Irish Residential Properties REIT plc

ANNUAL REPORT **2020**

Building Communities and Creating Value

I-RES

better living made simple

RESPONSE TO COVID-19 PANDEMIC

The Company and the IRES Fund Management Limited ("**IRES Fund Management**" or the "**Manager**") responded swiftly to Covid-19, initiating the business continuity and crisis management plans. Our priority has always been to ensure the health and wellbeing of our employees, residents, partners and suppliers. The quality of the property portfolio, strength of the balance sheet and experienced management team have allowed I-RES to navigate this challenging period successfully.

Governance

- Regular Crisis Management Team meetings
- Regular Board meetings and briefings
- Increased investor engagement
- New IR website
- Investor perception study

Our Residents

- Active programme of communications and engagement
- Telephone support centre and new resident mobile app
- Support for smaller commercial tenants
- Completed residents survey

Our Assets

- Enhanced cleaning and sanitisation
- Ongoing R&M service
- Virtual leasing of units
- Continued program of Capex
- Construction closed leading to some delays
- Continuing delivery of growth strategy across acquisitions, forward purchases and development

People

- 'Working from home' for staff other than frontline site-staff
- Transitioned efficiently to remote working
- Focus on regular communications
- Health & wellbeing supports

Giving Back

- Support to medical front line staff through provision of accommodation and car parking
- Company and staff supported homeless charities and other charities significantly impacted by Covid-19

CORPORATE PROFILE

Irish Residential Properties REIT plc (the "Company", "I-RES", together with IRES Residential Properties Limited, the "Group") is a growth oriented Real Estate Investment Trust ("REIT") that is focused on acquiring, holding, managing and developing investments primarily focused on private residential rental accommodations in Ireland. At 31 December 2020, the Group owns 3,688 apartments and houses for private rental in Ireland. The Company's shares are listed on the Main Securities Market of Euronext Dublin.

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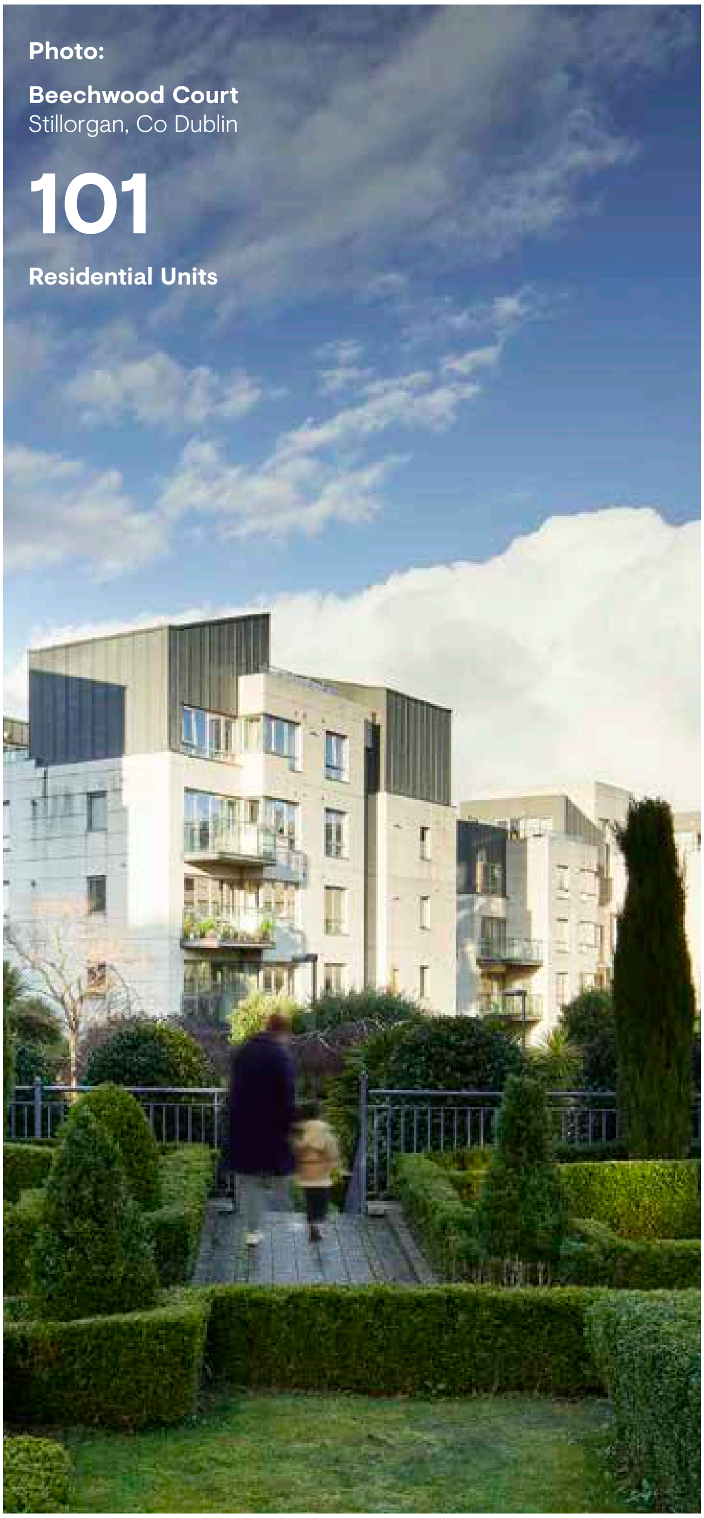
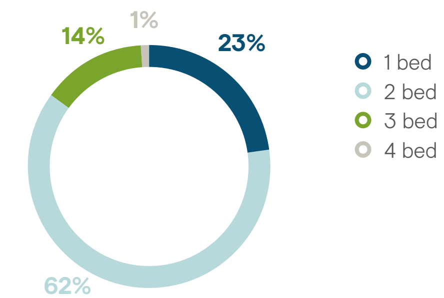
I-RES AT A GLANCE

Property Portfolio Overview

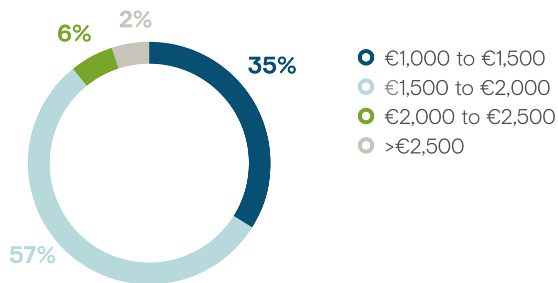
3,688 units across 35 modern properties focused on the mid-tier market, with the majority comprised of spacious 2 and 3 bedroom apartments and houses.



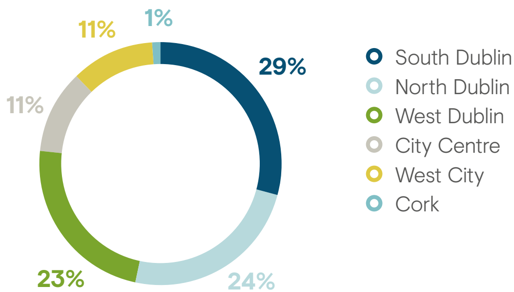
Distribution by Split of Bedrooms[1]



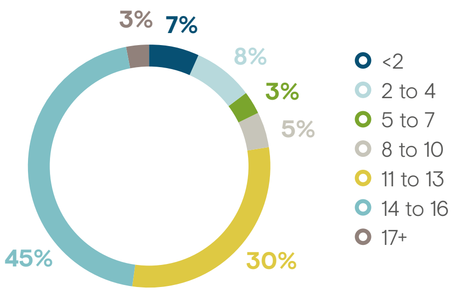
Distribution by Average Monthly Rent[1]



Distribution by Location[1]



Distribution by Age[1]



(1) As at 31 December 2020

FINANCIAL HIGHLIGHTS

For the year	2020	2019	% change
Operating Performance			
Revenue from Investment Properties (€ millions)	74.7	62.1	20.4%
Net Rental Income (€ millions)	59.8	50.5	18.3%
EPRA Earnings (€ millions)	34.0	33.1	2.7%
Profit (€ millions)	58.3	86.3	(32.5%)
Basic EPS (cents)	11.2	18.0	
EPRA Earnings per share (cents)	6.5	6.9	
Interim Dividend per share (cents)	2.75	2.7	
Proposed Dividend per share (cents)	3.22	3.1	
As at	**31 December 2020**	**31 December 2019**	**% change**
Balance Sheet			
Total Property Value (€ millions)	1,380.4	1,359.2	1.6%
Net Asset Value (€ millions)	841.7	810.2	3.9%
IFRS Basic NAV per share (cents)	160.3	155.3	3.2%
Group Total Gearing	39.2%	39.9%	(1.8%)
Gross Yield at Fair Value	5.5%	5.6%	
EPRA Net Initial Yield	4.2%	4.4%	
Other			
Market Capitalisation (€ millions)	785.5	829.5	
Total Number of Shares Outstanding	525,078,946	521,678,946	
Weighted Average Number of Shares – Basic	522,069,110	478,563,272	

€74.7m
Revenue from Investment Properties
(2019: €62.1m, +20.4%)

98.4%
Occupancy
(2019: 98.3%, +10bps)

6.5c
EPRA EPS
(2019: 6.9c, -6.2%)

€1,380.4m
Total Property Value
(2019: €1,359.2m, +1.6%)

160.3c
Basic NAV per share
(2019: 155.3c, +3.2%)

4.2%
EPRA Net Initial Yield
(2019: 4.4%, -20bps)

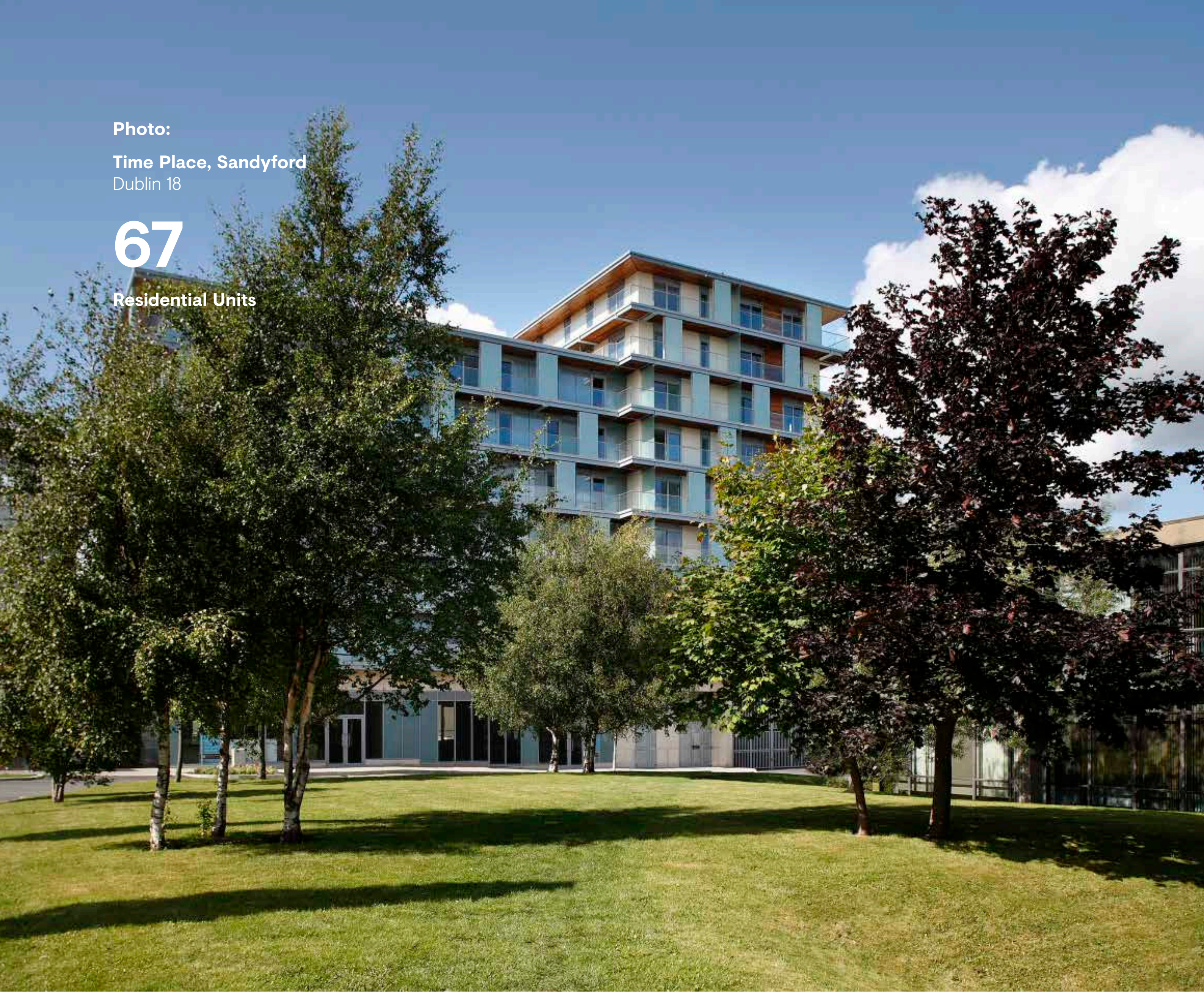
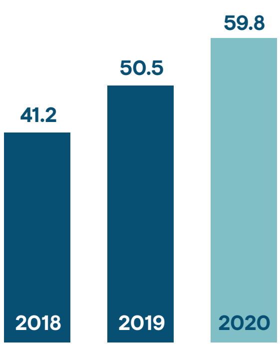


Photo:

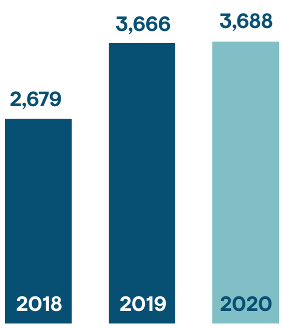
Time Place, Sandyford
Dublin 18

67

Residential Units



Net Rental Income
(€ millions)



Total Number of Residential Units

Overall Portfolio Occupancy Rate
(%)

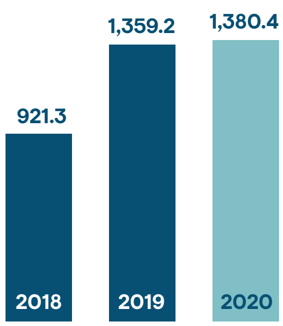
STRONG TRACK RECORD OF GROWTH

Sustainable accretive growth in our residential rental assets portfolio is an integral part of our strategy. We have delivered circa 50% growth in the portfolio unit size over the last 3 years and continue to invest in the supply of accommodation for rent. Due to the limited supply of completed rental properties of scale that fit our business model and continued growing demand, we outlined a three-pronged strategy for growth in 2018. This, coupled with the strong fundamentals of the sector and our operational excellence, has allowed us to continue generating strong returns and growing dividends for our shareholders.

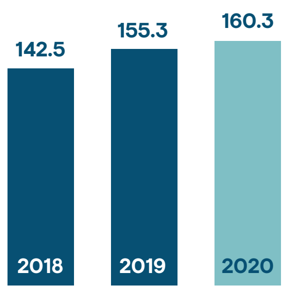
Despite the impact of the Covid-19 pandemic, we continued to deliver on our investment and growth strategy in 2020, adding 173 residential units and bringing our overall portfolio of homes for rent to 3,688. The Net Rental Income ("NRI") increased 18.3% to €59.8 million, driven by the completion of the 2019 Marathon acquisition and the further addition of 173 residential units during 2020.

The Group has a pipeline of 673 residential units, representing c. 18% growth potential in the portfolio, which will be delivered over the coming years.

