Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: IREIT Global
(Manager: IREIT Global Group Pte. Ltd.)

Stock code: UD1U

Meeting details:
Date: 22 April 2021
Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. On 31 March 2021, the REIT announced that it has entered into an agreement with the key tenant of Münster Campus regarding its leases which are expiring. The CEO of the manager stated that GMG Generalmietgesellschaft mbH ("GMG"), a wholly owned subsidiary of Deutsche Telekom, has started the rationalisation exercise a few years ago and this is a continuation of that rationalisation exercise.

(i) **Can the manager help unitholders understand if the pandemic has sped up the rationalisation exercise by GMG or by other tenants of the group?**

As a result of the new agreement, GMG will vacate from the 4 floors and the basement in the South building from 1 April 2022 onwards. In the North building where it leases the entire 7 floors and basement until 31 March 2022, it will extend the lease for 4 floors and the basement to 30 September 2024 and it has committed to lease 2 floors for 12 months from 1 April 2022. One floor in the North building will be vacant from 1 April 2022 onwards.

(ii) **Can the manager also disclose if the rates have been revised up/down under the new arrangement?**

(iii) **Is there any clarity of GMG's needs at Münster beyond September 2024?**

(iv) **Can the manager also provide unitholders with greater clarity on the ground sentiments in Münster which is considered a Class B city in Germany and one of the smaller office markets?**

GMG is also the sole tenant at the Bonn Campus and at the Darmstadt Campus with WALE of 2.3 and 1.8 years (as at 31 December 2020) respectively. The portfolio lease expiry profile is shown on page 41 and reproduced below:



1 IREIT held 40% interest in the Spanish Properties as at 31 December 2019.

(v) **Has the board evaluated the risks to the REIT with regard to the lease expiries at the Bonn and Darmstadt campuses?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q2. The valuation of the group's German and Spanish assets are shown on page 19 of the annual report. The table showing the FY2019 and FY2020 valuations of the German assets is reproduced below:

VALUATION OF ASSETS

As at 31 December 2020, the German Properties were valued at €587.9 million in aggregate.

	Valuation (€'million) (as at 31 December 2020)[1]	Valuation (€'million) (as at 31 December 2019)[1]
Berlin Campus	226.1	217.0
Bonn Campus	113.7	113.7
Darmstadt Campus	90.4	90.6
Münster Campus	64.4	62.8
Concor Park	93.3	90.8
Total	**587.9**	**574.9**

(Source: annual report)

The valuation of the German properties increased by €13.0 million, due to the increase in valuation of the Berlin Campus (€9.1 million), Concor Park (€2.5 million) and Münster Campus (€1.6 million) and offset by a €0.2 million drop in Darmstadt Campus.

(i) **Can the manager help shareholders understand if the steady valuation is supported by equally strong operating fundamentals and future prospects?** Given that the pandemic has disrupted businesses and livelihoods, the trend of working-from-home/remote working has also increased. This has led to greater uncertainty for landlords all over the world as demand from corporations will likely weaken. As noted in Qn 1, there is increased uncertainty for the REIT's leases at the Münster Campus.

The valuations are based on the discounted cash flow method. The assumptions used in the valuation model is shown in Note 7 (page 131 – Investment properties):

The following table presents the valuation method and key unobservable inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Valuation method	Discount rate		Terminal Capitalisation rate	
	2020	2019	2020	2019
Discounted cash flow	4.90% to 9.85% per annum	5.10% to 6.20% per annum	4.30% to 7.00% per annum	4.60% to 5.50% per annum

(Source: annual report)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

(ii) **Can the manager show the assumptions used for each asset in the portfolio individually?** For instance, the range for discount rate has increased from 5.1% to 6.2% in FY2019 to 4.9% to 9.85% in FY2020.

(iii) **Would the manager consider publishing the valuation reports on SGXNet?**

Q3. The board currently comprises six members, all of whom are non-executive directors and half are independent non-executive directors. The biographies of the directors could be found on pages 12 to 15 of the annual report. The board has had several changes in the past two years.

		Board	ARC	NRC	AGM	EGM
No. of Meetings in the Financial Year Ended 31 December 2020		**8**	**4**	**2**	**1**	**1**
Director	**Membership**					
Mr Lim Kok Min, John (Appointed on 14 July 2014)	Chairman and Independent Non-Executive Director and member of the ARC and the NRC	8	4	2	1	1
Mr Tan Wee Peng, Kelvin[1] (Appointed on 14 July 2014)	Independent Non-Executive Director and Chairman of the ARC	8	4	N.A.	1	1
Mr Nir Ellenbogen (Appointed on 5 December 2013)	Independent Non-Executive Director and Chairman of the NRC	8	4	2	1	1
Mr Bruno de Pampelonne (Appointed on 11 November 2016)	Non-Executive Director and member of the NRC	7	N.A.	2	1	1
Mr Khoo Shao Hong, Frank (Appointed on 29 April 2019)	Non-Executive Director	7	N.A.	N.A.	1	1
Mr Sanjay Bakliwal (Appointed on 5 June 2020)	Non-Executive Director	6	N.A.	N.A.	1	1
Mr Tong Jinquan[2] (Appointed on 14 July 2014)	Non-Executive Director	0	N.A.	N.A.	0	0

N.A.: Not applicable as the Director is not a member of the ARC or NRC

[1] Mr Tan Wee Peng, Kelvin retired as Independent Non-Executive Director and Chairman of ARC with effect from 28 February 2021 as part of the Manager's planned process of renewal of the Independent Directors and Mr Chng Lay Chew was appointed as Chairman of ARC on 1 March 2021.

[2] Mr Tong Jinquan resigned as Non-Executive Director on 8 April 2020.

(Source: annual report)

In addition, Mr Chng Lay Chew joined the board on 1 January 2021. Mr Chng was the former Chief Financial Officer of the Singapore Exchange Limited. As seen in the table above, there have been two appointments in the past two financial years (three including Mr Chng in 2021) and several cessations including Mr Tan Wee Peng, Kelvin, Mr Tong Jinquan and Mr Ho Toon Bah. In addition, the former CEO, Mr. Aymeric Thibord, resigned from his post and was replaced by Mr Louis d'Estienne d'Orves in April 2020 at the peak of the pandemic.

(i) **Can the board help unitholders understand if there is sufficient stability on the board and in the senior management team to provide effective leadership to safeguard the interests of and to create value for IREIT and its unitholders?**

(ii) **Is there a reason for the CEO of the REIT manager to be located in London instead of Western Europe where the REIT's assets are?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

In the corporate governance report, it was disclosed that the board has sought and approved the endorsement for the re-appointment of Mr Lim Kok Min, John, Mr Tan Wee Peng, Kelvin, Mr Nir Ellenbogen and Mr Bruno de Pampelonne (page 83). The group then announced that Mr Tan Wee Peng, Kelvin retired with effect from 28 February 2021 as part of the manager's planned process of renewal of the independent directors.

(iii) **Can the manager provide unitholders with greater clarity on its board renewal process?**

The nominating and remuneration committee (NRC) has stated that candidates may be put forward or sought through contacts and recommendations by the directors when a vacancy arises. The board has stated that it has ensured that the manager implements corporate governance policies and industry best practices to protect IREIT's assets and the interests of unitholders.

(iv) **Has the manager depended on director candidates put forward or sought through contacts and recommendations by directors for its search?**

(v) **Has the NRC/chairman evaluated the use of professional search firms to source for new directors? Would this be the industry best practice for a board to conduct a search?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US