will, in due course, prepare and despatch a circular to Unitholders regarding Project RE:O.

The Manager will keep Unitholders updated on any material development through announcements released via SGXNET.

3. Expansion of Investment Strategy

The Manager also wishes to inform that the investment strategy of IREIT will be expanded as follows with effect from 29 December 2024, being 30 days following the date of this announcement:

“IREIT is a Singapore-listed REIT established with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing real estate in Europe which is or will be primarily used for office, retail, industrial (including logistics and business parks), hospitality, hospitality-related and other accommodation and/or lodging purposes, as well as real estate-related assets.”

The expansion of IREIT's investment strategy is primarily to include hospitality, hospitality-related, accommodation and/or lodging assets. This is done in conjunction with Project RE:O and the entry into the Lease Agreement. The broadening of the investment strategy will also allow the Manager to explore additional asset classes which will enhance the Manager's ability to expand IREIT's portfolio to provide long-term sustainable growth in distributions. Furthermore, the expansion of investment mandate will allow IREIT to be exposed to different pools of tenants and operators which would reduce its tenant concentration risk profile. Diversification to its portfolio and tenant base will strengthen IREIT's resilience against risks such as market volatility and sector-specific challenges.

The Manager will continue its disciplined evaluation of all acquisition and leasing opportunities, while seeking long-term sustainable yield accretive returns for Unitholders.

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

Ms Goh Xun Er
Company Secretary
28 November 2024

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

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

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 Announcement may contain forward-looking statements that involve 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 and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Manager's current view of future events.