



# 1H2023 Results Presentation

3 August 2023

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# Agenda

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*Berlin Campus*

# Key Highlights

# Unique S-REIT focusing on Western Europe

 <b>€922.7m</b> Portfolio Valuation	 <b>37</b> Properties	 <b>384,282 sqm</b> Lettable area	 <b>100</b> Leases	 <b>88.7%</b> Occupancy Rate
<b>Post B&amp;M Portfolio Acquisition and Reletting</b>				
€999.5m	54 Properties	446,038 sqm	118 Leases	90.4%

## Germany



Berlin Campus



Bonn Campus



Darmstadt Campus (Greater Frankfurt)



Münster Campus

## Spain



Delta Nova IV (Madrid)



Delta Nova VI (Madrid)



Il-lumina (Barcelona)



Sant Cugat Green (Barcelona)

## France



Cergy



Châteauroux



Evreux



Mâcon

# Portfolio Remains Fairly Resilient



€22.0m

Net Property  
Income



88.7%

Portfolio  
Occupancy



€922.7m

Portfolio  
Valuation



33.1%

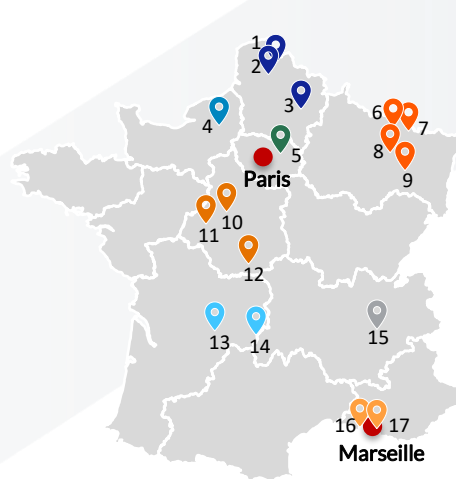
Aggregate  
Leverage

- Net property income for 1H2023 decreased by 10.1% YoY to €22.0m due mainly to the higher portfolio vacancy, rent-free period in Bonn Campus, Münster Campus and Sant Cugat Green, and higher property operating expenses.
- The full vacancy at Darmstadt Campus and rent-free period, both of which were temporary in nature, had caused an impact of €3.4m and €1.4m, respectively, to the income to be distributed.
- Portfolio occupancy increased to 88.7% as at 30 Jun 2023 from 87.0% as at 31 Mar 2023.
  - ✓ Due mainly to lease committed by German federal government body for 25.0% of Darmstadt Campus.
- Positive rental escalation of 4.1% YoY <sup>(1)</sup> as a result of CPI indexation.
- Aggregate leverage increased slightly to 33.1% as at 30 Jun 2023, compared to 32.0% as at 31 Dec 2022.
  - ✓ Due mainly to a decrease in valuation of the investment properties and drawdown of €2.4m capex facility.
  - ✓ No near-term refinancing needs as all existing borrowings will mature only in 2026 and beyond.

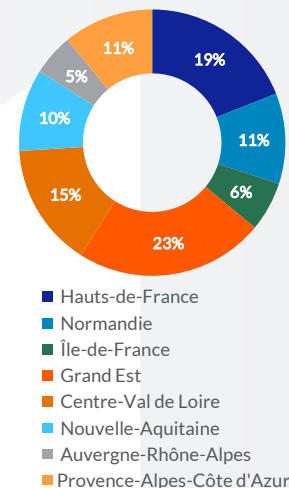
# Acquisition of 17 Retail Properties in France

- On 1 Jun 2023, IREIT announced proposed acquisition of a portfolio of 17 retail properties located across France that is fully let to B&M Group, a leading discount retailer in Europe (“**B&M Portfolio Acquisition**”).
- In Jul 2023, IREIT completed an equity fund raising via preferential offering to raise gross proceeds of S\$75.9m, which will be mainly used to partially fund the B&M Portfolio Acquisition.
- The preferential offering was 134.7% subscribed, demonstrating the support and confidence from all Unitholders, including Joint Sponsors Tikehau Capital and City Developments Limited.
- On 27 Jul 2023, Unitholders approved the B&M Portfolio Acquisition during the Extraordinary General Meeting.
- The B&M Portfolio Acquisition is currently expected to be completed by 3Q2023.
- The enlarged portfolio will see a diversification into the resilient Retail Parks (Out-of-Town) asset class, thereby enhancing IREIT’s portfolio lease profile and income resiliency.

<b>61,756 sqm</b> Gross Lettable Area (“GLA”)	<b>100%<sup>(1)</sup></b> Let to B&M France	<b>6.8 years<sup>(2)</sup></b> WALE	<b>7.9%<sup>(3)</sup></b> Initial NPI Yield
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Distribution of area by region



(1) 17 single tenant leases with B&M France.

(2) Based on the gross rental income as at 31 Mar 2023.

