IREIT Global

Berlin

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Bonn

-

Darmstadt

-

Münster

-

Munich

ANNUAL REPORT 2015

sustainable growth
lasting value

Corporate Profile

ABOUT IREIT GLOBAL

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- 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")

KEY OBJECTIVES

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

Berlin, *Germany*

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Mr Itzhak Sella
Chief Executive Officer

Mr Lim Kok Min John
Chairman

Chairman & CEO **Letter to Unitholders**

Building a solid foundation

DEAR UNITHOLDERS

On behalf of the Board of Directors, we are pleased to present IREIT's second annual report.

The past twelve months have been an exciting and rewarding time for us. We successfully completed our first rights issue to secure our inaugural Berlin property – a prime piece of real estate in an up-and-coming area. With this €144.2 million acquisition, we have significantly expanded our portfolio, increased our total asset value and established our footprint in one of Germany's leading cities and top five office investment and rental markets. As a result of this strategic investment, our property valuation now stands at €441.4 million, an increase of 52.0%, and our net asset value has risen to €251.1 million.

FINANCIAL PERFORMANCE FOR 2015

We continued to show strong performance in the year, more than tripling gross revenue to €26.9 million. Distribution income also rose significantly to approximately €20.8 million. As a result of our prudent capital management, we were able to maintain a healthy balance sheet and report a positive net operating cashflow of €22.9 million.

We were delighted to deliver a distribution per Unit ("DPU") of €3.39 cents to our Unitholders, a more than twofold increase from the previous year (five months).

ACQUIRING FOR FUTURE GROWTH

Our solid performance over the past year has been heartening and we will continue our efforts to bring IREIT to greater heights.

In growing our presence, we have been actively pursuing acquisition opportunities in Germany, our key market, and other European markets by staying true to our 'ABBA' investment strategy – pursuing 'A' properties in 'B' cities and 'B' properties in 'A' cities. Other components of our strategy include focussing on strategic and yield-accretive assets in key developing cities in Germany and having a strong principal tenant with a long weighted average lease expiry ("WALE"). Our latest acquisition – the Berlin Campus – fits the bill perfectly. With a net property income ("NPI") yield of 7.1% – comparable to that of IREIT's existing portfolio – and a stable WALE of about 8.8 years, the property makes a compelling addition to our strong and stable portfolio. And with a purchase consideration of €144.2 million, it is the largest asset in our portfolio.

To fund the acquisition, we employed a combination of equity and debt. A rights issue was announced to raise gross proceeds of approximately S$88.7 million ("Rights Issue") with the remaining balance funded through a bank loan facility. At an issue price of S$0.468 per rights Unit, the Rights Issue received overwhelming support from our major shareholders, and was oversubscribed at a subscription rate of 116.6%. On 6 August 2015, we successfully completed our inaugural acquisition in Berlin.

The Berlin Campus comprises two fully connected building sections of eight and thirteen storeys respectively, and is strategically located in the district of Lichtenberg, an up-and-coming area and a hotspot for Internet, media and technology companies. This leaves IREIT well poised to experience strong rental growth in the years to come. The property features a lettable area of 79,097 sqm and is within walking distance from the Ostkreuz railway station. Office workers are set to enjoy even greater connectivity once the train station expands to offer regional train services across Germany in 2017/2018.

Our latest acquisition also brings with it a strong main tenant, the Deutsche Rentenversicherung Bund, a federal pension fund and the largest of the 16 federal pension institutions in Germany. This will not only serve to diversify our tenant profile but also lower our reliance on Deutsche Telekom, our top tenant, and reduce our exposure in the communications sector.

Chairman & CEO **Letter to Unitholders**

LEADING THE WAY IN INNOVATIVE ASSET MANAGEMENT

As we work to pursue new acquisitions, tenant retention remains an integral component of our growth strategy. We are pleased to announce that our property portfolio's occupancy rate remained at almost 100.0% in 2015. This leaves us well primed to maintain a strong and stable cashflow.

We are constantly searching for ways to maintain and enhance our relationships with our tenants across our portfolio through proactive asset management and new tenant management initiatives. As testament to our efforts, we were recently awarded gold certification for Concor Park, our eco-friendly property in Munich's Ascheim-Dornach business park. This is the first redevelopment project in Germany to have received the Green Building Gold Certificate from the German Sustainable Building Council in 2016.

MARKET OUTLOOK FOR 2016

While we continue to explore opportunities in the other European geographies, Germany remains our current priority market. The German economy remained resilient in 2015. A low inflation rate, coupled with a rise in wages, led to growing employment and robust domestic demand. This lent support to the property market and fuelled demand for office space.

In terms of the investment market, competition remained fierce with investors from North America, Europe and Asia keen to capture a piece of the market. There were also increasing market activities in 'B' and 'C' locations. In keeping with our 'ABBA' investment strategy, we were able to pursue strong accretive assets that were in line with IREIT's overall investment profile to deliver beneficial growth to Unitholders.

The demand for office space is also set to rise given the robust state of the economy. According to Colliers International, the year-to-date total office take-up rate in the top seven cities of Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart during the last quarter of 2015 was 2,358,400 sqm. This was a 15.0% increase compared to the same period last year. Berlin took pole position with 527,000 sqm, reporting a year-on-year increase of 23.0%.

Germany's market outlook in 2016 seems promising given that the Eurozone is poised for a continued, moderate recovery amid challenging global conditions. With low oil prices, a weaker Euro exchange rate and the Central Bank's accommodative monetary policies, Europe's economy is well on its way to a slow recovery – all of which signals good news for Germany. The positive outlook will be supported by a strong labour market and financing conditions underpinning domestic demand. With such favourable conditions in place, Germany is primed to maintain its position as a relatively safe haven for investments and businesses.

Going forward, more acquisitions are in the pipeline for IREIT. We believe that our investment strategy, coupled with our prudent capital management, will enable us to continue to deliver the best possible returns to our Unitholders.

A NOTE OF APPRECIATION

We would like to express our appreciation to the IREIT team, professionals and advisors for their continued commitment to the growth and success of IREIT. We are also grateful to our Board colleagues for their advice, insights and guidance.

Finally, on behalf of the Board, we would like to express our deepest gratitude to our Unitholders, tenants, business partners and investors for sharing in our vision. As we look to the future, we remain confident in our strategy, reach and ability to expand our portfolio and take IREIT to greater heights.

Mr Lim Kok Min John
Chairman

Mr Itzhak Sella
Chief Executive Officer ("CEO")

17 March 2016

主席与总裁 致单位持有人之信函

建立一个稳固的基础

尊敬的单位持有人

我们谨代表IREIT Global Group Pte. Ltd.董事会，很高兴发布IREIT Global （“IREIT”）的第二份常年报告。

过去的12个月对IREIT来说是即振奋人心，且充实的一年。我们成功完成我们的首项股权发行，并争取到我们的首项柏林地产，一块位于极具潜质地区的优质房地产。这个价值1.442亿欧元的收购项目有助充分扩大我们的投资组合，增加了我们的总资产值，让我们在德国的顶尖城市之一和首五个办公投资与租赁市场中占有一席之地。因此战略性投资，我们的房地产估值目前为4.414亿欧元，增长52.0%，而我们的净资产值已上升至2.511亿欧元。

2015年财务摘要

我们今年的表现依旧保持强劲，取得了2,690万欧元的总收入，增长了超过三倍。可分配收入也显著上升至约2,080万欧元。借助审慎的资本管理，我们的资产负债表保持了良好状态，并呈献2,290万欧元的正净经营现金流。

我们有幸为单位持有人给予3.39分欧元的每单位派息(DPU)，该派息比去年（五个月）高出两倍以上。

明智收购促进未来增长

我们在历年的稳定表现令人振奋。有鉴于此，我们将继续努力把IREIT推向另一高峰。

在扩展业务的同时，我们一直在我们的主要市场--德国， 以及在其他欧洲市场积极地探索收购机会和投资商机, 只为秉持我们对 ‘ABBA’投资策略的承诺 - 追寻 “A”级地产位于“B”级城市中和 “B”级地产位于“A”级城市中。策略的其他方针还包括专注于投资德国发展中的城市，拥有长周期加权平均租赁期满(WALE)的稳固主要租户的策略性收益增值资产。我们的最新收购项目，柏林园区恰好符合我们的要求。拥有可比IREIT现有投资组合的7.1%净房地产收入，以及8.8年的稳定加权平均租赁期满期限。这个项目对我们的强劲稳固投资组合来说绝对是个优势的产业。其1.442亿欧元的价格是我们投资组合中最大的资产。

为了筹集收购项目的资金，我们采用了证券和债券的资金组合来筹款。我们宣布进行股权发行来筹集约8,870万新元的总收益，而剩余的资金则通过银行借贷设施来资助。股权发行以每单位股权0.468新元的发行价格获得了主要股东的热烈回响，并以116.6%的认购率被超额认购。我们于2015年8月6日成功完成我们的首个柏林收购项目。

柏林园区包括两个连接式建筑，个别有八和十三层楼高，其策略性的位置坐落在利希滕贝格（“Lichtenberg”）的新兴区。这也是网络、媒体和科技公司的集中地。IREIT能借助这个项目来定位未来的发展，以见证租赁领域稳健的财务增长。这个地产的可出租面积为79,097平方米，并离奥斯特卡卢斯（“Ostkreuz”）火车站仅步行之遥。上班族可在火车站于2017/2018年之际扩充提供区域火车服务时，享有更完善的交通便利。

我们的最新收购项目也吸引到了资金雄厚的机构成为我们的主要租户，就是Deutsche Rentenversicherung Bund，德国16个联邦退休基金机构中的首屈翘楚。这个战略方针不但能为我们提供多元化的租户，还能减少我们对主要租户，德国电信的依赖，并降低我们在通信行业的风险承受度。

创意资产管理引领未来方针

我们在追求新收购项目的同时，也不忘将租户保留计划做为我们增长策略的一部分。我们很荣幸宣布我们的地产投资组合出租率于2015年保持在将近100.0%的水平。这使我们产业的租用率保持在优良水平，有助维持强劲稳健的现金流。

主席与总裁致单位持有人之信函

通过积极的资产管理和新租户管理计划， 我们不断寻找新方式来维持和加强跟租户的良好关系。我们位于慕尼黑阿舍姆-多纳赫（“Aschheim-Dornach”）商业园的亲环境产业项目 - 康科园（“Concor Park”）在近期获颁金级认证，足以见证我们对保护环境的努力。 项目有幸成为荣获德国可持续建筑委员会颁发的绿色建筑金级认证殊荣的首个德国重建项目。

2016年市场展望

我们继续在探索欧洲其它地区的发展机会的同时，德国仍是我们目前首要的市场。德国经济在2015年保持韧性。在通货膨胀率保持低水平、工资和就业率上升，以及国内需求强劲的环境下，房地产市场和办公空间都获得了相应的支持。

就投资市场而言，北美、欧洲和亚洲都有意争取竞争市场利润，各分一杯羹。我们也观察到“B”和“C”地区的市场活动有所增加。不过，我们对所定下的‘ABBA’投资策略保持一贯的信心。我们通过这个策略，追求了优质的增值资产，完全符合IREIT执意为单位持有人呈献可观增长的整体投资概况。

办公空间的需求也将随着强劲的经济增长，相应上升。根据高力国际（“Colliers International”）的数据，德国7大城市柏林、杜塞尔多夫、法兰克福主、汉堡、科隆、慕尼黑和斯图加特于2015年第4季度的由年初至今总办公出租率为2,358,400平方米。这与2014年同期相比高出了15.0%。柏林以527,000平方米的成绩高居榜首，逐年增长23.0%。

有鉴于欧元区在具挑战的国际环境中持续保持温和复苏的景象，德国在2016年的市场展望继续乐观。油价下低、欧元兑换率疲弱，以及中央银行的宽松货币政策，使欧洲经济逐渐踏上缓慢的复苏旅程。这对德国来说是佳音。积极的前景主要由稳健的劳动力市场和优越的金融环境促进国内需求。德国仰赖这些优良条件继续保持其顶尖的安全投资和商业位置。

放眼望去，IREIT已就备更多的收购项目。我们相信我们的投资计划配合谨慎的资本管理，将能够让我们继续为单位持有人带来最佳回报。

由衷致谢

我们籍此感谢全体IREIT团队、专业人士和顾问持续不断致力于IREIT的成长和成功。我们也感谢董事会的同仁所提出的建议、见解和指导。

最后，我谨代表董事会对我们的单位持有人、租户、商业伙伴和投资者置以万分的感激，谢谢他们对我们愿景的认同。在展望将来的同时，我们对IREIT扩充投资组合所实行的策略、市场渗透力和实力都具信心。我们相信IREIT绝对能再创另一高峰。

林国鸣先生
主席

Mr Itzhak Sella
总裁

2016年3月17日

INVESTMENT GATEWAY TO EUROPEAN OFFICE ASSETS

Berlin Campus | Bonn Campus | Darmstadt Campus | Münster Campus | Concor Park

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 managers

Board of Directors






Top, Left to right:
MR LIM KOK MIN JOHN
MR TAN WEE PENG KELVIN
MR NIR ELLENBOGEN

Bottom, Left to right:
MR TONG JINQUAN
MR HO TOON BAH
MR ITZHAK SELLA

Board of Directors

MR LIM KOK MIN JOHN

Chairman and Independent Non-Executive Director

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 and has held 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, Group Managing Director of Pan-United Corporation Ltd and of JC-MPH Ltd.

Mr Lim is currently also the Non-Executive Chairman of Boustead Projects Limited, an Independent Non-Executive Director of Silverlake Axis Ltd and a Director of several private companies in healthcare, education and media. He is also an advisor to a European private equity fund.

He is the Immediate Past Chairman of the Singapore Institute of Directors, Senoko Power Ltd, Gas Supply Pte Ltd and Building and Construction Authority and a former Deputy Chairman of NTUC FairPrice Co-operative, Agri-foods and Veterinary Authority and Singapore Institute of Management. He is also a former member of the Securities Industry Council and a former Chairman of the OECD Asian Corporate Governance Network for state owned enterprises.

He 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

Current Directorships

Boustead Projects Limited
Silverlake Axis Ltd
Taylor's Education Pte. Ltd.
Nexus International School Pte. Ltd.
Integrity Media Asia Pte Ltd
Econ Healthcare Pte. Ltd.
IREIT Global Group Pte. Ltd.

MR TAN WEE PENG KELVIN

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

Mr Tan has more than 25 years of professional experience in the private and public sector. He has held senior management positions, including the position of President of AETOS Security Management Pte Ltd from 2004 to 2008 and Global Head of Business Development of PSA International from 2003 to 2004. From 1996 to 2003, Mr Tan 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 WE Holdings Ltd and Viking Offshore and Marine Limited, which are listed on the SGX-ST.

Academic & Professional Qualifications

Member 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 at the Harvard Business School

Current Directorships

Aperio Technology Pte Ltd
Asia Business Development Pte. Ltd.
DBE Consulting Pte. Ltd.
GBE Holdings Pte. Ltd.
GBE Investments Pte. Ltd.
NL Consulting Pte. Ltd.
Viking Offshore and Marine Limited
WE Holdings Ltd
YK Management Pte. Ltd.
Golden Equator Capital Pte. Ltd.
IREIT Global Group Pte. Ltd.

Board of Directors

MR NIR ELLENBOGEN
Independent Non-Executive Director

Mr Ellenbogen has over 20 years of leadership and experience in the fields of Medical Technology, IT Systems and Software. Mr Ellenbogen is the Chief Executive Officer of CeePro Pte. Ltd., a medical devices manufacturer, and the Director of Eye-Lens Pte. Ltd., a multi-disciplinary medical devices distributor. He is also the Managing Director of Focalpoint Asia, a sole proprietorship providing medical consultancy services.

