IREITGlobal

EXPANDING OUR

HORIZONS

ANNUAL REPORT

2016

With its sights set on establishing a strong pan-European presence, IREIT Global has already built up a sizeable portfolio of quality office properties in Germany. Now with trust manager IREIT Global Group Pte. Ltd. under the wing of Tikehau Capital, a well-regarded pan-European asset management and investment company with a solid track record in the European real estate market, IREIT can step up plans to diversify its portfolio and grow its tenant base.

In **expanding our horizons**, we will seek out investment opportunities elsewhere in Europe which will enhance our current portfolio. Diversification will be achieved with a broader tenant base, multi-country footprint and also by widening the investment spectrum to retail and industrial (including logistics) asset classes.

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ABOUT IREIT GLOBAL

- 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 primarily for office purposes, as well as real estate-related assets

- IREIT's current portfolio consists of five properties in Germany

- IREIT is managed by IREIT Global Group Pte. Ltd. (the Manager), a subsidiary of pan-European asset management and investment company Tikehau Capital

KEY OBJECTIVES

The Manager's key financial objectives are to provide unitholders of IREIT (Unitholders) with regular and stable distributions, but with 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.

ABOUT TIKEHAU CAPITAL

Tikehau Capital is an asset management and investment company which directly or indirectly manages assets of over €9.9 billion and is supported by shareholders' equity of €1.5 billion (as at 31 December 2016). Tikehau Capital has been expanding dynamically through its four business lines – Private Debt, Real Estate, Private Equity and Liquid Strategies (Fixed Income management / Balanced and Equities management) and therefore provides investors with alternative investment opportunities which target long-term value creation. Its diversified real-estate portfolio under management was valued at €1.7 billion as at 31 December 2016.

Tikehau Capital's independent positioning has consolidated its value and reputation within the asset management industry year after year. Its independence has enabled it to develop a business model with a flexible approach to allocate capital across all four business lines, clearly differentiating it from the competition.

By deploying its shareholders' equity towards its investment strategies, Tikehau Capital, working alongside leading institutional partners, continues to fortify its culture of aligning its interests with those of its shareholders and investors, thereby establishing a relationship founded on trust. Since its creation, Tikehau Capital has relentlessly focused on its core values of dedication, quality and reliability, which are enhanced by its recognised entrepreneurial-driven investment skills.

Founded in Paris, Tikehau Capital has rapidly expanded in recent years, first in Europe with offices in London, Milan and Brussels, and then in Asia with an office in Singapore. Tikehau Capital's workforce totals 170 employees and partners.

CHAIRMAN AND CEO

LETTER TO UNITHOLDERS

"Late last year, Tikehau Capital, a pan-European asset management and investment company, acquired a 80.0% stake in IREIT Global Group Pte. Ltd., IREIT's manager. "

Dear Unitholders,
We are delighted to present to you IREIT Global's (IREIT) annual report for the financial year ended 31 December 2016 (FY2016).

Introduction

2016 was a year of many political and financial upheavals that shook consumer and investor confidence. As a result, global economic growth dipped slightly to 3.1% from the 3.2% posted in 2015, led by the slower 1.6% growth in the world's advanced economies[1].

However in Germany, where all of IREIT's property assets are currently located, the economy checked in a marginally higher growth of 1.7%[1] compared to the year before, driven by the country's robust labour market, favourable financing conditions, low energy prices and additional public spending on asylum seekers[2]. The healthy level of domestic expenditure also shored up the German office property sector.

During the year, Deutsche Telekom's real estate leasing subsidiary, GMG Generalmietgesellschaft mbH, exercised its lease extension option and will now continue to occupy five of the six floors in the Münster South Building, part of our Münster Campus in Zentrum Nord, for another 2.5 years from 1 April 2017. The release of one floor presents an opportunity for IREIT to convert Münster Campus into a multi-tenant building by introducing new tenants into this asset. This is in line with our strategy to retain our blue-chip tenants as the core base, while continuing to broaden our tenant profile, and unlock value from our prime assets.

We are also pleased to announce that one of our properties, Concor Park, located on the outskirts of Munich, received the Green Building Gold Certificate in 2016 – the first redevelopment project in Germany to land the coveted award. Presented by the German Sustainable Building Council, the certification further enhances IREIT's standing in the industry.

FY2016 Financial Performance

The balance sheet remains healthy, and our net asset value of €259.9 million (representing 0.42 € cents per unit or 0.64 S$ cents per unit[3]) is well supported by five quality properties, with an aggregate independent appraised value of €453.0 million as at 31 December 2016, an increase of €11.6 million from the previous year's €441.4 million. These properties, which have achieved almost full occupancy, enjoy a long weighted average lease expiry of 5.9 years and continue to attract blue-chip principal tenants.

Contributions from Berlin Campus, acquired in August 2015, lifted IREIT's gross revenue for FY2016 to €34.4 million, exceeding our IPO forecast by 50.0%. In line with this increase, distributable income rose to €25.6 million for the year, exceeding our IPO forecast by 45.6%.

Focused efforts to manage our capital prudently saw positive net operating cashflow reach €28.7 million, representing a 25.1% improvement from the €22.9 million achieved in FY2015. We are therefore pleased to reward our Unitholders with a higher distribution per unit of 4.14 € cents (6.33 S$ cents) for the year. This is 22.1% above the 3.39 € cents (20.8% above the 5.24 S$ cents) for FY2015.

€34.4 M

IREIT's FY2016 gross revenue,
lifted by contributions from Berlin Campus,
exceeds our IPO forecast by 50.0%

[1] International Monetary Fund, 2017
[2] Statistisches Bundesamt (Destatis) 2017
[3] Based on exchange rate of €1:S$1.5230

CHAIRMAN AND CEO LETTER TO UNITHOLDERS

Expanding Our Horizons

Late last year, Tikehau Capital, a pan-European asset management and investment company, acquired a 80.0% stake in IREIT Global Group Pte. Ltd., IREIT's manager. Tikehau Capital is supported by shareholders' equity of €1.5 billion and directly or indirectly manages assets of over €9.9 billion as at 31 December 2016. These assets include €1.7 billion worth of real estate in the office, retail and industrial sectors which are managed by its regulated asset management company, Tikehau Investment Management SAS.

Strategically, Tikehau Capital's strong presence in the real estate sector will enable us to better achieve our pan-European aspirations and diversify our portfolio. In addition, Tikehau Capital's pan-European experience will also help us in terms of *Expanding Our Horizons* vis-à-vis geography, tenant profile and property segments through careful and selective acquisitions in Europe.

With this agenda in mind, we have scheduled an Extraordinary General Meeting, which will be held after the Annual General Meeting on 20 April 2017, to seek Unitholders' approval for IREIT

4.14 € CENTS

IREIT's FY2016 distribution per unit, 22.1% above that of FY2015 to broaden its mandate to invest in income-producing real estate beyond the office segment into the retail and industrial (including logistics) sectors, as well as property-related assets in Europe. Unitholders' approval of our resolution to broaden our mandate will help us to better optimise our long-term sustainable growth and reward Unitholders with regular and stable distributions.

Market Outlook for 2017

Backed by Tikehau Capital's strong local operational experience, proven track record and existing pipeline of real estate transactions in Europe, we are excited about IREIT's prospects in the year ahead even though there are uncertainties over the United Kingdom's decision to leave the European Union as well as upcoming elections in France and Germany.

The outlook for the European real estate market remains positive, due to sustained economic growth, decreasing vacancy rates and attractive yield spreads that will provide better returns. Despite expecting rising inflation this year, we believe that the low interest rate environment – a result of the European Central Bank's decision to maintain its stimulus initiatives – will continue to make investments in real estate attractive and keep transaction volumes close to peak levels.

Germany remains a key market where the healthy economy is expected to support demand for office and other commercial real estate space. Widespread volatility during the year may lead to a tightening of financial conditions, which would temper growth in the sector, but we still expect our properties to put in a steady showing, underpinned by their freehold status, long stable leases and diversified blue-chip tenant base.

Leasing and investment activity of commercial space in Germany is expected to remain firm and we intend to ride on this by converting our Münster Campus property, Münster South, into a multi-tenant office block after some light modifications.

Acknowledgments and Appreciation

We would like to express our gratitude to our Unitholders, tenants, business partners and investors for their unwavering support and confidence in IREIT.

To our staff and management, we appreciate your dedication and loyalty. Your efforts in advancing IREIT's vision have been integral to the progress achieved since the public listing in 2014.

We would also like to thank both Mr Itzhak Sella and Ms Adina Cooper for their invaluable contributions to IREIT. Their consistent efforts to establish the IREIT brand and reputation in the sector have prepared us well to embark on the next stage of growth. We wish them all the best in their future endeavours.

To our Board of directors, thank you for your continued wise counsel and guidance in steering the growth of IREIT.

Last but not least, the Board of directors would like to welcome Mr Aymeric Thibord as the new Chief Executive Officer and also look forward to working closely with him to continue growing IREIT.

MR LIM KOK MIN, JOHN
Chairman

MR AYMERIC THIBORD
Chief Executive Officer

主席与总裁
至单位持有者之信函

尊敬的单位持有者，

我们很高兴向各位提交 IREIT Global（IREIT）2016 年的年度报告。

引言

2016 年见证了许多政治与金融动荡事件，动摇了消费者与投资者的信心。由于世界发达经济体的经济增长放缓只取得了 1.6% 的增长，这导致全球经济增长从 2015 年的 3.2% 略微下滑至 3.1%[1]。

但就 IREIT 目前所有物业资产的所在地德国而言，获益于该国蓬勃的劳动力市场、有利的融资环境、低能源价格及针对寻求庇护者的额外公共开支[2]，该国取得了 1.7%[1] 的经济增长，略高于前年的经济增长。稳健的国内支出也推高了德国办公楼板块。

在 2016 年，德国电信（Deutsche Telekom）旗下的房地产租赁子公司 GMG Generalmietgesellschaft mbH，就位置于北部市中心（Zentrum Nord），明斯特园区（Münster Campus）内的明斯特南楼（Münster South Building）行使租赁延期选项，将从 2017 年 4 月 1 日起再续租两年半。GMG GeneralmietgesellschaftmbH 将继续承租六层中的五层。这使 IREIT 有契机就所腾出的一层楼，通过引进新租户，将明斯特园区转换成多元租户的办公楼。这与我们保持优质蓝筹公司租户为核心基础，同时继续扩大我们的租户群为我们的优质资产提升价值的战略是一致的。

我们也很欣慰向各位宣布我们位于慕尼黑近郊的康科园（Concor Park）在 2016 年获颁绿色筑金奖认证，这也是德国可持续建筑委员会首个赋予德国重建项目的金奖。获此殊荣加强了 IREIT 在业内的声誉。

2016 年财务摘要

截至 2016 年 12 月 31 日，我们的资产负债表仍保持良好健康水平，而我们的净资产值为 2.599 亿欧元(每单位 0.42 分欧元或 0.64 分新元[3])。这获益于我们五项优质物业的支持，其总独立评估价增加了 1160 万欧元，从去年的 4.414 亿欧元增至今年的 4.530 亿欧元。这些物业几乎取得 100% 的出租率而它们加权平均租赁期满期限为 5.9 年并将持续吸引优质蓝筹公司为主要租户。

我们在 2015 年 8 月所收购的柏林园区（Berlin Campus）使 IREIT 2016 财年的总收入提升至 3440 万欧元，这比我们首次公开发股时的预测高出了 50.0%。由于这一增幅，我们可分配利润也提升至 2560 万欧元，这比我们首次公开发股时的预测高出 45.6%。

我们谨慎及专注的管理资本使得经营现金流量达到 2870 万欧元，这比 2015 财年的 2290 万欧元增加了 25.1%。因此我们很高兴与单位持有者分享这硕果，将 2016 财年每单位的派息额提高至 4.14 分欧元（折合 6.33 分新元），这比 2015 财政年度的 3.39 分欧元高出了 22.1%（折合 5.24 分新元后增加了 20.8%）。

拓展我们的视野

去年年末之际，泛欧洲资产管理与投资公司 Tikehau Capital 收购了 IREIT Global Group Pte. Ltd.（IREIT房地产信托基金经理）的 80.0% 的股权。截至 2016年12月31日，Tikehau Capital 的股东权益为 15 亿欧元，并通过其受监管资产管理公司 Tikehau Investment Management SAS 直接或间接管理超过99亿欧元资产，其中包括 17 亿欧元的办公、零售及工业房地产。

从战略层面而言，Tikehau Capital 在房地产领域的优势能协助我们更好的实现我们的泛欧洲愿景及使我们的资产组合更多元化。于此同时，通过Tikehau Capital的泛

[1] 国际货币基金组织，2017
[2] 德国联邦统计局，2017
[3] 根据汇率 1 欧元：1.5230 新元

欧洲市场经验也将能协助我们扩大营运地缘、租户的类型和物业的分布外，通过在欧洲谨慎而有选择性的收购扩展我们的视野。

为落实以上的战略，我们将于 2017 年 4 月 20 日的股东大会之后，召开特别股东大会寻求单位持有者的批准扩大IREIT的投资范围，使其投资范围从能产生收益的房地产办公楼板块，扩至零售及工业（包括物流）及在欧洲的相关物业资产。单位持有者的首肯将使我们能扩大投资领域并协助我们更好地优化我们的长期可持续增长及为我们的单位持有者获得定期及稳定的回报。

2017年市场展望

虽然英国脱离欧元区及来临的法国及德国大选会产生不确定因素，但 Tikehau Capital 在欧洲当地的丰富运行经验、良好的记录及待敲定的欧洲房地产项目使我们对IREIT未来一年的前景感到兴奋。

因持续的经济增长、房产闲置率的下跌及有吸引力的投资回报，欧洲房地产的市场展望仍保持乐观。虽然今年通货膨胀率将上升，但我们相信欧洲央行决定继续推行刺激经济配套所产生的低利率环境将使房地产交易有利可图并使交易量接近峰值水平。

德国仍然是我们的一个主要的市场，其稳健的经济增长将继续推高办公及其他商业房地产的需求。广泛的波动可能会导致财务环境紧缩从而压制该领域的增长率，但因我们的物产拥有永久地契、稳固的长期租约及多样化的优质蓝筹公司租户，我们认为我们的物业将继续体现稳健的表现。

我们认为德国的商业空间租赁及投资活动将继续保持坚挺。因此，我们将借此契机将明斯特园区内的明斯特南楼盘做些小改装使它成为多元租户的办公楼。

由衷致谢

我们感谢单位持有者、租户、商业合作伙伴及投资者所给予 IREIT 的坚定支持及信任。

就我们的员工及管理层，我们感谢你们的奉献及忠诚。我们自 2014 年上市后所取得的成绩都源于你们不懈努力地推进 IREIT 的愿景。

我们也谢谢 Itzhak Sella 先生及 Adina Cooper 女士的宝贵奉献。他们不懈余力地搭建 IREIT 在业内的品牌和声誉，为我们下阶段的发展打实了基础。我们衷心祝福他们未来前途似景。

我们也感谢董事会在指导 IREIT 发展方面所给予的英明建议与指导。

最后，董事局欢迎 Aymeric Thibord 先生的加入成为新总裁，并期待与他密切合作继续壮大 IREIT。

林国鸣先生
主席

Aymeric Thibord 先生
总裁

DISTINCTIVE

Our pan-European investment strategy which focuses on quality assets and tenants sets us apart as a listed real estate property trust in Singapore.

We will build on our IREIT brand and remain distinctive in the sector by upholding high standards of corporate governance and transparency as we grow our portfolio.

Gross revenue

€34.4m

Distribution per Unit

4.14 € cents

BOARD OF 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 2016)
2 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 and corporate services. He also serves as an Adviser to a European private equity fund.

He is the Immediate Past Chairman of the Singapore Institute of Directors, Senoko Power Ltd and Gas Supply Pte Ltd. He is a former Chairman of 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 and a former Chairman of the OECD-Asia Network on Corporate Governance of State-Owned Enterprises.

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

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)

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 2016)
2 years and 5 months

Mr Tan has more than 25 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 Shanghai Turbo Enterprises Ltd, Transcorp Holdings Limited and Viking Offshore and Marine Limited, which are listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

Academic & Professional Qualifications

Fellow of the Institute of Singapore Chartered Accountants

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

Membership of Board Committee

Chairman of the Audit and Risk Committee

Present Directorships and Chairmanship in Other Listed Companies

Shanghai Turbo Enterprises Ltd

Transcorp Holdings Limited

Viking Offshore and Marine Limited

Present Principal Commitments (other than directorships in other listed companies)

Aperio Technology Pte. Ltd. (Director)

Golden Equator Capital Pte. Ltd. (Director)

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

WE Holdings Ltd

BOARD OF DIRECTORS

MR NIR ELLENBOGEN
Independent Non-Executive Director

Date of First Appointment as Director 5 December 2013

Length of Service as Director (as at 31 December 2016)
4 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 University

Membership of Board 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 2016)
1 month

Mr de Pampelonne has 31 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 President of Tikehau Investment Management SAS.