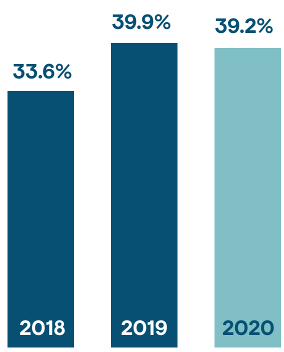
We have a strong balance sheet and ample liquidity to position the business for future growth.



Total Property Value
(€ millions)



Basic NAV per share
(cent)



Gearing
(%)

MARKET OUTLOOK

Supply Demand Imbalance Remains

There remains a clear and significant supply and demand imbalance for all tenures of housing in Ireland. Due to the Covid-19 pandemic, the CSO reported that house completions decreased to circa 20,700 in 2020. This is below the original estimate of 26,000 for 2020 and over the 21,000 units completed in 2019. The Central Bank of Ireland[1] forecasts new house completions of around 21,500 for 2021 and 23,500 in 2022, compared to its estimate of required level of more than 34,000[2] houses per annum.

The Rental Market

Demand for rental accommodation in Dublin has remained strong, with circa 2,600 units available for rent as at 1 February 2021 (Daft).[3] While the stock of available units for rent has increased over the year, it is from a very low base. Rental prices have remained stable nationally, while rent price inflation softened modestly in Dublin, with rents at higher price points somewhat more impacted.

Growing Population

The combined effect of positive net migration and natural increase resulted in an overall increase in the population of 55,900 (1.1%) in the year to April 2020.[4] Ireland's population, which stood at 4.74 million in 2016, is projected to increase to 5.7 million by 2040. The population of Dublin in April 2020 was estimated to be almost 1.42 million persons, 28.5% of the total population.[4]

Strong Foreign Direct Investment ("FDI") sector

While initial economic forecasts envisaged a sharp 'double-digit' contraction in GDP for 2020, performance has been resilient. This is primarily due to the strength of the Irish FDI sector, concentrated in ICT, pharmaceuticals and medical technology. The IDA recently reported that employment in IDA-supported companies grew by 3.6% in 2020.[5] As a result, tax revenue performed much more resiliently during 2020 than expected, falling by just 4% year on year.[6]

Photo: Phoenix Park, Dublin.
+ See more:
Phoenix Park Racecourse, Castleknock, Dublin 15.
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20,700

Circa 20,700 housing completions in Ireland during 2020, down 1.9% on the previous year

1 Central Bank of Ireland - Quarterly Bulletin January 2021
2 Central Bank of Ireland - Population Change and Housing Demand in Ireland
3 Daft.ie - Q4 2020 Rental Price Report
4 CSO - Population and Migration Estimates April 2020, 20 August 2020'
5 IDA Ireland 2020 Results
6 Department of Finance - End-2020 Exchequer Returns

34,000

Required number of housing completions per annum

5.7m

Ireland's projected population by 2040 – an increase of 20% over 2016 (ESRI)

PROFESSIONALLY MANAGED MODERN ACCOMMODATION

01

Bringing new standards to the rental market

We are transforming the residential rental market for the better by offering professional property management services through the Manager. Each building has dedicated staff to ensure residents receive the highest possible standards of service.

02

Rapid response

We put our residents first at all times by offering a 24-hour on-call service for emergencies such as loss of heat, water or essential services. We also maintain high service and safety standards such as twice-yearly fire drills that exceed regulatory requirements.

03

Top-quality staff

Those high standards also apply to our Manager's highly trained operations staff who participate in regular external and internal professional development programmes in areas such as health and safety, process efficiencies and property management.

THE I-RES ADVANTAGE

Advanced technology to maximise efficiency

Team of tradespeople and caretakers

24-hour emergency service line

Dedicated property manager for every building

Intensive training and development for all Investment Manager team members

Safety standards exceed regulatory requirements


LUAS Red Line
LUAS Green Line
DART Line
Commuter Train
3,784
Units in Dublin
Including Phoenix Park acquisition which closed in January 2021.
50
Units in Cork
36
Balbriggan
23
Skerries
Rush
M1
18
Donabate
Malahide
Swords
Pavillion's Shopping Centre
25
Portmarnock
N2
DUBLIN AIRPORT
M50
Dunboyne
N3
James Connolly Memorial Hospital
19
26
Finglas
21
24
Santry
20
22
Baldoyle
30
31
Clonsilla
Blanchardstown Shopping Centre
Blanchardstown
Dublin City University
Beaumont Hospital
Raheny
Howth
Castleknock
27
M50
1
Clontarf
4
6
PHOENIX PARK
2
Heuston Station
TU Dublin Bolton St.
5
Docklands
3
Connolly Station
DUBLIN
Liffey Valley Shopping Centre
32
Lucan
Cherry Orchard Hospital
St.James's Hospital
33
34
Inchicore
Drimnagh
Ballsbridge
35
Crumlin Children's Hospital
Ranelagh
Rathmines
10
St Vincents Hospital
12
Terenure
N7
Blackrock
University College Dublin
N31
Dún Laoghaire
Tallaght Hospital
TU Dublin Tallaght
28
29
Tallaght
Knocklyon
Dundrum Town Centre
8
Dalkey
13
14
15
16
17
11
7
M50
Sandyford
M50
9
Cabinteely
Killiney
Rockbrook
N11

MODERN DIVERSE PORTFOLIO

We are committed to investing in communities by providing high-quality housing in attractive, well serviced locations where people want to live, work and build their lives. The focus of our acquisition and development strategy is therefore on family friendly urban locations which feature high grade community facilities, good public transportation links, well developed educational and social infrastructure, and sustainable employment opportunities.

CITY CENTRE

1 **Richmond Gardens, Fairview**
98 Units

2 **Kingscourt, Smithfield**
83 Units

3 **The Marker Residence, Grand Canal Square**
85 Units

4 **Bakers Yard, North Circular Road**
86 Units

5 **City Square, Gloucester Street**
24 Units

6 **Xavier Court, Sherrard Street Upper**
41 Units

SOUTH DUBLIN

7 **Time Place, Sandyford**
67 Units

8 **Beechwood Court, Stillorgan**
101 Units

9 **Belville Court, Cabinteely**
29 Units

10 **Bessboro, Terenure**
40 Units

11 **Beacon South Quarter, Sandyford**
213 Units

12 **Elmpark Green, Merrion Road**
201 Units

13 **Grande Central, Sandyford**
65 Units

14 **Rockbrook Grande Central, Sandyford**
81 Units

15 **Rockbrook South Central, Sandyford**
189 Units

16 **The Forum, Sandyford**
8 Units

17 **The Maple, Sandyford**
68 Units

NORTH DUBLIN

18 **Semple Woods, Donabate**
40 Units

19 **Charlestown, Finglas**
235 Units

20 **Northern Cross, Malahide Road**
128 Units

21 **Carrington Park, Santry**
142 Units

22 **The Coast, Baldoyle**
52 Units

23 **Taylor Hill, Balbriggan**
78 Units

24 **Heywood Court, Santry**
39 Units

25 **Waterside, Malahide**
55 Units

26 **Hampton Wood, Finglas**
128 Units

WEST DUBLIN

27 **Phoenix Park Racecourse, Castleknock**
146 Units

28 **Priorsgate, Tallaght**
108 Units

29 **Tallaght Cross West, Tallaght**
460 Units

30 **Pipers Court, Clonsilla**
95 Units

31 **Hansfield Wood, Clonsilla**
99 Units

32 **Coldcut Park, Clondalkin**
91 Units

WEST CITY

33 **Tyrone Court, Inchicore**
95 Units

34 **Camac Crescent, Inchicore**
90 Units

35 **Lansdowne Gate, Drimnagh**
224 Units

CORK

36 **Hartys Quay, Co. Cork**
50 Units

A PLACE TO CALL HOME

I-RES invests in sustainable communities by providing high-quality homes for people who want to live and work there for the long term. Our round-the-clock service, outstanding levels of care, maintenance and building quality, and commitment to our residents, add up to quality standards of living for residents.

Photo:

Lansdowne Gate, Drimnagh
Dublin 12

224

Residential Units

Strategic Report

In this Section:

Beacon South Quarter

213

Residential Units

CHAIRMAN'S STATEMENT

The Company delivered another strong performance and continued growth in a period of uncertainty.

As we reflect on 2020 and the challenging year that it was, I am happy to say that the Board of Directors of the Company ("the Board") is very satisfied with the Group's performance, under the management of our Chief Executive Officer ("CEO") Margaret Sweeney and IRES Fund Management. The Company delivered another strong performance and continued growth in a period of uncertainty, demonstrating the resilience of the multi-family real estate sector.

As we navigate the Covid-19 pandemic the health and wellbeing of our employees, residents and business partners remains our priority. The Group remains focused on delivering the strategic priorities set by the Board and continuing to invest in accretive acquisitions and developments to deliver consistent returns for our shareholders.

Portfolio Performance

As at 31 December 2020, the Group had a portfolio of 3,688 residential units across 34 properties in the Dublin region and one property in Cork. Despite the various public health measures in place as a result of Covid-19, including restrictions on travel and movement, the Group continued to grow its portfolio during the year, with a modest net increase of 22 units on the prior year. This modest increase reflects the acquisition of 173 residential units, offset by the disposal of 151 units as part of a programme to re-cycle and re-deploy capital across the business. The Group also has a further pipeline of 673 residential units, representing circa 18% growth potential in the portfolio.

Post year end, the Group added to the growth achieved in 2020 with the acquisition of 146 residential units at The Phoenix Park Racecourse in Dublin bringing the total portfolio to 3,834 residential units as of the date of this report.

We believe the structural drivers of demand for private rental residential accommodation (including population growth, strong inward investment, economic growth and urbanisation) will continue to underpin strong demand in the market over the long-term. The Board believes that I-RES is strongly positioned to capitalise on this demand and we will continue to evaluate growth opportunities to further strengthen its position as the leading provider of private rented residential homes in Ireland, while maintaining a disciplined approach to capital allocation.

We are very appreciative of our shareholders, our banking syndicate and private placement noteholders who have all strongly supported I-RES and its financing requirements over the course of the last year.

Financial Results

Against a challenging market backdrop, the Group generated strong revenue and NRI growth during the year. Our continued investment in new properties helped deliver rental income growth for the year, while also maintaining a consistently high occupancy rate across our portfolio. As of 31 December 2020, our adjusted EPRA EPS adjusted for non-recurring costs is 7.0 cents which is up on 2019, while our IFRS Basic NAV per share grew by 3.2% to 160.3 cents. This strong performance in 2020, resulted in the declaring of an additional dividend of 3.22 cents per share for the twelve months ended 31 December 2020.

Investment Management Agreement

The Board is extremely pleased with the contributions made by the Manager together with senior management and staff of CAPREIT Limited Partnership ("CAPREIT LP"). CAPREIT LP and the Manager continue to provide staffing and other essential supports including its SAP platform for the business.

In November 2020, I-RES provided an update on the investment management agreement between the Company, IRES Residential Properties Limited and the Manager (the "Investment Management Agreement").

The Investment Management Agreement had an initial term of five years which expired on 1 November 2020. In advance of the expiry of the initial Investment Management Agreement term, a committee of the Board, which did not include either Mark Kenney or Phillip Burns given their respective relationships to CAPREIT LP, was appointed in November 2019 (the "Related Party Committee") to conduct a scheduled review of the Investment Management Agreement and Services Agreement, evaluate the strategic options available to I-RES in relation to them and consider certain related matters.

On the expiry date of the initial Investment Management Agreement term on 1 November 2020, the Related Party Committee had not reached agreement on new terms for a revised Investment Management Agreement with the Manager. As a result, in accordance with its terms, the Investment Management Agreement has continued under the existing terms. Both parties have termination rights under the Investment Management Agreement which can now be exercised. In conjunction with the rollover of the Investment Management Agreement, I-RES announced that it would augment the management resources of the Company in line with its growth strategy and increased scale.

The Related Party Committee, in conjunction with advisers, continues to evaluate the relative strategic and financial merits of various options available to the Company. The Company is exploring the option to internalize the management of the Company and, if applicable, to apply to the Central Bank of Ireland for authorization as an alternative investment fund manager. The Company appreciates the continuing co-operation and assistance of the Manager and CAPREIT LP in the Related Party Committee's ongoing deliberations on the future management of the Company.

Shareholders should note that at this point, no decision has been made by the Company to internalize, or otherwise, and the Investment Management Agreement continues under the existing terms.

Further announcements will be made by the Company as appropriate.

Governance & Shareholder Engagement

The Board is committed to maintaining high standards of corporate governance.

During 2020, we undertook an external Board review, to analyse the Board's composition and to identify any potential gaps in skills or expertise. Separately, I have assessed the performance of each individual director and I am pleased that every director is committed to their position, provides meaningful input, and contributes sufficient time and energy to effectively complete their Board duties.

We believe that frequent, transparent and constructive engagement with our shareholders helps us to better understand how we can create further long-term value. During 2020, I-RES appointed an external advisor to complete its first independent investor perception study to gain independent insights into investors' sentiment towards I-RES and the sector it operates in. During 2020 I-RES appointed Sarah Stokes as Director of Investor Relations and Funding to assist with investor engagement and to continue to expand our investor relations programme and process as the business continues to grow.

We recognise that a critical part of our ESG journey is identifying and setting goals that are not just about having enough impact, but the right impact.

ESG

I-RES remains fully committed to aligning environmental, social and governance ("ESG") measures to our business strategy and objectives.

Following the formalising of our ESG strategy in 2019, we have remained committed to building on our ESG programme throughout 2020. We recognise that a critical part of our ESG journey is identifying and setting goals that are not just about having enough impact, but the right impact. The commitments set out in our Corporate ESG Policy are aligned with the United Nations Sustainable Development Goals ("SDGs") relevant to our business. 2021 will see us monitor our progress towards each relevant goal and inspire and enable a more impactful performance as we move forward.

Our goal is not just to own buildings but to create communities which are positive places to live and work in, as well as providing a quality resident experience. We have taken this focus to planning for new developments on our owned sites, as well as in our interaction with partners. In that effort, the Board appointed Tom Kavanagh, an Independent Non-Executive Director, to build the necessary skill sets that will advance our Board-level ESG competency and support the multi-year strategy that will drive a resilient and adaptative performance.

As one of Ireland's largest landlords, our Board collectively holds years of global operational excellence, and we have the experience to leverage and initiate appropriate practices to manage the challenges and opportunities affecting our business. We want to collectively acknowledge I-RES and the Manager's leadership teams and employees who strive every day to be the employer, landlord and partner of choice. Their combined dedication, passion and commitment are what continuously sets I-RES apart in the marketplace.

To our residents, communities, funders and shareholders, the I-RES Board wishes to thank you for your trust and ongoing support as we collectively navigate through these challenging times. We recognise that many in our communities and wider society have been deeply impacted by Covid-19 and we look forward to better days ahead.

Outlook

In summary, the Board is extremely pleased with the Group's performance for the year. The quality of our property portfolio, the strength of our balance sheet, together with the experience of our Board, management team and the Manager, has allowed I-RES to navigate the uncertainty caused by the Covid-19 pandemic. Looking ahead, the ever-evolving situation presented by the Covid-19 pandemic, and Government restrictions introduced in order to mitigate its spread, could have impacts on the Group's business which we cannot foresee at this time. Our priority will continue to be the health and wellbeing of our employees, residents, partners and suppliers.

I would like to thank my fellow Board members, our CEO, Margaret Sweeney, as well as the management and staff of IRES Fund Management and CAPREIT LP for their hard work, focus and dedication during the year which ensured that the business continued to perform strongly during these uncertain and challenging times.

Declan Moylan
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am delighted to report that we have delivered another year of strong performance for 2020.