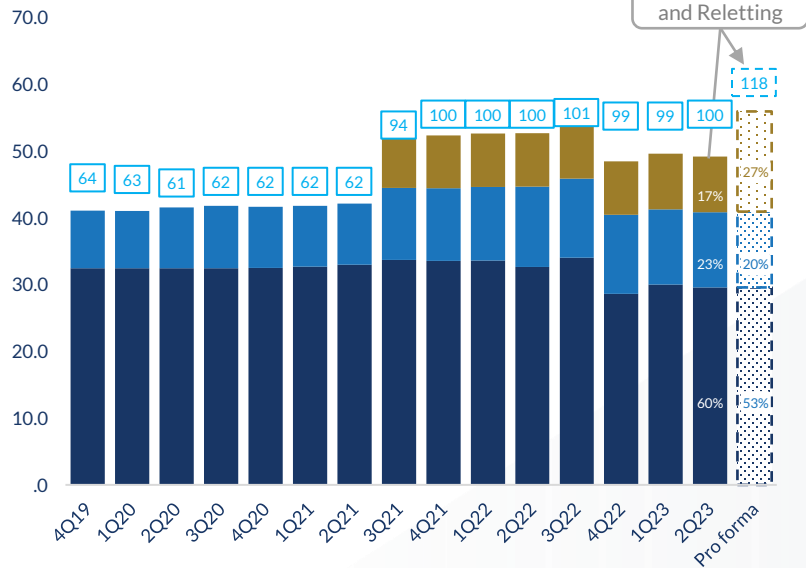
(3) Based on the annualised net property income as at 31 May 2023 of the 17 retail properties and purchase consideration of €76.8m.

# Ongoing Diversification of IREIT's Portfolio

Increasing Exposure to France and Resilient Out-of-Town Retail

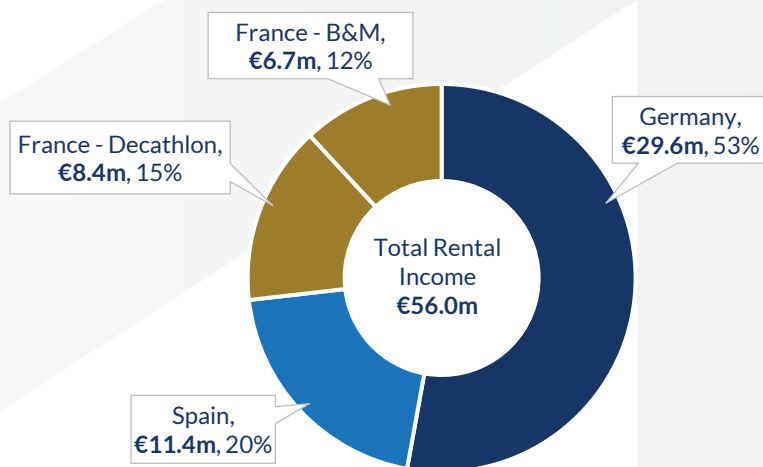
## Revenue by Geography and Typology

Rental Income (€m)



## 14% Increase from Rental Income as at 30 Jun 2023

- Annual rental income as at 30 Jun 2023 would have increased from €49.2m to €56.0m on pro forma basis with the B&M Portfolio Acquisition and reletting.
- Rental income from French Portfolio would have increased from €8.4m to €15.0m, representing 27% of IREIT's total rental income versus 17% before acquisition.

