IREIT Global
(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 2017

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 or 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 comprised five office properties in Germany, strategically located in Berlin, Bonn, Darmstadt, Münster and Munich.

As at 31 March 2017, IREIT's portfolio has an aggregate net lettable area of 200,673 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 2017 to 30 June 2017.

SUMMARY OF CONSOLIDATED RESULTS OF IREIT GLOBAL

	1Q 2017	1Q 2016	Variance (%)
Gross revenue (€’000)	**8,758**	**8,797**	**(0.4)**
Net property income (€’000)	**7,880**	**7,610**	**3.5**
Income available for distribution (€’000)	**6,503**	**6,412**	**1.4**
Less: Income retained	**(651)**	**-**	**NM**
Income to be distributed to Unitholders (€’000)	**5,852**	**6,412**	**(8.7)**

Total distribution per Unit			
Before retention			
- € cents	**1.04**	**1.04**	**-**
- S$ cents[(1)]	**1.61**	**1.58**	**1.9**
After retention			
- € cents	**0.93**	**1.04**	**(10.6)**
- S$ cents[(1)]	**1.44**	**1.58**	**(8.9)**

Footnotes:

(1) 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.

NM Not meaningful

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

	Note	1Q 2017 (€'000)	1Q 2016 (€'000)	Variance (%)
Gross revenue		8,758	8,797	(0.4)
Property operating expenses	1	(878)	(1,187)	(26.0)
Net property income		**7,880**	**7,610**	**3.5**
Finance costs		(1,004)	(998)	0.6
Management fees		(650)	(641)	1.4
Trustee's fees		(24)	(23)	4.3
Administrative costs	1	(87)	(70)	24.3
Other trust expenses	1	(86)	(36)	138.9
Net change in fair value of financial derivatives	2	564	407	38.6
Net change in fair value of investment Properties	3	(89)	(76)	17.1
Profit before tax		**6,504**	**6,173**	**5.3**
Income tax expense	1	(465)	(344)	35.2
Profit for the period, before transactions with Unitholders		**6,039**	**5,829**	**3.6**
Distribution to Unitholders		(5,852)	(6,412)	(8.7)
Profit/(loss) for the period, after transactions with Unitholders		**187**	**(583)**	**(132.1)**
<u>Distribution Statement</u>				
Profit for the period, before transactions with Unitholders		6,039	5,829	3.6
Distribution adjustments	4	464	583	(20.4)
Amount available for distribution to Unitholders		**6,503**	**6,412**	**1.4**

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

1. Please refer to Section 8 on "Review of the performance" for explanations of the variances.

2. This represents the net change in fair value of forward foreign currency exchange contracts which were entered into to hedge the currency risk for distribution to Unitholders.

3. This relates to (i) the difference between the net book value and the fair value of the investment properties as at the end of each respective period; which is offset by (ii) the capital expenditure incurred during the period.

4. Distribution adjustments

	1Q 2017 (€'000)	1Q 2016 (€'000)
<u>Distribution adjustments</u>		
- Difference between accounting and actual finance costs paid	84	84
- Management fees payable in Units	650	641
- Foreign exchange gain	(106)	(57)
- Effects of recognising rental income on a straight line basis over the lease term	(98)	(98)
- Net change in fair value of financial derivatives	(564)	(407)
- Net change in fair value of investment properties	89	76
- Deferred tax expense	409	344
Net distribution adjustments	**464**	**583**

