PAVING THE WAY FORWARD

IREIT Global

ANNUAL REPORT 2019

IREIT Global

2019 was a year of significant milestones. From the successful refinancing of the term loans, extension of tenant leases to the entry of strategic investor City Developments Limited (CDL) and foray into the Spanish real estate market, IREIT Global (IREIT) has judiciously strengthened its market position, **paving the way forward** for future resilience.

Amidst the uncertain macroeconomic backdrop, IREIT will continue to forge ahead with its growth strategy based on the four pillars of seeking diversification, adopting a long-term approach, achieving scale and leveraging on Tikehau Capital's local presence. With eyes set on re-calibrating our capital structure, intensifying our asset management efforts and the potential acquisition of the remaining 60% stake in the Spanish properties in the year ahead, IREIT is hopeful that these initiatives will further reinforce the long-term sustainable income for its unitholders.

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KEY OBJECTIVES

The Manager's key financial objectives are to provide unitholders of IREIT (Unitholders) with regular and stable distributions, and the potential for sustainable long-term growth in distribution per Unit (DPU) and net asset value (NAV) per Unit, while maintaining an appropriate capital structure for IREIT.

ABOUT IREIT GLOBAL

IREIT is the first Singapore-listed real estate investment trust (REIT) established with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing real estate in Europe which is used for office, retail and industrial (including logistics) purposes, as well as real estate-related assets.

IREIT's current portfolio comprises five freehold office properties in Germany, located in Berlin, Bonn, Darmstadt, Münster and Munich, and four freehold office properties in Spain, located in Madrid and Barcelona.

IREIT is managed by IREIT Global Group Pte. Ltd. (the Manager), which is jointly owned by Tikehau Capital and CDL.

Tikehau Capital is an asset management and investment group listed in France, while CDL is a leading real estate operating company listed in Singapore.

ABOUT TIKEHAU CAPITAL

Tikehau Capital is an asset management and investment group with €25.8 billion of assets under management and shareholders' equity of €3.1 billion as at 31 December 2019. The Group invests in various asset classes (private debt, real estate, private equity, capital markets strategies), including through its asset management subsidiaries, on behalf of institutional and private investors. Controlled by its managers, alongside leading institutional partners, Tikehau Capital employs more than 530 staff in its Paris, London, Amsterdam, Brussels, Luxemburg, Madrid, Milan, New York, Seoul, Singapore and Tokyo offices.

ABOUT CITY DEVELOPMENTS LIMITED

CDL is a leading global real estate company with a network spanning 106 locations in 29 countries and regions. Building on its proven track record of over 55 years in real estate development, investment and management in Singapore, CDL has developed its growth platforms in its key international markets of China, United Kingdom, Japan and Australia and is also developing a fund management business. Along with its London-based hotel arm, Millennium & Copthorne Hotels Limited (M&C), the CDL Group has 156 hotels and 45,000 rooms worldwide, many in key gateway cities.

LETTER TO UNITHOLDERS

DEAR UNITHOLDERS,

On behalf of the Board of Directors of IREIT Global Group Pte. Ltd., the manager of IREIT Global (IREIT), I am pleased to present IREIT's annual report for the financial year ended 31 December 2019 (FY2019).

A YEAR OF SIGNIFICANT MILESTONES

FY2019 was a rewarding year for IREIT as we reaped the fruits of the various initiatives that were undertaken to strengthen and reposition IREIT's portfolio for long-term growth. On the letting front, we have been proactively engaging our tenants to ensure the continuity of leases, while working closely with brokers to explore opportunities on improving the portfolio occupancy. As a result of these efforts, we concluded a number of lease extensions for a few key tenants at Concor Park and secured a long-term lease with a new tenant for the entire second floor at Münster South Building.

In February 2019, we successfully drew down the new loan facilities of €200.8 million provided by UniCredit Bank AG to substantially repay the then existing bank borrowings. This positive outcome was achieved following management's prudent decision to initiate discussions with banks early to explore the various refinancing options. With a debt maturity date on 30 January 2026 and all-in cost of debt of circa 1.5% over the loan tenor, we have not only locked in interest costs at competitive rates but also eliminate the need for refinancing until 2026.

Another significant event was the introduction of a new strategic investor, City Developments Limited (CDL), which has acquired a 50% stake in the Manager and a 12.4% stake in IREIT on 29 April 2019. This major investment by CDL and partnership with Tikehau Capital was made possible as both Tikehau Capital and CDL shared the same vision and long-term commitment to strengthen IREIT's capabilities and resources as it pursues its growth plans.

The strong collaboration and alignment of interest between Tikehau Capital and CDL were clearly demonstrated in December 2019 when IREIT partnered with both of them to acquire a portfolio of four freehold office properties in Spain. IREIT entered into a 40:60 joint venture with Tikehau Capital to acquire the Spanish portfolio, while taking a term loan facility from CDL to finance the investment in the joint venture. The acquisition marks IREIT's foray into Spain, the fifth largest economy in Europe, and complements well

> Our accomplishments in 2019 have paved the way forward towards strength and stability in IREIT's portfolio.
>
> **Mr Lim Kok Min, John**
> CHAIRMAN

with IREIT's German portfolio as the diverse blue-chip tenant base and well-staggered lease profile will add strength, scale and diversification to IREIT's portfolio.

FIRM PORTFOLIO PERFORMANCE

Operationally, IREIT has continued to deliver firm performance, underpinned by stable recurring income from the long-term leases of its blue-chip tenant base. For FY2019, IREIT's gross revenue increased by 1.3% year-on-year to €35.3 million, while net property income and distributable income were largely unchanged at €30.7 million and €25.3 million, respectively. Distribution per unit (DPU) for FY2019 amounted to 3.57 € cents, compared to 3.59 € cents in prior year. In SGD terms, the DPU was 2.8% lower year-on-year at 5.64 Singapore cents, due to weaker EUR/SGD exchange rates. Nonetheless, this translates to an attractive distribution yield of 7.0% based on IREIT's closing unit price as at the last trading day of 4Q2019.

During the year, IREIT also saw the appraised value of its German portfolio increased by €70 million, reflecting the healthy German real estate investment market and positive leasing activity at the assets. As at 31 December 2019, the investment properties were valued at €574.9 million, versus €504.9 million a year ago. This contributed chiefly to a 16.7% increase in IREIT's net asset value (NAV) per Unit to €0.56 over the same period.

MIXED MARKET OUTLOOK

Looking into 2020, however, we expect the slowing global trade and geopolitical uncertainties, including Brexit, to further weigh on Europe's economic growth. The outbreak of the COVID-19 in Europe and many parts of the world is also expected to have a far and wide effect on global economic activity. This may lead to a slowdown in the take-up in office space and rental growth expectations in the European real estate market. On a more positive note, the impact to IREIT's performance to-date is limited as the majority of its rental income is derived from long-term leases with blue-chip tenants. In addition, monetary policy in the Eurozone is expected to remain accommodative and interest rates to stay low for longer periods. In established economies such as Germany, the real estate market is also expected to remain healthy due to positive investor sentiment, low mortgage rates and the attractiveness of real estate as a higher yielding asset class.

PAVING THE WAY FORWARD

Amidst the current uncertain macroeconomic backdrop, we will continue to forge ahead with our growth strategy based on the four pillars of seeking diversification, adopting a long-term approach, achieving scale and leveraging on Tikehau Capital's local presence. While our accomplishments in 2019 have paved the way forward towards strength and stability in IREIT's portfolio, we intend to channel our focus on re-calibrating our capital structure, intensifying our asset management efforts and the potential acquisition of the remaining 60% stake in the Spanish properties and other attractive properties in our existing markets in the year ahead. As part of our roadmap towards high standards of governance and sustainability, we will also be progressively integrating environmental, social and governance (ESG) considerations into our day-to-day operations and investment management decisions. We are hopeful that these initiatives will further reinforce the long-term sustainability of IREIT's portfolio and income for its Unitholders.

APPRECIATION AND ACKNOWLEDGMENTS

On behalf of the Board of Directors and management team, I would like to extend my appreciation to all valued tenants, business partners, financiers, DBS Trustee and Unitholders for their loyalty and continued support. I would also like to thank our Board members and management team for their stewardship and wisdom that led IREIT to grow from strength to strength. On behalf of the Board, I would like to express a special word of thanks to Mr Aymeric Thibord, who will be relinquishing his role as Chief Executive Officer (CEO) in 2020 after more than three years of service. I wish Aymeric every success in his next endeavour. I would also like to take this opportunity to inform that the Board has identified and approved a well-qualified candidate to assume the CEO position and the details of the candidate will be announced once the process for the regulatory approval of his appointment has been completed. Finally, my appreciation goes to all our employees for their invaluable contributions, dedication and hard work. I look forward to meeting with our Unitholders at the upcoming Annual General Meeting to be held on 18 June 2020.

至单位持有者之信函

尊敬的单位持有者，

谨代表 IREIT Global Group Pte. Ltd.（IREIT 房地产信托基金管理公司）董事会，我很高兴为大家呈现截至 2019 年 12 月 31 日（2019 财年）IREIT Global (IREIT) 的年度报告。

重大里程碑之年

对于 IREIT 而言，2019 财年是硕果累累的一年，为了实现长期增长，我们加强并重新定位 IREIT 地产组合，各项相关举措取得了可观的成果。在租赁方面，我们积极主动联系租户，以确保租户连续续租，同时与经纪人紧密合作，发掘各种机遇以提升地产组合占用率。经过上述努力，我们与康科园（Concor Park）的一些主要租户达成了多份租约延期，并争取到了明斯特（Münster）南大楼一位新租户对大楼二楼全层的长期租约。

2019 年 2 月，由联合信贷银行 (UniCredit Bank AG) 提供新贷款 2.008 亿欧元已成功下放，用以偿还当时已有之大部分银行借款。这一积极结果得益于管理层作出的明智决定，尽早与银行展开了讨论，并探索各种再融资方案。贷款到期日为 2026 年 1 月 30 日，贷款总费用约为贷款期限的 1.5%，因此我们不仅为利息费用获取了优惠利率，而且直到 2026 年之前也无需再融资。

另一重大事件是引入了新的战略投资者——城市发展有限公司 (City Developments Limited, CDL)，该公司于 2019 年 4 月 29 日收购了 IREIT 管理公司 50% 的股份以及 IREIT 12.4% 的股份。正因为 Tikehau Capital 和 CDL 共有的发展愿景和长期承诺，CDL 对我们进行了意义重大的投资，且与Tikehau Capital建立了合作关系，二者都希冀在 IREIT 制定并落实自身发展计划的过程中能够加强 IREIT 的能力和资源。

我们在 2019 年取得的成就为 IREIT 地产组合强势而稳定的发展铺平了前进道路。

2019 年 12 月，IREIT 与 Tikehau Capital 以及 CDL 合作收购了西班牙四座办公楼地产组合的永久业权，充分表明了我们与这两家公司的密切合作以及利益一致性。IREIT 与 Tikehau Capital 以 40:60 比例合资收购了西班牙地产组合，同时获得了 CDL 提供的定期贷款，以资助该合资项目的投资。该收购标志着 IREIT 涉足西班牙（欧洲第五大经济体），并与 IREIT 德国地产组合实现良好互补，该多元化的蓝筹租户基群和布局良好交错的租赁状况将促进 IREIT 地产组合实力、规模及多元化的提升。

稳健的地产组合绩效

运营方面，蓝筹租户基群的长期租赁带来了稳定的经常收入，使 IREIT 得以保持稳健的绩效。2019 财年，IREIT 总收入同比增长 1.3%，达到 3,530 万欧元，而净财产收入和可分配收入大致保持不变，分别为 3,070 万欧元和 2,530 万欧元。2019 财年每单位派息额 (DPU) 为 3.57 欧分，而去

年同期为 3.59 欧分。鉴于欧元兑新元汇率疲弱，以新元计算的每单位派息额同比下降 2.8%，为 5.64 新分。尽管如此，根据 IREIT 在 2019 年第四季度最后一个交易日的收盘价计算，分配收益率为 7.0%，仍十分可观。

这一年，IREIT 德国地产组合的评估价值也增加了 7,000 万欧元，反映了德国房地产投资市场向好发展，进行着积极的资产租赁活动。截至 2019 年 12 月 31 日，投资地产之价值为 5.749 亿欧元，而上一年为 5.049 亿欧元。这主要使得 IREIT 每单位资产净值 (NAV) 同期增长 16.7%，为 0.56 欧元。

喜忧参半的市场前景

然而，展望 2020 年，我们预计全球贸易放缓以及英国退欧等地缘政治不确定性将会进一步影响欧洲的经济增长。新型冠状病毒在欧洲及世界各地迅速爆发并蔓延，预计将对全球经济活动产生广泛而深远的影响。这可能会导致欧洲房地产市场的办公楼空间占用率和租金增长预期下降。从较乐观的角度来看，迄今为止，IREIT 业绩受到的影响仍然有限，因为 IREIT 大部分的租赁收入源于长期租赁和稳定的蓝筹租户。此外，预计欧元区货币政策将保有适应力，并在较长期内将保持较低利率。对于德国等发达经济体，投资者情绪积极，抵押贷款利率较低，房地产作为高收益资产类别颇具吸引力，因此预计其房地产市场也将向好发展。

铺平前进之道路

在当前不确定的宏观经济背景下，我们将继续坚持以四大支柱为基础的发展策略，即寻求多样化、采用长期方案、实现规模化，并运用 Tikehau Capital 所具有的地方业务优势。我们在2019年取得的成就为 IREIT 地产组合实现强势而稳定的发展铺平了前进道路，而在接下来一年里，我们将集中精力重新调整我们的资本结构，加大资产管理力度，并且关注对西班牙地产组合余下60% 股份以及我们现有市场上有利可图的其他地产可能进行的收购。为了实现高标准治理和可持续发展的蓝图，我们还会将环境、社会和治理 (ESG) 考量因素逐步纳入到我们的日常运营和投资管理决策。我们希望这些举措能够进一步巩固 IREIT 地产组合及其单位持有人收益的长期可持续发展。

由衷感谢

谨代表董事会和管理团队，向亲爱的全体租户、商业合作伙伴、融资人、星展信托有限公司 (DBS Trustee) 以及单位持有人表示感谢，感谢大家一如既往的持续支持。我也十分感谢董事会成员和管理团队的管理指导与英明决策，引领 IREIT 不断壮大发展。在此，我谨代表董事会向 Aymeric Thibord 先生表达谢意，其担任了首席执行官 (CEO) 三年有余，即将在 2020 年离职。衷心祝愿 Aymeric 接下来的事业道路取得圆满成功。我也借此机会宣布，董事会已指派了一名符合资格的继任者担任CEO的职位，该继任者的详细信息将于其任命的核准审批流程结束后即刻公布。最后，我要对所有员工的宝贵贡献，辛勤工作和奉献精神表示感谢。即将于 2020 年 6 月 18 日举行的年度股东大会上，我期待与各位单位持有人见面。

林国鸣先生
主席

ENHANCING DIVERSIFICATION

NET PROPERTY INCOME

€30.7m

With diversification as one of the corporate mantras, we have constantly been exploring various avenues to diversify IREIT's income streams and geographical exposure via tenant lease management and disciplined investments into different sectors and economies to uphold the stability of IREIT's portfolio.

The acquisition of a 40% stake in the Spanish portfolio assets in December 2019 augments well with IREIT's German portfolio as its diverse blue-chip tenant base and well-staggered lease profile will add diversification to IREIT's tenant mix, industry exposure and geographical market.

DIRECTORS

MR LIM KOK MIN, JOHN

Chairman and
Independent Non-Executive Director

Date of First Appointment as Director
14 July 2014

Length of Service as Director (as at 31 December 2019)
5 years and 5 months

Mr Lim has more than 45 years of senior corporate experience in both the private and public sectors, and has worked in various countries in Southeast Asia, holding board appointments in these countries and in Australia and New Zealand. He has been the Chief Executive Officer of Cold Storage Holdings, President and Executive Deputy Chairman of LMA International NV, and Group Managing Director of Pan-United Corporation Ltd and JC-MPH Ltd.

Mr Lim is currently the Non-Executive Chairman of Boustead Projects Limited and an Independent Non-Executive Director of Silverlake Axis Limited, as well as a director of several private companies in education, retail and corporate services. He also serves as an Adviser to a European private equity fund.

He is the Immediate Past Chairman of Gas Supply Pte Ltd. He is a former Chairman of the Singapore Institute of Directors, Senoko Power Ltd and the Building & Construction Authority, and a former Deputy Chairman of NTUC FairPrice Cooperative, the Agri-Food & Veterinary Authority and the Singapore Institute of Management. He is also a former member of the Securities Industry Council, a former Chairman of the OECD-Asia Network on Corporate Governance of State-Owned Enterprises and currently a Vice-President of Global Compact Network Singapore.

Mr Lim was awarded the Public Service Medal by the President of Singapore in 2006.

Academic & Professional Qualifications
- Bachelor of Economics (Honours), University of Malaya
- Honorary Fellow of the Singapore Institute of Directors

Membership of Board Committee
- Member of Audit and Risk Committee
- Member of Nominating and Remuneration Committee

Present Directorships and Chairmanship in Other Listed Companies
- Boustead Projects Limited
- Silverlake Axis Limited

Present Principal Commitments (other than directorships in other listed companies)
- In.Corp Global Pte Ltd (Non-Executive Chairman)
- Exeterstar Holdings Pte. Ltd. (Director)
- MHC Asia Holdings Pte. Ltd. (Director)
- Nexus International School Pte Ltd (Director)
- Taylors Education Pte Ltd (Director)
- TWG Tea Company Pte Ltd (Director)

Past Directorships and Chairmanship in Other Listed Companies held over the preceding three years
- Boustead Singapore Limited

MR TAN WEE PENG, KELVIN

Independent Non-Executive Director
and Chairman of the Audit and Risk
Committee

Date of First Appointment as Director
14 July 2014

Length of Service as Director (as at 31 December 2019)
5 years and 5 months

Mr Tan has more than 30 years of professional experience in the private and public sector. He has held senior management positions, serving as President of AETOS Security Management Pte Ltd from 2004 to 2008 and as Global Head of Business Development at PSA International from 2003 to 2004. From 1996 to 2003, he was with Temasek Holdings Pte. Ltd, where his last held position was as Managing Director of its Private Equity Funds Investment Unit. He also sits on the boards of Sabana Real Estate Investment Management Pte. Ltd. as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust, Eagle Hospitality REIT Management Pte. Ltd. and Eagle Hospitality Business Trust Management Pte. Ltd. as managers of Eagle Hospitality Trust, Global Investments Limited, Unusual Limited and Viking Offshore and Marine Limited, which are listed on the Singapore Exchange Trading Limited (SGX-ST).

Academic & Professional Qualifications
- Bachelor of Accountancy (First Class Honours), National University of Singapore
- Master of Business Administration, National University of Singapore
- Programme for Management Development, Harvard Business School
- Member, Singapore Institute of Directors
- Member, Institute of Management Consultants (Singapore)
- Fellow of the Institute of Singapore Chartered Accountants

Membership of Board Committee
- Chairman of the Audit and Risk Committee

Present Directorships and Chairmanship in Other Listed Companies
- Global Investments Limited
- Unusual Ltd
- Viking Offshore and Marine Limited

Present Principal Commitments (other than directorships in other listed companies)
- Sabana Real Estate Investment Management Pte. Ltd. (Director)
- Eagle Hospitality REIT Management Pte. Ltd. (Director)
- Eagle Hospitality Business Trust Management Pte. Ltd. (Director)
- Institute of Singapore Chartered Accountants Pte. Ltd. (Director)
- Association of Taxation Technicians (S) Limited (Director)
- Adjunct Associate Professor, NUS Business School

Past Directorships and Chairmanship in Other Listed Companies held over the preceding three years
- WE Holdings Ltd
- Shanghai Turbo Enterprises
- Transcorp Holdings Limited

MR NIR ELLENBOGEN

Independent Non-Executive Director and Chairman of Nominating and Remuneration Committee

Date of First Appointment as Director
5 December 2013

Length of Service as Director (as at 31 December 2019)
6 years

Mr Ellenbogen has more than 20 years of leadership and experience in the fields of medical technology and IT systems & software. He is the Managing Director of Eye-Lens Pte. Ltd., a multidisciplinary medical devices distributor, and the Chief Executive Officer of CeePro Pte. Ltd., a medical devices manufacturer. He is also the Managing Director of Focalpoint Asia, a sole proprietorship that provides medical consultancy services.

From 2000 to 2009, Mr Ellenbogen held senior management positions and directorships at NeuroVision, a medical devices manufacturer specialising in a visual improvement programme. While there, he served as Vice-President of R&D and Chief Operating Officer, and his last held positions were as Chief Executive Officer and Director.

Academic & Professional Qualifications
- Bachelor of Science, The Technion – Israel Institute of Technology
- Master of Business Administration, Tel Aviv Universitys

Membership of Board Committee
- Chairman of Nominating and Remuneration Committee
- Member of Audit and Risk Committee

Present Directorships and Chairmanship in Other Listed Companies
Nil

Present Principal Commitments (other than directorships in other listed companies)
- Eye-Lens Pte. Ltd. (Director)
- Shinagawa Eye Centre Pte. Ltd. (Director)

Past Directorships and Chairmanship in Other Listed Companies held over the preceding three years
Nil

MR BRUNO DE PAMPELONNE

Non-Executive Director

Date of First Appointment as Director
11 November 2016

Length of Service as Director (as at 31 December 2019)
3 years 1 month

Mr de Pampelonne has 34 years of experience in various segments of the financial markets, from debt and real estate to equity, and from banking to asset management. He is currently a Senior Partner at Tikehau Capital and Chairman of Tikehau Investment Management SAS.

He started his career at Crédit Lyonnais in 1983 in the United States. In 1985, he joined Goldman Sachs International Corp in London, where he became an Executive Director at its proprietary European trading desk. In 1990, he joined Credit Suisse First Boston as Managing Director to establish its Paris operations and was in charge of equity and debt sales and trading. In April 1993, he joined Merrill Lynch France as Managing Director and was appointed as the Country Head for France from 2003 to 2006.

Currently the Chairman of the Board of Governors of EDHEC Business School, he also serves on the International Advisory Board of the EDHEC Risk Institute.

Academic & Professional Qualifications
- Master of Finance, EDHEC Business School

Membership of Board Committee
- Member of Nominating and Remuneration Committee

Present Directorships and Chairmanship in Other Listed Companies
Nil

Present Principal Commitments (other than directorships in other listed companies)
- Tikehau Investment Management SAS (Chairman)
- Tikehau Investment Management Asia Pacific Pte. Ltd. (Director)
- EDHEC Business School (Chairman)

Past Directorships and Chairmanship in Other Listed Companies held over the preceding three years
Nil

MR TONG JINQUAN
Non-Executive Director

Date of First Appointment as Director
14 July 2014

Length of Service as Director (as at 31 December 2019)
5 years and 5 months

Mr Tong has more than 20 years of experience in property investment, development and management in the People's Republic of China. He is the founder and Chairman of the Summit Group, which he established in 1994 and whose growth he has been responsible for overseeing.

His experience with the Summit Group encompasses industrial, commercial and residential investments, investment management, trading, property development, hotel management, property management, business consultancy, convention and exhibition services, goods export and technology import, software services and maintenance of office equipment.

The Summit Group holds and operates commercial properties in Shanghai, Shenyang and Chengdu. Its portfolio includes hotels, serviced apartments, office buildings and a shopping mall.

Mr Tong also holds an indirect interest in the manager of ESR-REIT, an industrial real estate investment trust that is listed on the SGX-ST.

Membership of Board Committee
Nil

Present Directorships and Chairmanship in Other Listed Companies
- New Century Asset Management Limited

Present Principal Commitments (other than directorships in other listed companies)
- Summit Group (Chairman)
- ESR Funds Management (S) Limited (Director)
- Viva Industrial Trust Management Pte. Ltd. (Director)

Past Directorships and Chairmanship in Other Listed Companies held over the preceding three years
- Nil

MR KHOO SHAO HONG, FRANK
Non-Executive Director

Date of First Appointment as Director
29 April 2019

Length of Service as Director (as at 31 December 2019)
8 months

Mr Khoo is the Group Chief Investment Officer of City Developments Limited since February 2018. He assists the Group CEO to source and execute new investment opportunities, and also establish a dedicated fund management platform.

With over 20 years of international experience in fund management, private experience in fund management, equity, acquisition of real estate assets and the repositioning and restructuring of real estate businesses, Mr Khoo has an extensive network of investors, ranging from insurance companies, pension funds, sovereign wealth funds and high net worth individuals across Asia and Europe.

Previously, Mr Khoo was the Global Head of Asia of AXA Investment Manager – Real Assets (AXA IM Real Assets) where he oversaw all real estate activities for AXA IM Real Assets in Asia, including investment, transaction, fund management, asset management, capital raising and finance. He has also held various executive positions in Pacific Star Fund Management Pte Ltd, Guthrie GTS Ltd, Phileoland Bhd and Kestral Capital Partners.

He holds a Master of Business Administration from Nanyang Technological University of Singapore, as well as Bachelor of Engineering (Honours) and Bachelor of Science degrees from University of Queensland, Australia. He is also a Chartered Accountant in Singapore.

Academic & Professional Qualifications
- Master of Business Administration, Nanyang Technological University
- Bachelor of Engineering, University of Queensland Australia
- Bachelor of Science, University of Queensland Australia
- Chartered Accountant of Singapore

Membership of Board Committee
Nil

Present Directorships and Chairmanship in Other Listed Companies
Nil

Present Principal Commitments (other than directorships in other listed companies)
- City REIT Management Pte. Ltd.
- City Strategic Equity Pte. Ltd.
- CDL Real Estate Investment Managers Pte. Ltd.
- CDL Real Estate Asset Managers Pte. Ltd.

Past Directorships and Chairmanship in Other Listed Companies held over the preceding three years
Nil

TEAM

MR AYMERIC THIBORD

Chief Executive Officer

As Chief Executive Officer, Mr Thibord is responsible for planning and implementing IREIT's investment strategy, the overall day-to-day management and operations of IREIT, as well as working with the Manager's investment, asset management, financial, legal and compliance personnel in meeting IREIT's strategic investment and operational objectives.

Mr Thibord brings 21 years of experience, having worked for several major real estate investors. Most recently, he served as a Senior Director at US financial institution TIAA-CREF. He joined its newly established London branch in 2010, where he oversaw real estate investments in Continental Europe with a focus on France and Germany. He became director of fund management in 2014 when the dedicated real estate management subsidiary TH Real Estate was formed.

He started his career in 1998 at Archon Group France (Goldman Sachs' wholly-owned real estate asset management platform) to become acquisitions deal leader. From 2003, he spent seven years at Société Générale Asset Management, as a founding member of its real estate arm and serving as a director of acquisitions responsible for the development of the business.

Academic & Professional Qualifications

- Bachelor of Economics (Honours), University of Rennes
- Master of Finance (Honours), University of Montpellier

MR CHOO BOON POH

Chief Financial Officer

As Chief Financial Officer, Mr Choo is responsible for applying the appropriate capital management strategy (including tax, treasury, finance and accounting matters), as well as overseeing the implementation of IREIT's short and medium-term business plans, fund management activities, financial condition and investor relations.

Mr Choo has more than 19 years of experience in audit, banking and corporate finance-related work. From 1998 to 2009, he was with BNP Paribas Capital (Singapore) Ltd., where he served in various roles. His last position held there was as Director of Corporate Finance for Southeast Asia. In his role as a senior member of the corporate finance origination and execution team covering Southeast Asia, he successfully completed numerous domestic and cross-border mergers and acquisitions. Focusing mainly on the real estate sector and REIT transactions, he and his team successfully launched several initial public offerings of REITs in Singapore.

From 1994 to 1998, he was a supervisor with Price Waterhouse (now known as PricewaterhouseCoopers) in Singapore, where he led the financial audits of several high-profile corporations and public listed companies. At PricewaterhouseCoopers, he was also involved in transactions services including operational audits, due diligence reviews and special assignments for various corporates.

Academic & Professional Qualifications

- Bachelor of Accountancy (First Class Honours), Nanyang Technological University
- Fellow of the Institute of Singapore Chartered Accountants
- Chartered Financial Analyst (CFA) Charterholder

ENCAPSULATING LONG-TERM APPROACH

DISTRIBUTABLE INCOME

€25.3m

Thinking long term, we build strong and enduring relationships with our tenants, business partners, service providers and other stakeholders during the course of our operations. We are happy to welcome like-minded strategic investor CDL, which has acquired stakes in both the Manager and IREIT in April 2019, to collaborate with Tikehau Capital and participate in this long-term growth journey.

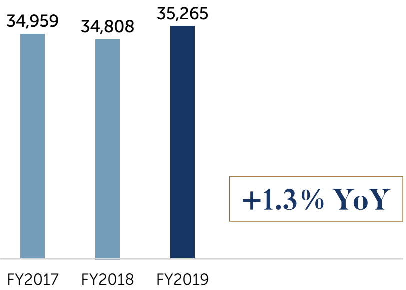
The positive extensions for several IREIT's portfolio leases, refinancing of the term loans at competitive rates over the long term and the provision of a loan facility by CDL in 2019 are also exemplary actions of the long-term commitment of IREIT and its stakeholders.

CAPITAL MANAGEMENT

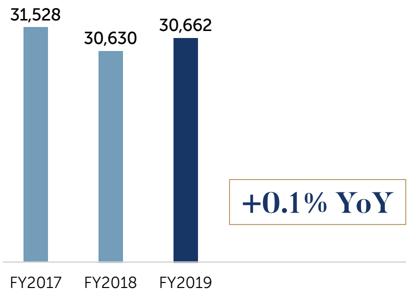
KEY FINANCIAL HIGHLIGHTS

	Actual FY2019 (€'000)	Actual FY2018 (€'000)	Change (%)
Gross Revenue	35,265	34,808	1.3
Property Operating Expenses	(4,603)	(4,178)	10.2
Net Property Income	30,662	30,630	0.1
Share of results of joint venture	(535)	-	NM
Distributable Income	25,264	25,146	0.5
Income Distributed	22,738	22,631	0.5
Distribution per Unit			
In € cents	3.57	3.59	(0.6)
In S$ cents	5.64	5.80	(2.8)

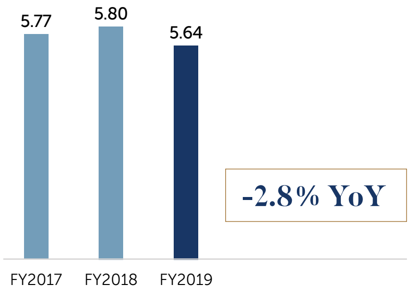
GROSS REVENUE
(€'000)



NET PROPERTY INCOME
(€'000)



DISTRIBUTION PER UNIT
(S$ Cents)



PROPERTY PERFORMANCE

Net property income ("NPI") of IREIT and its subsidiaries (the "Group") for FY2019 derived from the Group's properties in Germany (the "German Portfolio") remained stable, registering a slight increase of €32,000 or 0.1% over that of FY2018. The increase in property operating expenses was due mainly to repairs and maintenance expenses for the upkeep of the properties. This was offset by higher gross revenue arising mainly from the finalisation of prior year's service charge reconciliation.

SHARE OF RESULTS OF JOINT VENTURE

In December 2019, IREIT entered into a 40:60 joint venture with Tikehau Capital for the purposes of acquiring a portfolio of four properties in Spain (the "Spanish Portfolio"). The joint venture company ("JVCo") completed the acquisition of 100% of the interests in the Spanish Portfolio on 20 December 2019.

The share of results of joint venture relates to the Group's 40% share of the net income of JVCo, which was accounted for based on the equity accounting method. The share of loss of the joint venture was mainly due to the write-off of the costs and expenses incurred by JVCo for the acquisition.

DISTRIBUTIONS TO UNITHOLDERS

The distribution per Unit ("DPU") of 3.57 € cents for FY2019 was 0.6% lower than the DPU of 3.59 € cents for FY2018.

In S$ terms, the DPU stood at 5.64 Singapore cents for FY2019, representing a slight decrease of 2.8% as compared to the DPU of 5.80 Singapore cents for FY2018, as a result of weaker EUR/SGD exchange rates. For both FY2018 and FY2019, IREIT distributed approximately 90% of its annual distributable income. The details of the distributions for FY2019 are as follows:

Period	Payment Date	Income Distributed	DPU	
		€'000	€ cents	S$ cents
1 January 2019 to 30 June 2019	27 August 2019	11,671	1.84	2.93
1 July 2019 to 31 December 2019	27 February 2020	11,067	1.73	2.71
Total FY2019		22,738	3.57	5.64

TOTAL OPERATING EXPENSES

The total operating expenses of the Group including all fees and charges paid to the Manager and interested parties (and non-recurring acquisition-related fees and expenses) for FY2019, amounted to €9,223,000 (FY2018: €7,893,000), representing 2.60% of the net assets attributable to Unitholders as at 31 December 2019 (FY2018: 2.58%). The Group incurred €987,000 of income tax on the real estate assets for FY2019 (FY2018: €251,000).

For the year ended 31 December 2019, the total fees paid by the Group to the property managers were €772,000 (FY2018: €465,000).

VALUATION OF ASSETS

As at 31 December 2019, the German Portfolio was valued at €574.9 million.

	Valuation (€'million) (as at 31 December 2019)[1]	Valuation (€'million) (31 December 2018)[1]
Berlin Campus	217.0	190.7
Bonn Campus	113.7	107.8
Darmstadt Campus	90.6	86.4
Münster Campus	62.8	49.5
Concor Park	90.8	70.5
Total	574.9	504.9

1. The valuations were conducted by CBRE Germany GmbH.

VALUATION OF ASSETS (CONTINUED)

The purchase consideration for the Spanish Portfolio was based on the agreed value of each of the properties and was negotiated on a willing-buyer and willing-seller basis, taking into account the independent valuations as at 2 December 2019 undertaken by Cushman & Wakefield Spain Limited, Sucursal en Espana ("C&W"). In arriving at the open market value of the Spanish Portfolio, C&W has used the income capitalisation approach supported by the sales comparison approach.

The agreed property value and independent valuation of the Spanish Portfolio were €133.8 million and €138.3 million respectively.

	Agreed Property Value (€'million)	Independent Valuation (€'million)
Delta Nova IV	28.7	30.1
Delta Nova VI	39.8	40.4
Il·lumina	25.4	26.1
Sant Cugat Green	39.9	41.7
Total	133.8	138.3
IREIT's 40% Interest	53.5	55.3

The Group's 40% interest in the Spanish Portfolio through JVCo has been reflected in the financial statements for the financial year ended 31 December 2019 at the agreed property value as this is deemed by the Manager to be fair value.

