



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

**IREIT GLOBAL
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED
31 MARCH 2019**

Introduction

IREIT Global (“IREIT”) is a Singapore real estate investment trust 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, retail and industrial (including logistics) purposes, as well as real estate-related assets.

IREIT completed its initial public offering (“IPO”) and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 13 August 2014 (the “Listing Date”). IREIT’s current portfolio comprises five office properties in Germany, strategically located in Berlin, Bonn, Darmstadt, Münster and Munich.

As at 31 March 2019, IREIT’s portfolio has an aggregate net lettable area of approximately 200,600 sq m which consists of the following properties (the “Properties”):

- (i) Bonn Campus
- (ii) Darmstadt Campus
- (iii) Münster Campus
- (iv) Concor Park
- (v) Berlin Campus

IREIT is managed by IREIT Global Group Pte. Ltd. (the “Manager”).

Distribution policy

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

Distributions to Unitholders will be made semi-annually based on the half-yearly results of IREIT and the next distribution will be for the period from 1 January 2019 to 30 June 2019.

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SUMMARY OF CONSOLIDATED RESULTS OF IREIT GLOBAL

	1Q 2019	1Q 2018	Variance (%)
Gross revenue (€'000)	8,696	8,579	1.4
Net property income (€'000)	7,587	7,727	(1.8)
Income available for distribution (€'000)	6,285	6,316	(0.5)
Less: Income retained	(628)	(632)	(0.6)
Income to be distributed to Unitholders (€'000)	5,657	5,684	(0.5)

Total distribution per Unit			
Before retention			
- € cents	0.99	1.00	(1.0)
- S\$ cents	1.58⁽¹⁾	1.63	(3.1)
After retention			
- € cents	0.89	0.90	(1.1)
- S\$ cents	1.42⁽¹⁾	1.46	(2.7)

Footnotes:

- (1) The DPU in Singapore dollars was computed after taking into consideration the forward foreign currency exchange contracts entered into to hedge the currency risk for distribution to Unitholders and is for illustrative purpose only. IREIT makes distributions on a semi-annual basis based on its half-yearly results and the next distribution will be for the period from 1 January 2019 to 30 June 2019.

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1(a)(i) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	1Q 2019 (€'000)	1Q 2018 (€'000)	Variance (%)
Gross revenue		8,696	8,579	1.4
Property operating expenses		(1,109)	(852)	30.2
Net property income	1	7,587	7,727	(1.8)
Finance costs	2	(3,794)	(990)	283.2
Management fees		(628)	(632)	(0.6)
Trustee's fees		(26)	(24)	8.3
Administrative costs and other trust expenses	3	(317)	(170)	86.5
Net change in fair value of financial derivatives	4	(4,476)	162	NM
Net change in fair value of investment properties	5	(3)	(29)	(89.7)
(Loss) / profit before tax		(1,657)	6,044	127.4
Income tax expense	6	(52)	(473)	(89.0)
(Loss) / profit for the period, before transactions with Unitholders		(1,709)	5,571	(130.7)
Distribution to Unitholders		(5,657)	(5,684)	(0.5)
Loss for the period, after transactions with Unitholders		(7,366)	(113)	NM
<u>Distribution Statement</u>				
(Loss) / profit for the period, before transactions with Unitholders		(1,709)	5,571	(130.7)
Distribution adjustments	7	7,994	745	973.0
Amount available for distribution to Unitholders		6,285	6,316	(0.5)

NM denotes "Not meaningful".

Notes to Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

1. Net property income for 1Q 2019 was €140,000 or 1.8% lower than that of 1Q 2018 mainly due to the increase in property operating expense by 30.2%. As explained in the results announcement for 4Q 2018, the facility management fees for the full year FY 2018 were recognised in 4Q 2018 following the finalisation of the services contracts. In addition, there was also an increase in repair and maintenance expenses for the upkeep of the properties.
2. Finance costs comprise interest expense on loans, interest rate swaps and amortisation of upfront debt transaction costs, as well as the costs of unwinding the previous borrowings, which were incurred on a one-time basis. Please refer to the Aggregate Amount of Borrowings 1b(ii) for details of the borrowings outstanding as at 31 March 2019.
3. Administrative costs and other trust expenses for 1Q 2019 were 86.5% higher compared to 1Q 2018. Included in other trust expenses was a foreign exchange gain of €100,000 (1Q 2018: €146,000) arising mainly from the translation of Singapore dollar denominated cash balances as at 31 March 2019. Excluding this foreign exchange gain, administrative costs and other trust expenses were €417,000 (1Q 2018: €316,000). The increase of €101,000 in administrative costs and other trust expenses was mainly due to higher fees for ad hoc professional services.