Against a challenging backdrop, I-RES's business has remained resilient, underpinned by our high quality and diverse portfolio of assets, robust financial position and experienced Board and management team. 2020 also saw us continue to deliver on our growth strategy with further investment in supply of new homes, recycling capital through accretive disposal of assets and 9.7% growth in underlying earnings.

Covid-19 Statement

Covid-19 has caused unprecedented social and economic disruption to the Irish economy since the first quarter of 2020. Pandemic related lockdowns and restrictions have impacted many businesses across the country and have changed the way we live our lives. During this time, the priority of the Group, along with our Manager, has been to ensure the safety, health and wellbeing of our employees, residents, partners and suppliers. We have stayed in continuous dialogue with these stakeholders over the past 12 months and worked diligently to support all stakeholders in what was an extremely challenging year.

We have worked together effectively to successfully navigate this unprecedented environment. I am proud to say our team adapted quickly, transitioning to virtual working seamlessly, ensuring that we were able to support our residents throughout the pandemic as well as continuing to deliver on our business targets. We have maintained an active programme of communications with all residents and continue to support any resident who is facing difficulties due to the pandemic and related restrictions.

As we progress into 2021, Covid-19 continues to present ongoing challenges and the long-term impact is yet to fully materialise. In late December 2020, Ireland entered a third wave of the pandemic, resulting in a third and severe lockdown coming into effect from 1 January 2021, which included the closure of schools, construction, non-essential retail and hospitality. Case numbers are reducing strongly and it is envisaged that some easing of restrictions will evolve in the coming months. There are positive signs emerging on the horizon for 2021 with the commencement of the vaccination programme.

2020 Performance

Revenue from investment properties increased by 20.4% to €74.7 million and Net Rental Income grew by 18.3% to €59.8 million in the period, arising mainly from investment in new assets during 2019 and 2020. These results, which include approximately 10 months of the impact of Covid-19 demonstrate the strong resilience of the business.

I-RES's diversified resident profile across our properties and strong demand for professionally managed, high quality rental accommodation in the mid-tier range as well as continued investment in new supply of homes, stable rent levels and efficient operational management has underpinned the resilience of the business during 2020. Despite the uncertain market backdrop, we saw strong occupancy of 98.4% at 31 December 2020 (31 December 2019: 98.3%). Our rent collections for the residential portfolio were consistent at 98.9% for 2020 (2019: 99.0%), and our NRI margin achieved was 80.0%, further underlining the resilient characteristics of the business. This represents a very strong outturn under current market conditions.

Being cognizant of the challenges faced by many arising from the onset of the Covid-19 pandemic, the Group has not implemented any rent increases on renewals since 1st April 2020.

We have also continued to support our commercial tenants (circa 3.5% of revenue) whose businesses have been significantly impacted due to public health measures and lockdowns. We have payment plans in place for affected tenants, representing circa 18% of our commercial tenants.

The Dublin and Irish market continued to attract significant investor demand during 2020 despite the impact of Covid-19 and related restrictions, resulting in further yield compression in residential asset values for good quality assets in the right locations. We reported a fair value gain as a result of the revaluation of our investment properties at 31 December 2020 of €19.1 million over the year.

I am pleased to say that we have continued to deliver strong returns and growing dividends for our shareholders during 2020.

Funding

Managing and maintaining a strong balance sheet with adequate liquidity has been a key priority for us during this period of uncertainty. Our Group Total Gearing as at 31 December 2020 was 39.2%.

Our Revolving Credit Facility (“RCF”) of €600 million with our syndicate of five banks which we put in place in 2019 will support the funding of acquisitions and development plans.

In March 2020, the Group completed a private placement of notes of circa €200 million (Euro equivalent) (the "Notes"), with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have provided further flexibility in our funding strategy by adding further lengthening to our debt maturities. The Notes have laddered circa six, nine and eleven-year maturities, with the first repayment due in March 2027.

We are grateful to our shareholders, our banking syndicate and private placement noteholders who have all strongly supported the Group and its financing requirements over the course of the last year and as we continue to deliver on our strategy.

Growth Strategy

Sustainable accretive growth in our residential rental assets portfolio is an integral part of our strategy. We have delivered circa 50% growth in the portfolio unit size over the last 3 years and continue to invest in the supply of accommodation for rent. Due to the limited supply of completed rental properties of scale that fit our business model and continued growing demand, we outlined a three-pronged strategy for growth in 2018.

2020 Performance Highlights:

Net Rental Income
€59.8m
2019: €50.5 m

Net Rental Income Margin
80.0%
2019: 81.4%

EPRA Basic Earnings per share
6.5c
2019: 6.9 cents

Our strategy remains focused on:

- Continued acquisition of completed assets at accretive yields
- Investing in future supply through development partnerships with local developers and builders
- Development and intensification of I-RES owned sites

This approach allows I-RES to both identify attractive and accretive development opportunities in the market, while also capitalising on the strength and insight of other property developers. These three strategies can also be utilised by I-RES at various points in the cycle to maximise value, ensuring that we continue to deliver enhanced returns for our shareholders.

In 2020, we delivered on this strategy by adding 173 high-quality new residential units to our portfolio. We also contracted for a further acquisition of 146 apartments which were acquired on completion in January 2021. In addition, in November 2020 the Company announced its first disposal, with the sale of a non-core portfolio, comprising 151 residential units across 10 properties, providing effective capital allocation and accretion.

The price achieved was in excess of the original acquisition cost and circa 6% ahead of the December 2019 valuation.

As at 31 December 2020, the portfolio consisted of 3,688 high-quality, well-located residential homes along with associated commercial space and development sites (31 December 2019: 3,666 residential units), at a total value of €1,380.4 million. All of our residential units are located in the Dublin area, with one asset in Cork, and are situated close to primary transportation links and employment centers.

We have a strong pipeline for growth including:

- In January 2021, completed the acquisition of 146 residential units for €60 million (including VAT and excluding transaction costs);
- A fixed price forward purchase contract for 69 residential units at Merrion Road, Dublin due for delivery in 2022;
- Development of 61 residential units and 3 commercial units currently on owned sites;
- Planning permission in place to develop 543 residential units on existing sites over the coming years.

ESG Strategy

We recognise the importance of responsible investing. Last year we formalised our ESG strategy and we are making significant progress on further evolving this strategy and ensuring it is implemented across the business. Despite the global challenges presented by Covid-19, we continue to place an emphasis on ESG, with a particular focus on our social performance. In that effort, we prioritised the wellbeing of our people, our residents, and the wider community during 2020.

Our commitment remains to build a sustainable and responsible business which is aligned with the long-term approach we take to investing, building and maintaining our properties, supporting and servicing our residents, employees, our vendor partners and the wider community in which we operate. We actively work, supported by our Manager towards aligning our business strategy and objectives with ESG measures that are important to growing a long term sustainable business, meeting the needs of our investors and stakeholders.

Investors and other stakeholders across the real estate industry increasingly expect ESG-based performance disclosures and during 2020, we submitted our inaugural application to the Global Real Estate Sustainability Benchmark ("**GRESB**"), an industry-leading global assessor of the ESG performance of real estate assets and their managers. In addition, we initiated our business practice alignment with the European Public Real Estate Association ("**EPRA**") sustainable reporting standards.

As we continue to evolve our approach to integrating ESG measures across all levels of our business, we are confident in delivering a resilient and adaptive performance that is aligned with our strategic objectives.

The Company has published a separate ESG Report on or about the date of this Report which is available on the Company's website at https://investorrelations.iresreit.ie. The contents of the ESG Report do not form part of this Annual Report.

Results

Below is a table summarising the Group's financial position as at 31 December 2020 and profit or loss results for the year ended 31 December 2020.

Property assets at 31 December 2020 increased by €45.5 million reflecting a combination of acquisitions, development and capital expenditures within our portfolio, a €19.1 million fair value gain on the investment properties held as at 31 December 2020 which is offset by asset disposals of €43.5 million. The main driver of the valuation increase was yield compression, offset by reduction in market rents. I-RES did not put through rent increases on renewals during the pandemic period.

IFRS Basic NAV per share increased by 3.2% to 160.3 cents as at 31 December 2020 from 155.3 cents as at 31 December 2019, post payment of a 3.1 cents dividend per share (€16.2 million) on 23 March 2020, offset by fair value gains on investment properties on revaluations and profits generated in 2020.

The Group decreased its Group Total Gearing to 39.2% at 31 December 2020, from 39.9% at 31 December 2019. The Group's acquisition of 146 units located at the Phoenix Park Racecourse for €60 million (including VAT and excluding transaction costs), which was completed in January 2021, will increase the pro-forma Group Total Gearing to 41.5%.

Average Monthly Rent ("**AMR**") per unit was €1,624 as at 31 December 2020 (31 December 2019: €1,596).

Despite the impact of Covid-19, our residential occupancy rate has remained strong at 98.4% at 31 December 2020 (31 December 2019: 98.3%), underpinned by strong market fundamentals in the Irish residential rental sector and strong property management.

The NRI margin declined from 81.4% to 80.0% over the 12 months. The decline is due to higher bad debts and vacancy post declaration of the Covid-19 pandemic, compared to prior periods. I-RES has a limited number of commercial parking and commercial leases (in total less than 3.5% of total Revenue), which have been more negatively impacted.

We again delivered a strong earnings performance with Adjusted EPRA Basic EPS before non-recurring costs of 7.0 cents for the period ended 31 December 2020. This was due to organic rental growth and accretive acquisitions.

Statement of Financial Position:	**As at 31 December 2020**	**As at 31 December 2019**	**% change**
Investment Properties (€ millions)	1,380.4	1,359.2	1.6%
Net Asset Value (€ millions)	841.7	810.2	3.9%
IFRS Basic NAV per Share (cents)	160.3	155.3	3.2%
Bank Indebtedness and private placement debt (€ millions)	539.1	549.9	
Group Total Gearing	**39.2%**	**39.9%**	
Statement of Profit or Loss and Other Comprehensive Income:	FY 2020	FY 2019	% change
Revenue from Investment Properties (€ millions)	74.7	62.1	20.4%
Net Rental Income (€ millions)	59.8	50.5	18.3%
Fair value gain on investment properties (€ millions)	19.1	56.2	
EPRA Earnings (€ millions)	34.0	33.1	2.7%
Non recurring costs (€ millions)(1)	2.3	-	
Adjusted EPRA Earnings (€ millions)(2)	36.3	33.1	9.8%
Basic EPS (cents)	11.2	18.0	(37.8%)
Diluted EPS (cents)	11.1	17.9	(38.0%)
EPRA EPS (cents)	6.5	6.9	(5.8%)
Adjusted EPRA EPS (cents)	7.0	6.9	1.4%
Interim Dividend per share (cents)	2.75	2.7	1.9%
Proposed Dividend per share (cents)	3.22	3.1	3.9%

(1) Refer to page 26 for further details on non recurring costs.
(2) Refer to page 30 for further details on Adjusted EPRA Earnings

Dividends

Under the Irish REIT regime, subject to having sufficient distributable reserves, I-RES is required to distribute at least 85% of the Property Income of its Property Rental Business for each financial year to shareholders via dividends.

The Board announced an additional dividend of 3.22 cents per share (€16.9 million) for the twelve months ended 31 December 2020 following the filing of the relevant financial statements for the Company in Dublin, Ireland on 19 February 2021. This dividend is to be paid on 20 April 2021.

Our ability to continue to deliver a progressive dividend in 2020, despite the challenging market backdrop, reflects the resiliency and counter-cyclical characteristics of the multi-family real estate sector, our high quality and diverse portfolio of assets, and strong financial performance for the year.

We have delivered circa 50% growth in the portfolio unit size over the last 3 years.

Outlook

We remain confident in the future prospects of the business as we continue to deliver housing solutions to the Irish market on a sustainable basis for the long term. The most pressing issue facing the Irish housing market remains the significant shortage of rental accommodation and, while supply has been increasing since 2014, the impact of Covid-19 will see output fall below original expectations for 2020 and below 2019 levels.

Demand for quality, well-located and professionally managed accommodation remains strong, underpinned by steady population growth. In addition, inward Foreign Direct Investment ("FDI") across key sectors has remained resilient through the pandemic, particularly in ICT, Pharma and Financial Services. The Industrial Development Authority ("IDA") Ireland reported that employment growth of 3.6% was achieved in 2020 in IDA supported companies.

While rent collections across our residential portfolio remained strong during 2020, this may not be indicative of the rate of rent collection in the upcoming months. The ongoing uncertainty related to the Covid-19 pandemic, including uncertainty surrounding measures taken to mitigate the economic impacts could give rise to increases in bad debts and vacancy levels in the future. We will continue the open dialogue with our tenants as the situation progresses.

We will also continue to monitor and assess the potential risks and opportunities for the Group arising from market events such as the recently announced Brexit deal, US policy on FDI in Ireland, as well as taxation and increased regulation risks.

We remain confident in the long-term prospects of the Irish multi-family rental market, which has proven itself to be highly resilient and counter cyclical during the pandemic.

With our balanced portfolio of modern assets, together with the operational excellence of our Manager, we are well positioned to continue to deliver a strong performance and value going forward. We continue to execute on our growth strategy as well as continuing to monitor all opportunities in the market. Our business is resilient. The Group's financial position and liquidity is strong, and we have the resources and flexibility to manage our way through the various challenges that will inevitably arise.

Finally, I would like to convey my gratitude to each employee in the Company and the Manager as well as our Chairman and directors for their incredible commitment, focus and support over the last year, while dealing with the many challenges that the pandemic delivered to all our lives. The I-RES team has worked relentlessly through this challenging time to ensure that we continue to manage the business successfully and provide excellent service to all our residents. I would like to thank our residents who are the foundation of our business and who have also been living and working under significant restrictions as the country deals with the Covid-19 pandemic. I would also like to acknowledge our many partners and service providers who continue to provide the Group with excellent support and service despite all the challenges that 2020 brought.

Margaret Sweeney

Margaret Sweeney
Chief Executive Officer

MANAGER'S STATEMENT

It is our objective to ensures that people simply love to live in our buildings, which leads to the consistently high occupancy rates.

During the current pandemic, we have continued to put an emphasis on protecting the health and safety of our employees, I-RES's tenants, partners and suppliers, and continue to implement appropriate cautionary measures to address potential risks. The Manager continues to deliver strong results despite these uncertain times. In particular, we have enhanced our capacity to deliver high-quality accommodations and services for residents while continuing to pursue our strategy for growth.

Our highly qualified and talented operations team, which features a member dedicated to each building and offers extensive supports such as a 24-hour emergency line, leads the way in professional management of residential rental accommodation nationally. The team builds close relationships with residents and ensures that our reputation for quality assets is sustained through proactive and attentive maintenance. In the midst of the current pandemic, our team follows all of the Irish Health Service Executive guidelines to ensure the safety of our residents and our employees. We continue to provide communication with our residents to ensure that they feel safe in our buildings. We continued to provide essential repairs and maintenance to the buildings throughout the early stages of Covid-19. It is our objective to ensures that people simply love to live in our buildings, which leads to the consistently high occupancy rates we have delivered year after year.

Our local capabilities are amplified by our access to the global expertise, systems and technology platforms of CAPREIT LP, a Canadian leader in the professional property management of rental accommodation. During 2020, we have a new resident portal to provide an additional channel for our residents to communicate with us. Building on the CAPREIT LP's model, which features open and regular communication with residents, best practices in employee development, and innovative strategies for attracting and retaining residents, we continually improve our offerings to residents with the objective to ensure that the services we provide exceeds residents' expectations.

I-RES has a well-diversified, high-quality portfolio distributed around Dublin with one asset in Cork and located close to transport hubs, schools and major employers. In these areas, we have expanded our community engagement activities and worked with local residents to deepen our relationships with neighbours and residents. These activities are all part of our effort to deliver exceptional living experiences that encourage residents to put down roots and stay.