	As at 31 December 2019 (€'000)	As at 31 December 2018 (€'000)	Change (%)
Total Assets	636,377	528,875	20.3
Total Liabilities	282,084	223,268	26.3
Net Assets Attributable to Unitholders	354,293	305,607	15.9
NAV per Unit (€)	0.56	0.48	16.7

Total assets increased by 20.3% to €636.4 million as at 31 December 2019 as compared to €528.9 million as at 31 December 2018. The increase was mainly due to the increase in the valuation of the German Portoflio and the Group's 40% investment in JVCo, which was completed in December 2020.

Total liabilities increased by 26.3% to €282.1 million as at 31 December 2019 as compared to €223.3 million as at 31 December 2018. The increase was mainly due to the increase in borrowings, financial derivatives and deferred tax liabilities. Total borrowings of the Group have increased mainly due to the new term loan facility taken up to finance the Group's 40% investment in JVCo. The increase in financials derivatives were due to the revaluation of the interest rate swaps entered into to hedge the interest rate risk on borrowings. The increase in deferred tax liabilities were due to the higher deferred tax effect arising from the increase in valuation of the German Portfolio.

Correspondingly, net assets attributable to Unitholders increased by 15.9% to €354.3 million as at 31 December 2019 as compared to a year ago, translating to a higher net asset value ("NAV") per Unit of €0.56 as at 31 December 2019 (FY2018: €0.48).

PRUDENT CAPITAL AND RISK MANAGEMENT

The Manager continues to adopt a proactive strategy to manage the Group's capital structure and takes a disciplined approach in addressing funding requirements and managing interest rate risks.

BORROWINGS

Key Financial Indicators

	As at 31 December 2019	As at 31 December 2018
Total Borrowings Outstanding (€'million)	232.8	193.5
Aggregate Leverage[1]	39.3%	36.6%
Interest Coverage Ratio[2]	10.4 times	8.4 times
Weighted Average Debt to Maturity[3]	5.5 years	1.1 years
Weighted Average Effective Interest Rate (per annum)[4]	1.8%	2.0%
% of Borrowings at Fixed Rates[5]	86.3%	90.4%

Debt Maturity Profile

% of Total Gross Borrowings	Amount (€'000)	Maturity
86.3	200,760	January 2026
13.7	32,000	May 2021
100.0	232,760	

As at 31 December 2019, the Group's total gross borrowings stood at €232.8 million, as compared to €193.5 million as at 31 December 2018. In February 2019, all then existing bank borrowings of €193.5 million were successfully refinanced with new loan facilities of €200.8 million. In December 2019, the Group entered into a term loan facility of €32.0 million to finance its 40% investment in JVCo.

Approximately 86.3% of the gross borrowings are on fixed interest rates as the Group had entered into interest rate swaps to hedge its exposure from floating rate borrowings. For FY2019, the Group achieved a healthy interest coverage ratio of 10.4 times (FY2018: 8.4 times). The weighted average effective interest rate is 1.8% per annum (FY2018: 2.0% per annum) over the tenure of the borrowings. All borrowings are secured and denominated in €.

As at 31 December 2019, JVCo had secured gross borrowings of €66.9 million at the property level maturing in December 2026. The Group's 40% share of the joint venture borrowing was €26.8 million.

FOREIGN CURRENCY AND INTEREST RATE MANAGEMENT

The Manager continues to actively manage the interest rate and foreign exchange exposure for the Group by adopting strategic hedging policies to optimise risk-adjusted returns to Unitholders, including the following initiatives:

- Use of interest rate swaps to hedge the interest rate risk on borrowings;
- Use of € denominated borrowings as a natural hedge to match the currency of assets and cashflows at the property level; and
- Use of forward foreign currency exchange contracts to hedge the currency risk for distribution to Unitholders. The current hedging policy is based on the use of such instruments on a quarterly basis to hedge approximately 80% of the expected € denominated income to be repatriated, one year in advance.

Key Hedging Indicators

	As at 31 December 2019 (€'000)	As at 31 December 2018 (€'000)
Financial derivatives		
Net (Liabilities)/Assets[6]	(6,144)	690
As a percentage of total fund size (%)[7]	(0.97)	0.13

1. In accordance with Property Fund Appendix, the Group's proportionate share of its joint venture's borrowings and deposited property values are included when computing aggregate leverage.
2. Interest coverage ratio was computed based on net property income over finance costs (excludes the Group's 40% share of its joint venture's borrowings).
3. Excludes the Group's 40% share of its joint venture borrowings.
4. Effective interest rate computed over the tenure of the borrowings.
5. Taking into account interest rate swaps entered into.
6. This refer to the aggregate fair value of interest rate swaps and forward foreign currency exchange contracts of the Group.
7. Total fund size refers to the total assets of the Group.

ENLARGING SCALE

DISTRIBUTION PER UNIT

3.57€ cents

To further our aspirations to be the choice landlord for commercial real estate spaces in the respective locations of our assets, we intend to continue to undertake various initiatives to upkeep our portfolio properties. We will also continue to seek complementary investment opportunities to scale up and strengthen our brand franchise within Europe.

In our view, the recent investment in the Spanish portfolio is a footing in the right direction for IREIT to enhance its footprint and achieve operational efficiency in the key target markets in Europe.

OFFICE MARKET

PREPARED BY CBRE

EMEA REAL ESTATE MARKET OUTLOOK 2020

2019 in Perspective:

A Two-Speed Economy

Europe failed to maintain 2018's pace of economic growth, with GDP growth expected to be around 1.3% by the end of 2019, slightly below the long-term average. This can largely be explained by slowing international trade and Brexit-related uncertainty, which is weighing on export-demand and industrial output in Europe. Consumer demand, by contrast, has been quite strong.

As a result, Europe has become a two-speed economy, with service sector output remaining buoyant as industrial output continues to weaken. Unemployment fell in several countries, with EU-28 unemployment below 7%, the lowest since 2000. Aggregate measures do hide intra-country differences, however. The UK, Germany and large parts of central Europe have unemployment rates below 5%; while Italy, Spain and Greece, continue to see double-digit unemployment rates.

Despite tight labour markets, Euro area inflation has been persistently weak, prompting the European Central Bank (ECB) to lower the deposit rate further into negative territory and reinstate its net asset purchase programme at a monthly pace of €20bn. Again, aggregate inflation hides local disparities, with countries in central Europe seeing persistently higher inflation.

2020 AND BEYOND IN EUROPE:

Weaker but Still Positive

There is still some way to go before international trading arrangements normalise and Brexit-related uncertainties subside, and as such we expect Euro area GDP growth to remain slightly weaker than in recent years, but still modestly positive.

CBRE is forecasting Euro area GDP growth of 1% per annum through 2020 and 2021.

While we expect the western economies to show slightly weaker growth for 2020 as a whole, we expect Q4-on-Q4 growth rates to be much the same as 2019. Central Europe is forecast to slow compared with 2019, as the bottoming out of the German industrial sector starts to spill over into those countries that depend on Germany as a source of external demand.

Despite the struggles in Europe's industrial sector, service sector output has been relatively robust, and CBRE expects this to continue into 2020. Employment growth will slow in response to weaker GDP growth, which will have some dampening effect on consumer demand, but this will mostly be reversed as we move into 2021 and the growth outlook starts to improve.

Looking at the five-year outlook, CBRE is expecting a gradual improvement in growth in the UK and European economies as Brexit uncertainty eases and trade starts to pick up. In addition, the acceleration of the US and APAC economies will provide some much-needed support for European exports.

ECONOMIC AND POLITICAL OUTLOOK

Politics in Europe

Brexit and Italy

Political risks in Europe will continue to centre mainly on country-specific issues in the UK and Italy, and the continued geopolitical tensions among the US, China and the EU.

Business confidence and investment, particularly in the UK, have been eroded by the Brexit process. With the withdrawal stage of Brexit negotiations expected to complete soon, the UK will move into the "implementation period" during which the UK and EU will enter discussions on their long-term future relationship. This is unlikely to be straightforward and may end up being extended beyond the one year currently provided for. In any event the UK will not have as good access to EU markets as it has now.

In Italy, the new Government has put forward modest fiscal projections that have calmed markets and brought the spread on Italian debt down to much more reasonable levels.

The appointment of Christine Lagarde as President of the European Commission, replacing Mario Draghi, will see a continuation of the disagreement between the Bundesbank and the ECB on the need for coordinated fiscal policy to maintain demand in the Eurozone. Any further escalation of trade protectionism is likely to weigh heavily on the industrial sectors of Europe and is a key downside risk to the outlook.

CAPITAL MARKETS OUTLOOK

The accommodative policies of central banks are reinforcing CBRE's expectation of lower interest rates for longer. Prime yields are nearing their floors, although CBRE is still expecting some compression for the very best assets to continue into 2020. Investors are increasingly favouring real estate in multi-asset portfolio allocations, so CBRE expects 2020 volumes at least around the 2019 level in continental Europe, with a possible rebound in the UK.

Central Banks No Longer Leaning Against the Wind. 'Lower For Longer' Now the Consensus

2019 was marked by a U-turn in the policy position of central banks, prominently the Fed and the ECB. Up to that point, they had conducted a tighter monetary policy approach against the background of a more healthy macroeconomic environment, but have again reverted to a more accommodative approach. For the ECB this includes the resumption of Quantitative Easing (QE), while the Fed has lowered key rates.

While this shift does reflect some weakening in economic indicators, the change of stance also reflects increased aversion to crises by central banks since the GFC.

Given current Fed and ECB attitudes, CBRE expects the accommodative policies of central banks to continue. While their real and long-term impact on the economy can be questioned – Mario Draghi has stated that governments with fiscal space should act to support economic activity – it is clearly reinforcing our scenario of lower interest rates for longer.

Ten-year government bond yields in several countries, including Germany, France, The Netherlands and Denmark, have all turned negative in recent months.

How Good is it for Real Estate?

The 'lower for longer' scenario is a favourable one as it supports a comfortable real estate premium over government bonds. Having said that, we see two concerning side effects for real estate:

- Lower yields mean investors must reduce their return requirements, starting with value-add strategies, and/or consider higher risks;
- Yields are converging, narrowing risk premia within property as an asset class.

Bond yields may have gone negative in parts of Europe, but prime property yields appear to be nearing their floors, except for our expectation of some further yield compression for the very best assets in Europe. This is likely to be accompanied by a widening spread between London and other European cities, as long as Brexit uncertainty persists. Some specific markets or asset classes (datacentres, senior/student housing etc.) should also experience yield compression as a result of investors widening their criteria beyond mainstream asset types in search of enhanced returns. In the medium term, we do not expect yields will return to the levels that preceded the GFC, as the equilibrium level of interest rates, for various reasons, is now significantly lower.

Office Outlook

All the major western European economies experienced a slowdown in economic growth in 2018 and 2019, and all are expected to post still lower levels of growth in 2020. Central European economies, which had been stronger, are now also experiencing a slowdown. In line with this view, office-based employment in the major cities, a key driver of user demand for office space, will also see slower growth: we expect an increase of around 1.2% compared with an estimated 1.6% in 2019 and an average of 1.7% per year in the previous three years.

This is already beginning to affect leasing activity. Through three quarters of 2019, office take-up across the main European markets was 2.1% ahead of the same period in 2018, but the rolling 12-month comparison is -1.4%. CBRE expects aggregate take-up for the calendar year 2019 to be down around 1%, with a slightly larger decline of perhaps 2.5% in 2020, with supply shortages in some markets also contributing to this outcome.

Behind this overall picture, expect significant variations in the outlook for individual sectors and cities. For much of the recovery period since 2014, leasing markets have relied heavily on the technology sector as a source of demand. Recent data indicates a shift towards a more balanced demand profile. So far in 2019 technology's share of take-up in the largest markets is down slightly relative to 2018, with financial and business services rising. Sector level employment forecasts suggest that this rebalancing will persist through 2020, and asset leasing strategies will need to take account of this shift.

Geographic variations are also marked, but do not always fall into simple regional groupings. So far in 2019, Central and Eastern Europe (CEE) markets as a group have posted stronger take-up numbers; moving into 2020 this will become more nuanced, with Prague, Warsaw and Budapest looking stronger than Moscow and Bucharest. The late-cycle recovery that has boosted take-up levels in Spain and Italy in 2019 seems set to abate. Germany looks likely to be a mixed bag next year, with Frankfurt leading. Paris and Amsterdam look set for moderately strong demand growth next year.

REAL ESTATE MARKET GERMANY

Outlook Germany 2020

The greatest downside risks for the German economy in 2020 continue to be global economic tensions, political uncertainty surrounding the Brexit and a possible economic slowdown in China. However, domestic fundamentals in Germany are expected to remain robust against external factors and to support the economy.

In view of weak growth and the inflation outlook, the European Central Bank (ECB) reduced the interest rate for the deposit facility by 10 basis points to -0.5% in September 2019. In addition, the European Central Bank (ECB) announced a new round of asset purchases (Asset Purchase Program) and new refinancing operations (TLTRO-III) from November 2019 to further boost the Eurozone economy. These political and economic conditions dampened market expectations of interest rate rises and pushed yields on 10-year bonds in Germany into negative range. As a result of portfolio shifts, low yields on government bonds changed the yield expectations for alternative investments in various markets, including the real estate market, accordingly.

The negative level of real interest rates on government bonds is based on a continuing low real interest rate, which is a result of both technological and demographic factors.

An aging population and slower technological progress in industrialised countries have weighed on potential growth and effective interest rates over the past decades. In addition, rising life expectancy is increasing the level of savings, which means further pressure on effective interest rates.

The German investment market set new records last year despite the limited product availability. In addition to the established asset classes, investors are increasingly focusing on niche markets. In the residential segment, neighbourhood developments are driving the dynamic. Even though yields continue to decline, German real estate remains very attractive for investors.

In the second half of 2019, investment activity on the German real estate market again increased significantly. The slowdown in the economic situation has not yet stopped the trend, as the real estate investment markets are still driven by the very good situation on the rental markets. Not only are vacancy rates low and demand still high, but the volume of new construction is also limited - not least because of rising prices and capacity bottlenecks in the construction industry.

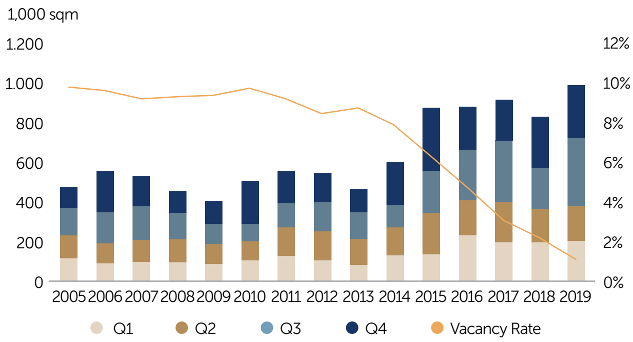
In addition to the classic transaction volume, which includes traded real estate and land, there has recently been an increase in investment in the German real estate market as a result of the acquisition of shares in real estate companies (including significant minority stakes) by institutional investors, large family offices and real estate companies.

The German office real estate market is still undisputedly the most popular asset class and will continue to hold this position, driven by the uninterrupted positive development on the office rental markets. In 2019, a total of almost 40 billion Euros were invested in this asset class. Hotel and logistics investments are also highly dynamic, with international investors continuing to dominate.

Vacancy rates in the top investment centres are simultaneously reaching all-time lows, ranging from 1.1% in Berlin to 6.8% in Frankfurt - while in the central city locations the vacancy rates are at full occupancy with regard to large, connected units. On the basis of these locations, a moderate increase in rents is expected in the future as well, due to the further growth in office employment in the catchment areas.

BERLIN OFFICE MARKET Q4 2019

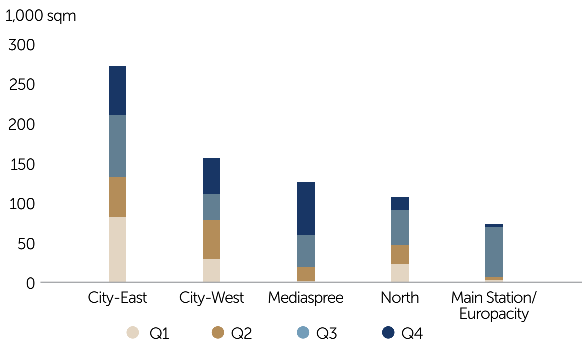
Take-up (incl. own-use) and Vacancy-Rate



In 2019, Berlin's office letting market achieved a new record figure of 998,900 sq m that fell just short of the million mark. This represents an increase of almost one fifth compared with 2018 and contrasts with the other Top 5 cities that, with the exception of Dusseldorf, have seen take-up decline. Even if three quarters of take up (742,200 sq m) was transacted in the seven submarkets within the S-Bahn ring, the limited supply of office space is forcing occupiers to move increasingly into the city periphery. The willingness to rent space here is nevertheless contingent on good connections with public transport. The largest rental agreement of the year was concluded by Amazon that, upon competition of the EDGE East Side Tower in 2023, will occupy a surface area of 55,000 sq m in the Mediaspree. This leasing arrangement exemplifies Berlin. At present, a large number of leases are being signed in developments or in space that is still let. Properties requiring refurbishment are also increasingly on the radar of occupiers and developers. Although Berlin is evolving steadily into an international service hub with a high proportion of technologically savvy companies, the public sector is also playing an important role. A major share in the take-up was attributable to the large leasing arrangements of the federal government and Berlin's state government, as well as downstream institutions.

Last but not least, the boom of flex office suppliers in Berlin also held steady in 2019 with a share of 8% in the take-up.

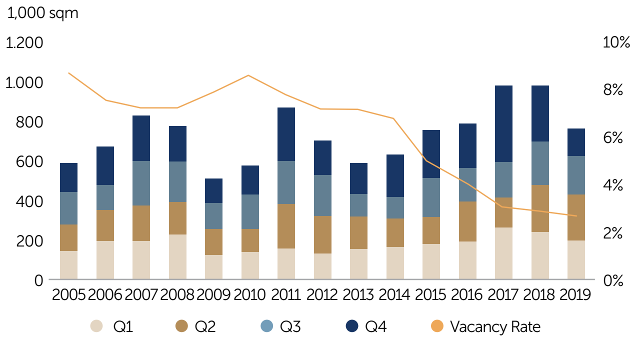
Figure 2: Office Space Take-up by Submarkets (Top5)



Source: CBRE Research, Q4 2019.

MUNICH OFFICE MARKET Q4 2019

Take-up (incl. own-use) and Vacancy-Rate



Despite the faltering economy, the fundamental economic environment of Bavaria's capital city of Munich remains robust. The "Munich mixture" of world market leaders and a broad base of small- and mid-sized companies confers stability on the entire region and sustainable potential for the future. Rising employment figures, and especially the growing office employment that CBRE's forecast estimates to rise by 5% by the end of 2022, will continue to ensure lively demand for office space in Munich. Various infrastructure projects, such as the construction of a second main suburban line and the redevelopment of Munich's central station, also provide the local real estate market with stimulus.

The annual take-up on Munich's office leasing market, including owner occupations, came in at 763,500 sq m, which reflects a decline of 22% compared with the previous year. Pure letting take-up dropped by 33%. The main reason for this development is the acute supply shortage that, with too little new space coming on the market in recent years, is meeting with high excess demand. Consequently, several larger requests in 2019 could not be satisfied in the market. In the city above all where currently only 1.6% of the office space is vacant, the supply bottleneck is particularly pronounced. As a result, the proportion of take-up in the Munich periphery increased significantly from 22% in 2018 to currently 29%. Moreover, 36% of the take-up was attributable to pre-lettings in developments, and even 60% in the segment over 5,000 sq m. As a further response to the short supply, many leases were agreed with a proportion of expansion space not occupied right away but sublet for the time being.

By contrast, flex offers providers adopted a more cautious stance, taking a share of only 5% in take up - down from 6% in the previous year.

With a commercial investment volume of a good EUR 10.6bn, 2019 marked an absolute record year in Munich. The highest figure to date of EUR 6.6bn in 2016 was exceeded by the office segment alone - that accounted for EUR 8.8bn. In comparison with 2018, 76% more was invested in commercial property. Along with large-scale single sales, such as the Macherei to Bayerische Versorgungskammer or the Tucherpark to Commerz Real, several portfolio deals with a high price tag were behind this development. At the same time, despite the still severe supply shortage, a remarkable number of core office transactions in the triple-digit million range were reported and played a decisive part in another decline in office prime yield, from 2.90% at year-end 2018 to currently 2.60%. Such transactions include, for example, the Lenbach Gärten in the direct vicinity of the Old Botanical Garden and the Ludwig in the Theresienstraße. Along with office properties that dominated the market with an investment volume of 83%, 6% was attributable to hotels and 5% to development sites. The most active buyer group were open-ended and special funds with 38%, followed by asset and fund managers with 24%. The proportion of international investors stood at 41%, which is only slightly higher than in the previous year (40%). By contrast, their allocated investment volume increased significantly by 82% through investments in several large-scale deals.

SECONDARY OFFICE MARKETS [1]

Bonn: Bonn's office market is considered well-balanced: New-build units are swiftly marketed, the vacancy rate has dropped to a level below the fluctuation reserve (4% to 5%) and remains well below the average of the Class B cities, while its office stock is the third-largest of any Class B city. The latest market development is positive, too: The office space turnover has generally been higher than the average of the Class B cities. In view of the predicted positive development of the number of office employees, it can be expected that the demand for office space will remain high in the future. Lease signings in new buildings in the federal district (Bundesviertel) have caused steep hikes in prime rents (roughly 20 EUR/sq m), which are far above the mean rate for Class B cities now.

Darmstadt: Darmstadt is one of the most important office markets among the 'C' cities, although it trails behind Frankfurt and Wiesbaden in its region. The rental values are above the average of the 'C' cities and the prime rents have been consistently high since 2010, even crossing the 13 EUR/sq m/month in 2016. The reasons for this positive trend include the increase in office employment in recent years, which is now roughly in line with the other C cities, and the increasing office stock since 2010. For several years, the vacancy rate (3.40% in 2019) has been below the average of comparable 'C' cities.

Münster: Münster has the most important office market in its surrounding area. Compared to the other Class B cities, Münster remains one of the smaller office markets. In the recent past, the city has experienced a significant upswing in the office market, as evidenced by rising turnover figures, growing rents and declining vacancies. The prime rent, which is traditionally paid for office leases in the inner city, was in 2019 at a level of of EUR 14.80 per sq m per month. Compared to the 10-year average, this is an increase of 8%.

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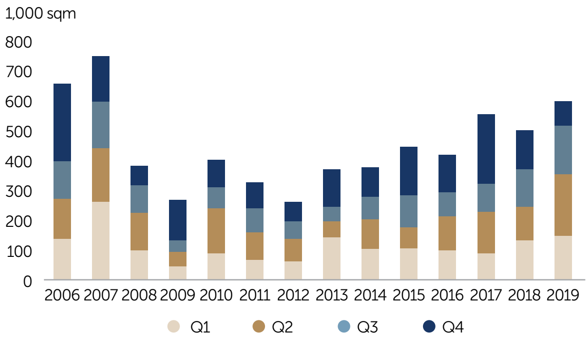
OFFICE MARKET

PREPARED BY CUSHMAN & WAKEFIELD

MADRID OFFICE MARKET 2019

Take-Up by Quarters (Incl. own-use), sqm



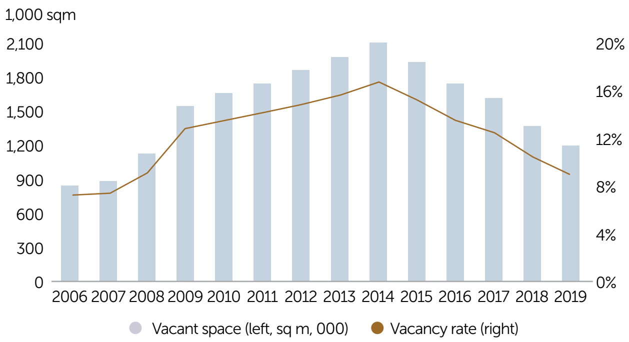
Gross take-up of office floorspace amounted to 600,000 sqm during 2019, making it a historic year surpassed only by 2007. This figure was partly driven by two major deals struck during 2019, involving Acciona and ING and amounting to 90,000 sqm in total.

The take-up of office floorspace in the Madrid market reached 83,220 sqm during the fourth quarter of 2019.

Take-up according to area during 2019 was in line with the same dynamics seen in recent years: the Central Business District (CBD) producing some 34% of total demand, whereas 34% corresponded to the decentralised zones, thus illustrating the preference for these two sub-markets. On the other hand, the City Centre and Outskirts cornered some 33% of take-up (11% and 22% respectively).

Net take-up likewise remains positive and the high degree of occupancy has led to a reduction in vacancy rates. The vacancy rate stood at 8.5% at the close of 2019. One year ago the vacant space made up 10.3% of total stock, proving that take-up has more than offset the freeing up of floorspace and deliveries of new build.

Vacant Space and Vacancy Rate Evolution



Developer activity remained energetic, with some 150,400 sqm being delivered for 2019 as a whole. This mainly comprised the Helios complex (35,000 sqm in the Campo de las Naciones), no.26 Ríos Rosas (34,500 sqm in the city centre) and the Rio 55 business park (37,400 sqm). Of total floor area delivered, some 75,900 sqm corresponded to newly constructed buildings, the remainder consisting of refurbishments.

The market is expecting to see the delivery of 277,300 sqm during 2020, of which 145,900 sqm will correspond to newly constructed buildings and the remainder to refurbishment completions.

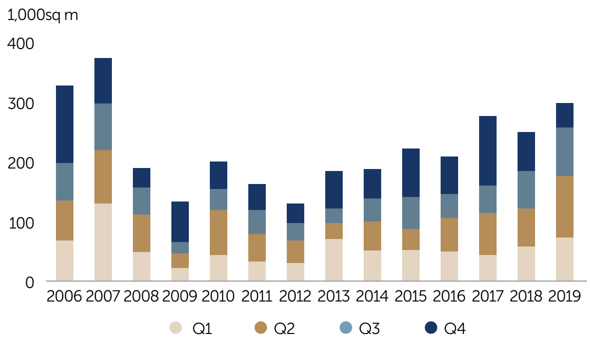
It is important to point out that the impact of deliveries on the vacancy rate during 2020 will be limited due to the area of floorspace in comparison with the total stock for Madrid. The current strength of the market means that it is capable of soaking up the increase in supply and no impact on rental prices is anticipated.

At the close of 2019 prime rent for the Madrid market stood at €35.00/sqm/month, an increase of 4.4% in comparison with the figure for the close of 2018. On the whole, average rent reached €16.70/sqm/month, exceeding the figure for 2014 by some 35%.

The outlook for 2020 continues to be based on the solidity of the market within a context of job creation and economic growth, although at a somewhat more gentle pace.

BARCELONA OFFICE MARKET 2019

Take-Up by Quarters (Incl. own-use), sqm



The gross take-up of office floorspace reached 401,700 sqm at the close of 2019, an increase of 4% on the figure for the previous year and 10% in comparison with the average for the past five years. The demand for office floorspace during the final quarter of the year amounted to 71,200 sqm.

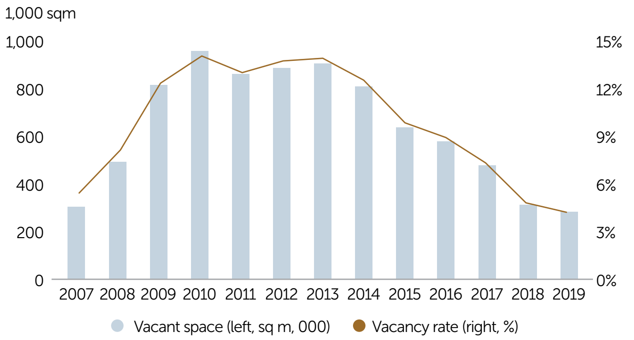
The year's leading deals in terms of floor area corresponded to two newly constructed buildings: the decision by Agrolimen to return to Sant Just Desvern in a new 18,000 sqm office building, followed by the pre-letting of 17,300 sqm by CaixaBank in the Ó Building. Both of the aforementioned deals were struck during the first quarter of the year.

The take-up of floor area for flexible workspaces continued to rise in Barcelona, representing some 20% of the take-up for the year. In 2018 this sector represented 11% of the total space. In terms of size, 15% corresponded to deals above 2,500 sqm.

The average deal size has increased compared to 2018, being 1,200 sqm, 30% higher than that corresponding to the end of 2018.

In terms of business zones, the demand side remains committed to the New Business Areas, these swallowing up some 54% of total floor area transacted in 2019. These are followed by the Outskirts, with a market share of 22%. The City Centre and CBD jointly achieved a 24% share of total demand, reflecting the lack of vacant floorspace in these areas.

Vacant space and vacancy rate evolution



The supply of available office floorspace continued to contract, resulting in the overall vacancy rate to fall to below 4.5%. This translates to a size of 283,000 sqm of vacant space, of which 43,000 sqm are in the City Centre (producing a vacancy rate of 1.7%). With a vacancy rate of less than 3%, the CBD has been suffering from a lack of available offerings since 2017.

Some 277,000 sqm of new floorspace is expected to be delivered to the Barcelona market by December 2021, 30% of which is already committed. Bearing in mind the annual gross take-up recorded over recent years and the low vacancy levels, demand will easily be able to soak up the projected floorspace.

Prime rent stood at €28.50/sqm/month at the close of 2019, some 6% above the peak recorded for Barcelona in 2007 and 8% above the figure of one year ago. Average closing rents remained at €17.32/ sqm/month, some 12% above the average closing rent for 2018.

With a total of €1.822 billion, Barcelona closed a record year in terms of office investment volume.

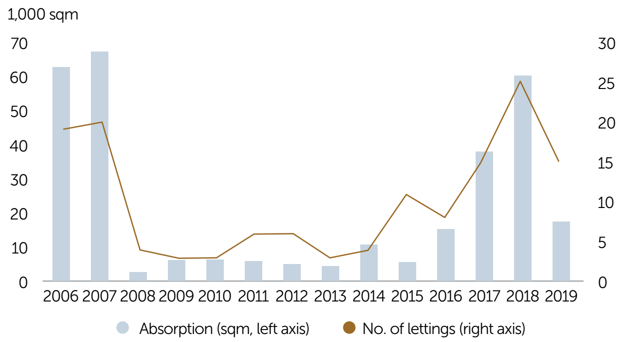
MANOTERAS OFFICE MARKET 2019

The gross absorption of office spaces in Manoteras has had an irregular behavior marked by large-scale operations.

In 2006, AXA rented 41,345 sqm in Camino Fuente de la Mora 1, which represents 66% of the total contracting for that year.

In 2007, three of the signed transactions totaled 44,000 sqm (Iberdrola 18,715 sqm, Everis 17,255 sqm; BBVA 8,000 sqm).

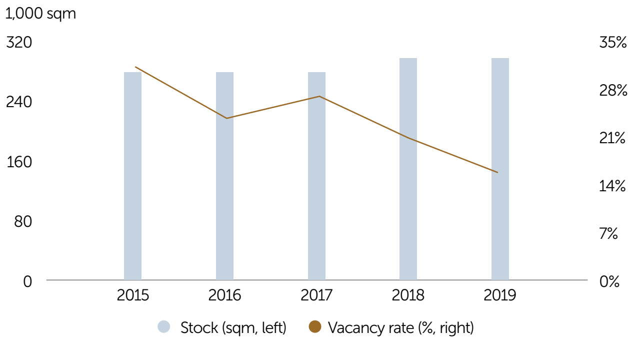
Take-Up by Quarters (Incl. own-use), sqm



In the period 2008 - 2016, the take-up registered amoderate level of activity and in 2017, another large operation (La Caixa 13,475 sqm) again boosted the space absorption up to almost 38,000 sqm.

In 2018, Everis and Deloitte leased 33,280 sqm of office space, representing more than half of the year's take-up.

Stock and Vacancy Rate Evolution (September 2019)

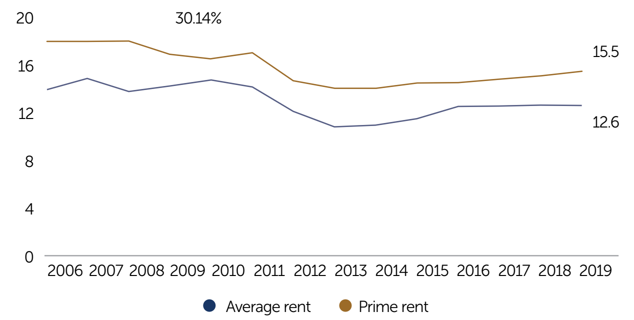


The availability rate has been decreasing and at the end of September 2019 it was 16.2%.

The Manoteras submarket has an area with immediate availability of 48,385 sqm, of which 68% is of good quality. Additionally there is a 13,000 sqm building that is being constructed and is expected to be delivered to the market in the first quarter of 2020. There is also a project to build 27,000 sqm of office space but the works have not yet begun. The delivery of this building is expected for the third quarter of 2022.

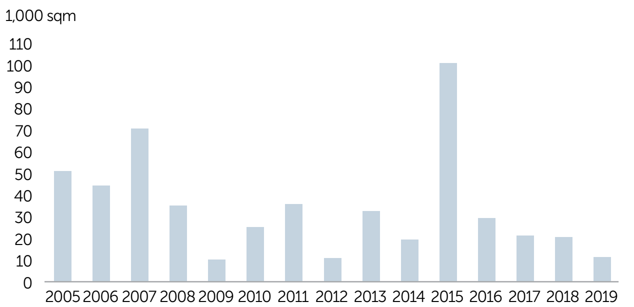
The prime rents in this area achieved €15.5/sqm/ month, implying a slight increase since the beginning of the recovery of the real estate market.

Prime and Average Rent (€/sqm/month)



SANT CUGAT OFFICE MARKET 2019

Take-Up by Quarters (Incl. own-use), sqm



Floorspace transacted since January 2015 has exceeded 180,000 sqm (2015 broke the record for annual take-up in this area, exceeding 75,000 sqm).

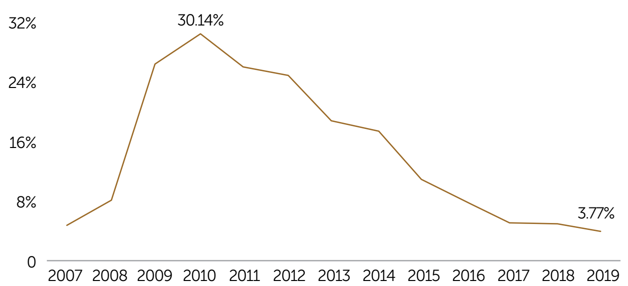
In terms of size and including turnkey transactions, the most significant deals in the area were: Stradivarius (26,400 sqm), Laboratorios Echevarne (10,000 sqm), Mapfre (10,000 sqm) and Natura Bissé Internacional (9,200 sqm), among others.