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1(a)(i) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
(continued)

Notes to Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
(continued)

4. The net change in fair value of financial derivatives arose mainly from the revaluation of interest rate swaps and forward foreign currency exchange contracts entered into to hedge against the interest rate risk on borrowings and currency risk for distribution to Unitholders respectively.
5. This relates to the difference between the carrying value and the fair value of the investment properties as at the end of each respective period.
6. Income tax expense comprises current and deferred tax expenses. The decrease for 1Q 2019 was mainly due to the higher deferred tax asset provided on the temporary differences arising from unutilised tax losses at the level of the property holding companies.
7. Distribution adjustments

Distribution adjustments

- Difference between accounting and actual finance costs paid
- Management fees payable in Units
- Foreign exchange gain
- Effects of recognising rental income on a straight line basis over the lease term
- Net change in fair value of financial derivatives
- Net change in fair value of investment properties
- Deferred tax expense

Net distribution adjustments

	1Q 2019 (€'000)	1Q 2018 (€'000)
	3,038	86
	628	632
	(100)	(146)
	(98)	(98)
	4,476	(162)
	3	29
	47	404
	7,994	745

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1(b)(i) Unaudited Statements of Financial Position

	Note	Group (€'000)		Trust (€'000)	
		31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Current assets					
Cash and cash equivalents	1	16,656	18,396	2,808	2,275
Trade and other receivables	2	1,932	1,774	623	7,298
Financial derivatives	3	654	690	654	691
		19,242	20,860	4,085	10,264
Non-current assets					
Investment properties	4	504,900	504,900	-	-
Investment in subsidiaries		-	-	228,459	233,382
Other receivables	5	1,404	1,355	-	-
Deferred tax assets	6	2,177	1,760	-	-
		508,481	508,015	228,459	233,382
Total assets		527,723	528,875	232,544	243,646
Current liabilities					
Borrowings	7	-	96,474	-	-
Trade and other payables	8	3,124	3,161	636	551
Distribution payable		5,657	11,124	5,657	11,124
Financial derivatives	3	4,440	-	-	-
Income tax payable	9	243	272	2	2
		13,464	111,031	6,295	11,677
Non-current liabilities					
Borrowings	7	199,429	96,741	-	-
Deferred tax liabilities		15,961	15,496	-	-
		215,390	112,237	-	-
Total liabilities		228,854	223,268	6,295	11,677
Net assets attributable to Unitholders		298,869	305,607	226,249	231,969

Notes to Unaudited Statements of Financial Position

- The Group's cash and cash equivalents were €16.7 million as at 31 March 2019 as compared to €18.4 million as at 31 December 2018.

Please refer to the consolidated statement of cash flows for 1Q 2019 on Page 7 of this announcement for further details on the movements in the Group's cash and cash equivalents during the respective reporting periods.

The increase of €0.5 million in the Trust's cash and cash equivalents as at 31 March 2019 as compared to 31 December 2018 was mainly due to the higher amount of inter-company transfers from subsidiaries.

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31
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1(b)(i) Unaudited Statements of Financial Position (continued)

Notes to Unaudited Statements of Financial Position (continued)

2. The decrease of €6.7 million in the Trust's trade and other receivables was mainly due to the balances due from subsidiaries as at 31 December 2018, which were received subsequent to 31 December 2018.
3. This represents the fair value as at the reporting dates of interest rate swaps and forward foreign currency exchange contracts which were entered into to hedge against the interest rate risk on borrowings and currency risk for distribution to Unitholders respectively.
4. Investment properties are accounted for at fair value based on valuations undertaken by independent valuers as at 31 December 2018.
5. This relates to the effects of accounting adjustments to recognise rental income on a straight-line basis over the term of the leases which have step-up rental escalation clauses.
6. The increase in deferred tax assets was mainly due to the higher deferred tax effect on the temporary differences arising from unutilised tax losses at the level of the property holding companies.
7. Please refer to the Aggregate Amount of Borrowings 1b(ii) for details.
8. The increase of €85,000 or 15.4% in the Trust's trade and other payables were mainly due to slower turnover of trade creditors for the period.
9. The decrease of €29,000 or 10.7% in the Group's income tax payable were mainly due to the decrease in the taxable profits at the property level.