Prior to this, from 2000 to 2009, Mr Ellenbogen held various senior management and directorship positions with NeuroVision, a medical devices manufacturer specialising in a visual learning programme, including Vice President R&D and Chief Operating Officer and his last held position was Chief Executive Officer.

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

Current Directorships
CeePro Pte. Ltd.
Focalpoint Asia
Eye-Lens Pte. Ltd.
IREIT Global Group Pte. Ltd.

MR TONG JINQUAN
Non-Executive Director

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

Mr Tong's experience through 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.

Summit Group holds and operates a total of more than 0.9 million sqm of commercial properties in Shanghai. These include two five-star and four four-star hotels, with a total of 4,500 hotel rooms, including Rayfront Hotel and Apartment, Longemont Hotel and Rayfront Hotel – Nanpu, six serviced apartments, four office buildings and one shopping mall, Cloud Nine Shopping Mall. Summit Group also owns a total of more than 5 million sqm of properties outside Shanghai, comprising one project of approximately 4 million sqm in Shenyang, and four projects of approximately 1 million sqm in Chengdu.

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 listed on the SGX-ST in November 2013.

Current Directorships
Shanghai Summit Pte. Ltd.
Wealthy Fountain Holdings Inc.
Starray Global Limited
Skyline Horizon Consortium Ltd
Viva Investment Management Pte. Ltd.
Maxi Capital Pte. Ltd.
New Century Asset Management Limited
Longemont Real Estate Pte. Ltd.
The Longemont (Hongkong) Management Limited
上海长峰(集团)有限公司
上海长泉物业管理所
上海长峰房地产开发有限公司
上海龙之梦酒店管理有限公司
上海瑞峰酒店管理有限公司
上海南峰房地产开发有限公司
沈阳长峰房地产开发公司
上海汇峰房地产开发有限公司
上海鼎繁酒店管理有限公司
上海鼎荣酒店管理有限公司
上海鼎富酒店管理有限公司

Board of Directors

上海鼎强酒店管理有限公司
上海馨峰酒店管理有限公司
上海鼎园酒店管理有限公司
上海新峰投资有限公司
上海长峰酒店管理有限公司
上海龙之梦购物中心管理有限公司
上海龙之梦龙兴百货有限公司
上海龙之梦龙盛超市有限公司
上海龙之梦百货有限公司
上海龙之梦广告有限公司
上海长峰物业管理有限公司
沈阳畅峰房地产开发有限公司
沈阳轩峰房地产开发有限公司
沈阳景峰房地产开发有限公司
沈阳霓峰房地产开发有限公司
沈阳虹峰房地产开发有限公司
沈阳瀚峰房地产开发有限公司
沈阳龙之梦置业有限公司
沈阳龙之梦物业有限公司
沈阳浩峰房地产开发有限公司
沈阳龙之梦购物中心有限公司
沈阳龙之梦超市有限公司
沈阳龙之梦家居有限公司
沈阳龙之梦数码有限公司
沈阳龙之梦雅仕时尚百货有限公司
沈阳龙之梦百味餐饮管理有限公司
沈阳龙之梦游乐管理有限公司
沈阳雅仕酒店管理有限公司
沈阳鹏瑞利长峰购物中心有限公司
沈阳鹏瑞利长峰家居有限公司
鞍山龙之梦置业有限公司
鞍山龙之梦购物中心置业有限公司
成都长峰房地产开发有限公司
成都晓峰商业置业有限公司
成都汇峰商业置业有限公司
成都瑞峰商业置业有限公司
杭州龙之梦实业投资有限公司
西安铁路北客站广场建设运营有限公司
Ruifeng 1 Pte. Ltd.
Ruifeng 2 Pte. Ltd.
上海璟峰房地产开发有限公司
鞍山龙之梦轩峰房地产开发有限公司
上海龙之梦餐饮管理有限公司
Leading Wealth Global Inc.
Goodness Investments Limited
IREIT Global Group Pte. Ltd.

MR HO TOON BAH
Non-Executive Director

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 the company's operations, and drives the development and execution of its business strategies. His responsibilities also include capital management, human resources and investor relations. From 2009 to 2013, he served as an Executive Director of Soilbuild Group Holdings Ltd. He is also currently a Non-Executive Director of Soilbuild Business Space REIT.

Prior to joining Soilbuild Group, he held different senior management roles in Standard Chartered Bank and United Overseas Bank. His latest appointment was Head of Consumer Banking of Standard Chartered Bank, Malaysia.

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

Current Directorships
SB REIT Management Pte. Ltd.
Solstice Development Pte. Ltd.
Forte Builder Pte. Ltd.
Soil-Build (Pte.) Ltd.
SB Procurement Pte. Ltd.
SB Project Services Pte. Ltd.
Soilbuild Construction Group Ltd.
Soilbuild (Myanmar) Co. Ltd.
Soilbuild Construction International Pte. Ltd.
Soilbuild Construction Engineering Pte. Ltd.
Soilbuild E&C Pte. Ltd.
IREIT Global Group Pte. Ltd.

Board of **Directors**

MR ITZHAK SELLA
Executive Director and Chief Executive Officer

Mr Sella has more than 26 years of international real estate experience, including establishing a REIT in Israel. He has been involved in over US$2.3 billion worth of real estate acquisitions. He was instrumental in the development of the REIT market and framework in Israel, while serving as Managing Director of Steer Up Investments Ltd. This included supporting the introduction of the REIT legislation in Israel in 2006 and creating the relevant financial models and advising the Israeli government officials on the legal and tax implications of the REIT structure.

From 2004 to 2006, as Managing Director of Steer Up Investments Ltd, he oversaw the acquisition of Aspen Building Ltd., Aspen Properties (1990) Ltd. and Aspen Real Estate Ltd. (the "Aspen Group"), a public real estate group with properties in Israel and Europe, including logistics, retail and office properties in Germany, Switzerland and the Netherlands.

In November 2006, he founded Sella Capital Investments Ltd as the REIT manager for Sella Capital Real Estate Ltd, an Israel-based REIT. He was responsible for bringing in partners and investors from the Israel capital markets to purchase the initial real estate portfolio in Israel, comprising office and logistics properties. In 2008, despite the global financial crisis, he led Sella Capital Real Estate Ltd through a successful initial public offering on the Tel Aviv Stock Exchange. Under his management, Sella Capital Real Estate Ltd tripled its growth in real estate acquisitions within three years.

Mr Sella left the direct management of Sella Capital Investments Ltd in 2011 and continues to be a Non-Executive Director.

Mr Sella has been involved in the Israeli and European real estate markets since 1994. From 1996 to 2004, he was Executive Vice-President of Sales and Marketing of Amot Investments Ltd, one of the largest real estate holding companies in Israel and which is listed on the Tel Aviv Stock Exchange.

Mr Sella started his real estate career in the United States in 1988, where he was certified as a Real Estate Agent by the Maryland Association of Realtors and in 1990 as a Maryland Board certified Broker. He also served as an external advisor to a private REIT in the Washington, D.C. area in the United States.

Current Directorships
Sella Capital Investments Ltd
IDOMY Ltd
IREIT Global Management Pte. Ltd.
IREIT Global Holdings Pte. Ltd.
IREIT Global Holdings 1 Pte. Ltd.
IREIT Global Holdings 2 Pte. Ltd.
IREIT Global Holdings 3 Pte. Ltd.
IREIT Global Holdings 4 Pte. Ltd.
IREIT Global Investments Pte. Ltd.
IREIT Global Investments 1 Pte. Ltd.
IREIT Global Investments 2 Pte. Ltd.
IREIT Global Investments 3 Pte. Ltd.
IREIT Global Investments 4 Pte. Ltd.
Sella Holdings Pte. Ltd.
IREIT Global Group Pte. Ltd.

Board of Directors

SUMMARY OF BOARD OF DIRECTORS

Name of Director	Date of First Appointment	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed companies and other major appointments
Lim Kok Min John	14 July 2014	Independent Non-Executive Director	Member of Audit and Risk Committee	• Boustead Projects Limited • Silverlake Axis Ltd
Tan Wee Peng Kelvin	14 July 2014	Independent Non-Executive Director	Chairman of Audit and Risk Committee	• Viking Offshore and Marine Limited • WE Holdings Ltd
Nir Ellenbogen	5 December 2013	Independent Non-Executive Director	Member of Audit and Risk Committee	None
Tong Jinquan	14 July 2014	Non-Executive Director	None	• New Century Asset Management Limited
Ho Toon Bah	17 February 2015	Non-Executive Director	None	• Soilbuild Construction Group Ltd. • Soilbuild Group Holdings Ltd
Itzhak Sella	22 November 2013	Executive Director and Chief Executive Officer	None	• Sella Capital Real Estate Ltd

Management
Team



Top, Left to right:
MR ITZHAK SELLA
MRS JEREMY ADINA BARD COOPER
MR CHOO BOON POH

MR ITZHAK SELLA
Chief Executive Officer

Please refer to his profile under the Board of Directors on page 14.

Management Team

MRS JEREMY ADINA BARD COOPER
Chief Investment Officer and Asset Manager

Mrs Cooper has more than 26 years' experience in the real estate industry and has been involved in over € 1.4 billion in European real estate transactions. She has pan-European experience including the real estate markets of Western, Central and Eastern Europe.

Since 2011, she established the European operations for the Manager and served as CEO Europe of IREIT Global Management Pte. Ltd. prior to the listing of IREIT Global on the SGX-ST.

From 2008 to 2013, she served as the CEO of The International Institute of Real Estate Valuation (A.C.) Ltd., which is an international valuation and investment advisory firm. In this capacity she also acted as an advisor to the Israel Securities Authority as an expert on international real estate valuation. From 2008 to 2010, Mrs Cooper joined the European Board of Colliers International. During this period, she worked with corporations and regulators in rationalising real estate valuation policy and investment processes.

From 1995 to 2010, she was a Partner and Managing Director in Natam Colliers International, where she ran the international real estate operations for the firm from its Israeli headquarters. There, she grew the company into a leader in corporate real estate solutions, serving the real estate arms of companies such as Google, Yahoo and Computer Associates. During this time, she was active in real estate investments globally, with a focus on the US and Western and Central Europe.

Academic & Professional Qualifications
Bachelor of Arts, University of California, Berkeley
Certification in Real Estate Law and Consultancy, University of Tel Aviv
Diploma in Valuation and Real Estate Management, Technion Israel Institute of Technology
Member of the Royal Institution of Chartered Surveyors
Israel Ministry of Justice – Registered Valuer

MR CHOO BOON POH
Chief Financial Officer

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 positions. His last position held there was Director, Corporate Finance, South East Asia. In his role as a senior member of the corporate finance origination and execution team covering South East 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.

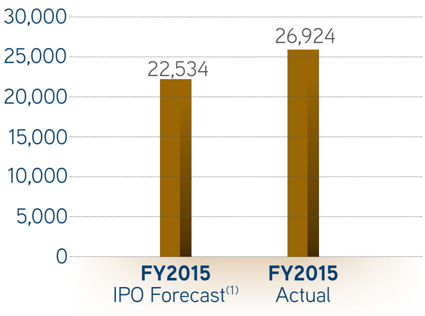
Academic & Professional Qualifications
Bachelor of Accountancy (First Class Honours), Nanyang Technological University
Chartered Accountant of Singapore
Chartered Financial Analyst (CFA)

Financial Review & **Capital Management**

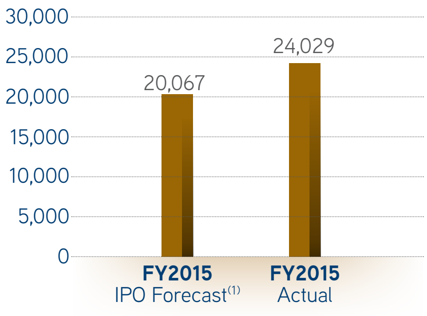
REVIEW OF RESULTS

In FY2015, IREIT delivered gross revenue of €26.9 million, exceeding the IPO Forecast of €22.5 million by 19.5%. Rental income from the first post-IPO acquisition of the Berlin Campus in August 2015 contributed to IREIT's source of revenue. Consistent with the gross revenue growth, net property income was 19.7% higher than forecast of €20.1 million. Distributable income was 18.3% higher than forecast of €17.6 million.

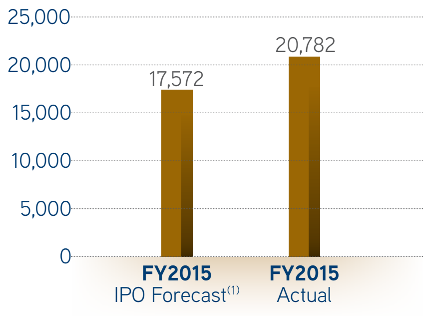
GROSS REVENUE (€'000)



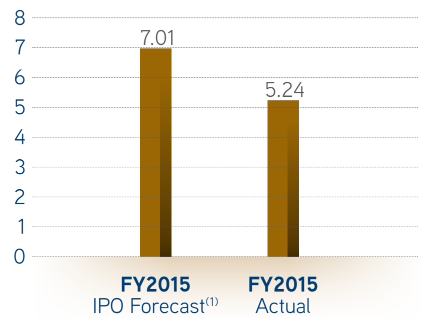
NET PROPERTY INCOME (€'000)



DISTRIBUTABLE INCOME (€'000)



DISTRIBUTION PER UNIT - S$ cents



Distribution per Unit ("DPU") declared for FY2015 was S$0.0524 comprising S$0.0221 for 1H2015 and S$0.0303 for 2H2015. The DPU of S$0.0524 was 25.2% lower than the IPO Forecast mainly due to the issuance of new Units from the Rights Issue and the weakening of the Euro against the Singapore dollar since the IPO.

[1] The IPO Forecast figures for the year ended 31 December 2015 were extracted from the Projection Year 2015 as disclosed in the IPO prospectus dated 4 August 2014.

The total operating expenses of IREIT including all fees and charges paid to the Manager and interested parties for FY2015, amounted to €7,188,000, representing 2.86% of the net assets attributable to Unitholders as at 31 December 2015. There were no taxation incurred on the real estate assets for FY2015.

FINANCIAL POSITION

Total assets for the group increased by 52.2% to €466.5 million as at 31 December 2015 from €306.5 million as at 31 December 2014 mainly due to the acquisition of the Berlin Campus which was completed in August 2015.

As at 31 December 2015, IREIT's properties were valued at €441.4 million.

Due to the larger Unit base arising from the issuance of new Units from the Rights Issue, net asset value ("NAV") per Unit declined to €0.41 at the end of the financial year as compared to €0.48 at the beginning of the financial year.

€'000	As at 31 Dec 2015	As at 31 Dec 2014
Investment Properties	441,400	290,600
Total Assets	466,476	306,514
Borrowings	197,392	95,359
Total Liabilities	215,395	106,540
Net Assets Attributable to Unitholders	251,081	199,974
NAV per Unit (€) [2]	0.41	0.48

[2] The NAV per Unit was computed based on net assets attributable to Unitholders as at 31 December 2015 and 31 December 2014 and the Units in issue and to be issued as at 31 December 2015 of 614,771,099 (31 December 2014: 420,501,704).

Financial Review & **Capital Management**

PRUDENT CAPITAL AND RISK MANAGEMENT

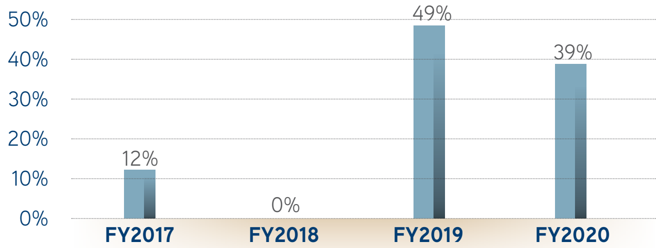
In line with IREIT's capital management strategy to achieve an appropriate balance between enhancing returns and managing the risk of higher leverage, the acquisition of the Berlin Campus was financed using a mix of equity and debt financing. The proceeds raised from the Rights Issue and a €102.0 million term loan facility were used to finance the acquisition.