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

Present Directorships and Chairmanship in Other Listed Companies
Nil

Present Principal Commitments (other than directorships in other listed companies)
Tikehau Investment Management SAS (Director)

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 2016)
2 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 Viva Industrial Real Estate Investment Trust and the trustee-manager of Viva Industrial Business Trust, which are responsible for managing Viva Industrial Trust, a stapled group that was listed on the SGX-ST in November 2013.

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)

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

MR HO TOON BAH
Non-Executive Director

Date of First Appointment as Director 17 February 2015

Length of Service as Director (as at 31 December 2016)
1 year and 10 months

Mr Ho has more than 20 years of experience in the banking and real estate industry. He is currently an Executive Director of Soilbuild Construction Group Ltd, a general construction group with three decades of operating history. He supports the strategic growth of its operations, and drives the development and execution of its business strategies. His areas of responsibilities include capital management, human resources and investor relations. He is also a Non-Executive Director of Soilbuild REIT Management Pte. Ltd., as manager of Soilbuild Business Space REIT. From 2009 to 2013, he served as an Executive Director of Soilbuild Group Holdings Ltd.

Before joining the Soilbuild Group, he held various senior management roles at Standard Chartered Bank and United Overseas Bank. His last held appointment was as Head of Consumer Banking at Standard Chartered Bank in Malaysia.

Academic & Professional Qualifications
Chartered Financial Analyst (CFA)
Bachelor of Business Administration, National University of Singapore

Membership of Board Committee
Nil

Present Directorships and Chairmanship in Other Listed Companies
Soilbuild Construction Group Ltd.
Soilbuild REIT Management Pte. Ltd.

Present Principal Commitments (other than directorships in other listed companies)
Nil

Past Directorships and Chairmanship in Other Listed Companies held over the preceding three years
Europtronic Group Ltd

MANAGEMENT TEAM

MR AYMERIC THIBORD
Chief Executive Officer

MR CHOO BOON POH
Chief Financial 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 18 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

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 16 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
Chartered Accountant of Singapore
Chartered Financial Analyst (CFA)

DIVERSIFIED

Over the medium to long term, we plan to extend our reach into other European countries and asset classes as well as attract and retain a broader tenant base from a variety of industries.

With our diversified portfolio, we will be better sheltered from the cyclical vagaries of any specific sector or country.

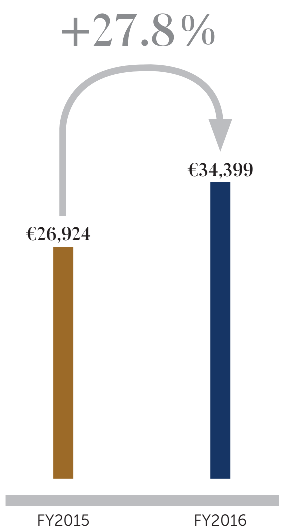
Net property income	Distributable income
€30.9m	€25.6m

FINANCIAL REVIEW & CAPITAL MANAGEMENT

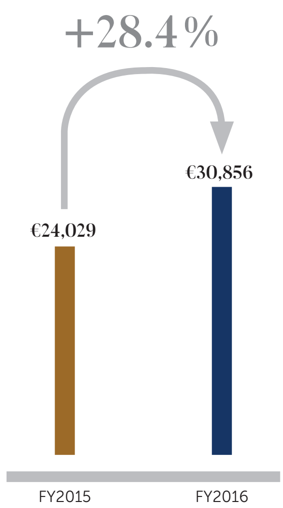
Summary of Results

	ACTUAL FY2016	ACTUAL FY2015	CHANGE
	(€'000)	(€'000)	%
Gross revenue	34,399	26,924	27.8
Property operating expenses	(3,543)	(2,895)	22.4
Net property income	30,856	24,029	28.4
Distributable income	25,550	20,782	22.7
Distribution per Unit (DPU)			
In € cents	4.14	3.39	22.1
In S$ cents	6.33	5.24	20.8

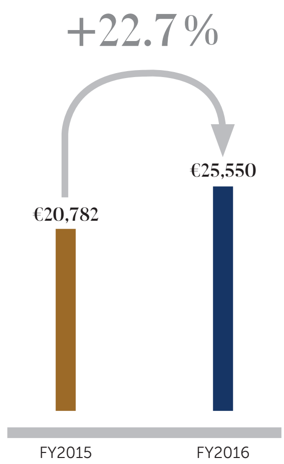
GROSS REVENUE
€'000



NET PROPERTY INCOME
€'000



DISTRIBUTABLE INCOME
€'000



Gross revenue was 27.8% higher at €34.4 million for FY2016 as compared to FY2015. This was due mainly to the full year contribution from Berlin Campus which was acquired in August 2015. Berlin Campus contributed €7.1 million to the increase in gross revenue of IREIT's portfolio in FY2016 as compared to FY2015.

Net property income increased by 28.4% to €30.9 million for FY2016, also mainly driven by the full year contribution from Berlin Campus.

Distributable Income and Distribution Per Unit

Distributable income of €25.6 million for FY2016 was 22.7% higher than that in FY2015. The DPU of 4.14 € cents for FY2016 was 22.1% higher as compared to the DPU of 3.39 € cents for FY2015. In S$ terms, the DPU of 6.33 S$ cents for FY2016 was 20.8% higher as compared to the DPU of 5.24 S$ cents for FY2015. For both FY2016 and FY2015, IREIT Global (IREIT) distributed 100% of its distributable income. The details of the distributions for FY2016 are as follows:

PERIOD	PAYMENT DATE	DISTRIBUTABLE INCOME	DPU	
		€ million	€ cents	S$ cents
1 January 2016 to 30 June 2016	16 September 2016	12,819	2.08	3.18
1 July 2016 to 31 December 2016	22 March 2017	12,731	2.06	3.15
Total FY2016		25,550	4.14	6.33

In the IPO prospectus dated 4 August 2014 (the Prospectus), a DPU of 4.11 € cents (7.01 S$ cents) was projected for FY2016. The actual DPU achieved for FY2016 represented an increase of 0.73% and a decrease of 9.70% over the projected DPU for FY2016 in € and S$ terms respectively. While the actual DPU for FY2016 was in line with the projected DPU in € terms, the DPU in S$ terms was negatively impacted by the weakening of the € against the S$ since the IPO.

Total Operating Expenses

The total operating expenses of IREIT including all fees and charges paid to the Manager and interested parties for FY2016, amounted to €8,365,000 (FY2015: €7,188,000), representing 3.22% of the net assets attributable to Unitholders as at 31 December 2016 (FY2015: 2.86%). IREIT incurred €215,000 of income tax on the real estate assets for FY2016 (FY2015: NIL).

Valuation of Assets

As at 31 December 2016, IREIT's properties were valued at €453.0 million.

	VALUATION (€'MILLION) (AS AT 31 DECEMBER 2016)[1]	VALUATION (€'MILLION) (AS AT 31 DECEMBER 2015)[2]
Berlin Campus	158.6	148.7
Bonn Campus	100.5	100.0
Darmstadt Campus	82.2	82.5
Münster Campus	47.9	48.5
Concor Park	63.8	61.7
Total IREIT Global	453.0	441.4

[1] The valuations were conducted by Jones Lang LaSalle Limited.
[2] The valuations for the Bonn Campus, Darmstadt Campus and Münster Campus were conducted by Colliers International Valuation UK LLP, while the valuations for Berlin Campus and Concor Park were conducted by DTZ Debenham Tie Leung Limited and Cushman & Wakefield LLP respectively.

FINANCIAL REVIEW & CAPITAL MANAGEMENT

Balance Sheet

	AS AT 31 DECEMBER 2016	AS AT 31 DECEMBER 2015	CHANGE
	(€'000)	(€'000)	%
Total assets	477,581	466,476	2.4
Total liabilities	217,704	215,395	1.1
Net assets attributable to Unitholders	259,875	251,081	3.5
NAV per Unit (€)	0.42	0.41	2.4

Total assets increased by 2.4% to €477.6 million as at 31 December 2016 as compared to €466.5 million as at 31 December 2015. The increase was largely due to the increase in the value of the investment properties.

Correspondingly, net assets attributable to Unitholders increased by 2.4% to €259.9 million as at 31 December 2016 as compared to a year ago, translating to a marginally higher net asset value (NAV) per Unit of 0.42 € cents as at 31 December 2016.

Prudent Capital and Risk Management

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

As at 31 December 2016, IREIT's total gross borrowings remained at €198.6 million. The aggregate leverage was marginally lower at 41.6% compared to 31 December 2015 while the weighted average term to maturity of IREIT's gross borrowings was about 2.8 years. About 88.0% of the gross borrowings are at fixed interest rates. For FY2016, IREIT achieved a healthy interest coverage ratio of 8.4 times and an average all-in cost of debt of 2.0% per annum. All borrowings are secured and denominated in €.

As at 31 December 2016, the borrowings of IREIT were as follows:

Debt Maturity Profile

% OF TOTAL BORROWINGS	AMOUNT (€'000)	MATURITY
11.9	23,625	August 2017
48.6	96,594	August 2019
39.5	78,375	August 2020
	198,594	

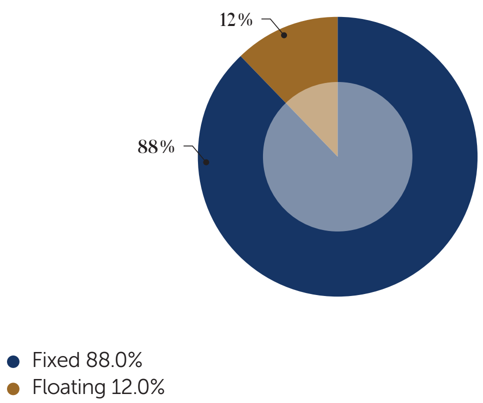
Subsequent to 31 December 2016, the wholly-owned subsidiaries of IREIT, which are borrowers of the €23,625,000 loan due for repayment in August 2017, entered into an amendment agreement with the lending bank to extend the maturity date to July 2018 (Extension). Pursuant to the Extension, the borrowers will make partial loan repayments in four quarterly instalments of €1,275,000 each, commencing from August 2017 (Amortisations). The Amortisations will be funded internally through existing cash balance and future operating cash flows.

Key Financial Indicators

	AS AT 31 DECEMBER 2016	AS AT 31 DECEMBER 2015
Total borrowings outstanding (€'million)	198.6	198.6
% of borrowings at fixed rates	88.0%	88.0%
Aggregate leverage	41.6%	42.6%
Interest coverage ratio	8.4 times	11.0 times
Weighted average term to maturity	2.8 years[1]	3.8 years
Weighted average all-in cost (per annum)	2.0%	2.0%

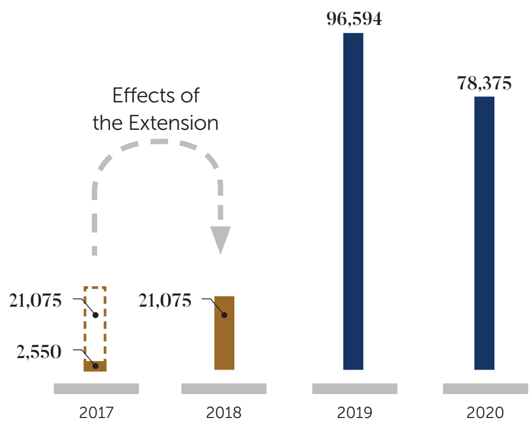
[1] On a pro forma basis, assuming that the Extension had been effected on 31 December 2016, the weighted average term to maturity would be 2.9 years.

DEBT COMPOSITION - FLOATING VS FIXED INTEREST RATES



DEBT MATURITY PROFILE

(as at 31 December 2016)
€'000



FINANCIAL REVIEW &

CAPITAL MANAGEMENT

The Manager continues to actively manage foreign exchange exposure for IREIT by adopting strategic hedging policies to optimise risk adjusted returns to Unitholders. IREIT has entered into forward foreign currency exchange contracts to hedge the currency risk for distribution to Unitholders. As at 31 December 2016, 100% of IREIT's expected distributable income for FY2017 has been hedged at an average exchange rate of approximately S$1.55 per €.

	AS AT 31 DECEMBER 2016	AS AT 31 DECEMBER 2015
Fair value of forward foreign currency exchange contracts in €'000	169	(715)
Fair values of forward foreign currency exchange contracts as a percentage of net assets attributable to Unitholders	0.07	(0.28)

Use of Proceeds

For FY2016, the use of the remaining balances of the IPO and Rights Issue[2] proceeds is set out below:

	(€'000)	
	IPO PROCEEDS	RIGHTS ISSUE PROCEEDS
Balance of proceeds at 1 January 2016	2,496	2,984
Amount utilised:		
Payment of land tax in relation to Darmstadt Campus[1]	(303)	-
Capital expenditure on investment properties	(379)	(125)
Remaining balance at 31 December 2016	1,814	2,859

[1] As explained in "Land tax in relation to Darmstadt Campus" on Page 183 of the Prospectus
[2] Rights issue completed in August 2015

PAN-EUROPEAN MARKET REVIEW

Economic Overview

The European Union (EU) enjoyed a GDP growth of 1.8% in 2016[1]. Germany, the largest economy in Europe, was a key contributor, with its growth underpinned by the government's mildly expansionary fiscal spending as well as firm private consumption demand as a result of the robust labour market and low interest rates. Moreover, unemployment in Germany remained at historic lows and the subdued level of oil prices helped to keep inflation in check with consumer prices rising by only 0.5%[2].

Globally, however, economic growth did not fare as well with the GDP figure coming in at 3.1%, slightly lower than 2015's 3.2%[3].

Pan-European Real Estate Market Overview[4]

The limited pipeline of real estate developments in general, as well as solid leasing activity in Europe continued to push vacancy rates down and rents up, especially for prime properties. In the office real estate sector, leasing volumes rose by around 4% in 2016 across the region and the vacancy rate dipped below 10%, a level not seen since 2009.

Investment appetite for core property in Europe's most liquid markets remained strong, particularly in the top German cities and in France, resulting in compressed yields.

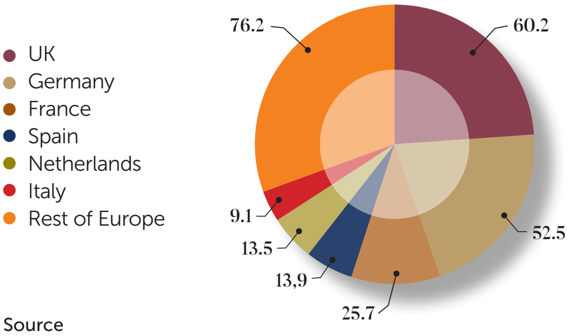
German Office Market Overview[4]

The robust German economy helped to drive up demand for office space, which spilled over from established Central Business District (CBD) locations in the top five cities – Berlin, Munich, Frankfurt, Hamburg and Düsseldorf – to the city fringes, and even the secondary and tertiary markets.

According to CBRE Research[4], office real estate remained the strongest asset class as the estimated €24.8 billion invested

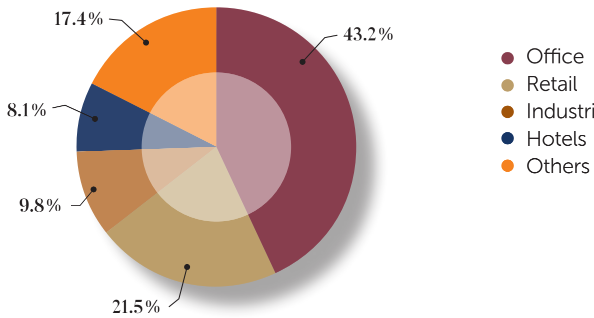
EUROPE COMMERCIAL REAL ESTATE ACTIVITY BY COUNTRY

€ BILLION



Source
CBRE, 2017

EUROPE INVESTMENT ACTIVITY BY SECTOR



Source
CBRE, 2017

in the sector last year represented about 47% of the entire commercial transaction volume. Germany's five key cities accounted for approximately 74% of the volume nationwide.

The transaction volume is just 2% shy of the record €25.2 billion set in 2015 and investors remained attracted by the positive trends in office letting, the record take-up in 2016 and falling vacancy rates, as well as the prospect of rising rents.

This high and steady demand for office space led to lower net initial yields in the entire German commercial real estate market. In the five key cities, the weighted average prime yield checked in at 3.6% versus 2015's over 4% and new lows were reached – from 3.2% in Munich to 4.0% in both Frankfurt and Düsseldorf. Yield compression was also seen in the city fringe and the peripheral submarkets where prime yields have dipped below 4.5%, although this was also due partly to limited product availability.

