



**PRESS RELEASE**

**17 February 2016**

**IREIT Global's Distribution Per Unit For 4Q 2015 Rose 14.9% Quarter-on-Quarter**

**Financial Results Summary**

	4Q 2015 vs 3Q 2015			4Q 2015 vs Forecast		
	4Q 2015 Actual	3Q 2015 Actual	Variance (%)	4Q 2015 Actual	4Q 2015 Forecast <sup>1</sup>	Variance (%)
Gross revenue (" €000)	8,621	7,348	17.3	8,621	5,633	53.0
Net property income (" €000)	7,659	6,539	17.1	7,659	5,017	52.7
Distributable income (" €000)	6,461	5,597	15.4	6,461	4,394	47.0
Available distribution per Unit						
- " cents <sup>2</sup>	1.05	0.91	15.4	1.05	1.03	1.9
- S\$ cents <sup>3</sup>	1.62	1.41	14.9	1.62	1.75	(7.4)

IREIT Global Group Pte. Ltd., as the manager of IREIT Global (the "IREIT"), is pleased to deliver a distribution per unit ("DPU") of 1.62 Singapore cents, an increase of 14.9% quarter-on-quarter ("q-o-q"). IREIT's 4Q 2015 distributable income also increased by 15.4% to €6.5 million as compared to 3Q 2015. Gross revenue for 4Q 2015 rose to " 8.6 million from " 7.3 million in 3Q 2015 while net property income increased to " 7.7 million, higher by 17.1% quarter-on-quarter.

Together with the DPU of 1.41 Singapore cents achieved for 3Q 2015, a DPU of 3.03 Singapore cents for the period from 1 July 2015 to 31 December 2015 will be paid to unitholders.

<sup>1</sup> The forecast figures for the year ended 31 December 2015 were derived from the Projection Year 2015 as disclosed in the IPO prospectus of IREIT dated 4 August 2014 and have been pro-rated for 4Q 2015.

<sup>2</sup> The actual available distribution per Unit was computed based on 613.3 million Units entitled to distribution, including the new Units issued pursuant to the Rights Issue. The forecast available distribution per Unit was computed based on 428.1 million Units entitled to distribution as disclosed in the Prospectus.

<sup>3</sup> The available distribution per Unit was computed after taking into consideration the forward foreign currency exchange contracts that IREIT has entered into to hedge the currency risk for distribution to Unitholders. 100% of the distributable income relating to the Properties and the Berlin Campus for the financial period from 1 July 2015 to 31 December 2015 have been hedged at an average exchange rate of approximately S\$1.54 per Euro.

DBS Bank Ltd. is the sole global coordinator for the initial public offering and listing of the units in IREIT Global (the "Offering"). DBS Bank Ltd. and Barclays Bank PLC, Singapore Branch are the joint issue managers, bookrunners and underwriters for the Offering.

Mr Itzhak Sella, Chief Executive Officer of IREIT said, "2015 has been a good year for IREIT. We were able to expand our foothold in Germany and increase IREIT's portfolio with a good sizeable asset to boost income. Through the acquisition of the Berlin Campus, we were able to demonstrate our experience and expertise in completing acquisition deals given the competitive market environment. We are pleased to be able to deliver a higher DPU to our unitholders."

### **Higher Asset Valuation**

The asset valuation of IREIT's IPO properties, comprising the Bonn Campus, Darmstadt Campus, Münster Campus and Concor Park (the IPO Portfolio), has progressively increased over the last few quarters. The IPO Portfolio's asset valuation increased to €292.7 million as at 31 December 2015 vis-à-vis a year ago as at 31 December 2014 of €290.6 million.

IREIT's Berlin Campus, which was valued at €147.4 million at the time of acquisition, also experienced an increase in valuation to €148.7 million as at 31 December 2015. Together with the IPO Portfolio, IREIT's total portfolio asset size stood at a valuation of " 441.4 million as at 31 December 2015.