As at 31 December 2015, IREIT has total borrowings of €198.6 million which represents an aggregate leverage ratio of approximately 42.6%. The borrowings comprise the following term loan facilities:

- a secured €96.6 million term loan facility which has a tenure of 5 years and matures in August 2019; and
- a secured €102.0 million term loan facility consisting of:
  - i. a secured term loan of €78.4 million which has a tenure of 5 years and matures in August 2020; and
  - ii. a secured term loan of €23.6 million with a tenure of 2 years and matures in August 2017.

About 88% of IREIT's borrowings are term loans at fixed interest rates which mitigate the exposure to fluctuations in interest rates.

DEBT MATURITY PROFILE
AVERAGE WEIGHTED DEBT MATURITY OF 3.8 YEARS[3]



[3] As at 31 December 2015

In FY2015, IREIT achieved an all-in-cost of borrowings of approximately 2.0% per annum while interest coverage ratio remained robust at approximately 11.0 times.

On 25 June 2015, credit rating agency Standard & Poor's assigned IREIT an issuer rating of "BB" long term corporate rating with stable outlook.

All of IREIT's borrowings are denominated in Euro and hence provide a natural hedge for the assets and operating cashflows at the property level.

IREIT has entered into forward foreign currency exchange contracts to hedge the currency risk for distribution to Unitholders. The distributable income for FY2015 was fully hedged at an average exchange rate of approximately S$1.54 per Euro. IREIT has also hedged 80% of the forecast distributable income for FY2016 at an average exchange rate of approximately S$1.52 per Euro.

	%	Average Hedge Rate
Distributable Income FY2015	100	S$1.54 per Euro
Distributable Income FY2016	80	S$1.52 per Euro

The fair value of the foreign currency exchange contracts as at 31 December 2015 is disclosed under Note 6 on pages 81 and 82 of this Annual Report. The fair value constitutes 0.28% and 0.17% of the group's net assets and market capitalisation as at 31 December 2015 respectively.

USE OF PROCEEDS

Proceeds raised from IPO

For FY2015, a total of €1.5 million[1] of the IPO proceeds were used for hedging costs, administrative expenses, other trust expenses, legal and professional fees and insurance expenses as part of the IPO proceeds allocated for working capital purposes. As at 31 December 2015, the balance of €2.5 million allocated for working capital purposes remained unutilised.

Note 1: As disclosed in IREIT's announcement dated 23 April 2015 and Section 1(c)(i) of the financial results announcement for the quarter ended 30 June 2015.

Proceeds raised from Rights Issue

Out of the total gross proceeds of approximately €58.8 million (S$88.7 million[1]) raised from the Rights Issue, €51.2 million (S$77.3 million[1]) has been used to part finance the purchase consideration for the Berlin Campus and the applicable real estate transfer tax, €0.2 million (S$0.3 million[1]) has been used to pay the underwriting commission and €4.4 million (S$6.7 million[1]) has been used to pay the professional fees and expenses and other fees and expenses in connection with the acquisition of the Berlin Campus and the Rights Issue. Such use is in accordance with the stated use and is materially in accordance with the percentage of the gross proceeds of the Rights Issue allocated to such use, as set out in IREIT's announcement dated 30 June 2015 (the "Acquisition Announcement") in relation to the acquisition of the Berlin Campus and the Rights Issue[2].

Note 1: Based on the exchange rate of €1.00 = S$1.51.
Note 2: The difference is mainly due to a difference in exchange rates and savings achieved in respect of the professional fees and expenses and other fees and expenses in connection with the acquisition of the Berlin Campus and the Rights Issue. The excess amount arising from this difference is intended to be used for working capital and capital expenditure purposes, together with the allocated amount for such purposes as set out in the Acquisition Announcement. As at 31 December 2015, the total balance allocated for working capital and capital expenditure purposes remained unutilised.

Portfolio
Summary

Total NLA
200,603 sqm

Total Properties
5

Portfolio Value[2]
€441.4 million

Number of Car Park Spaces
3,441

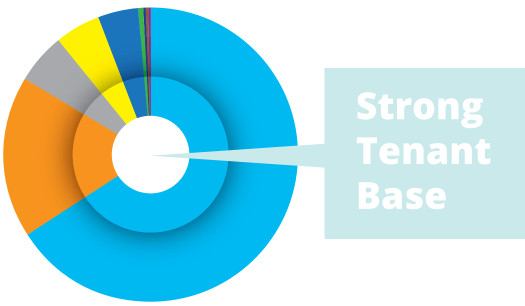
Number of Tenants
18

TRADE SECTOR[1]

As at 31 December 2015

- Telecommunications (65.3%)
- Government (17.6%)
- Real Estate (4.3%)
- IT & Electronics (5.8%)
- Banking & Finance (5.2%)
- Others (1.8%)

TOP 10 TENANTS[1]



As at 31 December 2015

- Deutsche Telekom (65.3%)
- Deutsche Rentenversicherung Bund (17.6%)
- ST Microelectronics (5.3%)
- Ebase (5.2%)
- Allianz Handwerker Services GmbH (4.3%)
- Yamaichi (0.5%)
- MG-Dornach (0.3%)
- Mizuno (0.2%)
- Kaiser (0.1%)
- Reiser (0.1%)

1 By total gross rental income
2 Based on independent valuations as at 31 December 2015

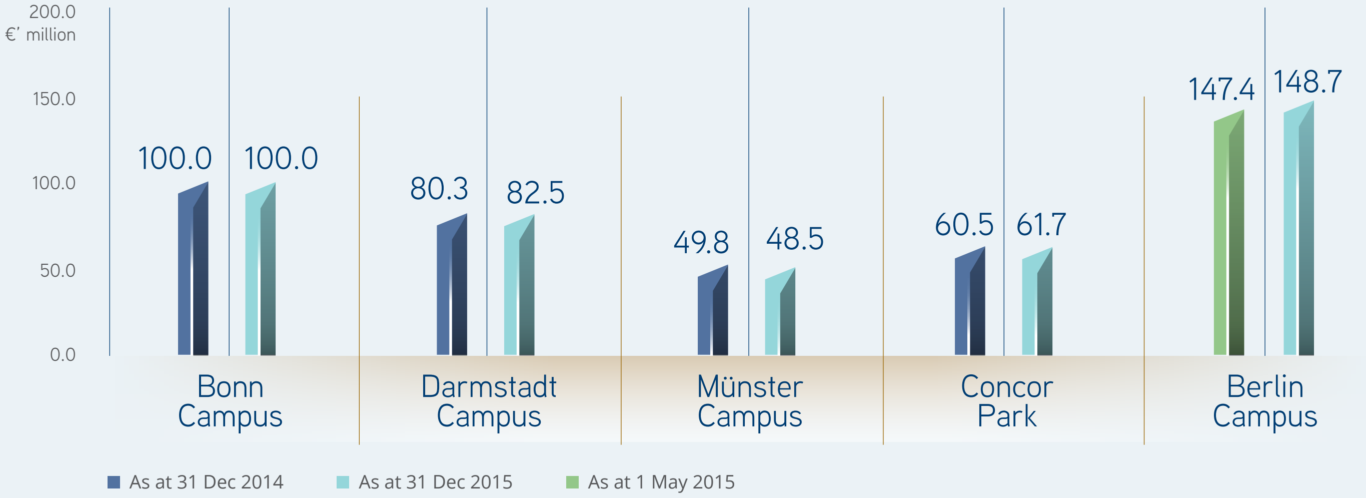
Portfolio **Summary**

	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 2015 (€ million)	148.7[1,4]	100.0[3]	82.5[3]	48.5[3]	61.7[2,4]	441.4
Book Value / Valuation as at 31 Dec 2014 (€ million)	NA	100.0	80.3	49.8	60.5	290.6
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%
Gross Rental Income for the year ended 31 Dec 2014 (€ million)	NA	2.2	1.9	1.3	1.6	7.0
% of Total Gross Rental Income 2014	NA	31.2	26.8	19.2	22.8	100
Occupancy rates as at 31 Dec 2015	99.2%	100%	100%	100%	100%	99.7%
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	
WALE (by gross rental income) as at 31 Dec 2015	8.5[5]	7.3	6.9	3.8	4.1	6.8
Number of Tenants	5	1	1	1	12	18
Major Tenants	Deutsche Rentenversicherung Bund	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	GMG, a wholly-owned subsidiary of Deutsche Telekom	ST Microelectronics, Allianz, Ebase, Yamaichi	

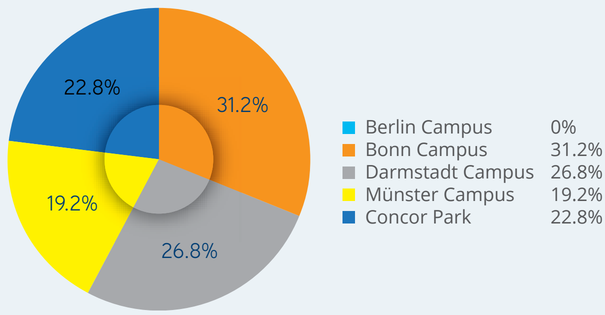
1 Based on independent valuation as at 31 December 2015 by DTZ Debenham Tie Leuing Limited ("DTZ")
2 Based on independent valuation as at 31 December 2015 by Cushman & Wakefield LLP ("C&W")
3 Based on independent valuation as at 31 December 2015 by Colliers International Valuation UK LLP
4 On 2 September 2015, DTZ and C&W announced the completion of their merger. The combined firm currently operates under a common brand name but the underlying legal entities, including their names, remain unchanged
5 All of IREIT's new leases in FY2015 relates to the Berlin Campus which was acquired during the year. These leases accounted for 36.6% of the total gross rental income for the month of December 2015

Portfolio **Summary**

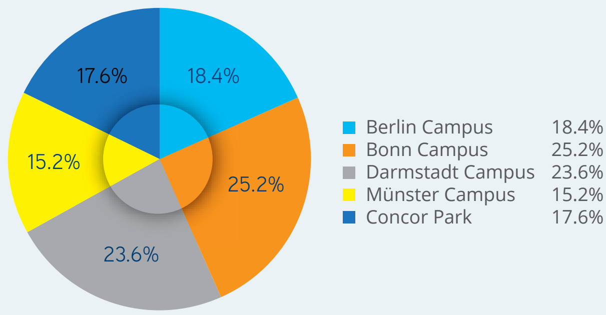
ASSET VALUATION BY PROPERTY



GROSS RENTAL INCOME BY PROPERTY 2014

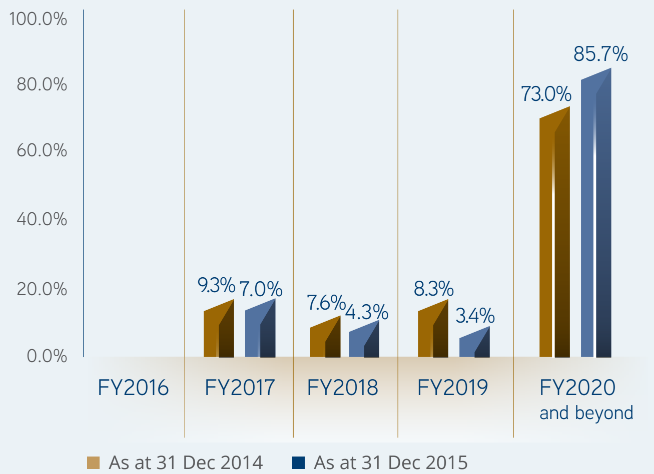


GROSS RENTAL INCOME BY PROPERTY 2015



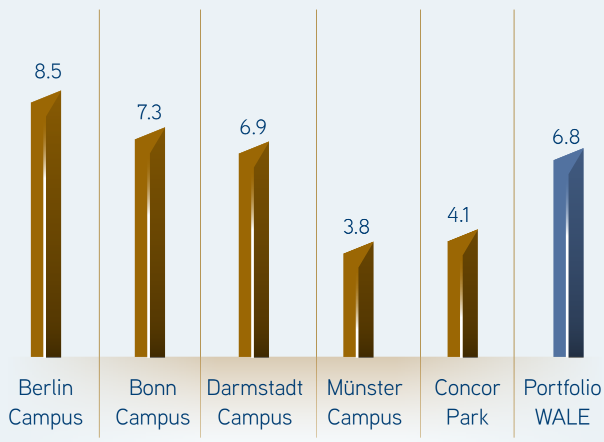
LEASE EXPIRY BY GROSS RENTAL INCOME

as at 31 December 2015



PORTFOLIO WITH WALE OF 6.8 YEARS[1]

NO. OF YEARS



Notes:

1 By gross rental income as at 31 December 2015

CONCOR PARK

BERLIN CAMPUS

DELIVERING **SUSTAINABLE DISTRIBUTION YIELD** TO OUR UNITHOLDERS

DARMSTADT CAMPUS

MÜNSTER CAMPUS

BONN CAMPUS

Portfolio **Overview**

BERLIN CAMPUS

Portfolio Overview
Berlin Campus

As at 31 December 2015

Gross Rental Income for FY2015

€4.6 million

Total Net Lettable Area (sqm)

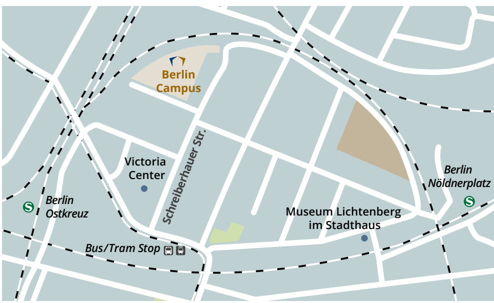
79,097

Car Park Spaces

496

Occupancy

99.2%



Berlin Campus

Located on Schreiberhauer Straße in the district of Lichtenberg, 6 km east of Berlin city centre

Comprises two fully connected building sections of eight and thirteen-stories, respectively

Within walking distance to the Ostkreuz railway station

Lichtenberg is a developing office location near the well established office area of Media Spree

Conveniently situated between the two main Berlin airports, Tegel Airport and Berlin Schönefeld Airport

Portfolio Overview
Bonn Campus

As at 31 December 2015

Gross Rental Income for FY2015

€6.3 million

Total Net Lettable Area (sqm)

32,736

Car Park Spaces

656

Occupancy

100%

Bonn Campus

Located in the Bundesviertel (federal quarter), the prime office area within the city

Directly opposite and linked to the global headquarters of Deutsche Telekom, underscoring its importance to the Deutsche Telekom Group

Four U-shape office buildings with two-, four- or six-storey that are able to function as independent self-contained buildings, with subdivision flexibility

High standard of office accommodation and building specification with extensive and state of the art technical equipment

Portfolio Overview
Darmstadt Campus

As at 31 December 2015

Gross Rental Income for FY2015

€5.9 million

Total Net Lettable Area (sqm)

30,371

Car Park Spaces

1,189

Occupancy

100%

Darmstadt Campus

Darmstadt is the city with the largest concentration of Deutsche Telekom offices outside Bonn

Approximately 30 km from Frankfurt

Located in the TZ Rhein Main Business Park, one of the largest and most modern business parks in the city

Six connected five- and seven-storey office buildings in the shape of a double-H, with subdivision flexibility

Highly specified modern open plan offices

Includes a modern multi-storey car park building with a total of 826 spaces

Portfolio Overview
Münster Campus

As at 31 December 2015

Gross Rental Income for FY2015

€3.8 million

Total Net Lettable Area (sqm)