With rising prime rents and falling yields, capital values across the key cities increased in the double-digit range over the course of last year. At the end of 2016, CBRE's weighted capital value index rose to a new record figure of 319 points, an increase of 18% year-on-year.

Leasing & Vacancy Rates[4,5]

In terms of leasing, the office market for the top five cities remained buoyant at 3.2 million sqm, with Berlin and Munich leading in take-up rates once again. Vacancy rates in the top five cities continued to drop and ranged from 4.1% in Munich to 11.1% in Frankfurt at end 2016[4].

Berlin

With a GDP of 3% in 2016, Berlin topped the five key locations with a take-up of 888,300 sqm, a 0.7% increase from 2015 and 60% above the 10-year average. The strong take-up of 217,400 sqm in the fourth quarter contributed significantly to Berlin's record performance. As a result, Berlin reported a vacancy rate of 4.9%, making it the second-lowest after Munich's 4.1%.

City centre submarkets saw the strongest showing, with around 80% of the total take-up. Berlin's performance was dominated by the technology, media and telecommunications (TMT) sector, which accounted for 34% of the total leased space. This was followed by the public sector with a share of 11%.

Munich

Munich recorded the second highest level of office take-up with a five-year high of 789,400 sqm, boosted by a strong fourth quarter leasing volume of 223,300 sqm. Office demand in the city continued to be supported by the strong "Münchner Mischung" network of large, medium-sized and smaller companies and start-ups.

There was a near two-third increase in take-up in peripheral submarkets due to limited supply in good city locations whilst the city of Munich suffered an 8% decline in leasing activity. As with Berlin, the TMT sector took the lion's share, accounting for more than 20% of the total take-up.

In terms of vacancies, demolitions and conversions of many former vacant office buildings as well as the low volume of speculative construction exacerbated the situation and the vacancy rate hit a 15-year low of 4.1%. In the much sought after city submarkets, the vacancy rate is under 1%.

Frankfurt

Germany's financial capital, Frankfurt, recorded its best performance since 2007 with a take-up of 546,400 sqm, about 36% higher than that of 2015. This performance, girded by the city's prime location and favourable economic conditions, was achieved with a strong fourth quarter take-up of 189,600 sqm.

Banking and financial services providers, and consultancies retained their top position with 31% of the city's take-up. About 39% of last year's total take-up, or 212,000 sqm of office space, was seen in the central submarkets of the CBD alone. The robust Frankfurt office letting market was also underpinned by tenancies smaller than 2,500 sqm which comprised about half of all office take-up.

Frankfurt remained the only city among the top five to retain a double-digit vacancy rate of 11.1%, with 1,280,000 sqm of available office space at the end of 2016. The 10 basis points (bps) fall in the vacancy rate was due to strong demand and the continued conversion and demolition of no longer marketable office buildings.

Hamburg

The Hamburg office market saw its vacancy rate slip 60 bps to 5.4% in 2016 on the back of the city's highest take-up since 2007 with 552,000 sqm leased, almost 11% above the 10-year average of 497,700 sqm. The 13 large-scale lettings in the more than 5,000 sqm tenancy category contributed significantly to this increase. Take-up was also supported by demand for tenancies smaller than 1,500 sqm which rose 16% year-on-year.

The city's office market remained diversified in 2016. Industry/construction companies accounted for 16% of the total take-up and is the only sector with a share above 10%. The TMT sector, with its Publishing Media/Advertising IT and New Media/Internet companies, remained active. In fact, after the industry/construction sector, the entire TMT sector is the second most important in Hamburg, which is one of Germany's most creative centres.

Düsseldorf

Düsseldorf's 2016 office leasing market was slightly muted, with a 7% lower take-up of 409,400 sqm, due mainly to a limited supply of high specification large spaces on offer. Despite this, Düsseldorf's take-up in 2016 was still about 10% above the 10-year average.

In the city area, the take-up rate declined by 6.5% to 365,100 sqm. Leasing activity continued to be supported by a strong base of small and medium-sized lettings. Demand, particularly for high quality space in central locations, remains high.

Overall, Düsseldorf reported a 13-year low vacancy rate of 8.3% due to low speculative construction volume as well as the trend of conversion of either older office buildings to hotels and residential apartment buildings, or demolishing/refurbishing them. In the city area, the vacancy rate hit 7.5%.

Secondary Cities[5]

According to the Manager, the secondary cities of Bonn, Darmstadt and Münster enjoyed stable letting markets and retained low single digit vacancy rates during the past year, led by sectoral demand and strong local tenants.

In Bonn, which has an estimated office market of 3.8 million sqm, Deutsche Post and Deutsche Telekom remained the largest commercial tenants. Large government agencies also maintained a substantial presence.

Darmstadt retained its position as the Wissenschaft Stadt or science city of Germany, with IT, chemical engineering and other Research & Development companies leading the occupier market. The Darmstadt office market has approximately 1.9 million sqm, housing Deutsche Telekom's largest campus outside of Bonn.

Münster's occupier market is more diverse, being driven by regional financial services institutions and a wealth of locally owned businesses. Münster serves as a regional hub with an office market estimated at 2.2 million sqm.

Prime And Weighted Average Rents[4,5]

The average prime rent of the top five cities continued to climb although the performance was mixed – rising by a high 17% in Berlin to a modest 2% in Düsseldorf but staying flat in Frankfurt.

Due to the scarcity of space, the weighted average rent in Berlin reached €15.84/sqm per month while the prime rent hit €27.50/sqm per month in 2016, an increase of 17% from €23.50 in 2015.

Munich's prime rent inched up 3% to €35.00/sqm per month with no let up in demand for high quality office space in prime locations. There were many new lettings last year, primarily to companies from the consultancy, legal and financial sectors in premium properties in locations such as Maximilianstrasse and Oberanger. However, there was a slight 3% fall in the weighted average rent to just under €16.00 due mainly to large-scale leases in city fringe and peripheral locations, and properties with more basic fit-out.

As Germany's financial capital, Frankfurt remained the most expensive city with the prime rent holding at €39.50/sqm per month. The weighted average rent, however, rose by 1.1% to €19.09, supported by strong demand.

Led by highly-priced new lettings in newly built projects, including Alter Wall, the Axel-Springer-Quartier and the Esplace office project, Hamburg's prime rent came in at €26.00/sqm per month, 4% above the previous year's level. The weighted average rent across the entire market also rose by 4% to €15.34/sqm per month. The most expensive submarket was once again the City with an average rent of €19.26/sqm per month.

The prime rent in Düsseldorf inched up 2% year-on-year to €26.50/sqm per month in 2016 and is expected to remain stable in the short term as no space in this category will be delivered during the period. The weighted average rent, on the other hand, rose by 5% to €14.59/sqm per month in the entire market.

According to JLL's 2016 market survey[5], average rents remained stable in the secondary cities of Bonn, Darmstadt and Münster in 2016. The broad range of rental rates for certain locations in these markets are a reflection of the diverse building ages and standards.

In Bonn, prime properties command rents of €18.00/sqm per month, while average asking rents are €10.60/sqm per month. Rental rates for similar quality properties in the Bundesviertel, where the Deutsche Telekom property is located, range from €15.00-16.50/sqm per month.

In Darmstadt, prime rental rates can reach up to €13.00/sqm per month. In the Europaviertel, home to the Deutsche Telekom Campus, rental rates range from €11.00-12.50/sqm per month..

In Münster, prime rents have increased slightly in 2016 to €14.00 in the city centre, while in Zentrum Nord, office rents range from €9.50-11.50/sqm per month depending on the quality of the property and the size of the rental area.

Investments[4,5]

In 2016, €52.5 billion worth of commercial real estate changed hands in Germany with the office sector accounting for about 47% of the market transaction volume of €24.8 billion. Investment in the office sector, which lies just 2% below the record achieved in 2015, was given a boost in the final quarter of 2016 when the transaction volume hit €9.9 billion.

Germany's five key cities remained the top choice for investors, accounting for approximately 74% of the entire office investment volume. The over €18.0 billion invested in offices in these cities was 4% above 2015's level, supported by Germany's status as a relatively safer investment haven, particularly for the foreign investors who invested a total of €10.8 billion in the sector.

The strong office investment market was driven by several major transactions of landmark properties during the year, including Highlight Towers, BayWa Tower, the NOVE in Munich as well as the Taunusturm, Commerzbank Tower and The Square in Frankfurt. All these were bought by foreign investors.

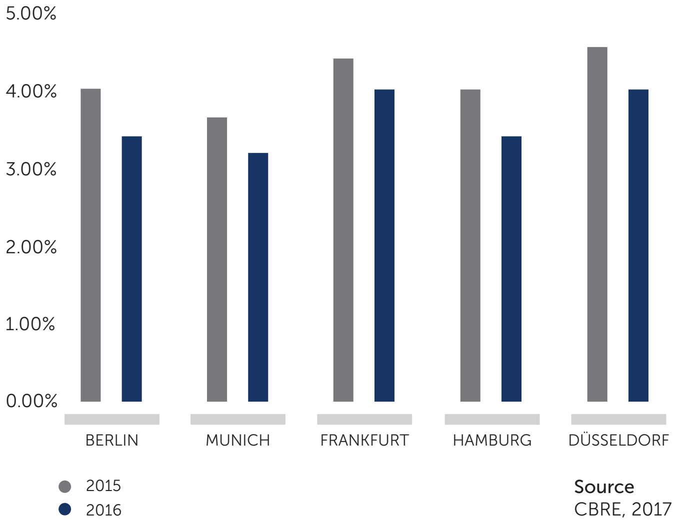
Due to excessive demand in these top locations, investors have been extending their investment horizon beyond the established CBD locations towards sustainable investment real estate in the city fringes and peripheral submarkets. However, due to the limited availability of quality properties in these areas, prime yields in the city fringes and peripheral submarkets have begun to reflect this trend, easing below 4.50%.

Regional centres and secondary markets, however, experienced a 26% decrease in investment volume to €3.9 billion.

PAN-EUROPEAN
MARKET REVIEW

According to JLL[5], secondary cities throughout Germany – including Bonn, Darmstadt and Münster – also underwent yield compression in 2016. However, due to the diverse nature of the assets traded in Bonn, Darmstadt and Münster, the prime yields range from below 5% to 7% depending on the properties' ages and locations, as well as the quality of the lease covenants.

OFFICE PRIME YIELDS (GERMANY'S TOP FIVE CITIES)



Source
CBRE, 2017

Outlook

Europe 2017 Outlook

The International Monetary Fund in January 2017[3] forecast that the world economy will pick up pace this year due mainly to stronger activity in the second half of 2016 in the advanced economies, projected fiscal stimulus in the US and an improving outlook for emerging and developing economies. Its growth estimate of 3.4% in 2017 is underpinned by a 1.9% rise in growth from advanced economies, from 2016's 1.6%.

In the EU, while landmark elections in France and Germany might create uncertainty which could adversely impact consumption and investment, the European Commission expects moderate growth of 1.6% in 2017, supported by labour market gains and rising private consumption[1].

This economic growth is expected to lend support to the EU's real estate sector in 2017, despite the possibility of further political surprises, higher inflation and a gradual turnaround in the long term interest rate trend.

Nevertheless, the downtrend in vacancy rates is expected to continue into 2017, especially for better properties in good locations. CBRE[4] expects continued rental growth in all property segments across the EU this year, from 0.9% in the office sector to 2.7% in the industrial & logistics markets.

German Office Outlook[4]

Germany, which is expected to grow at 1.5% this year[3], remains one of the world's most attractive real estate investment markets. The country is therefore expected to see robust office property investment activity in 2017.

Demand from international investors, especially for large scale investment opportunities, will remain high in the top five cities due to the greater stability and transparency in these areas. National investors, on the other hand, are also expanding their portfolios in the German market because of the political challenges worldwide. CBRE therefore expects investors to have a greater risk tolerance in the top five locations and make more investments, including properties requiring more intensive management as well as developments and investments in peripheral locations.

At the same time, continued strong demand, given the fairly moderate completion figures in recent years and limited pipeline, could ensure that prime rents continue to rise and this in turn will keep investments in office properties booming in 2017.

CBRE anticipates that the German office property market will see a sharp increase in foreign capital inflow and expects yields to continue their moderate decline in 2017, especially in the office investment centres.

1 European Commission, 2017
2 Statistisches Bundesamt (Destatis), 2017
3 International Monetary Fund, 2017
4 CBRE, 2017
5 Jones Lang LaSalle, 2017

INVESTOR RELATIONS

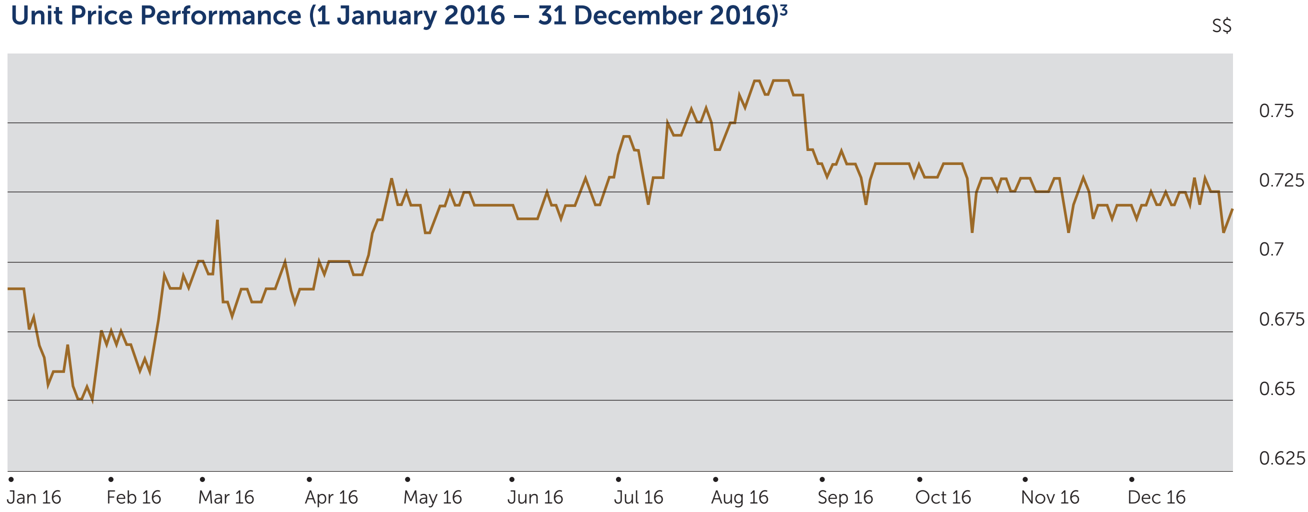
Trading Performance	FY2016	FY2015[1]
Closing price	0.7150	0.6900
Highest price during financial period (S$)	0.7650	0.7791
Lowest price during financial period (S$)	0.6400	0.6200
Average daily volume traded ('000)	149	205

[1] Adjusted (where applicable) for the Rights Issue completed in August 2015

Total Returns[2]	%
Since listing on 13 August 2014 to 31 December 2016	7.13%
From 1 January 2016 to 31 December 2016 (one-year)	12.72%

[2] Total returns are computed based on the closing price as at the beginning and end of the period (adjusted for the Rights Issue where applicable) and assuming distributions paid are reinvested based on the closing price prevailing on the relevant payment dates

Unit Price Performance (1 January 2016 – 31 December 2016)[3]



[3] ShareInvestor

DRIVEN

Aggregate independent appraised value of investment properties

€453.0m

(as at 31 December 2016)

Driven by excellence, we are always looking to enhance the value of our properties, providing a high level of service to our tenants.

Together with our efforts to grow and diversify, we aim to deliver regular and stable distributions to our Unitholders, with the potential for sustainable long-term growth.