1(b)(ii) Aggregate Amount of Borrowings

	Group (€'000)	
	31 Mar 2019	31 Dec 2018
Repayable within one year		
Secured borrowings	-	96,594
Less: Upfront debt transaction costs ⁽¹⁾	-	(120)
	-	96,474
Repayable after one year		
Secured borrowings	200,760	96,900
Less: Upfront debt transaction costs ⁽¹⁾	(1,331)	(159)
	199,429	96,741
Total		
Secured borrowings	200,760	193,494
Less: Upfront debt transaction costs ⁽¹⁾	(1,331)	(279)
	199,429	193,215

Footnotes:

- (1) Upfront debt transaction costs are amortised over the life of the loan facilities.

Details of borrowings and collaterals

On 1 February 2019, all then existing borrowings of €193.5 million were refinanced with new secured loan facilities of €200.8 million from a new lender (the "Facilities"). The Facilities will mature on a bullet basis in January 2026. The balance of the proceeds after refinancing-related transaction costs will be used for general working capital and corporate purposes.

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1(b)(ii) Aggregate Amount of Borrowings (continued)

The Facilities are secured by way of the following:

- land charges over the properties;
- pledges over the rent and other relevant bank accounts in relation to the properties;
- assignments of claims under the lease agreements, insurance agreements, sale and purchase agreements, property management agreements and other key agreements in relation to the properties;
- pledges over the shares in the borrowing entities;
- assignments of claims under the hedging agreements in relation to the Facilities; and
- assignment of claims over the intra-group loans granted to the borrowing entities.

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

1(c)(i) Unaudited Consolidated Statement of Cash Flows

	Group	
	1Q 2019 (€'000)	1Q 2018 (€'000)
Cash flows from operating activities		
Loss for the period, after transactions with Unitholders	(7,366)	(113)
Adjustments for:		
Management fees payable in Units	628	632
Finance costs	3,794	990
Net change in fair value of financial derivatives	4,476	(162)
Net change in fair value of investment properties	3	29
Distribution to Unitholders	5,657	5,684
Income tax expense	52	473
Operating profit before working capital changes	7,244	7,533
Changes in working capital:		
Trade and other receivables	(207)	(439)
Trade and other payables	(38)	183
Income taxes paid	(33)	(13)
Cash generated from operations, representing net cash from operating activities	6,966	7,264
Cash flows from investing activity		
Capital expenditure on investment properties	(3)	(29)
Net cash used in investing activity	(3)	(29)
Cash flows from financing activities		
Proceeds from bank borrowings	1 200,760	-
Repayment of bank borrowings	1 (193,494)	(1,275)
Costs related to bank borrowings	(4,090)	(20)
Distribution paid to Unitholders	(11,124)	(11,727)
Net interest paid	(755)	(904)
Net cash used in financing activities	(8,703)	(13,926)
Net decrease in cash and cash equivalents	(1,740)	(6,691)
Cash and cash equivalents at beginning of the period	18,396	19,106
Cash and cash equivalents at end of the period	16,656	12,415

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1(c)(i) Unaudited Consolidated Statement of Cash Flows (continued)

Note to Unaudited Consolidated Statement of Cash Flows

1. Please refer to the Aggregate Amount of Borrowings Item 1b(ii) for details.

1(d)(i) Unaudited Statement of Changes in Net Assets Attributable to Unitholders

	Group		Trust	
	1Q 2019 (€'000)	1Q 2018 (€'000)	1Q 2019 (€'000)	1Q 2018 (€'000)
Operations				
Balance as at beginning of period	24,151	(10,250)	(49,487)	(38,575)
(Loss) / profit for the period, before transactions with Unitholders	(1,709)	5,571	(691)	(461)
Distribution payable of 0.89€ cents per Unit for 1Q 2019	(5,657)	-	(5,657)	-
Distribution payable of 0.90€ cents per Unit for 1Q 2018	-	(5,684)	-	(5,684)
Balance as at the end of the period	16,785	(10,363)	(55,835)	(44,720)
Unitholders' transactions				
Issue of Units:				
Balance as at beginning of period	281,456	278,941	281,456	278,941
Management fees payable in Units	628	632	628	632
Net assets resulting from transactions	282,084	279,573	282,084	279,573
Net assets attributable to Unitholders as at end of period	298,869	269,210	226,249	234,853