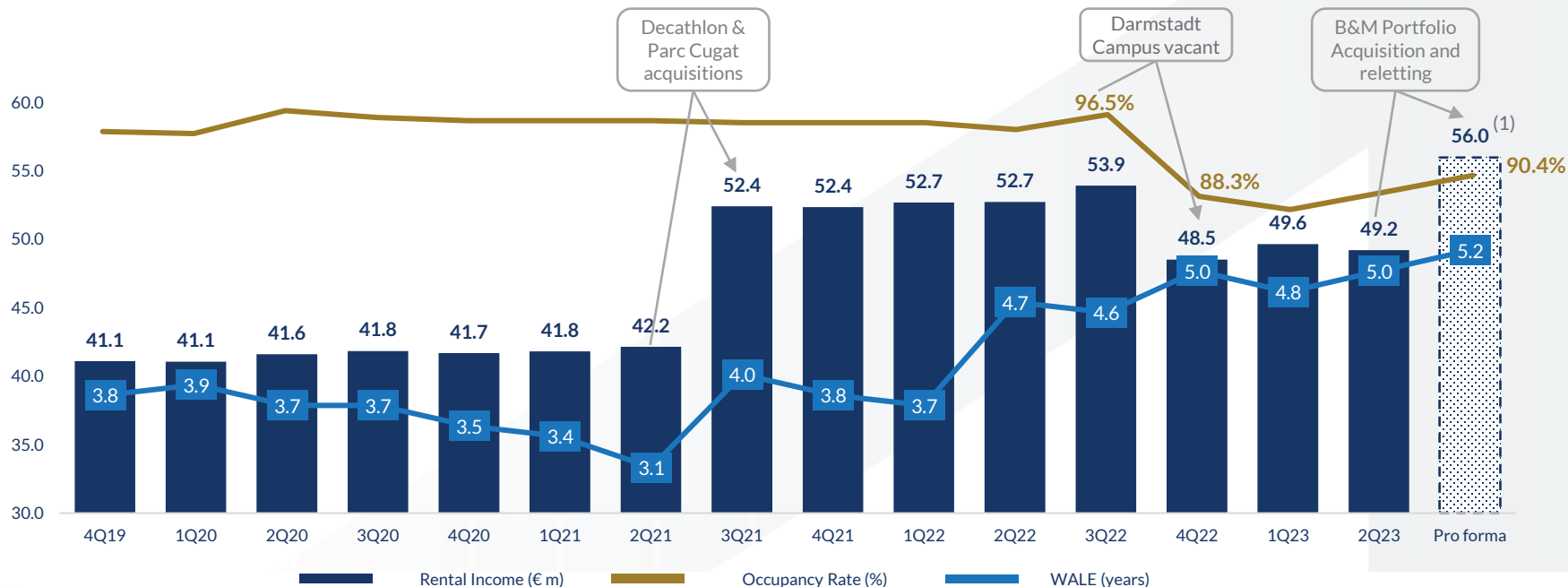




# Strong Operational KPIs

Portfolio occupancy rate to increase with B&M Portfolio Acquisition and reletting

## Portfolio Occupancy Rate, Rental Income to Improve while WALE Stabilises



(1) Calculated as the sum of total annual rental income as at 30 Jun 2023 and rental income from B&M Portfolio Acquisition and new leases secured in Jul 2023

# Progress on Sustainability Initiatives

## Environmental



- Overall, 35 out of 37 properties under IREIT's portfolio certified.
- Received BREEAM certifications for 26 properties under French Portfolio, with remaining 1 certificate to be received by 3Q2023.
- All Spanish properties have achieved LEED certifications.

## Social



- Sponsored and distributed stationery to needy children in Jul 2023 for them to learn more effectively in schools.
- Event organised by Beyond Social Services, a charity organisation to help children from less privileged backgrounds to break away from the poverty cycle.

## Governance

### Singapore Governance and Transparency Index ("SGTI") 2023

- Ranked 20<sup>th</sup> out of 43 SREITs/BTs in SGTI 2023 published on 3 Aug 2023, up significantly from 41<sup>st</sup> place in 2021.
- This is the biggest YoY improvement achieved by any constituent within the SREITs/BTs category for SGTI 2023.



*Il·lumina*

# Financial Performance

# Operating & Financial Performance

(€ '000)	1H2023	1H2022	Variance (%)
Gross Revenue	28,428	30,070	(5.5)
Property Operating Expenses	(6,463)	(5,635)	14.7
Net Property Income	21,965	24,435	(10.1)
Income to be Distributed to Unitholders <sup>(1)</sup>	12,419	16,410	(24.3)

- Gross revenue for 1H2023 registered a decrease of 5.5% compared to that of 1H2022, mainly due to:
  - ✓ decrease in rental income and carpark income from the vacancy in Darmstadt Campus; and
  - ✓ One-off rent-free period in Bonn Campus, Münster Campus and Sant Cugat Green, partially offset by the increase in CPI indexation.
- Income to be distributed to Unitholders for 1H2023 was lower by 24.3% YoY mainly due to higher property operating expenses, higher finance costs and tax expenses.
- The full vacancy at Darmstadt Campus and rent-free period, both of which were temporary in nature, had caused an impact of €3.4m and €1.4m, respectively, to the income to be distributed to Unitholders.

# Distribution Per Unit

Distribution Per Unit	1H2023	1H2022	Variance (%)
- Based on total issued Units as at 30 Jun 2023 (€ cents)	1.07 <sup>(1)</sup>	1.41 <sup>(1)</sup>	(24.1)
- Based on total enlarged Units following the Preferential Offering on 19 Jul 2023 (€ cents)	0.93 <sup>(2)</sup>	1.22 <sup>(3)</sup>	(23.8)

- (1) DPU of 1.07 € cents for 1H2023 and 1.41 € cents for 1H2022 was computed based on the total issued Units as at 30 Jun 2023 and 30 Jun 2022 of 1,155,891,421.
- (2) 1H2023 DPU of 0.93 € cents payable to Unitholders on 31 Aug 2023, was computed based on income to be distributed to Unitholders for 1H2023 over the total issued Units of 1,341,989,939, which was an aggregate of 1,155,891,421 Units issued as at 30 Jun 2023 and new Units of 186,098,518 in relation to the Preferential Offering announced on 19 Jun 2023. The Preferential Offering Units were issued and listed on 19 Jul 2023.
- (3) 1H2022 DPU of 1.22 € cents were restated to reflect the effects of the new Preferential Offering Units.