PORTFOLIO SUMMARY

Total Net Lettable Area
200,673 sqm

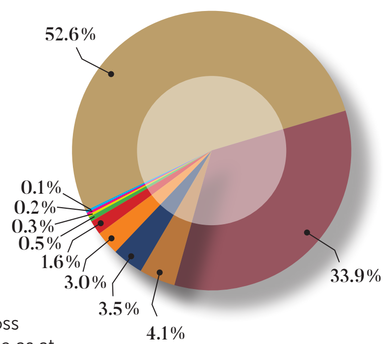
Total Properties
5

Portfolio Value
€453.0 m

Number of Car Park Spaces
3,441

Number of Tenants
19

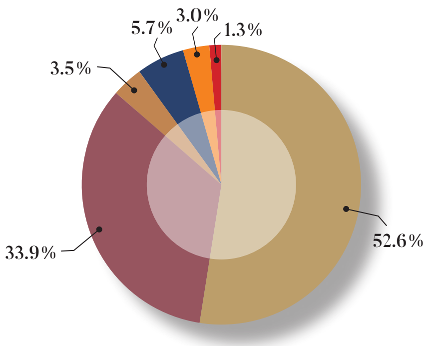
TOP 10 TENANTS



Based on Gross Rental Income as at 31 December 2016

Tenant	%
Deutsche Telekom	52.6%
Deutsche Rentenversicherung Bund	33.9%
ST Microelectronics	4.1%
Allianz Handwerker Services GmbH	3.5%
Ebase	3.0%
Yamaichi	1.6%
Mizuno	0.5%
MG-Dornach	0.3%
Reiser	0.2%
Kaiser	0.1%

TRADE SECTOR

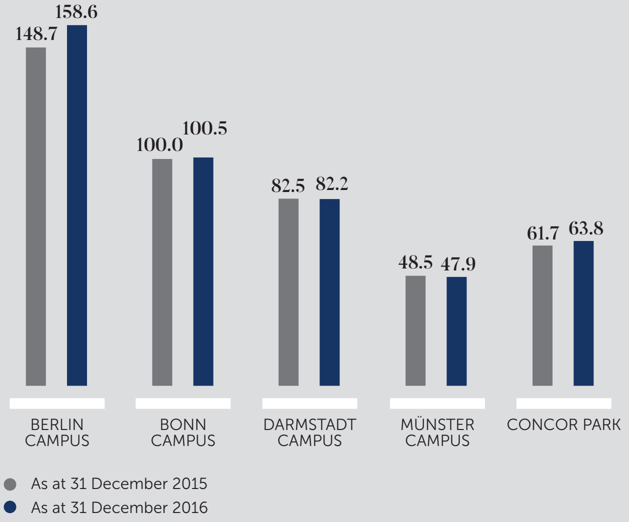


Based on Gross Rental Income as at 31 December 2016

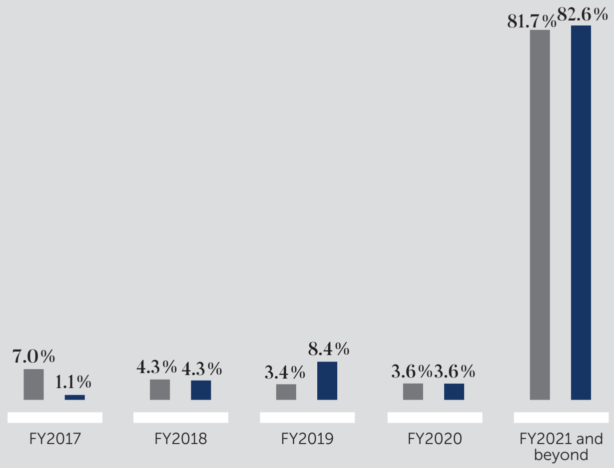
Sector	%
Telecommunications	52.6%
Government	33.9%
Real Estate	3.5%
IT & Electronics	5.7%
Banking & Finance	3.0%
Others	1.3%

ASSET VALUATION BY PROPERTY

€ MILLION

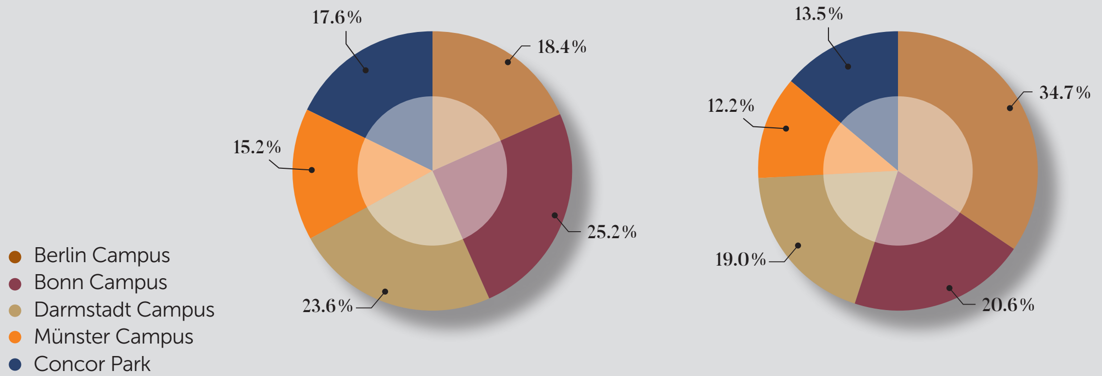


LEASE EXPIRY BY GROSS RENTAL INCOME



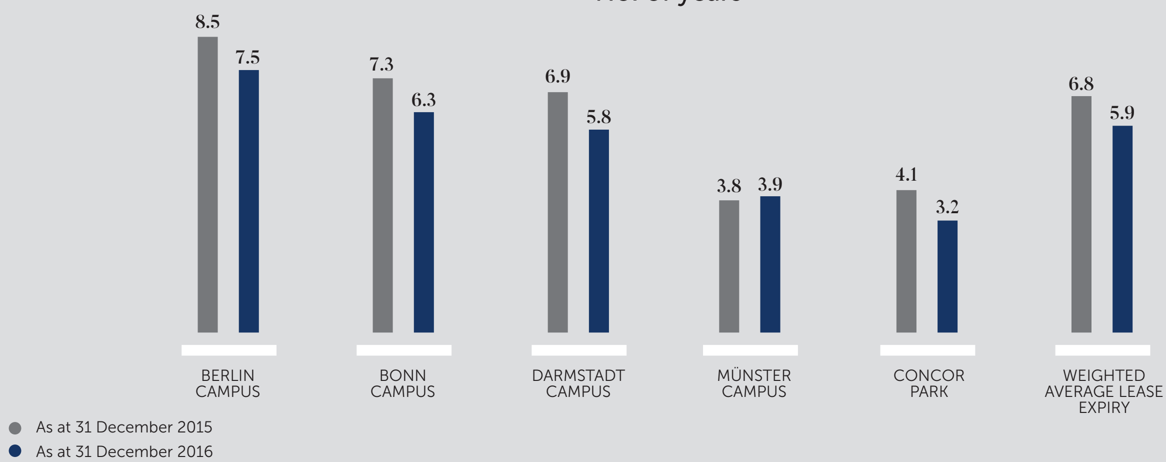
GROSS RENTAL INCOME BY PROPERTY 2015

GROSS RENTAL INCOME BY PROPERTY 2016



PORTFOLIO LEASE EXPIRY

No. of years



For new and renewed leases which commenced in FY2016, the weighted average lease term to expiry based on the date of commencement of leases is 4.7 years. Such leases contributed approximately 0.52% towards the portfolio's committed monthly gross rental income as at 31 December 2016.

PORTFOLIO SUMMARY

	BERLIN CAMPUS	BONN CAMPUS	DARMSTADT CAMPUS	MÜNSTER CAMPUS	CONCOR PARK	TOTAL
Date of Building Completion	1994	2008	2007	2007	1978 and refurbished 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 2016 (€ million)	158.6	100.5	82.2	47.9	63.8	453.0
Book Value / Valuation as at 31 Dec 2015 (€ million)	148.7	100.0	82.5	48.5	61.7	441.4
Gross Rental Income for the year ended 31 Dec 2016 (€ million)	10.8	6.4	5.9	3.8	4.2	31.1
% of Total Gross Rental Income 2016	34.7%	20.6%	19.0%	12.2%	13.5%	100.0%
Gross Rental Income for the year ended 31 Dec 2015 (€ million)	4.6	6.3	5.9	3.8	4.4	25.0
% of Total Gross Rental Income 2015	18.4%	25.2%	23.6%	15.2%	17.6%	100.0%
Occupancy Rates as at 31 Dec 2016	99.2%	100.0%	100.0%	100.0%	100.0%	99.8%
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	
WALE (by gross rental income) as at 31 Dec 2016	7.5	6.3	5.8	3.9	3.2	5.9
Number of Tenants	5	1	1	1	13	19
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	

PORTFOLIO OVERVIEW
BERLIN CAMPUS

The campus is located in Schreiberhauer Straße in the Lichtenberg district, 6 km east of Berlin city centre.

Lichtenberg is located near the well-established Media Spree commercial centre.

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

Comprising two fully connected 8- and 13-storey blocks, the "built-to-suit" development is tailored to the requirements of Deutsche Rentenversicherung Bund, the current single office tenant.

The ground floor units are leased to local retailers and service providers.

As at 31 December 2016

Gross Rental Income for FY2016

€10.8 m

Total Net Lettable Area (sqm)

79,097

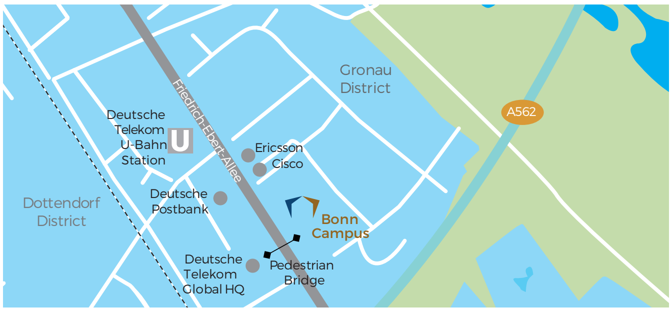
Car Park Spaces

496

Occupancy

99.2%

PORTFOLIO OVERVIEW
BONN CAMPUS



Centrally located in Bonn's prime office area of Bundesviertel (federal quarter), the campus is well-served by regular bus services with the nearest underground train station, U-Bahn, only 100 m away.

A dedicated footbridge links the development to the global headquarters of Deutsche Telekom.

The U-shaped development comprises four 2-, 4- and 6-storey blocks that can be easily sub-divided into smaller offices, or function as independent self-contained units.

The campus has been built to high office specifications.

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

As at 31 December 2016

Gross Rental Income for FY2016

€6.4m

Total Net Lettable Area (sqm)

32,736

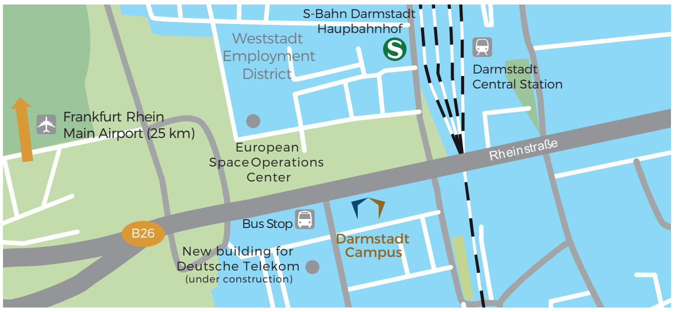
Car Park Spaces

652

Occupancy

100.0%

PORTFOLIO OVERVIEW
DARMSTADT CAMPUS



Located in the TZ Rhein Main Business Park, approximately 30 km south of Frankfurt, the campus is a convenient 100 m from the nearest bus stop and 1 km from the Darmstadt central railway station.

The six 5- and 7-storey office blocks are linked to form a double-H shape and offer 363 underground parking spaces. There is also a separate car park located 300 m away with eight above-ground parking decks for another 826 vehicles.

The campus meets high building standard specifications and its office blocks can be easily sub-divided into smaller units.

The development operates as a single-tenant property – home to the second largest Deutsche Telekom campus in Germany.

The property is well-incorporated into the overall Deutsche Telekom campus which provides canteen and other services in the surrounding buildings.

As at 31 December 2016

Gross Rental Income for FY2016

€5.9m

Total Net Lettable Area (sqm)

30,371

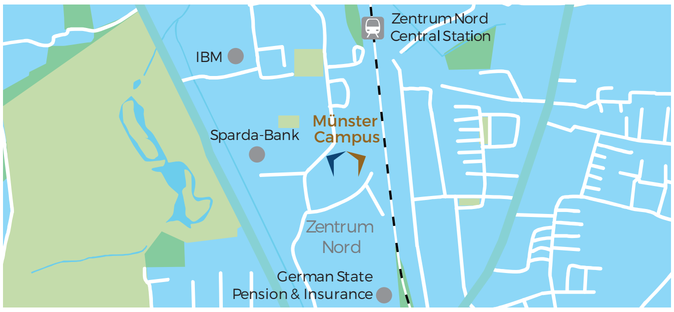
Car Park Spaces

1,189

Occupancy

100.0%

PORTFOLIO OVERVIEW
MÜNSTER CAMPUS



Located in Zentrum Nord, approximately 2.5 km from the Münster city centre, the campus is within walking distance to the nearest train and bus depot.

The development comprises two independent high quality office buildings, Münster North and Münster South. Each 6-storey building is built around an open courtyard for maximum light. The campus includes an independent high rack carpark.

Although the development is now a single tenant campus, Münster South will undergo light modification to be converted into a multi-tenant office block.

As at 31 December 2016

Gross Rental Income for FY2016

€3.8m

Total Net Lettable Area (sqm)

27,183

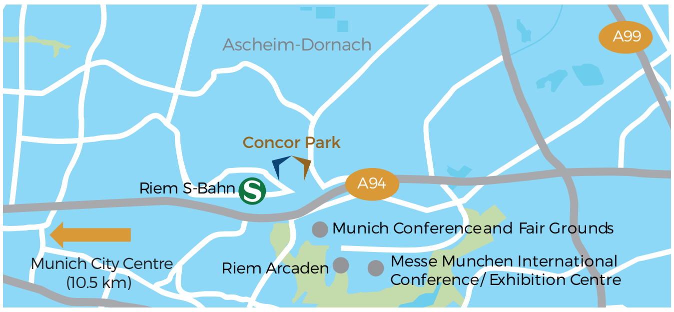
Car Park Spaces

588

Occupancy

100.0%

PORTFOLIO OVERVIEW
CONCOR PARK



Concor Park is located in the Aschheim-Dornach commercial area within a large suburban business park about 10 km from the centre of Munich, the third largest city in Germany.

Convenient and easily accessible, it is adjacent to the S-Bahn (local railway) train and bus depot for the area.

The 5-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 business park with a central canteen and coffee bar.

As at 31 December 2016

Gross Rental Income for FY2016

€4.2m

Total Net Lettable Area (sqm)

31,286

Car Park Spaces

516

Occupancy

100.0%

STRATEGIES FOR SUSTAINED GROWTH

IREIT provides further opportunities for sustained growth to our investors via the recent acquisition of the Manager by Europe-based Tikehau Capital, through its Asia arm. The partnership brings together the strengths of the European and Singaporean teams, enabling IREIT to leverage on their well-established reputation, business network and capabilities.

Tikehau's Investment in IREIT as a Growth Engine

Tikehau Capital currently owns 80.0% of the share capital of the Manager. Tikehau Capital, a diversified pan-European asset management and investment company which directly or indirectly manages assets valued over €9.9 billion and is supported by shareholders' equity of €1.5 billion (as at 31 December 2016), has a strong presence in real estate. Through its regulated asset management company, Tikehau Investment Management, Tikehau Capital manages approximately €1.7 billion of real estate assets in the office, retail and industrial (including logistics) sectors as at 31 December 2016. This portfolio comprises more than 1.0 million sqm of real estate in France, Germany and Italy, including two shopping centres with an average size of 25,000 sqm, a 28,000 sqm logistics platform in the Paris region, retail parks totalling approximately 300,000 sqm, and 280,000 sqm of office space in France. As such, Tikehau Capital has the relevant expertise and track record, as well as industry and financial standing to spearhead IREIT's growth.

STRATEGIES FOR SUSTAINED GROWTH

Expansion into New Markets and Asset Classes

IREIT is seeking to expand its investment footprint to new markets and asset classes. Extending the investment strategy beyond IREIT's current 'ABBA' strategy will widen and deepen the pool of potential real estate opportunities which could drive capital growth and support steady and progressive long-term distributions to Unitholders.

As always, the quality of the underlying property on a long-term perspective will remain the key driver when considering any potential real estate investment.

IREIT's portfolio expansion will be focused on European locations and real estate assets where, together with Tikehau Capital, we have an established presence and experience, or a network of trusted business partners. Unitholder approval is required to expand IREIT's investment mandate to include retail and industrial (including logistics) properties in order to provide further asset and tenant diversification.

Maintenance and Further Development of Strong Tenant Relationships

Strong tenancies are a hallmark of IREIT's portfolio and ongoing strategy. While attentive to maintaining our current blue chip tenancies, we are also focused on expanding and diversifying our tenant base. As such, we are actively pursuing acquisitions of properties with diversified tenancies and end-users. Through IREIT's strong relationships with property developers and corporate end-users, we shall also pursue portfolio acquisitions and sale and lease-back transactions, further strengthening our position as the landlord of choice for office, retail and industrial (including logistics) tenants.