Office take-up in Sant Cugat has softened over the past 24 months. A total of some 9,000 sqm have been transacted over the past nine months, in contrast to a figure of some 20,700 sqm for 2018 as a whole. Bearing in mind the meagre levels of available supply and the high degree of scattering, a drop in the number of deals during 2019 is always on the cards and represents an all-time low for this sub-market.

Sant Cugat is particularly well known for the tendency on the part of major businesses to locate their head offices here, primarily through acquisition. This includes firms such as HP, Roche, Grifols, RTVE, ISS, Bureau Veritas, GFT, Ricoh, Naturgy, Boehringer Ingelheim, Sener, Endress & Hausser and Banc Sabadell, among others.

For many years, Sant Cugat has been the go-to option for large-scale requirements. The average for deals since 2015 is around 1,600 sqm, a figure some 53% higher than that seen for take-up recorded between 2010 and 2014 (average of 750 sqm). It also contrasts with the remainder of Barcelona, where the average size of deal stands at around 800 sqm.

Vacancy Rate Evolution



Stock has grown by some 39,000 sqm over the past year, corresponding to two turnkey projects (100% occupied at the time of delivery). The average fall in vacant floorspace since 2010 amounts to 20,000 sqm per annum.

The lack of speculatively built product since 2009 has led to scarce availability in this area at the close of the third quarter (28,512 sqm) and a continued need for vacant offerings to enable businesses to continue growing.

Potential for some 368,000 sqm of office space exists in Sant Cugat. In the event that all projects are completed, this would amount to an increase in the office stock of 65%. As a matter of fact, the area has the greatest potential for office market growth on Barcelona's periphery.

The availability of land offers the capacity to respond to new demand requirements: spaces with the same technical specifications and located in urban surroundings, capable of complementing and competing with a market such as that of 22@ in Barcelona.

ESPLUGUES OFFICE MARKET 2019

Esplugues de Llobregat is a consolidated residential area located at the top end of Avenida Diagonal, just 10 kilometres from the city centre. This small submarket includes Sant Joan Despí and Sant Just Desvern. Take-up in 2019 has been high due to three main transactions: Agrolimen relocating their HQs (18,000 sqm), Indra (6,500 sqm) and Cocoon Medical (6,000 sqm).

Due to its proximity and good access from Barcelona (Avenida Diagonal) and carriageway connections (Ronda de Dalt ring road/ B-23-AP-2/ AP-7 etc.), many companies have their headquarters within the area (for example, Bayer, Cobega, Panrico, Codorniu).

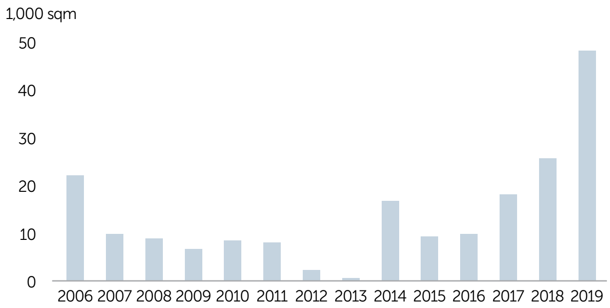
The area also offers a good mix of uses: residential (main use), healthcare (Sant Joan de Déu, Clínica Diagonal), educational (German School of Barcelona, Highlands School of Barcelona or UB Campus Diagonal – University) and services (most of them located in the new Finestrelles Shopping Centre). Some of the main occupiers in the surroundings are well-known companies like Cobega, Panrico, Codorniu or Bayer which have their headquarters in the area.

The area has excellent connections network due to its location near the intersection between the B-23/A-2 carriageway, Avenida Diagonal and the Ronda de Dalt and C-32 motorway to the south.

In terms of public transport, the area is well served by bus network (lines 63, 67, 68, 78, L51, L56, L57, 57, I57, L50, L62, N12, EP1 and EP2) and the Trambaix (Lines T1, T2 and T3).

Currently, there are no existing nearby connections to the metro, although, there are plans to extend the metro Line L3 from the Zona Universitaria station to the Esplugues de Llobregat town centre. Additionally, although no timing has been established yet, there are also plans to extend the FGC Line 6 so it can serve the Finestrelles/Sant de Déu area.

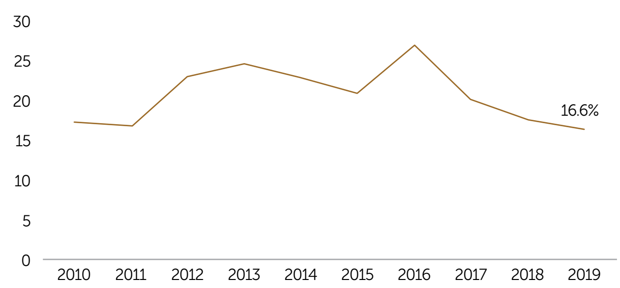
Take-Up by Quarters (Incl. own-use), sqm



The gross absorption of office spaces in the Esplugues submarket reached 48,540 sqm during 2019. This volume of take-up is a record high.

Availability in this area has been reducing rapidly in the last three years in a context of dynamic demand.

Vacancy Rate Evolution



RELATIONS

COMMITMENT TO TRANSPARENCY AND GOOD CORPORATE GOVERNANCE

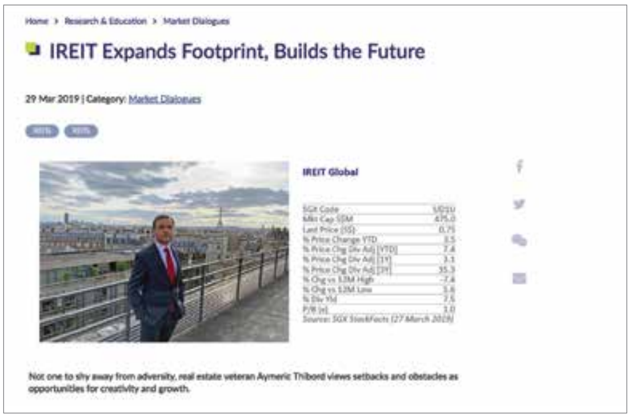
IREIT Global Group Pte. Ltd. (the "Manager"), as manager of IREIT Global ("IREIT"), is committed to the highest possible standards of communication with investors, analysts, media and the investment community and is committed to communicate in a timely, transparent, consistent, accurate, balanced and comprehensive manner on information such as the investment strategy, distribution policy, capital management and portfolio performance of IREIT.

In addition, the Manager is committed to ensure timely, unbiased and transparent disclosures of material information to the public, in accordance to the listing rules and regulations of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Singapore Code of Corporate Governance and current best practices.

ACTIVE ENGAGEMENT WITH STAKEHOLDERS

The management and investor relation teams use a number of communication channels to engage and interact with various stakeholders. This includes one-on-one meetings, lunchtime presentations, industry conferences, educational seminars, teleconferences and corporate website email alert services to facilitate regular two-way communication with investment professionals, current investors and prospective investors.

As part of the proactive investor outreach programme, the Manager participated in a number of events throughout 2019, such as the DBS-REITAS Private Banking Luncheon event, SGX Education Series investor presentation and Citi-REITAS-SGX C-Suite S-REITs and Sponsors Forum in Singapore, as well as SGX-DBSV-REITAS Corporate Day in Bangkok, Thailand.



Collaboration with SGX-ST on several initiatives to increase awareness and understanding on IREIT's business operations

During the year, the Manager also worked closely with the SGX-ST on several initiatives including the Kopi-C Market Insights to broaden the reach to the investment community and foster better understanding of IREIT's business operations and investment portfolio. The Kopi-C Market Insights is an interesting article offering investors an alternative view on IREIT in a more relaxed setting via an interview with the Chief Executive Officer of the Manager. For investors who prefer a quick snapshot of IREIT, the Manager also collaborated with SGX-ST on the 10-in-10 (10 questions in 10 minutes) profiling opportunity in 2019 to provide them with quick insights to 10 of the most frequently asked questions on IREIT.

Directors and management team engaging Unitholders at AGM held on 29 April 2019

Unitholders of IREIT are also given the opportunity to participate at the annual general meetings ("AGM") and extraordinary general meetings ("EGM") to meet the management team and the Directors of the Manager to communicate their views or concerns and ask questions. In 2019, approximately 125 Unitholders and proxies attended the AGM. Directors and representatives from the trustee, external auditor and legal advisor of IREIT were present to address Unitholders' queries during the meeting. All resolutions were conducted via electronic polling system for speed, reliability and transparency, and the results of the polls were announced on the SGX-ST and IREIT websites on the same day of the event. Furthermore, minutes of the meetings covering substantial and relevant comments or queries from Unitholders relating to the agenda of the meetings, and responses from the Directors and the management team, are made available to Unitholders via IREIT's website.

The Manager also regards sell-side research analysts as an important stakeholder group, as they play a key role in helping to enhance the visibility of IREIT and bridge any communication gap between IREIT and retail and institutional investors. As a result of the Manager's efforts made towards nurturing and maintaining strong links with the sell-side analysts, IREIT received new research coverage from two financial institutions in the first quarter of 2020.

FINANCIAL CALENDAR

Financial Year Ended 31 December 2019	
15 May 2019	Announcement of first quarter results
7 August 2019	Announcement of second quarter results
27 August 2019	Payment of distributions for period from 1 January 2019 to 30 June 2019
12 November 2019	Announcement of third quarter results
12 February 2020	Announcement of fourth quarter results
27 February 2020	Payment of distributions for period from 1 July 2019 to 31 December 2019
18 June 2020	2020 Annual General Meeting

Financial Year Ended 31 December 2020[1]	
August 2020	Announcement of first half results
February 2021	Announcement of second half results

1 Tentative dates that are subject to change. With effect from the financial year ending 31 December 2020, IREIT will adopt the announcement of half-yearly financial statements.

Trading Performance during Financial Period[1]	FY2019	FY2018
Opening price (S$)	0.725	0.775
Closing price (S$)	0.810	0.725
Highest closing price (S$)	0.810	0.815
Lowest closing price (S$)	0.725	0.715
Total trading volume (million units)	98.1	49.6
Average daily volume traded ('000 units)	392	198

Total Returns with Distributions Reinvested (%)[2]	
From 1 January 2019 to 31 December 2019 (1 year)	20.5%
From 1 January 2017 to 31 December 2019 (3 year)	42.6%
From 1 January 2015 to 31 December 2019 (5 years)	55.5%

CLOSING UNIT PRICE PERFORMANCE FOR TRADING PERIOD FROM 1 JANUARY 2019 TO 31 DECEMBER 2019[3]

Unitholders' Enquiries

If you have any enquiries or would like to find out more about IREIT, please contact:

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8 Marina View #15-07A Asia Square Tower 1 Singapore 018960
T: +65 6718 0590 | F: +65 6718 0599
Investor Relations Enquiries: ir@ireitglobal.com
Website: http://www.ireitglobal.com

1. For the trading period from 1 January to 31 December.
2. Total returns are computed based on the closing unit price on the last trading day of the preceding reporting period compared with the closing unit price on the last trading day of the current period. Distributions paid are assumed to be reinvested at the closing unit price on the day they were paid out.
3. ShareInvestor.com.

ENTRENCHING LOCAL PRESENCE

PORTFOLIO VALUATION

€630.2m

Boasting an asset under management of €9.2 billion, Tikehau Capital's real estate business is now the largest operating segment among its four key business lines. This allows IREIT to fully capitalise on its strong investment platform, dedicated team and resources to achieve its growth plans.

Leveraging on Tikehau Capital's pan-European network, local expertise and financial resources, IREIT has managed to identify, secure and complete the acquisition of the Spanish portfolio within a short timeframe by partnering with Tikehau Capital.

SUMMARY

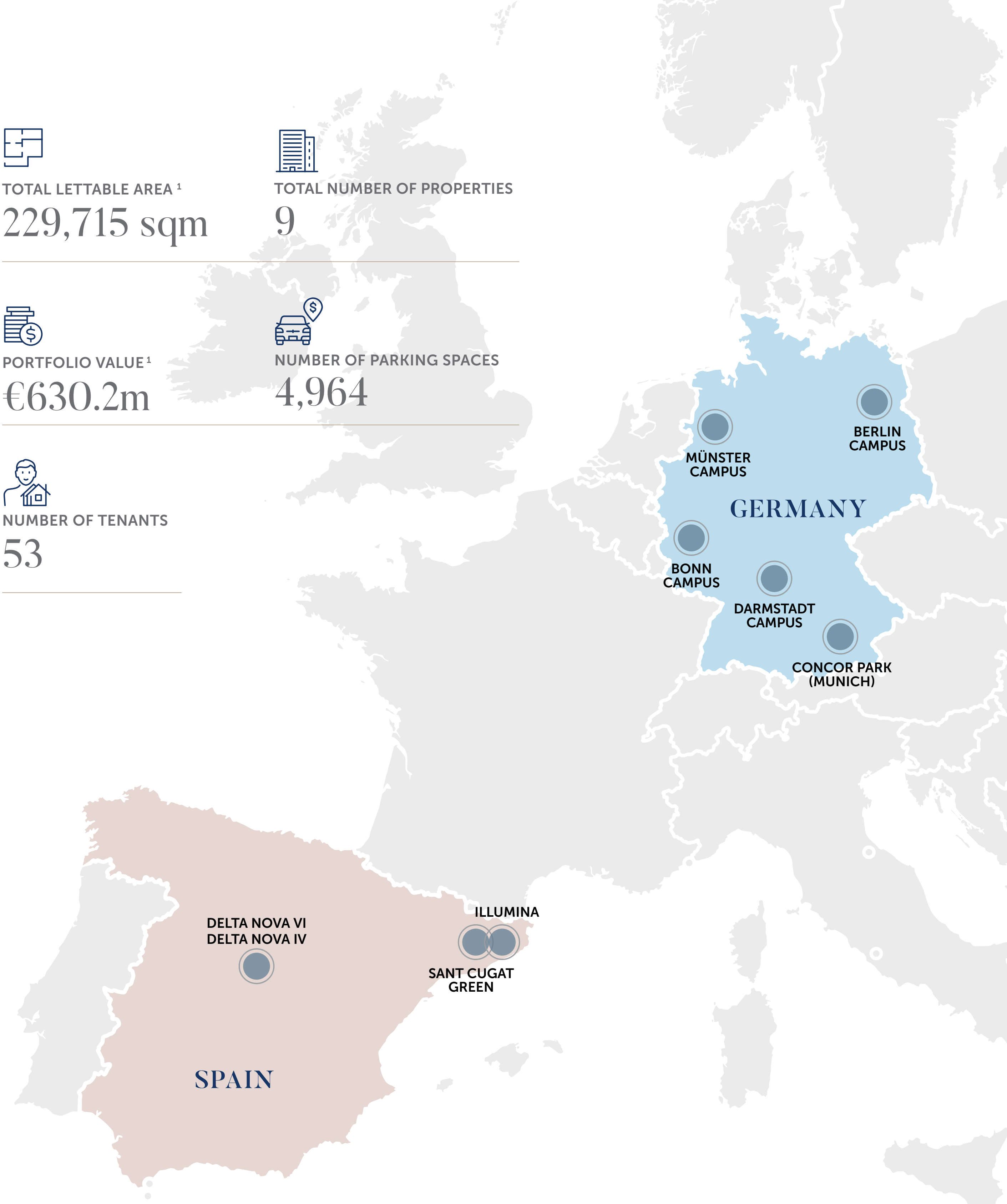
TOTAL LETTABLE AREA [1]
229,715 sqm

TOTAL NUMBER OF PROPERTIES
9

PORTFOLIO VALUE [1]
€630.2m

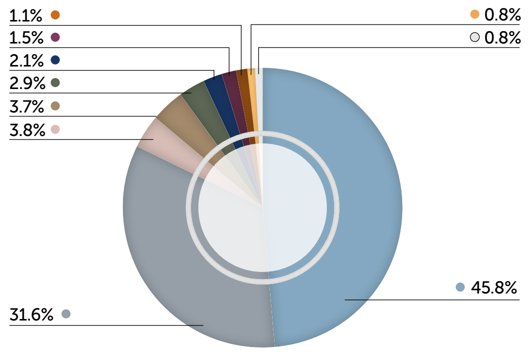
NUMBER OF PARKING SPACES
4,964

NUMBER OF TENANTS
53



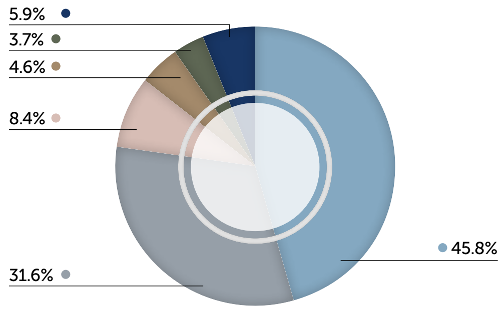
1. Based on IREIT's proportionate interest in the respective properties as at 31 December 2019.

TOP 10 TENANTS[1]



Deutsche Telekom	45.8%
Deutsche Rentenversicherung Bund	31.6%
Allianz Handwerker Services GmbH	3.8%
ST Microelectronics	3.7%
Ebase	2.9%
DXC Technology	2.1%
Yamaichi	1.5%
Roche	1.1%
Catalan Media Corporation	0.8%
Gesif	0.8%

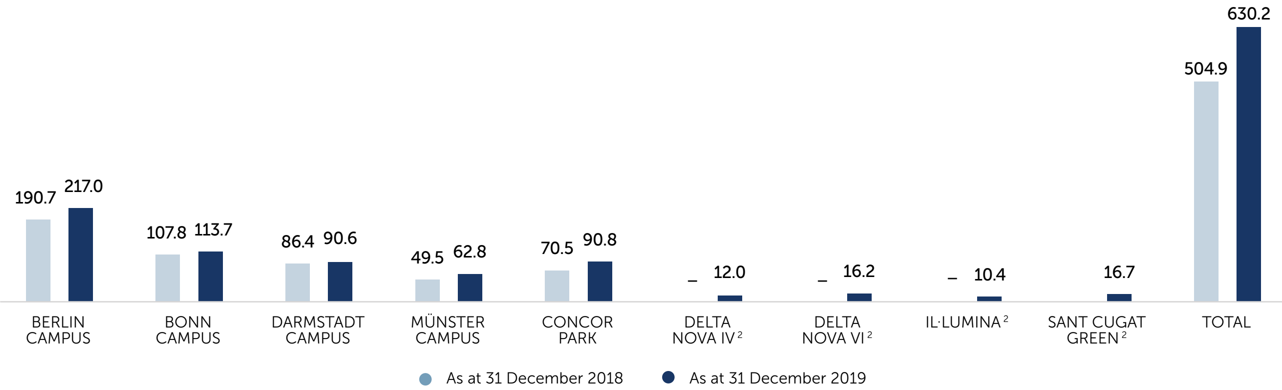
TRADE SECTOR[1]



Telecommunications	45.8%
Government	31.6%
IT & Electronics	8.4%
Real Estate	4.6%
Financial Services	3.7%
Others	5.9%

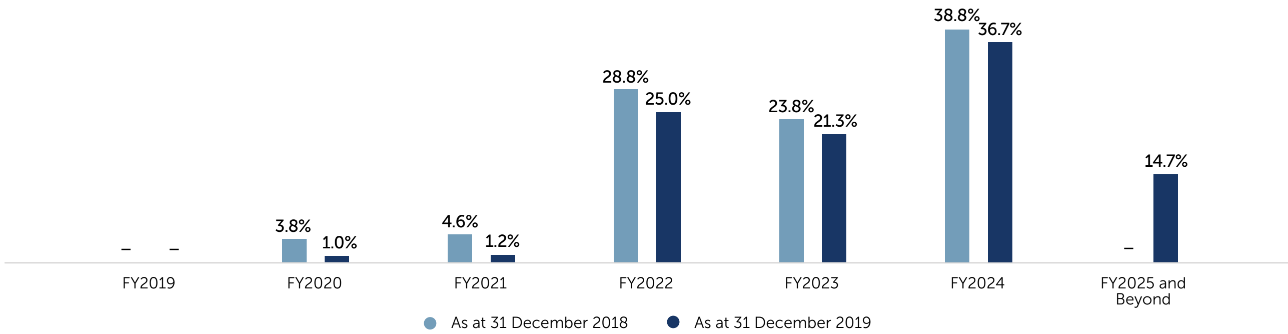
ASSET VALUATION BY PROPERTY

€'million



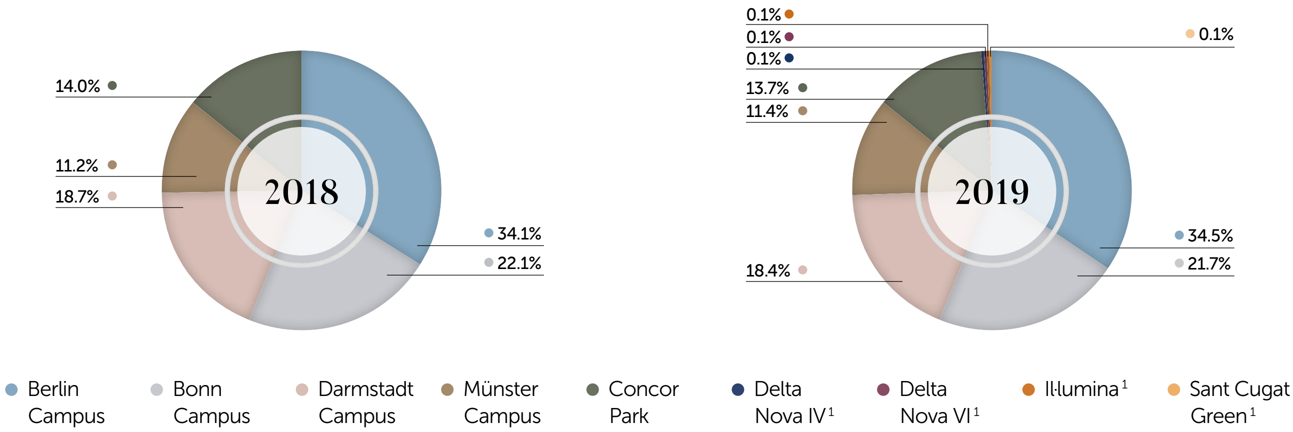
1. Based on gross rental income of IREIT's proportionate interest in the German and Spanish properties as at 31 December 2019.
2. Independent valuation based on IREIT's 40% interest in the respective properties.

LEASE EXPIRY BY GROSS RENTAL INCOME[1]



1. Based on gross rental income of IREIT's proportionate interest in the German and Spanish properties.

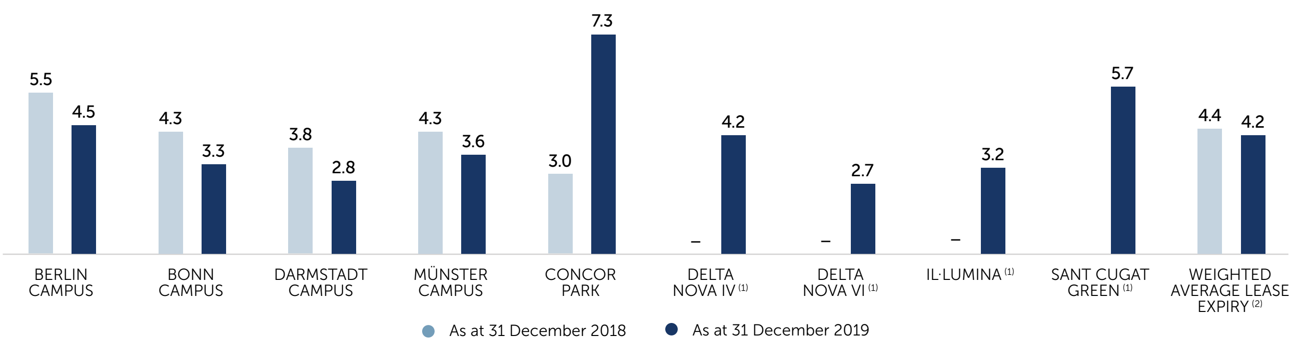
GROSS RENTAL INCOME BY PROPERTY



1. For the period from completion of acquisition on 20 December 2019 to 31 December 2019 based on 40.0% interest.

PORTFOLIO LEASE EXPIRY

No. of years



1. IREIT holds a 40% interest in the Spanish properties.
2. Based on gross rental income of IREIT's proportionate interest in the German and Spanish properties as at 31 December.

For new and renewed leases which commenced at the German and Spanish properties in FY2019, the weighted average lease term expiry based on the date of commencement of the leases is 7.5 years. Such leases contributed approximately 12.5% to the gross rental income of IREIT's proportionate interest in the German and Spanish properties as at 31 December 2019.

GERMANY

	Berlin Campus	Bonn Campus	Darmstadt Campus	Münster Campus	Concor Park	TOTAL
Date of Building Completion	1994	2008	2007	2007	1978 and refurbished in 2011	
Purchase Price (€'million)	144.2	99.5	74.1	50.9	58.6	**427.3**
Vendor	Immobilienfonds Deutschland 6 GmbH & Co. KG, managed by WealthCap	TC Bonn Objektgesellschaft mbH & Co. KG	TC Darmstadt Objektgesellschaft mbH & Co. KG	TC Münster Nord Objektgesellschaft mbH & Co. KG and TC Münster Süd	Münchner Grund Immobilien Bauträger AG	
Book Value / Valuation as at 31 Dec 2019 (€ million)	217.0	113.7	90.6	62.8	90.8	**574.9**
Book Value / Valuation as at 31 Dec 2018 (€ million)	190.7	107.8	86.4	49.5	70.5	**504.9**
Gross Rental Income 2019 (€ million)	11.1	7.0	5.9	3.7	4.4	**32.1**
% of Total Gross Rental Income 2019[1]	34.5%	21.7%	18.4%	11.4%	13.7%	**99.7%**
Gross Rental Income 2018 (€ million)	10.8	7.0	5.9	3.5	4.4	**31.6**
% of Total Gross Rental Income 2018	34.1%	22.0%	18.7%	11.2%	14.0%	**100.0%**
Occupancy Rate as at 31 Dec 2019	100.0%	100.0%	100.0%	100.0%	98.2%	**99.7%**
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	
WALE (by Gross Rental Income) as at 31 Dec 2019	4.5	3.3	2.8	3.6	7.3	**4.2**
Number of Tenants	7	1	1	2	17	**28**
Major Tenants	Deutsche Rentenversicherung Bund	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	ST Microelectronics, Allianz, Ebase, Yamaichi	

1. Computed as a percentage of the gross rental income of IREIT's proportionate interest in the German properties for 2019 and the Spanish properties for the period from the completion of acquisition on 20 December 2019 to 31 December 2019.

SPAIN

	Delta Nova IV	Delta Nova VI	Il·lumina	Sant Cugat Green	TOTAL
Date of Building Completion	2005 and refurbished in 2015	2005 and refurbished in 2015	1970s and fully redeveloped in 2004	1993	
Purchase Price (€ million)[1]	11.5	15.9	10.2	16.0	**53.6**
Vendor	Corona Patrimonial SOCIMI, S.A.	Corona Patrimonial SOCIMI, S.A.	Corona Patrimonial SOCIMI, S.A.	Corona Patrimonial SOCIMI, S.A.	
Book Value / Valuation as at 2 Dec 2019 (€ million)[1]	12.0	16.2	10.4	16.7	**55.3**
Gross Rental Income 2019 (€ '000)[2]	20.9	20.9	20.5	36.9	**99.2**
% of Total Gross Rental Income 2019[3]	0.1%	0.1%	0.1%	0.1%	**0.4%**
Occupancy Rate as at 31 Dec 2019	93.6%	94.5%	69.2%	77.1%	**80.7%**
Land Tenure	Freehold	Freehold	Freehold	Freehold	
WALE (by Gross Rental Income) as at 31 Dec 2019	4.2	2.7	3.2	5.7	**4.1**
Number of Tenants	11	9	12	4	**36**
Major Tenants	Gesif, Anticipa, E Voluciona , Aliseda	Almaraz, Clece, Digitex	Catalan Media, Digitex, Coca Cola European Partners	DXC Technology, Roche, Sodexo	

1. Based on IREIT's 40% interest in the respective Spanish properties.
2. For the period from completion of acquisition on 20 December 2019 to 31 December 2019 based on 40.0% interest.
3. Computed as a percentage of the gross rental income of IREIT's proportionate interest in the German properties for 2019 and the Spanish properties for the period from the completion of acquisition on 20 December 2019 to 31 December 2019.

BERLIN CAMPUS

31 DECEMBER 2019

GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
€11.1m	496	79,097sqm	100.0%

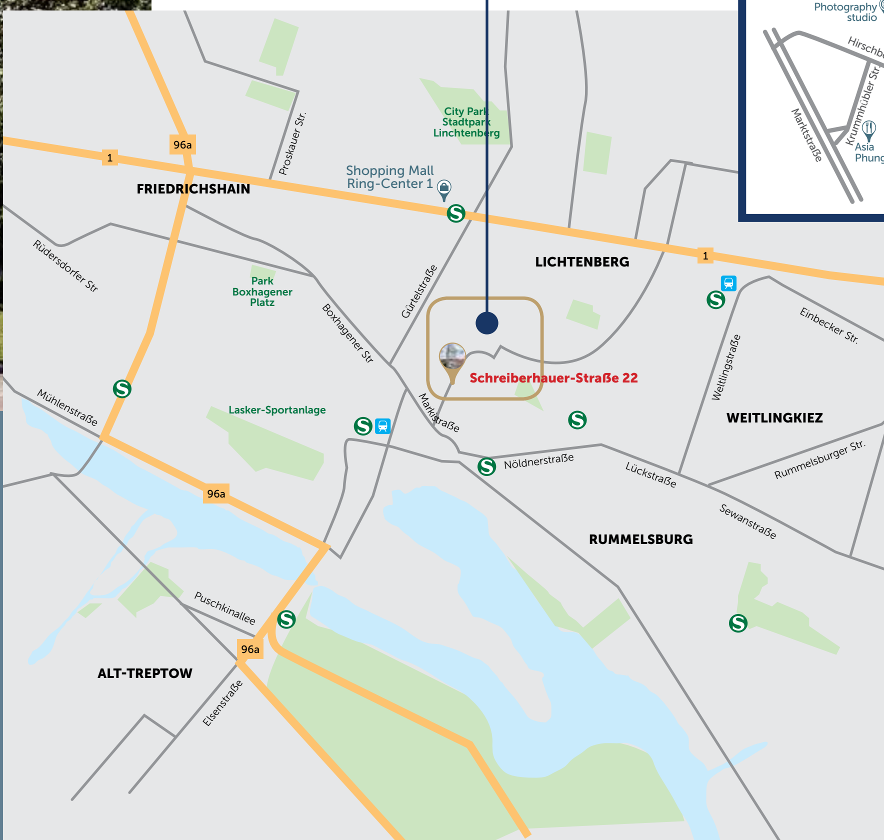
The campus is located in Schreiberhauer Straße in the Lichtenberg district, 6km east of Berlin city centre and near the well-established Media Spree commercial centre.

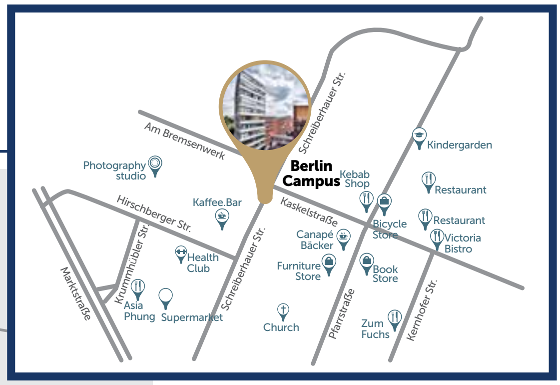
Within a five-minute walk to the Ostkreuz railway station, the campus is easily accessible by the S-Bahn (local railway) as well as regional trains and buses.

The property consists of five connected building parts with eight to 13 upper floors which are used mainly for office purposes. An underground parking garage of two levels that spans across the entire property accommodates parking spaces for 432 motor vehicles. 64 additional external parking spaces are available at the entrance area and towards the rear of the property.

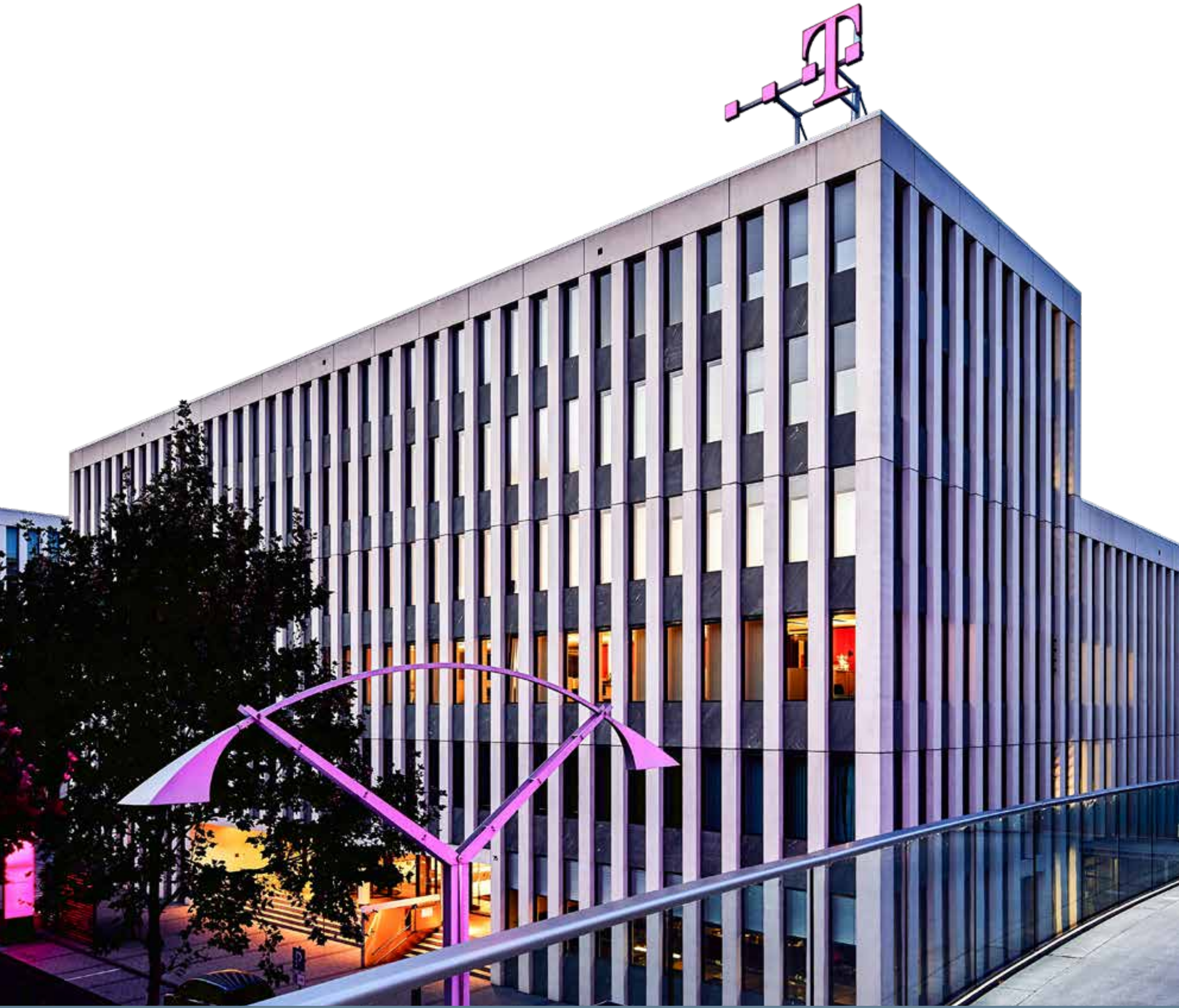
The property has been occupied by Deutsche Rentenversicherung Bund (DRV) since its construction in 1994 and is connected by two bridges to the neighbouring property, which is also partly occupied by DRV.

