

IPUT

Q2 2019

## Quarterly Update

Hoarding at the Tropical Fruit Warehouse,  
30-32 Sir John Rogerson's Quay, Dublin 2



Art by LEAH HEWSON at WILTON PARK STUDIOS

ARTIST IN RESIDENCE  
PROGRAMME



Leah Hewson

**TROPICAL FRUIT WAREHOUSE**  
80,000 SQ FT OF GRADE A OFFICE SPACE  
[TROPICALFRUITWAREHOUSE.COM](http://TROPICALFRUITWAREHOUSE.COM)



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JOINT LETTING AGENTS

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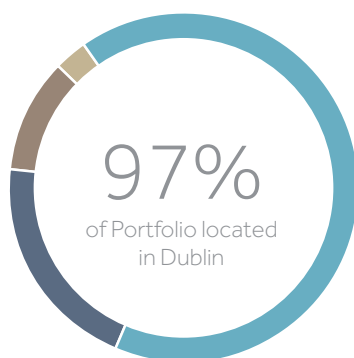


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## Overview

- The last quarter was busy on several fronts with the Fund successfully deploying €94m in income accretive prime investments assets at a blended yield of 6.4%.
- With a consistent eye on maintaining income returns, the Fund paid shareholders a dividend of €26.5 million or €11.50 per share for the quarter which represents a yield of 4.2% for the 12 months to June 2019.
- NAV increased to €2.55 billion at the end of June.
- The Fund successfully completed the disposal of its minority interest in Pavilions Shopping Centre, Swords.



- OFFICE 66%
- RETAIL 20%
- INDUSTRIAL 11%
- OTHER 3%

### €2.55bn

Net Asset Value

### 1.56%

Total Shareholder  
Return in Q2 2019

### 4.20%

Dividend Yield to  
30 June 2019

### €11.50

Q2 Dividend Per Share

Pictured (centre of image):  
1 Grand Canal Square, Dublin 2



# Performance

**IPUT's net asset value (NAV) increased by 0.51% in Q2 and now stands at €2.55bn. Total shareholder return for the quarter was 1.56% and 6.72% for the 12 months to the end of June 2019.**

**Capital value growth this quarter was again principally derived from ongoing and recently completed added value projects including office developments at One Wilton Park & 5/6 Earlsfort Terrace in Dublin 2, in addition to yield compression in the office sector.**

## Share Price Information

	Q1 31 March 19	Q2 30 June 19
Offer Price Per Share	€1,125.34	<b>€1,131.12</b>
NAV Per Share	€1,103.28	<b>€1,108.95</b>
Repurchase Price Per Share	€1,086.73	<b>€1,092.31</b>
Dividend Per Share	€11.50	<b>€11.50</b>
Distribution Date	05/04/2019	<b>05/07/2019</b>

Rental values remained stable across the portfolio during the quarter. The largest ERV increase was evident in the retail warehouse sector with the Fund's holdings in Liffey Valley Retail Park benefiting from a recently completed rent review. The logistics sector and office sector recorded minor asset specific increases which were largely driven by ongoing asset management initiatives.

The Fund collected €29m of rental income and distributed €26.5m (€11.50 per share) to investors in the quarter. This reflects a 12-month dividend yield of 4.2% (based on average NAV) to 30 June 2019.



**Pictured clockwise from above:**

Mahon Point Retail Park, Cork; 51-54 Pearse Street, Dublin 2;  
CGI of One Wilton Park, Dublin 2