27,183

Car Park Spaces

588

Occupancy

100%

Münster Campus

Located in Zentrum Nord, one of the largest office locations in Münster and approximately 2.5 km to the city centre

High quality asset located in the Münster North Suburban office park

Comprises two independent office buildings of six stories and an independent carpark

Floor plates of modern configuration with high quality finishing and fit-out specification

Portfolio Overview
Concor Park

As at 31 December 2015

Gross Rental Income for FY2015

€4.4 million

Total Net Lettable Area (sqm)

31,216

Car Park Spaces

512

Occupancy

100%

Concor Park

First redevelopment project in Germany to have received the Green Building Gold Certificate from the German Sustainable Building Council in 2016

Located in the commercial area of Aschheim-Dornach, within a large business park

Located 10 km from Munich City Centre and 4 km from Messe Munchen International Exhibition Centre

Five-storey building with three wings, with independent entrances

Fully refurbished in 2011 with modern fit-out

The project has further development potential for additional contiguous space

German
Market Review

QuickFacts[1]

Population (as at 30 June 2015)
81.5 million

Unemployment (as at January 2016)
4.3%

GDP average growth rate in 2015
1.7%

2015 GDP
€3.0 trillion

Annual Average CPI Inflation in 2015
0.3%

ECONOMIC OVERVIEW

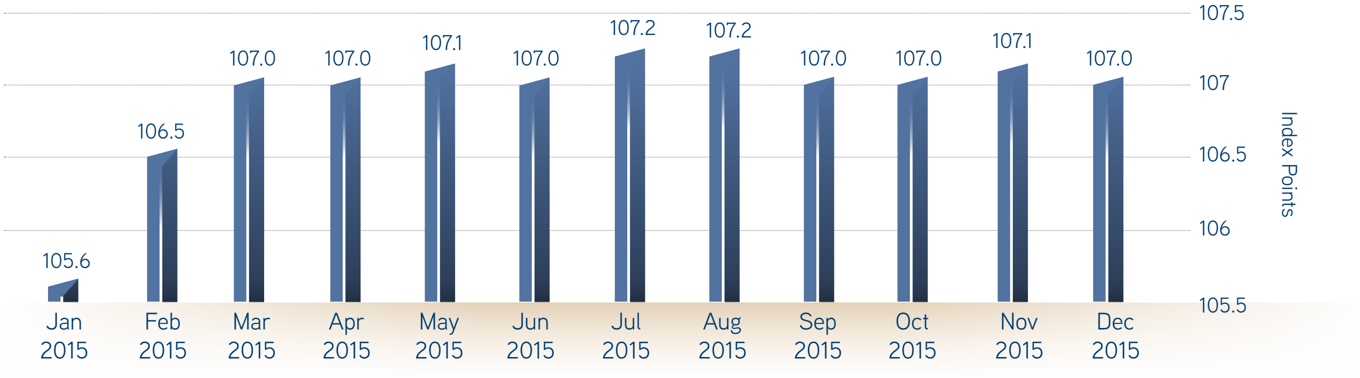
The German economy experienced a modest upturn throughout 2015, displaying significantly stronger growth compared to most other countries in the European Union. Low budget deficits, a sound debt to GDP ratio and strong credit ratings have distinguished Germany from the southern European countries in recent years and have resulted in it becoming an anchor of stability within the Euro zone. However, the economic outlook of the southern euro countries remains uncertain, especially under the shadow of the political developments in Greece, concerns over the crises in Ukraine and the Middle East, economic sanctions against Russia and the recent fall of Chinese imports.

The main driver for the growth of the German economy during the year has been increased private consumption, fuelled by higher employment rates, increased real wages and a greater purchasing power as a result of lower crude oil prices. Real estate investment increased more than slightly and, despite hesitant growth in the global economy, exports remained strong. Higher government expenditure on consumption and transfers related to the influx of refugees is expected to add further stimuli and construction investment is forecast to grow sharply over the next year.

CONSUMER PRICE INDEX[1]

According to the Federal Statistical Office of Germany (Destatis), the annual average consumer price index ("CPI") in Germany increased by 0.3% in 2015 compared to 2014. The highest change in CPI on the same period a year ago was +0.7% recorded in May 2015 followed by +0.5% in April 2015.

GERMANY CONSUMER PRICE INDEX (CPI) IN 2015[1]



[1] Source: The Federal Statistical Office of Germany (Destatis). Destatis has not provided its consent. While the Manager has taken reasonable actions to ensure that the information from the relevant reports published by Destatis is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such reports, none of the Manager or any other party has conducted an independent review of the information contained in such reports or verified the accuracy of the contents of the relevant information.

German **Market Review**

OFFICE MARKET OVERVIEW

Savills World Research reported that the top six office markets in Germany showed an office take-up rate of approximately 3.3 million sqm in 2015, representing an increase of almost 22.0% compared to the previous year. The final quarter of 2015 made a significant contribution to the annual figure with a take-up of almost 1 million sqm. The year-end total was also the highest since 2007. Company formations and expansions were instrumental in driving the considerable take-up growth in the market.

Market activity also grew significantly, with letting volumes increasing by 15.0%. Figures were boosted by a strong pick up for space between 1,000 and 3,000 sqm from smaller occupiers.

LEASING

Office rental rates continue to show a positive trend in general. At the same time, actual contracted rates, particularly for new leases and renewals, are often dependent on specific factors such as tenant profile and lease terms. Tenant concessions (such as initial rent-free periods, tenant improvement incentives etc.) of an equivalent of 6 to 12 months' rent on average are typically offered by landlords in order to secure new leases and renewals.

Regional differences in take-up rate[2]

Although there was an overall rise in the office take-up rate over 2014, there were still strong regional differences among the top locations, ranging from impressive results in Düsseldorf to slight drops in Hamburg and Stuttgart. The two major office leasing markets of Berlin and Munich witnessed significant increases while Frankfurt and Cologne on the other hand just grazed the previous year's results.

Berlin

Berlin once again took the top spot with a take-up rate of 940,800 sqm, an over 20.0% increase year on year. This significant market activity was dominated by businesses from the information, communication and technology sector, with many enterprises signing several large-scale leases and showing considerable interest in the small- and medium-sized segments. This accounted for 39.0% of take-up. New deals for office space also rose, totalling 207,600 sqm in the third quarter, making it the best quarter of the year. However, demand still far outstripped supply, according to figures from Savills World Research.

Munich

In second place was Munich, with a take-up rate totalling 750,500 sqm, a 27.0% increase year on year. The 1,000 sqm to 10,000 sqm size category produced around 180 deals last year, which was a third more than in the previous year. There were also numerous corporate expansions of companies, particularly from companies in the software and IT sector, resulting in a net increase in leased space.

Hamburg

The office take-up for Hamburg in 2015 totalled 527,700 sqm, a 3.0% increase year on year. Driven by a broad mix of sectors, demand for high-quality office space remained at the previous year's high levels. The public sector was particularly active in Hamburg with the Hamburg-Mitte Administration Office's owner-occupier deal for the Axel-Springer building and the City of Hamburg's lease for a project in Hammerbrook. There was also an impressive number of particularly large deals in 2015, with five leases for at least 10,000 sqm of office space completed.

Düsseldorf

Düsseldorf's office take-up in 2015 totalled 414,600 sqm, a 75.0% increase year on year. It also recorded the most impressive quarterly results, with tenants snapping up 297,000 sqm. These high take-up results can primarily be attributed to three large-scale leases signed by Deutsche Telekom, L'Oreal and Trivago, representing a combined total of 70,000 sqm.

The Medienhafen and Seestern districts led the submarket rankings last year, accounting for 21.0% and 15.0% of overall take-up respectively. Seestern is currently enjoying increasing popularity, thanks to its supply of modern space at attractive rents. Meanwhile, Medienhafen has provided two large occupiers with extraordinary new-build potential, which has reinvigorated the submarket.

Frankfurt am Main

Office take-up in Frankfurt am Main totalled 392,300 sqm, which represented a 6.0% increase year on year. Despite the number of larger requirements in the market, no leases were signed for more than 10,000 sqm in the year except for a 32,000 sqm owner-occupier deal involving Deutsche Vermögensberatung.

Cologne

In Cologne, office take-up in 2015 totalled 291,600 sqm, a 30.0% increase year on year. Four of the six largest lettings last year were attributed to the public sector, which accounted for a total of more than 40,000 sqm – a significant contribution to the increase in take-up.

Stuttgart

Stuttgart recorded the lowest take-up results, down at the end of the third quarter of 2015 by 3.0% year on year to 118,100 sqm, almost half of which was taken up by companies from the manufacturing industry. Robert Bosch and Daimler were particularly active in several deals as both tenants and owner-occupiers.

German **Market Review**

Capitalising on secondary cities

In the light of IREIT's 'ABBA' investment strategy – pursuing 'B' properties in 'A' cities – and our diverse portfolio in Germany's key cities of Bonn, Darmstadt, Münster, Munich and most recently Berlin, we continue to take a keen interest in secondary cities which are attractive real estate locations.

Darmstadt

A noteworthy mention is Darmstadt which experienced some activity that was dominated by development transactions in the last year.

The Technology Park in Darmstadt has been hyped up by development schemes led by Kolb & Partners. The new redevelopment on West Site at 6-8 Mina-Rees-Straβe is 14,000 sqm, of which about 50.0% is already leased out to Deutsche Telekom.

Colliers International reported that prime rents in Darmstadt have remained unchanged at around €13.00 per sqm while B-class refurbishments are letting at about €8.00 per sqm.

Bonn

The city's office market has remained fairly stable over the year. A take-up rate of 38,700 sqm was recorded in the city during the first half of 2015, compared to 63,700 sqm for the whole of 2014. Only a small number of larger investment transactions were made in Bonn, including the DIC Asset AG acquisition of Circle Center on Potsdamer Platz in Bonn for €24 million from Deutsche Office at a yield of approximately 6.0%.

Münster

According to Colliers International, Münster's office market has 2.17 million sqm of office space, which is a net increase of 39,100 sqm this year. Münster has experienced a record take-up of 80,300 sqm, mostly focused in the central business district (CBD). New buildings in the CBD have an average headline rent of €13.50 per sqm while new buildings outside the city centre are letting at an average of €11.50 sqm per month. Older properties and those located outside the CBD in the Münster Nord area are letting at an average of €9.00 per sqm.

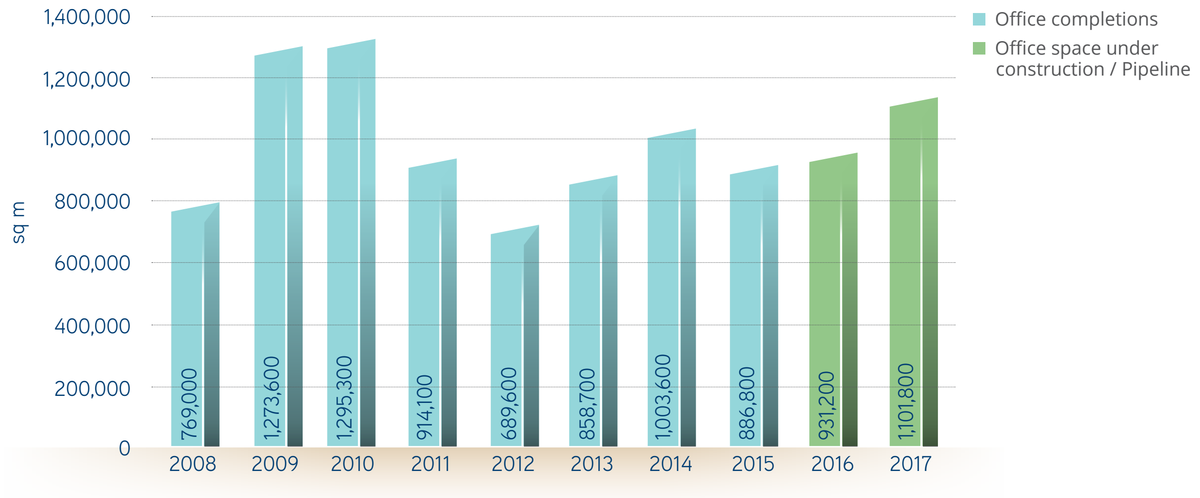
VACANCIES

With demand currently ahead of supply, vacancy rates dropped in all top cities in the year with 2015 third quarter's figures against the same period in the previous year down 0.7%. Steep falls were recorded in some cities. Stuttgart continued to have the lowest vacancy rate at 3.6%, just slightly better than Munich at 3.8%. At 4.0%, Berlin was not far behind. Hamburg and Cologne recorded vacancy rates of 5.6% and 6.2% respectively while the rate for Düsseldorf was 8.6%. Frankfurt is the only major city with a double digit vacancy rate of 11.6%.

Around 5.1 million sqm of office space was available for immediate occupancy in these cities in 2015 and occupancy rates stabilised at around 80.0%. With comparatively little new build space scheduled to be added to supply in the coming years, and some 1.33 million sqm of office space under construction as at September 2015 (a decrease of 0.7% year on year), vacancy rates are forecast to continue to drop.[1]

Meanwhile, in the 'B' cities, the vacancy rate in Bonn now stands at 3.4%. At only 2.6% in 2014, Münster has the lowest vacancy rate in all 'B' locations in Germany. Its vacancy rate has been in continuous decline since 2010.

DEVELOPMENT PIPELINE



Source: Savills

German **Market Review**

PRIME AND AVERAGE RENTS

With the exception of Berlin, average prime rents in Germany's top seven cities remained relatively stable. Frankfurt was the most expensive location with a 3% rise in rates year on year while reported prime rents in Munich were down 4% due to lettings of lower quality space. This reflects a shortage of newly built properties in that market. Rates ranged from €23.00 per sqm/month in Berlin to €37.00 per sqm/month in Frankfurt.

In the 'B' cities, average rents in Bonn also remained stable at €12.00 per sqm, with top rent reported at €18.00 per sqm. Similarly, prime rents in Münster city remained stable at €13.50 per sqm. However, this only applied to 5.0% of all lettings in the city centre and the Hafen area. Newly constructed and modern office buildings in the city centre were in the region of €11.50 per sqm. Prime rents in Darmstadt have also remained unchanged at around €13.00 per sqm.

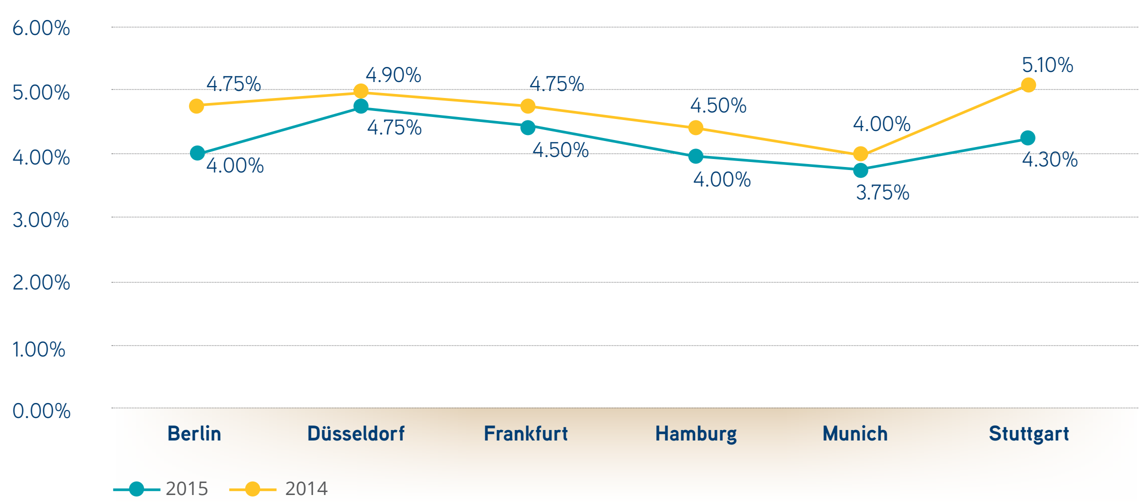
Rental concessions for new and renewed leases have remained stable with 6-12 months rent free periods depending on the lease terms and average tenant improvement budgets of €200-250 per sqm.