# Distribution Details

Distribution Period	1 Jan 2023 to 30 Jun 2023
Distribution per Unit (“DPU”)	0.93 € cents
Ex-Date	11 Aug 2023 (Friday)
Record Date	14 Aug 2023 (Monday)
Distribution Payment Date	31 Aug 2023 (Thursday)

- Distributions will be in € and Unitholders who are direct account holders of CDP with active Direct Crediting Service (“DCS”) bank accounts will still continue to receive their distributions in S\$ equivalent of the € distributions via CDP’s Currency Conversion Service (“CCY”) in their active DCS bank accounts, unless they opt out of the CCY.
- The S\$ payments are expected to be credited in their DCS bank accounts by the third business day, after the payout date of the € distributions.

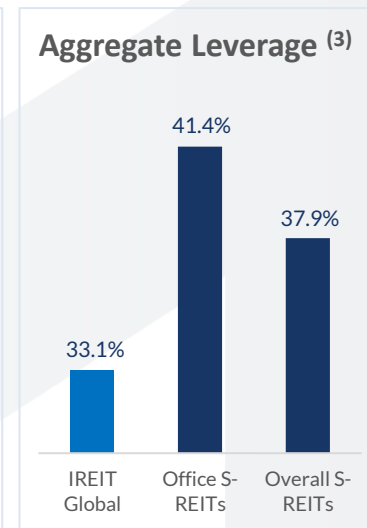
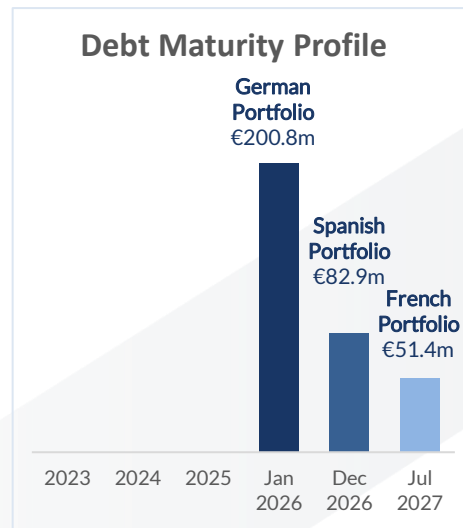
# Financial Position

(€ '000)	As at 30 Jun 2023	As at 31 Dec 2022	Variance (%)
Investment Properties	922,740	950,500	(2.9)
Total Assets	1,010,718	1,039,140	(2.7)
Borrowings	332,444	329,694	0.8
Total Liabilities	415,957	414,437	0.4
Net Assets Attributable to Unitholders	594,761	624,703	(4.8)
NAV per Unit (€/unit) <sup>(1)</sup>	0.51	0.54	(5.6)
NAV per Unit (S\$/unit) <sup>(2)</sup>	0.75	0.77	(2.6)

- NAV in S\$ terms was at S\$0.75 per Unit as at 30 Jun 2023, 2.6% lower than that of NAV as at 31 Dec 2022 due mainly to:
  - ✓ decrease in valuation of the investment properties, partially offset by stronger €/S\$ currency exchange rates.
- Based on closing unit price of S\$0.44 as at 30 Jun 2023, IREIT is trading at 41.3% discount to its NAV of S\$0.75 per Unit.

# Healthy Gearing with Limited Impact from Rate Hikes

	As at 30 Jun 2023	As at 31 Dec 2022
Gross Borrowings Outstanding (€'m)	335.0	332.7
Aggregate Leverage <sup>(1)</sup>	33.1%	32.0%
Weighted Average Interest Rate <sup>(2)</sup>	1.9%	1.8%
Interest Coverage Ratio <sup>(1)</sup>	7.1x	7.9x
Weighted Average Debt Maturity	3.0 years	3.5 years



- Aggregate leverage and weighted average interest rate remained healthy at 33.1% and 1.9%, respectively.
  - ✓ 96.2% of the bank borrowings have been hedged with interest rate swaps and interest rate caps.
  - ✓ No near-term refinancing needs as all existing borrowings will mature only in 2026 and beyond.

(1) Aggregate leverage and interest coverage ratio are calculated based on the respective definitions under MAS' Code on Collective Investment Schemes, Property Funds Appendix 6

(2) Effective interest rate computed over the tenor of the borrowings including amortisation of upfront transaction costs

(3) Based on OCBC Investment Research Weekly S-REITs Tracker (31 Jul 2023)