Q2 2019

**+0.54%**

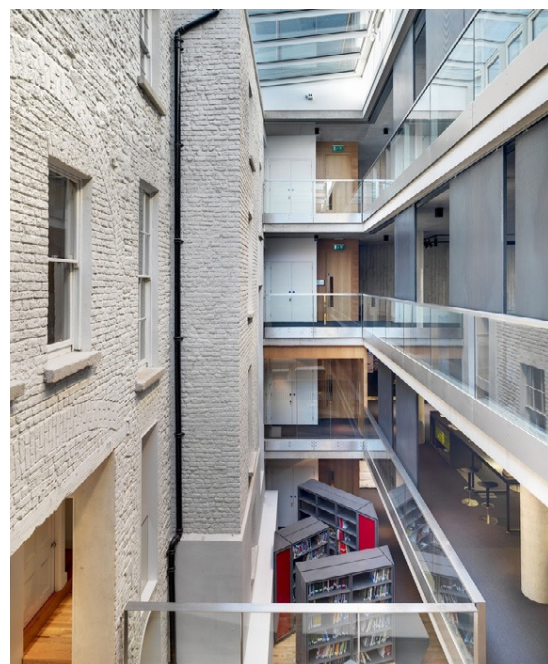
Capital Value Increase

**6.7 Years**

WAULT

**99.8%**

Occupancy





# Transaction Activity

**IPUT had an active Q2, completing investment acquisitions at Mahon Point Retail Park in Cork and the Pearse Street Portfolio in Dublin which includes two modern office buildings opposite Trinity College / Pearse Street train station. The Fund also contracted on two logistics landbanks extending to 46.5 acres both of which are strategically located off the M50. The disposal of the Fund's 25% interest in Pavilions Shopping Centre was also completed in the quarter. Transaction activity in Q2 reflects the Fund's ability to rapidly recycle capital into attractive, income generating assets at a blended yield of 6.4% – in both on and off-market transactions.**



**Pictured left:**  
51-54 Pearse Street,  
Dublin 2

## Retail

IPUT acquired Mahon Point Retail Park in Cork during Q2 in an off market transaction with the property yielding a 7% return for the Fund. Considered the leading retail park outside of Dublin, the acquisition is consistent with IPUT's retail strategy to invest in leading out-of-town retail parks which now includes Carrickmines and Airside Retail Park in Dublin; and Mahon Point Retail Park in Cork.

Developed in 2006, Mahon Point Retail Park comprises 157,200 sq. ft. divided into 10 units with 600 car park spaces. The scheme is 100% let and long-term tenants include B&Q, PC World, Curry's, Argos, Halfords, Home Store & More, EZ Living, Carpetright, Home Focus and Mothercare. Mahon Point Retail Park is adjacent to Mahon Point Shopping Centre, Munster's top retail destination which attracts over 6 million visitors per annum.

Mahon Point Retail Park will continue to benefit from strong fundamentals in Cork, which is set to become the fastest growing city in Ireland over

the next 20 years. The population is expected to almost treble under the combination of The National Development Plan 2040 and the extension of the city boundaries. There are plans for the development of a new light rail system which will enhance connectivity between Mahon Point and Cork city centre.

The transaction follows the completion of the sale of a 25% interest in Pavilions Shopping Centre, Swords, Co. Dublin.

The Fund's retail holdings now represent 20% of portfolio value and complement IPUT's significant office portfolio and growing exposure to the logistics sectors.

## Logistics

The Fund continues to invest in the logistics sector. Building on the acquisition of Unit 1 in Dublin Airport Logistics Park in Q1, IPUT acquired a 33-acre landbank beside Dublin Airport and situated just off Dublin's M50 ring road which provides direct access to the motorway system for an effective distribution network.

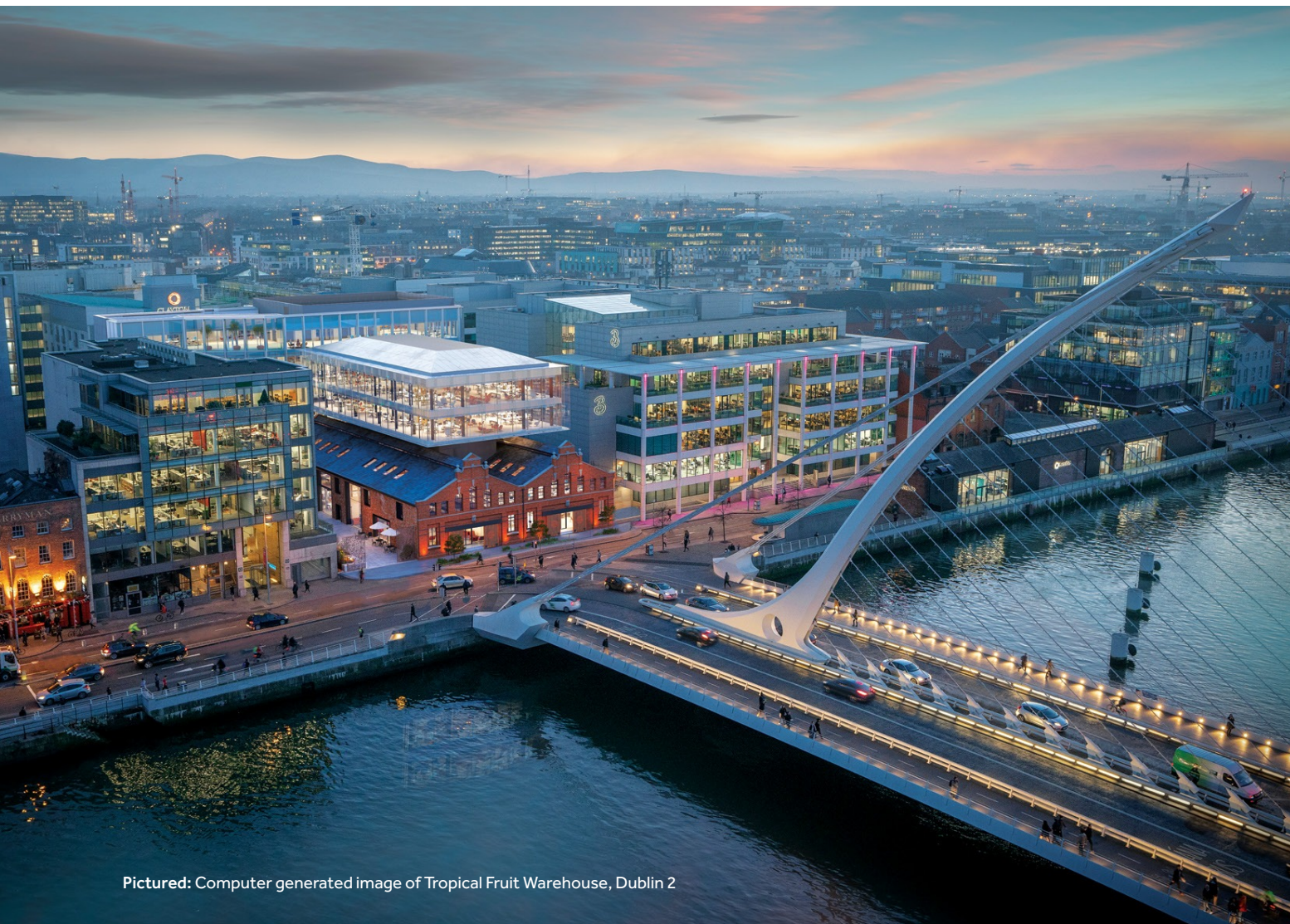
Contracts were also exchanged on another strategically located landbank extending to 13.5 acres situated just off the M50.