There are currently six other small retail/office tenants on the ground floor.





BONN CAMPUS



31 DECEMBER 2019

GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
€7.0m	652	32,736sqm	100.0%

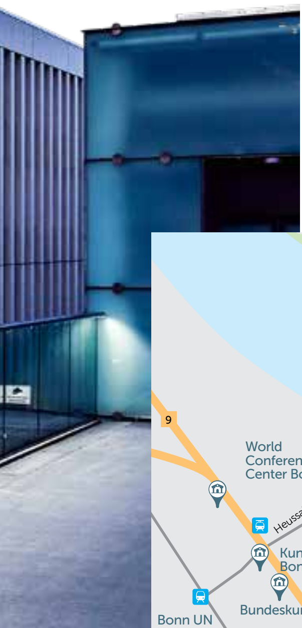
Centrally located in Bonn's prime office area Bundesviertel (federal quarter), the campus is well connected to public transportation with the nearest underground train station, U-Bahn, only 100m away.

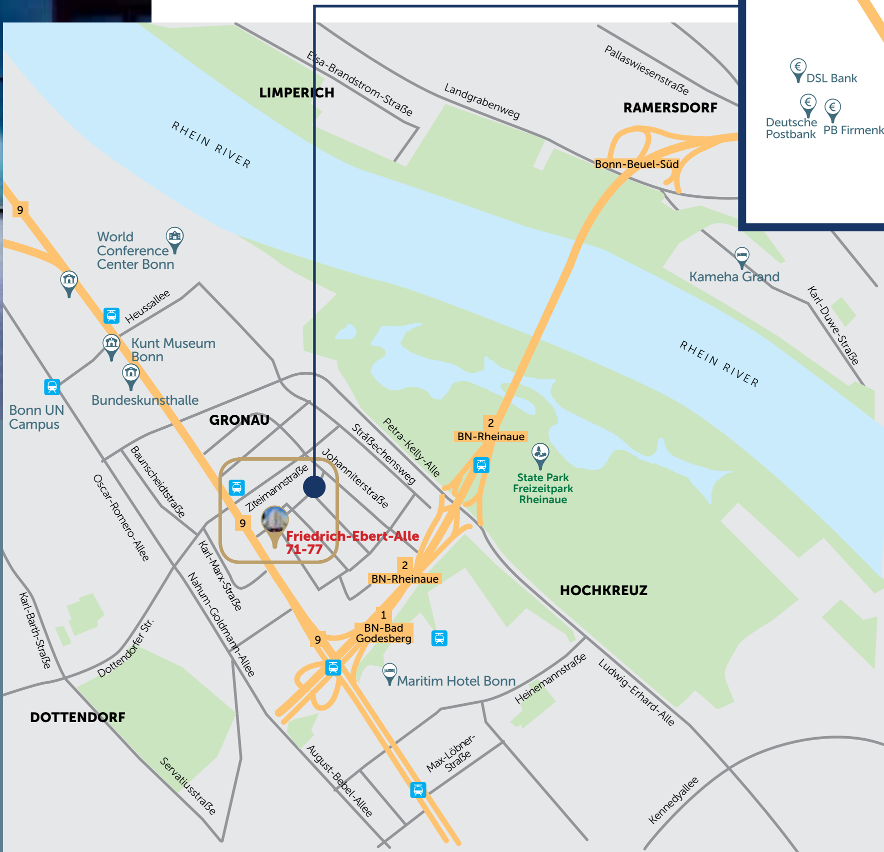
Built to suit for Deutsche Telekom, Bonn Campus is connected by a pedestrian bridge to the global headquarters of Deutsche Telekom, located directly opposite the property.

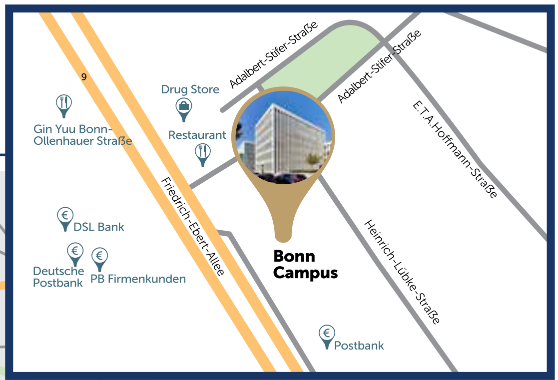
The U-shaped property comprises four connected buildings, each with three to five upper floors, which can easily be sub-divided into smaller offices or self-contained units.

Built to high office specifications, with extensive and state-of-the-art technical equipment, the property allows for an easy implementation of new desk-sharing concepts.

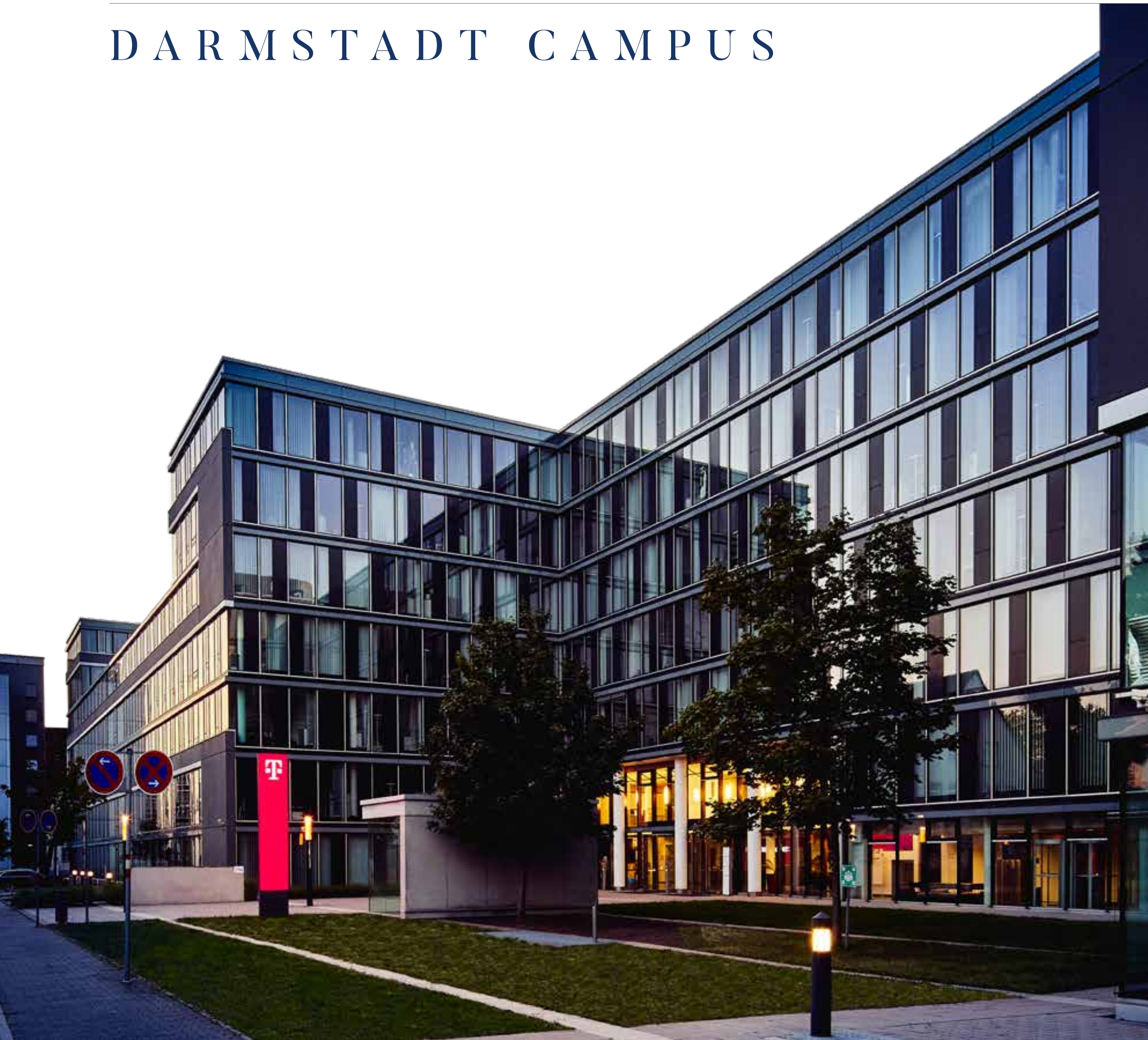
Bonn Campus currently operates as a single tenant property with a central entrance hall and a canteen facility for employees.







DARMSTADT CAMPUS



31 DECEMBER 2019

GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
€5.9m	1,189	30,371sqm	100.0%

The property is located on Heinrich-Hertz Straße 3-7 within a commercial zone in a prime office location (Europaviertel). The property is strategically located at the entrance of Europaviertel, benefitting from easy access to the train station and other public transports.

Darmstadt main train station is reachable within 600m walking distance, while the nearest bus stop is within 150m walking distance.

The property consists of six interconnected seven storey office buildings in a double H-shape with an additional link building. Parts of the property are only built with five storeys which provide for more effective natural lighting. The property has highly specified modern open plan office floors with subdivision flexibility.

An underground parking garage spans over two levels, accommodating parking spaces for 353 motor vehicles. The property also benefits from a standalone seven storey parking garage providing a total of 826 parking spaces.

MÜNSTER CAMPUS

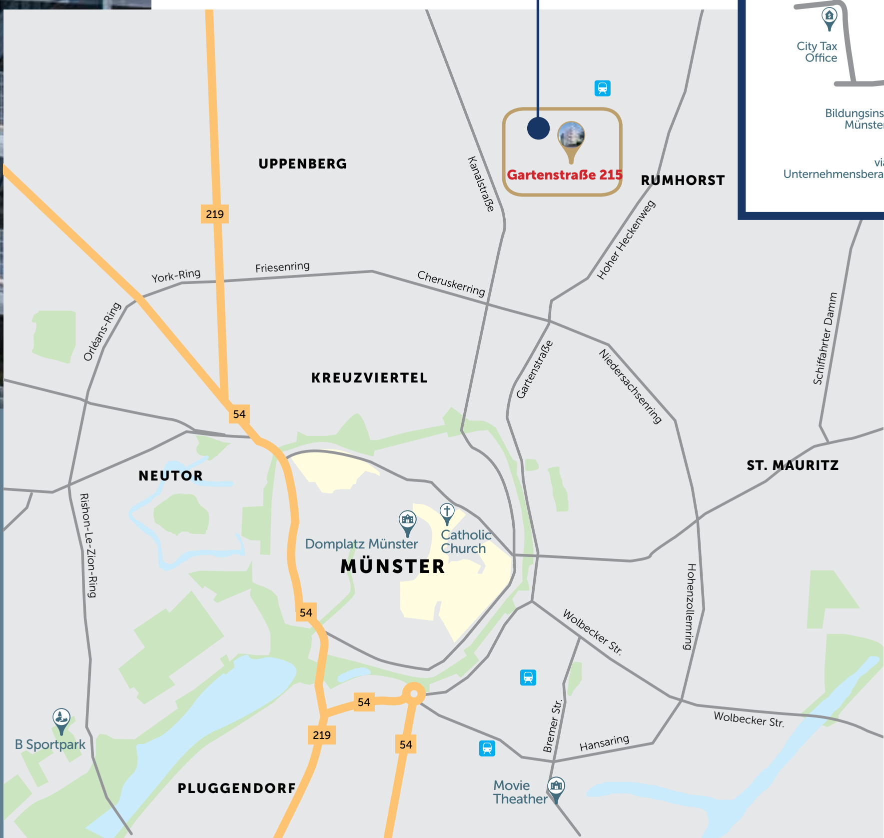
31 DECEMBER 2019

GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
€3.7m	588	27,258sqm	100.0%

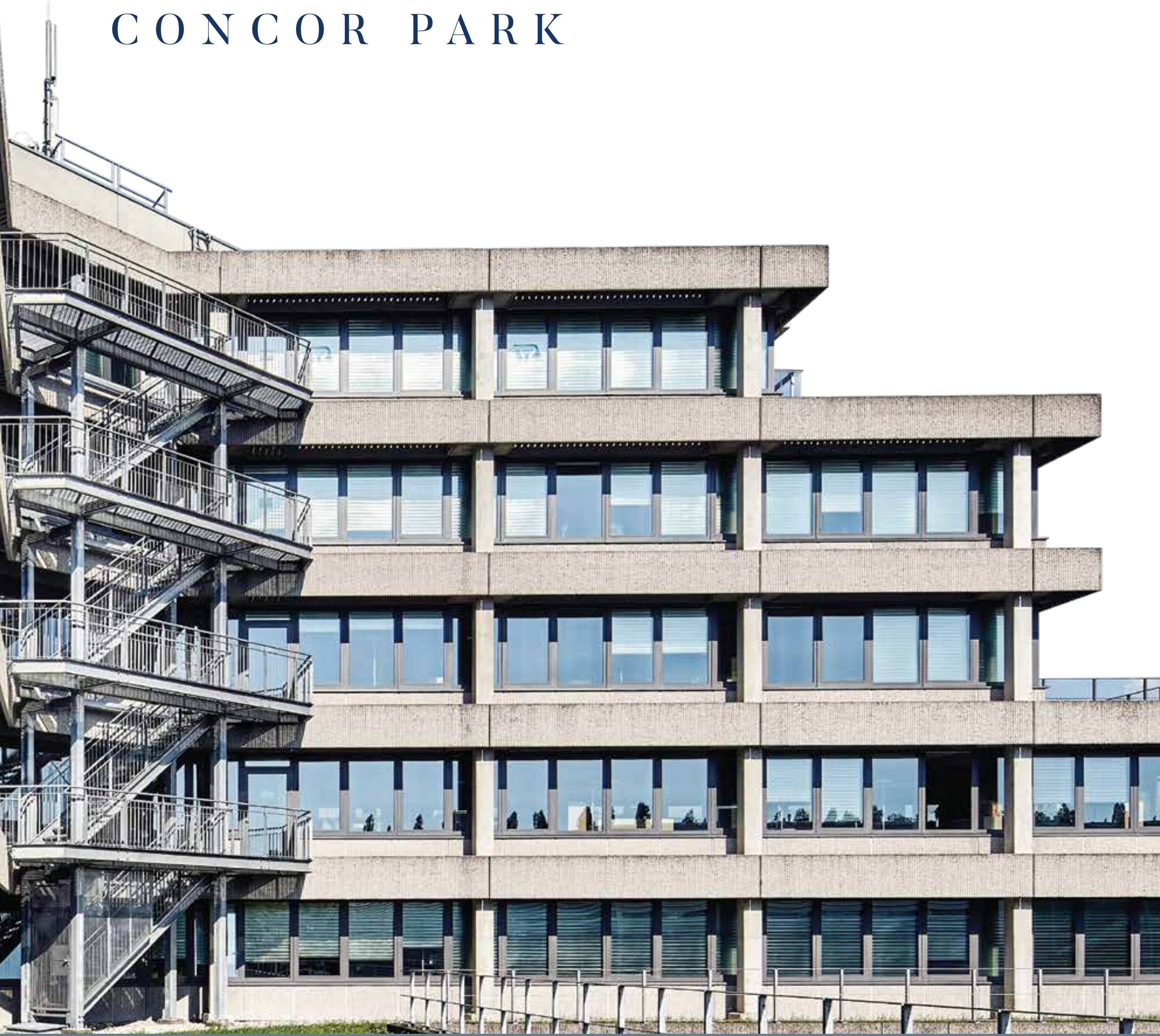
Located approximately 2.5km north of Münster city centre, the property is situated in one of the city's largest office submarkets known as "Zentrum Nord". The regional railway station and bus stop are within walking distance and ensure optimal access to the city centre and the entire Münster region by public transport.

The property consists of two self-contained and directly adjacent office buildings (Münster North and Münster South). They each have seven above-ground floors built around open inner courtyards for a maximum of natural light.

The campus includes a standalone multi-storey car park with 422 parking spaces. Münster South has an underground parking garage with 100 parking spaces and there are a further 66 outdoor parking spaces on the campus premises.



CONCOR PARK



31 DECEMBER 2019

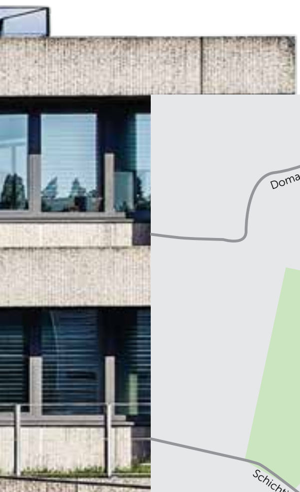
GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
€4.4m	516	31,401sqm	98.2%

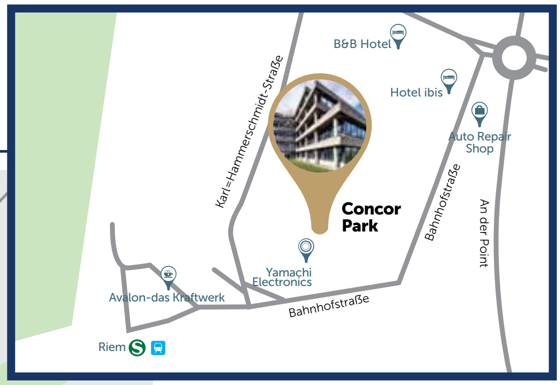
Concor Park is located in the community of Aschheim-Dornach, within a large suburban business park situated about 10km from the centre of Munich.

Due to its proximity to Munich, one of the strongest economic centres in Germany, the property benefits from an excellent macro and micro location and good accessibility by both private and public transport. The closest S-Bahn station (local railway) is 200m away and is easily reachable by foot.

The five storey building with three independent wings and entrances was fully refurbished with a modern office fit-out in 2011. In 2016, Concor Park became the first redevelopment project in Germany to be awarded the prestigious Green Building Gold Certificate by the German Sustainable Building Council.

The property operates as a multi-tenanted office property with a central canteen and coffee bar.





DELTA NOVA IV AND DELTA NOVA VI

31 DECEMBER 2019

DELTA NOVA IV

OWNERSHIP INTEREST	GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
40.0%	€20.0k [1]	249	10,218sqm	93.6%

DELTA NOVA VI

OWNERSHIP INTEREST	GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
40.0%	€21.7k [1]	384	14,855sqm	94.5%

1. For the period from completion of acquisition on 20 December 2019 to 31 December 2019 based on 100.0% interest.

Delta Nova IV and Delta Nova VI are two office buildings forming an office complex located in the consolidated business office area of Manoteras, north of Madrid.

Built in 2005, the Delta Nova office complex has flexible and modular floor plates with high capacity and efficiency, benefitting from natural light.

Delta Nova IV comprises a ground floor, four upper floors and two basement parking levels with 249 parking spaces, while Delta Nova VI comprises a ground floor, six upper floors and two basement parking levels with 384 parking spaces.

In 2015, the two office buildings were awarded the Gold certification under the Leadership in Energy & Environmental Design (LEED) rating system from the U.S. Green Building Council.

Located in between the M-30 ring road and the A1 motorway as well as in close proximity to several bus stops, train and metro stations, the Delta Nova office complex is easily accessible by both private and public transportation systems. The closest metro station is within a five-minute walk away from the two office buildings.

Delta Nova IV and Delta Nova VI are currently multi-tenanted and are leased to a number of blue-chip companies.

IL·LUMINA

31 DECEMBER 2019

OWNERSHIP INTEREST	GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
40.0%	€20.5k [1]	310	20,922sqm	69.2%

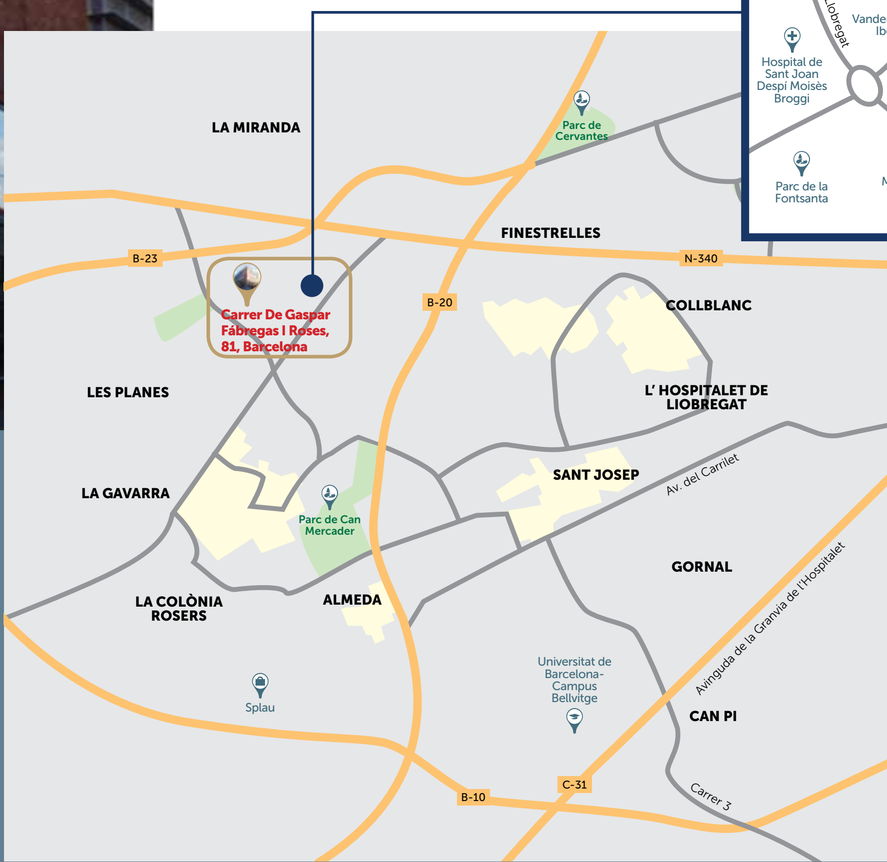
1. For the period from completion of acquisition on 20 December 2019 to 31 December 2019 based on 100.0% interest.

Il·lumina is an office building located in Esplugues de Llobregata, a mixed use office and industrial area including a technology and audio-visual office cluster which is five kilometres away from the financial district of Barcelona.

Built over two basements, a lower ground floor, a ground floor and three upper floors, the property comprises 310 parking spaces (of which 87 are for motorbikes). Il·lumina was fully refurbished in 2004 and following further recent investment to provide for recent technologies, the property obtained the LEED Silver certification.

The property offers flexible office floors with ceilings from 2.7 metres up to four metres high and supplies a wide variety of services including meeting rooms, gym, changing rooms, a cafeteria and an auditorium. Il·lumina also has over 3,800 sqm of fully equipped TV studios.

Il·lumina is currently multi-tenanted and home to 12 tenants.



SANT CUGAT GREEN

31 DECEMBER 2019

OWNERSHIP INTEREST	GROSS RENTAL INCOME FOR FY2019	PARKING SPACES	TOTAL LETTABLE AREA	OCCUPANCY RATE
40.0%	€36.9k [1]	580	26,134sqm	77.1%

1. For the period from completion of acquisition on 20 December 2019 to 31 December 2019 based on 100.0% interest.

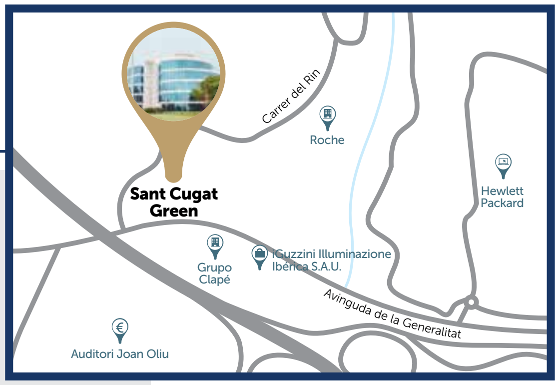
Sant Cugat Green is a modern office building in Barcelona with a 5,146 sqm data centre space and a restaurant for internal use by its tenants.

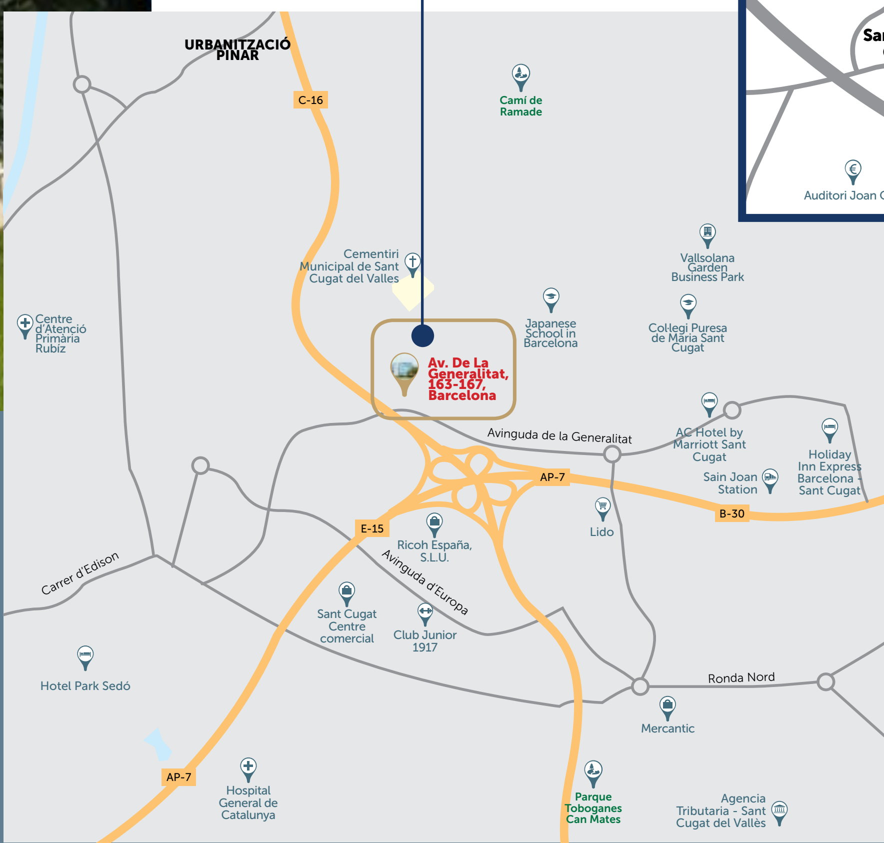
The property comprises three basement levels, a ground floor and four upper floors, and 580 parking spaces (of which 30 are for motorbikes).

The property has floor plates with more than 3,000 sqm situated around a central atrium and enjoys good natural light throughout the building. Sant Cugat Green is LEED Gold certified.

Sant Cugat is an attractive periphery office submarket within the metropolitan area of Barcelona. This has attracted a number of well-known companies to be situated in the area.

Originally built in 1993 as Deutsche Bank's Southern Europe headquarters, it then become the main local office for two important international companies, DXC Technology (spin-off from Hewlett-Packard) and Roche (Swiss multinational healthcare company).





THE

FOUR PILLARS OF GROWTH

HARNESSING THE PROWESS OF TIKEHAU CAPITAL AND CDL

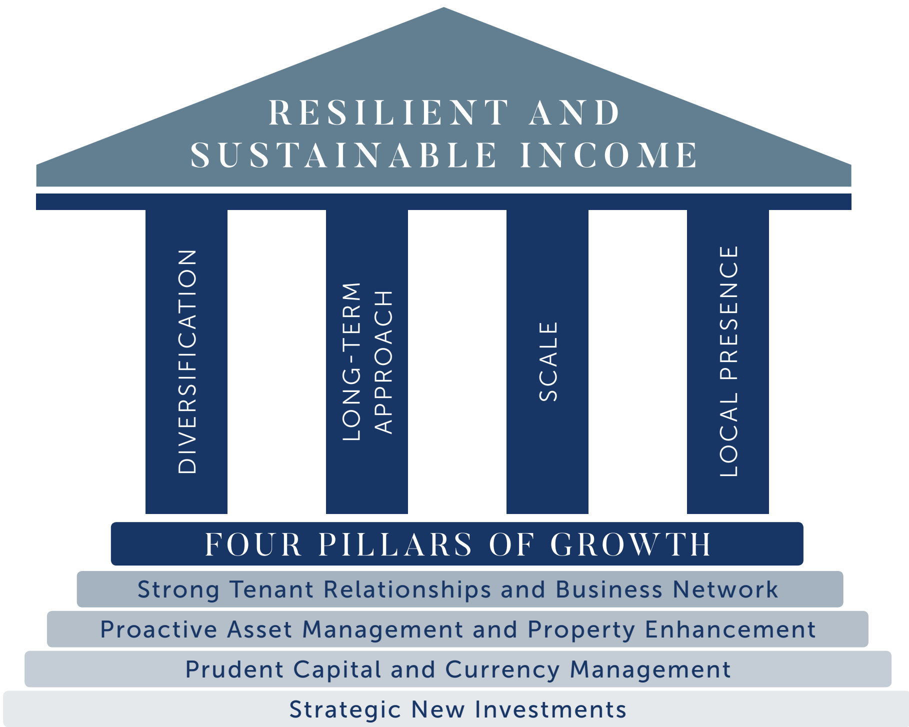
IREIT is managed by IREIT Global Group Pte. Ltd., which is jointly owned by Tikehau Capital and CDL. Tikehau Capital is a leading European alternative asset management player with deep management experience across Europe. Since its inception in 2004, Tikehau Capital's asset under management (AUM) has scaled up dynamically to €25.8 billion as at 31 December 2019, with its real estate business being the largest operating segment at €9.2 billion of AUM. To date, Tikehau Capital has more than 500 staff, including professionals with investment, legal, finance and technical expertise in its Paris, London, Amsterdam, Brussels, Luxemburg, Madrid, Milan, New York, Seoul, Singapore and Tokyo offices.

CDL is a leading Singapore listed real estate company with a global network spanning 106 locations in 29 countries and regions and proven track record of over 55 years in real estate development, investment and management. CDL's London-based hotel arm, Millennium & Copthorne Hotels Limited, is one of the world's largest hotel chains, with over 156 hotels worldwide, many in key gateway cities.

Both Tikehau Capital and CDL share the common long-term objective of growing IREIT and diversifying its portfolio, and believe that the partnership in the Manager will allow the tapping of each other's complementary strengths to propel IREIT's growth. In particular, Tikehau Capital has extensive pan-European network and sourcing capabilities, intricate knowledge of the local markets and a disciplined investment approach, while CDL offers a strong brand name, financial resources and long proven track record in the property market. As such, IREIT benefits from the strong commitment, established platform and extensive resources of Tikehau Capital and CDL.

PAVING THE WAY FORWARD WITH THE FOUR PILLARS OF GROWTH

In the current uncertain macroeconomic backdrop, the Manager intends to continue to forge ahead with our growth strategy based on four pillars in order to provide Unitholders with a resilient and sustainable income stream. These four building blocks, namely seeking diversification, adopting a long-term approach, achieving scale and leveraging on Tikehau Capital's local presence, are deeply entrenched in all our operational processes, strategic initiatives and business relationships, as illustrated below.



STRONG TENANT RELATIONSHIPS AND BUSINESS NETWORK

Tenant and stakeholder relationships are of paramount importance to the success and resilience of IREIT's portfolio performance. We engage our tenants, business partners and other stakeholders actively and form lasting relationships with them, so as to strengthen our position as a landlord of choice for commercial real estate spaces in Europe. While being attentive to maintaining its current blue chip tenancies, IREIT is also focused on expanding and diversifying its tenant base in order to reduce the reliance on any single tenant. As a result of the proactive asset management efforts, we have managed to conclude a number of lease extensions for a few key portfolio tenants and secure a long-term lease with a new tenant for the entire second floor at Münster South Building in 2019.

PROACTIVE ASSET MANAGEMENT AND PROPERTY ENHANCEMENT

To better position the properties for the long term, the Manager will continue to undertake various initiatives to upkeep the properties as they age. This will involve the incurrence of repair and maintenance costs, as well as appropriate capital expenditure on an ongoing basis. In addition, we will monitor our property managers closely to ensure high standards of services to ensure long-term performance for the properties. We are of the view that these measures are necessary towards maintaining sustainable long-term income to Unitholders.