# Portfolio and Asset Management

*B&M Tours (Saint-Cyr-sur-Loire)*

# Diversified Portfolio in Key European Markets

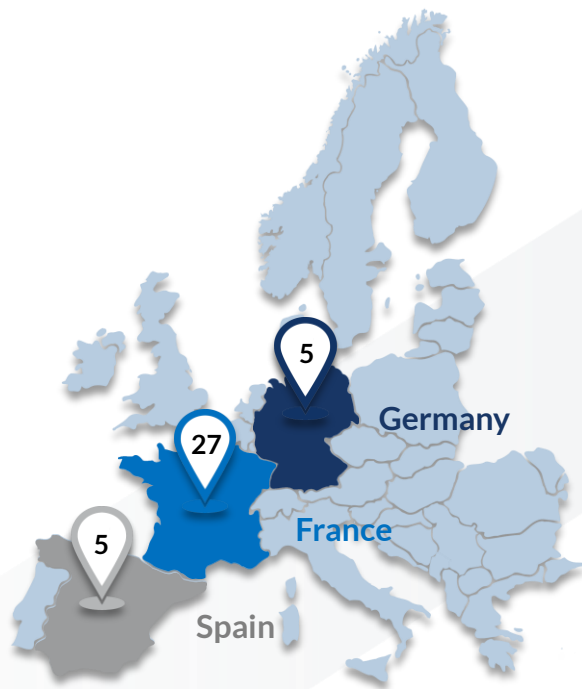
**37**  
Properties

**384,282 sqm**  
Lettable Area

**€922.7m**  
Valuation <sup>(1)</sup>  
€950.5m as at 31 Mar 2023

**88.7%**  
Occupancy Rate  
87.0% as at 31 Mar 2023

**5.0 years**  
4.8 years as at 31 Mar 2023



## 5 German Properties

Lettable Area (sqm)	201,103
Valuation (€ m) <sup>(1)</sup>	638.6
% of Portfolio	69.2%
Occupancy (%)	87.7%
WALE (years) <sup>(2)</sup>	3.9

## 27 French Properties

Lettable Area (sqm)	95,500
Valuation <sup>(1)</sup> (€ m)	123.0
% of Portfolio	13.3%
Occupancy	100%
WALE (years) <sup>(2)</sup>	8.1

## 5 Spanish Properties

Lettable Area (sqm)	87,679
Valuation (€ m) <sup>(1)</sup>	161.1
% of Portfolio	17.5%
Occupancy (%)	78.7%
WALE (years) <sup>(2)</sup>	5.5

(1) Based on fair valuation as at 30 Jun 2023

(2) Based on gross rental income as at 30 Jun 2023

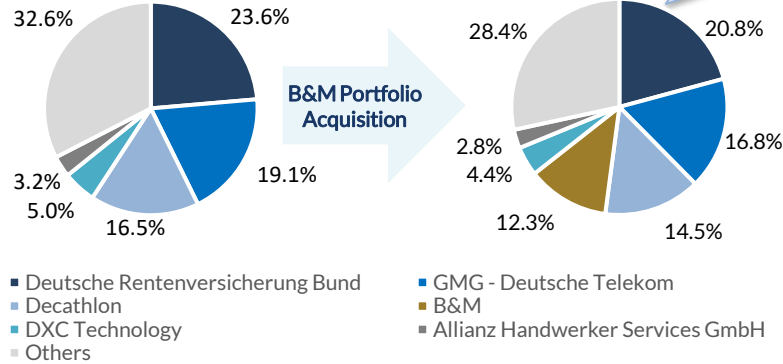
# Portfolio Valuation

Independent Valuation (€ m)	As at 30 Jun 2023	As at 31 Dec 2022	Variance (%)	At acquisition	Variance (%)
<b>German Portfolio</b>	<b>638.6</b>	<b>659.7</b>	<b>-3.2%</b>	<b>427.3</b>	<b>49.5%</b>
Berlin Campus	291.5	305.0	-4.4%	144.2	102.1%
Bonn Campus	129.3	132.7	-2.6%	99.5	29.9%
Darmstadt Campus	64.6	62.2	3.9%	74.1	-12.8%
Münster Campus	63.6	65.8	-3.3%	50.9	25.0%
Concor Park	89.6	94.0	-4.7%	58.6	52.9%
<b>Spanish Portfolio</b>	<b>161.1</b>	<b>164.3</b>	<b>-1.9%</b>	<b>161.0</b>	<b>0.1%</b>
Delta Nova IV	27.7	29.8	-7.0%	28.7	-3.5%
Delta Nova VI	36.8	38.4	-4.2%	39.8	-7.5%
Il-lumina	23.3	24.5	-4.9%	25.4	-8.3%
Sant Cugat Green	47.8	44.6	7.2%	39.9	19.8%
Parc Cugat	25.5	27.0	-5.6%	27.2	-6.3%
<b>French Portfolio</b>	<b>123.0</b>	<b>126.5</b>	<b>-2.8%</b>	<b>110.5</b>	<b>11.3%</b>
<b>IREIT Portfolio</b>	<b>922.7</b>	<b>950.5</b>	<b>-2.9%</b>	<b>698.8</b>	<b>32.0%</b>