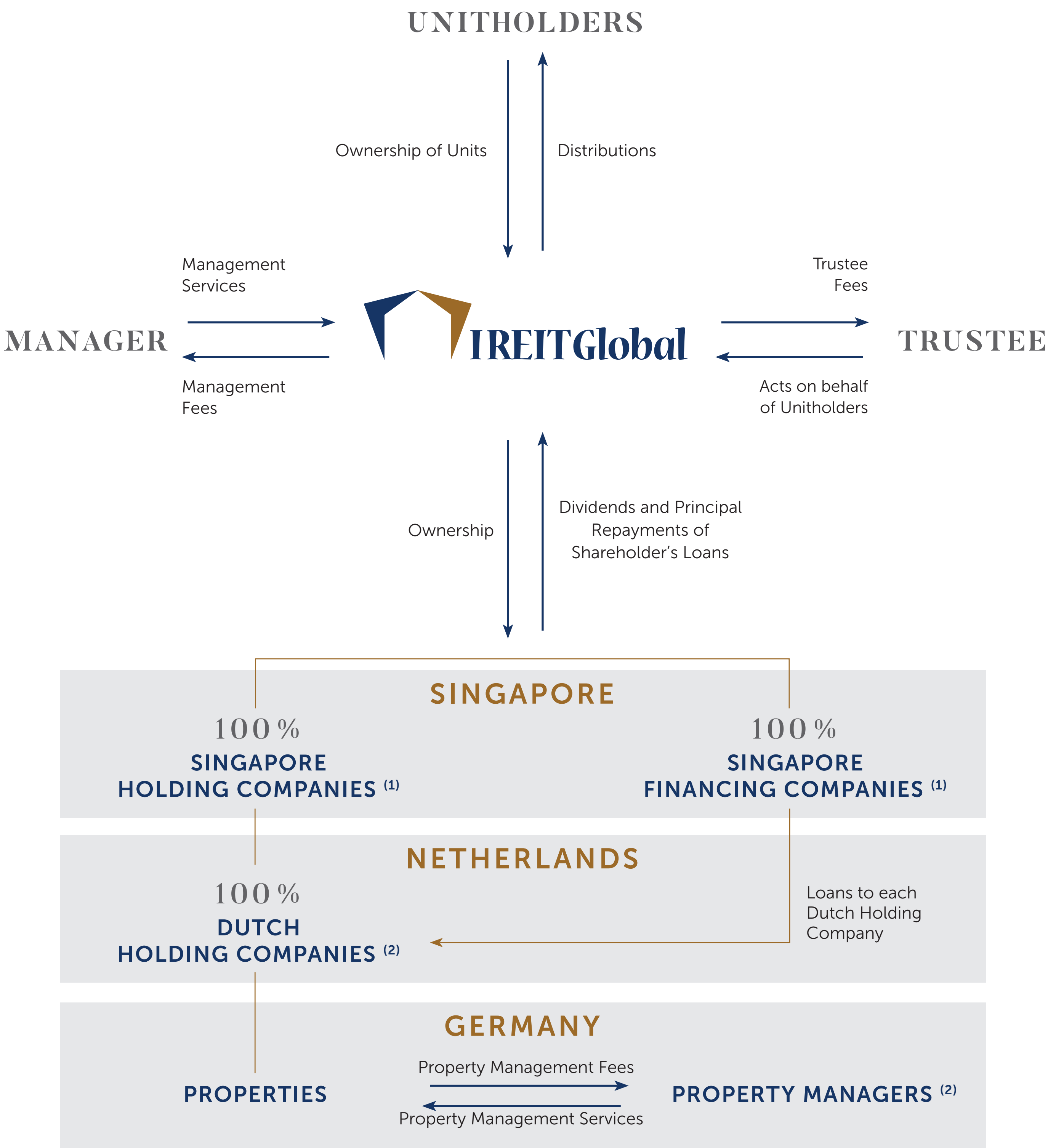
Proactive Asset Management and Property Enhancement

Through proactive asset management, IREIT shall monitor operating costs and assess allocation of capital expenditures for property enhancement initiatives. In 2016, we have commissioned a property management software that will enable IREIT to track its costs more efficiently and identify opportunities for savings and investments. Our long-term plans for property enhancement include further developments or improvements in, and the possible expansion of parking facilities, public areas and new lettings.

Prudent Financial Management

Through a policy of prudent capital management, the Manager shall continue to strengthen IREIT's financial position by deploying the optimal mix of debt and equity in new acquisitions. The Manager will seek to establish long-term stable debt structures for IREIT, and ensure that IREIT benefits from the natural hedge of borrowings in the relevant local currency. In order to manage the currency risks associated with the distributions to Unitholders, the Manager will continue to adopt the appropriate currency hedging strategies.

TRUST STRUCTURE



Notes
1 A separate Singapore Holding Company and Singapore Financing Company have been established for each property
2 Professional third party property managers have been appointed pursuant to the property management agreements entered into between the relevant Dutch Holding Company and the property manager

CORPORATE 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, "Directors" or "Board") has ensured that the Manager has implemented corporate governance policies and industry best practices to protect IREIT's assets and the interests of IREIT's unitholders ("Unitholders") while enhancing and delivering value to its Unitholders. The Manager is committed to uphold the standards stipulated in the Code of Corporate Governance 2012 (the "Code"). The Manager also ensures that all applicable requirements, laws and regulations are duly complied with, which include, but are not limited to, the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), Securities and Futures (Licensing and Conduct of Business) Regulations (the "SF(LCB) R"), the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual"), Appendix 6 to the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "MAS") (the "Property Funds Appendix"), the Code on Collective Investment Schemes issued by the MAS, (the "CIS Code") 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 in pages 40 to 43. 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 ("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. Although IREIT is a listed REIT, not all principles of the Code may be applicable to IREIT and the Manager. Any deviations from the Code are explained.

BOARD MATTERS

The Board's Conduct Of Affairs

Principle 1: An effective Board to lead and control the Manager

The Board is collectively responsible for the long-term success of IREIT. The Board works with management of the Manager who 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.

CORPORATE GOVERNANCE REPORT

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 oversees a system of internal controls and business risk management processes that set the guidelines which govern matters reserved for the Board's decision and approval including approval limits for investments and divestments, bank borrowings, capital expenditure and cheque signatories. Appropriate delegation of authority for approval of capital and operating expenditure and specific financial transactions are also provided to the Manager to facilitate operational efficiency.

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 Memorandum and Articles of Association permit 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 and its Audit and Risk Committee ("ARC") held for the financial year ended 31 December 2016, as well as the attendance of each Director at the Board and the ARC meetings are as follows:

	Board		Audit and Risk Committee	
Name of Director	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**
Mr Lim Kok Min, John	7	7	4	4
Mr Tan Wee Peng, Kelvin	7	5	4	3
Mr Nir Ellenbogen	7	6	4	4
Mr Bruno de Pampelonne	1 [(1)]	1 [(1)]	N.A.	N.A.
Mr Tong Jinquan	7	4	N.A.	N.A.
Mr Ho Toon Bah	7	7	N.A.	N.A.
Mr Itzhak Sella [(2)]	7	6	N.A.	N.A.

N.A.: Not applicable as the Director is not a member of the Audit and Risk Committee

Notes:

(1) Mr Bruno de Pampelonne was appointed as Non-Executive Director on 11 November 2016.
(2) Mr Itzhak Sella resigned as Executive Director on 11 November 2016.

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.

CORPORATE GOVERNANCE REPORT

Composition of the Board

Principle 2: A strong and independent element on the Board

No individual or small group of individuals should be allowed to dominate the Board's decision making. The Board is represented by members with a breadth of expertise in finance and accounting, real estate and business management.

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

The criterion of independence is based on the definition given in the Code. A Director is considered independent if he has no relationship with the Manager and IREIT, its related companies, any shareholders and/or Unitholders with a voting interest of 10% or more, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interest 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 Chief Executive Officer ("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; the profiles of the Directors are found on pages 11 to 13:

Board Member	Designation
Mr Lim Kok Min, John	Chairman and Independent Non-Executive Director
Mr Tan Wee Peng, Kelvin	Chairman of the Audit and Risk Committee and Independent Non-Executive Director
Mr Nir Ellenbogen	Independent Non-Executive Director
Mr Bruno de Pampelonne [1]	Non-Executive Director
Mr Tong Jinquan	Non-Executive Director
Mr Ho Toon Bah	Non-Executive Director

Notes:

[1] Mr Bruno de Pampelonne was appointed on 11 November 2016.

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 SF(LCB)R. In respect of the financial year ended 31 December 2016, the Board is of the view that the Board composition complies with the Code's requirement and 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.

CORPORATE GOVERNANCE REPORT

Non-Executive 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 Company and management. The Non-Executive Directors would also confer among themselves without the presence of the management as and when the need arose.

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 constitutional documents on IREIT and the Manager, 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 company, further training in areas such as accounting, legal and industry specific knowledge is provided. 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. The letter of appointment that is issued to each Director sets out the duties and responsibilities to the Manager and IREIT. All Directors are subject to an annual review of their commitment to and performance on the Board. None of the Directors of the Manager has entered into any service contract directly with IREIT.

Chairman and CEO

Principle 3: A clear division of responsibilities between the leadership of the Board and executives responsible for management

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. The Chairman and the CEO of the Manager are not related to each other 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.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: A formal and transparent process for the appointment and re-appointment of directors to the Board

Due to the current scale of operations of the Manager, the Board has deemed it unnecessary at this point to establish a nominating committee. The Board shall retain the responsibility for the identification, review and appointment of suitable candidates to join the Board as its members. 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.

In respect of the financial year ended 31 December 2016, there was a new appointment of a Non-Executive Director, Mr Bruno de Pampelonne. He was nominated by Tikehau Investment Management Asia Pacific Pte. Ltd. ("TIMAP") pursuant to the share purchase agreement dated 5 October 2016 entered into between TIMAP and the then shareholders of the Manager. The Board has evaluated his skills and experience, and supports his nomination, which was also approved by the MAS.

Any nomination, which may be made by any of the Manager's shareholders, is carefully evaluated by the Board before any appointment is made. All appointment of Directors is also subject to MAS's approval.

The Manager does not currently set a limit on the maximum number of listed company board directorships each Board member may hold so long as each of the Board members is able to commit and carry out his duties effectively as a Director of the Manager.

Board Performance

Principle 5: A formal annual assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

There is a formal system in place to evaluate the Board performance and assess the effectiveness of the Board, the ARC 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 and their respective Chairman. The review process includes getting feedback from individual Directors on areas relating to the Board's and the ARC's competencies and effectiveness, and the respective Chairman's leadership.

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 and the ARC. 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 Board and ARC meetings, and contributions of each Director to the Board.

The last performance evaluation was carried out in January 2017 in respect of the financial year ended 31 December 2016. The Board is of the view that the Board was effective as a whole and that the Directors are contributing effectively and efficiently.

CORPORATE GOVERNANCE REPORT

Access To Information

Principle 6: Board members to be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis

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. Board papers are normally 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.

The Board has separate and independent access to the Manager's senior management and the company secretary 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 appointment and removal of the company secretary is a matter for the Board as a whole. The Board also has access to independent professional advice where appropriate and when requested.

As and when necessary, the Board can also seek independent professional advice, where appropriate and when requested at the Manager's expense, with consent from the Chairman.

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 7: A formal and transparent procedure for developing a policy on executive remuneration and for fixing remuneration packages for individual directors

Level And Mix Of Remuneration

Principle 8: The level and structure of remuneration should be appropriate to attract, retain and motivate, but not excessive

Disclosure On Remuneration

Principle 9: Disclosure on remuneration policies, the level and mix of remuneration and the procedure for setting remuneration

Based on the current scale of operations of the Manager, the Board has deemed it unnecessary at this point to establish a remuneration committee. 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 employees of the Manager. Their fees and remuneration are paid by the Manager. Independent Directors and Non-Executive Directors (except for Mr Bruno de Pampelonne) are paid basic fees for their board and board committee membership. Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other managers of listed REITs. The Manager's Directors do not decide their own fees.

The Manager has adopted a balanced remuneration policy, aimed to ensure market competitiveness and alignment to best industry practices and Unitholders' interests.

CORPORATE GOVERNANCE REPORT

For the Non-Executive Directors, the Manager has adopted a fee structure and level which are aimed to be both market-competitive and internally equitable.

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

- Roles and responsibilities;
- Benchmarking against peers;
- Effort committed; and
- Skills and expertise.

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.

In view that an equitable and fair reward system 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 IREIT's performance. The review also reinforces strengths, identify improvements and plan for the progressive development of the employees.

The compensation consists of a guaranteed component and an incentive component. The incentive component 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 ("KPIs") or proportionally to the percentage of KPIs achieved.

The Manager has previously engaged an independent human resources consultant, Aon Hewitt Singapore Pte. Ltd., to conduct a review of the Manager's remuneration structure, for its Non-Executive Directors, management and employees. The consultant is not related to the Manager, its controlling shareholder or related entities.

Comparison was made against industry benchmarks and comparable Singapore-listed REITs. The consultant provided the Manager its observations and recommendations which confirmed the adequacy of IREIT's remuneration structure and remuneration levels, and their alignment with IREIT's remuneration policy.

The level and mix of the remuneration of each of the Directors for the financial year ended 31 December 2016 are as follows:

Name of Director	Fees (1) (S$'000)	Base/Fixed Salary (S$'000)	Bonus (S$'000)	Benefits-in-kind (S$'000)
Mr Lim Kok Min, John	103	–	–	–
Mr Tan Wee Peng, Kelvin	88	–	–	–
Mr Nir Ellenbogen	73	–	–	–
Mr Bruno de Pampelonne (2)	–	–	–	–
Mr Tong Jinquan	50	–	–	–
Mr Ho Toon Bah	53	–	–	–

The level and mix of the remuneration of the CEO for the financial year ended 31 December 2016 is as follows:

Remuneration Band and Name	Fees (%)	Base/Fixed Salary (4) (%)	Bonus (%)	Benefits-in-kind (%)
Mr Aymeric Thibord (3)	–	–	–	–
Above S$500,000 to $750,000				
Mr Itzhak Sella (4)	–	89		11

Notes:

(1) Paid in cash.
(2) Mr Bruno de Pampelonne was appointed on 11 November 2016 and did not receive any remuneration for the financial year ended 31 December 2016.
(3) Mr Aymeric Thibord was appointed as CEO on 15 December 2016 and did not receive any remuneration for the financial year ended 31 December 2016.
(4) Mr Itzhak Sella's last day of service with the Manager as CEO was 15 December 2016. For the financial year ended 31 December 2016, he was not paid any bonus due to his departure. His base/fixed salary includes salary payments in lieu of notice.

The Board has assessed and decided to provide disclosure of the remuneration of the Directors (other than the CEO) and the CEO on a named basis in exact quantum and in bands of S$250,000 respectively. 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 IREIT. Given the competitive pressures in the talent market, the Board considers that such disclosure may subject the Manager to the risk of unnecessary key management turnover, which in turn, will not be in the best interests of IREIT and its Unitholders. Accordingly, the Board is of the view that such non-disclosure will not be prejudicial to the interest of the Unitholders.

There are no employees of the Manager who are immediate family members of any Director or the CEO during the financial year ended 31 December 2016.

CORPORATE GOVERNANCE REPORT

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. 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.

Accountability And Audit

Principle 10: Presentation of a balanced and understandable assessment of performance, position and prospects

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.

The Board is required to release 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.

Risk Management And Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Manager maintains a sound system of risk management and internal controls to safeguard IREIT's assets and Unitholders' interests and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives

The Manager has put in place sufficient 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 internal and external auditors ("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 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 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.

CORPORATE GOVERNANCE REPORT

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:

(i) the Manager will make periodic announcements on the use of the proceeds from the public offering as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the annual report;

(ii) in relation to foreign exchange hedging transactions (if any)

  (a) the Manager will seek the approval of the Board on the policy for entering into any such transactions;

  (b) the Manager will put in place adequate procedures which must be reviewed and approved by the ARC; and

  (c) 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

(iii) 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:

(i) 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

(ii) the Manager's risk management and internal controls systems are effective.

The Board, with the concurrence of the ARC, is of the opinion that the Manager's internal controls were adequate as at 31 December 2016 to address financial, operational, compliance and information technology security risks of IREIT, based on the risk management and internal controls framework established and maintained by the Manager, work performed by both the internal auditors, the EA and other service providers as well as reviews performed by management and the ARC.

CORPORATE GOVERNANCE REPORT

Anti-Money Laundering and Countering the Financing of Terrorism Measures

The Manager as holder of a CMS Licence needs to comply with MAS's Notice on the Prevention of Money Laundering and Countering the Financing of Terrorism (the "Notice"). Under the Notice, the main obligations of the Manager include:

- Customer due diligence;
- Ongoing customer monitoring;
- Suspicious transaction reporting;
- Record keeping; and
- Employee training.

