



# Financial Results For the Period 1 January 2015 – 31 March 2015

7 May 2015

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# Agenda

- Performance Highlights
- Portfolio Updates
- Outlook & Strategy



# PERFORMANCE HIGHLIGHTS

## Performance in Brief

- Gross revenue of €5.6 million was largely in line with forecast
- The 1.1% unfavourable variance was mainly due to the pro-rata effects of the upward rental adjustment for the Bonn Campus, which was forecast to only take place in the second half of the financial year ending 31 December 2015
- Distributable income of €4.4 million was closely in line with forecast

Gross Revenue		
Actual (€ '000)	Forecast <sup>(1)</sup> (€ '000)	Δ %
5,569	5,633	(1.1)

Net Property Income ("NPI")		
Actual (€ '000)	Forecast <sup>(1)</sup> (€ '000)	Δ %
4,961	5,017	(1.1)

Distributable Income		
Actual (€ '000)	Forecast <sup>(1)</sup> (€ '000)	Δ %
4,366	4,392	(0.6)

DPU			
	Actual	Forecast <sup>(1)</sup>	Δ %
€	1.04 cents	1.04 cents	-
S\$	1.61 <sup>(2)</sup> cents	1.75 <sup>(2)</sup> cents	(8.0)

Notes:

- 1) The forecast results for the quarter ended 31 March 2015 were derived from the Prospectus and have been pro-rated for the quarter.
- 2) The available distribution per unit is computed after taking into consideration the forward foreign currency exchange contracts that IREIT has entered into to hedge the currency risk for distribution to Unitholders. 100% of the distributable income for the financial year ending 31 December 2015 has been hedged at an average exchange rate of approximately S\$1.55 per Euro.

## Healthy Balance Sheet

€ '000	As at 31 March 2015
Investment Properties	290,600
Total Assets	304,187
Borrowings	95,494
Total Liabilities	103,887
Net Assets Attributable to Unitholders	200,300
NAV per Unit (€/unit)	0.48 <sup>(1)</sup>

Note:

1) The NAV per Unit is computed based on the Units in issue and to be issued as at 31 March 2015 of 421,350,150.

# Prudent Capital Structure

*As at 31 March 2015*

<b>Aggregate Leverage Ratio <sup>(1)</sup></b>	<b>Effective Interest Rate</b>
31.8%	2.1% per annum
<b>Total Debt</b>	<b>Interest Cover Ratio <sup>(2)</sup></b>
€96.6 million	13x
<b>Debt Maturity</b>	<b>Debt Yield <sup>(3)</sup></b>
FY2019	20.5%

Notes:

- 1) Based on total debt over deposited properties as at 31 March 2015
- 2) Based on net operating income over interest expense for the financial quarter ended 31 March 2015
- 3) Based on net operating income (annualized) over total debt

## Forex Risk Management

- Use of Euro denominated borrowings acts as a natural hedge to match the currency of assets and cashflows at the property level
- Distributable income in EUR will be paid out in SGD and has been hedged as follows:

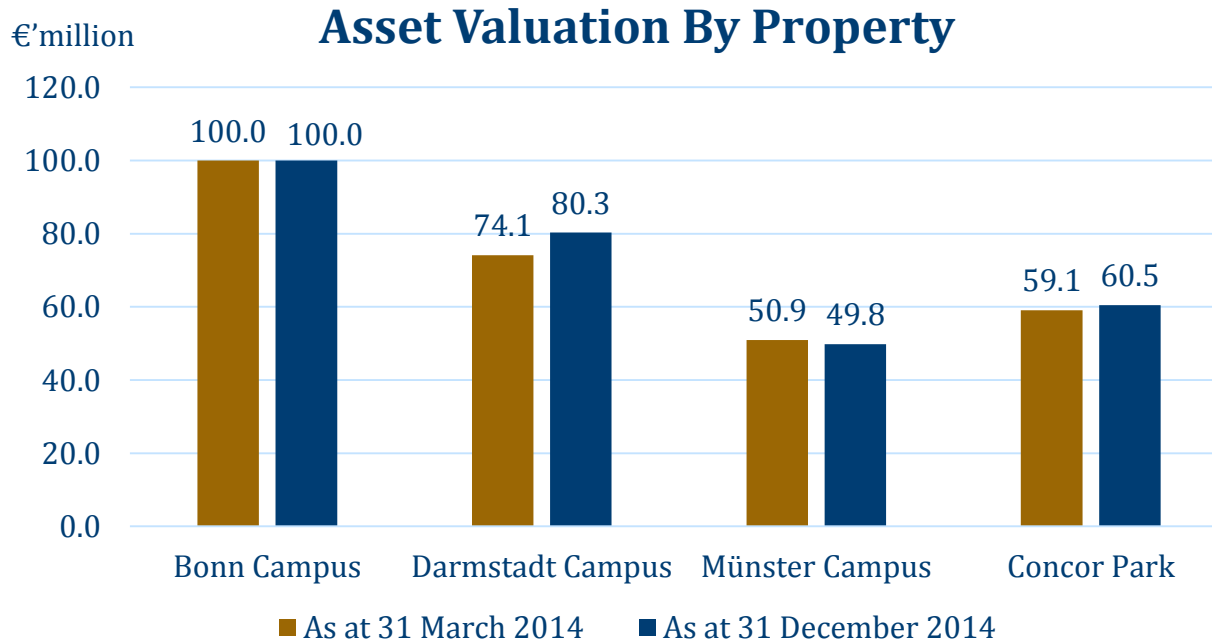
	%	Average Hedge Rate
Distributable Income 2015	100	~S\$1.55 per EUR