FORECAST FOR OFFICE SPACE

	Change in prime rents in % yoy			Vacancy rate in %		
	2014	2015e	2016e	2014	2015e	2016e
Berlin	2.2	2.2	2.1	7.5	7.3	7.2
Düsseldorf	-4.0	2.1	2.0	10.5	10.5	10.4
Frankfurt	0.0	0.0	1.4	11.5	11.2	11.0
Hamburg	2.1	2.0	0.0	7.0	6.5	6.5
Cologne	-0.5	1.0	1.4	6.9	7.2	7.1
Munich	6.3	0.0	1.5	6.3	6.0	6.0
Stuttgart	1.6	1.1	0.0	4.6	4.6	4.6
Top-location average	1.9	1.0	1.3	7.8	7.6	7.5

Source: BulwienGesa, Feri, DZ Dank AG forecast; extracted from DG HYP Research report on Real Estate Market - Germany 2015-2016

PRIME YIELDS - OFFICE PROPERTY SECTOR IN GERMANY



Source: Colliers International research report on German Office Property for 2014 and 2015

German Market Review

INVESTMENTS

The investment market in Germany in 2015 was extremely buoyant with a 50.0% year on year increase in transaction volume. Overall, yields have compressed in all top seven locations. While all the top seven cities in Germany experienced an increase in volume compared to the previous year, the largest rise was recorded in Berlin. Compared to 2014, the city's transaction volume doubled to more than €3.8 billion.

Office property remains the most sought-after sector in the German real estate market. Properties changed hands for a total of almost €22.9 billion last year, representing a 28.0% increase from the previous year.

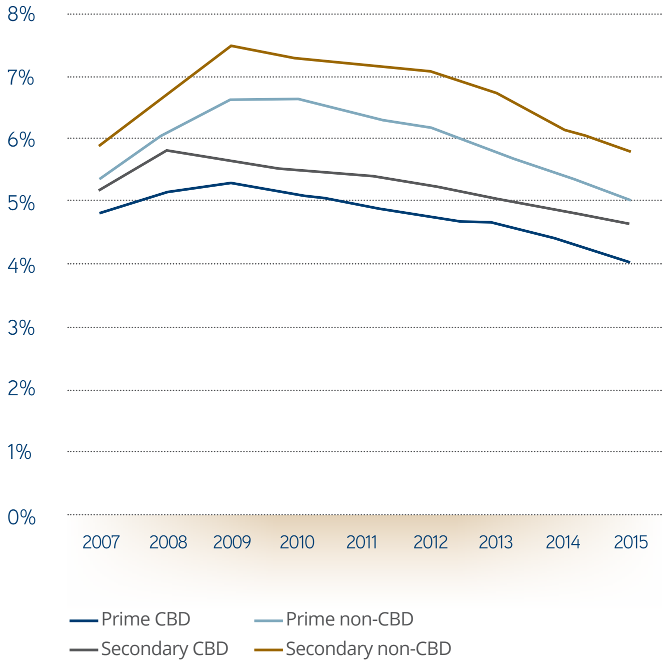
General economic indicators and the situation on the financing market continue to have a positive effect on the German commercial real estate market. Investors showed a clear focus on the top seven cities. Almost 80.0% of the overall transaction volume in 2015, approximately €17.8 billion, was invested in these markets. The high market liquidity indicates the popularity of high-volume assets and package deals, which are spurring market activity. Approximately €14.5 billion was invested in package deals in 2015, reflecting a total transaction volume of 38.0%. One of the highest-volume single deals in the year included Tishman Speyer's purchase of the Q office-retail mix building for around €330.0 million.

The importance of the top markets, which accounted for an almost 51.0% share of the total market, as well as increasing transaction activity in 'B' and 'C' locations, are good indications of Germany's excellent standing with both German and foreign investors. Just over half of investment in the German real estate market came from international investors in 2015, with those from the USA, France and the UK favouring high-volume deals. Meanwhile, Asian investors contributed around €1.4 billion. While foreign investment accounted for around 51.0% of the total in most of the top seven cities, Munich and Stuttgart garnered less foreign interest with foreign investment recorded at 43.0% and 33.0% respectively.

Office buildings and hotel assets gained the most investor interest on the whole, especially as the structure of the hotel business in Germany continues to expand in all classes. High volume single asset deals included the nine-figure Sofitel Munich Bayerpost Hotel. Both office and hotel asset classes well exceeded €2 billion in investment turnover.

While investor demand was focussed mainly on prime stock, investors are increasingly open to rental growth prospects in non-core locations. As a result, investors are willing to consider shorter income stock. As demand is still well ahead of supply, prime yields are expected to remain under downward pressure over the coming year.

YIELDS OFFICE PROPERTY SECTOR BY LOCATION



Source: Savills

OUTLOOK 2016

Occupational and investment demand are forecast to strengthen further in 2016 with increased demand for space in second-tier locations. Demand will continue to exceed supply across most prime markets, with vacancy rates expected to see further moderate declines. Older office buildings will continue to be used as refugee housing, which would lead to vacant space absorption.

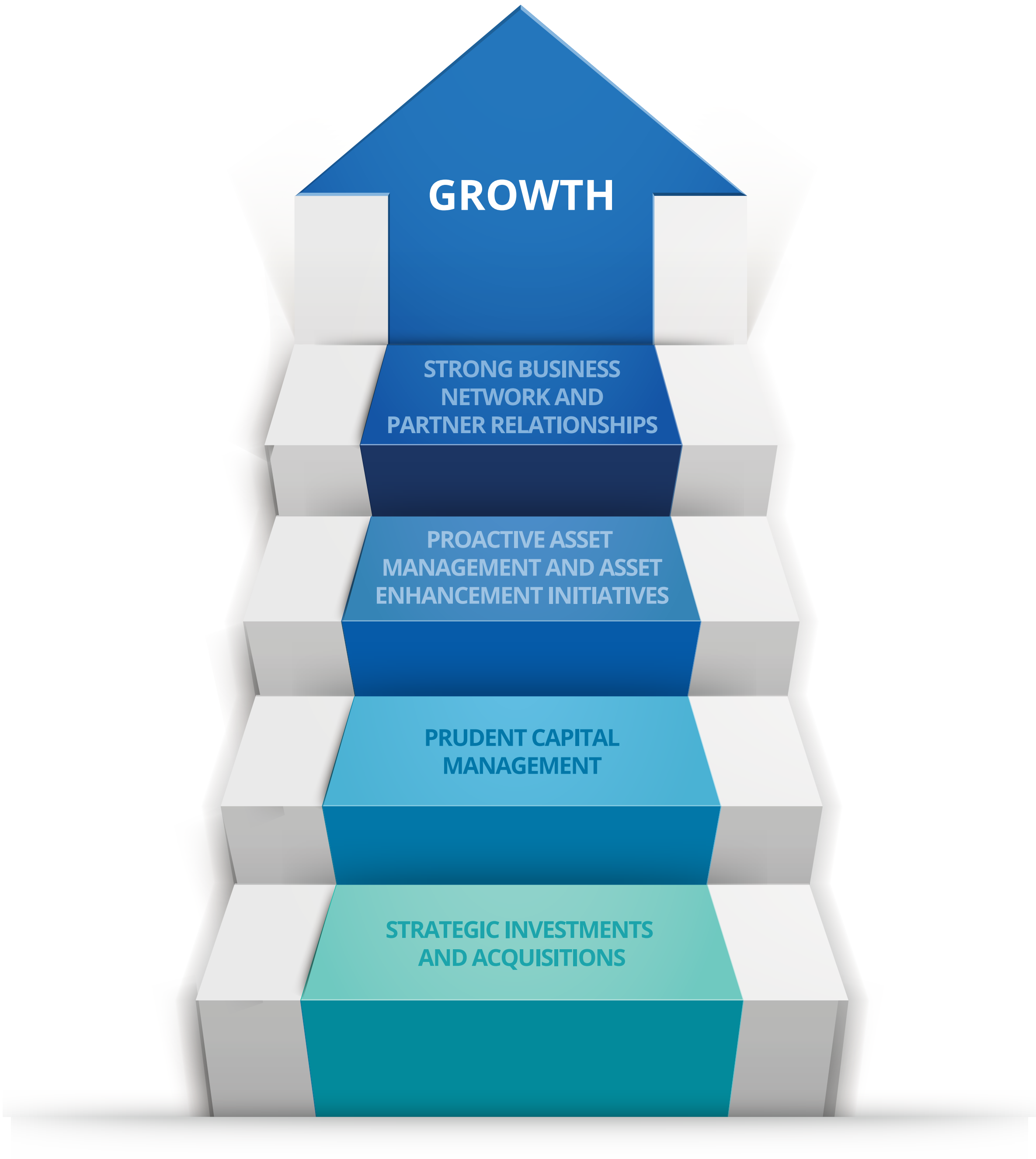
Given the current stability of the German economy, businesses are optimistic about the future and are looking forward to leasing new office space. Tenant demand is expected to remain strong over the coming year, which should lead to a scarcity of high-end office space in many locations.

Qualifying Note

This German Market Review includes market information and statistical data obtained from independent industry publications and reports, including those from the Federal Statistical Office of Germany (Destatis), Colliers International, Cushman & Wakefield, and Savills World Research, which we believe are reliable sources. We have not independently verified the data nor sought the consent of any of these organisations to refer to their reports for this German Market Review. While every effort has been made to ensure the information sourced is accurately represented in the German Market Review, we cannot accept any responsibility for any errors or omissions.

Strategies for **Sustained Growth**

IREIT 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 which is used primarily for office purposes, as well as real estate-related assets. While the initial focus is on Germany, the Manager is currently exploring new markets that are similiar to the German office market. 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 Manager will seek growth on several levels.



Strategies for **Sustained Growth**

Expanding and growing IREIT as a global market leader is one of the top priorities for the Manager. The Manager will seek to achieve portfolio growth through the acquisition of quality income-producing properties used mainly for office purposes. The Manager will focus on acquiring assets which are aligned with IREIT's 'ABBA' investment strategy and the Manager's investment criteria to enhance the return to Unitholders and to pursue opportunities for future income and capital growth.

'ABBA' STRATEGY AT WORK

In order to achieve this objective, the Manager is actively pursuing opportunities to acquire income-producing properties with long-term letting potential. The Manager considers its focus on high quality properties in secondary cities and core-plus properties in first tier-cities as the optimal means to create a balanced portfolio with stable income potential. In Germany, the real estate market centres mainly on the seven major cities and a multitude of secondary cities with a variety of strong business activities.

Taking into consideration the type of asset class, and the Manager's asset management capabilities, the 'ABBA' investment approach is considered to be a resilient and appropriate strategy to be rolled out across Germany and other countries. IREIT's investment process is spearheaded by the Chief Investment Officer and Asset Manager ("CIO"). The CIO spends most of her time working in Germany, while dedicating part of her time to tracking the real estate markets in other target investment countries such as Poland, France and the Netherlands, which are potential markets for executing the Manager's acquisition strategy.

THE 'ABBA' STRATEGY

'A' properties in 'B' cities and 'B' properties in 'A' cities, known as the 'ABBA' strategy

'ABBA' strategy	AB ('A' assets in 'B' cities)...	...BA ('B' assets in 'A' cities)
Assets	**Core Assets** • Modern building(s) • Prime location(s) • Long term lease(s) • Tenant(s) with good lease covenants	**Core-Plus Assets** Possess most but not all of the qualities on the left and require more intensive asset management initiatives
Cities	**Second-tier cities**	**First-tier cities**

Strategies for **Sustained Growth**

PREFERRED OFFICE LANDLORD

The Manager is also committed to implementing processes that will encourage organic growth. To achieve this vision, the Manager is set to carry out asset management initiatives in order to improve gross rental income and net property income. Some of these initiatives include building stronger tenant relationships, providing value-added property-related services and actively maintaining strong occupancy rates.

Building stronger tenant relationships will help the Manager understand IREIT's tenants and enable the Manager to work proactively with the tenants so that their plans for expansion and growth may be achieved. Providing value-added property-related services will help us achieve our targets on tenant retention. These efforts are focused on making IREIT the office landlord of choice in the geographies where it has a foothold.

Other asset enhancement initiatives that the Manager may undertake to improve income include space optimisation and refurbishments. Identifying sub-optimal and ancillary areas that can be converted for higher returns and, therefore improving the efficiency and operation of the property.

It is the Manager's intention to undertake asset enhancement initiatives to the extent possible, subject to laws and regulations, as well as the improvements required to satisfy projected levels of feasibility and profitability.

EFFECTIVE AND EFFICIENT OPERATING COSTS

The Manager will work closely with the property managers to improve efficiency and optimise maintenance costs. All efforts will be made to maintain a high level of service, enabling IREIT to deliver optimal returns to Unitholders.

The Manager will constantly review cost-effectiveness and cost-efficiency of the property operations. Cost management initiatives will include:

- constant review of the workflow process to boost productivity;
- close partnership with service providers to control costs and potential escalation; and
- exploit the economies of scale associated with operating a portfolio of properties by, for example, the bulk purchasing of supplies and cross-implementation of successful cost-saving programmes.

Strengthening of IREIT's financial position through careful and prudent capital management is as important as improving revenue and managing costs. It is, therefore, vital to the long-term sustainability of IREIT that the Manager has strategies in place to deal with this.

Strategies for **Sustained Growth**

STRONG FINANCIAL STANDING

The Manager has adopted a careful and prudent capital management approach to maintain a strong balance sheet. The Manager will establish new relationships with different financial institutions as a strategy to diversify the source of funds.

In order to achieve its aim of further strengthening and building upon IREIT's stable financial position, the Manager will employ an appropriate mix of debt and equity in financing acquisitions. It will also adopt financing and hedging policies, when and if appropriate.

The Manager intends to adopt a prudent approach by maintaining an aggregate leverage ratio of not more than 45%.

The Manager will actively manage interest rate fluctuations and foreign exchange exposure for IREIT by adopting strategic hedging policies to optimise risk adjusted returns to Unitholders. To the extent possible and appropriate, all borrowings are to be in the relevant local currency. This will provide a natural hedge against foreign exchange risk. The Manager will implement a policy of proactive interest rate management in order to manage the risk associated with changes in the interest rates on loan facilities. They will also seek to ensure that IREIT's ongoing cost of debt capital remains competitive.

PEOPLE & IREIT

Building up a REIT is as much about the people who make it a success, as it is about the REIT. The Manager has a capable team with the right mix of expertise, experience and proven track record to manage the REIT. The Manager is fully committed to its core aims and strategies. In order to fulfil IREIT's objectives, the Manager will leverage on its extensive business network.

The Manager is committed to investing in the development of its team through on-the-job and professional training, performance incentives, and team building exercises.

STRATEGIC BUSINESS PARTNERS

IREIT is supported by its strategic partner, Shanghai Summit Pte. Ltd. ("Summit"), a Singapore-incorporated company that is ultimately owned by Mr Tong Jinquan, founder of Shanghai Summit (Group) Co., Ltd. ("Summit Group") and a 20-year veteran in property investment, development and management. Summit is experienced and well-connected in the real estate industry, and the Manager believes that Summit will continue to bring its expertise to IREIT's growth strategy.

In addition, IREIT also has support from its other substantial Unitholder, Mr Lim Chap Huat, who is the co-founder of Soilbuild Group Holdings Ltd, which is a leading integrated property group with close to four decades of experience.