These strategically located landbanks will have a combined capacity to develop 880,000 sq. ft. of logistics space. The sustained growth of the logistics sector – driven in part by growth in online shopping – means there is a scope for value creation on these sites.

## Offices

The Fund added to its CBD office portfolio in Q2 with the acquisition of the Pearse Street Portfolio which comprises 51-54 Pearse Street and Magennis Court. These properties extend to 42,643 sq. ft., are 100% let and have a blended WAULT of 8.4 years. Henry J Lyons architects and Aqua Comms occupy 51-54 Pearse Street with John Daly Atlantic Language School occupying Magennis Court. A key objective of the Fund's Investment Strategy is to maintain a strong bias towards prime Dublin offices. This acquisition is consistent with that strategy and will both increase the Fund's office weighting and WAULT.





Pictured: Computer generated image of Tropical Fruit Warehouse, Dublin 2

## Value Added Projects

### One Wilton Park, Dublin 2

Development continues to progress at One Wilton Park with the excavation of the basement levels complete and preparation has commenced for the first basement slab concrete pour. Two tower cranes will be erected onsite in July and this will mark the beginning of the structure rising. The practical completion date remains on track for Q4 2020.

### Two-Four Wilton Park, Dublin 2

The planning application process is ongoing with a decision from An Bord Pleanála expected during the course of 2019. Detailed design is progressing and is on track to allow works to start onsite in early 2020 if a positive response is received from An Bord Pleanála.

### Tropical Fruit Warehouse, Dublin 2

The Tropical Fruit Warehouse was successfully launched to the market in Q2 2019 and remains IPUT's only speculative development on site. Construction is progressing with piling ongoing in line with excavation of the basement levels for the rear office block. Archaeological works in the Warehouse are almost complete and a significant milestone was reached with the removal of the original timber trusses for restoration offsite.

### Dublin Airport Logistics Park, Co. Dublin

The refurbishment of a 185,000 sq. ft. logistics unit at Dublin Airport Logistics Park, which is located off the M50, is progressing and is on track for completion in Q3 2019. The building is undergoing a significant upgrade that will reposition the asset to meet the strong demand for strategically located, large scale, high quality logistics units in Dublin; while providing enhanced income returns.