Ireland has remained one of the most resilient economies in the European Union during the pandemic, and the consistently high demand for quality rental properties, combined with a growing appreciation of the value of I-RES' professional property management approach, is perfectly aligned with the I-RES model of long-term commitment to a residential market.

Scott Cryer
Director of IRES Fund Management

BUSINESS REVIEW

During 2020, IRES continued to execute on its growth strategy.

The Irish residential market continues to see low levels of new apartment buildings against the backdrop of a significant supply and demand imbalance.

Photo:

Phoenix Park Racecourse, Dublin 15

146

Residential Units

The I-RES long term strategy for future growth is focused around:

- Continued acquisition of completed assets at accretive yields.
- Investing in future supply through partnerships with developers of Private Rented Sector ("PRS") assets.
- Development and intensification of I-RES owned sites.

During 2020, I-RES continued to execute on its growth strategy with 319 residential homes delivered and contracted for as follows:

Acquisitions

Phoenix Park Racecourse, Dublin 15 (146 Residential Units)
I-RES contracted in December 2020 for the acquisition of 146 residential units located in The Phoenix Park Racecourse, Castleknock, Dublin 15 and took ownership on closing in January 2021. The total purchase price was €60 million (including VAT but excluding other transaction costs).

The property is located in the west Dublin suburb of Castleknock and is adjacent to the Phoenix Park, the largest enclosed park of any European capital city. The scheme occupies an attractive position close to Dublin City Centre (circa 6kms), with easy access to the M50 motorway. There are excellent public transport links to the City Centre, with Ashtown train station and a high frequency bus service close by. Castleknock and the Phoenix Park is a much sought after and mature residential location, providing some of Dublin's finest amenities, including schools, sporting facilities, shopping and employment.

Forward Purchase and Development Contracts completed and delivered in 2020 (173 Residential Units)

Waterside, Malahide, Co Dublin - 55 apartments
I-RES entered into contract in 2019 for the forward purchase of 55 apartments and duplexes at Waterside, Malahide, Co Dublin for a total purchase price of €18.5 million (including VAT, but excluding other transaction costs). The 55 residential units were received by the end of March 2020 in two phases.

Waterside is located close to excellent infrastructure, including transport, schools, retail parks and employment, with Dublin Airport approximately a 10-minute drive away. Large scale employers in the area include Ryanair, Siemens, Kellogg, Fujitsu, C&C, Hertz, Nightline Group and Fyffes. The area is well serviced by Dublin Bus, the DART rail services and the M50 and M1 motorways.

Hansfield Wood, Dublin 15, Phase 2 (Pipers Court) - 95 apartments
During 2018, I-RES entered into a contract to acquire a 1.3-acre development site in Hansfield Wood for a total purchase price of €3.3 million (including VAT but excluding transaction costs). The Company also entered into a development agreement to develop 95 apartments and duplexes on the Hansfield Site for a total consideration of €26.7 million (including VAT, but excluding other transaction costs). The handover of the apartments to I-RES was completed on 1 August 2020.

Hansfield is surrounded by excellent infrastructure and amenities including road and rail transport, schools, retail and leisure facilities. The village of Ongar provides all day to day services including supermarket, café, pharmacy and health centre, whilst the close by Blanchardstown Shopping Centre (circa 3.5km), which is one of Ireland's largest shopping destinations, provides 180 shops, restaurants, hotel and leisure facilities.

Located on the west side of Dublin City, the development is 7kms from Castleknock village and 17kms from Dublin airport. The Blanchardstown area provides a population in the order of 75,000 people.

Hansfield Train Station lies next to the development and offers a regular rail link to Dublin City Centre (Connolly Station), with a journey time of circa 30 minutes.

Priorsgate, Tallaght, Dublin 24 - 5 apartments
The Company received planning permission for the conversion of unused commercial space into five residential units. Construction commenced in 2020 and was completed in Q4 2020. Three of the five units are now leased and occupied.

Tallaght Cross West, Dublin 24 - 18 apartments
In March 2018, the Company received a grant of planning permission for the conversion of unused commercial space to 18 residential apartments. Construction began in 2019, and the residential units were completed in 2020. These are currently awaiting occupancy approval from the Local Authority.

Disposal of 151 apartments

I-RES completed the disposal of 151 non-core residential units, as well as three small commercial units, across 10 properties in Dublin in November 2020. The sales price of circa €48 million (net of costs) was achieved following a competitive sales process which attracted significant international and domestic interest. The objective of the sale was to deliver operations and asset management efficiencies from the portfolio.

The price achieved was in excess of the original acquisition cost and circa 6% ahead of the December 2019 valuations. I-RES recognized a gain on disposal of investment property of €4.4 million. The purchaser was a fund managed by Orange Capital Partners, an international investment manager with its office in Dublin and an existing footprint in the Irish market.

Future Growth Pipeline

Forward Purchase Contract for 69 homes at Merrion Road, Dublin 4
I-RES entered into contract for the forward purchase of 69 residential units at Merrion Road in a transaction valued at €47.6 million (including VAT, but excluding other transaction costs). Construction commenced in 2019. It is now anticipated that the residential units will be completed and handed over to I-RES in 2022 and this date could be further impacted by restrictions on construction activity as a result of the Covid-19 pandemic.

The property is located circa 7km from Dublin City and is well serviced by Dublin Bus and the DART rail services. The property is located close to good amenities including schools, universities and numerous hospitals (St. Vincent's University and Private Hospitals, Blackrock Clinic) in the immediate vicinity. The area also benefits from a number of leisure facilities with Elm Park Golf and Sports Club, Railway Union Sports Club and Blackrock Park on its doorstep.

Disposal of 151 apartments

Property	Number of Units	Other Land & Property
The Laurels	19	1 Commercial Unit, 190 Sq M
Beacon South Quarter	12	
Russell Court	29	
Belville & The Mills[(1)]	21	
St. Edmunds	18	1 Development Site, 0.16 Ha
The Oaks	14	
Spencer House	12	
East Arran Street	12	
Coopers Court	14	2 Commercial Units, 126 Sq M
Total	**151**	

(1) There are two properties at Belville & The Mills

Development and Intensification of Existing Assets

Construction of 61 apartments on own site at Bakers Yard, Portland Street North, Dublin 1
The Company owns a 0.18 ha (0.45 acre) development site at the Bakers Yard scheme. The site is very well located within walking distance of the International Financial Services Centre, Trinity College and the Mater Hospital.

In September 2018, planning permission for the proposed 61 residential unit development was granted. Demolition and clearance of the site was completed in Q2 2019. The Company entered into a contract to commence construction of the 61 units in Q1 2020. Construction work commenced in January and was halted in March due to the Covid-19 pandemic. Construction work restarted in May but closed again on 8 January 2021 due to the latest government restrictions. Due to the unknown factors of when the sites will reopen, I-RES expects that the site will be completed in Q2 2022, at the earliest.

Development Pipeline on Owned Sites

During the past three years, I-RES has made significant progress on development and intensification of its existing assets. As at 31 December 2020, I-RES has completed construction on 24 residential units and 61 residential units are currently under construction. I-RES has planning permissions at Priorsgate (Bruce House), Beacon Square South (B4) and Rockbrook for a total of 543 residential units and is working to obtain planning permission for 51 residential units at Beacon South Quarter (B3).

Site B3, Beacon South Quarter, Sandyford
Site B3 which previously has planning for commercial offices fronts onto Blackthorn Drive and is within the Beacon South Quarter mixed use scheme. A planning application was submitted for 51 residential units in June 2020. The application was refused by the local authority and an appeal has been submitted to the An Board Pleanala.

Photo:
Priorsgate, Tallaght,
Dublin 24

Development and Intensification of Existing Assets

During the past three years, I-RES submitted planning applications to build circa 679 residential units across 8 existing sites.

Location	No. of Residential Units at Completion	Status
Coldcut (Conversion)	1	Construction Completed in 2019
Priorsgate (Conversion)	5	Construction Completed in 2020
Tallaght Cross West	18	Construction Completed in 2020
Bakers Yard	61	Under Construction
Priorsgate (Bruce House)	31	Planning Permission Granted
Beacon Square South (B4)	84	Planning Permission Granted
Rockbrook	428	Planning Permission Granted
Beacon Square South (B3)	51	Planning Application refused and now appealed to An Bord Pleanála
	679	

Property Portfolio Overview

The following table provides the Group's property portfolio valuation as at 31 December 2020.

Property Location	# of Buildings	# of Apts. Owned(1)	Commercial Space Owned (sq.m)(1)	Average Monthly Rent Per Apt. as at 31 December (1)(2)(3)	Rent (/sqm/month)	Occupancy (1)(2)
Total South Dublin	11	1,062	6,854	€1,741	€22.7	96.9%
Total City Centre	6	417	2,544	€1,752	€23.2	97.6%
Total West City	3	409	–	€1,617	€21.6	98.5%
Total North Dublin	9	897	–	€1,563	€20.4	99.8%
Total West Dublin	5	853	17,412	€1,502	€18.2	99.1%
Cork	1	50	–	€1,294	€16.2	98.0%
Total Portfolio	35	3,688	26,810	€1,624(4)(5)	€20.9	98.4%(4)

(1) As at 31 December 2020.
(2) Based on residential units.
(3) Average monthly rent (AMR) is defined as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property. Actual monthly residential rents, net of vacancies, as at 31 December 2020 was €5,989,312 divided by 3,688 units (which are the total units owned as at 31 December 2020) resulting in AMR of €1,624.
(4) Refer to page 29 for further discussion on average monthly rent per apt. and occupancy
(5) IRES's external valuers indicated that IRES's current rents (on a weighted average 2020 is estimated to be approximately below market by 12.5%).

Operational and Financial Results

Net Rental Income and Profit for the Year Ended	31 December 2020 €'000	31 December 2019 €'000
Operating Revenue		
Revenue from investment properties[1]	74,744	62,097
Operating Expenses		
Property taxes	(754)	(669)
Property operating costs	(14,215)	(10,891)
	(14,969)	(11,560)
Net Rental Income ("NRI")	59,775	50,537
NRI margin	80.0%	81.4%
General and administrative expenses[2]	(5,062)	(4,288)
Non recurring costs[2]	(2,334)	–
Asset management fee	(4,444)	(4,024)
Share-based compensation expense	(322)	(236)
EBITDA[3]	**47,613**	**41,989**
Depreciation of property, plant and equipment	(526)	(32)
Lease interest	(241)	(4)
Financing costs	(12,816)	(12,036)
Costs associated with early redemption of debt instrument	-	3,153
EPRA Earnings	34,030	33,070
Costs associated with early redemption of debt instrument	-	(3,153)
Gain on disposal of investment property	4,432	-
Net movement in fair value of investment properties	19,092	56,234
Gain on derivative financial instruments	709	131
Profit/(Loss) for the Year	58,263	86,282

(1) Includes residential vacancy loss of €1.9 million (31 December 2019: €0.7 million) and commercial vacancy loss of €1.3 million (31 December 2019: €1.1 million) for the year ended 31 December 2020. The residential vacancy was 2.5% (31 December 2019: 1.1%) of the total gross rental revenue for the year ended 31 December 2020.
(2) The non-recurring costs of €2.3 million and general and administrative expenses of €5.1 million incurred in 2020 totals the general and administrative expense costs of €7.4 million reflected on the Consolidated Financial Statements for the year ended 31 December 2020.
(3) EBITDA represents earnings before lease interest, financing costs, depreciation of property, plant and equipment, gain or loss on disposal of investment property, net movement in fair value of investment properties and gain or loss on derivative financial instruments to show the underlying operating performance of the Group.

Photo:

Tallaght Cross West,
Dublin 24

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Residential Units

Operating Revenue

For the year ended 31 December 2020, total operating revenue increased by 20.4% compared to the year ended 31 December 2019, due to a full-year of contributions from prior year acquisitions and completed forward purchases during 2020 and organic rental growth.

Net Rental Income
The NRI margin has been presented as the Company believes this measure is indicative of the Group's operating performance. For the year ended 31 December 2020, NRI increased by 18.3% primarily due to acquisitions completed in the prior period having a full-year impact, and completed forward purchases during 2020.
The NRI margin for the current year decreased to 80.0% compared to 81.4% for last year due to higher allowance for bad debt and vacancy costs as a result of the Covid-19 pandemic. I-RES also has a limited number of commercial parking and commercial leases (in total less than 3.5% of total Revenue), which have been more negatively impacted. The allowance for bad debt expenses increased to €1.0 million (1.3% of total operating Revenue) for the year ended 31 December 2020 due to Covid-19, compared to €0.6 million for the year ended 31 December 2019. Given the economic uncertainty resulting from the Covid-19 pandemic, I-RES is paying close attention to the allowance provided for bad debt expenses and has been monitoring tenant receivables on a daily basis. We believe growth in the long term will be supported by the strong economic fundamentals of the Irish economy as well as the continued strong demand arising from population growth and the ongoing supply and demand imbalance in the Irish residential property market.

General and Administrative ("G&A") Expenses
G&A expenses include costs directly attributable to head office, such as executives' salaries, director fees, professional fees for audit, legal and advisory services, depository fees, property valuation fees, insurance costs and other general and administrative expenses.

Non recurring Costs
The non recurring G&A costs total €2.3 million for 2020. These costs primarily includes costs for transactions that could not be closed in H1 due to Covid-19 pandemic and other third party advisory services.

Asset Management Fee
Pursuant to the Investment Management Agreement between I-RES, IRES Residential Properties Limited and IRES Fund Management effective on 1 November 2015, as amended and restated from time to time, I-RES pays 3.0% per annum of its gross rental income as property management fees (included under "property operating costs" above) and 0.5% per annum of its net asset value to the Manager. The asset management fee for the year ended 31 December 2020 was €4.4 million compared to €4.0 million for the year ended 31 December 2019. It is higher due to higher net asset value compared to the same period last year. See note 21 of the Consolidated Financial Statements for further details of the Investment Management Agreement.

Share-based Compensation Expenses
Under the Company's long term incentive plan, in 2017 and 2019, options were granted to the Company's CEO and in 2020, restricted shares were awarded in line with the Remuneration Policy. See note 12 of the Consolidated Financial Statements.

Net movement in fair value of Investment Properties
I-RES recognises its investment properties at fair value at each reporting period, with any unrealised gain or loss on remeasurement recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value gain on investment properties is mainly due to the continued rental growth from income properties and yield compression offset by a reduction in market rents which has led to an increase in value of €19.1 million for the year.

Gain on disposal of investment property

On 10 November 2020, I-RES disposed of 151 non-core residential units and three small commercial units spread across 10 properties. As a result of the disposal, I-RES recognized a gain on disposal of investment property of €4.4 million.

Gain on Derivative Financial Instruments
On 28 February 2017 and 15 September 2017, I-RES entered into interest rate swap agreements aggregating to €204.8 million. The agreements effectively convert borrowings on a EURIBOR-based floating rate credit facility to a fixed rate facility, the fixed portion being EURIBOR rate of circa minus 0.09% per annum and will mature in January 2021. For the year ended 31 December 2020, there was a fair value gain of circa €0.7 million recorded in the consolidated statement of profit or loss and other comprehensive income compared to a fair value gain of circa €0.1 million for 2019.

On 12 February 2020, I-RES entered into a cross-currency swap to (i) hedge the US-based loan of USD $ 75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the US-based loan to a fixed Euro interest rate, maturing in 10 March 2027 and 10 March 2030. Hedge accounting has been applied for the cross- currency swap. For the year ended 31 December 2020, there was a fair value loss of circa €4.37 million recorded in the cashflow reserve in the statement of changes of equity and a reclassification of a €4.29 million loss to consolidated statement of profit or loss and other comprehensive income.