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

		Group (€'000)		Trust (€'000)	
	Note	**31 Mar 2017**	**31 Dec 2016**	**31 Mar 2017**	**31 Dec 2016**
Current assets					
Cash and cash equivalents	1	14,145	20,803	3,011	2,870
Trade and other receivables	2	1,569	1,438	667	8,383
Financial derivatives	3	733	85	733	85
		16,447	22,326	4,411	11,338
Non-current assets					
Investment properties	4	453,000	453,000	-	-
Investment in subsidiaries		-	-	246,656	251,756
Other receivables	5	665	567	-	-
Deferred tax assets		1,656	1,603	-	-
Financial derivatives	3	-	84	-	84
		455,321	455,254	246,656	251,840
Total assets		**471,768**	**477,580**	**251,067**	**263,178**
Current liabilities					
Borrowings	7	3,789	23,587	-	-
Trade and other payables	8	2,627	2,963	525	445
Distribution payable		5,852	12,731	5,852	12,731
Income tax payable	9	271	215	-	-
		12,539	39,496	6,377	13,176
Non-current liabilities					
Borrowings	7	193,990	174,144	-	-
Deferred tax liabilities	6	4,527	4,065	-	-
		198,517	178,209	-	-
Total liabilities		**211,056**	**217,705**	**6,377**	**13,176**
Net assets attributable to Unitholders	10	**260,712**	**259,875**	**244,690**	**250,002**

Notes to Unaudited Statements of Financial Position

1. The Group's cash and cash equivalents as at 31 March 2017 were €6.7 million lower than the balance as at 31 December 2016, mainly due to the cash flows generated from operations for quarter ended 31 March 2017, offset by the distribution paid in March 2017 for the half year ended 31 December 2016.

   Please refer to the consolidated statement of cash flows for 1Q 2017 on Page 6 of this announcement for further details.

2. The decrease of €7.7 million in the Trust's trade and other receivables was mainly due to balances due from subsidiaries as at 31 December 2016, which were received subsequent to 31 December 2016.

3. This represents the fair value as at the reporting dates of forward foreign currency exchange contracts which were entered into to hedge the currency risk for distribution to Unitholders.

4. Investment properties are accounted for at fair value based on valuations undertaken by independent valuers as at 31 December 2016.

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 was due to the higher deferred tax effect on the temporary differences arising from the investment properties.

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

Notes to Unaudited Statements of Financial Position (continued)

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

8. The decrease of €0.3 million in the Group's trade and other payables was mainly due to the higher turnover in respect of trade creditors for 1Q 2017.

   The increase of €80,000 in the Trust's trade and other payables was mainly due to slower turnover of trade creditors.

9. The income tax payable arises from the current income tax provision on taxable profits at the property level.

10. Please refer to the Unaudited Statement of Movements in Net Assets Attributable to Unitholders Item 1d(i) for details.

1(b)(ii) Aggregate Amount of Borrowings

	Group (€'000)	
	31 Mar 2017	**31 Dec 2016**
Repayable within one year		
Secured borrowings	3,825	23,625
Less: Upfront debt transaction costs(1)	(36)	(38)
	3,789	23,587
Repayable after one year		
Secured borrowings	194,769	174,969
Less: Upfront debt transaction costs(1)	(779)	(825)
	193,990	174,144
Total		
Secured borrowings	198,594	198,594
Less: Upfront debt transaction costs(1)	(815)	(863)
	197,779	**197,731**

Footnotes:

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

<u>Details of borrowings and collaterals</u>

As at 31 March 2017, the secured borrowings comprise the following term loan facilities (together, the "Facilities"):

(a) a secured €96.6 million term loan facility which has a tenor of 5 years and matures in August 2019; and
(b) a secured €102.0 million term loan facility consisting of (i) Facility A of €78.4 million which has a tenor of 5 years and matures in August 2020 and (ii) Facility B of €23.6 million which maturity date has been extended to July 2018 from August 2017. Commencing August 2017, partial loan repayments in four quarterly instalments of €1.275 million each will be made, with the remaining principal repayable on a bullet basis in July 2018.

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

Details of borrowings and collaterals (continued)

The Facilities are secured by way of the following:

- land charges over the investment properties;
- pledges over the rent and other relevant bank accounts in relation to the investment 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 investment properties;
- pledges over the shares in the borrowing entities; and
- pledges over the intra-group loans under the borrowing entities.