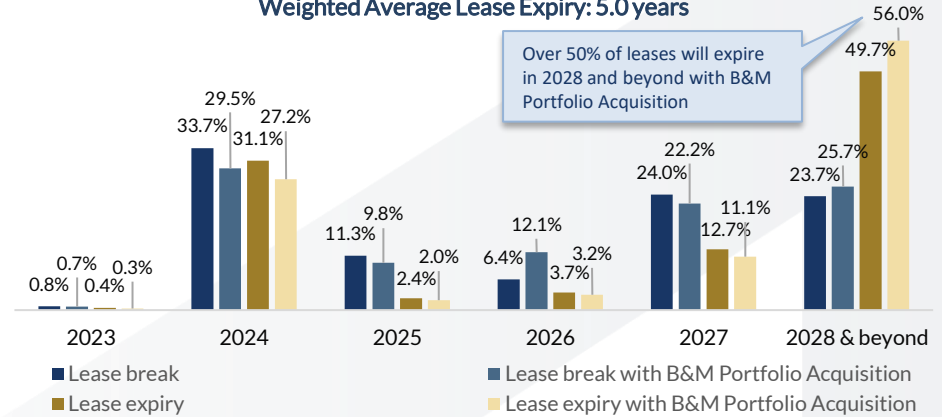
- With high inflation rates, tighter lending conditions and uncertain macroeconomic conditions continuing to impact the European real estate market and capitalisation rates, IREIT's properties saw a broad-based decline in their independent valuations.
- Increase in valuation compared to 31 Dec 2022 for Darmstadt Campus and Sant Cugat Green was driven mainly by 15-year new lease signed with German federal government body and 12-year new lease signed with a data centre operator, respectively.

# Well-Staggered Leases with Blue-Chip Tenants

Key Tenants<sup>(1)</sup>



Lease Break & Expiry Profile  
Weighted Average Lease Expiry: 5.0 years



**Deutsche Telekom** is one of the world's leading integrated telcos with c.248m mobile customers, c.26m fixed-network lines and c.22m 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.



**Decathlon** is one of the world's largest sporting goods retailer with over 1,700 stores across 60 countries. It has a sales turnover of €13.8bn in 2021 and its S&P's short-term rating stands at A-2.



**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.



**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.

(1) Based on gross rental income as at 30 Jun 2023

# Active Asset Management to Optimise Portfolio

## 2Q2023 Key Updates



**8,945 sqm**  
New Lease Take-Up<sup>(1)</sup>



**0.0%**  
Rental Reversion<sup>(2)</sup>



**4.1%**  
Rental Escalation<sup>(3)</sup>



**100%**  
Rents Paid

### German Portfolio:

#### Darmstadt Campus

- Fitout works for 7,600 sqm lease signed with German federal tenant in Apr 2023 to end in Jul 2023.
- Ongoing discussions with a few potential tenants for new leases.

#### Berlin Campus

- Extended lease with main tenant DRV to 31 Dec 2024 with 45% increase in rents from 1 Jul 2024 onwards. Repositioning of asset currently ongoing.

**Spanish Portfolio:** 1 new lease signed at Sant Cugat Green and 1 replacement lease signed at Parc Cugat with 66% increase in rent. In advanced negotiation to sign another new lease at Delta Nova IV. Spanish Portfolio occupancy to improve to 79.7% from 78.7% as at 30 Jun 2023.

**French Portfolio:** Received BREEAM green certifications for 26 out of 27 properties, with the remaining 1 property expected to attain its certification by 3Q2023.



Darmstadt Campus  
(Greater Frankfurt)



Decathlon Abbeville  
(Northern France)

(1) Includes 15-year lease with German federal government body secured for 25.0% of Darmstadt Campus in Apr 2023 and 2 leases secured in Spain for 1,000 sqm in Jul 2023.

(2) Calculated as a percentage with the numerator the new headline rent of all modified, renewed or new leases over the relevant period and denominator the last passing rent of the areas being subject to modified, renewed or new leases over the 6 months to Jun 2023.

(3) Calculated as a percentage with the numerator the new headline rent of all indexed leases over the relevant period and denominator the last passing rent of the areas being subject to indexation over the 6 months to Jun 2023.