To demonstrate their support for the growth of IREIT, the Sponsor, Sella Holdings Pte. Ltd. together with its strategic partners, Summit Group and Mr Lim Chap Huat, have each granted a right of first refusal to IREIT, subject to certain conditions. This gives IREIT access to future acquisition opportunities in Europe.

IREIT's excellent assets, team and strategy provide the ideal conditions for the Manager to deliver on its commitment to grow IREIT to the next level.

Investor **Relations**

COMMUNICATIONS WITH INVESTORS

The Manager recognises the importance in communicating timely and transparent disclosures to stakeholders which is why the Manager is committed to ensure disclosures are delivered efficiently and effectively. IREIT stakeholders includes Unitholders, Board of Directors, analysts, potential investors, media, vendors, partners and the general public.

To ensure transparency, all materials such as announcements, press releases, presentation slides, annual reports and circulars on IREIT's latest developments will be released via SGXNET and our corporate website.

The Manager strongly believes in having regular face-to-face communication as and when is required. As such, the management allocates time and effort to every opportunity to meet with investors whenever is possible.

IREIT's quarterly results and corporate development announcements will be disseminated to all who have signed up to be on IREIT's mailing list. In view of the Personal Data Protection Act, they are sent to those who have signed up for updates.

On an ongoing basis, the Manager would provide corporate development and financial performance updates to IREIT's stakeholders via corporate day events, one-on-one meetings, conference calls, media interviews and analysts briefings.

ANNUAL GENERAL MEETING ("AGM")

The Board and the management encourage and support shareholder participation at its AGM. The Notice of AGM and related information according to the regulatory requirement gives Unitholders the necessary time to review the Notice of AGM and appoint proxies to attend the AGM. The Notice of AGM is advertised in the major newspapers to ensure the information reaches out to its Unitholders. During IREIT's AGM, the Manager takes the effort to present a financial and operations update to its Unitholders.

AGM results and presentations will be disclosed on the SGXNET as well as posted online on IREIT's website for transparency purposes.

Analysts Coverage

IREIT is currently covered by the following brokerages:

- DBS Bank Equity Research
- RHB Research Institute Singapore Pte. Ltd.

Non-Deal Roadshow

In 2015, IREIT met with numerous investors, media as well as analysts. The management also participated in investor conferences and non-deal roadshows.

Achievements

In 2015, IREIT received a merit award in "Best Investor Relations (First-Year Listed Companies)" in the Singapore Corporate Awards, organised by The Business Times and supported by Singapore Exchange. The management of the Manager will actively engage with investment community through regular communication and adoption of industry best practices in investor relations.

Investor **Relations**

Trading performance[1]	FY2015	Date of listing to 31 December 2014
Closing price (S$)	0.6900	0.7705
Highest price during financial period (S$)	0.7791	0.7791
Lowest price during financial period (S$)	0.6200	0.7618
Average daily volume traded ('000)	205	378

1 Adjusted for the Rights Issue completed in August 2015

IREIT's total returns[2]	%
Since listing on 13 August 2014 to 31 December 2015	-4.43%
From 1 January 2015 to 31 December 2015 (one-year)	-4.96%

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

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 (the "Board") has ensured that the Manager has implemented corporate governance policies and industry best practices to protect IREIT's assets and the interests of 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"), 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 35 to 38. 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, staff 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 value of Unitholders' investment in IREIT.

The functions of the Board are defined broadly as follows:

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

The Board 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 permits Board meetings to be held also by way of telephone conferences or by 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 in 2015, 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	4	4	4	4
Mr Tan Wee Peng Kelvin	4	4	4	4
Mr Nir Ellenbogen	4	4	4	4
Mr Tong Jinquan	4	4	N.A.	N.A.
Mr Ho Toon Bah	4	4	N.A.	N.A.
Mr Itzhak Sella	4	4	N.A.	N.A.

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.

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. It comprises six members, of whom three are Independent Non-Executive Directors. The Chief Executive Officer ("CEO") is the only Executive Director on the Board.

The Board members as at the date of this Annual Report are as follows; the profiles of the Directors are found on pages 10 to 15:

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 Tong Jinquan	Non-Executive Director
Mr Ho Toon Bah	Non-Executive Director
Mr Itzhak Sella	Chief Executive Officer and Executive Director

The Board believes that the current board size, composition and balance between executive, non-executive and independent non-executive director is adequate 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 and planning 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. In respect of the financial year ended 31 December 2015, the Board is of the view that its independent non-executive directors are considered independent.

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 staff 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. All directors are currently appointed for an initial period of three years and may be re-elected 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, which includes seeking the Chairman's approval as a director of the Manager. All directors are subject to an annual review of their commitment and performance to 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

The roles of the Chairman and the CEO are separate.

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 of the Board, Mr Lim Kok Min John is an Independent Non-Executive Director. He 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, Mr Itzhak Sella, 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.

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, 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.

The directors of the Manager are not subject to periodic retirement by rotation. For good corporate governance, the directors may be subject to re-nomination and re-election. Any nomination, which may be made by any of the Manager's shareholders, are carefully evaluated by the Board before any appointment is made. All appointment of directors is also subject to MAS 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

An annual review of the Board is carried out to assess the effectiveness of the Board and the ARC. The review process includes getting feedback from individual directors on areas relating to the Board's and the ARC's competencies and effectiveness.

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 is for the Board to evaluate their overall effectiveness. The feedback, comments and recommendations by all the directors will be reviewed and discussed by the Board collectively. Attendance at meetings as well as the contributions of each director to the Board form part of the evaluation.

The directors have completed the assessment and evaluation form for the financial year ended 31 December 2015. The Board has conducted an evaluation on the performance of the directors and concluded that the directors are contributing effectively and efficiently.

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. Usually, board papers are sent out at least one week prior to the Board meetings to ensure that directors have sufficient time to review. 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. The CEO does not receive any directors' fees. Independent Directors and Non-Executive Directors 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 on 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.

For the non-executive directors, the Manager has adopted a director's 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 higher level of performance;
- to ensure quality staff 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.

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 to conduct a review of the Manager's remuneration structure, for its non-executive directors, management and employees.

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.

Corporate **Governance Report**

The level and mix of the remuneration of each of the Directors (other than the CEO) for FY2015 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	95	-	-	-
Mr Tan Wee Peng Kelvin	80	-	-	-
Mr Nir Ellenbogen	65	-	-	-
Mr Ho Toon Bah	50	-	-	-
Mr Tong Jinquan	50	-	-	-

The level and mix of the remuneration of the CEO for FY2015 is as follows:

Remuneration Band and Name	Fees (%)	Base/Fixed Salary[1] (%)	Bonus[1] (%)	Benefits-in-kind (%)
Above S$500,000 to $750,000				
Mr Itzhak Sella	-	62	28	10

(1) Paid in cash.

The Board had 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. The Board considers that it is important to maintain stability and continuity in the key management team of IREIT. Due to confidentiality concerns and given the competitive pressures in the talent market, the Board is of the view that disclosing the remuneration of the CEO in exact quantum and the remuneration of the top five executives on a named basis (whether in exact quantum or in bands of S$250,000) 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.

Accountability and Audit Accountability

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. Quarterly financial results and price sensitive information and regulatory required announcements 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 taking note of any significant changes on quarter-on-quarter and year-to-date results. During the review and analysing 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 will act upon any comments from internal and external auditors 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 economical, operational and technology risks, from time to time; and reviewing major policies for effective risk management and relevance.

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

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

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

(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 2015 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 internal and external auditors as well as reviews performed by management and the ARC.

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
- Staff training.

The Manager has organised an anti-money laundering training session 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 price sensitive information.

The directors and employees of the Manager are also prohibited from dealing with the Units on short-term basis and communicating price sensitive information to any person. They are expected to observe the insider trading laws at all times even when dealing with Units within permitted trading periods.

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.

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;
- 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 Sella Holdings Pte. Ltd. (the "Sponsor") and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor 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 the Sponsor and/or its subsidiaries;
- In respect of matters in which Shanghai Summit (Group) Co., Ltd. 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;
- Except for resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matters in which the Manager and/or any of its associates has a material interest; and
- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of IREIT with a related party of the Manager ("Related Party"), the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of IREIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors (including its independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of IREIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

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.

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 external auditors and reviewing the adequacy of external auditors 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;

Corporate **Governance Report**

- reviewing arrangements by which staff 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 external auditors;
- reviewing the nature and extent of non-audit services performed by external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with 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.

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 external auditors 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 external auditors.

For the financial year ended 31 December 2015, the aggregate amount of fees paid and payable by IREIT to the external auditors was €317,000, comprising audit service fees of €109,000, fees in relation to services rendered in connection with the acquisition of the Berlin Campus and the Rights Issue of approximately €90,000, and other non-audit service fees of €118,000.

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 external auditors 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 external auditors 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 external auditors. None of the members of the ARC are former partners or directors of the Manager's and/or IREIT's external auditors.

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.

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 external auditors 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.

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 external auditors regarding the business operations, strategy and financial standing of IREIT.

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.

Report of **the Trustee**

For the year ended 31 December 2015

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 55 to 99, 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

Soh Ee Fong
Director

Singapore
17 March 2016

Statement by **the Manager**

For the year ended 31 December 2015

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 55 to 99, which comprise the consolidated financial statements of the Group and the statement of financial position of IREIT as at 31 December 2015, and the statement of distribution and the statements of changes in net assets attributable to Unitholders of IREIT for the financial year then ended, and a summary of significant accounting policies and other explanatory information, are properly drawn up in accordance with the International Financial Reporting Standards and the Trust Deed so as to give a true and fair view of the disposition of the assets and liabilities of the Group and of IREIT as at 31 December 2015 and of its financial performance, changes in net assets attributable to Unitholders and cash flows of the Group for the financial year then ended. 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.

Itzhak Sella
Executive Director and CEO

Singapore
17 March 2016

Independent Auditors' Report

To the Unitholders of IREIT Global

Report on the Financial Statements

We have audited the accompanying 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 2015, and the statement of distribution and statements of changes in net assets attributable to Unitholders of IREIT for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 55 to 99.

Manager's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

To the Unitholders of IREIT Global

Opinion

In our opinion, the 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 give a true and fair view of the financial position of the Group and of IREIT as at 31 December 2015, 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 financial year then ended in accordance with International Financial Reporting Standards.

Report under 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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
17 March 2016

Statements of **Financial Position**

As at 31 December 2015

	Notes	Group 31 December 2015	Group 31 December 2014	IREIT 31 December 2015	IREIT 31 December 2014
		EUR'000	EUR'000	EUR'000	EUR'000
ASSETS					
Current assets					
Cash and cash equivalents	4	21,217	12,277	3,370	2,156
Trade and other receivables	5	1,558	1,967	8,251	6,047
Financial derivatives	6	-	279	-	279
		22,775	14,523	11,621	8,482
Non-current assets					
Investment properties	7	441,400	290,600	-	-
Investment in subsidiaries	8	-	-	261,081	208,309
Other receivable	5	173	-	-	-
Deferred tax assets	9	2,128	1,391	-	-
		443,701	291,991	261,081	208,309
Total assets		**466,476**	**306,514**	**272,702**	**216,791**
Current liabilities					
Trade and other payables	10	3,897	4,528	444	737
Distribution payable		12,058	6,417	12,058	6,417
Financial derivatives	6	392	-	392	-
		16,347	10,945	12,894	7,154
Non-current liabilities					
Borrowings	11	197,392	95,359	-	-
Deferred tax liabilities	9	1,333	236	-	-
Financial derivatives	6	323	-	323	-
		199,048	95,595	323	-
Total liabilities		**215,395**	**106,540**	**13,217**	**7,154**
Net assets attributable to Unitholders		**251,081**	**199,974**	**259,485**	**209,637**
Units in issue and to be issued ('000)	12	**614,771**	**420,502**	**614,771**	**420,502**
Net asset value per unit (€) attributable to Unitholders	13	**0.41**	**0.48**	**0.42**	**0.50**

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

Consolidated Statement of Profit or Loss **and Other Comprehensive Income**

For the year ended 31 December 2015

	Notes	Group 12 months ended 31 December 2015	Period from 1 November 2013 (date of constitution) to 31 December 2014
		EUR'000	EUR'000
Gross revenue	14	26,924	8,326
Property operating expenses	15	(2,895)	(801)
Net property income		24,029	7,525
Foreign exchange gain		191	391
Finance income		4	-
Finance costs	16	(2,628)	(793)
Manager's fees		(2,078)	(642)
Trustee's fees		(93)	(24)
Administrative costs		(290)	(154)
Other trust expenses	17	(714)	(1,202)
Change in fair value of financial derivatives		(994)	(2)
Change in fair value of investment properties	7	(5,240)	(12,434)
Profit / (Loss) before taxation and transactions with Unitholders		**12,187**	**(7,335)**
Income tax (expense) / benefit	18	(360)	1,155
Profit / (Loss) for the year / period, before transactions with Unitholders		**11,827**	**(6,180)**
Distributions to Unitholders		(20,782)	(6,417)
Loss for the year / period, after transactions with Unitholders, representing total comprehensive loss for the year / period		**(8,955)**	**(12,597)**
Basic and diluted earnings /(loss) per unit (EUR cents)	19	**2.20**	**(3.85)**

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

Statements of **Distribution**

For the year ended 31 December 2015

	Notes	Group 12 months ended 31 December 2015	Group Period from 1 November 2013 (date of constitution) to 31 December 2014
		EUR'000	EUR'000
Distribution to Unitholders			
Profit / (Loss) for the year / period, before transactions with Unitholders		11,827	(6,180)
Adjustments:			
Amortisation of upfront debt transaction costs		438	212
Manager's management fee payable in units		2,078	642
Foreign exchange gain		(191)	(391)
Initial Public Offering expenses		-	853
Rights Issue expenses		209	-
Effects of recognising rental income on a straight-line basis over the lease term		(173)	-
Change in fair value of financial derivatives		994	2
Change in fair value of investment properties		5,240	12,434
Deferred tax expense / (benefit)		360	(1,155)
Income available for distribution to Unitholders		**20,782**	**6,417**
Units in issue at the end of the year / period	12	**613,314**	**419,337**
Distribution per unit (EUR cents)		**3.39**	**1.53**

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 2015

Group	Units in issue and to be issued	Unit issue costs	Accumulated losses	Total
	EUR'000	EUR'000	EUR'000	EUR'000
OPERATIONS				
Loss for the period, before transactions with Unitholders	-	-	(6,180)	**(6,180)**
Distribution payable of €1.53 cents per unit for the period from 1 November 2013 (date of constitution) to 31 December 2014	-	-	(6,417)	**(6,417)**
Total comprehensive loss for the period	-	-	(12,597)	**(12,597)**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
As at 1 November 2013 (date of constitution)	1*	-	-	**1***
Issue of units at Listing Date on 13 August 2014	219,368	(7,440)	-	**211,928**
Manager's base fee payable in units	642	-	-	**642**
Increase in net assets resulting from Unitholders' transactions	220,011	(7,440)	-	**212,571**
Net assets attributable to Unitholders as at 31 December 2014	**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 base 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**

* Denotes an amount of EUR 594 representing the paid up amount of 1,000 units in IREIT.