Financing Costs
Financing costs, which include the amortisation of certain financing expenses, interest and commitment costs, increased for the year ended 31 December 2020 to €12.8 million from €12.0 million for the year ended 31 December 2019. Recurring financing costs have increased by €3.9 million in 2020 compared to 2019 (after adjusting for non-recurring financings costs of circa €3.1 million incurred in 2019 relating to the termination of the previous facility of €350 million). The increase is mainly due to higher leverage during the year due to investments, commitment fees on the undrawn balance of the RCF, and higher interest rate on the private placement compared to the RCF. See note 10 of the Consolidated Financial Statements.

Property Portfolio Overview

Property Capital Investments

The Group capitalises all capital investments related to the improvement of its properties. For the year ended 31 December 2020, the Group made property capital investments of €10.0 million, an increase from €8.0 million for the year ended 31 December 2019.

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. In 2017, levies were approved by the members of the Beacon South Quarter owners' management company in relation to these water ingress and fire remedial works. I-RES' portion of these levies as at 31 December 2020 is circa €0.6 million. There is also an active insurance claim with respect to the water ingress and related damage.

Liquidity and Financial Condition

I-RES takes a proactive approach to its debt strategy to ensure the Group has laddering of debt maturities, and the Group's leverage ratio and interest coverage ratio are maintained at a sustainable level.

The Group is in compliance with its financial covenants contained in its facility agreement with Barclays Bank Ireland PLC, Ulster Bank Ireland DAC, The Governor and Company of the Bank of Ireland, Allied Irish Banks, P.L.C and HSBC Bank PLC and its Notes.

Group Total Gearing

At 31 December 2020, capital consists of equity and debt, with Group Total Gearing of 39.2%, which is below the 50% maximum allowed by the Irish REIT Regime, and its debt financial leverage ratio. I-RES seeks to use gearing to enhance shareholder returns over the long term.

I-RES's RCF borrowing capacity is as follows:

As at	31 December 2020	31 December 2019
	(€'000)	(€'000)
Committed Facility	600,000	600,000
Less: Drawdowns	354,020	555,020
Available Borrowing Capacity	245,980	44,980
Weighted Average Cost of RCF[1]	2.33%	2.29%

(1) Includes commitment fee of 0.7% per annum is charged on the undrawn portion of the facility and deferred financing cost amortised per annum.

Photo:

Beacon South Quarter, Sandyford
Dublin 18

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Residential Units

On 12 June 2019, I-RES exercised its option under the Company's facility noted above to extend its committed facilities from €450 million to €600 million and has amended the credit facility to include a new uncommitted accordion facility in the amount of €50 million.

In March 2020, I-RES successfully closed the issue of €130 million Notes and IRES Residential Properties Limited, its subsidiary closed the issue of USD $75 million notes on a private placement basis (collectively, the "Notes"), together circa of €200 million (Euro equivalent), with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 9.0 years as at 31 December 2020, laddered over circa six, nine and eleven-year maturities, with the first repayment due in March 2027. The net proceeds of the Notes were used to pay down the RCF. This issuance of Notes strengthened I-RES' balance sheet by creating more liquidity and flexibility, while keeping the interest rates at attractive low levels, and attracting high quality investors for this transaction. In addition, it also enhanced I-RES' funding alternatives.

The Group have a weighted average debt maturity of 5.3 years and no debt maturities before April 2024. The weighted average cost of debt is 2.33% for 2020 including deferred financing costs (2019: 2.29%). I-RES also has undrawn facilities of €144 million available for investment (at 45% Loan To Value ratio) and €11.2 million of cash as at 31 December 2020. Starting in 2020, I-RES maintains a minimum cash balance of €10 million for liquidity purposes.

Beyond the committed capex costs of circa €2.1 million, circa €54 million to complete the acquisition of Phoenix Park, and committed development costs of €12.9 million for 2021, there is no other current exposure.

Photo:

Phoenix Park Racecourse,
Dublin 15

€60m

Purchase Price

Business Performance Measures

The Group, in addition to the Operational and Financial results presented above, has defined business performance indicators to measure the success of its operating and financial strategies:

Average Monthly Rent ("AMR")
AMR is calculated as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of residential units owned in the property. Through active property management strategies, the lease administration system and proactive capital investment programmes, I-RES increases rents as market conditions permit and subject to applicable laws. It has been presented as the Company believes this measure is indicative of the Group's performance of its operations.

Occupancy
Occupancy rate is calculated as the total number of residential units occupied over the total number of residential units owned as at the reporting date. I-RES strives, through a focused, hands-on approach to the business, to achieve occupancies that are in line with, or higher than, market conditions in each of the locations in which it operates. Occupancy rate is used in conjunction with AMR to measure the Group's performance of its operations.

Gross Yield at Fair Value
Gross Yield is calculated as the Annualised Passing Rents as at the stated date, divided by the fair market value of the investment properties as at the reporting date, excluding the fair value of development land and investment properties under development. Through generating higher revenue compared to the prior year and maintaining high occupancies, I-RES's objective is to increase the Annualised Passing Rent for the total portfolio, which will positively impact the Gross Yield. It has been presented as the Company believes this measure is indicative of the rental income generating capacity of the total portfolio.

European Public Real Estate Association ("EPRA") Earnings per Share
EPRA Earnings represents the earnings from the core operational activities (recurring items) for the Group.

It is intended to provide an indicator of the underlying performance of the property portfolio and therefore excludes all components not relevant to the underlying and recurring performance of the portfolio, including any revaluation results and results from the sale of properties. EPRA EPS is calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. It has been presented as the Company believes this measure is indicative of the Group's performance of its operations.

Net Asset Value
EPRA issued Best Practices Recommendations most recently in October 2019, which gives guidelines for performance matters.

In October 2019, EPRA introduced three EPRA NAV metrics to replace the existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value ("**EPRA NRV**'), EPRA Net Tangible Asset ("**EPRA NTA**") and EPRA Net Disposal Value ("**EPRA NDV**"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. No deferred tax liability is calculated for I-RES as it is a REIT, and taxes are paid at the shareholder level on the distributions. Any gains arising from the sale of a property are expected either to be reinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated to the full extent of their liabilities.

AMR and Occupancy

As at 31 December	Total Portfolio					Properties owned prior to 31 December 2019 (Like for Like properties)[1]					Properties Acquired After 31 December 2019	
	2020		2019			2020		2019				
	AMR	Occ. %	AMR	Occ. %.	AMR change%	AMR	Occ. %	AMR	Occ. %	AMR change %	AMR	Occ. %
Residential	€1,624	98.4%	€1,596	98.3%	1.8%	€1,610	98.4%	€1,614	99.3%	(0.2)%	€1,778	98.7%

(1) Adjusted for properties that were disposed in 2020.

The Group's AMR increased 1.8% at 31 December 2020 to €1,624, while residential occupancy remained high at 98.4%, indicative of the strong market fundamentals in the Irish residential rental sector. For like for like properties, the AMR decreased to €1,610 per residential unit as at 31 December 2020, down 0.2% from €1,614 at 31 December 2019. The decrease is due to the slight decrease of occupancy from 99.3% to 98.4%, lower AMR at one of the high end properties in the portfolio and the moratorium on rent increases on renewals since April 2020. For like for like properties, AMR is used as a measure for sustainable year over year changes in revenue.

During the year, circa 18% of the portfolio units were turned, with majority of the units having rental increases in line with maximum annual rent increase of 4% per annum permitted for properties located in "rent pressure zone" as per the rent regulation. The renewal notices were served only in the first quarter of 2020. The Government of Ireland introduced rent legislation providing for a rent moratorium on renewals for residential units as a response to the Covid-19 pandemic during the period April to September 2020. I-RES is conscious of the challenging times that many people face during the pandemic and has therefore not served rental increases on renewals from April 2020.

Gross Yield at Fair Value

As at	31 December 2020 (€'000)	31 December 2019 (€'000)
Annualised Passing Rent[1]	74,249	72,798
Aggregate fair market value as at reporting date	1,346,683	1,293,241
Gross Yield	5.5%	5.6%

(1) 31 December 2020 Annualised Passing rent consist of residential annualised passing rent of €71.6 million and commercial annualised passing rent of €2.7 million.

The portfolio Gross Yield at fair value was 5.5% as at 31 December 2020 compared to 5.6% as at 31 December 2019, excluding the fair value of development land and investment properties under development. The NRI margin was approximately 80.0% for the year ended 31 December 2020 (81.4% for the year ended 31 December 2019).

EPRA Earnings per Share

For the year ended	31 December 2020	31 December 2019
Profit for the year (€'000)	58,263	86,282
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early redemption of debt instrument (€'000)	–	3,153
Gain on disposition of investment properties	(4,432)	–
Changes in fair value on investment properties (€'000)	(19,092)	(56,234)
Changes in fair value of derivative financial instruments (€'000)	(709)	(131)
EPRA Earnings (€'000)	34,030	33,070
Non recurring costs (€'000)	2,334	–
Adjusted EPRA Earnings adjusted for non recurring costs (€'000)	36,364	33,070
Basic weighted average number of shares	522,069,110	478,563,272
Diluted weighted average number of shares	524,130,528	481,508,009
EPRA Earnings per share (cents)	6.5	6.9
Adjusted EPRA EPS adjusted for non recurring costs per share (cents)	7.0	6.9
EPRA Diluted Earnings per share (cents)	6.5	6.9

An increase in EPRA Earnings of 2.9% to €34.0 million (31 December 2019: €33.1 million).

EPRA EPS for the period was 6.5 cents for the year ended 31 December 2020 compared to 6.9 cents for the same period last year. The decline in EPRA EPS is primarily due the non-recurring costs, lower commercial parking revenue, higher bad debt and vacancy post the Covid-19 pandemic declaration compared to their historical trending and higher financing costs. The bad debt increase is also due to a higher allowance for bad debt expense recognized with respect to the commercial portion of the I-RES's mixed-used properties, as a result of the Covid-19 pandemic.

EPRA NAV per Share

31 December 2020

As at	EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	841,695	841,695	841,695
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	84	84	–
Fair value of fixed interest rate debt (€'000)	–	–	36,219
Real estate transfer tax (€'000)[3]	62,138	–	–
EPRA net assets (€'000)	**903,917**	**841,779**	**877,914**
Number of shares outstanding	525,078,946	525,078,946	525,078,946
Diluted number of shares outstanding	526,289,910	526,289,910	526,289,910
Basic Net Asset Value per share (cents)	160.3	160.3	160.3
EPRA Net Asset Value per share (cents)	171.8	159.9	166.8

31 December 2019

As at	EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	810,169	810,169	810,169
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	788	788	–
Adjustments to calculate EPRA net assets include:			
Real estate transfer tax (€'000)[3]	56,753	–	–
EPRA net assets (€'000)	867,710	810,957	810,169
Number of shares outstanding	521,678,946	521,678,946	521,678,946
Diluted number of shares outstanding	524,529,943	524,529,943	524,529,943
Basic Net Asset Value per share (cents)	155.3	155.3	155.3
EPRA Net Asset Value per share (cents)	165.4	154.6	154.5

(1) Following changes to the Irish REIT legislation introduced in October 2019, if a REIT disposes of an asset of its property rental business and does not (i) distribute the gross disposal proceeds to shareholders by way of dividend; (ii) reinvest them into other assets of its property rental business (whether by acquisition or capital expenditure) within a three-year window (being one year before the sale and two years after it); or (iii) use them to repay debt specifically used to acquire, enhance or develop the property sold, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. For the purposes of EPRA NTA, the Company have assumed any such sales proceeds are reinvested within the required three year window.

(2) Deferred tax is assumed as per the IFRS balance sheet. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 31 December 2020 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

(3) This is the purchaser costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred and which are deducted from the gross value in arriving at the fair value of investment for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial and 4.46% for residential.

EPRA cost ratios have not been disclosed in the annual report as the related information is largely available in the consolidated statement of profit or loss.

Photo:

Elmpark, Merrion Road
Dublin 4

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Residential Units

MARKET UPDATE

Overall economic performance has been resilient.

Irish Economic Outlook

The spread of Covid-19 from March 2020 caused unprecedented economic and social disruption in Ireland. While initial economic forecasts envisaged a sharp 'double-digit' contraction in GDP for the year, overall economic performance has been resilient.

This is primarily due to the strength of the Foreign Direct Investment sector, concentrated in ICT, pharmaceuticals and medical technology. The IDA recently reported that employment in IDA-supported companies grew by 3.6% in 2020. As a result, tax revenue performed much more resiliently during 2020 than expected, falling by just 4% year on year ("yoy").[1]

In contrast, government-imposed restrictions have resulted in a sharp drop in consumer spending, and in a decline in the financial performance of sectors such as retail, aviation, hospitality and tourism which were amongst the sharpest recorded in Europe.

The resulting economic effect is that Ireland is due to report one of the stronger GDP performances in 2020 compared to other European countries. The CBI recently upgraded its GDP forecast to +2.5% for 2020 and +3.8% for 2021. The unemployment rate, which was circa 5% at the start of the year, is now set to average 18.4% through 2020.[2]

Government Covid-19 Economic & Financial Supports

Throughout the pandemic, the Government has continued to provide a range of financial supports to businesses and the wider public. In 2020, fiscal supports of over €25 billion[3] were provided, mostly in the form of 'direct' taxation and expenditure measures. Given the continuing presence of the pandemic, the Government has also committed to maintaining these supports for as long as necessary, with the Budget 2020 providing further stabilisation measures of circa €12.5 billion[1] for the Irish economy.

As a result of the significant Covid-19 financial supports, Irish Government borrowing increased significantly ahead of previous forecasts. Ireland recorded a deficit of €19 billion in 2020 (5.5% of GDP), compared to a €2 billion surplus in 2019.[4] The deficit is amongst the smallest in the EU, held up by resilient income and corporate taxes.

Income supports remain in place for individuals and businesses experiencing job disruption due to Covid-19. The income supports, primarily Pandemic Unemployment Payment ("**PUP**") and the Employment Wage Subsidy Scheme ("**EWSS**"), help either replace, or subsidies, individuals' salaries, with payments ranging from €203 to €350 per week linked to prior earnings. The government has committed to maintaining the income supports until at least 30 June 2021 and signalled that it will extend these as necessary.

In January 2021 Ireland entered a third wave of the pandemic, resulting in a third lockdown from 1 January 2021; this includes the closure of schools, construction, non-essential retail and hospitality, among other sectors. The lockdown of the economy has resulted in a sharp increase in PUP claimants to 473,000 at 23 February 2021, implying a Covid-19 adjusted unemployment rate of 26%. This is below the 602,000 peak in April 2020.[5] While job gains are likely when the economy re-opens, most forecasts expect pace of job recovery to slow, with the unemployment rate expected to remain in double-digits by the end of 2021.[2]

In relation to businesses, measures were focused on increasing liquidity, including deferred taxation payments, payment breaks on business loans, and loan guarantees for SMEs. Direct transfers were also provided for, by way of 'Restart' grants and waivers on commercial rates. Taxation instruments were also implemented, with a tax rebate designed to boost out-of-season demand for accommodation and food ('stay-and-spend'), as well as a temporary reduction in the standard rate of VAT from 23% to 21% to boost personal consumer spending.

Ireland has commenced its vaccination programme which is providing more confidence in relation to improvements in the second half of 2021.

1 Department of Finance - End-2020 Exchequer Return
2 ESRI - Quarterly Economic Commentary Winter 2020
3 Department of Finance - Taking Stock: The Fiscal Response to Covid-19
4 Department of Finance
5 Department of Social Protection - Update on payments awarded for Covid-19 Pandemic Unemployment Payment and Enhanced Illness Benefit

Photo:
Bakers Yard
North Portland Street,
City Centre, Dublin 1
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Residential Units

There remains a significant supply and demand imbalance for all tenures of housing stock in Ireland. Annual demand is estimated at 34,000 units, driven by our young and growing population, however, supply has been consistently below this level.