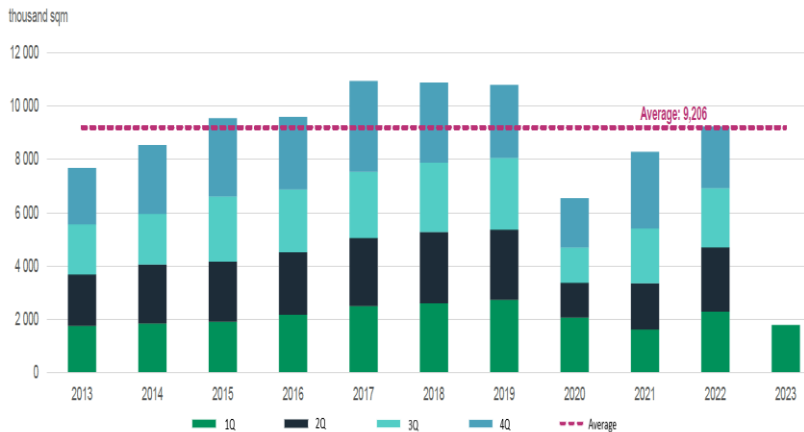


# Market Review

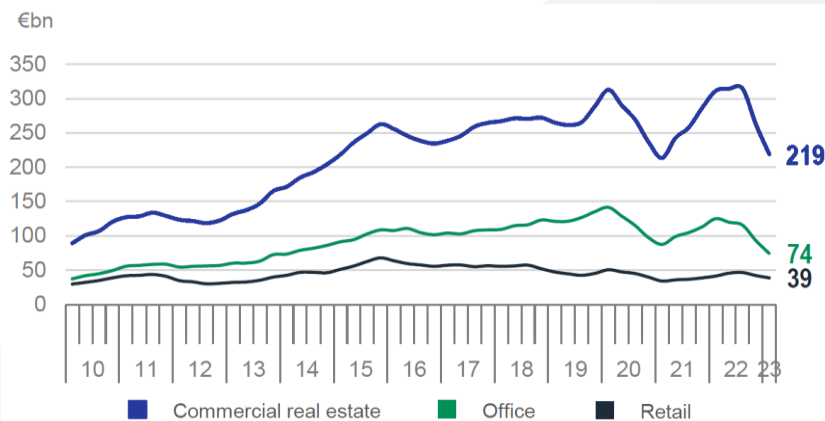
*Bonn Campus*

# Europe: Office Market Continues to Slow Down

## Office Take-up in 17 Key European Cities <sup>(1)</sup>



## Commercial Real Estate Investment Volume in Europe <sup>(1)</sup>



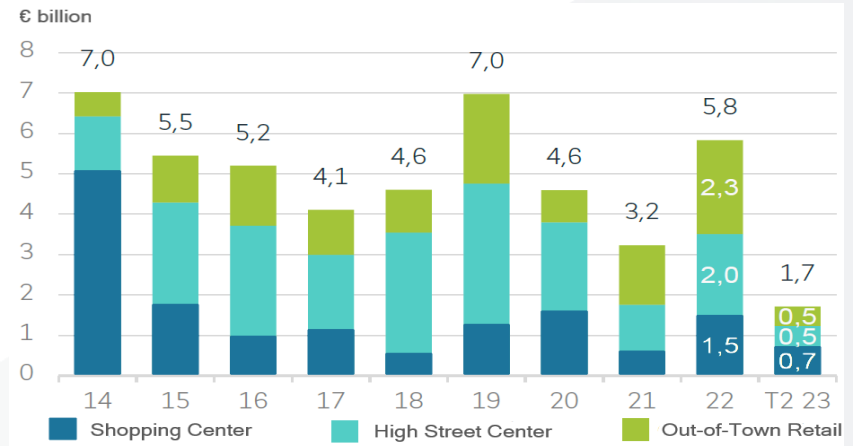
- Office take-up in 17 key European markets down 22% YoY to approximately 1.8 million sqm in 1Q2023.
  - ✓ Overall vacancy rate increased 20bps YoY to 7.4% while average prime rents remained high.
- Commercial investment volume fell 60% YoY to €29bn, as a result of broad-based decline in all European economies.
  - ✓ Sharp increase in financing costs, destabilised asset pricings and economic uncertainties were key drivers for slowdown.

# France: Retail Sales Growth Remains Positive

Retail Sales Growth in France (1)



Retail Investment Volume in France (1)



- Retail sales by value grew by 7.3% YoY in Apr 2023, representing a slowdown from the growth of 9.1% in 4Q2022.
  - ✓ High inflation and drop in purchasing power continued to affect household confidence and consumption.
- Total retail investments fell by 41% YoY to €1.7bn in 1H2023, lower than the 10-year 1H average of €2.0bn.





*Delta Nova VI*

# Summary

# Summary



## Macro

- The European real estate market is expected to remain challenging due to the weak economic environment.
  - ✓ The departure of the large single tenant at Darmstadt Campus since Nov 2022 has highlighted the importance of diversification in IREIT's portfolio.
  - ✓ Portfolio performance to improve after the temporary effects from rent-free period and higher portfolio vacancy, and with completion of recently proposed acquisition.

- Against the weak economic backdrop, the Manager had managed to clinch a pivotal 15-year new lease with German federal government body for 25% of Darmstadt Campus in Apr 2023.
- In Jul 2023, the Manager had also successfully secured a 6-month lease extension with the main tenant, DRV, at Berlin Campus, bringing its lease expiry to 31 Dec 2024.
  - ✓ DRV will pay a revised rent that is c.45% higher than its current office rent from 1 Jul 2024 onwards.
- In Jul 2023, the Manager signed one new lease at Sant Cugat Green and one replacement lease at Parc Cugat. In advanced negotiation to sign another new lease at Delta Nova IV.