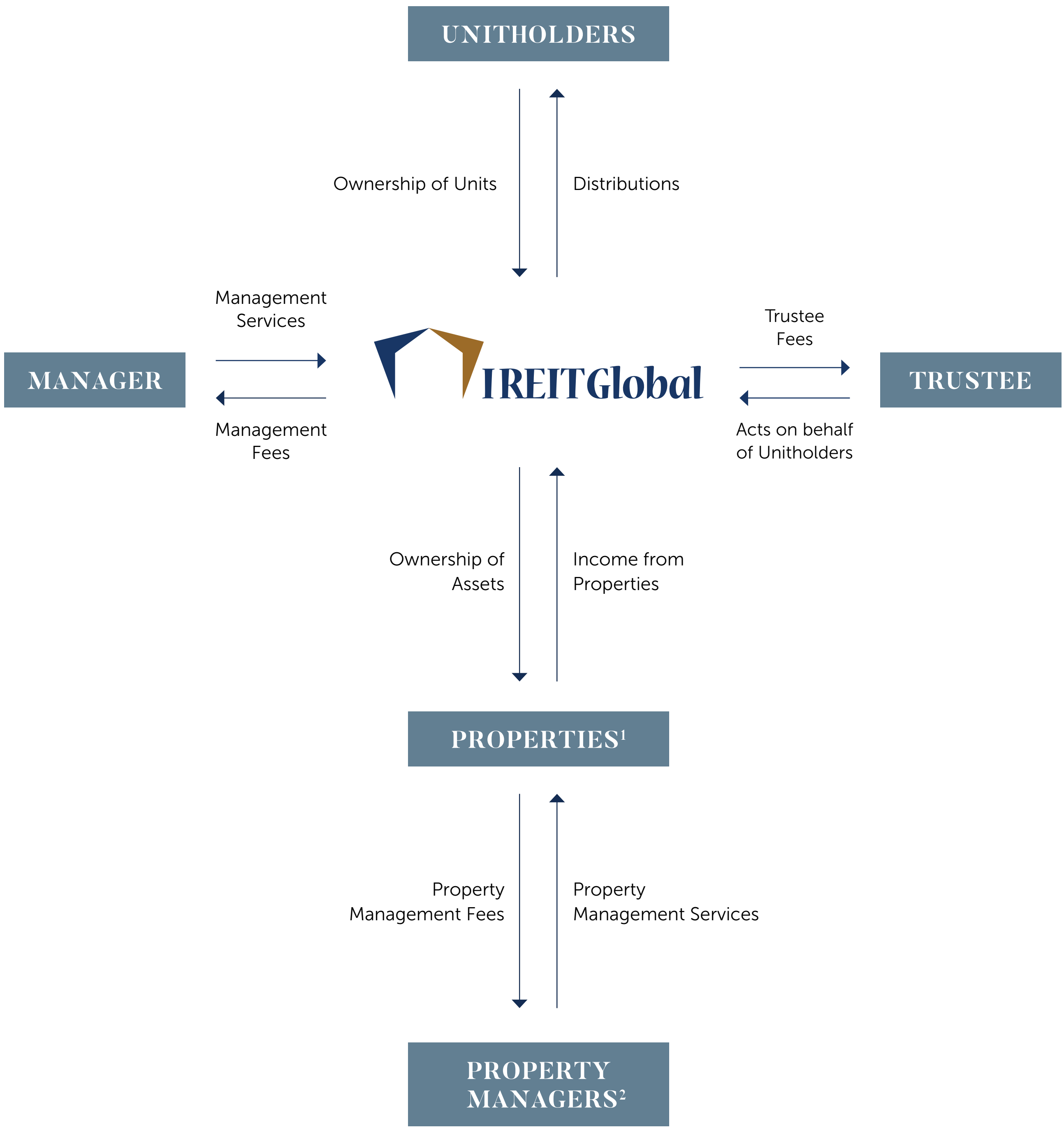
PRUDENT CAPITAL AND CURRENCY MANAGEMENT

With a long-term view to maintain a stable and healthy credit profile, we always look ahead to anticipate the capital needs of IREIT, while keeping a close tab on the market interest rates. In February 2019, the Manager drew down the new loan facilities of €200.8 million provided by UniCredit Bank AG to repay the existing borrowings of €193.5 million, taking advantage of the low interest rate environment. The new loan facilities will only mature in January 2026 and has a competitive all-in cost of debt averaging 1.5%, including hedging costs, over the loan tenor. This provides certainty on the financing cashflows and cushions IREIT against any negative impact from rising interest rates. In respect of the distributions to Unitholders, the Manager also has a currency hedging policy for the income to be repatriated from overseas to Singapore. This policy is based on the use of currency forwards on a quarterly basis to hedge approximately 80% of the expected EUR-denominated income to be repatriated, one year in advance.

STRATEGIC NEW INVESTMENTS

When searching for new investment opportunities, the Manager will adopt a disciplined approach in looking for assets that will complement its existing portfolio as well as diversify its tenant base across various asset classes and geographical locations. In addition, we look beyond the short-term returns and focus on the quality of the underlying property on a long-term perspective. In December 2019, we completed the acquisition of a portfolio of four Spanish office properties, marking IREIT's foray into Spain and its maiden acquisition since Tikehau Capital and CDL formed the strategic partnership in April 2019. The acquisition is expected to add scale, diversification and resilience to IREIT's portfolio and provide opportunity for upside from an increase in overall occupancy rate and higher rental rates, thereby supporting the long-term distributions to Unitholders.

TRUST STRUCTURE



Notes:
1. The German properties are held through property holding companies in the Netherlands, while the Spanish properties are held through property holding companies in Spain. The property holding companies in Spain are in turn held through a joint venture company in Singapore with IREIT holding a 40% interest and are equity-accounted in the financial statements.
2. Professional third party property managers have been appointed pursuant to the property management agreements entered into between the relevant property holding company and the property manager.

SUSTAINABILITY

REPORT

BOARD STATEMENT

We are pleased to publish IREIT Global's (IREIT) sustainability report for the financial year ended 31 December 2019 (FY2019).

The real estate sector has a clear role to play in the transition towards a more sustainable and inclusive economy. With the United Nations Sustainable Development Goals as the global blueprint for sustainability and the emergence of global mega-trends (including climate change and an evolving regulatory framework in terms of governance and anti-corruption), real estate investors are increasingly expected to consider environment, social and governance (ESG) considerations in their investment decisions.

ESG risks and opportunities are considered as part of our strategic formulation, and we oversee the sustainability strategy and management within IREIT and the Manager. We are supported by the Sustainability Steering Committee (SSC) comprising senior management from the Manager as well as management-level representatives from Tikehau Capital, one of the two shareholders of the Manager and a key unitholder of IREIT. Together with its new stragetic investor, City developments Limited (CDL) and the leading European real estate manager MVGM as its new property manager, IREIT benefits from a robust ecosystem to accelerate its sustainability journey in 2020.

IREIT's sustainability report is guided by the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules 711A and 711B and is prepared with reference to the internationally recognised Global Reporting Initiative (GRI) Standards (2016).

In 2019, we defined a sustainability roadmap with the aim of enhancing the integration of ESG criteria across the German properties. This roadmap is currently under implementation and the preliminary results have been satisfactory:

Objective	Implementation Status
Objective 1: IREIT ESG monitoring questionnaire to cover 100% of the German assets annually	The ESG monitoring questionnaire has been successfully deployed and completed on a best effort basis for 100% of the assets
Objective 2: To formalise ESG engagement with the property managers on a bi-annual basis	The Manager has commenced regular engagement with the property managers
Objective 3: To formalise ESG engagement with tenants on a periodic basis where possible	All major tenants in the German properties have been approached to participate in the annual ESG monitoring exercise
Objective 4: To introduce a green clause in IREIT standard lease agreement for new tenants	A standard ESG clause is currently being defined and will be considered for all new tenant agreements starting from 2020
Objective 5: Green building expert to conduct a property assessment for 100% of the German assets in 2020	The Manager has launched a project aimed at identifying green building experts to conduct relevant assessments (e.g. carbon footprint assessment)

ABOUT THIS REPORT [GRI 102-46, GRI 102-50, GRI 102-54]

This report covers the ESG policies, practices, performances and targets of IREIT and the Manager from 1 January to 31 December 2019. Pursuant to the terms of our lease agreements, several aspects of the operations at the property level are managed by several of our tenants. These include energy consumption, water usage, as well as waste disposal and recycling. While not directly involved in managing these operational aspects, as a responsible property owner, IREIT takes an active approach towards engaging tenants on the sustainability of the properties.

This report is guided by the SGX-ST Listing Rules 711A and 711B and prepared with reference to the GRI Standards (2016). The GRI Index and the relevant references are presented on pages 71 to 72.

No external assurance have been sought for this report, but may be considered for future reporting periods.

FEEDBACK [GRI 102-53]

The Manager seeks to enhance the transparency of its report, and welcomes suggestions for improvements.

For feedback or specific enquiries on the sustainability report, please kindly contact us at ir@ireitglobal.com for further clarification.

MANAGING SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

[GRI 102-20] [GRI 102-32]

The Board of Directors (the "Board") oversees the sustainability strategy and performance, and approves the sustainability report. The Board is supported by the SSC, comprising senior management from the Manager and management-level representatives from Tikehau Capital. The SSC drives IREIT's sustainability agenda and makes key decisions relating to ESG issues, in order to ensure that desired business outcomes are met. The Sustainability Working Committee (SWC), comprising representatives from the various business units, implements the sustainability initiatives within IREIT and the Manager.

STAKEHOLDER ENGAGEMENT

[GRI 102-40] [GRI 102-43]

The Manager considers the concerns of IREIT's key stakeholders when making business decisions. The following table lists IREIT's key stakeholders and how they have been engaged. These stakeholders have been identified as key stakeholders due to their significant influence on IREIT's business performance and IREIT's significant dependence on them. The Manager strives to continue meaningful dialogue with IREIT's key stakeholders, enhancing transparency and accountability in the process.

Objective	Implementation Status
Tikehau Capital and CDL	• Financial results reporting • Meetings and discussions with various departments including the real estate, investor relations and corporate communication teams • Briefings on corporate developments
Unitholders	• Release of financial results, announcements, press releases, presentation slides and other relevant disclosures through SGXNet and IREIT's website • Email alert subscriptions via IREIT's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Post-results meetings with senior management • Updates through non-deal roadshows, one-on-one and group meetings, and investor conferences
Tenants	• Periodic site visits, face-to-face meetings and telephone calls with existing and prospective tenants • Routine notices and email updates
Property Managers	• Ongoing dialogue regarding asset strategies execution and day-to-day property management functions (including leasing, marketing, promotion, operations and missions with third-party consultants) • Compliance with the terms of the property management agreement
Employees	• Ongoing dialogue regarding any concerns • Annual performance reviews
Regulators	• Participation in briefings and consultation with regulators such as SGX and Monetary Authority of Singapore (MAS) • Compliance with regulatory requirements
Local Communities	• Partnership with local organisations to engage underprivileged or disadvantaged kids, students and young entrepreneurs

MATERIALITY ASSESSMENT

[GRI 102-47]

The SSC has identified the factors material to IREIT and the Manager. Global and industry sustainability trends, guidance from sustainability bodies, sustainability reporting requirements, as well as insights gained from engagement with key stakeholders have been considered in the assessment. As a result of the assessment, the SSC identified five factors that are material to IREIT and the Manager as described in the table below.

Objective	No.	Material Factors	Description
Economic	1	Active Ownership	• Integration of due diligence and ESG considerations into investment decisions
Social	2	Training and Education	• Provision of professional training and assistance to enrich staff
	3	Diversity and Equal Opportunity	• Treatment of all employees and potential employees based on merit, regardless of backgrounds, nationalities, gender and age
	4	Talent Retention	• Provision of benefits to retain performing staff
Governance	5	Regulatory Compliance, including: • Anti-corruption • Socioeconomic Compliance	• Socioeconomic compliance • Compliance with various laws and regulations • Anti-corruption • Policies used to prevent and identify corrupt or fraudulent behaviour, such as whistle-blowing, bribery and other related policies

ECONOMIC

ACTIVE OWNERSHIP

[GRI 102-15]

As a signatory of the United Nations Responsible Investment Principles (UNPRI) since 2014, Tikehau Capital integrates ESG criteria at every stage of its investment cycle. As a subsidiary unit of Tikehau Capital, the Manager has independently reviewed Tikehau Capital's processes and identified processes that were applicable at IREIT level. In February 2019, IREIT Board adopted a Responsible Investment Charter, stating that IREIT will integrate ESG criteria at every stage of the real estate investment cycle:

- At the stage of analysing investments, the team will perform a detailed review of each potential investment, which includes a range of ESG factors. Such analysis is being formalised by way of the implementation of a proprietary ESG analysis grid based on the global ESG benchmark for real assets (GRESB).

- During the investment period, the team will monitor key ESG KPIs for real estate assets on an annual basis.

  Towards the end of each calendar year, the ESG monitoring questionnaire will be circulated to the property managers of IREIT's portfolio properties for completion and a meeting is held thereafter to review and discuss on the completed questionnaire. Where possible, the asset manager and team engages the property managers, ESG/CSR manager and/or tenants in the review process.

The Manager believes that the quality of IREIT's investment decisions and investment management are key to sustaining IREIT's stable performance. Regular engagement with tenants, technical and financial due diligence teams and other professional advisors provides insights into IREIT's investment and monitoring decisions at both the property and portfolio levels. Where possible, IREIT seeks to monitor the environmental impact of its real estate assets and to consider areas for improvement progressively.

FY2019 ESG MONITORING RESULTS

- **Engaging our property managers:** During FY2019, the Manager has proactively engaged its property manager MVGM to promote sustainable development and to collect buildings' consumption data (e.g. electricity, water and waste) across IREIT's German properties.
- **Engaging our tenants:** 100% of IREIT's tenants for the German properties have committed to collaborate in sustainability initiatives. Deutsche Telekom, currently representing more than 50% of IREIT's gross rental income via GMG Generalmietgesellschaft mbH (GMG), is committed within its own ESG practice to reduce heat, hot water and electricity consumption. Starting from 2020, every new tenant lease agreement is also expected to include an ESG clause, aiming at reinforcing IREIT's ESG engagement strategy.
- **Green certification:** In 2016, Concor Park became the first redevelopment project in Germany to be awarded the prestigious Green Building Gold Certificate by the German Sustainable Building Council. In addition, 100% of the Spanish properties are certified under the LEED (Leadership in Energy and Environmental Design) rating system, which is an internationally recognised green building certification by the US Green Building Council.
  - Delta Nova IV and Delta Nova VI: Gold certified
  - Il·lumina: Silver certified
  - Sant Cugat Green: Gold certified

SOCIAL

TRAINING AND EDUCATION

[GRI 404-2]

FY2019 HIGHLIGHTS

Staff learning and development equip employees with relevant skills to continue delivering high quality work in a fast-changing environment. In FY2019, each employee received an average of 23.1 training hours, higher than the 20.5 training hours achieved in 2018.

During the year, we added resources to our online learning management system. The current training programme includes courses on Anti-Money Laundering, Cybersecurity and an introduction to ESG. Further, employees are encouraged to attend external training courses which are relevant to their work and improve their functional and core competencies (e.g. certified skills training programmes, industry seminars and conferences by various organisations).

All employees are eligible for training on topics such as technical upgrades, certifications, acquisition of new knowledge when taking on a new position or as part of an internal promotion, enhancement of managerial skills, reinforcement of sustainability initiatives, language learning, etc. In addition, throughout the year, employees receive, at their request, training related to the handling of new information technology (IT) tools and software, in order to (i) maintain state-of-the-art command of the technology tools and (ii) ensure best practice from a legal and regulatory perspective.

Type	Example
Programmes for upgrading employee skills	• Anti-Money Laundering • Cybersecurity • Environment, Social and Governance • Personal Data Protection Act (Singapore) and General Data Protection Regulation (GDPR)

One example of an employee training programme was the ESG training, which was conducted in August 2019 to update all employees and Directors regarding developments and initiatives at IREIT's German properties. This session aimed at raising the awareness on the importance of non-financial issues and opportunities related to real estate assets.

Apart from Anti-Money Laundering and Cybersecurity courses, employees also attended trainings through service providers such as real estate management software provider YARDI, associations including Institute of Singapore Chartered Accountants (ISCA), REIT Association of Singapore (REITAS), professional accounting firms, and other opportunities from banks and the SGX Academy from time to time. The Directors also receive training opportunities such as those organised by the Singapore Institute of Directors.

As an important aspect of the professional development, year-end appraisals are conducted to ensure IREIT and the Manager's goals and objectives are clearly cascaded down to the employees. During the performance evaluations, employees are encouraged to provide feedbacks, training plans and suggestions to their supervisor.

A training budget has been set aside for the coming year to continue supporting the learning and development needs of the Manager's employees.

DIVERSITY AND EQUAL OPPORTUNITY

[GRI 102-8] [GRI 405-1]

A diverse workforce enables the sharing of different perspectives and insights, which can be invaluable in enhancing decision-making processes. The Manager employs staff based on their competencies and capabilities, regardless of their backgrounds, nationalities, gender and age.

The Manager has developed human resource strategies and policies that are premised upon equal opportunities and fair employment practices. The employee handbook contains a human resource manual which includes policies on equal employment opportunities.

Except in the case of a bona fide occupational qualification or need, the Manager provides equal opportunity to all employees and applicants without regard to race, colour, ancestry, gender, sexual orientation, disability, age, religion, marital status, national origin, or any other characteristic protested by applicable law and maintains fair, objective and consistent policies for all aspects and all terms and conditions of employment.

IREIT workforce is well balanced between female (60% of employees) and male employees (40%) within the Manager's employee headcount. The Manager strives to foster an inclusive workplace that is free from discrimination. In the future, the Manager will continue to hire based on merit and promote diversity.

The composition of the Board is also reviewed periodically to ensure that the board size is appropriate and comprises Directors with an appropriate mix of expertise, skills, experience and diversity to discharge their duties and responsibilities. In addition, the Board reviews periodically and at least annually the independence of its Directors based on guidelines set out under the Code of Corporate Governance 2018 and Securities and Futures (Licensing and Conduct of Business Regulation).

In addition, the Manager is convinced that giving back to local communities and participating actively in volunteering work contribute to enhancing diversity and equal opportunities not only within the Manager but also among its key stakeholders.

PROMOTION OF COMMUNITY SERVICES AND EQUAL OPPORTUNITY

In 2019, IREIT and Tikehau Capital supported several initiatives, which promote diversity, equal opportunity and entrepreneurship.

In May 2019, the Singapore team joined autistic students from Pathlight School in a cooking class, where the team assisted the students in their pizza making while teaching them the concept of fractions and helping them to divide and slice the pizzas.

"The session was a great hands-on experience guiding the students with pizza making and teaching math at the same time. Truly enjoyable!"

Kevin Tan, Head of Investor Relations

In July 2019, an event was organised in Paris, France to support Entrepreneurs du Monde. This non-governmental organisation (NGO) was created 21 years ago by Frank Renaudin to support the very poorest populations across the globe by providing microfinance services, access to energy and practical help to very small businesses.

"The event was a great opportunity to support people with economic difficulty in their entrepreneurial ventures. I am glad we can play a part in improving their way of life and bring about economic and social progress."

Aymeric Thibord, CEO

TALENT RETENTION

[GRI 102-8] [GRI 401-1]

Human resource is one of the most important assets to IREIT and the Manager. The Manager values individuals with the right competencies, experience, qualifications and mind-set.

Various talent management initiatives are in place to ensure the satisfaction level of employees. Through the following procedures and policies, employee morale and career satisfaction are well maintained and monitored:

- Feedback sessions: The Manager has a performance appraisal process which focuses on employee recognition, reward for good performance and providing appropriate suggestions for improvement on a continuous and ongoing basis. In line with this objective, performance is formally evaluated in writing once a year by the employee's supervisors. This formalised evaluation session provides both the employee and supervisor with an opportunity to discuss the overall performance and to establish goals for improvement and further development. The objective is to enhance the employee's performance while establishing good communication channels between the employee and the supervisor.
- Employee health and well-being programmes: The Manager offers employees a slew of medical service offerings such as a panel of general practitioners and Traditional Chinese Medicine, dental and optical services and complimentary health screenings via its group medical services plan. During the year, the insurance and healthcare benefits were upgraded to provide better coverage for the employees and/or their spouses and children.

To ensure that employees receive adequate coaching and development throughout their careers, the Manager will continue to ensure that the performance appraisal process is comprehensively carried out for all employees.

GOVERNANCE

REGULATORY COMPLIANCE

[GRI 419-1] [GRI 307-1] [GRI 205-1]

FY2019 HIGHLIGHTS

Number of Fines or Sanctions for Non-compliance in 2019		Target
Anti-Corruption	0	Zero incident of non-compliance with laws and regulations resulting in fines or legal action.
Socioeconomic Compliance	0	Zero incident of non-compliance with laws and regulations resulting in fines or legal action.[1]

Any non-compliance and corruption cases within the organisation will cause damage to IREIT's reputation and stakeholders' trust. All employees of the Manager are required to make annual declarations that they do not engage in any unethical or corrupt practices.

The Manager strives to act in the best interests of IREIT and the Unitholders. The Manager ensures the compliance with applicable laws and regulations, such as those set out in the listing manual of SGX-ST, the Code on Collective Investment Schemes (the "CIS Code") and the Capital Markets Services Licence for REIT management issued by the MAS, and the Securities and Futures Act, Chapter 289 of Singapore (SFA).

The Manager has also implemented the Code of Conduct and Ethics to guide employees in relation to issues such as fraud, bribery, segregation of duties and insider trading. In the event of any identified incidence of non-compliance, the management will assess the legal and regulatory impacts and suggest remedial plans. A whistle-blowing policy is established to communicate the responsibility of every employee, Director and officer to report any activity or suspected activity which might be prohibited by the Code of Conduct and Ethics, or which might otherwise be considered sensitive in preserving the corporate reputation.

The Manager has various internal policies and procedures to ensure regulatory compliance:

- Whistle-blowing policy
- Code of Conduct and Ethics
- Anti-Money Laundering and Anti-Terrorist Financing Policy
- Investor Relations Policy
- Ongoing Regulatory Obligations and Reporting License Conditions
- Business Continuity Management

The following processes are in place to monitor the implementation of policies:

- Update information when necessary
- Review accuracy of information on corporate website
- Review accuracy of all marketing materials before publication
- Conflict of interest declaration
- Fit and proper declaration
- Recording of all financial transactions according to financial and internal control policies and procedures
- Timely investigation and execution of preventive and corrective actions upon reported incidents by employees, tenants, consultants, vendors and other parties whom IREIT has a business relationship with

  The Manager raises the awareness of regulatory compliance through educating its employees, such as those trainings related to Anti-Money Laundering and Cybersecurity. If there are related applicable regulatory updates, Directors and relevant employees will be notified by emails or meetings on a timely basis.

  For prospective tenants of IREIT, Anti-Money Laundering risks are monitored during the Customer Due Diligence (CDD) process, which is part of the policies and procedures.

1. Zero incident of non-compliance resulting in fines or legal action. The Manager was made aware of an incident of non-compliance with its internal trading policy by a Director during the black-out period (See page 91 for details).

GRI INDEX

This report is prepared with reference to the GRI Standards (2016). The GRI Index below sets out where we have drawn reference to the GRI principles and criteria against our disclosures in this report and other sections of the Annual Report.

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	IREIT Global ("IREIT")
102-2	Activities, brands, products, and services	Annual Report, page 2 Portfolio Overview, page 42
102-3	Location of headquarter	Annual Report, page 2 Portfolio Overview, page 42
102-4	Location of operations	Annual Report, page 2 Portfolio Summary, page 36
102-5	Ownership and legal form	Annual Report, Structure of IREIT, page 60
102-6	Markets served	Annual Report, page 2 Portfolio Summary, page 36
102-7	Scale of the organisation	Annual Report, page 2 Portfolio Overview, page 42
102-8	Information on employees and other workers	Talent Retention, page 69
102-9	Supply chain	Not applicable
102-10	Significant changes to organisation and its supply chain	Not applicable
102-11	Precautionary principle or approach	Not applicable
102-12	External initiatives	Not applicable
102-13	Membership of associations	Not applicable
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 62
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	About IREIT Global, page 2
Governance		
102-18	Governance structure	About IREIT Global, page 2
Stakeholder Engagement		
102-40	List of stakeholder groups	Managing Sustainability, Stakeholder Engagement, page 64
102-41	Collective bargaining agreements	Not applicable
102-42	Identifying and selecting stakeholders	Managing Sustainability, Stakeholder Engagement, page 64
102-43	Approach to stakeholder engagement	Managing Sustainability, Stakeholder Engagement, page 64
102-44	Key topics and concerns raised	Managing Sustainability, Stakeholder Engagement, page 64
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Investment in Subsidiaries, page 127

GRI INDEX

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Reporting Practice		
102-46	Defining report content and topic Boundaries	About this Report, Reporting Scope, page 63
102-47	List of material topics	Stakeholder engagement, Materiality Assessment, page 65
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	1 January 2019 – 31 December 2019
102-51	Date of most recent report	Not Applicable
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, page 63
102-54	Claims of reporting in accordance with GRI Standards	About this Report, Reporting Standard, page 63
102-55	GRI content index	GRI Index, page 71
102-56	External assurance	IREIT has not sought external assurance for this reporting period and may consider it for future periods.
Management Approach		
103-1	Explanation of the material topic and its boundary	Materiality Assessment, page 65 Material Topics, page 72
103-2	The management approach and its components	Materiality Assessment, page 65 Material Topics, page 72
103-3	Evaluation of the management approach	Materiality Assessment, page 65 Material Topics, page 72
Material Topics		
Active Ownership		
PRI	Integrating ESG criteria into investment decisions.	Economic, Active Ownership, page 66
Anti-Corruption		
205-3	Confirmed incidents of corruption and actions taken	Governance, Regulatory Compliance, page 70
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Governance, Regulatory Compliance, page 70
Employment		
401-1	New employee hires and employee turnover	Social, Talent Retention, page 69
Socioeconomic Compliance		
419-1	Non-Compliance with various laws and regulations in social and economic area	Governance, Regulatory Compliance, page 70
Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	Social, Training and Education, page 67
Diversity and Equal Opportunity		
405-1	Employing a diverse group of individuals. Diversity is based on gender, age, background and nationality. Treating all employees and potential employees the same and based on merit.	Social, Diversity and Equal Opportunity, page 68

GOVERNANCE REPORT

IREIT Global ("IREIT") is a trust constituted by a deed of trust (as amended, the "Trust Deed") entered into between IREIT Global Group Pte. Ltd., as manager of IREIT (the "Manager"), and DBS Trustee Limited, as trustee of IREIT (the "Trustee").

It is the duty and responsibility of the Manager to uphold high standards of corporate governance. The Manager believes that it has good corporate governance in place as there is proper oversight, good communication, a focus on risks and a commitment to transparency.

The Board of Directors of the Manager (each, a "Director" or collectively, the "Directors" or the "Board") has ensured that the Manager has implemented corporate governance policies and industry best practices to protect IREIT's assets and the interests of the unitholders of IREIT (the "Unitholders") while enhancing and delivering value to its Unitholders. The Manager is committed to uphold and adhere to the principles and provisions of the Code of Corporate Governance 2018 (the "Code") in accordance with Rule 710 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST", and the Listing Manual of the SGX-ST, the "Listing Manual"). The Manager also ensures that all applicable requirements, laws and regulations are duly complied with. They include, but are not limited to, the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), the Securities and Futures (Licensing and Conduct of Business) Regulations (the "SF(LCB)R"), the Listing Manual, the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS"), including Appendix 6 to the CIS Code (the "Property Funds Appendix"), and the Trust Deed.

The Manager is responsible for managing IREIT's investments and liabilities as well as carrying out strategic expansion plans for the benefit of Unitholders. The Manager's investment strategy is detailed and defined on pages 58 to 59. The property manager's performance is also under the care of the Manager to ensure that it meets the objectives pursuant to the property management agreement. The Manager has been issued a capital market services licence (the "CMS Licence") by the MAS on 1 August 2014 to carry out REIT management under the SFA. Under its CMS Licence, the Manager appoints certain of its officers, employees and contractors as its representatives to conduct the same regulated activities on its behalf.

This report is focused on providing insights on the Manager's corporate governance framework and practices in compliance with the Code. All principles of the Code are duly complied with, while any deviations from the provisions of the Code are explained.

BOARD MATTERS

The Board's Conduct Of Affairs

Principle 1: The Manager is headed by an effective Board which is collectively responsible and works with Management for the long-term success of IREIT

The Board is collectively responsible for the long-term success of IREIT. The Board works with management of the Manager (the "Management") which remains accountable to the Board for the achievement of this objective.

The Board is responsible for the overall corporate governance of the Manager, to lead and to supervise the management of the business and affairs of the Manager. The prime stewardship responsibility of the Board is to ensure that IREIT is managed in the best interests of all stakeholders, which include protecting IREIT's assets and Unitholders' interests and enhancing the long-term value of Unitholders' investment in IREIT.

The functions of the Board are defined broadly as follows:

- to guide the corporate strategy and directions of the Manager;
- to ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- to oversee the proper conduct of the Manager.

The Board has put in place a Code of Conduct and Ethics which includes policies and internal controls on conflicts of interests for the Manager and sets the appropriate tone from the top-down. The Board is committed to building an open, inclusive and collaborative culture by fostering open communication throughout all levels of employees and treating any issues encountered by them seriously. The Manager has adopted a framework of delegated authorisations which sets out the level of authorisation and their respective approval limits for all business activities which include, but are not limited to, acquisitions, divestments, leasing, operating and capital expenditures. Activities and matters that are specifically reserved for the Board's decision and approval include but are not limited to:

- financial restructuring;
- bank borrowing;
- acquisitions and disposals;
- capital expenditure and annual budget;
- financial performance of IREIT and approval of the release of financial results;
- audited financial statements;
- issue of new units;
- income distributions and other returns to Unitholders; and
- matters which involve a conflict of interest.

In the discharge of its functions, the Board is supported by the Audit and Risk Committee (the "ARC") and Nominating and Remuneration Committee (the "NRC") which operate under delegated authority from the Board. However, the Board retains overall responsibility for any decisions made by the ARC and NRC. The ARC was established to assist the Board in its oversight of IREIT and the Manager's governance in relation to financial, risk, audit and compliance matters. The scope of authority and responsibilities of the ARC are defined in its terms of reference (see disclosure in Principle 10).

The NRC was established to assist the Board in, inter alia, matters relating to the appointment and re-appointment of Directors, succession plans for Directors and the Chief Executive Officer (the "CEO"), training and professional development programs for the Board and senior management, process for evaluation of the performance of the Board and its board committees, process of determining the independence of Directors, and remuneration for Directors and key management personnel of the Manager. The scope of authority and responsibilities of the NRC are defined in its terms of reference (see disclosure in Principles 4, 5, 6, 7 and 8).

The Board meets at least once every quarter and as and when its involvement is required, as deemed appropriate and necessary by the Board. The meetings are to review the key activities and business strategies of IREIT, including acquisitions and divestments, funding and hedging activities, approval of the annual budget and review of the performance of IREIT. Additionally, the Board will review IREIT's key financial risk areas and the outcome will be disclosed in the annual report or, where the findings are material, immediately announced via SGXNET.

The Manager's constitution permits Board meetings to be held by way of telephone conferences or any other means of similar communication equipment by which all persons participating in the meeting are able to hear and be heard by all other participants.

The number of meetings of the Manager's Board, the ARC, the NRC and the Annual General Meeting (the "AGM") held for the financial year ended 31 December 2019, as well as the attendance of each Director at the Board, the ARC, the NRC meetings and the AGM held on 29 April 2019 are as follows:

		Board	ARC	NRC	AGM
No. of Meetings in the Financial Year Ended 31 December 2019		**6**	**4**	**3**	**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	6	4	3	1
Mr Tan Wee Peng, Kelvin (Appointed on 14 July 2014)	Independent Non-Executive Director and Chairman of the ARC	6	4	N.A.	1
Mr Nir Ellenbogen (Appointed on 5 December 2013)	Independent Non-Executive Director and Chairman of the NRC	6	4	3	1
Mr Bruno de Pampelonne (Appointed on 11 November 2016)	Non-Executive Director and member of the NRC	6	N.A.	3	1
Mr Tong Jinquan (Appointed on 14 July 2014)	Non-Executive Director	0	N.A.	N.A.	0
Mr Khoo Shao Hong, Frank [1] (Appointed on 29 April 2019)	Non-Executive Director	4	N.A.	N.A.	0
Mr Ho Toon Bah [1] (Appointed on 17 February 2015)	Non-Executive Director	2	N.A.	N.A.	1

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

1 Mr Khoo Shao Hong, Frank was appointed Non-Executive Director on 29 April 2019, and Mr Ho Toon Bah resigned as Non-Executive Director on the same day.

To enable the Board to be able to properly discharge its duties and responsibilities, the Board is provided with regular updates on developments and changes in the operating environment, including revisions to accounting standards, and laws and regulations affecting IREIT and/or the Manager. The Board participates regularly in industry conferences, seminars and training programmes in connection with its duties.

Newly appointed Directors are given induction training and are provided with comprehensive information and the constitutional documents of IREIT and the Manager, the contact information of each Board member, Management and the company secretary. The training covers business activities of IREIT, its strategic directions and policies, the regulatory environment in which IREIT and the Manager operate, and the Manager's corporate governance practices, and statutory and other duties and responsibilities as Directors. Where a Director has no prior experience as a director of a listed issuer of the SGX-ST, the Manager will ensure the first time Director attends the training as prescribed in the SGX Listing Rule 210(5)(a). During the period, Mr Khoo Shao Hong, Frank attended and completed the four core modules of the Listed Entity Director (LED) programme, fulfilling the requirement for first-time appointees on boards of listed companies to be equipped with the skills and knowledge to execute their roles effectively.

All Directors have access to IREIT's and the Manager's records and information.

The Board is provided with complete and adequate information on a timely basis so as to allow the Board to make informed decisions to discharge its duties and responsibilities. As a general rule, Board papers are sent out at least one week prior to the Board meetings to ensure that Directors have sufficient time to review them. However, sensitive matters may be tabled at the meeting itself, or discussed without papers being distributed.

At the quarterly Board meetings, Directors are provided with regular updates on developments and changes in the operating, business, operational and financial information to enable the Board to keep abreast of the performance and key developments. Explanatory background information relating to matters brought before the Board includes quarterly results performances, budgets, and copies of relevant disclosure documents related to the operational and financial performance, which enable the Board to be fully aware of the matters of IREIT and exercise effective oversight. Any material variance between budget projections and actual results are also disclosed and explained.

In addition, as and when any significant matter arises, these matters are brought promptly to the Board's attention and the Board is provided with the relevant financial information. Parties who can provide relevant information and insights on matters tabled at Board meetings will be in attendance to provide any further information and respond to any queries from Directors.

Board meetings for each year are scheduled in advance before the end of the preceding year to facilitate the Directors' administrative arrangements and commitments. If a Director is unable to attend the Board meetings, the Director will review the Board papers and advise the Chairman, ARC Chairman or NRC Chairman of his views on the matters to be discussed or conveyed to other Directors at the meetings. Where appropriate, meetings are also held to brief Directors on prospective transactions and potential developments in the early stages before formal Board approval is sought. Management is also required to furnish any additional information requested by the Board in a timely manner for the Board to make informed decisions.

The Board has separate and independent access to Management and the company secretary, as well as the internal auditors (the "IA") and external auditors (the "EA") at all times. The company secretary or a representative of the company secretary attends to all corporate secretarial administration matters and attends all Board meetings. The company secretary is the corporate governance advisor on corporate matters to the Board and Management, and is responsible for ensuring that the Manager's constitution and applicable rules and regulations are complied with. The appointment and removal of the company secretary is a matter for the Board as a whole. The Board also has access to and can seek independent professional advice where appropriate and when requested at the Manager's expense, with consent from the Chairman.

Board Composition And Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of IREIT

The Board is represented by members with a breadth of expertise in finance and accounting, real estate and business management.

The Board seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to the business of the Manager and IREIT. The Board recognises the benefits of having a diverse board. Diversity in the Board's composition not only contributes to the quality of its decision-making through diversity of perspectives in its boardroom deliberations, the varied backgrounds of the Directors also enable Management to benefit from their respective expertise and diverse backgrounds.