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 2015

IREIT	Units in issue and to be issued	Unit issue costs	Accumulated losses	Total
	EUR'000	EUR'000	EUR'000	EUR'000
OPERATIONS				
Profit for the period, before transactions with Unitholders	-	-	3,483	**3,483**
Distribution payable of €1.53 cents per unit for the period from 1 November 2013 (date of constitution) to 31 December 2014	-	-	(6,417)	**(6,417)**
Total comprehensive loss for the period	-	-	(2,934)	**(2,934)**
UNITHOLDERS' TRANSACTIONS				
Issue of units:				
As at 1 November 2013 (date of constitution)	1*	-	-	**1***
Issue of units at Listing Date on 13 August 2014	219,368	(7,440)	-	**211,928**
Manager's base fee payable in units	642	-	-	**642**
Increase in net assets resulting from Unitholders' transactions	220,011	(7,440)	-	**212,571**
Net assets attributable to Unitholders as at 31 December 2014	**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 base 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**

* Denotes an amount of EUR 594 representing the paid up amount of 1,000 units in IREIT.

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

Consolidated
Statement of Cash Flows

For the year ended 31 December 2015

	Notes	Group 12 months ended 31 December 2015	Group Period from 1 November 2013 (date of constitution) to 31 December 2014
		EUR'000	EUR'000
Cash flows from operating activities			
Loss for the period, after transactions with Unitholders		(8,955)	(12,597)
Adjustments for:			
Manager's management fees payable in units		2,078	642
Finance costs		2,628	793
Finance income		(4)	-
Change in fair value of financial derivatives		994	2
Change in fair value of investment properties		5,240	12,434
Distribution to Unitholders		20,782	6,417
Income tax expense / (benefit)		360	(1,155)
Operating profit before working capital changes		23,123	6,536
Changes in working capital:			
Trade and other receivables		240	(1,967)
Trade and other payables		(454)	3,453
Cash generated from operations, representing net cash from operating activities		22,909	8,022
Cash flows from investing activities			
Acquisition of investment properties		(156,040)	(303,034)
Net cash used in investing activities		(156,040)	(303,034)
Cash flows from financing activities			
Proceeds from issuance of units		58,777	219,369
Expenses related to the issuance of units		(793)	(7,440)
Proceeds from bank borrowings		102,000	96,594
Costs related to bank borrowings		(582)	(1,235)
Distribution paid to Unitholders		(15,141)	-
Interest paid		(2,190)	-
Net cash from financing activities		142,071	307,289
Net increase in cash and cash equivalents		8,940	12,277
Cash and cash equivalents at beginning of the year / period		12,277	-
Cash and cash equivalents at the end of the year / period	4	**21,217**	**12,277**

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

Notes to the
Financial Statements

For the year ended 31 December 2015

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 2015, 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 2016.

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 ending 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.

Notes to the Financial Statements

For the year ended 31 December 2015

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 ending 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.

(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;

Notes to the Financial Statements

For the year ended 31 December 2015

1. GENERAL (CONTINUED)

(c) Property management fees (continued)

- 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.

Notes to the
Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2015, 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[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IAS 1	Disclosure Initiative[3]
Amendment to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2016

Notes to the
Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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 2014 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.

- 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.

Notes to the
Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 9 Financial Instruments (continued)

Key requirements of IFRS 9: (continued)

- 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.

The management is currently evaluating the impact of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

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.

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. The management is currently evaluating the impact of IFRS 15.

Notes to the
Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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.

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. The management is currently evaluating the impact of IFRS 16.

Notes to the Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IAS 1 Disclosure Initiatives

The International Accounting Standards Board (IASB) has published 'Disclosure Initiative (Amendments to IAS 1)'. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The Disclosure Initiative makes the following changes:

- **Materiality:** The amendments clarify that information should not be obscured by aggregating or by providing immaterial information, as well as materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

- **Statement of financial position and statement of profit or loss and other comprehensive income:** The amendments introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of Other Comprehensive Income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Notes to the
Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Annual Improvements to IFRSs 2012- 2014 Cycle

The Annual Improvements to IFRSs 2012–2014 Cycle include a number of amendments to various IFRSs, which include the amendments to:

(a) IFRS 5 to clarify that reclassifications from held-for-sale to held-for-distribution to owners (or vice versa) should not be considered changes to a plan of sale or a plan of distribution to owners, and the classification, presentation and measurement requirements applicable to the new method of disposal should be applied. Assets that no longer meet the criteria for held-for-distribution to owners (and do not meet the criteria for held-for-sale) should be treated in the same way as assets that cease to be classified as held-for-sale.

(b) IFRS 7 to clarify whether servicing contracts result in continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies that offsetting disclosures are not explicitly required for all interim periods.

(c) IAS 34 clarifies that the meaning of 'elsewhere in the interim report' encompasses other statements besides the interim financial statements (e.g. management commentary or risk reports) that is available to users on the same terms and at the same time as the interim financial statements. Cross-references between the interim financial statements and those other statements are required where disclosures are made in the latter.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with IFRS 9 *Financial Instruments* (or IAS 39 *Financial Instruments*: recognition and measurement for entities that have not yet adopted IFRS 9); or
- using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

Notes to the **Financial Statements**

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Consequential amendments were also made to various standards as a result of these new/revised standards. The management is currently evaluating the potential impact of the adoption of the above IFRSs, and amendments to IFRS in the period of their initial adoption.

(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.

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.

Notes to the Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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".

Notes to the Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Impairment of financial assets (continued)

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.

Notes to the **Financial Statements**

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Notes to the Financial Statements

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2015

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 2014 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 100% of Distributable Income for financial years ending 31 December 2015 and 2016 and thereafter, IREIT will distribute at least 90% of the annual Distributable Income.

(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.

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	
	2015	**2014**	**2015**	**2014**
	EUR'000	EUR'000	EUR'000	EUR'000
Cash at bank and in hand	19,276	12,277	1,429	2,156
Fixed deposits	1,941	-	1,941	-
	21,217	**12,277**	**3,370**	**2,156**

Fixed deposits bear interest rate of 1.08% to 1.69% (2014: Nil%) per annum and for a tenure of 3 months to 1 year (2014: Nil). The fixed deposits can be readily converted into cash at minimal cost.

Notes to the
Financial Statements

For the year ended 31 December 2015

5. TRADE AND OTHER RECEIVABLES

	Group		IREIT	
	2015	2014	2015	2014
	EUR'000	EUR'000	EUR'000	EUR'000
(a) Trade receivables				
Outside parties	280	553	-	-
(b) Other receivables and prepayments				
Other receivables	1,036	1,146	8,248	6,047
Prepayments	242	268	3	-
	1,278	1,414	8,251	6,047
Current trade and other receivables	**1,558**	**1,967**	**8,251**	**6,047**
(c) Other receivable				
Outside parties	173	-	-	-
Non-current other receivable	**173**	**-**	**-**	**-**

The average aging of trade receivables is between 1 to 5 days (2014: 1 to 5 days), with no amounts past due or impaired. The average credit period on billing for rental of properties is 2 days (2014: 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 279,937 (2014: EUR 497,231) owing by a vendor 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 7.45 million (2014: EUR 4.8 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			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	EUR'000	EUR'000	EUR'000	EUR'000
Foreign currency forward contracts	-	715	279	-
Analysed as:				
Current	-	392	279	-
Non-current	-	323	-	-

The functional and presentation currency of the 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.

Notes to the
Financial Statements

For the year ended 31 December 2015

6. FINANCIAL DERIVATIVES (CONTINUED)

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 32.04 million (2014: EUR 6.42 million) at an average forward EUR/SGD rate of 1.54 (2014: 1.68) with settlement dates of 24 March 2016, 13 September 2016 and 13 March 2017 (2014: 23 March 2015).

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

7. INVESTMENT PROPERTIES

	Notes	Group
		EUR'000
At 1 November 2013 (date of constitution)		-
Acquisition of investment properties	(a)	283,100
Costs directly attributable to the acquisition of investment properties		19,934
Acquisition costs of investment properties as at 31 December 2014		303,034
Net change in fair value of investment properties during the period		(12,434)
Fair value of investment properties as at 31 December 2014	(c)	**290,600**
Acquisition of an investment property during the year	(b)	144,234
Costs directly attributable to the acquisition of an investment property		11,806
Net change in fair value of investment properties during the year		(5,240)
Fair value of investment properties as at 31 December 2015	(c)	**441,400**

(a) This relates to the acquisition of the Bonn Campus, Darmstadt Campus, Münster Campus and Concor Park as at the Listing Date.

(b) This relates to the acquisition of Berlin Campus on 6 August 2015. The acquisition was financed by the issuance of renouncable 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 IFR3 *Business Combinations*, and therefore the acquisition is accounted for as an acquisition of an asset.

(c) 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 2015 (2014: 31 December 2014) by independent valuers Messrs Colliers International Property Advisers UK LLP, Cushman & Wakefield LLP and DTZ Debenham Tie Leung Limited (2014: Colliers International Property Advisers UK LLP and Cushman & Wakefield LLP), 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.

Notes to the Financial Statements

For the year ended 31 December 2015

7. INVESTMENT PROPERTIES (CONTINUED)

Details of the investment properties as at 31 December 2014 and 2015 which are all located in Germany are set out below:

Description of property	Type	Leasehold term	Location	Appraised value [1] 2015	Appraised value [1] 2014
				EUR'000	EUR'000
Bonn Campus	Office	Freehold	Friedrich-Ebert-Allee, 71, 73, 75, 77, Bonn, Germany	100,000	100,000
Darmstadt Campus	Office	Freehold	Heinrich-Hertz-Straße 3, 5, 7, Darmstadt, Germany Mina-Rees- Straße 4, Darmstadt, Germany	82,500	80,300
Münster Campus	Office	Freehold	Gartenstraße 215, 217, Münster, Germany	48,500	49,800
Concor Park	Office	Freehold	Bahnhofstraße 12 and Dywidagstraße 1, Bahnhofstraße 16, 18, 20, München, Germany	61,700	60,500
Berlin Campus	Office	Freehold	Schreiberhauer Straße 2, 4, 6, 8, 10, 12, 14, 16, 18, 20 and 22, Berlin 10317, Germany	148,700	-
Total				**441,400**	**290,600**

[1] Valuations for Bonn Campus, Darmstadt Campus and Münster Campus have been undertaken by Messrs Colliers International Valuation UK LLP, and the valuation for Concor Park has been undertaken by Messrs Cushman & Wakefield LLP. Valuation for Berlin Campus has been undertaken by DTZ Debenham Tie Leung Limited. On 2 September 2015, DTZ Debenham Tie Leung Limited and Cushman & Wakefield announced the completion of their merger.

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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:

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

2014

Valuation techniques	Income capitalisation rate	Discount rate	Terminal capitalisation rate	Price per square meter
Income capitalisation method	5.75% to 7.41%	-	-	-
Discounted cash flow	-	6.25% to 8.25%	5.5% to 7.5%	-
Depreciated replacement cost method	-	-	-	Building: €1,250 Car park: €375

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 25.20 million (2014: EUR 19.90 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 18.80 million (2014: EUR 11.40 million).
Depreciated replacement cost method	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 (2014: EUR 0.36 million). This valuation method is not applied to other investment properties.

Investment properties with a fair value of approximately EUR 441.4 million (2014: EUR 290.6 million) have been pledged as security for bank loans (Note 11). All the investment properties are located in Germany.

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8. INVESTMENT IN SUBSIDIARIES

	IREIT 2015	IREIT 2014
	EUR'000	EUR'000
Unquoted equity shares, at cost	17,187	17,187
Loans to subsidiaries	243,894	191,122
Total	**261,081**	**208,309**

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 2014 and 2015:

Name of entity	Principal activities	Country/ Place of incorporation	Interest held 2015	Interest held 2014
			%	%
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	-
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	-
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	-
Laughing Rock 12 B.V. [b]	Real estate investment	Netherlands	100	-
Laughing Rock 13 B.V. [b]	Real estate investment	Netherlands	100	-
Laughing Rock 14 B.V. [b]	Real estate investment	Netherlands	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	Revaluation difference of investment properties	Total
		EUR'000	EUR'000	EUR'000
Deferred tax assets				
As at 1 November 2013 (date of constitution)		-	-	-
Recognised in profit or loss	18	116	1,275	1,391
Balance as at 31 December 2014		**116**	**1,275**	**1,391**
Recognised in profit or loss	18	560	177	737
Balance as at 31 December 2015		**676**	**1,452**	**2,128**
Deferred tax liabilities				
As at 1 November 2013 (date of constitution)		-	-	-
Recognised in profit or loss	18	-	(236)	(236)
Balance as at 31 December 2014		**-**	**(236)**	**(236)**
Recognised in profit or loss	18	(91)	(1,006)	(1,097)
Balance as at 31 December 2015		**(91)**	**(1,242)**	**(1,333)**

10. TRADE AND OTHER PAYABLES

	Group		IREIT	
	2015	**2014**	**2015**	**2014**
	EUR'000	EUR'000	EUR'000	EUR'000
(a) Trade payables				
Outside parties	151	115	-	-
	151	**115**	**-**	**-**
(b) Other payables				
Accrued expense and other payables	3,746	3,832	444	737
Interest payable	-	581	-	-
	3,746	**4,413**	**444**	**737**
Total	**3,897**	**4,528**	**444**	**737**

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11. BORROWINGS

	Group	
	31 December 2015	31 December 2014
	EUR'000	EUR'000
Secured loans	198,594	96,594
Less: Unamortised transaction costs	(1,202)	(1,235)
Total	**197,392**	**95,359**

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: IREIT entered into a new loan facility of EUR 78,375,000 with a bank in Germany for a 5-year term in the current financial year. The facility has been 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: IREIT entered into a new loan facility of EUR 23,625,000 with a bank in Germany for a 2-year term in the current year. The facility has been 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 1.778% per annum including the amortisation of the debt upfront transaction costs and is repayable on a bullet basis in 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 2015 is approximately EUR 197.45 million (2014: EUR 98.40 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 2014 and 2015 mainly represent financial liabilities.

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12. UNITS IN ISSUE AND TO BE ISSUED (CONTINUED)

	Group and IREIT	
	2015	**2014**
	Units	Units
Units in issue:		
As at beginning of year / 1 November 2013 (date of constitution)	419,337,000	1,000
Issue of new units relating to:		
Initial public offering	-	167,733,000
Private placement	-	251,603,000
Management fees paid in units	4,369,522	-
Rights Issue	189,607,567	-
At the end of the year / period	613,314,089	419,337,000
Units to be issued:		
Manager's management fees payable in units	1,457,010	1,164,704
Total units in issue and to be issued at end of year / period	**614,771,099**	**420,501,704**

The units to be issued to the Manager as payment of Manager's fees were issued subsequent to the end of the reporting period.

13. NET ASSET VALUE PER UNIT

Net asset value per unit is based on:

	Group		Trust	
	2015	**2014**	**2015**	**2014**
	EUR'000	EUR'000	EUR'000	EUR'000
Net assets	251,081	199,974	259,485	209,637
Number of units in issue and to be issued at the end of the year / period ('000) (Note 12)	614,771	420,502	614,771	420,502
Net asset value per unit (EUR)	**0.41**	**0.48**	**0.42**	**0.50**

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14. GROSS REVENUE

	Group 12 months ended 31 December 2015	**Group** Period from 1 November 2013 (date of constitution) to 31 December 2014
	EUR'000	EUR'000
Rental income	22,186	6,987
Service charges	1,945	384
Other income	2,793	955
Total	**26,924**	**8,326**

15. PROPERTY OPERATING EXPENSES

	Group 12 months ended 31 December 2015	**Group** Period from 1 November 2013 (date of constitution) to 31 December 2014
	EUR'000	EUR'000
Property management expenses	259	105
Repair and maintenance expenses	693	183
Utilities expenses	502	119
Property tax expenses	554	38
Other expenses	887	356
Total	**2,895**	**801**

16. FINANCE COSTS

	Group 12 months ended 31 December 2015	**Group** Period from 1 November 2013 (date of constitution) to 31 December 2014
	EUR'000	EUR'000
Interest on borrowings	2,190	581
Amortisation of debt upfront transaction costs	438	212
Total	**2,628**	**793**

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17. OTHER TRUST EXPENSES

	Group 12 months ended 31 December 2015	**Group** Period from 1 November 2013 (date of constitution) to 31 December 2014
	EUR'000	EUR'000
Audit fees	109	68
Non-audit fees paid to auditors of IREIT	132	62
Legal and professional fees	370	757
Property valuation fees	95	145
Others	8	170
Total	**714**	**1,202**

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 statements of changes in net assets attributable to Unitholders.