Due to the various social distancing and other requirements put in place in response to Covid-19, including the closure of non-essential construction sites, the CSO reported that house completions decreased to circa 20,700 in 2020. This is below the original estimate of 26,000 for 2020 and the over 21,000-unit completions in 2019. The Central Bank of Ireland forecasts new house completions of around 21,500 in 2021 and 23,500 in 2022 compared to its estimate of the required level of more than 34,000 per year.

Despite Covid-19, the various measures of housing demand have remained resilient.

- Irish house prices have remained relatively stable to date, with the Irish Residential Property Price Index ("RPPI") up marginally at (+0.2%) in November 2020 compared to November 2019. The performance is stronger than the projections earlier in the year for high single, or double-digit declines.
- The mortgage market has performed strongly with Banking & Payments Federation Ireland ('BPFI") data indicating that December mortgage approvals were up 40.5% yoy to €979 million. December marked the fourth consecutive month where mortgage approvals have registered strong growth following some weakness earlier in 2020. This period of catch-up means that mortgage approvals equaled €10.3 billion in 2020, down only 6.7% from €11.1 billion in 2019. The average approval for house purchase in December was €253,200, pointing to inflationary pressure, up 4.4% on the year.
- Measures of rent price inflation have softened. The official Residential Tenancies Board (RTB) measure increased nationally by 1.4% yoy in Q3 2020. Similarly, Daft.ie reported that rents increased +0.9% yoy in Q3 2020. The CPI Private rents Index for December was down (2.9%) on the year. These rent indices have declined from levels that had exceeded growth permitted by the annual 4% rent caps.
- The stock of available units for rent has increased over the year, albeit from a very low base. As at 1 February 2021 there were 2,600 units available for rent in Dublin (Daft).[6]

6 Daft.ie - Q4 2020 Rental Price Report

KEY 2020 ESG DELIVERABLES

I-RES' Multi-Year ESG Strategy

With the support of our Board of Directors and our Manager, I-RES remains accountable in the delivery of a resilient and adaptive ESG performance that is aligned with our strategic objectives. We will look to align our multi-year ESG strategy with our company commitments to deliver superior customer service, enhance resident retention, and deliver quality homes . Here is how we will deliver our multi-year approach:

Supporting the development and execution of I-RES's ESG strategy creates value for its stakeholders.

Tom Kavanagh

Integrate Oversight

Develop and monitor ESG cross-functional policies, objectives, and accountability among I-RES and our Manager.

Advance Competency

Empower our key stakeholders* to be advocates and enablers of ESG transparency and performance through training and active engagement.

Engage Stakeholders

Conduct ongoing engagement with our key stakeholders* through frequent reporting, active consultations, and programs.

Deliver Transparency

Establish necessary frameworks, platforms, and practices to build investment-grade ESG data.

Set Targets

Identify and monitor the progress of our United Nations Sustainable Development Goals ("SDG")-aligned goals.

Report & Disclose

Build standardized, transparent, and comprehensive ESG disclosures.

* Stakeholders include I-RES REIT and IRES Fund Management employees, residents, vendor partners and shareholders.

1. Integrating Oversight

With support from the Board and led by the CEO, I-RES's integrated ESG strategy is championed by an ESG Steering Committee, which enables and influences oversight into the daily management of our operations and decision making. As of 2020, the ESG Steering Committee oversees the Green Ambassadors, which is represented by our Manager's various business functions and tasked with driving our social performance. Starting in 2021, we will formalize the Environmental Management Performance Committee, represented by members of the acquisitions, development, operations and, procurement teams of the Manager, and the ESG team at CAPREIT LP, who will be responsible for supporting our operational footprint performance.

Refer to pages 61 to 70 of this Report for details on our corporate governance.

BOARD OF DIRECTORS

Board Member Appointment to Build ESG Competency

EXECUTIVE MANAGEMENT

ESG Steering Committee
Chief Executive Officer
(Cross departmental representation: Director of ESG at CAPREIT LP, CFO, VP of Acquisitions, VP of Operations and Corporate Secretary)

CORPORATE AND SITE-LEVEL STAFF

Green Ambassadors (Social Performance Committee)	Environmental Management Performance** (Operational Performance)

** To be formalized in 2021

2. Advancing Competency

I-RES empowers our people and our Manager to be advocates and enablers of ESG transparency and performance. In collaboration, I-RES continues to build corporate-wide ESG competency through the following actions:

Building Board-level Competency

Providing regular updates and delivering board-level training on:

- ESG reporting frameworks and industry best- practices
- Inaugural GRESB results

In addition, Tom Kavanagh was appointed by the Board to complete a course from the Cambridge Institute for Sustainability Leadership in 2020. Alongside our CEO, Tom will support the advancement of ESG measures and applications in our corporate strategy.

Delivering Cross-Functional Competency

In 2020, we launched regular interview series between I- RES and our Manager. Holding interviews with various departmental-guests within six months, the series has proven to be an engaging and successful platform to enhance ESG competency and celebrate the collaborative culture between I-RES and our Manager team.

3. Engaging Stakeholders

Every year we focus on ensuring consistent and transparent engagement with our stakeholders utilizing a wide range of resources. In 2020, we communicated and engaged with our stakeholders via:

- Independent Investor Perception Study
- Semi-annual reporting updates
- Investor meetings and conferences
- Employee intranet (I-RES and IRES Fund Management)
- Resident satisfaction survey
- Resident Portal rollout
- Placemaking stakeholder engagement forum (Sandyford Business District)
- Residents information meetings pre and during development phase

Clearly defining our priorities is essential for informing our strategic ESG integration and planning process. In 2020, the Board adopted an ESG policy and we affirmed our commitment to integrate best practice throughout our real estate investment, development, asset, risk and talent management processes. To deliver our policy commitments, we recognize the essential role of stakeholder engagement. Our ESG priorities and goals are centered on cooperative engagement with our shareholders, Manager, residents, local authorities and communities, supply chain partners, policy makers and regulators and industry bodies.

4. Deliver Transparency

We recognize the increasing pressure from stakeholders and regulators to ensure the reliability and robustness of ESG reporting and company commitment to the principles of sustainability. As such, we are striving to build investment grade ESG data by strengthening the integrity and completeness of our internal practices, policies, and programs. To achieve these, we have undertaken an independent third-party assurance process, which assesses the quality of our disclosures and reporting processes.

Company Policies

- ESG Policy
- Investment Policy
- Treasury Policy
- Safety Statement
- Data & Record Retention
- External Privacy Statement
- Whistleblower Policy
- Board Diversity and Inclusion

Platforms

- Enterprise resource planning and finance management software
- Learning management system

Practices

- Formalised committee engagement
- Third-party assurance

* A full list of our policies is available on our website at iresreit.ie

5. Setting Targets and Monitoring Progress

We recognize that an important part of our ESG journey is identifying and setting goals that are not just about having enough impact but also the right impact. The commitments set out in our company ESG Policy are measured against the United Nations SDGs.

A summary of our current SDG alignment is listed below:

Photo:

Phoenix Park Racecourse, Dublin 15

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Residential Units

Our ESG Measures	Progress*	SDG Alignment
Investment And Development		
Investing in sustainable resource management practices.	**In progress**	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Incorporate new technologies.	**Not started**	
Invest in climate change mitigation and adaptation.	**Not started**	
ESG life cycle analysis of investment opportunities.	**In progress**	
Asset Management		
Implement environmental and socially responsible practices.	**In progress**	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND
Implement environmental and socially responsible technologies.	**In progress**	
Energy, water and waste audits.	**Not started**	
Operational performance targets	**Not started**	
Health, safety and environmental assessments	**Met**	

* Not Started - will be addressed following our Materiality Assessment in 2021

Our ESG Measures	Progress	SDG Alignment
Manager Alignment		
Implement industry sustainability best practices for:		3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
› Energy	**In progress**	
› Water	**Not applicable**	
› Waste management	**In progress**	
› Procurement	**In progress**	
› Resident and community engagement	**Met**	
Stakeholder Engagement		
Promote respect and protection of human rights, diversity, inclusion, and equity	**In progress**	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Invest in either natural spaces and/or community engagement	**In progress**	
Collaborate on ESG agenda with industry bodies	**In progress**	
Support and invest in employee training and development	**Met**	

SUSTAINABLE DEVELOPMENT GOALS

6. Reporting on Our Performance

We are proud to demonstrate our commitment to transparency by preparing our 2020 ESG Report in alignment with EPRA Best Practices Recommendations for Sustainability Reporting ("EPRA sBPR") and the United Nations SDGs. The contents of the 2020 ESG Report do not form part of this Report. As a testament to the effective formalization of our ESG strategy, we submitted our inaugural 2020 GRESB submission, the results of which will underpin our ongoing strategy.

EPRA
EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

SUSTAINABLE DEVELOPMENT GOALS

GRESB
REAL ESTATE
Member

"

We understand that our ESG-related performance is rapidly becoming critical to sustainable investment and operating plans for I-RES. We look forward to advancing our ESG strategy and benchmarking against relevant standards in conjunction with our Manager.

Margaret Sweeney, Chief Executive Officer

BUSINESS OBJECTIVES AND STRATEGY

I-RES will continue to pursue investment in acquisitions and strategic pathways that add long-term value.

The I-RES business model is based on a long-term commitment to the residential market and is aligned with Ireland's growing need for high-quality residential space. To fulfil this commitment, I-RES will continue to pursue investment in acquisitions and strategic pathways that add long-term value.

Objectives

- Provide shareholders with long-term, stable and predictable dividends
- Grow income and net asset value through active management of properties, accretive acquisitions and developments, and strong financial management

Business Strategy

The Irish residential rental market continues to exhibit strong market fundamentals: increasing growth of the Irish economy; continued growth of multinational companies in Ireland; substantial demand for high-quality rental accommodation from highly-trained international and local workers; and a significant shortage of available housing. These circumstances supported the execution of I-RES' strategy in 2020, and despite the current challenges posed by Covid-19, these strong market fundamentals we believe will underpin I-RES' growth strategy going forward.

To meet its objectives, I-RES has established the following strategies to deliver growth:

- Acquisitions
- Development of Existing I-RES Properties
- Local Development Partnerships
- Financial Management

Acquisitions

For developments and acquisitions, I-RES is focused on opportunities for growth in Dublin and its environs as well as other main urban centres in Ireland. Going forward, I-RES is refining its asset building to include investing in developments and acquisitions in commuter markets outside of Central Dublin that meet three key criteria: 1) strong local employment; 2) good transportation connections; 3) family-friendly neighbourhoods with nearby schools.

Development of Existing I-RES Properties

While continuing to pursue accretive acquisitions, I-RES is responding to the increased competition for asset purchase opportunities in the Irish residential market by increasing its focus on development and intensification opportunities within its existing portfolio, where potential has been identified to add an estimated 543 apartments at currently owned properties. These apartments can be built at a cost that is lower than current market values for comparable properties, partly because there is already infrastructure in place, such as groundworks and parking. In 2020, I-RES completed construction of five residential units at Priorsgate and 18 residential units at Tallaght Cross West. I-RES also commenced construction of 61 units at Baker's Yard as it continues to pursue this strategy.

Local Development Partnerships

I-RES is pursuing mutually beneficial partnerships with local builders and developers. Leveraging its strong balance sheet, I-RES can deploy financing at attractive rates and secure the option to acquire units in approved developments, enabling I-RES to deliver new homes at accretive yields. In 2020, I-RES completed the development of 95 units at Hansfield Phase II under this strategy and took ownership of 55 units at Waterside.

Financial Management

I-RES takes a conservative approach and strives to manage its exposure to interest rate volatility by proactively managing its credit facility to reduce interest rates. In addition, I-RES strives to maintain a conservative overall liquidity position and achieve a balance in its overall capital resource requirements between debt and equity. In 2020, I-RES completed a private placement of Notes of circa €200 million (Euro equivalent), with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have provided further flexibility in our funding strategy by adding further lengthening to our debt maturities. The Company's strategy is founded on maintaining prudent levels of interest cover and gearing. As at 31 December 2020, the Company's Group Total Gearing was 39.2% (39.9% as at 31 December 2019), well below the 50% maximum allowed by the Irish REIT guidelines. We will continue to use our RCF to fund our development costs and further acquisition opportunities that arise.

INVESTMENT POLICY

The Group's aim is to assemble a portfolio within its focus activity of acquiring, holding, managing and developing investments primarily focused on residential rental accommodations.

Focus Activity

The Group's aim is to assemble a portfolio within its focus activity of acquiring, holding, managing and developing investments primarily focused on residential rental accommodations and ancillary and/or strategically located commercial property on the island of Ireland, principally within the greater Dublin area and other major urban centres on the island of Ireland (the "**Focus Activity**"). The vast majority of such properties will form the Group's property investment portfolio for third party rental. The Group may also acquire indebtedness secured by properties (including in respect of buy-to-let properties) within its Focus Activity where it intends to gain title to and control over the underlying property. There is no limit on the proportion of the Group's portfolio that consists of indebtedness secured by properties.

Consistent with the Focus Activity, the Group may consider property development, redevelopment or intensification opportunities, in particular, the completion of building out the Group's current development sites, where the directors of the Company consider it appropriate having regard to all relevant factors (including building risk, lease up risk, expected returns and time to complete).

The Group may also acquire properties and portfolios which include other assets outside of the Focus Activity, subject always to a maximum limit of 20% of the overall gross value of the Group's property assets, provided there is a disposal plan in place in connection with such assets which have been deemed non-strategic and do not meet the Group's investment objectives or which could otherwise have an adverse effect on the Group's status as an Irish real estate investment trust.

Gearing

The Group will seek to use gearing to enhance shareholder returns over the long term. The Group's gearing, represented by the Group's aggregate borrowings as a percentage of the market value of the Group's total assets, will not exceed the 50% maximum permitted under the Irish REIT Regime. The board of the Company (the "**Board**") reviews the Group's gearing policy (including the level of gearing) from time to time in light of then-current economic conditions, relative costs of debt and equity capital, fair value of the Group's assets, growth and acquisition opportunities and other factors the Board may deem appropriate, with the result that the Group's level of gearing may be lower than 50%. The Board may also from time to time consider hedging or other strategies to mitigate interest rate risk.

Investment Structures

The Group also has the ability to enter into a variety of investment structures, including joint ventures, acquisitions of controlling interests, acquisitions of minority interests or other structures (whether by way of equity or debt) including, but not limited to, for revenue producing purposes in the ordinary course of business, within the parameters stipulated in the Irish REIT Regime. There is no limit imposed on the proportion of the Group's portfolio that may be held through such structures.

Photo:

Bakers Yard
North Portland Street,
City Centre, Dublin 1

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Residential Units

Warehousing / Pipeline Agreements

If the Group is unable to participate in sales processes for property investments because it has insufficient funds and/or debt financing available to it, including where its gearing is at or close to the maximum permitted level under the Irish REIT Regime, the Group is permitted to acquire property investments that meet the criteria specified in its Investment Policy (including the acquisition of shares in property holding companies) from time to time in accordance with the terms of warehousing or pipeline arrangements entered into or to be entered into by it with third parties, in each case, without shareholder approval and for a price calculated on a basis that has been approved in advance by the directors of the Company.

Restrictions

Pursuant to the Irish REIT Regime, the Group is required, amongst other things, to conduct a Property Rental Business consisting of at least three properties, with the market value of any one property being no more than 40% of the total market value of the properties in the Group's Property Rental Business. Further, at least 75% of the Group's annual Aggregate Income will need to be derived from its Property Rental Business and at least 75% of the market value of its assets, including uninvested cash, will need to relate to its Property Rental Business. In addition to the foregoing, the Group will not do anything that would cause the Group to lose its status as a real estate investment trust under the Irish REIT Regime.