The Board is committed to diversity and currently has a composition that meets most of the diversity elements so as to foster constructive debate and avoid groupthink. The Board has established a board diversity policy which sets out the objectives and progress for promoting diversity on the Board and will continue to consider the differences in the skill sets, gender, age, ethnicity and educational background in determining the optimal composition of the Board. The composition will be reviewed periodically to ensure that the board size is appropriate and has the appropriate mix of skills, experience, gender, age and knowledge, taking into consideration the nature and scope of IREIT's operations, to discharge their duties and responsibilities.

The Board comprises six members, all of whom are Non-Executive Directors and half are Independent Non-Executive Directors. In addition, the Chairman is an Independent Non-Executive Director.

The criterion of independence is based on the definition given in the Code the SF(LCB)R and the Listing Manual. A Director is considered independent if he is independent in conduct, character and judgement, and has no relationship with the Manager and IREIT, its related corporations, any shareholders or Unitholders (as the case may be) with a voting interest of 5% or more in the Manager or IREIT (as the case may be), or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Manager and IREIT. This allows the Directors to engage in robust deliberations with Management and provide independent, diverse and objective insights into issues brought before the Board.

Further, such composition and separation of the roles of the Chairman and the CEO provides oversight to ensure that Management discharges its roles with integrity. Each of the Independent Directors had carried out an assessment on whether there were any relationships or circumstances which may impact their independent status and had made a negative declaration.

The Board members as at the date of this Annual Report are as follows; and the profiles of the Directors are found on pages 10 to 12:

Board Member	Designation
Mr Lim Kok Min, John	Chairman and Independent Non-Executive Director
Mr Tan Wee Peng, Kelvin	Chairman of the ARC and Independent Non-Executive Director
Mr Nir Ellenbogen	Chairman of the NRC and Independent Non-Executive Director
Mr Bruno de Pampelonne	Non-Executive Director
Mr Tong Jinquan	Non-Executive Director
Mr Khoo Shao Hong, Frank	Non-Executive Director

The Board believes that the current board size, composition and balance is appropriate and provides sufficient diversity without interfering with efficient and effective decision-making. It allows for a balanced exchange of views, robust deliberations and debate among members and effective oversight over Management, ensuring no individual or small group dominates the Board's decisions or its process.

The Board is of the view that the background, skills, experience and core competencies of its members provide an appropriate mix of expertise, experience and skills needed in the strategic direction, planning and oversight of the business of IREIT.

The composition of the Board will be reviewed periodically to ensure that the board size is appropriate and comprises Directors with an appropriate mix of expertise, skills, experience and diversity to discharge their duties and responsibilities.

The Board also reviews periodically and at least annually the independence of its Directors based on guidelines set out under the Code and the SF(LCB)R. In respect of the financial year ended 31 December 2019, the Board is of the view that the Board composition complies with the Code's requirement and the SF(LCB)R. Its Independent Non-Executive Directors are considered independent in character and judgement, and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Directors' independent business judgement. Each Independent Non-Executive Director is independent from Management and business relationships with the Manager and IREIT, and is also independent from every substantial shareholder of the Manager and substantial Unitholder of IREIT.

Independent Directors are encouraged to participate actively at Board meetings in the development of the Manager's strategic plans and direction, and in the review and monitoring of the Management's performance against targets. To facilitate this, they are kept informed of the businesses and performance through reports from the Management, and have access to IREIT's and the Manager's records and information. They also provide constructive input and the necessary review and monitoring of performance of the Manager and Management. Led by the independent Chairman or other independent Director as appropriate, the Non-Executive Directors and/or independent Directors would also confer among themselves without the presence of Management as and when the need arose. The lead Chairman or Director of such meetings will provide feedback received during the meetings to the Board and/or Chairman as appropriate.

Chairman And CEO

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

There is a clear separation of the roles and responsibilities between the Chairman and the CEO of the Manager. The Chairman of the Board, Mr Lim Kok Min, John, is an Independent Non-Executive Director while the CEO of the Manager is Mr Aymeric Thibord. Mr Aymeric Thibord is seconded by Tikehau Investment Management ("TIM") to the Manager to assume the role of the Manager's CEO, pursuant to a services agreement (the "Services Agreement") entered into between TIM and the Manager. TIM is a wholly owned subsidiary of Tikehau Capital, the immediate holding company of the Manager. Under the Services Agreement, TIM provides certain services to the Manager, which include the secondment of the CEO to the Manager. Mr Aymeric Thibord is ultimately responsible for the overall operations of the Manager and reports directly to the Board.

The Chairman and the CEO of the Manager are not related to each other, have no close family ties and there is no business relationship between them. This is consistent with the principle of instituting an appropriate balance of power and authority.

The Chairman is responsible for leading the Board and overall management of the Manager. He is tasked to ensure the Board and Management work together with integrity and competency. His role also includes:

- promoting constructive debate and open discussions at the Board with Management on strategy, business operations, enterprise risk and other plans; and

- promoting high standards of corporate governance in general.

The CEO of the Manager has full executive responsibilities over the business direction and operational decisions in the day-to-day management of IREIT. He ensures the quality and timeliness of the flow of information between Management and the Board, Unitholders and other stakeholders.

The separation of the roles of the Chairman and the CEO, and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, which will facilitate robust deliberations on the business activities and the exchange of ideas and views to help shape the strategic process. Accordingly, the Manager has not appointed a Lead Independent Director. In the case where the Chairman is not an Independent Director, or under situations where the Chairman is conflicted, the Board will appoint an Independent Director to be the Lead Independent Director.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board

The Board established the NRC on 12 November 2018 to assist the Board in the nomination of Directors and succession plan for the Board. Prior to its establishment, the functions of the nominating committee were undertaken by the Board. As at 31 December 2019, the NRC comprises three Directors, of whom Mr Nir Ellenbogen is the Chairman of the NRC and Mr Lim Kok Min, John and Mr Bruno de Pampelonne are members of the NRC. All the three Directors are non-Executive Directors and majority of whom (including Chairman of the NRC) are independent.

The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating committee, which include making recommendations to the Board on relevant matters relating to:

- the review of board succession plans for directors, in particular for the Chairman, the CEO and key management personnel;
- the development of a process for evaluation of the performance of the Board, its board committees and directors;
- the review of training and professional development programs for the Board and senior management;
- the appointment and re-appointment of directors (including alternate directors, if applicable), taking into account, among other things, their principal commitments and multiple board memberships; and
- the review of the size and composition of the Board, the required expertise and independence of the Directors to ensure that the Board has the appropriate balance, diversity and competencies to discharge their respective functions effectively.

Any appointment of new Directors will be carefully evaluated. The candidate's skill, experience, ability to perform, other commitments, independence and the needs of the Board will be taken into consideration. All appointments and resignations of Board members are approved by the Board. In addition, the criteria under the Guidelines on Fit and Proper Criteria issued by the MAS for such appointments and re-appointments will also be taken into consideration.

Candidates may be put forward or sought through contacts and recommendations by the Directors when a vacancy arises under any circumstances. All nominations are carefully evaluated by the NRC before the appointments are made. If necessary, the NRC may seek additional qualified candidates through the Singapore Institute of Directors, external search consultants or other external referrals. Potential Directors will be considered without regard to gender, and the ultimate choice will primarily be based on merit. All appointment of Directors is also subject to the MAS' approval. The letter of appointment that is issued to each Director sets out the duties and responsibilities to the Manager and IREIT. None of the Directors has entered into any service contract directly with IREIT.

Directors are normally appointed for an initial period of three years and may be re-elected for such further period or periods of one year each at the discretion of the Board. Directors are not subject to periodic retirement by rotation, nor re-appointment through voting by Unitholders. As at the date of this Annual Report, none of the Directors has served on the Board beyond nine years from the date of his first appointment.

The Board recommends the seeking of endorsement and re-endorsement of Directors for approval, having regard to the Director's contribution and performance, with reference to the results of the assessment of the performance of the individual Director. All Directors are subject to an annual review of their commitment and performance to the Board. The criteria for re-appointment and re-endorsement of existing Director is similar to the criteria set out in relation to the appointment of new Director.

During the financial year ended 31 December 2019, Mr Khoo Shao Hong, Frank was appointed Non-Executive Director, while Mr Ho Toon Bah resigned as Non-Executive Director of the Board. In addition, the Board has sought and approved the endorsement by way of resolution for the re-appointment of:

- Mr Lim Kok Min, John, to continue as Chairman and Independent Non-Executive Director,
- Mr Tan Wee Peng, Kelvin, to continue as Chairman of the ARC and Independent Non-Executive Director,
- Mr Nir Ellenbogen, to continue as Independent Non-Executive Director,
- Mr Tong Jinquan, to continue as Non-Executive Director, and
- Mr Bruno de Pampelonne, to continue as Non-Executive Director.

There are no alternate Directors appointed to the Board.

In February 2020, Mr Aymeric Thibord tendered his resignation as CEO of the Manager. Under the terms of his employment, unless otherwise agreed, Mr Aymeric Thibord will be required to serve a notice period till 10 May 2020. The effective date of Mr Aymeric Thibord's cessation as CEO will be announced as soon as it is determined. Mr Aymeric Thibord will remain as CEO until the effective date of his cessation and will be working closely with the Board to ensure an orderly and smooth transition. With the assistance of Tikehau Capital, the NRC has identified a well-qualified candidate which the Board has approved as the new CEO. Details of the candidate will be announced once the process for the regulatory approval of his appointment has been completed.

While the Board firmly believes it is important that all Directors are able to effectively meet the time and participation requirements of their appointment, it does not believe it is practical to fix the amount of time that each Director should devote to the affairs of the Manager or impose a limit on the maximum number of listed company board representations each Director may hold. The Manager believes that putting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements and complexity for each vary, and thus should not be prescriptive. The effectiveness of the Board and contributions of each Director cannot be assessed solely on a quantitative basis. The limit on the number of listed company board representations should be considered on a case-by-case basis, as a person's available time and attention may be affected by different factors such as whether they are in full-time employment and the nature of their other responsibilities. The Board does not wish to exclude from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. The Board has determined through its performance assessment process that, as a whole, board members have adequately fulfilled their responsibilities and requirements.

In respect of the financial year ended 31 December 2019, all Directors had given constructive feedbacks and participated regularly in discussions on matters relating to the Manager and IREIT. Accordingly, the Board is of the view that the existing multiple directorships of board members have not, in any way, hindered any Director in discharging his duties as a Director of the Manager, and therefore believes it is not necessary at the present time to prescribe a maximum number of directorships for its Directors.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors

The NRC has a formal system in place to evaluate the Board performance and assess the effectiveness of the Board, the Committees and the individual Directors through the use of performance evaluation forms.

An annual review of the Board is carried out to assess the effectiveness of the Board, the ARC, the NRC and their respective Chairmen. The review process includes getting feedback from individual Directors on areas relating to the Board's, the ARC's and the NRC's competencies and effectiveness, and the respective Chairmen's leadership. The areas being assessed are broadly classified under Board composition, process, accountability, risk management and internal control, recruitment and succession, and evaluation and compensation, among others.

Directors are requested to complete an assessment and evaluation form that is tailored to seek their input on the various aspects of the performance of the Board, the ARC and NRC. The purpose of the evaluation is to assess the overall effectiveness and efficiency of the Board as a whole. The criteria for the evaluation of individual Directors include, amongst others, the Directors' attendance and participation at the Board, the ARC and NRC meetings, and contributions of each Director to the Board.

The Board has not engaged any external consultant or facilitator to conduct an assessment of the performance of the Board and each individual Director. To ensure that the assessments are done promptly and fairly, the Board has appointed the company secretary to assist in collating and organising the returns of the Board members. The company secretary does not have any other connection with IREIT, the Manager or any of its Directors.

The last performance evaluation was carried out in February 2020 in respect of the financial year ended 31 December 2019. The Board is of the view that the ARC, the NRC and the Board as a whole are effective and are contributing effectively and efficiently.

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration

Level And Mix Of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of IREIT, taking into account the strategic objectives of IREIT

Disclosure On Remuneration

Principle 8: The Manager is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

Constituted as a trust, IREIT is externally managed by the Manager and has no personnel of its own. IREIT does not pay Directors' fees and remuneration of the CEO and the employees of the Manager. Their fees and remuneration are paid by the Manager, save for the remuneration of the CEO, which is paid by TIM under the Services Agreement.

The Board established the NRC on 12 November 2018 to assist the Board in the remuneration matters of the Manager. Prior to its establishment, the functions of the remuneration committee were undertaken by the Board. As at 31 December 2019, the NRC comprises three Directors, all of whom are non-Executive Directors and majority of whom (including Chairman of the NRC) are independent.

The NRC has written terms of reference setting out its scope and authority in performing the functions of a remuneration committee, which include:

- the review and recommendation to the Board on the framework of remuneration for the Board and key management personnel, as well as the specific remuneration packages for each Director and key management personnel;

- establishment of a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors; and

- the review of the Manager's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service.

The remuneration will cover all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments, and should aim to be fair and to avoid rewarding poor performance. The Manager has adopted a balanced remuneration policy, aimed to ensure market competitiveness and alignment to best industry practices and Unitholders' interests.

Independent Directors and Non-Executive Directors are paid basic fees for their Board, the ARC Committee and the NRC Committee memberships.

Individual Non-Executive Directors' fees were determined based on the following factors:

- roles and responsibilities;
- benchmarking against peers;
- effort committed; and
- skills and expertise.

In order to maintain the independence of the Non-Executive Directors, the remuneration is not over-compensated, and was considered appropriate and in accordance with their level of contribution, taking into account the factors mentioned above.

Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other managers of listed REITs. The Directors do not decide their own fees, as each Director shall abstain from decisions by the Board involving his remuneration. The total costs of governance, as well as the average Director's fees were targeted around the median of the market.

The remuneration policy for Management and key employees is:

- to provide a fair and competitive compensation;
- to motivate a high level of performance;
- to ensure quality employee retention; and
- to correlate with the individuals' performance as well as IREIT and the Manager's performance.

Individual executives' remuneration levels were determined based on the following factors:

- roles and responsibilities;
- benchmarking against industry peers;
- unique skills and expertise; and
- experience.

To achieve an equitable and fair reward system that drives organisational performance, the remuneration policy is designed to attract, motivate, reward and retain high-performing employees, taking into consideration the employees' responsibilities, work experience and educational qualifications. The Manager also conducts an annual performance review process where the individual's performance is assessed based on the Manager's performance relative to the IREIT's performance. The review also reinforces strengths, identify improvements and plan for the progressive development of the employees.

The remuneration components include a guaranteed fixed salary and a variable bonus. The variable bonus is determined as a significant component in the remuneration of the C-level executives and should be paid in full upon full achievement of all IREIT's Key Performance Indicators (the "KPIs") or proportionally to the percentage of KPIs achieved.

The KPIs, which are set at the start of the financial year, are aligned to the business strategy of IREIT and linked to the individual performance and the performance of IREIT. This allows the Manager to better align the compensation of its C-level executives towards the performance of IREIT, which would also help align the interest of the C-level executives with that of Unitholders. The Board is of the view that the KPIs were achieved and that remuneration is aligned to performance in respect of the financial year ended 31 December 2019.

The Board has access to expert advice from external consultants where required. During the year under review, no external consultant was engaged. There are currently no option schemes or other long-term incentive schemes being implemented for Directors, Management and employees.

The Manager does not rely on any contractual provisions to reclaim incentive components of remuneration from its key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Manager should be able to avail itself to remedies against its key management personnel in the event of such breach of fiduciary duties.

The level and mix of the remuneration of each of the Directors for the financial year ended 31 December 2019 are as follows:

Name of Director	Fees (1) (S$)	Base/Fixed Salary (S$)	Bonus (S$)	Benefits-in-kind (S$)
Mr Lim Kok Min, John	95,000	–	–	–
Mr Tan Wee Peng, Kelvin	80,000	–	–	–
Mr Nir Ellenbogen	72,500	–	–	–
Mr Bruno de Pampelonne	25,000	–	–	–
Mr Tong Jinquan	50,000	–	–	–
Mr Ho Toon Bah	16,667	–	–	–
Mr Khoo Shao Hong, Frank	25,000	–	–	–

The level and mix of the remuneration of the CEO for the financial year ended 31 December 2019 is as follows:

Remuneration Band and Name	Fees (%)	Base/Fixed Salary (1) (%)	Bonus (2) (%)	Benefits-in-kind (%)
Above S$250,000 to S$500,000				
Mr Aymeric Thibord (3)	–	62	38	–

Notes:

(1) Paid in cash.

(2) Paid in cash, except for a portion amounting to 19% of the total remuneration which was paid in shares under the 2020 Plan as described on page 84.

(3) Mr Aymeric Thibord's remuneration for the financial year ended 31 December 2019 was paid by TIM under the Services Agreement. The remuneration is paid in € and a conversion rate of 1.51 into S$ has been used for the purpose of the disclosure in bands of S$250,000.

The Board has assessed and decided to provide disclosure of the remuneration of the Directors on a named basis in exact quantum. In addition, the Board has also decided to provide disclosure of the remuneration of the CEO in bands of S$250,000. In respect of Provision 8.1 of the Code, it has assessed and decided against disclosing the remuneration of the CEO in exact quantum and the remuneration of the top five executives (who are not Directors or the CEO) on an aggregate or named basis (whether in exact quantum or in bands of S$250,000). The Board took into account confidentiality concerns and also considered the importance of maintaining stability and continuity in the key management team of the Manager. Given the competitive pressures in the talent market, the Board considers that such disclosure may subject the Manager to negative impact including talent retention issues and the risk of unnecessary key management turnover, which in turn, will not be in the best interests of IREIT and its Unitholders. The Board is of the view that such non-disclosure will not be prejudicial to the interest of Unitholders.

From time to time, Tikehau Capital grants the employees of the Tikehau Capital Group (the "Group") the rights to receive free shares of Tikehau Capital under its Free Share Plans (the "Plans"). The cost of granting the free shares under the Plans is solely borne by Tikehau Capital whilst allowing to motivate and retain key employees. As the Manager is a subsidiary of Tikehau Capital, certain employees of the Manager are also entitled to such grants under the Plans at no cost, subject to certain vesting periods. In February 2020, a 2020 Free Share Plan (the "2020 Plan") was established to grant free shares of Tikehau Capital to some employees of the Group as part of the remuneration for the financial year ended 31 December 2019, with the cost of granting such shares solely borne by Tikehau Capital. The 2020 Plan is subject to a vesting period of two years for 50% of the shares granted and three years for the remaining 50%. The vesting of the free shares granted under the 2020 Plan applicable to the senior personnel of the Manager is also subject to the following conditions:

- for 50% of the shares granted, solely to the condition of employment at the definitive vesting date;
- for 25% of the shares granted, to the fulfilment of certain performance conditions relating to the net new money collected by the Group; and
- for 25% of the shares granted, to the fulfilment of certain performance conditions relating to the operating margin for the asset management activities of the Group.

The 2020 Plan would not result in a misalignment of interest with IREIT for the following reasons:

- The grant of the Tikehau Capital shares to senior personnel working for IREIT is based on the performance of the relevant employees in relation to the performance of IREIT, and is not tied to the performance of Tikehau Capital;
- Tikehau Capital is an asset management company and not a property development company, and accordingly, there would be few potential instances of Tikehau Capital selling a property to IREIT;
- The assets under management of IREIT form only a small proportion of the assets managed by Tikehau Capital (i.e. less than 3% as at 31 December 2019), and accordingly there is little incentive to favour Tikehau Capital to the detriment of IREIT, especially since the grant of the Tikehau Capital shares is tied to the performance of IREIT and not Tikehau Capital; and
- Apart from the management fees received by the Manager, IREIT does not pay Tikehau Capital for any other services (including property management services).

Accordingly, the Board is of the view that there would not be any conflicts of interest arising from the arrangement, nor would the arrangement result in any misalignment of interest with those of Unitholders.

There are no employees of the Manager who are immediate family members of any Director, the CEO, or a substantial shareholder nor are there employees who are substantial shareholders of the Manager during the financial year ended 31 December 2019.

No compensation is payable to any Director, key management personnel or employee of the Manager in the form of options in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement in respect of the Manager and/or IREIT. The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement or post-employment benefits that are granted over and above what have been disclosed.

The Board reviews the Manager's obligations arising in the event of the appointment and reasons for resignations and terminations of the CEO (if not a Director), and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

In respect of the year ended 31 December 2019, the Board is of the view that the remuneration policy and packages are aligned with the interests of Unitholders and are designed to attract and retain talented staff, while taking into account the prevailing market conditions within the industry. The remuneration is also aligned to performance and all the performance conditions used to determine the remuneration of Directors, Management and key employees, as set out on pages 81 to 84, were met during the year.

Risk Management And Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of IREIT and its unitholders

The Manager has put in place adequate and effective risk control measures to address financial, operational, compliance, information technology security, and other potential risks. This is to safeguard Unitholders' interests and manage risk. The Board is responsible for the governance of risks and for overseeing the enforcement of risk management strategy and framework of the Manager.

The Board meets every quarter to review and track the financial performance of the Manager and IREIT against approved budgets and takes note of any significant changes on quarter-on-quarter and year-to-date results. During the review and analysis of business risk, the Board takes into consideration the property market and economic conditions where IREIT's properties are located and other related risks.

Apart from this, the Board also reviews the risks to the assets of IREIT, examines the management of liabilities, and acts upon any comments from the IA and EA of IREIT.

In view of the importance of compliance and risk management, the ARC is assigned the duty to oversee this aspect of the Manager's and IREIT's operations.

The ARC reviews and assesses the adequacy and effectiveness of the Manager's risk management control measures that are established by Management. Additionally, the ARC supervises the implementation and operation of the risk management system, including going through the adequacy and effectiveness of risk management practices for material risks, such as commercial and legal, financial and economic, operational and technology risks, from time to time; and reviewing major policies for effective risk management and relevance.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and IREIT.

In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual investment projects prior to approving major transactions. The Board meets regularly to review the operations of the Manager and IREIT and discuss any disclosure issues.

The Manager has provided an undertaking to the SGX-ST that:

- the Manager will make periodic announcements on the use of the proceeds from the public offering of IREIT as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the annual report;
- in relation to foreign exchange hedging transactions (if any):
    - the Manager will seek the approval of the Board on the policy for entering into any such transactions;
    - the Manager will put in place adequate and effective procedures which must be reviewed and approved by the ARC; and
    - the ARC will monitor the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board; and
- the ARC will review and provide their views on all hedging policies and instruments (if any), to be implemented by IREIT to the Board, and the trading of such financial and foreign exchange instruments will require the specific approval of the Board.

The Board has received assurance from the CEO and Chief Financial Officer that:

- the financial records of IREIT have been properly maintained and the financial statements give a true and fair view of IREIT's operations and finances; and
- the Manager's risk management and internal controls systems are adequate and effective.

The Board, with the concurrence of the ARC, concluded that the Manager's internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability were adequate and effective to meet the needs of IREIT in its current business environment as at 31 December 2019, based on the risk management and internal controls framework established and maintained by the Manager, work performed by the IA, the EA and other service providers as well as reviews performed by Management and the ARC.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively

The ARC comprises Mr Tan Wee Peng, Kelvin (Chairman of the ARC), Mr Lim Kok Min, John and Mr Nir Ellenbogen, all of whom are Independent Non-Executive Directors. The key role of the ARC is to monitor and evaluate the adequacy and effectiveness of the Manager's internal controls and risk management system. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of the EA and reviewing the adequacy of the EA in respect of cost, scope and performance.

None of the ARC members were previously partners or Directors of the Manager's or IREIT's EA within the previous two years nor does any of the ARC members hold any financial interest in the EA.

The ARC's responsibilities also include:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of IREIT and any announcements relating to IREIT's financial performance;
- reviewing at least annually the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;
- reviewing the assurance from the CEO and the CFO on the financial records, financial statements and risk management and internal control systems;
- reviewing and making recommendations on the appointment and removal of IA and EA and the remuneration and terms of engagement of IA and EA;
- reviewing, on an annual basis, the adequacy, effectiveness, independence, scope and results of the internal audit and external audit functions;
- reviewing policy and arrangements by which employees and external parties may, in confidence, safely raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
- reviewing both IA and EA reports to ensure that where deficiencies in internal controls and risk management systems have been identified, appropriate and prompt remedial action is taken by Management;
- meeting with the IA and EA, without the presence of Management, at least on an annual basis;
- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with IREIT;

- monitoring the procedures in place to ensure compliance with applicable legislation, including the Listing Manual and the Property Funds Appendix;
- deliberating on resolutions relating to conflict of interest situations involving IREIT;
- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance and reviewing transactions constituting Related Party Transactions;
- reviewing internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- reviewing and providing their views on all hedging policies and instruments to be implemented by IREIT to the Board;
- reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;
- investigating any matters within the ARC's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

The ARC is authorised to investigate any matters within its terms of reference. It has full access to and co-operation from Management and enjoys full discretion to invite any Director and executive officer of the Manager to attend its meetings. The ARC also has full access to reasonable resources to enable it to discharge its function properly. Regular updates and advice from both the IA and EA are provided to enable the ARC to keep abreast of relevant changes to accounting standards and issues which have a direct impact on financial statements. Such updates include briefings conducted by the IA or EA during ARC meetings and advice provided from time to time. In addition, the ARC hold periodic meetings and interactions with an independent professional adviser who will provide regulatory compliance advice and monitoring and support the Manager's compliance function where necessary.

The ARC has conducted a review of all non-audit services provided by the EA of IREIT, Deloitte & Touche LLP and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the EA.

For the financial year ended 31 December 2019, the aggregate amount of fees paid and payable by IREIT to the EA was €578,000, comprising audit service fees of €144,000 and other non-audit service fees of €434,000.

ARC meetings are generally held after the end of every financial quarter. In respect of the financial year ended 31 December 2019, the ARC has also met with the IA and EA separately, without the presence of Management, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors.

In appointing the EA for IREIT, the ARC is satisfied that IREIT has complied with the requirement of Rules 712 and 715 of the Listing Manual. The ARC has assessed the performance of the EA based on factors such as the performance and quality of their audit and the independence of the auditors.

The ARC typically meets with the EA several months before the end of the financial year to discuss the year's audit plans and progress, during which significant financial reporting issues including identification of key audit matters ("KAMs") are discussed.

As with the case last year, the EA has identified the valuation of investment properties as a KAM and in its report, the EA has communicated their findings that the valuation of the properties done by the external valuers and various inputs used are within reasonable range of the EA's expectation. The ARC has also reviewed the valuation reports and discussed the contents thereof with both Management and the EA and is satisfied with the assumptions and methodologies used. However, given that the assumptions are subjective and are highly susceptible to changes in the business environment, the ARC similarly cautions Unitholders against relying solely on the investment property valuations in assessing the financial performance of IREIT. This is particularly so as such valuations, and specifically the significant valuation uplifts in respect of Berlin Campus, Münster Campus and Concor Park this year, do not give any assurance that the investment properties will be sold at such prices in the event such a sale is to be effected and more so when such sales are not contemplated as part of IREIT's business strategy. Such valuation uplifts alone will also not have any impact on IREIT's distributions to Unitholders. Instead, the ARC advises Unitholders to focus on factors such as the net property income, tenant profile, tenancy duration, and their changes over the years to assess how well IREIT's portfolio has performed.

Other than the KAM identified in the EA's report, the ARC also reviewed matters such as revenue recognition, liquidity and going concern risks, and Management's override of controls with the EA and Management. The ARC is pleased to inform the Unitholders that there are no significant issues relating to such matters that warrant special mention this year as they have all been dealt with according to established procedures and control measures, generally accepted accounting principles, and financial reporting standards. The key risk pertaining to going-concern has also been addressed with the successful refinancing of IREIT's entire bank borrowings in February 2019.

The Manager has put in place a system of internal controls of procedures, including financial, operational, compliance and information technology controls, and risk management systems to safeguard IREIT's assets, Unitholders' interests as well as to manage risk.

The internal audit function of the Manager is outsourced to an independent assurance service provider and the ARC reviews the adequacy, effectiveness, independence, scope and results of the IA at least once a year. The ARC is satisfied that the IA has the relevant qualifications and experience and has met the standards established by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The IA reports directly to the ARC on audit matters and the ARC approves the hiring, removal, evaluation and fees of the IA. The ARC also reviews and approves the annual internal audit plan and reviews the internal audit reports and activities. The ARC meets with the IA, without the presence of Management, at least once a year. The ARC is of the view that the IA is effective, has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings

Principle 11: The Manager treats all unitholders fairly and equitably in order to enable them to exercise unitholders' rights and have the opportunity to communicate their views on matters affecting IREIT. The Manager gives unitholders a balanced and understandable assessment of IREIT's performance, position and prospects

Engagement With Unitholders

Principle 12: The Manager communicates regularly with its unitholders and facilitates the participation of unitholders during general meetings and other dialogues to allow unitholders to communicate their views on various matters affecting IREIT

GOVERNANCE REPORT

The Board is responsible to give a balanced and comprehensive report on the performance, position, prospects, strategy and market outlook including other price-sensitive reports to the regulators (if required). To ensure this is accomplished efficiently, Management provides timely, accurate and adequate information to the Board, which includes management accounts and such explanation and information, to enable the Board to keep abreast, and make a balanced and informed assessment of the performance, position and prospects of IREIT.

The Board has been releasing quarterly results and full year results of IREIT as well as price-sensitive announcements and all other regulatory announcements, as required by regulators. These announcements and information are disseminated to Unitholders via SGXNET, press releases, IREIT's website, media and analyst briefings.

Following the recent amendments to Rule 705(2) of the Listing Manual of the SGX-ST which were effective from 7 February 2020, the Manager will adopt the announcement of half-yearly financial statements with effect from the financial year ending 31 December 2020 ("FY2020"). For FY2020, the next financial results announcement will be for the half-year period ending 30 June 2020. The Manager will continue to maintain a proactive and transparent approach towards its engagement with stakeholders through its various communication channels, including providing timely and relevant updates on material developments between the announcements of the half-yearly financial statements.

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders, the investing community and other stakeholders. The Manager has in place an investor relations policy which sets the principles and practices that it applies in order to provide investors of IREIT with timely information necessary to make informed investment decisions and to ensure a level playing field. The Manager has developed a disclosure policy, which requires timely and full disclosure of financial reports and all material information relating to IREIT by way of public releases or announcements via SGXNET. The published materials will also be posted on IREIT's website at www.ireitglobal.com.

IREIT's website also has the option for visitors to subscribe for a free email alert service on public materials released by the Manager.

The Manager has a dedicated Head of Investor Relations who regularly communicates major developments in IREIT's businesses and operations to the Unitholders, analysts and other interested parties. The Manager believes in providing transparent communication. The Manager conducts regular briefings for analysts, which generally coincide with the release of IREIT's financial results. During these briefings, the Manager will review IREIT's most recent performance, as well as discuss the business outlook for IREIT.

To achieve the Manager's objective of providing transparent communication, briefing materials are released on SGXNET and made available on IREIT's website.

The Manager will also meet investors through institutional investor conferences, non-deal road shows and private meetings on a regular basis. In compliance with the Property Funds Appendix, an AGM will be held after the close of the financial year to allow the Manager to interact with Unitholders, particularly retail investors, as well as providing the investors a direct channel to get responses to any queries they might have.

The notice of the AGM will be published on SGXNET, newspapers and IREIT's website. The AGM results will be screened at the meeting and announced via SGXNET after the meeting. All Unitholders are sent a copy of IREIT's annual report prior to the AGM. As and when an extraordinary general meeting (the "EGM") is to be convened, a circular containing detail of the matters proposed for the Unitholders' consideration and approval will also be sent to Unitholders. The notice of the EGM will also be published on SGXNET, newspapers and IREIT's website.

Directors, Management and EA will be present at the AGM or EGM to address questions and concerns of Unitholders. The attendance of Directors for the AGM held on 29 April 2019 is disclosed on page 75.

Separate resolutions are proposed for each distinct issue at the AGM or EGM. Unitholders will be invited to vote on each of the resolution by poll, using an electronic voting system. This will allow all Unitholders present, or represented at the meeting to vote on a one unit, one vote basis. An independent scrutineer is also appointed to validate the vote tabulation procedures. The Manager is not implementing absentia voting (as recommended by Provision 11.4) methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. The voting results will be screened at the meeting and announced via SGXNET after the meeting.

To encourage Unitholders' participation at the AGM or EGM, a question and answer session will be held during the AGM or EGM to allow Unitholders the opportunity to put forth any questions and clarify any issues they may have with the Board, Management or EA regarding the business operations, strategy and financial standing of IREIT.

Minutes of general meetings which include substantial and relevant comments or queries from Unitholders relating to the agenda of the meeting, and responses from the Board and the Management, will be prepared and made available to Unitholders via IREIT's website.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of IREIT are served

The Manager strives to maintain open and fair communication with its key stakeholders, to understand their views, concerns, and objectives in order to work towards more sustainable growth for IREIT. The Manager has identified stakeholder groups which have a significant influence and interest in IREIT's operations and business, and will engage these stakeholders actively to understand their expectations. The key stakeholders identified are the Unitholders, the tenants of IREIT's properties, the property managers, the relevant regulatory bodies of countries in which IREIT operates in, the local communities, the Manager's employees and the shareholders of the Manager, Tikehau Capital and City Developments Limited ("CDL"). In the Sustainability Report section, there are also details reported about the strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

IREIT maintains a current corporate website at www.ireitglobal.com, with contact details for investors and various stakeholders to channel their comments and queries.

BUSINESS CONDUCT

Dealings In Units

Each Director and the CEO of the Manager is to give notice to the Manager of his acquisition of or any changes in the number of Units which he holds or in which he has an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

All dealings in Units by the Directors will be announced via SGXNET, with the announcement to be posted on the SGX-ST website at http://www.sgx.com.

Pursuant to Section 137ZC of the SFA, the Manager is required to, inter alia, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the business day following the day on which the Manager became aware of the acquisition or disposal. In addition, all dealings in Units by the CEO will also need to be announced by the Manager via SGXNET, with the announcement to be posted on the SGX-ST website at http://www.sgx.com and in such form and manner as the authority may prescribe.

The Manager has an internal compliance policy which provides guidance to the Directors and employees of the Manager with regards to dealings in the Units. The Directors and employees of the Manager are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of IREIT's annual results, and two weeks before the public announcement of IREIT's quarterly results and ending on the date of announcement of the relevant results ("black-out period"); and
- at any time while in possession of undisclosed price-sensitive information.

In line with the adoption of the announcement of half-yearly financial statements with effect from FY2020, the Directors and employees of the Manager are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of IREIT's half-yearly and annual results and ending on the date of announcement of the relevant results ("black-out period"); and
- at any time while in possession of undisclosed price-sensitive information.