In 2014, the auditors were paid approximately EUR 432,143 for services rendered in connection with the listing of IREIT on SGX-ST on 13 August 2014 of which EUR 363,000 was included in Units issue cost of EUR 7.44 million shown in the statements of changes in net assets attributable to Unitholders.

18. INCOME TAX (EXPENSE) / BENEFIT

	Group 12 months ended 31 December 2015	**Group** Period from 1 November 2013 (date of constitution) to 31 December 2014
	EUR'000	EUR'000
Current tax	-	-
Deferred taxation		
- Current year	(360)	1,155
Total	**(360)**	**1,155**

IREIT is subjected to Singapore income tax at 17% (2014: 17%) and the subsidiaries at approximately 15.825% (2014: 15.825%) which is the tax rate prevailing in Germany where all the properties are located.

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18. INCOME TAX (EXPENSE) / BENEFIT (CONTINUED)

The income tax for the year/ period can be reconciled to the accounting result as follows:

	Group 12 months ended 31 December 2015	**Group** Period from 1 November 2013 (date of constitution) to 31 December 2014
	EUR'000	EUR'000
Profit/ (Loss) before taxation and transactions with Unitholders	12,187	(7,335)
Tax at 17%	(2,072)	1,247
Tax effect of expenses not deductible for tax purposes	(672)	(257)
Tax effect of income not taxable for tax purposes	2,415	867
Effect of different tax rate of overseas operations	(35)	(702)
Others	4	-
Tax (expense)/ benefit for the year/ period	**(360)**	**1,155**

19. BASIC AND DILUTED EARNINGS/ (LOSS) PER UNIT

The calculation of basic earnings/ (loss) per unit is based on:

	Group 12 months ended 31 December 2015	**Group** Period from 1 November 2013 (date of constitution) to 31 December 2014 [(1)]
	EUR'000	EUR'000
Profit/ (Loss) for the year/ period before transactions with Unitholders	11,827	(6,180)
Weighted average number of units, after adjusting for notional bonus element in Rights Issue [(1)]	536,564	160,329
Basic and diluted earnings / (loss) per unit (EUR cents)	**2.20**	**(3.85)**

(1) The weighted average number of units and earnings/ (loss) per unit have been adjusted for financial reporting period ended 2014 and 2015 to take into effect the bonus element in the 189,607,567 Rights Units issued on 6 August 2015.

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

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20. 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 (2014: four) 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 (2014: four) 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.

21. 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. IREIT and the Group are required to maintain the aggregate borrowing not exceeding 35% (2014: 35%) of the gross asset value of the Group in accordance with the CIS Code issued by MAS. The aggregate leverage of a property fund may exceed 35% of the fund's deposited property (up to a maximum of 60%) only if a credit rating of the property fund from Fitch, Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35% of the fund's deposited property.

As at 31 December 2015, the Group's aggregate borrowings amounted to EUR 197.4 million (2014: EUR 96.6 million) representing 42.3% (2014: 31.5%) of the gross asset value of the Group. In 2015, IREIT has a "BB" credit rating from Standard & Poor's.

MAS has made amendments to this guideline which will be effective from 1 January 2016, whereby property funds will be allowed to maintain an aggregate leverage of 45% of its deposited property (without the requirement to obtain a credit rating) and removed the option for a property fund to leverage up to 60% by obtaining a credit rating. A breach will result in a non-compliance to the regulation.

The Manager's strategy remains unchanged from 2014. The Group is in compliance with the bank covenants as at 31 December 2015.

Notes to the Financial Statements

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22. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		IREIT	
	2015	2014	2015	2014
	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets				
Loans and receivables				
- Bank balances and cash	21,217	12,277	3,370	2,156
- Trade and other receivables	1,316	1,699	8,248	6,047
Total	**22,533**	**13,976**	**11,618**	**8,203**
Fair value				
Derivative financial instruments	**-**	**279**	**-**	**279**
Financial liabilities				
Amortised cost				
- Trade and other payables	3,897	4,528	444	737
- Distribution payable	12,058	6,417	12,058	6,417
- Borrowings	197,392	95,359	-	-
Total	**213,347**	**106,304**	**12,502**	**7,154**
Fair value				
Derivative financial instruments	**715**	**-**	**715**	**-**

(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 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.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

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

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% (2014: 10%) of the Group receivables as at 31 December 2015 and 62.7% (2014: 79%) of Group revenue for the financial period are from a group of companies in Germany.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's and IREIT's operations. In addition, the Manager also monitors and observes the CIS Code concerning limits of total borrowings.

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.

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.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (continued)

The Group's derivative financial instruments are foreign currency forwards with notional amount totalling EUR 32.04 million as at 31 December 2015 (2014: EUR 6.42 million) of which EUR 22.04 million (2014: EUR 6.42 million) will be due for settlement within 1 year and EUR 10 million (2014: Nil) will be due between 2 to 5 years from inception date.

Group	Weighted average interest rate	On demand or less than 12 months	Undiscounted cash flows 2 years to 5 years	Adjustments	Carrying amount as at 31 December 2015
	%	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2015					
(i) Non-derivative financial instrument - liabilities					
Non-interest bearing		15,955	-	-	15,955
Fixed interest rate Instrument	2.03%	3,721	209,054	(15,383)	197,392
		19,676	**209,054**	**(15,383)**	**213,347**
(ii) Derivative financial instrument – gross settled liability					
Foreign exchange forward contract		**392**	**323**	**-**	**715**

Group	Weighted average interest rate	On demand or less than 12 months	Undiscounted cash flows 2 years to 5 years	Adjustments	Carrying amount as at 31 December 2014
	%	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2014					
(i) Non-derivative financial instrument - liabilities					
Non-interest bearing		10,945	-	-	10,945
Fixed interest rate Instrument	2.11%	1,626	103,219	(9,486)	95,359
		12,571	**103,219**	**(9,486)**	**106,304**
(ii) Derivative financial instrument – gross settled asset					
Foreign exchange forward contract		**279**	**-**	**-**	**279**

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22. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (continued)

IREIT	Weighted average interest rate	On demand or less than 12 months	Undiscounted cash flows 2 years to 5 years	Adjustments	Carrying amount as at 31 December 2015
	%	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2015					
(i) Non-derivative financial instrument - liabilities					
Non-interest bearing		12,502	-	-	12,502
		12,502	**-**	**-**	**12,502**
(ii) Derivative financial instrument – gross settled liability					
Foreign exchange forward contract		**392**	**323**	**-**	**715**

IREIT	Weighted average interest rate	On demand or less than 12 months	Undiscounted cash flows 2 years to 5 years	Adjustments	Carrying amount as at 31 December 2014
	%	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2014					
(i) Non-derivative financial instrument - liabilities					
Non-interest bearing		7,154	-	-	7,154
		7,154	**-**	**-**	**7,154**
(ii) Derivative financial instrument – gross settled asset					
Foreign exchange forward contract		**279**	**-**	**-**	**279**

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22. 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	**2015**	**2014**	**2015**	**2014**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	2,568	2,930	331	710

	Assets		Liabilities	
IREIT	**2015**	**2014**	**2015**	**2014**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	2,568	2,930	299	690

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	
	2015	**2014**	**2015**	**2014**
	EUR'000	EUR'000	EUR'000	EUR'000
Singapore dollars	1,714	432	1,715	433

(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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23. 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	
	2015	**2014**
	EUR'000	EUR'000
Within 1 year	31,054	20,281
After 1 year but within 5 years	113,421	74,080
After 5 years	68,984	53,829
Total	**213,459**	**148,190**

24. 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 12 months ended 31 December 2015	**Group and IREIT** Period from 1 November 2013 (date of constitution) to 31 December 2014
	EUR'000	EUR'000
DBS Trustee Limited		
One-time inception fee paid	-	19
Trustee's fee	93	24
IREIT Global Group Pte. Ltd.		
Acquisition fee paid	1,118	2,879
Management base fee	2,078	642

Notes to the
Financial Statements

For the year ended 31 December 2015

25. RECLASSIFICATIONS AND COMPARATIVE FIGURES

The comparative figures for the financial statements cover the financial period from 1 November 2013 (date of incorporation) to 31 December 2014.

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the consolidated statements of cash flows. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

IREIT	Previously reported	Reclassification	After reclassification
	EUR'000	EUR'000	EUR'000
Consolidated Statement of Cash flows:			
Cash flows from operating activities:			
Adjustments for:			
Distribution to Unitholders	-	6,417	6,417
Changes in working capital:			
Trade and other payables	9,870	(6,417)	3,453

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 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 the 'ABBA' 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 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. For the avoidance of doubt, no Performance Fees have been paid to the Manager since the date of listing of IREIT.

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 2016

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	5	0.12	108	0.00
100 - 1,000	478	11.78	427,901	0.07
1,001 - 10,000	2,452	60.42	11,365,428	1.85
10,001 - 1,000,000	1,109	27.33	58,847,117	9.60
1,000,001 and above	14	0.35	542,673,535	88.48
Total	**4,058**	**100.00**	**613,314,089**	**100.00**

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	3,983	98.15	611,814,139	99.76
Malaysia	60	1.48	1,165,050	0.19
Others	15	0.37	334,900	0.05
Total	**4,058**	**100.00**	**613,314,089**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	DBS NOMINEES (PRIVATE) LIMITED	273,303,329	44.56
2	CITIBANK NOMINEES SINGAPORE PTE LTD	182,700,943	29.79
3	ABN AMRO NOMINEES SINGAPORE PTE LTD	55,766,000	9.09
4	RAFFLES NOMINEES (PTE) LIMITED	8,172,244	1.33
5	BANK OF SINGAPORE NOMINEES PTE. LTD.	5,819,900	0.95
6	MEREN PTE LTD	4,000,000	0.65
7	DB NOMINEES (SINGAPORE) PTE LTD	2,278,030	0.37
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,909,645	0.31
9	NG CHENG HWA	1,820,000	0.30
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,738,800	0.28
11	SNG KAY BOON TERENCE	1,633,725	0.27
12	CHAN LIAN CHIN	1,450,000	0.24
13	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,078,585	0.18
14	LIM CHAP HUAT	1,002,334	0.16
15	LEW FOON KEONG @CHARLES	1,000,000	0.16
16	XIAO ZHONGMIN	865,100	0.14
17	IREIT GLOBAL MANAGEMENT PTE. LTD.	844,070	0.14
18	OCBC SECURITIES PRIVATE LIMITED	837,050	0.14
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	810,805	0.13
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	793,500	0.13
	Total	**547,824,060**	**89.32**

Statistics of **Unitholdings**

As at 1 March 2016

ISSUED UNITS

There were 613,314,089 Units (voting rights: one vote per Unit) issued in IREIT as at 1 March 2016.

Market capitalisation: S$429,319,862 (based on closing price at S$0.700 per unit on 1 March 2016)

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2016

No	Name of Director		Direct Interest	Deemed Interest
1.	Lim Kok Min John		290,000	-
2.	Tan Wee Peng Kelvin		300,000	-
3.	Nir Ellenbogen		145,000	-
4.	Tong Jinquan	Note 1	51,137,000	301,043,134
5.	Ho Toon Bah		-	-
6.	Itzhak Sella	Note 2	1,450	844,070

SUBSTANTIAL UNITHOLDERS AS AT 1 MARCH 2016

No	Name of Substantial Unitholder		Direct Interest	Deemed Interest
1.	Wealthy Fountain Holdings Inc		301,043,134	-
2.	Tong Jinquan	Note 1	51,137,000	301,043,134
3.	Shanghai Summit Pte. Ltd.	Note 3	-	301,043,134
4.	Lim Chap Huat		116,531,084	-

Note 1 301,043,134 units are held by Wealthy Fountain Holdings Inc ("Wealthy Fountain"), which is a wholly-owned subsidiary of Shanghai Summit Pte. Ltd. ("Shanghai Summit"). Shanghai Summit is wholly-owned by Tong Jinquan. Accordingly, Tong Jinquan has a deemed interest in the units held by Wealthy Fountain.

Note 2 844,070 units are held by IREIT Global Management Pte. Ltd. ("IGMPL"), which is 87.5% owned by Sella Holdings Pte. Ltd. ("Sella Holdings"). Sella Holdings is wholly-owned by Itzhak Sella. Accordingly, Itzhak Sella has a deemed interest in the units held by IGMPL.

Note 3 301,043,134 units are held by Wealthy Fountain Holdings Inc ("Wealthy Fountain"), which is a wholly-owned subsidiary of Shanghai Summit Pte. Ltd. ("Shanghai Summit"). Accordingly, Shanghai Summit has a deemed interest in the units held by Wealthy Fountain.

PUBLIC FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public. Based on the information made to the Manager as at 1 March 2016, approximately 23.32% 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 2016.

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 Room 300-302, Level 3, Suntec International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 19 April 2016 at 11.00 a.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 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-appoint Deloitte & Touche LLP as the 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
31 March 2016

Notice of
Annual General Meeting

Notes:

1. Except for a Unitholder who is a relevant intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "Act"), a Unitholder entitled to attend and vote at the AGM of the Unitholders of IREIT is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A Unitholder which is a corporation is entitled to appoint its authorised representative to vote on its behalf. 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 unitholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, provided that each proxy is appointed to exercise the rights attached to different Units held by such Unitholder.

4. The instrument appointing a proxy or proxies 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 less than 48 hours before the time appointed for the AGM.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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

(Constituted in the Republic of Singapore pursuant to a trust deed dated on 1 November 2013 (as amended))

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined under Section 181 of the Companies Act, Chapter 50 may appoint more than two (2) proxies to attend and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy units in IREIT Global, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR **INFORMATION ONLY.**
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to vote at the AGM should contact their CPF Approved Nominees.

I/We ________________________________ (Name(s) and NRIC/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	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held on Tuesday, 19 April 2016 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions 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/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)
	ORDINARY BUSINESS		
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager and the Audited Financial Statements for the financial year ended 31 December 2015 and the Auditors' Report thereon.		
2.	To re-appoint Deloitte and 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		

*Delete where inapplicable

(1) *If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ____________ 2016

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

____
Signature of Unitholder (s)
or Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. A unitholder of IREIT (**"Unitholder"**) should insert the total number of units in IREIT (**"Units"**) held. If the Unitholder has Units entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of IREIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the Depository Register and Units registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units entered against his/her name in the Depository Register and registered in his/her name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by the Unitholder.

2. Except for a Unitholder who is a relevant intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "Act"), a Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.

3. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Pursuant to Section 181(1C) of the Act, a Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote at the AGM, 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 two (2) proxies, the number and class of Units in relation to each proxy appointed shall be specified in the instrument appointing a proxy or proxies.

5. Completion and return of this instrument appointing a proxy or proxies 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 meeting in person, and in such event, IREIT Global Group Pte. Ltd. (**"Manager"**) reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

6. The instrument appointing a proxy or proxies 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 less than 48 hours before the time appointed for the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Manager) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Act.

9. The Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

10. A Depository shall not be regarded as a Unitholder entitled to attend the Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 March 2016.

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 Tong Jinquan
Non-Executive Director

Mr Ho Toon Bah
Non-Executive Director

Mr Itzhak Sella
Executive Director and Chief Executive Officer

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
#32-00 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
Oberbaumbrücke 1
20457 Hamburg
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

IREITGlobal

www.ireitglobal.com

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

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