Changes to the Investment Policy

Material changes to the Group's Investment Policy set out above may only be made by ordinary resolution of the shareholders of the Company in accordance with the Listing Rules of Euronext Dublin and notified to the market through a Regulatory Information Service. If the Company breaches its Investment Policy, the Company is required to make a notification via a Regulatory Information Service of details of the breach and of actions it may or may not have taken. A material change in the published Investment Policy would include the consideration of investments outside of the Focus Activity, other than as permitted under this Investment Policy.

For as long as the Company's ordinary shares remain listed on the Official List of Euronext Dublin, any changes to the Company's Investment Policy must be made in accordance with the requirements of the Listing Rules of Euronext Dublin.

I-RES has invested in accordance with the investment policy. Please refer to the property overview table on page 24 for further details.

RISK REPORT

The Board has reviewed the effectiveness of the risk management and internal control systems and no material failings or weaknesses were identified.

Risk Management & Internal Control Systems

The Group employs a three lines of defence approach to risk management.

Board

The Board has overall responsibility for maintaining and monitoring the Group's system of risk management and internal control and assessing its effectiveness. Such a system is designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Group and allow the Group to meet its strategic objectives.

Audit Committee

The Board relies on the Audit Committee to assist with certain responsibilities relating to internal controls, risk management and reporting. Refer to the Report of the Audit Committee on page 71 to 75 for the procedures established by the Audit Committee to discharge these responsibilities.

Manager's Board

The Manager has a board of directors that is comprised of independent and non-independent directors and has oversight of the Manager's activities.

Manager

The Manager's employees and management team are responsible for designing, implementing and carrying out a system of internal controls to mitigate key risks facing the Group and allow it to meet its strategic objectives.

Management & Employees	**Risk Management Function**	**Internal Audit**
1st	2nd	3rd

Entity Level Controls	Policies and Procedures	Process Controls
› Board oversight of the Manager and financial, operational and compliance matters › Experienced personnel and oversight established by the Manager › Tone at the top › Defined structure and clear lines of authority › Communication and disclosure controls such as management meetings and compliance certifications	› Corporate governance policies › Code of Conduct and Employee Handbook › Signing Authority and Delegation Policy governing day-to-day transactions and larger corporate initiatives › Risk management processes, and regulatory monitoring practices › Investment decision policies, including due diligence policies and procedures › Financial reporting and risk management processes › Asset valuation procedures › Operations policies and practices › Information technology and security policies and procedures	› Preventive and detective financial, compliance and operational transaction level controls › Information technology controls surrounding key financial and operational systems › Establishing and monitoring budgets and business plans, including consideration of risk › Monitoring of financial results and key operational, financial and compliance performance indicators (net asset value, net operating income, capitalisation rates, occupancy, average monthly rents, gearing and debt covenant compliance, revenue collectability and REIT status compliance)

In addition to the above, the Board and the Manager engage third party expertise, where needed, to assist in carrying out processes and to provide advisory services. The Board has appointed third-party valuation firms to provide valuations of the property-related investments of the Group. The Manager reviews the assumptions and inputs used by the third- party valuation firm, as well as the results of their valuation process. Additionally, the Group has a rotation policy for its third-party valuation firms. An additional valuation firm was appointed in 2019 and as such, the Group continues to have two valuation firms involved in the valuation of the Group's portfolio.

The Manager has a risk management function which is responsible for carrying out risk assessments with process owners. The risk management function, upon meeting with process owners, has established a risk register consisting of key strategic, operational, financial and compliance/ regulatory risks impacting the Group along with associated mitigating controls. Throughout the year, the risk management function meets with process owners to maintain the risk register and incorporate any changes to the risks, including any new or emerging risks and mitigating factors or controls. This risk register and related assessments include content and discussion relating both to principal risks as well as other key business risks, including emerging risks. While emerging risks may not always become principal risks, they are identified and monitored throughout the year by process owners and the risk management function, since they may require actionable mitigation activities. In addition to discussion with process owners, the risk management function may also seek guidance from outside advisors in relation to certain inherent, external, or emerging risks. The risk management function also carries out an assessment of the likelihood of occurrence of the risk and the impact associated with each risk in the risk register. The results of this risk assessment process and a summary of the key and emerging risks in the risk register are presented to the Audit Committee and the Board on a quarterly basis. The risk assessment process and risk register also assist the Board in determining the Group's principal risks and uncertainties, which have been included on pages 48 to 56.

The Manager's risk management function is also responsible for assessing the Group's risks that require insurance and ensuring that adequate insurance is procured to protect the Group from significant exposures. From time to time, the Manager's risk management function engages third party expertise to assist it in carrying out risk assessments and to provide risk advisory services, as well as in procuring optimal insurance coverage for the Group on the most cost-effective basis.

The Board is satisfied that the Manager's risk management function has the necessary authority, resources, expertise and access to relevant information to fulfil its role and is operating effectively as at the date of this Report.

The Group has not established an internal audit function but instead relies on the Manager's internal audit function in order to assist the Audit Committee and Board assess the effectiveness of the Group's risk management and internal control systems. For further details regarding the Audit Committee's annual assessment of the need for an internal audit function, refer to the Report of the Audit Committee on page 75. The Manager's internal audit function consults with the Manager's staff, the Manager's risk management function and the Group's Board of directors to determine its mandate. In shaping its mandate, the Manager's internal audit function also considers the work performed by the Manager's risk management function. This mandate includes auditing the design and operating effectiveness of key operational, financial and compliance related internal controls making up risk mitigation activities. The Manager's internal audit function has adequate authority and access to the personnel, processes and records of the Manager and the Group in order to perform its work. The Manager's internal audit function meets with the Group's external auditor regularly throughout the year to discuss internal control and audit matters. Additionally, the Group's external auditor has access to the internal audit function's findings and reports. The Manager's internal audit function presents quarterly to the Audit Committee on its work related to the internal controls of the Group, including those internal controls which are carried out by the Manager in relation to the Group's business activities. The Audit Committee has direct access to the Manager's internal audit function through quarterly Audit Committee meetings, including in-camera sessions as required. Furthermore, the Audit Committee plays a key role in assessing the annual internal audit plan put forth by the Manager's internal audit function and also in reviewing any significant findings resulting from the audit work carried out under this plan. In 2021, the Audit Committee has appointed the professional services firm, EY Ireland, to supplement the work performed by the Manager's internal audit function. This arrangement, similar to an internal audit co-sourcing model, will allow for optimized geographical coverage and provide added independence to the internal audit mandate but is not necessarily viewed as the Group having its own internal audit function.

Taking into account the information on principal risks and uncertainties provided on pages 48 to 56, and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Board:

- is satisfied that it has carried out a robust assessment of the principal risks and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; and
- has reviewed the effectiveness of the risk management and internal control systems, including all material financial, operational and compliance controls (including those relating to the financial reporting process), and no material failings or weaknesses were identified.

Going Concern Statement

The directors, after making enquiries, reviewing assumptions and considering options available, have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue operating for at least 12 months. For this reason, the going concern basis of accounting continues to be adopted in preparing the financial statements included in this Report.

Assumptions are built in for the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows, and these are rigorously tested by management and the directors. Sensitivity analysis has been applied to reflect the potential impact of some of the principal strategic and commercial risks of the Group, as described on pages 48 to 56. The principal strategic and commercial risks that were factored in the analysis were Prolonged pandemic, Economy, and Regulations and legislation. Sensitivity analysis included stress testing for decline in revenues to ensure the Group has sufficient cash resources to continue in operation for at least the next 12 months given the Covid-19 pandemic and its impact on the overall economy.

After reviewing assumptions about future trading performance, valuation projections, capital expenditure, debt requirements contained within the next three years and the options available to it, the directors have a reasonable expectation that the Group will have sufficient funds available to meet liabilities as well as other planned expenditures as they fall due in the foreseeable future. The Directors also considered potential risks and uncertainties in the business, credit, market and liquidity risks, including the availability and repayment profile of bank facility and other debt obligations, as well as forecast covenant compliance. Based on the above, the directors continue to adopt the going concern basis of accounting for the preparation of the financial statements for the year ended 31 December 2020.

Viability Statement

Assessment of prospects

The Group's strategy is outlined on page 41. Under this strategy, the key factors underlining the Group's prospects are:

Growth: The Group is targeting organic net rental income growth supplemented by increased income from acquisitions and development of assets.

The Board has considered the changes in the risk profile of the Group that this entails and has determined that they are acceptable in the context of the risk profile of the Group as a whole.

The assessment period

The Group's viability assessment includes the budget for the next financial year, together with a forecast for the following two financial years. Achievement of the one-year budget has a greater level of certainty and is used to set near-term targets across the Group. Achievement of the three-year plan is less certain than the budget but provides a longer-term outlook against which strategic decisions can be made.

The directors concluded that three years was an appropriate period for the assessment given that this is the key period of focus within the Group's strategic planning process, and it fits well with the Group's development cycle. The objectives of the strategic planning process are to consider the key strategic choices facing the Group and to build a consolidated financial model with various stress scenarios, taking into account the principal risks and uncertainties facing the Group.

The assessment process and key assumptions

Detailed financial forecasts are prepared, and subject to a rolling forecast process throughout the year. Subsequent years of the forecasts are extrapolated from the first year, based on the overall content of the strategic plan. Progress against financial budgets and key objectives is reviewed in detail on a monthly basis by the Group and shared with the Board on a quarterly basis. Mitigating actions are taken, whether identified through actual trading performance or the rolling forecast process.

The key assumptions within the Group's financial forecasts include: organic revenue growth supplemented by investment in acquisitions and development, supported by market trends.

Assessment of viability

The viability assessment has considered the Group's profitability, capital values, gearing, cash flows and other key financial metrics over the period. These metrics are subject to alternate severe stress scenarios, in which a number of the main underlying assumptions are changed based on some of the principal risks of the Group, as described on pages 48 to 56, to reflect a comprehensive range of possible outcomes.

These scenarios are intended to illustrate what the directors believe are a range of plausible outcomes and do not necessarily capture the worst cases. The actual results may vary significantly from these scenarios.

The Group considered the prolonged pandemic, regulation and legislation, and economic risks (included in the Principal Risks and Uncertainties section), negatively impact on the cash flows and banking covenants and performed additional stress testing on the Group's ability to continue in operation. The key assumptions for this severe stress but plausible scenario include reduction in revenue due to rental decreases for the first year, applied on renewals and turnovers, significant increase in vacancy and bad debt expenses from existing properties and acquisitions and yield expansion on assets. The vacancy and bad debt assumptions were doubled in the first year compared to the trends noted in Q4, 2020. The Covid-19 pandemic was assumed to extend for the full first year. The valuations are based on a long term view of the economy.

Under a prolonged recession, the directors believe that the Company has mitigants for liquidity and cash flows by seeking a consensual agreement with the vendors for deferment of our future commitments on forward purchases, reduction in discretionary capital expenditure and dispositions of non core residential units, as well as further equity raise to deleverage if required. Also, repair and maintenance expenses and property management expenses which are two significant components of the operating expenses are, to a certain extent, variable expenses that can be managed to reduce costs. The Group is not required to renew any of its debt obligations by the end of the period considered.

The directors have assessed the viability of the Group over a three-year period to December 2023, taking account of the Group's current position and the potential impact of the principal risks. While the severe stress tests are hypothetical, the Group has control and mitigation measures in place to withstand or avoid potential unfavourable impacts under the scenarios, such as reducing non-essential expenditure, seeking a consensual agreement with the vendors for deferment of acquisitions and development and disposition of assets. Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue to sustain its operation and meet its liabilities as they fall due over the period to December 2023, and meet its financial covenants. The Group has a strong balance sheet, with no near term debt maturities, and currently has sufficient headroom on its RCF.

In making this statement, the directors have considered the resilience of the Group, taking into account its current position, the principal risks facing the business in severe but reasonable scenarios, and the effectiveness of any mitigating actions.

Phoenix Park Racecourse,
Castleknock, Dublin 15

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Residential Units

Principal risks and uncertainties

The directors of the Company set out below the principal risks and uncertainties that the Group is exposed to and that may impact performance in the coming financial year. The Group proactively identifies, assesses, monitors and manages these risks with the assistance of the Manager and CAPREIT LP, as well as the combined expertise of its Board. The principal risks and uncertainties, along with their strategic impact on the business and mitigating factors, have been outlined. The Group has also provided its belief on how the risk has trended (remained stable, is increasing or is decreasing) from the year ended 31 December 2019.

Risk	**Prolonged Pandemic** A widespread and prolonged pandemic will have a negative effect on Ireland's economy and capital markets, and in turn may have an adverse impact on the performance of the Group.
Strategic Impact	**High** The global spread of Covid-19 has resulted in major disruptions to both businesses and personal lives. The Group, its Manager, and its key vendors and service providers will experience disruptions to day-to-day operations if a significant portion of their employees become ill or are required to be quarantined for extended periods. The Group's growth strategy will be affected due to severe government restrictions impacting construction sites, in-suite works, physical viewing of properties and travel restrictions to within a 5km radius. There is significant uncertainty as to what the overall economic impact will be and how long a recovery will take. This could result in a negative impact to the Group's cash flows due to increased unemployment, reduced business activity, increased costs and further government measures related to the property rental industry taken to ease the economic impact of the Covid-19 pandemic
Mitigation Strategy	The Group and its Manager actively monitor and manage the evolving risks and measures being implemented by Government in relation to the pandemic, and their effect on the business and macroeconomic environment. The Group convened regular crisis management team meetings from the outset as well as an ongoing communications programme with all stakeholders. The board met regularly to monitor the evolving situation and receives regular updates from the CEO and Manager. The crisis management team consists of senior leadership and subject matter experts in order to provide direction to various elements of the business. The Manager activated its business continuity plan, requiring all head office employees to work from home where possible, and reduced work at the properties to essential works only, while implementing social distancing protocols, and adhering to guidance by the Health Services Executive. The Group is taking steps to ensure the safety, health and well-being of all employees, residents in our properties, business partners, shareholders, and other stakeholders to ensure the ongoing operation and performance of the business, including increased sanitization, communications programmes, increased use of technology, ensuring adherence to public health guidelines and Government regulations, as well as providing ongoing support to tenants and employees. Given the difficult environment for tenants, the Group continues to work with tenants, and housing authorities to minimize the impact of the Covid-19 virus on tenants and their homes.
Risk Trending Since 31 December 2019	**Increasing** While governments around the world, and health authorities are taking significant measures to slow the spread of the Covid-19 virus and roll out vaccines, it does appear that there will be an economic and health impact through much of 2021. In line with the measures introduced by the Irish government, the Group has implemented a temporary moratorium on rent increases (to 12 April 2021) and longer notice periods for termination of tenancies based on rent arrears (90 days but no earlier than 13 April 2021) , for those tenants who are deemed "Relevant Persons" under the Planning and Development, and Residential Tenancies Act, 2020. Relevant Persons are, broadly, tenants who are in receipt of Government Covid-19 related payments and unable to pay their rents. Rent increases that would have applied were it not for the emergency period cannot be retrospectively claimed once the emergency period is over. The Residential Tenancies Act 2020 also provides for a ban on evictions taking effect for all tenancies (subject to limited exceptions) when there is a 5km travel restriction in place. Additionally, the Irish government is currently providing support measures for workers, and business affected by the Covid-19 pandemic until the end of June 2021. Given the restrictions that continue to be in place, it will take a prolonged period of time for businesses to return to normal operations.