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

	Group	
	1Q 2017 (€'000)	**1Q 2016 (€'000)**
Cash flows from operating activities		
Profit / (loss) for the period, after transactions with Unitholders	187	(583)
Adjustments for:		
Management fees payable in Units	650	641
Finance costs	1,004	998
Net change in fair value of financial derivatives	(564)	(407)
Net change in fair value of investment properties	89	76
Distribution to Unitholders	5,852	6,412
Income tax expense	465	344
Operating profit before working capital changes	7,683	7,481
Changes in working capital:		
Trade and other receivables	(225)	(150)
Trade and other payables	(352)	26
Cash generated from operations, representing net cash from operating activities	**7,106**	**7,357**
Cash flows from investing activity		
Capital expenditure on investment properties	(89)	(76)
Net cash used in investing activity	**(89)**	**(76)**
Cash flows from financing activities		
Costs related to bank borrowings	(20)	-
Distribution paid to Unitholders	(12,731)	(12,058)
Interest paid	(924)	(921)
Net cash used in financing activities	**(13,675)**	**(12,979)**
Net decrease in cash and cash equivalents	(6,658)	(5,698)
Cash and cash equivalents at beginning of the period	20,803	21,217
Cash and cash equivalents at end of the period	**14,145**	**15,519**

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

	Group		Trust	
	1Q 2017	1Q 2016	1Q 2017	1Q 2016
	(€'000)	(€'000)	(€'000)	(€'000)
Operations				
Balance as at beginning of period	(16,468)	(21,552)	(26,341)	(13,148)
Profit / (loss) for the period, before transactions with Unitholders	6,039	5,829	(110)	(251)
Distribution payable of 0.93€ cents per Unit for 1Q 2017	(5,852)	-	(5,852)	-
Distribution payable of 1.04€ cents per Unit for 1Q 2016	-	(6,412)	-	(6,412)
Balance as at the end of the period	(16,281)	(22,135)	(32,303)	(19,811)
Unitholders' transactions				
Issue of Units:				
Balance as at beginning of period	276,343	272,633	276,343	272,633
Management fees payable in Units	650	641	650	641
Net assets resulting from transactions	276,993	273,274	276,993	273,274
Net assets attributable to Unitholders as at end of period	**260,712**	**251,139**	**244,690**	**253,463**

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

	Group	
	1Q 2017 (Units)	1Q 2016 (Units)
Unit in issue:		
At beginning of the period	618,841,570	613,314,089
Issue of new Units:		
- Management fees paid in Units	3,777,227	-
At end of the period	**622,618,797**	**613,314,089**
Units to be issued:		
Management fees payable in Units	1,351,934	2,872,016
At end of the period	**623,970,731**	**616,186,105**

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.

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 2016.

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 2017	**1Q 2016**
Weighted average number of Units ('000)	619,822	613,345
Earnings per Unit ("EPU") Basic and Diluted (€ cents)	0.97	0.95
Number of Units entitled to distribution ('000)	623,971	616,186
Distribution per Unit ("DPU")		
- € cents	0.93	1.04
- S$ cents[(1)]	1.44	1.58

Footnotes:

(1) 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.

7. Net Asset Value and Net Tangible Asset Per Unit

	Group	
	31 Mar 2017	**31 Dec 2016**
Number of Units in issue and to be issued at end of period ('000)[(1)]	623,971	622,618
Net asset value ("NAV") per Unit (€)	0.42	0.42
Net tangible asset ("NTA") per Unit (€)	0.42	0.42

Footnote:

1. The NAV and NTA per Unit was computed based on the net assets attributable to Unitholders as at 31 March 2017 and 31 December 2016 and the Units in issue and to be issued as at 31 March 2017 of 623,970,731 (31 December 2016: 622,618,797).