- When and if appropriate, the Manager may enter into hedging transactions in respect of distributions for future periods.



# PORTFOLIO UPDATES

# High Quality Freehold Assets



**Total NLA**

**121,506 sqm**

**Total GFA**

**214,877 sqm**

**Total Properties**

**4**

**Portfolio Value <sup>(1)</sup>**

**€290.6 million**

**Number of Car  
Park Spaces**

**2,945**

**Number of  
Tenants**

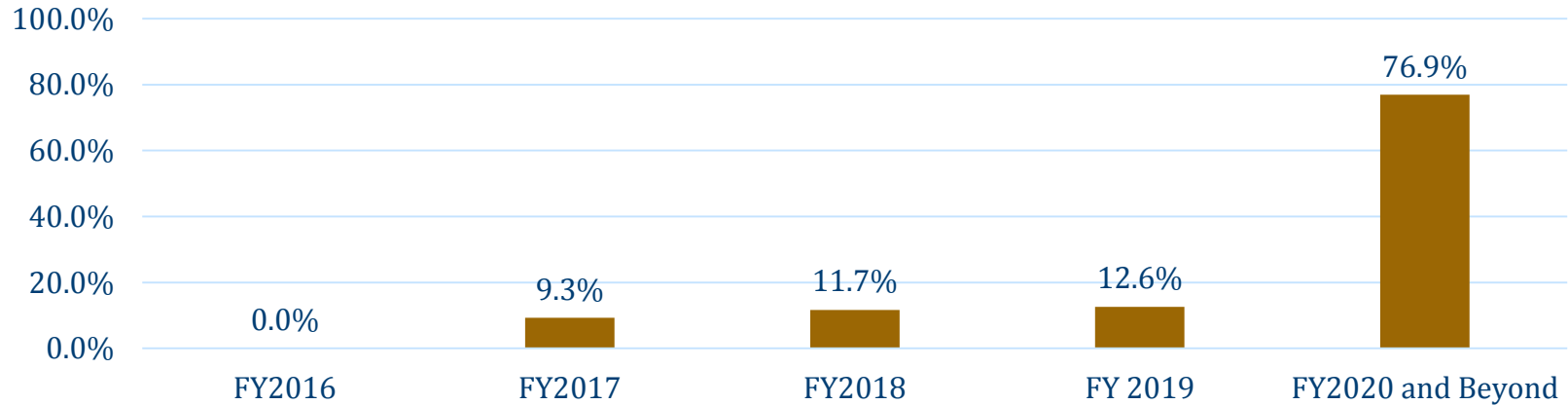
**13**

Note:

1) Based on independent valuations as at 31 December 2014

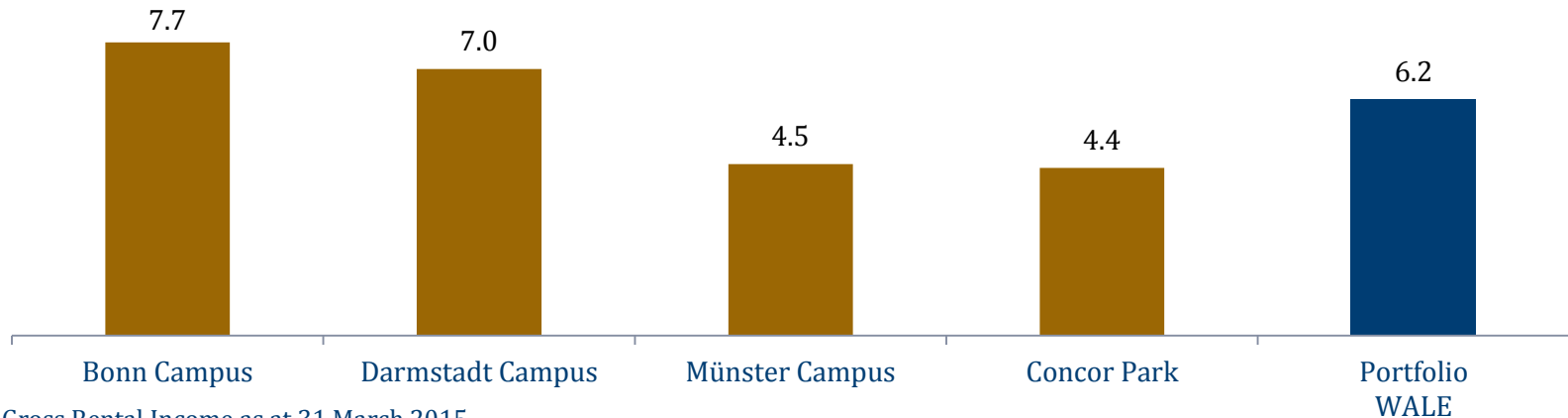
## Stable Portfolio with Long WALE

Lease Expiry by Gross Rental Income as at 31 March 2015



### Portfolio with WALE of 6.2 years <sup>(1)</sup>

No. of years



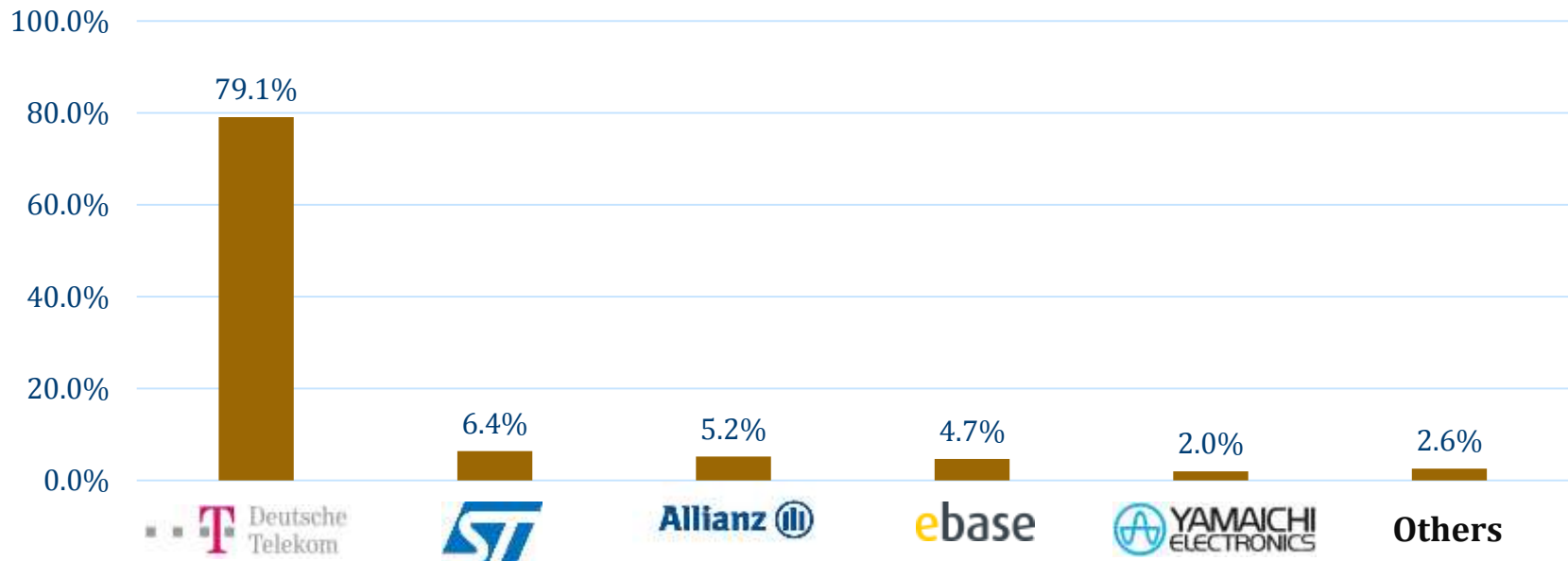
Note:

1) By Gross Rental Income as at 31 March 2015

## High Quality and Strong Tenant Profile



- Good quality multinational corporations tenants with good credit ratings such as Deutsche Telekom
- 100% occupancy rate since IPO provides greater stability to the portfolio

### Top 5 Tenants <sup>(1)</sup>



(1) By Gross Rental Income for the month of March 2015

# Portfolio at a Glance

	Bonn Campus	Darmstadt Campus	Münster Campus	Concor Park	Total
<b>Location</b>	Bonn	Darmstadt	Münster	Munich	
<b>Net Lettable Area (sqm)</b>	32,736	30,371	27,183	31,216	<b>121,506</b>
<b>Car Park Spaces</b>	656	1,189	588	512	<b>2,945</b>
<b>Occupancy rate <sup>(1)</sup></b>	100%	100%	100%	100%	<b>100%</b>
<b>Number of Tenants</b>	1	1	1	12	<b>13</b>
<b>Key Tenant(s)</b>	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	STMicro-electronics, Allianz, Ebase, Yamaichi	
<b>WALE<sup>(2)</sup></b>	7.7	7.0	4.5	4.4	6.2
<b>Independent Appraisal (€ m)</b>	100.0 <sup>(3)</sup>	80.3 <sup>(3)</sup>	49.8 <sup>(3)</sup>	60.5 <sup>(4)</sup>	<b>290.6</b>

Note:

- 1) As at 31 March 2015
- 2) By Gross Rental Income as at 31 March 2015
- 3) Based on independent valuation as at 31 December 2014 by Colliers International Valuation UK LLP
- 4) Based on independent valuation as at 31 December 2014 by Cushman & Wakefield LLP

# OUTLOOK & STRATEGY

## Outlook for 2015

- ▶ Germany's growth forecast for 2015 has been revised upwards to 1.8% in April 2015 versus an earlier outlook of 1.6% in January 2015. The market is steadily recovering as the robust labour market with increasing wages and growing employment is expected to drive higher domestic consumption.<sup>(1)</sup>
- ▶ In addition to the improving market sentiments, the German consumer price index ("CPI") is also gradually rising. In February 2015, the German CPI was up 0.9% over January 2015. Following that, in March 2015, it climbed 0.5% compared to the previous month. This was a turnaround from January 2015's index, which registered a decline of 1.1% month-on-month.<sup>(2)</sup>
- ▶ According to Colliers International<sup>(3)</sup>, office leasing activity for the first three months of 2015 was the strongest for a quarter since 2008, with the take-up for the seven largest German office markets increasing by 12% year-on-year. The commercial investment market also continued its strong uptrend, with transaction volume of €9.7 billion for the quarter matching that in the corresponding period of the previous year.
- ▶ Overall, demand for German commercial real estate remains strong. Market competition for German office properties continues to increase as a result of the high liquidity, the weakened Euro and the low interest rates in Europe. However, IREIT will take advantage of the market conditions as it provides equal opportunities and access to yield accretive acquisition deals. The Manager is proactively pursuing acquisition opportunities that are in line with IREIT's 'ABBA' strategy.

Notes:

1. The Business Times, 22 April 2015 article, "Germany raises 2015 growth forecast to 1.8% on consumer spending"
2. Data from the website of the Federal Statistical Office of Germany (Destatis), [https://www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/Prices/ConsumerPriceIndices/Tables\\_/ConsumerPricesSpecial.html](https://www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/Prices/ConsumerPriceIndices/Tables_/ConsumerPricesSpecial.html)
3. Colliers International, "Germany's Office and Investment Report Q1 2015"

## Strategy

- Actively pursuing acquisition opportunities in Germany through networking with vendors, banks, private funds, brokers and others
- Proactive asset management and tenant management initiatives to provide value add services to tenants
- Deploying prudent capital management strategies to ensure financial flexibility and further strengthen IREIT's balance sheet



**Thank You**