The Manager has organised an anti-money laundering training session for the financial year ended 31 December 2016 for the Board members, its licensed representatives and employees, and will continue to do so as and when required.

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.

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 property valuations, and two weeks before the public announcement of IREIT's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
- at any time while in possession of undisclosed pricesensitive 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.

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.

CORPORATE GOVERNANCE REPORT

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. 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 ("TC") and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by TC 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 TC 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 Mr Lim Chap Huat ("LCH") and/or its related nominees have an interest, direct or indirect, any nominees appointed by LCH 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 LCH 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 Managernot 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.

CORPORATE GOVERNANCE REPORT

RELATED PARTY TRANSACTIONS

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 normal commercial terms; and
- will not be prejudicial to the interests of IREIT and the Unitholders. 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 will maintain a register to record all Related Party Transactions which are entered into by IREIT and the basis, 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 at least twice a year 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; and
- 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.

CORPORATE GOVERNANCE REPORT

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 normal commercial terms;
- are not prejudicial to the interests of IREIT and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

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 sign any contract with a Related Party of the Manager or IREIT, the Trustee will review the contract 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 Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of IREIT's latest audited net tangible assets.

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.

AUDIT AND RISK COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties

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 effectiveness of the Manager's internal controls. 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.

The ARC's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance;
- reviewing transactions constituting Related Party Transactions;
- deliberating on resolutions relating to conflict of interest situations involving IREIT;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;
- reviewing arrangements by which employees and external parties may, in confidence, 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 internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with IREIT;
- reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function;
- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);
- monitoring the procedures in place to ensure compliance with applicable legislation, including the Listing Manual and the Property Funds Appendix;
- reviewing the appointment, re-appointment or removal of the EA;
- reviewing the nature and extent of non-audit services performed by the EA;
- reviewing, on an annual basis, the independence and objectivity of the EA;
- meeting with the external and internal auditors, without the presence of management, at least on an annual basis;
- reviewing the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;
- reviewing the financial statements and the internal audit report;
- 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.

CORPORATE GOVERNANCE REPORT

The ARC 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.

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 2016, the aggregate amount of fees paid and payable by IREIT to the EA was €313,000, comprising audit service fees of €123,000 and other non-audit service fees of €190,000

ARC meetings are generally held after the end of every quarter before the official announcement of results pertaining to that quarter. The ARC has also met with the external and internal auditors separately, without the presence of management.

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 is briefed regularly on the impact of new accounting standards on IREIT's financial statements by the EA. None of the members of the ARC are former partners or directors of the Manager's or IREIT's EA.

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.

For this 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 cautions Unitholders against relying solely on the investment property valuations in assessing the financial performance of IREIT. This is particularly so as such valuations 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 IREIT's business strategy. 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.

Both the EA and ARC are also satisfied that the potential for conflict of interest with the engagement of Jones Lang LaSalle ("JLL") as our external valuers has been mitigated given that the valuation team was deployed out of the United Kingdom while the property management team worked out of Berlin and their compensation is not linked to the valuation of the properties.

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 override of controls with the EA and management. The ARC is pleased to inform 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.

CORPORATE GOVERNANCE REPORT

Principle 13: Establishment of an internal audit function that is independent of the activities it audits

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

UNITHOLDERS' RIGHTS AND RESPONSIBILITIES

Unitholders' Rights

Principle 14: Treat all Unitholders fairly and equitably, and should recognise, protect and facilitate the exercise of Unitholders' rights, and continually review and update such governance arrangements

Communications With Unitholders

Principle 15: Actively engage Unitholders and put in place an investor relations policy to promote regular, effective and fair communication with Unitholders Conduct of Unitholders' Meetings

Principle 16: Greater Unitholders' participation at annual general meetings and the opportunity to communicate views

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders, the investing community and other stakeholders. 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 believes in providing transparent communication. The Manager conducts regular briefings for analysts and media, 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.

CORPORATE GOVERNANCE REPORT

The Manager will also meet investors through selected investor corporate day events. 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.

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 ("EGM") is to be convened, a circular containing details 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.

The management of the Manager and the EA of IREIT will be present at the AGM or EGM to address questions and concerns of Unitholders.

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. 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 the 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 upon request.

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 2016, the ARC did not receive any whistle-blower complaints.

REPORT OF THE TRUSTEE

For the year ended 31 December 2016

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 ("Unitholders") of units in IREIT. 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 (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 69 to 110, 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

Jane Lim Puay Yuen
Director

Singapore
17 March 2017

STATEMENT BY THE MANAGER

For the year ended 31 December 2016

In the opinion of the directors of IREIT Global Group Pte. Ltd. (the "Manager"), the financial statements of IREIT Global ("IREIT") and its subsidiaries (collectively referred to as the "Group") as set out on pages 69 to 110, which comprise the consolidated financial statements of the Group and the statements of financial position of the Group and IREIT as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of distribution and the statements of changes in net assets attributable to Unitholders of the Group and IREIT, and a summary of significant accounting policies and other explanatory information for the year then ended, are drawn up so as to present fairly, in all material respects, the financial position of the Group and IREIT as at 31 December 2016, 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 Trust Deed. At the date of this statement, there are reasonable grounds to believe that IREIT will be able to meet its 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 2017

INDEPENDENT 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 2016, 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 69 to 110.

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 ("IFRS") so as to give a true and fair view of the financial position of the Group and of IREIT as at 31 December 2016, and of the financial performance, changes in net assets attributable to Unitholders and cash flows of the Group, 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.

Revaluation 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 €453 million as at 31 December 2016.

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 rates as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of IREIT Global

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 practise for similar types of properties;
- comparing valuation assumptions and the underlying cash flows, discount rate, and terminal capitalisation rates 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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of IREIT Global

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 (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

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of IREIT Global

- 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.

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 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Notes	Group 31 December 2016 EUR'000	Group 31 December 2015 EUR'000	IREIT 31 December 2016 EUR'000	IREIT 31 December 2015 EUR'000
ASSETS					
Current assets					
Cash and cash equivalents	4	20,803	21,217	2,870	3,370
Trade and other receivables	5	1,438	1,558	8,383	8,251
Financial derivatives	6	85	–	85	–
		22,326	22,775	11,338	11,621
Non-current assets					
Investment properties	7	453,000	441,400	–	–
Investment in subsidiaries	8	–	–	251,756	261,081
Other receivable	5	567	173	–	–
Deferred tax assets	9	1,603	2,128	–	–
Financial derivatives	6	84	–	84	–
		455,254	443,701	251,840	261,081
Total assets		**477,580**	**466,476**	**263,178**	**272,702**
Current liabilities					
Borrowings	11	23,587	–	–	–
Trade and other payables	10	2,963	3,897	445	444
Distribution payable		12,731	12,058	12,731	12,058
Financial derivatives	6	–	392	–	392
Income tax payable		215	–	–	–
		39,496	16,347	13,176	12,894
Non-current liabilities					
Borrowings	11	174,144	197,392	–	–
Deferred tax liabilities	9	4,065	1,333	–	–
Financial derivatives	6	–	323	–	323
		178,209	199,048	–	323
Total liabilities		**217,705**	**215,395**	**13,176**	**13,217**
Net assets attributable to Unitholders		**259,875**	**251,081**	**250,002**	**259,485**
Units in issue and to be issued ('000)	12	**622,619**	**614,771**	**622,619**	**614,771**
Net asset value per unit (€) attributable to Unitholders	13	**0.42**	**0.41**	**0.40**	**0.42**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	Group 2016 EUR'000	Group 2015 EUR'000
Gross revenue	14	34,399	26,924
Property operating expenses	15	(3,543)	(2,895)
Net property income		30,856	24,029
Foreign exchange gain		16	191
Finance income		27	4
Finance costs	16	(4,028)	(2,628)
Manager's fees	17	(3,710)	(2,078)
Trustee's fees		(94)	(93)
Administrative costs		(301)	(290)
Other trust expenses	18	(717)	(714)
Change in fair value of financial derivatives		961	(994)
Change in fair value of investment properties	7	11,096	(5,240)
Profit before taxation and transactions with Unitholders		**34,106**	**12,187**
Income tax expense	19	(3,472)	(360)
Profit for the year, before transactions with Unitholders		**30,634**	**11,827**
Distributions to Unitholders		(25,550)	(20,782)
Profit / (Loss) for the year, after transactions with Unitholders, representing total comprehensive profit / (loss) for the year		**5,084**	**(8,955)**
Basic and diluted earnings per unit (EUR cents)	20	**4.97**	**2.20**

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

STATEMENT OF DISTRIBUTION

For the year ended 31 December 2016

	Note	Group 2016 EUR'000	Group 2015 EUR'000
Distribution to Unitholders			
Profit for the year, before transactions with Unitholders		30,634	11,827
Adjustments:			
Amortisation of upfront debt transaction costs		339	438
Manager's management fee payable in units		3,710	2,078
Foreign exchange gain		(16)	(191)
Rights issue expenses		–	209
Effects of recognising rental income on a straight-line basis over the lease term		(394)	(173)
Change in fair value of financial derivatives (unrealised)		(884)	994
Change in fair value of investment properties		(11,096)	5,240
Deferred tax expense		3,257	360
Income available for distribution to Unitholders		**25,550**	**20,782**
Units in issue at the end of the year	12	**618,842**	**613,314**
Distribution per unit (EUR cents)		**4.14**	**3.39**

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

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2016

Group	Units in issue and to be issued EUR'000	Unit issue costs EUR'000	Accumulated (losses) / profit EUR'000	Total EUR'000
Net assets attributable to Unitholders as at 1 January 2015	220,011	(7,440)	(12,597)	**199,974**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	11,827	**11,827**
Distribution paid of €1.43 cents per unit for the period from 1 January 2015 to 30 June 2015	–	–	(8,724)	**(8,724)**
Distribution payable of €1.96 cents per unit for the period from 1 July 2015 to 31 December 2015	–	–	(12,058)	**(12,058)**
Total comprehensive loss for the year	–	–	(8,955)	**(8,955)**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Issue of units pursuant to the Rights Issue	58,777	(793)	–	**57,984**
Manager's management fee payable in units	2,078	–	–	**2,078**
Increase in net assets resulting from Unitholders' transactions	60,855	(793)	–	**60,062**
Net assets attributable to Unitholders as at 31 December 2015	**280,866**	**(8,233)**	**(21,552)**	**251,081**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	30,634	**30,634**
Distribution paid of €2.08 cents per unit for the period from 1 January 2016 to 30 June 2016	–	–	(12,819)	**(12,819)**
Distribution payable of €2.06 cents per unit for the period from 1 July 2016 to 31 December 2016	–	–	(12,731)	**(12,731)**
Total comprehensive profit for the year	–	–	5,084	**5,084**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Manager's management fee payable in units	3,710	–	–	**3,710**
Increase in net assets resulting from Unitholders' transactions	3,710	–	–	**3,710**
Net assets attributable to Unitholders as at 31 December 2016	**284,576**	**(8,233)**	**(16,468)**	**259,875**

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

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2016

IREIT	**Units in issue and to be issued** EUR'000	**Unit issue costs** EUR'000	**Accumulated losses** EUR'000	**Total** EUR'000
Net assets attributable to Unitholders as at 1 January 2015	220,011	(7,440)	(2,934)	**209,637**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	10,568	**10,568**
Distribution paid of €1.43 cents per unit for the period from 1 January 2015 to 30 June 2015	–	–	(8,724)	**(8,724)**
Distribution payable of €1.96 cents per unit for the period from 1 July 2015 to 31 December 2015	–	–	(12,058)	**(12,058)**
Total comprehensive loss for the year	–	–	(10,214)	**(10,214)**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Issue of units pursuant to the Rights Issue	58,777	(793)	–	**57,984**
Manager's management fee payable in units	2,078	–	–	**2,078**
Increase in net assets resulting from Unitholders' transactions	60,855	(793)	–	**60,062**
Net assets attributable to Unitholders as at 31 December 2015	**280,866**	**(8,233)**	**(13,148)**	**259,485**
OPERATIONS				
Profit for the year, before transactions with Unitholders	–	–	12,357	**12,357**
Distribution paid of €2.08 cents per unit for the period from 1 January 2016 to 30 June 2016	–	–	(12,819)	**(12,819)**
Distribution payable of €2.06 cents per unit for the period from 1 July 2016 to 31 December 2016	–	–	(12,731)	**(12,731)**
Total comprehensive loss for the year	–	–	(13,193)	**(13,193)**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
Manager's management fee payable in units	3,710	–	–	**3,710**
Increase in net assets resulting from Unitholders' transactions	3,710	–	–	**3,710**
Net assets attributable to Unitholders as at 31 December 2016	**284,576**	**(8,233)**	**(26,341)**	**250,002**

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

CONSOLIDATED
STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	Group 2016 EUR'000	Group 2015 EUR'000
Cash flows from operating activities			
Profit / (loss) for the year, after transactions with Unitholders		5,084	(8,955)
Adjustments for:			
Manager's management fees payable in units		3,710	2,078
Finance costs		4,028	2,628
Finance income		(27)	(4)
Net change in fair value of financial derivatives		(884)	994
Net change in fair value of investment properties		(11,096)	5,240
Distribution to Unitholders		25,550	20,782
Income tax expense		3,472	360
Operating profit before working capital changes		29,837	23,123
Changes in working capital:			
Trade and other receivables		(247)	240
Trade and other payables		(934)	(454)
Cash generated from operations, representing net cash from operating activities		28,656	22,909
Cash flows from investing activities			
Acquisition of investment properties		–	(156,040)
Capital expenditure on investment properties		(504)	–
Net cash used in investing activities		(504)	(156,040)
Cash flows from financing activities			
Proceeds from issuance of units		–	58,777
Expenses related to the issuance of units		–	(793)
Proceeds from bank borrowings		–	102,000
Costs related to bank borrowings		–	(582)
Distribution paid to Unitholders		(24,877)	(15,141)
Interest paid		(3,689)	(2,190)
Net cash (used in) / from financing activities		(28,566)	142,071
Net (decrease) / increase in cash and cash equivalents		(414)	8,940
Cash and cash equivalents at beginning of the year		21,217	12,277
Cash and cash equivalents at the end of the year	4	**20,803**	**21,217**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 (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 156 Cecil Street #08-01, Singapore 069544.

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 principal activity of IREIT is investment holding whereas its subsidiaries (together with IREIT referred to as the "Group") are to own and invest in a portfolio of office properties in Europe with current primary focus on Germany. Collectively, the principal activity of the Group is to provide Unitholders with regular and stable distributions and the potential for sustainable long-term growth in distribution and appreciation in investment value, 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 2016 and the statements of distribution 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 2017.

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 period from the Listing Date to 31 December 2014 and thereafter, for the financial years ended 31 December 2015 and 2016.

The portion of the Base Fee, payable either in the form of cash or units, is payable quarterly in arrears. 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.

The Manager has agreed to receive 100% of its Performance Fee, when entitled, in the form of units for the financial period from Listing Date to 31 December 2014 and thereafter, for financial years ended 31 December 2015 and 2016.

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.

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.

1. GENERAL (CONTINUED)

(c) Property management fees

The Property Manager is entitled to the following fees on each property of IREIT under its management:

– 0.6% per annum of the Gross Revenue excluding service charge of Bonn Campus, subject to a minimum of EUR 3,168.87 per month;

– 0.6% per annum of the Gross Revenue excluding service charge of Darmstadt Campus, subject to a minimum of EUR 2,739.57 per month;

– 0.6% per annum of the Gross Revenue excluding service charge of Münster North, subject to a minimum of EUR 1,006.04 per month;

– 0.6% per annum of the Gross Revenue excluding service charge of Münster South, subject to a minimum of EUR 886.67 per month;

– 2.1% per annum of the Gross Revenue excluding service charge of Concor Park, subject to a minimum of EUR 7,431.62 per month; and

– EUR 79,500 per annum for Berlin Campus, subject to a minimum fee of EUR 42,000 per annum if rental income falls below 70% of EUR 10.8 million per annum.

(d) Leasing and marketing services fee

The Property Manager provides leasing and management services to the property owning subsidiaries in the Group. This enables IREIT to maximise rental returns and to achieve long term capital appreciation, market leadership in the respective asset classes and maintain its brand position. The Property Manager will carry out the day to day maintenance and leasing activities for the investment properties. The Manager and the Manager's local asset management team will oversee the Property Manager's activities and monitor its performance. In addition, the Manager will determine appropriate leasing policies and maintain direct contact with all major tenants.

For leasing and marketing services, the Property Manager is entitled to the following marketing services commissions:

– 0.5 month of Gross Revenue excluding service charge if a third party broker is involved; or

– 1.5 months of Gross Revenue excluding service charge if there is no third party broker involved.

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 for investment properties and certain financial instruments which are measured at fair values.