8. Review of the Performance for the First Quarter Ended 31 March 2017

	1Q 2017 (€’000)	1Q 2016 (€’000)	Variance (%)
Gross revenue	8,758	8,797	(0.4)
Property operating expenses	(878)	(1,187)	(26.0)
Net property income	**7,880**	**7,610**	**3.5**
Finance costs	(1,004)	(998)	0.6
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Profit before tax	**6,504**	**6,173**	**5.3**
Income tax expense	(465)	(344)	35.2
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Distribution to Unitholders	(5,852)	(6,412)	(8.7)
Profit / (loss) for the period, after transactions with Unitholders	**187**	**(583)**	**(132.1)**
<u>Distribution Statement</u>			
Profit for the period, before transactions with Unitholders	6,039	5,829	3.6
Distribution adjustments	464	583	(20.4)
Amount available for distribution to Unitholders	**6,503**	**6,412**	**1.4**

<u>Review of the Performance</u>

Gross revenue comprises mainly rental income and service charges income. Rental income for the period has increased as a result of the CPI-linked increase of 10% in the rental income for the Bonn campus which took effect from December 2016, but this was offset by a decrease in service charges income, resulting in a marginal decrease of 0.4% in gross revenue.

While the increase in rental income has a direct positive impact on the net property income, the decrease in service charges income in 1Q 2017 has no impact on the net property income as it is due to a corresponding decrease in recoverable property operating expenses.

Property operating expenses for 1Q 2017 were 26.0% lower due mainly to a decrease in recoverable property operating expenses for the period as mentioned above, as well as a one-time adjustment of prior year land tax expenses for the Darmstadt Campus after finalisation from the tax office in 1Q 2016. As this land tax expense was fully recoverable from the tenant, it had no impact on the net property income for 1Q 2016.

Overall, the increase in net property income for 1Q 2017 of 3.5% as compared to that of 1Q 2016 can be attributed mainly to the CPI-linked increase of 10% in the rental income for the Bonn campus

Included in other trust expenses was a foreign exchange gain of €106,000 (1Q 2016: €57,000) arising mainly from the translation of Singapore dollar denominated cash balances as at 31 March 2017. Excluding this foreign exchange gain, other trust expenses were €192,000 (1Q 2016: €93,000). This was mainly due to timing differences in the accruals of certain trust expenses.

8. Review of the Performance for the First Quarter Ended 31 March 2017 (continued)

Review of the Performance (continued)

The increase in income tax expense for 1Q 2017 was due to the provision of current income tax in respect of taxable profits at the property level and the higher deferred tax effect on the temporary differences arising from the investment properties.

The distribution to Unitholders for 1Q 2017 stood at €5.9 million, a decrease of 8.7% compared to 1Q 2016, mainly due to the retention of part of the distributable income for the period, in accordance with IREIT's distribution policy.

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 the next 12 months

The underlying strength of the German economy and real estate market should continue to bode well for IREIT's existing portfolio of office assets in Germany. In addition, the outlook for the European real estate market as a whole is expected to remain positive on the back of sustained economic growth, decreasing vacancy rates and attractive yield spreads.

On the operational front, the search for new tenants to occupy the vacant space in the Münster South Building is progressing. However, as it is a usual market practice to provide initial rent-free periods to new tenants, the contribution to the rental income for FY2017 from these tenants, if secured, are not expected to be material.

As announced on 13 March 2017, IREIT successfully extended the maturity date of its €23.6 million term loan facility, which was due to expire in August 2017 (the "Extension"). Pursuant to the Extension, IREIT will make partial loan repayments in four quarterly instalments of €1.275 million each, commencing from August 2017 (the "Amortisations"), with the remaining principal repayable on a bullet basis in July 2018. The Amortisations will be funded internally through existing cash balance and future operating cash flows.

At the Extraordinary General Meeting held on 20 April 2017, Unitholders approved the broadening of IREIT's investment mandate to invest beyond the office sector, into the retail and industrial (including logistics) sectors in Europe. This will allow IREIT to benefit from the improving European rental market in a wider range of asset classes, expand the universe of potential opportunities in light of a competitive office investment market, and add more diversification to its existing portfolio. The Manager will seek to enhance the long-term income of IREIT by investing in income-producing quality assets across Europe, in particular Germany, France and Italy, with a focus on executing a diversification strategy (in terms of tenants, lease expiry, country and asset class) to improve portfolio income stability.

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 2017.

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.

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 2017 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
11 May 2017

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.