## Active Management

**IPUT continues to actively manage the portfolio and completed several new lettings and rent reviews during the quarter. New lettings to Dechert Solicitors and HPRA at the Earlsfort Centre were completed during Q2 while rent reviews were agreed in Liffey Valley Retail Park, 1 Shelbourne Buildings and Carrickmines. The cumulative value of annual rental income generated from new lettings this quarter was €470,000 and the Fund's occupancy rate increased to 99.8%.**



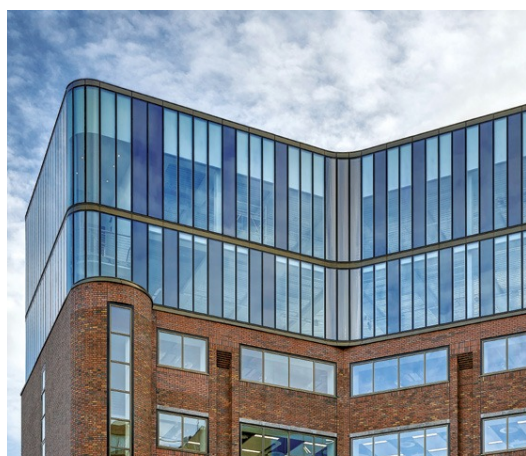
### New Lettings

Dechert Solicitors has let 8,600 sq. ft on the second floor of 5 Earlsfort Centre on a 10-year lease. HPRA have taken the fourth floor of 6 Earlsfort which extends to 5,265 sq. ft. on a 15-year lease. Dechert and HPRA add to the strong covenant profile of the tenants at the Earlsfort Centre driven by its attractive CBD location, new urban garden, and LEED platinum credentials.

### Rent Reviews

The Fund actively engages with tenants during rent reviews to maximise the reversionary potential of the portfolio. All the rent reviews undertaken in Q2 were ahead of ERV.

A number of rent reviews were completed during the quarter at Shelbourne Buildings, Carrickmines and Liffey Valley Retail Park. These rent reviews resulted in over €3.6m of income reviewed and secured into the medium term, with the outcomes exceeding portfolio ERV.



**Pictured above (from top):**  
Carrickmines, Dublin 18;  
5 Earlsfort Centre, Dublin 2



# Environmental, Social and Governance

## Sustainability Report

IPUT released its third annual sustainability report during the quarter which highlights how sustainable and responsible management is a key component of the IPUT Building brand. The infographic below highlights the Fund's 2018 performance.

IPUT recognises the importance of being a sustainability leader. It makes for a better business, stronger stakeholder relationships, improves our buildings and most importantly, ensures we play our part in addressing climate change.

IPUT's 2019 strategy is to explore how the Fund can continue to deliver excellent buildings that maximise

occupier well-being and minimise our carbon footprint. Recognising the importance of alignment with the global ambition of our investors, tenants and partners, our 2019 strategy used the UN Sustainable Development Goals as a foundation.

Read the full 2018 Sustainability Report here on our website: <https://www.iput.ie/sustainability>

## 2018 PERFORMANCE HIGHLIGHTS



### WELL Certified™ Gold

IPUT's office became the first office in Dublin to be WELL Certified™ Gold.



### Energy Reduction

In 2018 we saw a 7% reduction in electricity use at 1 Grand Canal Square, which is our highest consuming asset.

## GRESB Performance

We improved our GRESB score to 67, a 20% increase on our 2017 score and a 3 star Green Star rating.



## Tenant Satisfaction

We undertook our first formal survey in 2018 with over 100 participants. Over 80% of survey respondents found the services in IPUT buildings to be of an excellent standard.



## Social and Cultural Support

Over the course of 2018 we continued to engage with the wider Dublin Community in a broad range of activities alongside environmental improvements.



## LEED Certifications

LEED Gold achieved at 40 Molesworth Street & The Exchange and LEED Platinum achieved at 10 Molesworth Street.



## Green Energy

IPUT have sourced renewable energy supply from green energy providers associated with 75% of Scope 2 emissions.



Pictured from left to right:  
A selection of our South Docklands offices;  
Riverside Two, Riverside One, 33-34 Sir John Rogerson's Quay  
and the Tropical Fruit Warehouse

## Environmental, Social and Governance (cont.)

### Wilton Park Artist in Residence Programme

IPUT is committed to supporting the arts and, during Q2, we announced our partnership with Royal Hibernian Academy for our Wilton Park Studios Artist in Residence Programme. As part of the programme - which is a direct response to the limited studio availability in Dublin - three artists will each be provided with fully supplemented 6-month long residencies, over a period of three years at our Wilton Park Studios.

As part of the partnership, we commissioned Leah Hewson to produce a mural titled 'Abiding Traces' which was revealed at our landmark development at the Tropical Fruit Warehouse. The Tropical Fruit Warehouse is the ideal high-profile location to showcase work by emerging Irish artists, and we look forward to revealing further works from our Artist in Residence programme over the coming months.



**Pictured right:**  
Una Sealy in residence at  
Wilton Park Studios, Lad Lane, Dublin 2

**Pictured below:**  
Leah Hewson pictured with 'Abiding Traces'






#### About IPUT:

IPUT is the largest unlisted property vehicle in Ireland with an unrivalled track record in delivering superior income returns to shareholders.

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