The Directors and employees of the Manager are also prohibited from dealing with the Units on short-term basis and communicating price-sensitive information to any person. They are expected to observe the insider trading laws at all times even when dealing with Units within permitted trading periods. The Manager also adopts the practice of sending out reminders by electronic mail to the Directors and employees on such prohibition on dealing in Units prior to each relevant black-out period.

During the period under review, the Manager was made aware of an incident of non-compliance with the above-mentioned internal trading policy by a Director during the black-out period before the public announcement of IREIT's financial results for the first quarter ended 31 March 2019. The Manager conducted an internal review and concluded that the Director has not received the financial results for the first quarter ended 31 March 2019 when he traded in the Units. The Manager reiterated the internal trading policy to the Director who acknowledged and confirmed that he will adhere to the Manager's internal trading policy on Units.

Dealing With Conflicts Of Interest

The Manager has instituted the following procedures to deal with potential conflict of interest issues:

- The Manager will not manage any other REIT which invests in the same type of properties as IREIT;
- Management will be working exclusively for the Manager and will not hold other executive positions in other entities;
- All resolutions in writing of the Directors in relation to matters concerning IREIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one Independent Director;
- At least one-third of the Board shall comprise Independent Directors, except that in certain stipulated circumstances, at least half of the Board shall comprise Independent Directors;
- In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting and participating in any deliberation on such matters. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;
- In respect of matters in which Tikehau Capital and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Tikehau Capital and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of Tikehau Capital and/or its subsidiaries;

- In respect of matters in which Shanghai Summit (Group) Co., Ltd. ("Summit") and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Summit and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of Summit and/or its subsidiaries;

- In respect of matters in which CDL and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by CDL and/or its associates or subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of CDL and/or its associates or subsidiaries;

- Except for resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matters in which the Manager and/or any of its associates has a material interest; and

- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of IREIT with a related party of the Manager ("Related Party"), the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of IREIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including its Independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of IREIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions (which term includes an "Interested Person Transaction" as defined under the Listing Manual and an "Interested Party Transaction" as defined under the Property Funds Appendix):

- will be undertaken on an arm's length basis with normal commercial terms; and

- will not be prejudicial to the interests of IREIT and the minority Unitholders.

- will be in accordance with the applicable requirements of the Listing Manual and all applicable guidelines that may from time to time be prescribed.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or

- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party Transactions that are entered into by IREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by IREIT. The ARC shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with.

The following procedures will be undertaken:

- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of IREIT's net tangible assets will be subject to review by the ARC at regular intervals.

- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of IREIT's net tangible assets will be subject to the review and prior approval of the ARC.

- Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of IREIT and the Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager.

- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of IREIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning IREIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of IREIT with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or IREIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on an arm's length basis with normal commercial terms;

- are not prejudicial to the interests of IREIT and the minority Unitholders; and

- will be in accordance with the applicable requirements of the Listing Manual and all applicable guidelines that may from time to time be prescribed.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or IREIT. If the Trustee is to enter into any transaction with a Related Party of the Manager or IREIT, the Trustee will review the proposed transaction to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

IREIT will comply with Rules 905 and 906 of the Listing Manual, as follows:

- make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of IREIT's latest audited net tangible assets;

- If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of IREIT's latest audited net tangible assets, IREIT must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year; and

- Obtain unitholder approval for any interested person transaction of a value equal to, or more than 5% of IREIT's latest audited net tangible assets; or 5% of IREIT's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by unitholders, or is the subject of aggregation with another transaction that has been approved by unitholders, need not be included in any subsequent aggregation.

The above do not apply to transaction below $100,000.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the annual report of IREIT for the relevant financial year.

The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control systems, the relevant provisions of the Listing Manual and the Property Funds Appendix.

The review will include the examination of the nature of the transaction and supporting documents or such other data deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, the interested member is to abstain from participating in the review and approval process in relation to that transaction.

Whistle-Blowing Policy

The Manager has also set in place a whistle-blowing policy, providing an avenue for its employees and external parties to raise concerns about possible improprieties in matters of financial reporting or other matters in good faith, with the confidence that the relevant persons making the reports will be treated fairly and protected from reprisal. External parties are able to lodge their concerns via IREIT's website at www.ireitglobal.com. All whistle-blower complaints will be reviewed by the ARC to ensure that investigations and follow-up actions are carried out, if needed. For the financial year ended 31 December 2019, the ARC did not receive any whistle-blower complaints.

THE TRUSTEE

FOR THE YEAR ENDED 31 DECEMBER 2019

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of IREIT Global ("IREIT") held by it or through its subsidiaries (the "Group") in trust for the holders of units in IREIT (the "Unitholders"). In accordance with the Securities and Futures Act (Chapter 289) of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of IREIT Global Group Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 1 November 2013 and as amended and restated by an amending and restating deed dated 14 July 2014, supplemented by the first supplemental deed dated 6 November 2015 and second supplemental deed dated 9 May 2018 (collectively, the "Trust Deed") made between the Manager and the Trustee in each annual accounting period and report thereon to the Unitholders.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed IREIT and the Group during the financial year covered by these financial statements set out on pages 102 to 144, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Chan Kim Lim
Director

Singapore
17 March 2020

STATEMENT BY

THE MANAGER

FOR THE YEAR ENDED 31 DECEMBER 2019

In the opinion of the directors of IREIT Global Group Pte. Ltd. (the "Manager"), the accompanying financial statements of IREIT Global ("IREIT") and its subsidiaries (collectively referred to as the "Group") as set out on pages 102 to 144, comprising the consolidated financial statements of the Group and the statement of financial position of IREIT as at 31 December 2019, the statement of changes in net assets attributable to Unitholders of IREIT for the financial year ended 31 December 2019, and a summary of significant accounting policies and other explanatory information for the year then ended, are drawn up so as to present a true and fair view, in all material respects, the financial position of the Group and IREIT as at 31 December 2019 and the total profit or loss and other comprehensive income, amount distributable of the Group, the movements of Unitholders' funds of the Group and IREIT and consolidated cash flows of the Group for the year then ended, in accordance with the International Financial Reporting Standards and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and IREIT will be able to meet the financial obligations as and when they materialise.

For and on behalf of the Manager,
IREIT Global Group Pte. Ltd.

Lim Kok Min John
Director

Singapore
17 March 2020

AUDITOR'S REPORT

TO THE UNITHOLDERS OF IREIT GLOBAL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IREIT Global ("IREIT") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated financial statements of the Group and the statement of financial position of IREIT as at 31 December 2019, and the statement of distribution and statements of changes in net assets attributable to Unitholders of IREIT for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 144.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of distribution and statements of changes in net assets attributable to Unitholders of IREIT are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Group and of IREIT as at 31 December 2019, and of the consolidated financial performance, changes in net assets attributable to Unitholders and consolidated cash flows of the Group, and distribution and changes in net assets attributable to Unitholders of IREIT for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Fair Valuation and Disclosure of Fair Value for Investment Properties

The Group owns a portfolio of investment properties comprising commercial office complexes located in Germany. The investment properties represent the single largest category of assets with a carrying amount of €574.9 million as at 31 December 2019.

The Group has adopted the fair value model under IAS 40 *Investment Property* which requires all the investment properties to be measured at fair value. The Group has engaged external independent valuers ("Valuers") to perform the fair value assessment of the investment properties.

The fair valuation of investment properties is considered to be a matter of significance as the valuation process requires the application of judgement in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The fair valuations are sensitive to underlying assumptions applied in deriving the underlying cash flows, discount rate, and terminal capitalisation rate as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties.

The valuation techniques, their key inputs and the inter-relationships between the inputs and the valuation have been disclosed in Note 7 to the consolidated financial statements.

How the matter was addressed in the audit

We have assessed the Group's process of appointment and determination of the scope of work of the Valuers, as well as their process of reviewing, and accepting the Valuers' investment property valuations.

We have reviewed the qualifications, competence, independence, and the terms of engagement of the Valuers with the Group to determine whether there were any matters which might affect objectivity of the Valuers or impede their scope of work.

We held discussions with management and the Valuers on the valuation reports, and engaged our valuation specialist to assist in:

- assessing the valuation methodology, assumptions and estimates used by the Valuers against general market practice for similar types of properties;
- comparing valuation assumptions and the underlying cash flows, discount rate, and terminal capitalisation rate to historical rates, and available industry data for comparable markets and properties; and
- reviewing the integrity of the valuation calculations, valuation inputs, including review of lease schedules, lease agreements and compare it to the inputs made to the projected cash flows.

Based on the audit procedures performed, the fair valuation of the properties and the various inputs used are within a reasonable range of our expectations.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

AUDITOR'S REPORT

TO THE UNITHOLDERS OF IREIT GLOBAL

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Directors of the Manager for the Financial Statements

IREIT Global Group Pte. Ltd. (the "Manager" of IREIT) is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and comply with the relevant provisions of the Trust Deed dated 1 November 2013 and amended by the amending and restating deed dated 14 July 2014, supplemented by the first supplemental deed dated 6 November 2015 and second supplemental deed dated 9 May 2018 (collectively, the "Trust Deed"), and the relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the directors of the Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

AUDITOR'S REPORT

TO THE UNITHOLDERS OF IREIT GLOBAL

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant requirements of the CIS Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Xu Jun.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

17 March 2020

FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 EUR'000	Group 2018 EUR'000	IREIT 2019 EUR'000	IREIT 2018 EUR'000
ASSETS					
Current assets					
Cash and cash equivalents	4	25,343	18,396	12,042	2,275
Trade and other receivables	5	1,716	1,774	3,450	7,298
Financial derivatives	6	574	690	574	690
		27,633	20,860	16,066	10,263
Non-current assets					
Investment properties	7	574,900	504,900	–	–
Investment in subsidiaries	8	–	–	222,994	233,383
Investment in joint venture	9	30,383	–	30,383	–
Other receivable	5	1,457	1,355	–	–
Deferred tax assets	10	2,004	1,760	–	–
		608,744	508,015	253,377	233,383
Total assets		**636,377**	**528,875**	**269,443**	**243,646**
Current liabilities					
Borrowings	12	–	96,474	–	–
Trade and other payables	11	3,717	3,161	1,882	551
Distribution payable		11,067	11,124	11,067	11,124
Financial derivatives	6	1,676	–	7	–
Income tax payable		1,072	272	2	2
		17,532	111,031	12,958	11,677
Non-current liabilities					
Borrowings	12	231,453	96,741	31,908	–
Financial derivatives	6	5,042	–	–	–
Deferred tax liabilities	10	28,057	15,496	–	–
		264,552	112,237	31,908	–
Total liabilities		**282,084**	**223,268**	**44,866**	**11,677**
Net assets attributable to Unitholders		**354,293**	**305,607**	**224,577**	**231,969**
Units in issue and to be issued ('000)	13	**638,365**	**633,350**	**638,365**	**633,350**
Net asset value per unit (€) attributable to Unitholders	14	**0.56**	**0.48**	**0.35**	**0.37**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND

OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 EUR'000	Group 2018 EUR'000
Gross revenue	15	35,265	34,808
Property operating expenses	16	(4,603)	(4,178)
Net property income		30,662	30,630
Foreign exchange gain		284	244
Finance income		11	14
Finance costs	17	(6,111)	(3,961)
Manager's fees	18	(2,526)	(2,515)
Trustee's fees		(109)	(99)
Administrative costs		(473)	(369)
Other trust expenses	19	(897)	(732)
Change in fair value of financial derivatives		(6,834)	826
Change in fair value of investment properties	7	69,345	41,329
Share of results of joint venture		(535)	–
Acquisition-related costs	26	(615)	–
Profit before taxation and transactions with Unitholders		**82,202**	**65,367**
Income tax expense	20	(13,304)	(8,335)
Profit for the year, before transactions with Unitholders		**68,898**	**57,032**
Distributions to Unitholders		(22,738)	(22,631)
Profit for the year, after transactions with Unitholders, representing total comprehensive profit for the year		**46,160**	**34,401**
Basic and diluted earnings per unit (€ cents)	21	**10.86**	**9.06**

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 EUR'000	Group 2018 EUR'000
Profit for the year, before transactions with Unitholders		68,898	57,032
Adjustments:			
Amortisation of upfront debt transaction costs		440	308
Loan breakage costs		2,731	–
Manager's management fee payable in units		2,526	2,515
Foreign exchange gain		(284)	(244)
Effects of recognising rental income on a straight-line basis over the lease term		(59)	(394)
Change in fair value of financial derivatives (unrealised)		6,863	(826)
Change in fair value of investment properties		(69,345)	(41,329)
Share of change in fair value of investment properties in joint venture		562	–
Acquisition-related costs		615	–
Deferred tax expense		12,317	8,084
Amount available for distribution		**25,264**	**25,146**
Distribution to Unitholders:			
Distribution of €1.84 cents per unit for the period from 1 January 2019 to 30 June 2019		(11,671)	–
Distribution of €1.73 cents per unit for the period from 1 July 2019 to 31 December 2019		(11,067)	–
Distribution of €1.82 cents per unit for the period from 1 January 2018 to 30 June 2018		–	(11,507)
Distribution of €1.77 cents per unit for the period from 1 July 2018 to 31 December 2018		–	(11,124)
Total Unitholders' distribution		**(22,738)**	**(22,631)**
Amount retained for working capital		**2,526**	**2,515**
Units in issue at the end of the year ('000)	13	**637,223**	**632,011**
Distribution per unit (€ cents)	2(s)	**3.57**	**3.59**

The accompanying notes form an integral part of these financial statements.

ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Units in issue and to be issued EUR'000	Unit issue costs EUR'000	Accumulated profits EUR'000	Total EUR'000
Net assets attributable to Unitholders as at 1 January 2018	**287,174**	**(8,233)**	**(10,250)**	**268,691**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	57,032	**57,032**
Distribution paid of €1.82 cents per unit for the period from 1 January 2018 to 30 June 2018	–	–	(11,507)	**(11,507)**
Distribution payable of €1.77 cents per unit for the period from 1 July 2018 to 31 December 2018	–	–	(11,124)	**(11,124)**
Total comprehensive profit for the year	–	–	34,401	**34,401**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Manager's management fee payable in units	2,515	–	–	**2,515**
Increase in net assets resulting from Unitholders' transactions	2,515	–	–	**2,515**
Net assets attributable to Unitholders as at 31 December 2018	**289,689**	**(8,233)**	**24,151**	**305,607**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	68,898	**68,898**
Distribution paid of €1.84 cents per unit for the period from 1 January 2019 to 30 June 2019	–	–	(11,671)	**(11,671)**
Distribution payable of €1.73 cents per unit for the period from 1 July 2019 to 31 December 2019	–	–	(11,067)	**(11,067)**
Total comprehensive profit for the year	–	–	46,160	**46,160**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Manager's management fee payable in units	2,526	–	–	**2,526**
Increase in net assets resulting from Unitholders' transactions	2,526	–	–	**2,526**
Net assets attributable to Unitholders as at 31 December 2019	**292,215**	**(8,233)**	**70,311**	**354,293**

The accompanying notes form an integral part of these financial statements.

ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2019

IREIT	Units in issue and to be issued EUR'000	Unit issue costs EUR'000	Accumulated profits/(losses) EUR'000	Total EUR'000
Net assets attributable to Unitholders as at 1 January 2018	**287,174**	**(8,233)**	**(38,575)**	**240,366**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	11,719	**11,719**
Distribution paid of €1.82 cents per unit for the period from 1 January 2018 to 30 June 2018	–	–	(11,507)	**(11,507)**
Distribution payable of €1.77 cents per unit for the period from 1 July 2018 to 31 December 2018	–	–	(11,124)	**(11,124)**
Total comprehensive loss for the year	–	–	(10,912)	**(10,912)**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Manager's management fee payable in units	2,515	–	–	**2,515**
Increase in net assets resulting from Unitholders' transactions	2,515	–	–	**2,515**
Net assets attributable to Unitholders as at 31 December 2018	**289,689**	**(8,233)**	**(49,487)**	**231,969**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	12,820	**12,820**
Distribution paid of €1.84 cents per unit for the period from 1 January 2019 to 30 June 2019	–	–	(11,671)	**(11,671)**
Distribution payable of €1.73 cents per unit for the period from 1 July 2019 to 31 December 2019	–	–	(11,067)	**(11,067)**
Total comprehensive loss for the year	–	–	(9,918)	**(9,918)**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Manager's management fee payable in units	2,526	–	–	**2,526**
Increase in net assets resulting from Unitholders' transactions	2,526	–	–	**2,526**
Net assets attributable to Unitholders as at 31 December 2019	**292,215**	**(8,233)**	**(59,405)**	**224,577**

The accompanying notes form an integral part of these financial statements.

CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 EUR'000	Group 2018 EUR'000
Cash flows from operating activities			
Profit for the year, after transactions with Unitholders		46,160	34,401
Adjustments for:			
Manager's management fees payable in units		2,526	2,515
Finance costs		6,111	3,961
Finance income		(11)	(14)
Net change in fair value of financial derivatives		6,834	(826)
Net change in fair value of investment properties		(69,345)	(41,329)
Share of results of joint venture		535	–
Distribution to Unitholders		22,738	22,631
Income tax expense		13,304	8,335
Operating profit before working capital changes		28,852	29,674
Changes in working capital:			
Trade and other receivables		(44)	(592)
Trade and other payables		556	372
Income taxes paid		(187)	(251)
Cash generated from operations, representing net cash from operating activities		29,177	29,203
Cash flows from investing activities			
Capital expenditure on investment properties		(655)	(471)
Investment in joint venture		(30,918)	–
Net cash used in investing activities		(31,573)	(471)
Cash flows from financing activities			
Proceeds from borrowings	27	232,760	–
Repayment of borrowings	27	(193,494)	(2,550)
Costs related to borrowings	27	(1,467)	(20)
Costs related to unwinding of previous borrowings	17	(2,731)	–
Distribution paid to Unitholders	27	(22,795)	(23,234)
Interest paid		(2,930)	(3,638)
Net cash from (used in) financing activities		9,343	(29,442)
Net increase (decrease) in cash and cash equivalents		6,947	(710)
Cash and cash equivalents at beginning of the year		18,396	19,106
Cash and cash equivalents at the end of the year	4	**25,343**	**18,396**

The accompanying notes form an integral part of these financial statements.

1. GENERAL

IREIT Global ("IREIT") is a real estate investment trust constituted by a trust deed entered into on 1 November 2013 and as amended and restated by an amending and restating deed dated 14 July 2014, supplemented by the first supplemental deed dated 6 November 2015 and second supplemental deed dated 9 May 2018 (collectively, the "Trust Deed") made between IREIT Global Group Pte. Ltd. as the manager of IREIT (the "Manager"), and DBS Trustee Limited, as the trustee of IREIT (the "Trustee"). IREIT was listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 13 August 2014 ("Listing Date").

The registered office and principal place of business of the Manager is 8 Marina View, #15-07A Asia Square Tower 1, Singapore 018960.

The registered office and principal place of business of the Trustee is 12 Marina Boulevard, Level 44, Marina Bay Financial Centre Tower 3, Singapore 018982.

The consolidated financial statements of IREIT as at and for the year ended 31 December 2019 comprise IREIT and its subsidiaries (together referred to as the "Group") and the Group's interest in its joint venture.

The principal activity of IREIT is investment holding whereas its subsidiaries and joint venture are to own and invest in a portfolio of office properties in Europe. Collectively, the Manager's key financial objectives are to provide Unitholders with regular and stable distributions and the potential for sustainable long-term growth in distribution per Unit and net asset value per Unit, while maintaining an appropriate capital structure for IREIT.

The consolidated financial statements of the Group and the statement of financial position of IREIT as at 31 December 2019 and changes in net assets attributable to Unitholders of IREIT for the financial year then ended were authorised for issue by the Manager on 17 March 2020.

The financial statements are presented in Euro ("€" or "EUR").

The Group has entered into several service agreements in relation to the management of IREIT and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled to receive the following remuneration for the provision of asset management services:

Base fee

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee of 10.0% per annum of IREIT's Annual Distributable Income (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial period). The Base Fee is payable to the Manager either in the form of cash or units as the Manager may elect. The Manager has elected to receive 100.0% of its Base Fee in the form of units for the financial year ended 31 December 2019.

The portion of the Base Fee, payable either in the form of cash or units, is payable in arrears for the relevant period. Where the Base Fee is payable in units, the units will be issued based on the volume weighted average price for a unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 Business Days (as defined in the Trust Deed) immediately preceding the relevant Business Day.

1. GENERAL (CONTINUED)

(a) Manager's fees (continued)

Performance fee

Pursuant to the Trust Deed, the Manager is entitled to a Performance Fee of 25.0% of the difference in Distribution Per Unit ("DPU") in a financial period with the DPU in the preceding financial period (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial period) multiplied by the weighted average number of units in issue for such financial period.

The Performance Fee is payable if the DPU in any financial period exceeds the DPU in the preceding financial period, notwithstanding that the DPU in such financial period may be less than the DPU in any preceding financial period.

No performance fees were payable for the financial year ended 31 December 2019.

Acquisition fee

Under the Trust Deed, the Manager is entitled to receive an acquisition fee not exceeding a maximum of 1% of the acquisition price for any real estate purchased directly or indirectly by IREIT (pro-rated if applicable to the proportion of IREIT's interest in the real estate acquired) in the form of cash and/or units (Note 26).

Divestment fee

Under the Trust Deed, the Manager is entitled to receive a divestment fee not exceeding a maximum of 0.5% of the sale price of any real estate directly or indirectly sold or divested by IREIT (pro-rated if applicable to proportion of IREIT's interest in the real estate sold) in the form of cash and/or units.

(b) Trustee's fees

The Trustee's fees shall not exceed 0.1% per annum of the value of all the assets of IREIT Group ("Deposited Property"), subject to a minimum of S$10,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

(c) Property management fees

The property managers provide management and leasing services to the property owning subsidiaries of the Group, carrying out the day to day maintenance and leasing activities for the investment properties.

Under the property management agreements, the property managers of IREIT's current portfolio are entitled to receive monthly fees calculated based on a percentage of the rental income or an agreed fixed fee, subject to certain minimum thresholds on a property by property basis. The property managers are not related parties of the Manager.

For leasing and marketing services, the property managers are entitled to marketing services commissions or additional remuneration upon the conclusion of the lease agreement.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and are drawn up in accordance with the relevant provisions of the Trust Deed and the relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS").

The financial statements have been prepared on historical cost basis, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 *Leases,* and the measurements that have same similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2019, the Group adopted all the new and revised IFRSs that were effective from that date and were relevant to its operations. The adoption of these new/revised IFRSs did not result in changes to the Group's and IREIT's accounting policies and had no material effect on the amounts reported for the current or prior years, except as follows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of financial statements (continued)

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 16 *Leases*

<u>Impact on Lessor Accounting</u>

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Based on management's assessment, there is no impact on the financial statements other than enhanced disclosures as detailed in Note 25.

IFRIC 23 *Uncertainty over income tax treatments*

IFRIC 23 interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments. It requires the Group to determine whether the uncertain tax positions are assessed separately or as a group, and the probability that a tax authority will accept an uncertain tax treatment used by the Group in its income tax filings as at 31 December 2019 based on the facts and circumstances existed at that date.

The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirements in IFRIC 23, which became effective on 1 January 2019. There was no material impact to the comparative information for 2018. As at 31 December 2019, uncertainty related to income taxes, if any has been reflected in the financial statements (Note 3).

At the date of authorisation of these financial statements, the below IFRS relevant to the Group were issued but not effective:

Amendments to IAS 1	*Presentation of Financial Statements* [1]
Amendments to IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material* [1]
Amendments to IFRS 3	*Business Combination: Definition of a Business* [1]
Amendments to IFRS 10	*Consolidated Financial Statements* [2]
Amendments to IAS 28	*Investments in Associates and Joint Ventures: Sale of Contribution of Assets between Investor and its Associate or Joint Venture* [2]

[1] Applies to annual periods beginning on or after 1 January 2020, with early application permitted.

[2] Effective date is deferred indefinitely.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of IREIT and entities controlled by IREIT ("subsidiaries"). Control is achieved when IREIT:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

IREIT reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when IREIT obtains control over the subsidiary and ceases when IREIT loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date IREIT gains control until the date when IREIT ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income are attributed to the Unitholders of IREIT and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the Unitholders of IREIT and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. Income and expenses of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or disposal. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by IREIT.

All intra-group assets and liabilities, income, expenses and cash flows are eliminated in full on consolidation.

(c) Investments in subsidiaries

Investments in subsidiaries are included in IREIT's statement of financial position at cost less any identified impairment loss. Results of subsidiaries are accounted for by IREIT on the basis of dividends received or receivable during the period.

(d) Investments in joint venture

A joint venture is a joint arrangement whereby the Group that has joint control of the arrangement has rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of the investment in joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the investment property is derecognised.

(f) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(g) Financial assets

All financial assets are recognised and derecognised on a trade date basis where purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Financial assets at amortised cost</u>

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, the financial assets (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest rate method, less any identified impairment losses as disclosed in Note 24(a).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. IREIT has financial derivative instruments designated as at FVTPL. Fair value is determined in the manner described in Note 6.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all its financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but based on historical credit losses experience (past due status of the trade receivables), adjusted as appropriate to reflect current conditions and estimates of future economic conditions at the reporting date.

<u>Definition of default</u>

The Group may consider an event of default for internal credit risk management purposes:

- when a financial asset is more than 90 days past due; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group);

unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

<u>Write-off policy</u>

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(h) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities.

Financial liabilities

All financial liabilities (including trade and other payables, distribution payable and borrowings) are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities. Fair value is determined in the manner described in Note 6.

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial liabilities and equity instruments (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) Derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate swaps and foreign exchange forward contracts) to economically hedge its significant future transactions and cash flows in the management of its interest rate and exchange rate exposures. Further details of derivative financial instruments are disclosed in Note 6.

IREIT does not perform hedge accounting, therefore derivative financial instruments are initially measured at fair value at the date the derivative contracts are entered into, and are subsequently re-measured to fair value at the end of each reporting period. All changes in fair value are taken to profit or loss.

(j) Leasing

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Issue costs

Unit issue costs are transactions costs relating to issuance of units in IREIT which are accounted for as a deduction from the proceeds raised to the extent they are incremental costs directly attributable to the transaction that otherwise would have been avoided. Other transaction costs are recognised as an expense in profit or loss.

(l) Revenue recognition

The Group recognises revenue from the following major sources:

- Rental income
- Service charge income
- Carpark income

Rental income

Rental income under operating leases, except for contingent rentals are recognised in the profit or loss on a straight-line basis over the term of the relevant lease.

Contingent rentals (including those based on inflation index) are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Service charge income

Service charge income is an income generated from providing essential building management and maintenance services to the tenants at the properties held by the Group. It consists of payments in respect of the operations of the properties and is recognised as income over time.

Carpark income

Carpark income under operating leases are recognised in the profit or loss on a straight-line basis over the term of the relevant lease.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(o) Foreign currencies

The functional currency (the currency of the primary economic environment in which the entity operates) of IREIT and its subsidiaries is Euro.

In preparing the financial statements of each individual entity within the Group, transactions in currencies other than Euro are recorded in Euro at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

(p) Impairment of investments in subsidiaries and joint venture

At the end of the reporting period, IREIT reviews the carrying amounts of its investments in each of the subsidiaries and joint venture to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the investments in subsidiaries and joint venture is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less cost to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the investments is estimated to be less than its carrying amount, the carrying amount of investments is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of investments is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for investments in prior years. A reversal of an impairment loss is recognised as income immediately.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling to IREIT pursuant to which the Singapore holding companies, which are wholly owned by IREIT, have been granted an in-principle tax exemption under Section 13(12) of the Singapore Income Tax Act ("SITA") on the dividend income from IREIT's wholly-owned Dutch subsidiary companies (Dutch Subsidiaries). The tax exemption has been granted by the IRAS based on certain representations made by IREIT and subject to certain conditions being satisfied.

The IRAS has also issued a tax ruling to IREIT pursuant to which the Singapore financing companies, which are wholly owned by IREIT, have been granted tax exemption under Section 13(12) of the SITA on the interest income from the Dutch Subsidiaries which are wholly owned by the Singapore holding companies. The tax exemption has been granted by the IRAS based on certain representations made by the Manager and subject to certain conditions being satisfied.

(r) Segment reporting

Segment information is reported in a manner consistent with the internal reporting provided to the management of the Manager who conducts a regular review for allocation of resources and assessment of the performance of the operating segments.

(s) Distribution policy

IREIT's current distribution policy is to distribute at least 90% of its annual distributable income for each financial year, with the actual level of distribution to be determined at the Manager's discretion, having regard to funding requirements, other capital management considerations and ensuring the overall stability of distributions.

(t) Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Manager is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, the Manager is of the opinion that there are no instances of application of judgments or the use of estimation techniques which may have a significant effect on the amounts recognised in the financial statements other than valuation of investment properties.

As described in Notes 2(e) and 7, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair values of the properties, the valuers have used and considered the income capitalisation method and discounted cash flows method, which involve the making of certain assumptions and estimates. The Manager has exercised its judgment and is satisfied that the valuation methods, assumptions and estimates are reflective of the prevailing conditions in Germany, where the investment properties are located. Information about the assumptions, estimation, uncertainties that have significant effect on the amounts recognised and the fair values of the investment properties are set out in Note 7 to the financial statements.

The Manager has also applied consistent judgement and estimates to current and deferred taxes. The Group is subject to income taxes in Germany. Judgement is required in determining the deductible amount of certain expenses during the estimation of provision for income taxes in current year and prior years. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

4. CASH AND CASH EQUIVALENTS

	Group		IREIT	
	2019 EUR'000	**2018** EUR'000	**2019** EUR'000	**2018** EUR'000
Cash at bank and in hand	24,918	17,491	11,617	1,370
Fixed deposits	425	905	425	905
	25,343	**18,396**	**12,042**	**2,275**

As at 31 December 2019, fixed deposits bear interest rate of 1.40% (2018: 1.36% to 1.38%) per annum and for a tenure of 6 months (2018: 6 months to 9 months). The fixed deposits can be readily converted into cash at minimal cost.

5. TRADE AND OTHER RECEIVABLES

	Group		IREIT	
	2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000
(a) Trade receivables				
Outside parties	605	420	–	–
(b) Other receivables and prepayments				
Other receivables	7	637	3,442	7,291
Prepayments	1,104	717	8	7
	1,111	1,354	3,450	7,298
Current trade and other receivables	**1,716**	**1,774**	**3,450**	**7,298**
(c) Other receivable				
Outside parties	1,457	1,355	–	–
Non-current other receivable	**1,457**	**1,355**	**–**	**–**

The trade receivables as at the end of the reporting period include €605,000 (2018: €420,000) owing by tenants of the investment properties in relation to the settlement of property operating expenses. The credit terms for trade receivables are not more than 30 days. As at 31 December 2019 and 2018, there are no amounts that are past due or impaired. No interest is charged on the trade receivables.

Included in IREIT's other receivables is an amount receivable from subsidiaries of €3.29 million (2018: €7.23 million) mainly comprising approximately €2.80 million (2018: €6.73 million) of dividend receivable from subsidiaries, which were collected subsequent to year end.

The non-current other receivable from outside parties relates to the effects of the accounting adjustment to recognise rental income on a straight-line basis over the term of the lease which has step-up rental escalation clauses.

In determining the recoverability of receivables, the Group considers any change in the credit quality of the receivables from the date credit was initially granted. The Group applies a simplified approach in calculating ECLs which is based on historical credit losses experienced (past due status of the trade receivables), adjusted as appropriate to reflect current conditions and estimates of future economic conditions at the reporting date. As at financial period end, expected credit losses from receivables are expected to be insignificant.

6. FINANCIAL DERIVATIVES

	Group and IREIT			
	2019		2018	
	Assets EUR'000	Liabilities EUR'000	Assets EUR'000	Liabilities EUR'000
Foreign currency forward contracts	574	7	690	–
Interest rate swaps	–	6,711	–	–
Analysed as:				
Current	574	1,676	690	–
Non-current	–	5,042	–	–

(a) Foreign currency forward contracts

The functional and presentation currency of IREIT is Euro, whereas the distributions to Unitholders are denominated in Singapore Dollar. In order to economically hedge the potential foreign currency fluctuation between Euro and Singapore Dollar, IREIT has entered into foreign currency forward contracts (the "contracts") to economically hedge the foreign currency exposure.

As at the end of the financial year, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed to is approximately €18.06 million (2018: €21.10 million).

The fair value of the financial derivative falls under Level 2 of the fair value hierarchy and is based on banks' quotes.

(b) Interest rate swaps

The Group has entered into interest rate swap contracts to hedge its exposure to interest rate risks associated with movements in the interest rate on the borrowings of the Group in Note 12.

As at the end of the financial year, the total notional amount of outstanding interest rate swap contracts to which the Group is committed to is approximately €200.8 million (2018: €Nil).

The fair value of the financial derivative falls under Level 2 of the fair value hierarchy and is based on banks' quotes.

7. INVESTMENT PROPERTIES

	Note	Group 2019 EUR'000	Group 2018 EUR'000
Beginning of the year		504,900	463,100
Capital expenditure on investment properties		655	471
Net change in fair value of investment properties during the year		69,345	41,329
End of the year	(a)	**574,900**	**504,900**

(a) The fair values of the Group's investment properties at year end have been determined on the basis of valuations carried out on 31 December 2019 (2018: 31 December 2018) by independent valuer Messrs CBRE Germany GmbH (2018: Messrs CBRE Germany GmbH), having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, and are not related to the Group. The fair value was determined based on the capitalisation of net income method and discounted cash flows method. In estimating the fair value of the properties, the Manager is of the view that the highest and best use of the properties is their current use.