1(d)(ii) Details of Any Change in Units

	Group	
	1Q 2019 (Units)	1Q 2018 (Units)
Unit in issue:		
At beginning of the period	632,011,477	626,665,519
Issue of new Units:		
- Management fees paid in Units	1,338,159	1,376,368
At end of the period	633,349,636	628,041,887
Units to be issued:		
Management fees payable in Units	1,280,089	1,302,286
At end of the period	634,629,725	629,344,173

2. Whether the figures have been audited, or reviewed and in accordance with which standard, (e.g. the Singapore Standard on Auditing 2410 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

For the current reporting period, the Group has applied the same accounting policies and methods of computation as those applied in its audited financial statements for the financial year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

Not applicable.

6. Earnings Per Unit and Distribution Per Unit

	Group	
	1Q 2019	1Q 2018
Weighted average number of Units ('000)	632,323	626,971
Earnings per Unit Basic and Diluted (€ cents)	(0.27)	0.88
Number of Units entitled to distribution ('000)	634,630	629,344
Distribution per Unit ("DPU")		
- € cents	0.89	0.90
- S\$ cents ⁽¹⁾	1.42	1.46

Footnotes:

(1) The DPU in Singapore dollars was computed after taking into consideration the forward foreign currency exchange contracts entered into to hedge the currency risk for distribution to Unitholders and is for illustrative purpose only. IREIT makes distributions on a semi-annual basis based on its half-yearly results and the next distribution will be for the period from 1 January 2019 to 30 June 2019.

7. Net Asset Value and Net Tangible Asset Per Unit

	Group	
	31 Mar 2019	31 Dec 2018
Number of Units in issue and to be issued at end of the period ('000) ⁽¹⁾	634,630	633,350
Net asset value ("NAV") per Unit (€)	0.47	0.48
Net tangible asset ("NTA") per Unit (€)	0.47	0.48

Footnote:

1. The NAV and NTA per Unit was computed based on the net assets attributable to Unitholders as at 31 March 2019 and 31 December 2018 and the Units in issue and to be issued as at 31 March 2019 of 634,629,725 (31 December 2018: 633,349,636).

8. Review of the Performance for the First Quarter ended 31 March 2019

A review of the performance for 1Q 2019 is set out in Item 1(a)(i) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income and Item 1(b)(i) Unaudited Statements of Financial Position.

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9. Variance between actual and forecast

Not applicable as no forecast has been previously disclosed.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting and next 12 months

Sound leasing activity, falling vacancy rates, rising rents and favourable interest rates have continued to support the German office real estate market.

On 30 April 2019, IREIT announced the introduction of a new strategic investor, City Developments Limited (CDL), which has acquired a 50% stake in the Manager and 12.4% stake in IREIT units. The strategic investment is in line with its strategy to have a strong and diversified unitholder base and is expected to strengthen IREIT's capabilities to pursue its growth plans. To show its long-term commitment to grow IREIT and greater alignment of interest with unitholders, incumbent Tikehau Capital also increased its stake in IREIT to 16.4% from 8.5% prior to the transaction.

Looking ahead, the Manager intends to continue to undertake various initiatives to upkeep the existing properties as they age and retain its existing tenants. It will also seek further diversification and scale via acquisitions to strengthen IREIT's portfolio, even if this may have some negative impact on distributions in the short term. The Manager remains focused on executing its strategy based on the four pillars of growth so as to build a resilient and sustainable portfolio for unitholders.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? No

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? No

(c) Books closure date Not applicable

(d) Date payable Not applicable

12. If no distribution has been declared/(recommended), a statement to that effect.

No distribution has been declared for 1Q 2019.

13. If IREIT has obtained a general mandate from shareholders for IPTs, the aggregate value of each transaction as required under Rule 920(i)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

IREIT has not obtained a general mandate from Unitholders for Interested Person Transactions.

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14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these unaudited financial results for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD OF DIRECTORS

IREIT Global Group Pte. Ltd.
(Company Registration No. 201331623K)
(As manager for IREIT GLOBAL)

Lee Wei Hsiung
Company Secretary
15 May 2019

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.