



Extraordinary General Meeting
20 April 2017

Agenda

- Expanding Our Horizons
- The European Real Estate Market
- Rationale to Broaden Investment Mandate
- Risk Considerations
- Conclusion





Expanding Our Horizons

Expanding Our Horizons

Beyond
Office...



...Into Retail & Industrial
(including logistics)

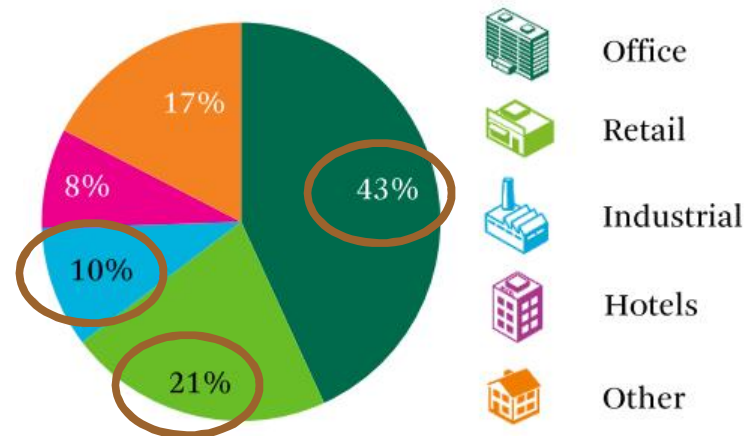


The European Real Estate Market

Healthy Market in Three Core Asset Classes

- The European real estate market remains very strong reaching a record of €251 billion of investment volume in 2016, according to CBRE
- The three core asset classes (office, retail and industrial) account for about 74% of the total investment volume

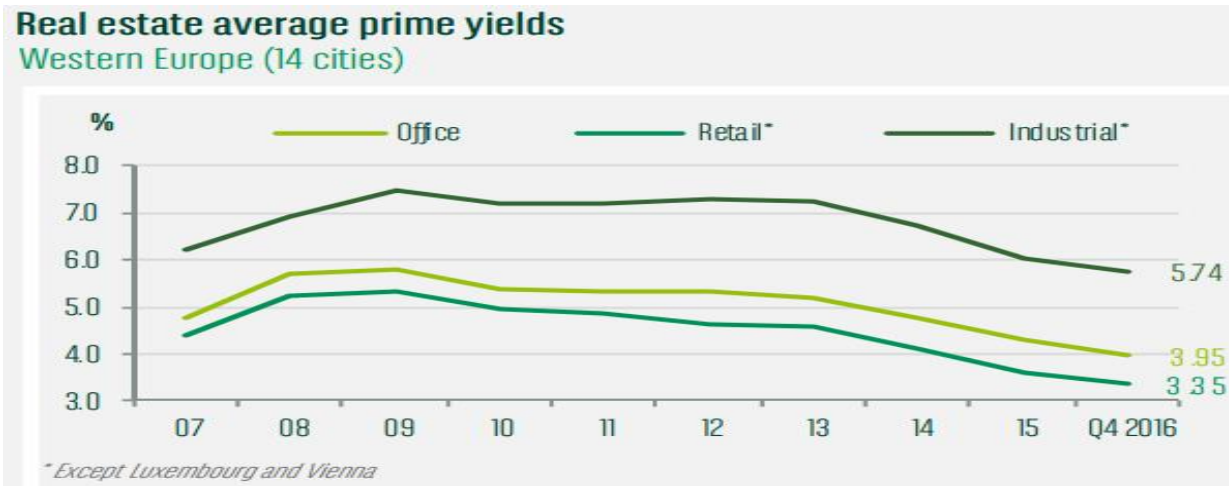
CBRE, “European Investment Quarterly MarketView Q4 2016”



Healthy Market in Three Core Asset Classes

- The attractiveness of the real estate sector has resulted in compression of the prime cap rates in Europe
- Property yields have not fallen as much as government yields in the recent years providing a potential buffer in the case of increase of interest rates
- Industrial (logistics) assets provide the highest initial yields (5.74% according to BNP Paribas Real Estate)

BNP Paribas Real Estate, “Investment in Western Europe Q4 2016”



Improving Fundamentals of Rental Market

- Improving European economic background supported by labour market gains and rising private consumption
- Supportive monetary policy of the ECB extended until at least end of 2017
- Improving environment with strong take-up and decreasing vacancy rates
- Continued rental growth foreseen in the key sector especially for prime properties according to CBRE

Predicted
Rental Growth
in European
Markets for
2017 – CBRE¹

0.9%

Office



2.7%

High Street



1.9%

Shopping Centres



2.7%

Industrial





Rationale to Broaden Investment Mandate

Rationale to Broaden Investment Mandate

Portfolio Growth

- Flexibility to explore and invest in more opportunities amidst rising competition in the office sector

Asset Diversification

- Enhances long-term stable income
- Buffers IREIT from changes in sector-specific market conditions

Tenant Diversification

- Reduces tenant concentration risk
- Results in a more stable tenant base

Rationale to Broaden Investment Mandate

Expanding Beyond the 'ABBA' Strategy

- Widens pool of potential real estate investments which can provide long-term distribution and capital growth
- Assets which meet IREIT's long-term objectives may not necessarily conform to 'ABBA' strategy

Tikehau Capital's Expertise

- Tikehau Capital's extensive network and experience in Europe, particularly in the office, retail and industrial/logistics core asset classes
- Tikehau Capital manages over 1 million m² of real estate portfolio in France, Germany and Italy, including:
 - ✓ Office – French office space of 280,000 m²
 - ✓ Retail – Two shopping centres totaling 50,000 m², retail parks totaling about 300,000 m²
 - ✓ Logistics – Paris region logistics platform of 28,000 m²

A photograph of a modern, multi-story building with a facade of large, rectangular windows and metallic panels. The building is angled, showing multiple floors. The sky is a clear, deep blue. The sun is visible as a bright, hazy spot behind one of the windows, creating a lens flare effect. The overall tone is professional and corporate.

Risk Considerations

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Environmental Considerations

- Industrial and logistics properties have higher probability of environmental impact
- Our approach:
 - ✓ Undertake appropriate due diligence on all potential acquisitions
e.g. investigation of former and current land uses, relevant environmental due diligence

Changes in Roadways and Transportation Infrastructure

- Retail and especially logistics properties are more susceptible to these changes
- Our approach:
 - ✓ Undertake appropriate due diligence and an assessment of the specific risks related to properties under consideration

Risk Considerations

Changes in Consumer Trends due to E-Commerce

- This benefits the logistics sector which will lower the risk profile of owning such properties; however, certain retail properties may be negatively impacted
- Our approach:
 - ✓ Undertake appropriate market assessment of potential investments
 - ✓ Monitor changing retail consumer trends
 - ✓ Proactive asset management to initiate leasing policies to re-brand shopping destinations and adjust tenancy mix accordingly



Conclusion

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We are seeking the approval of Unitholders to broaden the mandate of IREIT to include retail and industrial (including logistics) assets in order to:

- Benefit from the improving European rental market in a wider range of asset classes
- Increase the universe of potential opportunities in light of a competitive office market
- Add more diversification to the existing portfolio to enhance long-term income



Thank You



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