Details of the investment properties as at 31 December 2019 and 2018 which are all located in Germany are set out below:

Description of property	Type	Leasehold term	Location	Appraised value 2019 EUR'000	Appraised value 2018 EUR'000
Bonn Campus	Office	Freehold	Friedrich-Ebert-Allee,71, 73, 75, 77, Bonn, Germany	113,700	107,800
Darmstadt Campus	Office	Freehold	Heinrich-Hertz-Straße 3, 5, 7, Darmstadt, Germany Mina-Rees- Straße 4, Darmstadt, Germany	90,600	86,400
Münster Campus	Office	Freehold	Gartenstraße 215, 217, Münster, Germany	62,800	49,500
Concor Park	Office	Freehold	Bahnhofstraße 12 and Dywidagstraße 1, Bahnhofstraße 16, 18, 20, München, Germany	90,800	70,500
Berlin Campus	Office	Freehold	Schreiberhauer Straße 2, 4, 6, 8, 10, 12, 14, 16, 18, 20 and 22, Berlin 10317, Germany	217,000	190,700
Total				**574,900**	**504,900**

7. INVESTMENT PROPERTIES (CONTINUED)

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

2019

Valuation techniques	Income capitalisation rate	Discount rate	Terminal capitalisation rate
Income capitalisation method	4.60% to 5.45%	–	–
Discounted cash flow	–	5.15% to 6.20%	4.60% to 5.50%

2018

Valuation techniques	Income capitalisation rate	Discount rate	Terminal capitalisation rate
Income capitalisation method	4.65% to 6.18%	–	–
Discounted cash flow	–	5.45% to 6.60%	4.80% to 5.70%

There are inter-relationships between the above significant unobservable inputs. An increase in the income capitalisation rate, terminal capitalisation rate or discount rate will result in a decrease to the fair value of investment properties. An analysis of the sensitivity of each of the significant unobservable inputs is as follows:

Method	Impact on carrying value of properties
Income capitalisation method	If income capitalisation rate were to increase by 0.5%, the carrying value of all the investment properties would decrease by approximately €36.80 million (2018: €28.60 million).
Discounted cash flow method	If discount rate were to increase by 0.5%, the carrying value of all the investment properties would decrease by approximately €22.20 million (2018: €18.70 million).

Investment properties with a fair value of approximately €574.9 million (2018: €504.9 million) have been pledged as security for bank loans (Note 12). All the investment properties are located in Germany.

8. INVESTMENT IN SUBSIDIARIES

	IREIT	
	2019	2018
	EUR'000	EUR'000
Unquoted equity shares, at cost	28,903	28,903
Loans to subsidiaries	194,091	204,480
Total	**222,994**	**233,383**

The loans to subsidiaries relate to the loans to the Singapore financing subsidiaries, which are ultimately used to fund the property investment holding subsidiaries for the purchase of the investment properties. The loans are long term in nature, unsecured, do not bear interest and are repayable at the sole discretion of the subsidiaries when they have the necessary cash flow to repay the loans.

IREIT has held the following wholly-owned subsidiaries as at 31 December 2019 and 2018:

Name of entity	Principal activities	Country/Place of incorporation	Interest held	
			2019	2018
			%	%
Directly held:				
IREIT Global Holdings Pte. Ltd.[a]	Investment holding	Singapore	100	100
IREIT Global Holdings 1 Pte. Ltd.[a]	Investment holding	Singapore	100	100
IREIT Global Holdings 2 Pte. Ltd.[a]	Investment holding	Singapore	100	100
IREIT Global Holdings 3 Pte. Ltd.[a]	Investment holding	Singapore	100	100
IREIT Global Holdings 4 Pte. Ltd.[a]	Investment holding	Singapore	100	100
IREIT Global Investments Pte. Ltd.[a]	Group lending	Singapore	100	100
IREIT Global Investments 1 Pte. Ltd.[a]	Group lending	Singapore	100	100
IREIT Global Investments 2 Pte. Ltd.[a]	Group lending	Singapore	100	100
IREIT Global Investments 3 Pte. Ltd.[a]	Group lending	Singapore	100	100
IREIT Global Investments 4 Pte. Ltd.[a]	Group lending	Singapore	100	100
Indirectly held:				
Laughing Rock 1 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 2 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 3 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 4 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 5 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 6 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 7 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 8 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 9 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 11 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 12 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 13 B.V.[b]	Real estate investment	Netherlands	100	100
Laughing Rock 14 B.V.[b]	Real estate investment	Netherlands	100	100

[a] Audited by Deloitte & Touche LLP, Singapore.

[b] Audited by Deloitte & Touche GmbH, Germany for Group consolidation purposes.

9. INVESTMENT IN JOINT VENTURE

	2019 EUR'000
Cost of investment in joint venture	30,918
Share of post-acquisition results	(535)
	30,383

In December 2019, IREIT entered into a 40:60 joint venture with Tikehau Capital SCA, a Unitholder and shareholder of IREIT and the Manager respectively, for the purposes of acquiring four properties in Spain, located in Madrid and Barcelona. The properties were held through three Spanish property holding companies (the "Spanish PropCos"). The joint venture company ("JVCo") completed the acquisition of 100% of the interests in the Spanish PropCos on 20 December 2019.

Pursuant to the shareholders' agreement entered into between the joint venture parties, Tikehau Capital SCA has granted IREIT a call option to acquire its 60% shares in JVCo, which is exercisable by IREIT within a period of 18 months, subject to certain conditions, which includes the approval of the Unitholders (if required). The call option price is determined based on an agreed computation methodology. As at 31 December 2019, the fair value of the call option is assessed to be €Nil.

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Principal activities	Country Place of incorporation	Proportion of effective ownership interest held 2019 %	2018 %
IREIT Global Holdings 5 Pte. Ltd. ("JVCo")	Investment holding	Singapore	40	–
<u>Held through JVCo</u>				
Gloin Investments, S.L.U.	Real estate investment	Spain	40	–
Chameleon (Sant Cugat, Investment 2014), S.L.U.	Real estate investment	Spain	40	–
Chameleon (Esplugues), S.L.U.	Real estate investment	Spain	40	–

The above joint venture entity is accounted for using the equity method in the consolidated financial statements as set out in the Group's accounting policies in Note 2(d).

9. INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised financial information in respect of the Group's joint venture is set out below.

	2019 EUR'000
JVCo	
Cash and cash equivalents	9,553
Other current assets	3,148
Current assets	12,701
Investment properties [a]	133,800
Other non-current assets	3,554
Non-current assets	137,354
Total assets	150,055
Other payables	(7,931)
Current liabilities	(7,931)
Borrowings	(64,868)
Other payables	(1,299)
Non-current liabilities	(66,167)
Total liabilities	(74,098)
Net assets of joint venture	**75,957**
Proportion of the Group's ownership interest in the joint venture (%)	40%
Carrying amount of the Group's interest in the joint venture	**30,383**

[a] The fair value of the investment properties was determined to approximate the purchase price paid by JVCo in December 2019.

10. DEFERRED TAX ASSETS/ (LIABILITIES)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The following are the major components of deferred tax assets/(liabilities) recognised and movements therein during the current and prior reporting period:

Group	Note	Unutilised tax losses EUR'000	Revaluation difference of investment properties EUR'000	Total EUR'000
Deferred tax assets				
As at 1 January 2018		**1,578**	**289**	**1,867**
Recognised in profit or loss	20	138	(245)	(107)
Balance as at 31 December 2018		**1,716**	**44**	**1,760**
Recognised in profit or loss	20	244	–	244
Balance as at 31 December 2019		**1,960**	**44**	**2,004**
Deferred tax liabilities				
As at 1 January 2018		**(11)**	**(7,508)**	**(7,519)**
Recognised in profit or loss	20	–	(7,977)	(7,977)
Balance as at 31 December 2018		**(11)**	**(15,485)**	**(15,496)**
Recognised in profit or loss	20	–	(12,561)	(12,561)
Balance as at 31 December 2019		**(11)**	**(28,046)**	**(28,057)**

11. TRADE AND OTHER PAYABLES

		Group		IREIT	
		2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000
(a)	Trade payables				
	Outside parties	282	702	582	–
		282	**702**	**582**	**–**
(b)	Other payables				
	Accrued expenses and other payables	3,435	2,459	1,300	551
		3,435	**2,459**	**1,300**	**551**
	Total	**3,717**	**3,161**	**1,882**	**551**

12. BORROWINGS

	Group		IREIT	
	2019	2018	2019	2018
	EUR'000	EUR'000	EUR'000	EUR'000
Secured loans	232,760	193,494	32,000	–
Less: Unamortised transaction costs	(1,307)	(279)	(92)	–
Total	231,453	193,215	31,908	–
Less: Amount due for settlement within 12 months net of unamortised transaction costs (shown under current liabilities)	–	(96,474)	–	–
Amount due for settlement after 12 months	**231,453**	**96,741**	**31,908**	**–**

As at 31 December 2019, the Group has in place two principal bank facility agreements:

a. Facility A: On 1 February 2019, all then existing borrowings of €193.5 million were refinanced with new secured loan facilities of €200.8 million from a new lender (the "Facility"). The Facility will mature on a bullet basis in January 2026. Interest is payable at three-monthly intervals at variable rates based on the EURIBOR 3 months plus a loan margin ranging from 0.73% to 1.23%. The balance of the proceeds after refinancing-related transaction costs will be used for general working capital and corporate purposes.

   The Facility is secured by way of the following:
   - Land charges over the investment properties;
   - Pledges over the rent and other relevant bank accounts in relation to the properties;
   - Assignments of claims under the lease agreements, insurance agreements, sale and purchase agreements, property management agreements and other key agreements in relation to the properties;
   - Pledges over the shares in the borrowing entities;
   - Assignment of claims under the hedging agreements in relation to the Facilities; and
   - Assignment of claims over the intra-group loans granted to the borrowing entities.

   The Facility is denominated in Euro and bears floating interest rates. Interest rate swap contracts have been entered into to fix the interest rates on the borrowings. The Group does not apply hedge accounting.

12. BORROWINGS (CONTINUED)

b. Facility B: On 3 December 2019, IREIT entered into a term loan facility of €32.0 million with City Strategic Equity Pte. Ltd., Unitholder and the related party of a major shareholder of the Manager (the "Term Loan Facility") for the purposes of financing its investment in JVCo. The Term Loan Facility, which was fully drawn down as at 31 December 2019, will mature on a bullet basis in May 2021. Interest is payable at three-monthly intervals at variable rates based on the EURIBOR 3 months plus a loan margin of 3.88%.

The Term Loan Facility is secured by way of the following:

- Assignment of loans made or granted or to be made or granted by IREIT to JVCo (Note 9); and
- Charge over IREIT's shares in JVCo.

The Term Loan Facility is denominated in Euro and bears floating interest rates.

The fair value of the bank borrowings as at 31 December 2019 is approximately €232.8 million (2018: €193.0 million)

13. UNITS IN ISSUE AND TO BE ISSUED

In accordance with the Trust Deed, IREIT's distribution policy provides the Unitholders with a right to receive distribution which IREIT has a contractual obligation to distribute to Unitholders. Accordingly, the units issued are compound instruments in accordance with IAS 32.

The Manager considers the equity component of the issued units to be insignificant and that the net assets attributable to Unitholders presented on the statements of financial position as at 31 December 2019 and 2018 mainly represent financial liabilities.

	Group and IREIT	
	2019 ('000)	**2018** ('000)
Units in issue:		
Beginning of year	632,011	626,666
Issue of new units relating to:		
Management fees paid in units	5,212	5,345
End of the year	637,223	632,011
Units to be issued:		
Manager's management fees payable in units	1,142	1,339
Total units in issue and to be issued at end of year	**638,365**	**633,350**

The units to be issued to the Manager as payment of Manager's fees were issued on 3 March 2020.

14. NET ASSET VALUE PER UNIT

Net asset value per unit is based on:

	Group		IREIT	
	2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000
Net assets	354,293	305,607	224,577	231,969
Number of units in issue and to be issued at the end of the year ('000) (Note 13)	638,365	633,350	638,365	633,350
Net asset value per unit (€)	**0.56**	**0.48**	**0.35**	**0.37**

15. GROSS REVENUE

	Group	
	2019 EUR'000	2018 EUR'000
Rental income	29,158	29,069
Service charge income	2,976	2,648
Carpark income	2,922	2,910
Other income	209	181
Total	**35,265**	**34,808**

16. PROPERTY OPERATING EXPENSES

	Group	
	2019 EUR'000	2018 EUR'000
Property management expenses	492	283
Repair and maintenance expenses	1,715	1,878
Utilities expenses	730	622
Property tax expenses	1,236	1,234
Other expenses	430	161
Total	**4,603**	**4,178**

17. FINANCE COSTS

	Group	
	2019	2018
	EUR'000	EUR'000
Interest on borrowings	2,940	3,653
Amortisation of debt upfront transaction costs	440	308
Costs related to unwinding of previous borrowings	2,731	–
Total	**6,111**	**3,961**

18. MANAGER'S FEE

	Group	
	2019	2018
	EUR'000	EUR'000
Base fee	**2,526**	**2,515**

The Manager's management fees comprise an aggregate of 5,014,908 (2018: 5,307,749) units, amounting to approximately €2,526,000 (2018: €2,515,000), which have been or will be issued to the Manager at S$0.7476 to S$0.8025 (2018: S$0.7213 to S$0.7842) per unit.

19. OTHER TRUST EXPENSES

	Group	
	2019	2018
	EUR'000	EUR'000
Audit fees	144	110
Non-audit fees	434	144
Legal and professional fees	136	176
Property valuation fees	44	59
Others	139	243
Total	**897**	**732**

20. INCOME TAX EXPENSE

	Group	
	2019	**2018**
	EUR'000	EUR'000
Underprovision of tax in the prior years	860	6
Current tax	127	245
	987	251
Deferred taxation		
– Current year (Note 10)	12,317	8,084
Total	**13,304**	**8,335**

IREIT is subjected to Singapore income tax at 17% (2018: 17%) and the subsidiaries at approximately 15.825% (2018: 15.825%) which is the tax rate prevailing in Germany where all the properties are located.

The income tax for the year can be reconciled to the accounting result as follows:

	Group	
	2019	**2018**
	EUR'000	EUR'000
Profit before taxation and transactions with Unitholders	82,202	65,367
Tax at 17%	13,974	11,112
Tax effect of expenses not deductible for tax purposes	2,964	602
Tax effect of income not taxable for tax purposes	(2,166)	(2,652)
Effect of different tax rate of overseas operations	(867)	(623)
Underprovision of tax in the prior years	(860)	(6)
Others	259	(98)
Tax expense for the year	**13,304**	**8,335**

21. BASIC AND DILUTED EARNINGS PER UNIT

The calculation of basic earnings per unit is based on:

	Group	
	2019	**2018**
	EUR'000	EUR'000
Profit for the year before transactions with Unitholders	68,898	57,032
Weighted average number of units	634,450	629,206
Basic and diluted earnings per unit (€ cents)	**10.86**	**9.06**

The diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments issued during the period.

22. SEGMENTAL REPORTING

Operating segments are identified on the basis of internal reports on components of IREIT that are regularly reviewed by the chief operating decision maker, which is the management of the Manager, in order to allocate resources to segments and to assess their performance.

The revenue and net property income were contributed entirely by the German Portfolio which comprises five properties all located in Germany which are used mainly for office purposes. The Manager considers that the five properties held by IREIT are similar in terms of purpose, economic characteristics, type of tenants and nature of services provided to tenants. Therefore, the Manager is of the view that the five properties should be aggregated into a single reportable segment and no further analysis for segment information is presented by property.

During the year, IREIT invested in 40% equity interest in a JVCo, which owns the Spanish Portfolio. As the Group applies the equity accounting method for its interest in JVCo, the contribution to the Group's results is reported as a share of results of JVCo. As such, no segment information in terms of turnover and profits is presented.

23. CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Manager manages the capital of the Group to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Unitholders through the optimisation of debt and net assets attributable to Unitholders, and to ensure that all other externally imposed capital requirements are complied with.

The capital structure of the Group consists of debts, which include bank borrowings and net assets attributable to Unitholders comprising issued and issuable units, and reserves. Effective 1 January 2016, IREIT and the Group are required to maintain aggregate leverage not exceeding 45% of the total asset value of the Group in accordance with the CIS Code issued by MAS. A breach will result in a non-compliance to the regulation.

As at 31 December 2019, the Group's aggregate borrowings amounted to €231.5 million (2018: €193.2 million) representing 36.4% (2018: 36.5%) of the gross asset value of the Group.

The Manager's strategy remains unchanged from 2018. The Group is in compliance with the bank covenants as at 31 December 2019.

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		IREIT	
	2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000
Financial assets				
At amortised cost				
– Bank balances and cash	25,343	18,396	12,042	2,275
– Trade and other receivables	612	1,057	3,442	7,291
Total	**25,955**	**19,453**	**15,484**	**9,566**
Fair value through profit or loss				
Derivative financial instruments	**574**	**690**	**574**	**690**
Financial liabilities				
At amortised cost				
– Trade and other payables	3,717	3,161	1,882	551
– Distribution payable	11,067	11,124	11,067	11,124
– Borrowings	231,453	193,215	31,908	–
Total	**246,237**	**207,500**	**44,857**	**11,675**
Fair value through profit or loss				
Derivative financial Instruments	**6,718**	**–**	**7**	**–**

(b) Financial risk management objectives and policies

Details of the Group's and IREIT's financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk, liquidity risk and foreign currency risk.

The policies on how to mitigate these risks are set out below. The Manager manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. The Group's policy is to maintain its cash and cash equivalents and borrowings in an appropriate mix of fixed and floating rate exposures and the terms of repayment of the Group's borrowings are shown in Note 12, and details of interest rate on IREIT's fixed deposits are shown in Note 4. As at financial period end, the Group had entered into interest rate swaps to hedge its exposure from floating rate borrowings for Facility A in Note 12. Further details of the interest rate swaps can be found in Note 6.

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable rate borrowing at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates and have not been hedged. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates increase or decrease by 1.0%, the profit for the year ended 31 December 2019 will increase or decrease by €320,000.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or counterparty to settle its financial and contractual obligations to the property companies, as and when they fall due. For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses. The Group does not track changes in credit risk, but based on historical credit losses experience (past due status of the trade receivables), adjusted as appropriate to reflect current conditions and estimates of future economic conditions at the reporting date. As at financial period end, expected credit losses from trade and other receivables are expected to be insignificant.

The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are reputable financial institutions which are regulated and carry high credit ratings assigned by international credit-rating agencies. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Approximately 85.9% (2018: 89.2%) of the Group receivables as at 31 December 2019 and 84.4% (2018: 84.8%) of Group revenue for the financial period are from two groups of companies in Germany.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's and IREIT's operations. In addition, the Manager also monitors and observes the CIS Code concerning limits of total borrowings.

Liquidity risk analysis

The following table details the Group's and IREIT's remaining contractual maturity for its non-derivative financial liabilities (other than issued and issuable units) based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and IREIT can be required to pay.

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

GROUP	Weighted average interest rate %	On demand or less than 12 months EUR'000	Undiscounted cash flows 2 years to 5 years EUR'000	Undiscounted cash flows after 5 years EUR'000	Adjustments EUR'000	Total EUR'000
Non-derivative financial instrument – liabilities						
31 December 2019						
Non-interest bearing	–	14,784	–	–	–	14,784
Floating interest rate instrument	1.73%	4,049	43,659	203,770	(20,025)	231,453
		18,833	**43,659**	**203,770**	**(20,025)**	**246,237**
31 December 2018						
Non-interest bearing	–	14,285	–	–	–	14,285
Floating interest rate instrument	1.99%	360	18,807	–	(658)	18,509
Fixed interest rate instrument	2.05%	99,232	79,281	–	(3,807)	174,706
		113,877	**98,088**	–	**(4,465)**	**207,500**

IREIT	Weighted average interest rate %	On demand or less than 12 months EUR'000	Undiscounted cash flows 2 years to 5 years EUR'000	Undiscounted cash flows after 5 years EUR'000	Adjustments EUR'000	Total EUR'000
Non-derivative financial instrument – liabilities						
31 December 2019						
Non-interest bearing	–	12,949	–	–	–	12,949
Floating interest rate instrument	3.88%	1,261	32,527	–	(1,880)	31,908
		14,210	**32,527**	–	**(1,880)**	**44,857**
31 December 2018						
Non-interest bearing	–	11,675	–	–	–	11,675
		11,675	**–**	–	**–**	**11,675**

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on the derivative that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date. The liquidity analysis for derivative financial instruments is prepared based on the contractual maturities as the management considers the contractual maturities are essential for an understanding of the timing of the cash flows of the derivatives.

Group and IREIT	On demand or within 1 year EUR'000	Within 2 years to 5 years EUR'000	After 5 years EUR'000
Derivative financial instruments			
31 December 2019			
Gross settled:			
Foreign exchange forward contracts			
Gross inflow	574	–	–
Gross outflow	(7)	–	–
Net settled:			
Interest rate swaps	(1,669)	(4,448)	(594)
	(1,102)	**(4,448)**	**(594)**
31 December 2018			
Gross settled:			
Foreign exchange forward contracts			
Gross inflow	690	–	–
	690	**–**	**–**

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Foreign currency risk

The functional currency of IREIT and its subsidiaries is Euro.

The foreign currency risk is managed by the Manager on an ongoing basis by using forward exchange contracts to hedge the currency risk for distribution to Unitholders. At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Group's functional currency are as follows:

Group

	Assets		Liabilities	
	2019	**2018**	**2019**	**2018**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	4,192	1,517	1.060	299

IREIT

	Assets		Liabilities	
	2019	**2018**	**2019**	**2018**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	4,192	1,517	1,016	253

Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk to key management personnel is 5%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at the end of the reporting period. The sensitivity analysis includes the potential impact from foreign currency fluctuation on the foreign currency forward contracts (Note 6).

If the relevant foreign currency strengthens by 5% against the functional currency of the Group, profit will increase by:

	Group		IREIT	
	2019	**2018**	**2019**	**2018**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	1,059	1,116	1,061	1,118

24. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of the other financial assets and financial liabilities is disclosed in the respective notes to the financial statements.

25. FUTURE MINIMUM COMMITMENTS

There are no capital expenditure commitments which are contracted but not provided for.

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group with lease terms of between 1 to 9 years. All operating lease contracts contain indexation clauses and/or adjusted terms in the event that the lease exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	Group 2019 EUR'000
Year 1	32,727
Year 2	32,988
Year 3	30,463
Year 4	20,192
Year 5	11,248
Year 6 and onwards	9,860
Total	**137,478**

At 31 December 2018, non-cancellable operating lease rentals are receivable as follows:

	Group 2018 EUR'000
Within 1 year	31,936
After 1 year but within 5 years	105,357
After 5 years	6,192
Total	**143,485**

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability to directly or indirectly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or the Group with the Trustee, the Manager, and substantial Unitholders. Related parties may be individuals or other entities.

In the normal course of the operations of the Group, asset management fees and Trustee's fees have been paid or are payable to the Manager and Trustee respectively.

During the period, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group and IREIT	
	2019	**2018**
	EUR'000	EUR'000
DBS Trustee Limited as Trustee		
Trustee's fee	109	99
IREIT Global Group Pte. Ltd. as Manager		
Acquisition fee	615	–
Management base fee	2,526	2,515
City Strategic Equity Pte. Ltd. as Unitholder		
Interest expense on Term Loan Facility	71	–

During the year, the Group entered into the following transactions with related parties:
- Joint venture agreement for purposes of acquiring properties (Note 9); and
- Term Loan Facility to finance the investment in joint venture and the acquisition of properties (Note 12).

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	At 1 January 2019 EUR'000	Financing cash flows EUR'000	Distribution to Unitholders EUR'000	Amortisation of upfront debt transaction costs EUR'000	At 31 December 2019 EUR'000
Bank borrowings (Note 12)	193,215	37,798[i]	–	440	231,453
Distribution payable	11,124	(22,795)	22,738	–	11,067
	204,339	**15,003**	**22,738**	**440**	**242,520**

[i] The financing cash flows comprise €232.8 million of proceeds from bank borrowings, €193.5 million of repayment of bank borrowings and €1.5 million of upfront debt transaction costs paid during the year.

			Non-cash changes		
	At 1 January 2018 EUR'000	Financing cash flows EUR'000	Distribution to Unitholders EUR'000	Amortisation of upfront debt transaction costs EUR'000	At 31 December 2018 EUR'000
Bank borrowings (Note 12)	195,476	(2,570)[i]	–	308	193,215
Distribution payable	11,727	(23,234)	22,631	–	11,124
	207,203	**(25,804)**	**22,631**	**308**	**204,339**

[i] The financing cash flows comprise €2.55 million of repayment of bank borrowings and €20,000 of upfront debt transaction costs paid during the year.

28. EVENTS OCCURING AFTER REPORTING DATE

On 27 February 2020, IREIT paid a distribution of S$2.71 cents per unit, for the period from 1 July 2019 to 31 December 2019.

On 3 March 2020, IREIT issued 1,141,759 units at an issue price of S$0.8025 per unit to the Manager as payment of 100% of the base fee component of the management fee payable to the Manager for the period from 1 October 2019 to 31 December 2019.

INFORMATION

INTERESTED PERSON TRANSACTIONS

For the financial year ended 31 December 2019

The transactions entered into with interested persons during the financial year, which fall under the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than S$100,000 each) are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) €'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) €'000
IREIT Global Group Pte. Ltd.		
– Acquisition fee	615	–
– Base fee	2,526	–
DBS Trustee Limited		
– Trustee fee	109	–

Save as disclosed above, there were no additional interested person transactions and IREIT has not obtained a general mandate from Unitholders for interested person transactions.

INFORMATION

FEES PAYABLE TO THE MANAGER

The Manager's key financial objectives are to provide Unitholders with regular and stable distributions and the potential for sustainable long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure for IREIT. The fees payable to the Manager are structured to motivate the Manager towards achieving the key financial objectives.

The management fees which the Manager is entitled to for the management of IREIT's portfolio comprise the following two components:

Base Fee[1,2]

Under Clause 15.1.1 of the Trust Deed, the Manager is entitled to a Base Fee which is computed based on 10.0% per annum of the Annual Distributable Income of IREIT (calculated before accounting for the Base Fee and the Performance Fee).

Performance Fee[1]

Under Clause 15.1.2 of the Trust Deed, the Manager is entitled to a Performance Fee which is computed based on 25.0% of the difference in DPU of IREIT in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The management fees have an incentive-based element which has been designed to align the interest of the Manager with those of the Unitholders through incentivising the Manager to grow distributable income. In addition, the Performance Fee rewards the Manager appropriately by associating the fee payable with the value the Manager delivers to the Unitholders as a whole in the form of higher DPU. The Manager is incentivised to improve the long-term performance of IREIT's assets on a sustainable basis (as opposed to taking excessive short-term risks) through proactive portfolio management in line with IREIT's strategy, efficient asset management and employing an optimum mix of debt and equity. This deters the Manager from exposing IREIT to excessive short term risks by deferring asset enhancement initiatives or repairs and maintenance as it would be in the Manager's interest to aim for long-term sustainability.

The Manager is also entitled to the following fees upon the successful completion of an acquisition or divestment.

Acquisition Fee[1,3]

Under Clause 15.2.1(i) of the Trust Deed, the Manager is entitled to receive an Acquisition Fee at a rate not exceeding a maximum of 1% of the acquisition price for any real estate purchased directly or indirectly by IREIT (pro-rated if applicable to the proportion of IREIT's interest in the real estate acquired).

Divestment Fee[1,3]

Under Clause 15.2.1(ii) of the Trust Deed, the Manager is entitled to receive a Divestment Fee at a rate not exceeding a maximum of 0.5% of the sale price of any real estate directly or indirectly sold or divested by IREIT (pro-rated if applicable to the proportion of IREIT's interest in the real estate sold).

The Acquisition Fee and Divestment Fee seek to incentivise the Manager to actively seek potential opportunities to acquire new properties and/or to unlock the underlying value of existing properties within IREIT's asset portfolio through divestments, in order to generate long term benefits to the Unitholders. As the Manager undertakes these activities over and above the provision of ongoing management services, the fees also serve to compensate the Manager for the additional costs and resources expended.

Note:
1 The Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine).
2 The Manager has elected to receive 100.0% of its Base Fee in the form of Units for the year ended 31 December 2019.
3 As set out under Clause 15.2.4 of the Trust Deed and as stipulated in Appendix 6 – Investment: Property Funds of the CIS Code, in the case of an interested party transaction, the fee is paid in the form of Units at the prevailing market price and such Units should not be sold within one year from their date of issuance.

STATISTICS OF

UNITHOLDINGS

AS AT 18 MARCH 2020

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	32	0.63	1,512	0.00
100 – 1,000	527	10.32	442,671	0.07
1,001 – 10,000	2,806	54.95	14,102,212	2.21
10,001 – 1,000,000	1,720	33.69	83,413,886	13.07
1,000,001 AND ABOVE	21	0.41	540,404,263	84.65
TOTAL	**5,106**	**100.00**	**638,364,544**	**100.00**

LOCATION OF UNITHOLDERS

COUNTRY	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
SINGAPORE	4,936	96.67	634,156,044	99.34
MALAYSIA	120	2.35	2,604,350	0.41
OTHERS	50	0.98	1,604,150	0.25
TOTAL	**5,106**	**100.00**	**638,364,544**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	DB NOMINEES (SINGAPORE) PTE LTD	183,500,846	28.75
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	106,900,760	16.75
3	CITY STRATEGIC EQUITY PTE LTD	79,915,256	12.52
4	CITIBANK NOMINEES SINGAPORE PTE LTD	65,482,564	10.26
5	DBS NOMINEES (PRIVATE) LIMITED	41,986,813	6.58
6	RAFFLES NOMINEES (PTE.) LIMITED	15,002,627	2.35
7	PHILLIP SECURITIES PTE LTD	11,028,325	1.73
8	ABN AMRO CLEARING BANK N.V.	5,174,100	0.81
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,086,245	0.64
10	DBSN SERVICES PTE. LTD.	3,403,050	0.53
11	HSBC (SINGAPORE) NOMINEES PTE LTD	3,289,465	0.52
12	UOB KAY HIAN PRIVATE LIMITED	2,954,800	0.46
13	OCBC SECURITIES PRIVATE LIMITED	2,918,300	0.46
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,917,600	0.46
15	IREIT GLOBAL GROUP PTE LTD	2,384,397	0.37
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,384,205	0.37
17	NGOOI YOKE SIAM	1,850,000	0.29
18	NG CHENG HWA	1,500,000	0.23
19	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,380,810	0.22
20	IFAST FINANCIAL PTE. LTD.	1,284,100	0.20
	TOTAL	**539,344,263**	**84.50**

STATISTICS OF

UNITHOLDINGS

AS AT 18 MARCH 2020

ISSUED UNITS

There were 638,364,544 Units (voting rights: one vote per Unit) issued in IREIT as at 18 March 2020.

Market capitalisation: S$293,647,690.24 (based on closing price of S$0.46 per unit on 18 March 2020).

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2020

No	Name of Director	Direct Interest	Deemed Interest
1	Mr Lim Kok Min, John	290,000	-
2	Mr Tan Wee Peng, Kelvin	300,000	-
3	Mr Nir Ellenbogen	145,000	-
4	Mr Tong Jinquan [(a)]	51,137,000	168,452,360
5	Mr Bruno de Pampelonne	-	-
6	Mr Khoo Shao Hong, Frank	-	-

SUBSTANTIAL UNITHOLDERS AS AT 18 MARCH 2020

No	Name of Substantial Unitholders	Direct Interest	Deemed Interest
1	Goodness Investments Limited	168,452,360	–
2	The Longemont (HongKong) Management Limited [(a)]	–	168,452,360
3	Shanghai Changfeng Real Estate Development Co., Ltd [(a)]	–	168,452,360
4	Shanghai Summit (Group) Co., Ltd [(a)]	–	168,452,360
5	Mr Tong Jinquan [(a)]	51,137,000	168,452,360
6	Tikehau Capital SCA	105,449,060	–
7	City Strategic Equity Pte. Ltd.	79,915,256	–
8	CDL Real Estate Investment Managers Pte. Ltd. [(b)]	–	79,915,256
9	New Empire Investments Pte. Ltd. [(b)]	–	79,915,256
10	City Developments Limited [(b)]	–	79,915,256
11	Hong Leong Investment Holdings Pte. Ltd. [(b)]	–	79,915,256
12	Davos Investment Holdings Private Limited [(b)]	–	79,915,256
13	Kwek Holdings Pte. Ltd. [(b)]	–	79,915,256

Note

(a) 168,452,360 Units are held by Goodness Investments Limited ("Goodness Investments"), which is a wholly-owned subsidiary of The Longemont (HongKong) Management Limited ("The Longemont"). The Longemont is a wholly-owned subsidiary of Shanghai Changfeng Real Estate Development Co., Ltd ("Shanghai Changfeng"), which is 51.3% owned by Shanghai Summit (Group) Co., Ltd ("Shanghai Summit") and 48.7% owned by Mr Tong Jinquan. Shanghai Summit is wholly-owned by Mr Tong Jinquan. Accordingly, each of Mr Tong Jinquan, Shanghai Summit, Shanghai Changfeng and The Longemont has a deemed interest in the 168,452,360 Units held by Goodness Investments.

(b) CDL Real Estate Investment Managers Pte. Ltd., New Empire Investments Pte. Ltd., City Developments Limited, Hong Leong Investment Holdings Pte. Ltd., Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed pursuant to the provisions of Section 4 of the Securities and Futures Act, Chapter 289 to have an interest in the 79,915,256 Units held by City Strategic Equity Pte. Ltd.

PUBLIC FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure at least 10% of its listed securities are at all times held by the public. Based on the information made to the Manager as at 18 March 2020, approximately 36.45% of IREIT's Units were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

IREIT did not hold any treasury units as at 18 March 2020.

DIRECTORY

THE MANAGER

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BOARD OF DIRECTORS (THE MANAGER)

MR LIM KOK MIN, JOHN
Chairman and Independent Non-Executive Director

MR TAN WEE PENG, KELVIN
Independent Non-Executive Director

MR NIR ELLENBOGEN
Independent Non-Executive Director

MR BRUNO DE PAMPELONNE
Non-Executive Director

MR KHOO SHAO HONG, FRANK
Non-Executive Director

MR TONG JINQUAN
Non-Executive Director

AUDIT AND RISK COMMITTEE (THE MANAGER)

MR TAN WEE PENG, KELVIN
Chairman

MR LIM KOK MIN, JOHN
Member

MR NIR ELLENBOGEN
Member

NOMINATING AND REMUNERATION COMMITTEE (THE MANAGER)

MR NIR ELLENBOGEN
Chairman

MR LIM KOK MIN, JOHN
Member

MR BRUNO DE PAMPELONNE
Member

AUDITORS

DELOITTE & TOUCHE LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-in-charge: Mr Xu Jun
(Appointed with effect from financial year ended 31 December 2015)

PROPERTY MANAGERS

MVGM PROPERTY MANAGEMENT DEUTSCHLAND GMBH
Königsberger Str. 29
60487 Frankfurt

CBRE PROPERTY MANAGEMENT
Paseo de la Castellana 202, Planta 8
Madrid, 28046

COMPANY SECRETARIES

MR LEE WEI HSIUNG, ACIS

MS WANG SHIN LIN, ADELINE, ACIS

UNIT TRUST REGISTRAR

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Singapore 048623
Tel: +65 6536 5355
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COMPANY SECRETARIES

SGX STOCK CODE: UD1U

BLOOMBERG CODE: IREIT:SP

REUTERS CODE: IREI.SI

IREIT Global Group Pte. Ltd.
(As Manager of IREIT Global)
Company Registration No. 201331623K

Shareholders of the Manager

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