### **Concor Park Gold Certified Green Building**

Towards the end of 2015, IREIT applied to Deutsche Gesellschaft für Nachhaltiges Bauen . DGNB e.V., German Sustainable Building Council ("DGNB") for a green certification upgrade to Gold Status for Concor Park. DGNB's standardised assessment system evaluates a property based on the overall performance of the property on six key quality aspects such as environmental, economic, sociocultural and functional, technical, process and site. In January 2016, DGNB awarded IREIT's Concor Park GOLD certification status.

Ms Adina Cooper, Chief Investment Officer of IREIT said, "When we acquired Concor Park, we understood the importance of having a green property in our portfolio. This is a strong endorsement on the quality of our asset according to its economic and environmental quality while providing high level of user comfort. With Concor Park obtaining its GOLD certification, we believe that this will further enhance the marketability of the property."

At the end of the year, IREIT's total portfolio recorded an occupancy rate of 99.7%. IREIT's stable portfolio is additionally anchored by its long weighted average lease expiry of 6.8 years as at 31 December 2015 and strong tenant profile.

### **Prudent Capital Management**

IREIT maintains a healthy financial position as the year ends while remaining focused on maintaining a prudent capital management approach. As at 31 December 2015, IREIT's aggregate leverage ratio was 42.6%, as compared to 43.4% as at the end of the previous quarter.

Over the past year, rapidly changing capital market conditions have resulted in significant volatility in the foreign exchange markets. Recent events such as the European Central Bank's decision in December 2015 to extend the quantitative easing until at least March 2017 has added further uncertainty to the outlook of the Euro.

In view of the foreign currency fluctuations, management has taken the decision to hedge a large part of the forecast distributable income for 2016. 80% of the forecast distributable income for 2016 has been hedged at an average exchange rate of approximately S\$1.52 per Euro. The

Manager will continue to implement hedging strategies where appropriate as part of its proactive currency risk management strategies.

### **Positive Market Outlook**

The German economy recorded real GDP growth of 1.7% in 2015, supported largely by domestic demand. Deutsche Bundesbank is projecting real GDP growth of 1.8% for 2016 and 1.7% for 2017.<sup>4</sup>

The economic conditions in Germany continued to drive investments in office properties in the country, making this sector the most preferred asset class by local and foreign investors. According to Savills, a total of "22.9 billion worth of deals were transacted in 2015, which translated to a 28% increase as compared to 2014. Approximately 80% of the total transacted volume was derived from the seven key cities in Germany. Positive take-up rates were also observed in all the key cities.<sup>5</sup>

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 term. 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.

Competition for office assets in Germany is intense, with yield compression expected to continue. Nevertheless, the Manager believes that its %BBA+ strategy remains the optimal strategy to grow IREIT's portfolio by acquiring yield accretive and strategic properties. In line with the investment mandate of IREIT, the Manager will also continue to explore other European markets for suitable acquisition opportunities.

Mr Sella continues, %With the favourable market environment in Europe, we believe IREIT is well positioned to grow. We will continue to pursue our growth plans using our %BBA+ investment strategy to acquire high quality assets to strengthen IREIT's portfolio and also to provide our Unitholders with better returns.+

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<sup>4</sup> Source: Deutsche Bundesbank . %German economic upswing continues+ dated 14 January 2016, which is available on the website of Deutsche Bundesbank at [www.bundesbank.de](http://www.bundesbank.de) (last accessed at the date of this press release). Deutsche Bundesbank has not provided its consent. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Deutsche Bundesbank is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Manager or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

<sup>5</sup> Source: Savills Market in Minutes . %Germany Office Investment Markets Q4 2015+and %Germany Office Markets Q4 2015+. Savills has not provided its consent. While the Manager has taken reasonable actions to ensure that the information from the relevant reports published by Savills 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.

## About IREIT Global

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

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

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## Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in IREIT Global (the "IREIT"), and the units in IREIT, the "Units".

The value of the Units and the income derived from them may rise or fall. The Units are not obligations of, deposits in, or guaranteed by, IREIT Global Group Pte. Ltd., as manager of IREIT (the "Manager"), or any of its affiliates. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of IREIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of IREIT or the Manager is not necessarily indicative of the future performance of IREIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.