## Leasing



## Investment

- Announced proposed acquisition of a portfolio of 17 retail properties located across France in Jun 2023.
- Launched preferential offering in Jul 2023 to raise gross proceeds of S\$75.9m to fund the proposed acquisition.
  - ✓ Preferential offering was 134.7% subscribed, demonstrating the support and confidence from all Unitholders.
- Unitholders approved the proposed acquisition on 27 Jul 2023 during the Extraordinary General Meeting.
- The enlarged portfolio will see diversification into the resilient Retail Parks (Out-of-Town) asset class, thereby enhancing IREIT's portfolio lease profile and income resiliency.



*Sables d'Olonne*

## Appendix

# About IREIT Global

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

**Investment Mandate** Income-producing real estate in Europe which are used primarily for office, retail and industrial (including logistics) purposes

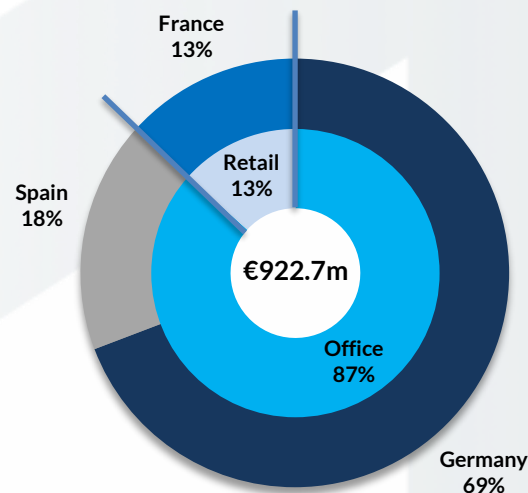
**Portfolio** 37 freehold properties: 5 office properties in Germany, 5 office properties in Spain and 27 retail properties in France, with a total lettable area of c.384,000 sqm and valuation of c.€922.7m<sup>(1)</sup>

**Manager** IREIT Global Group Pte. Ltd., which is jointly owned by Tikehau Capital and City Developments Limited (“CDL”). Tikehau Capital is a global alternative asset management 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

**Dual Currency Trading** Units quoted in S\$ (SGX Code: UD1U) and € (8U7U). Investors are free to buy in one currency counter and sell in the other currency counter.

Valuation by Geography<sup>(1)</sup>



(1) Based on fair valuation as at 30 Jun 2023

# Creating Value via 3-Pronged Strategy

Investing in office, retail and industrial (including logistics) properties across Western Europe

## Strategic Investments

(inorganic growth)

- Larger and diversified portfolio
- Increased resilience
- Improved synergies with existing portfolio
  
- Broadening financing sources
- Appropriate use of debt and equity
- Lower overall funding costs

## Prudent Capital Management

## Active Asset Management

(organic growth)

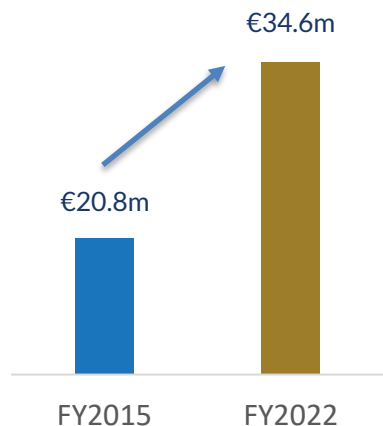
- Optimal portfolio occupancy, rents and yields
- Well-staggered lease expiry profile
- Strong and diversified tenant mix
- Selective asset enhancement initiatives

**Value Creation and Sustainable Distributions for Unitholders**

# Track Record Since Inception

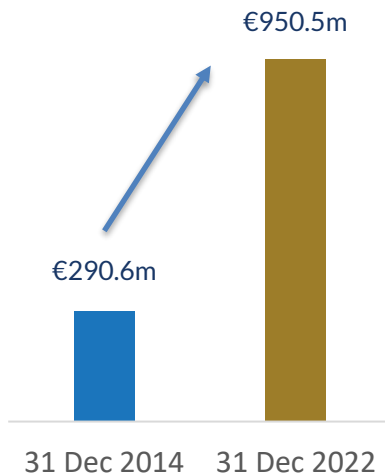
## Distributable Income <sup>(1)</sup>

**+66.7%**



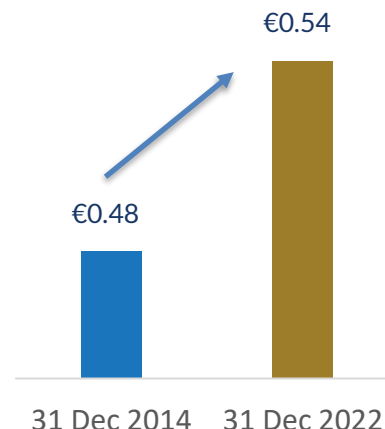
## Portfolio Valuation

**+227.1%**



## Net Asset Value Per Unit

**+12.5%**





## Thank You

For enquiries, please contact:

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