IREIT Global

PRESS RELEASE
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IREIT Global's 2Q 2016 Distributable Income Rose 47% Year-on-Year and Delivers 3.18 Singapore Cents DPU for 1H 2016

Financial Results Summary

	Quarter Ended 30 June 2016			Half Year Ended 30 June 2016		
	2Q 2016 Actual	2Q 2015 Actual	Variance (%)	1H 2016 Actual	1H 2015 Actual	Variance (%)
Gross revenue (€'000)	**8,475**	**5,386**	**57.4**	**17,272**	**10,955**	**57.7**
Net property income (€'000)	**7,646**	**4,870**	**57.0**	**15,256**	**9,831**	**55.2**
Distributable income (€'000)	**6,407**	**4,358**	**47.0**	**12,819**	**8,724**	**46.9**
Available distribution per Unit						
- € cents[1]	**1.04**	**0.71**	**46.5**	**2.08**	**1.43**	**45.5**
- S$ cents[2]	**1.60**	**1.10**	**45.5**	**3.18**	**2.21**	**43.9**

IREIT Global ("IREIT"), the first Singapore listed REIT focused on European office properties, today reported a distributable income of €6.4 million for the financial quarter ended 30 June 2016 ("2Q 2016"), which was an increase of 47.0% from the corresponding period last year ("2Q 2015"). IREIT is also pleased to announce a distribution per unit ("DPU") of 3.18 Singapore cents for the half year ended 30 June 2016 ("1H 2016"), which exceeds the corresponding period last year ("1H 2015") of 2.21 Singapore cents by 43.9%. Based on IREIT's closing unit price of S$0.730 on 30 June 2016, the DPU for 1H 2016 translates to an attractive annualised yield of approximately 8.7%.

Mr Itzhak Sella, Chief Executive Officer of IREIT said, "We are pleased to turn in yet another stable set of results this quarter. The Berlin Campus, which we acquired in the second half of last year, has been successfully integrated into our portfolio. All our properties continue to deliver steady performance for the first half of 2016."

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[1] The 2Q 2016 and 1H 2016 distribution per Unit ("DPU") were computed based on 616.2 million Units while the 2Q 2015 and 1H 2015 DPU were based on 611.0 million Units (which included the 189.6 million rights Units issued on 6 August 2015) which were entitled to the amount available for distribution for the respective periods.

[2] The DPU was computed after taking into consideration the forward foreign currency exchange contracts entered into to hedge the currency risk for distribution to Unitholders.

1H 2016 Operational and Financial Review

As at the end of 1H 2016, IREIT's total portfolio occupancy rate remained at almost 100% and the weighted average lease expiry as at 30 June 2016 was 6.4 years.

As at 30 June 2016, IREIT had a portfolio of 5 properties with an aggregate valuation of €449.8 million, which was marginally higher than that as at 31 December 2015. Compared to a year ago as at 30 June 2015, the portfolio has grown by 54%, contributed largely by the acquisition of the Berlin Campus.

The Manager has increased the amount of IREIT's distributable income hedged to 100% of its forecast distributable income for FY2016, in order to mitigate foreign exchange risks and provide steady returns to Unitholders. Consequently, 100% the forecast distributable income for FY2016 has been hedged at an average exchange rate of approximately 1.53 per Euro.

Outlook

The Brexit voting result has led to global uncertainties, even though the formal legal process of the exit has yet to commence. Based on UK and global sentiment, many are predicting that a soft Brexit, which retains as close as possible a relationship with the rest of the European Union, could be a possible outcome. Although the initial financial market turmoil has somewhat subsided, the long-term impact remains uncertain given the unprecedented referendum result.

After a strong performance in the first quarter, Germany's economy has experienced a decline with falling industrial production, weak orders and decreasing exports raising doubts about its prospects. However, in its monthly report on 18 July 2016, Deutsche Bundesbank attributed the weak second quarter to one-off factors, and held the view that the economy will rebound in the coming months, as the fundamental trend remains strong. It also said that estimating the impact of Brexit was difficult but said for now it only saw a limited near term impact.[3]

For 1H 2016, just under 1.7 million square metres of office space was leased in the 7 largest German markets, an increase of 9.3% year-on-year. The robust leasing activity is expected to continue into the second half of the year. However, the increase in demand is already reaching supply limits in a number of locations. Commercial properties changed hands for €17.8 billion in 1H 2016, down 26% from the previous year's exceptional results, which enjoyed the contribution of several mega deals. The investment transaction volume up to June 2016 was still the second-strongest first half recorded since the onset of the financial crisis. Looking ahead, transaction volume on the German investment market is once again expected to reach a record high. However, limited supply in the core and core plus segments is becoming increasingly evident.[4]

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[3] Source: Reuters article, "German economy to rebound after weak second quarter: Bundesbank" dated 18 July 2016. Reuters has not provided its consent. While the Manager has taken reasonable actions to ensure that the information from the relevant article published by Reuters is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such article, none of the Manager or any other party has conducted an independent review of the information contained in such article or verified the accuracy of the contents of the relevant information.

[4] Source: Colliers International, Germany Market Report, "Office and Investment Market H1 2016". Colliers International ("Colliers") has not provided its consent. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Colliers is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Manager or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Mr Sella added, “We expect the performance of IREIT’s property portfolio to remain stable, underpinned by its freehold quality assets, long stable leases and diversified blue chip tenant base. We remain optimistic that the underlying strength of the German economy as well as the quality of its properties will enable IREIT to continue delivering stable income to its Unitholders for FY2016.”

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About IREIT Global

IREIT Global (SGX-UD1U) which was listed on 13 August, 2014, is the first Singapore listed REIT established with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing real estate in Europe that is primarily used for office purposes, as well as real estate-related assets.

IREIT Global’s portfolio comprises five freehold properties strategically located in the key German cities of Berlin, Bonn, Darmstadt, Münster and Munich with net lettable area of 200,603 sqm and 3,441 car park spaces.

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