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 IAS 17, and the measurements that have same similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2016, the Group adopted all the new and revised IFRSs that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRSs does not result in changes to the Group's and IREIT's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following IFRSs and amendments to IFRS that are relevant to the Group were issued but not effective:

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers (with clarifications issued)[2]
IFRS 16	Leases[3]
Amendments to IAS 7	Statement of Cash Flows: Disclosure Initiative[1]
Amendment to IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses[1]

[1] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.
[2] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
[3] Applies to annual periods beginning on or after 1 January 2019, with early application permitted.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2015 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on management's preliminary assessment, IFRS9 is expected to impact the classification and measurement of financial assets and financial liabilities in the financial statements in the period of its initial adoption. With the change in impairment requirements for financial assets using an expected credit loss model, the presentation and disclosure in the financial statements is also expected to be impacted. For the final change covered by the standard in relation to general hedge accounting, it is not expected to have a material impact as IREIT does not perform hedge accounting even though there are certain hedges in place (Note 6).

IFRS 15 Revenue from Contracts with Customers (with clarifications issued)

IFRS 15 was issued in May 2014, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS18 *Revenue*, IAS11 *Construction Contracts* and the related Interpretations when it becomes effective.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. Based on management's preliminary assessment, IFRS 15 is not going to have a material impact in the period of its initial adoption except for additional disclosure requirements, as IREIT's main revenue stream is rental income from investment properties.

IFRS 16 Leases

IFRS 16 was issued in January 2016, and will supersede the current leases guidance including IAS 17 *Leases* and the related Interpretations when it becomes effective. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 *Statement of Cash Flows*.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 16 contains disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

Instead of applying the recognition requirements of IFRS 16 described above, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and
- leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. Based on management's preliminary assessment, IFRS 16 is not expected to have a material impact except for the enhanced disclosure requirements as IREIT is a lessor of properties and the standard maintains substantially the same lessor accounting approach under the existing standard IAS 17, but has increased the level of disclosure required in the financial statements.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments applies prospectively to annual periods beginning on or after 1 January 2017, with earlier application permitted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

(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 owners 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

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) 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 property 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.

(e) 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, including front-end fees and commitment fees, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on 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 instrument, or where appropriate, a shorter period.

Interest income or expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (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 (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Impairment of financial assets (continued)

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

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

Financial liabilities (including trade and other payables, distributable payable and borrowings) are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Borrowing

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Borrowing is presented as a current liability unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case, they are presented as non-current liabilities.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group uses derivative financial instruments (primarily foreign exchange forward contracts) to economically hedge its significant future transactions and cash flows in the management of its exchange rate exposures. The Group does not use any financial derivative instruments to manage its interest rates exposure. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the trade date, and are remeasured to fair value at the end of each reporting period. All changes in fair value are taken to profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(f) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in an active market (such as exchange traded or over the counter derivatives) are based on quoted market prices prevailing on reporting date.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. IREIT uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Where appropriate, quoted market prices or dealer quotes for similar financial instruments are used.

The fair values of forward currency swaps are calculated based on estimated future cash flows discounted at actively quoted currency rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leasing

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.

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.

(h) 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.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services and facilities provided in the course of the ordinary activities, net of discounts.

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

Contingent rentals, which include gross turnover rental, 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 charges income, which consist of payments in respect of the operation of the properties which are payable by the tenants, are recognised as income when the services and facilities are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and the relevant effective interest rate.

Dividend income from subsidiaries is recognised when IREIT's right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) 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.

(l) Impairment of investments in subsidiaries

At the end of the reporting period, IREIT reviews the carrying amounts of its investments in each of the subsidiaries to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the investments in subsidiaries 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)

(m) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation (continued)

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.

(n) 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.

(o) Distribution policy

Distributions for the financial period from the date of constitution of IREIT on 1 November 2013 to 31 December 2016 are based on 100% of IREIT Group's specified non-taxable income comprising rental and other property related income from its business of property letting after deducting allowance expenses ("Distributable Income"). IREIT will distribute at least 90% of the annual Distributable Income thereafter.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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(d) 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.

4. CASH AND CASH EQUIVALENTS

	Group		IREIT	
	2016	**2015**	**2016**	**2015**
	EUR'000	EUR'000	EUR'000	EUR'000
Cash at bank and in hand	19,401	19,276	1,468	1,429
Fixed deposits	1,402	1,941	1,402	1,941
	20,803	**21,217**	**2,870**	**3,370**

Fixed deposits bear interest rate of 0.79% to 1.44% (2015: 1.08% to 1.69%) per annum and for a tenure of 1 month to 1 year (2015: 3 months to 1 year). The fixed deposits can be readily converted into cash at minimal cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

5. TRADE AND OTHER RECEIVABLES

	Group		IREIT	
	2016	**2015**	**2016**	**2015**
	EUR'000	EUR'000	EUR'000	EUR'000
(a) Trade receivables				
Outside parties	296	280	–	–
(b) Other receivables and prepayments				
Other receivables	765	1,036	8,374	8,248
Prepayments	377	242	9	3
	1,142	1,278	8,383	8,251
Current trade and other receivables	**1,438**	**1,558**	**8,383**	**8,251**
(c) Other receivable				
Outside parties	**567**	**173**	**–**	**–**
Non-current other receivables	**567**	**173**	**–**	**–**

The average aging of trade receivables is between 1 to 5 days (2015: 1 to 5 days), with no amounts past due or impaired. The average credit period on billing for rental of properties is 2 days (2015: 2 days). No interest is charged on the trade receivables.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The trade receivables as at the end of the reporting period include EUR 296,157 (2015: EUR 279,937) owing by tenants of the investment properties in relation to the settlement of property operating expenses.

Included in other receivables at IREIT is an amount of approximately EUR 7.80 million (2015: EUR 7.45 million) of dividend receivable from subsidiaries.

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

6. FINANCIAL DERIVATIVES

	Group and IREIT			
	2016		2015	
	Assets EUR'000	Liabilities EUR'000	Assets EUR'000	Liabilities EUR'000
Foreign currency forward contracts	**169**	–	–	715
Analysed as:				
Current	**85**	–	–	392
Non-current	**84**	–	–	323

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 financial year, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed to is approximately EUR 38.40 million (2015: EUR 32.04 million) at an average forward EUR/SGD rate of 1.55 (2015: 1.54) with settlement dates of 13 March 2017, 13 September 2017, and 13 March 2018 (2015: 24 March 2016, 13 September 2016, and 13 March 2017).

The fair value of the financial derivative falls under Level 2 of the fair value hierarchy.

7. INVESTMENT PROPERTIES

		Group	
	Notes	2016 EUR'000	2015 EUR'000
Beginning of the year		441,000	290,600
Acquisition of an investment property	(a)	–	144,234
Costs directly attributable to the acquisition of an investment property		–	11,806
Capital expenditure on investment properties		504	–
Net change in fair value of investment properties during the year		11,096	(5,240)
At end of the year	(b)	**453,000**	**441,400**

(a) This relates to the acquisition of Berlin Campus on 6 August 2015. The acquisition was financed by the issuance of renounceable rights issue (the "Rights Issue") of 189,607,567 new units (Note 12) in IREIT and external bank borrowings (Note 11). Management considered the acquired asset did not constitute a business as defined under IFRS 3 *Business Combinations*, and therefore the acquisition is accounted for as an acquisition of an asset.

(b) 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 2016 (2015: 31 December 2015) by independent valuer Messrs Jones Lang LaSalle Limited (2015: Messrs Colliers International Property Advisers UK LLP, Cushman & Wakefield LLP and DTZ Debenham Tie Leung Limited), 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 highest and best use of the properties is their current use.

7. INVESTMENT PROPERTIES (CONTINUED)

Details of the investment properties as at 31 December 2015 and 2016 which are all located in Germany are set out below:

Description of property	Type	Leasehold term	Location	Appraised value 2016 EUR'000	Appraised value 2015 EUR'000
Bonn Campus	Office	Freehold	Friedrich-Ebert-Allee, 71, 73, 75, 77, Bonn, Germany	100,500	100,000
Darmstadt Campus	Office	Freehold	Heinrich-Hertz-Straße 3, 5, 7, Darmstadt, Germany Mina-Rees- Straße 4, Darmstadt, Germany	82,200	82,500
Münster Campus	Office	Freehold	Gartenstraße 215, 217, Münster, Germany	47,900	48,500
Concor Park	Office	Freehold	Bahnhofstraße 12 and Dywidagstraße 1, Bahnhofstraße 16, 18, 20, München, Germany	63,800	61,700
Berlin Campus	Office	Freehold	Schreiberhauer Straße 2, 4, 6, 8, 10, 12, 14, 16, 18, 20 and 22, Berlin 10317, Germany	158,600	148,700
Total				**453,000**	**441,400**

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For the year ended 31 December 2016

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:

2016

Valuation techniques	Income capitalisation rate	Discount rate	Terminal capitalisation rate	Price per square meter
Income capitalisation method	5.48% to 6.80%	–	–	–
Discounted cash flow	–	6.25% to 8.50%	6.00% to 7.00%	–

2015

Valuation techniques	Income capitalisation rate	Discount rate	Terminal capitalisation rate	Price per square meter
Income capitalisation method	5.74% to 7.42%	–	–	–
Discounted cash flow	–	4.00% to 8.25%	5.37% to 7.99%	–
Depreciated replacement cost method	–	–	–	Building: €1,250 to €1,386 Car park: €679 to €1,250

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 increase in the estimated price per square meter will result in an increase to fair value of the 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 EUR 19.90 million (2015: EUR 25.20 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 EUR 15.70million (2015: EUR 18.8 million).
Depreciated replacement cost method	In 2015, if the price per square meter were to increase by 0.5%, the carrying value of Concor Park and Berlin investment properties would increase by approximately EUR 0.94 million. This valuation method is not used to value the investment properties in 2016.

Investment properties with a fair value of approximately EUR 453.0 million (2015: EUR 441.4 million) have been pledged as security for bank loans (Note 11). All the investment properties are located in Germany.

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For the year ended 31 December 2016

8. INVESTMENT IN SUBSIDIARIES

	IREIT 2016 EUR'000	IREIT 2015 EUR'000
Unquoted equity shares, at cost	17,187	17,187
Loans to subsidiaries	234,569	243,894
Total	**251,756**	**261,081**

The loans to the financing subsidiaries are 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 2015 and 2016:

Name of entity	Principal activities	Country/ Place of incorporation	Interest held 2016 %	Interest held 2015 %
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.

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9. 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 (liabilities)/assets recognised and movements therein during the current and prior reporting period:

Group	Notes	Unutilised tax losses EUR'000	Revaluation difference of investment properties EUR'000	Total EUR'000
Deferred tax assets				
As at 1 January 2015		**116**	**1,275**	**1,391**
Recognised in profit or loss	19	560	177	737
Balance as at 31 December 2015		**676**	**1,452**	**2,128**
Recognised in profit or loss	19	532	(1,057)	(525)
Balance as at 31 December 2016		**1,208**	**395**	**1,603**
Deferred tax liabilities				
As at 1 January 2015		**–**	**(236)**	**(236)**
Recognised in profit or loss	19	(91)	(1,006)	(1,097)
Balance as at 31 December 2015		**(91)**	**(1,242)**	**(1,333)**
Recognised in profit or loss	19	80	(2,812)	(2,732)
Balance as at 31 December 2016		**(11)**	**(4,054)**	**(4,065)**

10. TRADE AND OTHER PAYABLES

	Group		IREIT	
	2016 EUR'000	**2015** EUR'000	**2016** EUR'000	**2015** EUR'000
(a) Trade payables				
Outside parties	456	151	–	–
	456	**151**	–	–
(b) Other payables				
Accrued expense and other payables	2,507	3,746	445	444
	2,507	**3,746**	**445**	**444**
Total	**2,963**	**3,897**	**445**	**444**

11. BORROWINGS

	Group	
	2016	**2015**
	EUR'000	EUR'000
Secured loans	198,594	198,594
Less: Unamortised transaction costs	(863)	(1,202)
Total	197,731	197,392
Less: Amount due for settlement within 12 months net of unamortised transaction costs (shown under current liabilities)	(23,587)	–
Amount due for settlement after 12 months	**174,144**	**197,392**

IREIT has in place three principal bank facility agreements:

a. Facility A: A loan facility of EUR 96,594,000 with a bank in Germany for a 5-year term. The facility was fully drawn down as at 31 December 2014 and was utilised as part payment of the acquisition of the investment properties. The loan bears fixed interest rates throughout the tenure of the facility with an average effective interest rate of approximately 2.11% per annum including the amortisation of the debt upfront transaction costs and is repayable on a bullet basis in August 2019.

b. Facility B: A facility of EUR 78,375,000 with a bank in Germany for a 5-year term. The facility was fully drawn down as at 31 December 2015 and was utilised as part payment of the acquisition of an investment property in 2015. The loan bears fixed interest rates throughout the tenure of the facility with an average effective interest rate of approximately 2.027% per annum including the amortisation of the debt upfront transaction costs and is repayable on a bullet basis in August 2020.

c. Facility C: A facility of EUR 23,625,000 with a bank in Germany for a 2-year term. The facility was fully drawn down as at 31 December 2015 and was utilised as part payment of the acquisition of an investment property in 2015. The loan bears floating interest rates throughout the tenure of the Facility with an average effective interest rate of approximately 1.778% per annum including the amortisation of the debt upfront transaction costs and is repayable on a bullet basis in August 2017.

   Subsequent to year end, on 13 March 2017, IREIT signed an amendment agreement with the lending bank to extend the maturity date from August 2017 to July 2018. IREIT is required to make installment payments of €1.275 million each quarter starting from August 2017.

The bank facilities have been secured on the investment properties, the assignment of rental proceeds and a fixed charge over the rent and deposit accounts of the investment properties.

The fair value of the bank borrowings as at 31 December 2016 is approximately EUR 196.18 million (2015: EUR 197.45 million).

12. 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 2015 and 2016 mainly represent financial liabilities.

	Group and IREIT	
	2016	**2015**
	Units	Units
Units in issue:		
As at beginning of year	613,314,089	419,337,000
Issue of new units relating to:		
Management fees paid in units	5,527,481	4,369,522
Rights Issue	–	189,607,567
At the end of the year	618,841,570	613,314,089
Units to be issued:		
Manager's management fees payable in units	3,777,227	1,457,010
Total units in issue and to be issued at end of year	622,618,797	614,771,099

The units to be issued to the Manager as payment of Manager's fees was issued on 9 March 2017.

13. NET ASSET VALUE PER UNIT

Net asset value per unit is based on:

	Group		Trust	
	2016	**2015**	**2016**	**2015**
	EUR '000	EUR '000	EUR '000	EUR '000
Net assets	259,875	251,081	250,002	259,485
Number of units in issue and to be issued at the end of the year ('000) (Note 12)	622,619	614,771	622,619	614,771
Net asset value per unit (EUR)	0.42	0.41	0.40	0.42

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For the year ended 31 December 2016

14. GROSS REVENUE

	Group	
	2016	**2015**
	EUR'000	EUR'000
Rental income	28,644	22,186
Service charges	2,784	1,945
Other income	2,971	2,793
Total	**34,399**	**26,924**

15. PROPERTY OPERATING EXPENSES

	Group	
	2016	**2015**
	EUR'000	EUR'000
Property management expenses	280	259
Repair and maintenance expenses	1,316	693
Utilities expenses	542	502
Property tax expenses	1,358	554
Other expenses	47	887
Total	**3,543**	**2,895**

16. FINANCE COSTS

	Group	
	2016	**2015**
	EUR'000	EUR'000
Interest on borrowings	3,689	2,190
Amortisation of debt upfront transaction costs	339	438
Total	**4,028**	**2,628**

17. MANAGER'S FEE

	Group	
	2016	**2015**
	EUR'000	EUR'000
Base fee	2,556	2,078
Performance fee	1,154	–
Total	**3,710**	**2,078**

The Manager's management fees comprise an aggregate of 7,847,698 (2015: 4,661,828) Units, amounting to approximately EUR 3,710,000 (2015: EUR 2,078,000), that have been or will be issued to the Manager as Manager's management fees payable in Units at S$0.6929 to S$0.7339 (2015: S$0.6357 to S$0.7656) per Unit. No performance fee was payable for the financial year ended 31 December 2015.

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18. OTHER TRUST EXPENSES

	Group	
	2016	**2015**
	EUR'000	EUR'000
Audit fees	123	109
Non-audit fees	190	132
Legal and professional fees	176	370
Property valuation fees	84	95
Others	144	8
Total	**717**	**714**

In 2015, the auditors were paid approximately EUR 90,000 for services rendered in connection with the rights issue exercise on 6 August 2015 of which EUR 76,000 was included in Units issue cost of EUR 793,000 shown in the statement of changes in net assets attributable to Unitholders.

19. INCOME TAX (EXPENSE) / BENEFIT

	Group	
	2016	**2015**
	EUR'000	EUR'000
Under provision of tax in the prior year	(7)	–
Current tax	(208)	–
	(215)	–
Deferred taxation		
– Current year (Note 9)	(3,257)	(360)
Total	**(3,472)**	**(360)**

IREIT is subjected to Singapore income tax at 17% (2015: 17%) and the subsidiaries at approximately 15.825% (2015: 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	
	31 December 2016	**31 December 2015**
	EUR'000	EUR'000
Profit before taxation and transactions with Unitholders	34,106	12,187
Tax at 17%	(5,798)	(2,072)
Tax effect of expenses not deductible for tax purposes	(585)	(672)
Tax effect of income not taxable for tax purposes	2,867	2,415
Effect of different tax rate of overseas operations	(28)	(35)
Underprovision of tax in the prior year	(7)	–
Others	79	4
Tax expense for the year	**(3,472)**	**(360)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

20. BASIC AND DILUTED EARNINGS PER UNIT

The calculation of basic earnings per unit is based on:

	Group	
	31 December 2016 EUR'000	**31 December 2015** EUR'000
Profit for the year before transactions with Unitholders	30,634	11,827
Weighted average number of units, after adjusting for notional bonus element in Rights Issue [1]	615,735	536,564
Basic and diluted earnings per unit (EUR cents)	4.97	2.20

[1] The weighted average number of units and earnings per unit was adjusted for financial reporting period ended 2015 to take into effect the bonus element in the 189,607,567 Rights Units issued on 6 August 2015.

The diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments issued during the period.

21. 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.

IREIT owns five (2015: five) properties which are all located in Germany. Revenue and net property income of the five properties (which constitute an operating segment on an aggregated basis) are the measures reported to the Manager for the purposes of resource allocation and performance assessment. The Manager considers that the properties held by IREIT have similar economic characteristics and have similar nature in providing leasing services to similar type of tenants for rental income. In addition, the cost structure and the economic environment in which each of the five (2015: five) properties operate are similar. Therefore, the Manager concluded that the five properties should be aggregated into a single reportable segment and no further analysis for segment information is presented by property.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

22. 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 gross 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 2016, the Group's aggregate borrowings amounted to EUR 197.7 million (2015: EUR 197.4 million) representing 41.4% (2015: 42.3%) of the gross asset value of the Group.

The Manager's strategy remains unchanged from 2015. The Group is in compliance with the bank covenants as at 31 December 2016.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		IREIT	
	2016	**2015**	**2016**	**2015**
	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets				
Loans and receivables				
– Bank balances and cash	20,803	21,217	2,870	3,370
– Trade and other receivables	1,061	1,316	8,374	8,248
Total	**21,864**	**22,533**	**11,244**	**11,618**
Fair value				
Derivative financial instruments	**169**	**–**	**169**	**–**
Financial liabilities				
Amortised cost				
– Trade and other payables	2,963	3,897	445	444
– Distribution payable	12,731	12,058	12,731	12,058
– Borrowings	197,731	197,392	–	–
Total	**213,425**	**213,347**	**13,176**	**12,502**
Fair value				
Derivative financial instruments	**–**	**715**	**–**	**715**

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23. FINANCIAL INSTRUMENTS (CONTINUED)

(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

IREIT's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. IREIT's policy is to maintain most of its cash and cash equivalents and borrowings in fixed rate instruments and the terms of repayment of IREIT's borrowing and its interest rate are shown in Note 11, and details of interest rate on IREIT's fixed deposits are shown in Note 4. IREIT does not currently hold or issue derivative instruments to hedge its interest rate instruments.

Accordingly, no sensitivity analysis is prepared.

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. IREIT has adopted a policy of obtaining either banker guarantees or cash deposits from tenants to mitigate the risk of financial loss from default. Credit evaluations are performed by the Property Manager on behalf of the Manager.

The credit risk on liquid funds is limited as cash and cash equivalents are placed with reputable financial institutions which are regulated. The maximum exposure to credit risk of IREIT is represented by the carrying value of each financial asset on the statement of financial position.

Approximately 100% (2015: 100%) of the Group receivables as at 31 December 2016 and 85.0% (2015: 81.3%) of Group revenue for the financial period are from two groups of companies in Germany.

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

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.

The Group has net current liabilities of EUR 17.17 million as at 31 December 2016 (2015 : net current assets of EUR 6.42 million). Subsequent to year end, IREIT signed an amendment agreement with the lending bank to extend the maturity date of its current borrowings of EUR 23.63 million (Note 11(c)) from August 2017 to July 2018. Therefore, the Manager is of the opinion that, taking into account the fair value of investment properties, presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Hence, financial statements have been prepared on a going concern basis.

Liquidity risk analysis

The following table details the Group's and IREIT's remaining contractual maturity for its financial liabilities (other than issued and issuable units) based on the agreed repayment terms. For non-derivative financial liabilities, 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.

GROUP	**Weighted average interest rate** %	**On demand or less than 12 months** EUR'000	**Undiscounted cash flows 2 years to 5 years** EUR'000	**Adjustments** EUR'000	**Total** EUR'000
Non-derivative financial instrument – liabilities					
31 December 2016					
Non-interest bearing	–	15,694	–	–	15,694
Floating interest rate instrument	1.78%	23,839	–	(252)	23,587
Fixed interest rate instrument	2.06%	3,351	181,864	(11,071)	174,144
		42,884	**181,864**	**(11,323)**	**213,425**

23. 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	Adjustments EUR'000	Total EUR'000
31 December 2015					
Non-interest bearing	–	15,955	–	–	15,955
Floating interest rate instrument	1.78%	360	23,839	(676)	23,523
Fixed interest rate instrument	2.06%	3,361	185,215	(14,707)	173,869
		19,676	**209,054**	**(15,383)**	**213,347**

IREIT	Weighted average interest rate %	On demand or less than 12 months EUR'000	Undiscounted cash flows 2 years to 5 years EUR'000	Adjustments EUR'000	Total EUR'000
Non-derivative financial instrument – liabilities					
31 December 2016					
Non-interest bearing	–	13,176	–	–	13,176
		13,176	**–**	**–**	**13,176**
31 December 2015					
Non-interest bearing	–	12,502	–	–	12,502
		12,502	**–**	**–**	**12,502**

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Group's derivative instruments are settled on a gross basis. 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.

The Group's derivative financial instruments are foreign currency forwards with notional amount totalling EUR 38.40 million as at 31 December 2016 (2015: EUR 32.04 million) of which EUR 25.6 million (2015: EUR 22.04 million) will be due for settlement within 1 year and EUR 12.80 million (2015: 10 million) will be due between 2 to 5 years from inception date.

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 instrument			
31 December 2016			
Gross settled:			
Foreign exchange forward contracts gross inflow	85	84	–
	85	**84**	**–**
31 December 2015			
Gross settled:			
Foreign exchange forward contracts gross outflow	(392)	(323)	–
	(392)	**(323)**	**–**

23. 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 company's functional currency are as follows:

	Assets		Liabilities	
Group	**2016**	**2015**	**2016**	**2015**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	2,209	2,568	335	331

	Assets		Liabilities	
IREIT	**2016**	**2015**	**2016**	**2015**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	2,209	2,568	305	299

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 company, profit will increase by:

	Group		IREIT	
	2016	**2015**	**2016**	**2015**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	2,014	1,714	2,015	1,715

(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.

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24. FUTURE MINIMUM COMMITMENTS

There are no capital expenditure commitments which are contracted but not provided for.

The Group leases out their investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2016	**2015**
	EUR'000	EUR'000
Within 1 year	31,462	31,054
After 1 year but within 5 years	114,191	113,421
After 5 years	41,834	68,984
Total	**187,487**	**213,459**

25. 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	
	2016	**2015**
	EUR'000	EUR'000
<u>DBS Trustee Limited as Trustee</u>		
Trustee's fee	94	93
<u>IREIT Global Group Pte. Ltd. as Manager</u>		
Acquisition fee paid	–	1,118
Management base fee	2,556	2,078
Management performance fee	1,154	–

26. EVENTS OCCURING AFTER REPORTING DATE

On 28 February 2017, the Manager announced a distribution of 3.15 Singapore cents per unit, for the period from 1 July 2016 to 31 December 2016.

OTHER 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[1,2]
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 and Performance Fee in the form of Units for the period from the date of listing of IREIT to 31 December 2016.
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 1 March 2017

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	11	0.27	415	0.00
100 – 1,000	474	11.53	427,607	0.07
1,001 – 10,000	2,460	59.84	11,649,427	1.88
10,001 – 1,000,000	1,148	27.92	57,396,155	9.28
1,000,001 AND ABOVE	18	0.44	549,367,966	88.77
Total	**4,111**	**100.00**	**618,841,570**	**100.00**

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	4,025	97.91	617,300,820	99.75
Malaysia	63	1.53	1,000,950	0.16
Others	23	0.56	539,800	0.09
Total	**4,111**	**100.00**	**618,841,570**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	233,559,589	37.74
2	DBS NOMINEES (PRIVATE) LIMITED	207,227,029	33.49
3	ABN AMRO NOMINEES SINGAPORE PTE LTD	54,688,000	8.84
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	16,919,254	2.73
5	RAFFLES NOMINEES (PTE) LIMITED	7,821,394	1.26
6	LIM CHAP HUAT	5,224,031	0.84
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,637,545	0.59
8	MEREN PTE LTD	3,500,000	0.57
9	OCBC SECURITIES PRIVATE LIMITED	2,923,150	0.47
10	DBSN SERVICES PTE. LTD.	1,822,700	0.29
11	NG CHENG HWA	1,820,000	0.29
12	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,756,889	0.28
13	DB NOMINEES (SINGAPORE) PTE LTD	1,616,700	0.26
14	UOB KAY HIAN PRIVATE LIMITED	1,598,300	0.26
15	SNG KAY BOON TERENCE	1,569,725	0.25
16	PHILLIP SECURITIES PTE LTD	1,305,075	0.21
17	CHAN LIAN CHIN	1,300,000	0.21
18	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,078,585	0.17
19	LEW FOON KEONG @CHARLES	1,000,000	0.16
20	GOH BEE LAN	957,000	0.15
	Total	**551,324,966**	**89.06**

STATISTICS OF UNITHOLDINGS

As at 1 March 2017

ISSUED UNITS

There were 618,841,570 Units (voting rights: one vote per Unit) issued in IREIT as at 1 March 2017.

Market capitalisation: S$470,319,593 (based on closing price at S$0.760 per Unit on 1 March 2017).

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2017

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	295,206,664
5	Mr Ho Toon Bah	–	–
6	Mr Bruno de Pampelonne	–	–

SUBSTANTIAL UNITHOLDERS AS AT 1 MARCH 2017

No	Name of Substantial Unitholder	Direct Interest	Deemed Interest
1	Goodness Investments Limited	295,206,664	–
2	The Longemont (HongKong) Management Limited [(a)]	–	295,206,664
3	Shanghai Changfeng Real Estate Development Co., Ltd [(a)]	–	295,206,664
4	Shanghai Summit (Group) Co., Ltd [(a)]	–	295,206,664
5	Mr Tong Jinquan [(a)]	51,137,000	295,206,664
6	Mr Lim Chap Huat	110,491,781	–

Note (a) 295,206,664 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 295,206,664 units held by Goodness Investments.

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 available to the Manager as at 1 March 2017, approximately 26.06% 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 1 March 2017.

NOTICE OF ANNUAL GENERAL MEETING

(a real estate investment trust constituted on 1 November 2013 under the laws of the Republic of Singapore (as amended))

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of IREIT Global ("**IREIT**", and the holders of units of IREIT, "**Unitholders**") will be held at Meeting Rooms 308-309, Level 3, Suntec International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 20 April 2017 at 2.00 p.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited (the "**Trustee**"), the Statement by IREIT Global Group Pte. Ltd. (the "**Manager**") and the Audited Financial Statements of IREIT for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-appoint Deloitte & Touche LLP as Independent Auditors of IREIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. **(Resolution 2)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

3. That authority be and is hereby given to the Manager, to:

(a) (i) issue units in IREIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF
ANNUAL GENERAL MEETING

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting IREIT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of IREIT or (ii) the date by which the next AGM of IREIT is required by the applicable regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of IREIT to give effect to the authority conferred by this Resolution." **(Resolution 3)**

(Please see Explanatory Note)

BY ORDER OF THE BOARD
IREIT GLOBAL GROUP PTE. LTD.
(Company Registration No. 201331623K)
As manager of IREIT

Lee Wei Hsiung
Wang Shin Lin, Adeline
Company Secretaries

Singapore
29 March 2017

NOTICE OF
ANNUAL GENERAL MEETING

Important Notice:

(1) A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.

(2) Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

(3) A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(4) The instrument appointing a proxy must be deposited at the office of the Manager's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 18 April 2017 at 2.00 p.m., being 48 hours before the time fixed for the AGM.

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Note:

Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of IREIT or (ii) the date by which the next AGM of IREIT is required by the applicable regulations to be held, whichever is earlier, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50.0% of the total number of issued Units (excluding treasury Units, if any), of which up to 20.0% may be issued other than on a pro rata basis to Unitholders (excluding treasury Units, if any).

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisition or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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IREIT Global

(a real estate investment trust constituted on 1 November 2013 under the laws of the Republic of Singapore (as amended))

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries (as defined in the Notes Overleaf), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. A CPF/SRS Investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified timeframe (CPF Agent Bank: Please refer to Notes 3 and 5 on the reverse side of this form on the required details.)

Personal data privacy

By submitting an instrument appointing a proxy or proxies and/or representative(s), a unitholder of IREIT Global accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2017.

I/We ________________________________ (Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____ (Address)

being a unitholder/unitholders of IREIT Global ("IREIT"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of IREIT to be held at Meeting Rooms 308-309, Level 3, Suntec International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 20 April 2017 at 2.00 p.m. and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	**Resolutions relating to:**	**Number of Votes For(*)**	**Number of Votes Against(*)**
	ORDINARY BUSINESS		
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager and Audited Financial Statements for the financial year ended 31 December 2016 and the Auditors Report thereon.		
2.	To re-appoint Deloitte & Touche LLP as the Independent Auditors of IREIT and authorise the Manager to fix their remuneration.		
	SPECIAL BUSINESS		
3.	To authorise the Manager to issue Units and to make or grant convertible instruments.		

* If you wish to exercise all your votes "For" or "Against", please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________________ day of ____________________ 2017

Total number of Units held

____

Signature of Unitholder(s)/ Common Seal of Corporate Unitholder

IMPORTANT : Please read the notes overleaf before completing this Proxy Form

Notes to the Proxy Form

1. A unitholder of IREIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a Unitholder.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, it should annex to the instrument appointing proxies (the "**Proxy Form**") the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of unitholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of IREIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.

5. The Proxy Form must be deposited at the office of the Manager's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 18 April 2017 at 2.00 p.m., being 48 hours before the time fixed for the AGM.

6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the AGM.

7. The Proxy Form shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointer is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Manager and the Trustee shall be entitled and be bound, in determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, to have regard to any instructions and/or notes set out in the Proxy Form. The Manager and the Trustee shall have the right to reject any Proxy Form which has not been duly completed.

8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

9. The Manager and the Trustee shall have the right to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, each of the Trustee and the Manager: (a) may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the AGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

CORPORATE DIRECTORY

THE MANAGER
IREIT Global Group Pte. Ltd.
156 Cecil Street
#08-01 Far Eastern Bank Building
Singapore 069544
Tel: +65 6718 0590
Fax: +65 6718 0599

TRUSTEE
DBS Trustee Limited
12 Marina Boulevard
Level 44, DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: +65 6878 8888
Fax: +65 6878 3977

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 Tong Jinquan
Non-Executive Director

Mr Ho Toon Bah
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

AUDITORS
Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown
Singapore 068809
Partner-in-charge: James Xu Jun
(appointed with effect from financial year
ended 31 December 2015)

PROPERTY MANAGERS
LEOFF Asset Management GmbH
Weißliliengasse 7
55116 Mainz
Germany

Jones Lang LaSalle GmbH
Wilhelm-Leuschner-Str.78
60329 Frankfurt
Germany

COMPANY SECRETARIES
Lee Wei Hsiung, ACIS
Wang Shin Lin Adeline, ACIS

UNIT TRUST REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6438 8710

STOCK EXCHANGE QUOTATIONS
SGX Stock Code: UD1U.SI
Bloomberg Code: IREIT:SP
Reuters Code: IREIta.SI

IREIT Global Group Pte. Ltd.
A subsidiary of Tikehau Capital
(As manager of IREIT Global)
Company Registration No. 201331623K

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