Risk	**Economy** A general weakening of the Irish economy.
Strategic Impact	**Medium** Reduced economic activity could have a negative impact on business performance, asset values and net rental income, which could affect cash flows going forward.
Mitigation Strategy	The Group's business is primarily focused on Dublin, which has been more resilient economically than other areas of Ireland in the past. On an ongoing basis, the CEO and the Manager monitors business performance, economic and macro environment reviews and residential sector developments, and reports to the Board on a regular basis. The Board regularly considers the impact of the wider economic and macro outlook on the Group's strategy.
Risk Trending Since 31 December 2019	**Increasing**
	Covid-19 The Covid-19 pandemic has had a significant impact on employment and economic activity in Ireland. The Irish government is currently providing support measures for workers, and business affected by the Covid-19 pandemic until the end of June 2021, and the Group has not served rent increases since the pandemic declaration. Significant government deficits arising from the pandemic may impact tax policy in the future. The long-term economic impact of Covid-19 is yet to be determined

Risk	**Regulation and Legislation** The government may introduce legislation, including tax and rent legislation that has an adverse impact on the performance of the REIT.
Strategic Impact	**Medium** Residential tenancies legislation has continued to evolve over the past few years. Amongst other requirements, it currently limits annual rent increases to 4% per annum (not to exceed the "market rent") in "rent pressure zones", which covers all of the Group's investment properties. The current rent increase restrictions applying in Dublin and Cork City are due to end on 31 December 2021. It is expected that new or amending legislation will be introduced but it is uncertain what the effect of any new or amending legislation will be. On 27 June 2020, a new coalition government was formed. It is the Company's understanding that the government plans a multi-pronged approach to resolving issues in the housing market, including increasing the availability of affordable housing, as well as incentivizing home ownership which could have an impact on demand for private rented accommodation going forward. New or amended regulations could have a negative impact on the Group's revenues, earnings, and asset values. The government continues to implement new regulations including in relation to rents and termination of tenancies as part of public health measures. Additionally, as legislation changes, the Company and the Manager may have to incur incremental costs to comply, such as staff training, modification of procedures and technology systems, and consultations with professional advisors.
Mitigation Strategy	The Group takes account of the current regulations, rent legislation as well as the economic environment, in considering the Group's strategy, its investment decisions, expectations of financial performance and growth. The Group and its Manager also monitor and manage costs keeping in mind any limitations on revenue growth. If any new legislation is enacted, relevant staff will receive training and education in order to ensure compliance with regulations and legislation.
Risk Trending Since 31 December 2019	**Increasing** There continues to be a significant supply constraint in the Irish housing market, coupled with increasing demand due to population growth and other demographic factors. This has been further exacerbated due to the pandemic with supply of new housing constrained as a result of restrictions on construction activity. Housing as a result is a significant political issue and features as a key policy measure in the Programme for Government. The government has announced measures to increase direct supply of social and affordable housing including in partnership with the private sector. The Minister for Housing and Department of Housing are currently reviewing housing, planning and regulatory policies as well as strategy for housing, planning and development in Ireland going forward.
	Covid-19 In line with the measures introduced by the Irish government, the Group has implemented a temporary moratorium on rent increases (to 12 April 2021) and longer notice periods for termination of tenancies based on rent arrears (90 days but no earlier than 13 April 2021) , for those tenants who are deemed "Relevant Persons" under the Planning and Development, and Residential Tenancies Act, 2020. Relevant Persons are, broadly, tenants who are in receipt of government Covid-19 related payments and unable to pay their rents. Rent increases that would have applied were it not for the emergency period cannot be retrospectively claimed once the emergency period is over. The Residential Tenancies Act 2020 also provides for a ban on evictions taking effect for all tenancies (subject to limited exceptions) where there is a 5km travel restriction in place.

Risk	**Access to Capital** The ability to access capital may become limited, which would impact the growth strategy of the Group.
Strategic Impact	**Medium** If the Group is unable to source debt financing at attractive rates or raise equity, it may not be able to meet its growth objectives through acquisitions and development or preserve its existing assets through maintenance or capital expenditures.
Mitigation Strategy	The CEO and CFO have developed relationships with lenders, both in Ireland and internationally, which provide ongoing financing possibilities for the Group. The quality of the Group's property portfolio and the gearing target of 45% on total assets (particularly apartments) are attractive credit characteristics for potential lenders, which to date have facilitated the raising of debt financing. The Group currently has a revolving and accordion credit facility of up to € 600 million and Notes Private Placement of €200 million equivalent. The Group invests in properties that generate a strong rate of return for its investors and, in turn, increases the attractiveness of its shares and dividends. The Group actively manages its liquidity needs and monitors capital availability.
Risk Trending Since 31 December 2019	**Stable** At 31 December 2020 the Group had drawn on its credit facility in the amount of €354 million and Notes Private Placement of €198.9 million. The Group continues to monitor liquidity needs to ensure that future capital requirements are anticipated and met within the limits of its leverage thresholds. Based on its financial position and performance, as well as its relationships with lenders and current and potential investors, the Group believes that it has the ability to obtain debt financing and to raise equity at the appropriate time.

Risk	**Cost of Capital and Loan to Value Ratio** Interest rates increase, and/or property valuations decrease, resulting in higher debt service costs and restrictiveness of future leveraging opportunities. Investors' expected rate of return increases, resulting in pressure to increase dividend yields.
Strategic Impact	**Medium** The Group is exposed to risks associated with movements in interest rates on its floating rate bank debt, as well as movements in property valuations. Significant Increases in interest rates, and the cost of equity, could, affect the Group's cash flow and its ability to meet growth objectives or preserve the value of its existing assets. Additionally, property valuations are inherently subjective but also driven by market forces. A contraction in property values could make the Group too highly geared, which would result in higher interest costs and covenant breaches.
Mitigation Strategy	The Company's revolving credit facility was refinanced during 2019, increasing the committed facility to €600 million (with an uncommitted accordion facility of €50 million), lowering the interest fixed margin to 1.75% and extending the maturity to 2024, with the option to extend further to 2026 (subject to certain conditions). The Group completed a private placement of Notes of circa €200 million equivalent in March 2020, with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 9.7 years, laddered over seven, ten and twelve-year maturities, with the first repayment due in 2027. As of 31 December 2020, the Company has €11.2 million of cash and €246 million of committed undrawn debt under its RCF. The Group has €15 million in current committed capital and development expenditure. The Group maintains an active programme of engagement with its debt and equity providers, including an ongoing Investor Relations programme. The Group's Group Total Gearing was 39.2% as at 31 December 2020, below the 50% maximum allowed under the Irish REIT rules and the financial covenants under the Group's debt agreements. The Company also maintains significant headroom on its interest coverage ratio. The Group has a proven track record of strong results. Strong results, combined with being in a residential industry with strong real estate fundamentals, helps manage shareholders' expectations and thus, the cost of equity.
Risk Trending Since 31 December 2019	**Stable** The European Central Bank is not expected to significantly increase interest rates over the short to medium term given the current and anticipated levels of uncertain economic indicators. As such, the Group does not anticipate a material increase in debt financing costs. The valuation of the portfolio as at 31 December 2020, when compared to year end 2019 has increased. This has positively impacted the Group Total Gearing. The increase in valuation is due to continued demand for residential assets by investors and transactions continue to close in 2020 post pandemic with competitive yields.
	Covid-19 The Covid-19 situation continues to evolve, and it may adversely impact the valuation of the Group's investment properties. The Group's reasonable expectations is that the residential asset class should continue to perform well in the long term. In the interim, the Group is making prudent decisions about capital expenditures to ensure that the Group Total Gearing remains under 50%.

Risk	**Investment Management Agreement Termination or Material Decline in Manager Performance** A material decline in the Manager's performance, or if it is unable to carry out its duties under the Investment Management Agreement, or the Manager serves notice to terminate its services in accordance with the terms of the Investment Management Agreement. The Manager can serve 12 months' notice to terminate their services..
Strategic Impact	**Medium** The Manager, through its asset management and property management functions, plays an integral part in the day-to-day operations and management of the Group's assets. As a result, a significant decline in its performance or an inability to carry out its mandate or if it chooses to serve notice to terminate its services could lead to a decline in the Group's financial and operating performance, and significant disruption to the Group's operations. The Manager must comply with certain regulations including the Property Services (Regulation) Act and the Alternative Investment Fund Management Directive (AIFMD) of the European Union. Failure to do so, could result in it losing its ability to provide property management and/or asset management services under the Investment Management Agreement to the Group. If the Group had to select another investment manager or chose to internalize the investment manager, there may be interruptions to day-to-day operations, as well as IT systems and telecommunications assets.
Mitigation Strategy	The Manager is made up of a well-regarded multi-disciplinary team of qualified property and finance professionals experienced in the selection, financing and management of property investments. The Board oversees and evaluates the work of the Manager including monitoring key performance indicators such as occupancy, rental revenues, net rental income, collectability of rents and net asset values. Additionally, the Board periodically reviews actual revenues and expenditures against budgets. The Board also has a close working relationship with the Manager. The Manager's compliance and financial professionals spend a considerable amount of time ensuring compliance with the AIFMD requirements, as well as monitoring AIFMD regulations for any changes that impact compliance processes. The Manager's policies and procedures are reviewed regularly to incorporate any changes in legislation or procedure. Additionally, the Manager has engaged third party advisors and firms to assist it in complying with AIFMD and carrying out associated functions, as well as, making required filings to the Central Bank. The Manager regularly reports on its compliance activities relating to AIFMD to the Board of the Company, and the Board of the Manager oversees compliance with the AIFMD to ensure that the Manager meets its regulatory obligations at all time. The Investment Management Agreement provides that, after 1 November 2019, IRES Fund Management may serve 12 months' notice of its intention to terminate the agreement and, if requested by the Company, the Manager will provide transition services for a period of (3) months at the Company's cost. The Investment Management Agreement also provides that the Company has the option to internalise the management of the Company and acquire the shares of the Manager on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1 on or after 1 November 2020. In November 2020, I-RES provided an update on the investment management agreement between the Company, I-RES Residential Properties Limited and the Manager. The Investment Management Agreement had an initial term of five years which expired on 1 November 2020. In advance of the expiry of the initial Investment Management Agreement term, the Related Party Committee was appointed in November 2019 to conduct a scheduled review of the Investment Management Agreement and Services Agreement, evaluate the strategic options available to I-RES in relation to them and consider certain related matters.
Risk Trending Since 31 December 2019	**Stable** The Manager has continued to have strong performance as evidenced by the returns being generated on the Group's assets and ability to manage day-to-day operational matters. The Group does not anticipate any material changes in the Manager's ability to continue this performance or its ability to comply with AIFMD regulations. On the expiry date of the initial Investment Management Agreement term on 1 November 2020, the Related Party Committee had not reached agreement on new terms for a revised Investment Management Agreement with the Manager. As a result, the Investment Management Agreement has continued under the existing terms. In addition, the Company announced that it would augment the management resources of the Company in line with its growth strategy and increased scale. The Related Party Committee, in conjunction with advisers, continues to evaluate the relative strategic and financial merits of various options available to the Company. The Company is exploring the option to internalize the management of the Company and, if applicable, to apply to the Central Bank of Ireland for authorization as an alternative investment fund manager. The Company appreciates the continuing co-operation and assistance of the Manager and CAPREIT LP in the Related Party Committee's ongoing deliberations on the future management of the Company. At this point, no decision has been made by the Company to internalize, or otherwise, and the Investment Management Agreement continues under the existing terms.
	Covid-19 The Manager activated its business continuity plan, requiring all head office employees to work from home where possible, and reduced work at the properties to essential works only, while implementing social distancing protocols, and adhering to guidance by the Health Services Executive.

Risk	**Opportunity to Acquire or Develop Assets** Investment opportunities may become limited.
Strategic Impact	**Medium** The Group may not grow in number of apartments relative to the past if there is a lack of development and acquisition opportunities. Additionally, investment opportunities could be limited if they become overly costly or there is excess competition. If growth opportunities are limited, it will impact the Group's ability to generate growing returns for its shareholders.
Mitigation Strategy	The Group has become a sought-after investor for new investment opportunities that arise in the market. The Company and its Manager have deep market knowledge and have established strong industry relationships, which provide for new growth opportunities. Additionally, the Manager has dedicated staff focused on identifying and evaluating a pipeline of acquisition and development opportunities. The Group focuses on a three-pronged strategy for growth. This involves acquisitions, development opportunities within existing assets, and partnering with developers in relation to new development opportunities.
Risk Trending Since 31 December 2019	**Stable** Completed assets are in limited supply, and new supply is coming online more slowly than expected. Prior to the recent Covid-19 crisis, competition via new entrants and funds, though moderated, had continued to increase, leading to continued cap-rate compression and reduced opportunity for accretive acquisitions.
	Covid-19 The Covid-19 pandemic has led to restrictions that has slowed activity in the real estate sector, including the buying and selling of assets, as well as construction. It is however, too early to establish the competitive environment post Covid-19.

Risk	Construction Increasing construction costs, cost overruns or delays in completion of development projects or defects in construction or non-compliance with building standards.
Strategic Impact	**Medium** The Group may not meet its performance targets if there are material cost overruns in excess of budget estimates for development or maintenance works, unanticipated delays in securing planning permissions or delays in timelines for construction works associated with new development or maintenance projects. Increasing costs of construction could also impact returns or the Group's ability to take on construction projects. Furthermore, post construction, structural deficiencies or non-compliance with building code may be discovered which could also impact returns.
Mitigation Strategy	In sourcing/reviewing potential development opportunities, in line with the Company's strategy, the Manager undertakes a detailed investment and viability analysis. This analysis is presented to the CEO and Board. The Board must approve material development opportunities prior to commencement. As part of this approval process, the Manager on behalf of the Company will complete an open tender process, including qualitative and quantitative analysis, thereby ensuring the chosen main contractor has the proven ability and capacity to complete the construction project. The Company retains legal advisers specializing in real estate in order to ensure all contracts for development are market standard. The Manager performs adequate due diligence in conjunction with 3rd party consultants on main contractors before recommending their engagement to the CEO or the Board. These consultants typically provide advice on the form of contract, additional warranties to be provided, historic performance on projects of a similar size and scale, insurance requirements and performance ponds, where necessary and applicable. A technical team, engaged by the Company is retained throughout the course of the project and this is actively managed by the Manager reviewing delivery of the project on specific items such as quality, health and safety and project timelines. The Company also engages an independent cost manager to ensure the contractor billings are in line with the actual work completed. The Group uses lump sum fixed price contracts to minimize cost inflation risk during the construction phase. To protect against structural defects and non-compliances with building standards, the Manager ensures that completion certificates and Opinions of Compliance (in respect of planning permissions and building regulations) from the main contractor and where necessary, third party professionals are engaged by the Company to inspect the building during and upon completion of construction. This has been supplemented in the last number of years by the statutory requirements to engage an Assigned Certifier who manages and reviews the design team and contractor during the project for compliance with the building standards. The Company receives a suite of contracts and collateral warranties from the design team, main contractor, and specialized sub-contractors. Additionally, a defects liability period (typically 12 months) is part of the building contract, during which time a financial holdback will be retained as collateral for any defects that may have arisen 12 months post practical completion of the works. High value and high-risk works' consultant and contractor contracts are for a 12 year period and these can be called upon if design or build defects. arise within this period.
Risk Trending Since 31 December 2019	**Stable** As a withdrawal agreement between the UK and EU has been reached, the Group will monitor for and adapt to impacts on the supply of construction labour and materials. **Covid-19** The addition of Covid-19 compliance requirements (including implementing health and safety procedures for the protection of construction workers on site) has added cost, and along with the lockdown experienced over the past few months, has increased timelines of construction projects. While this may cause a backlog of projects and increased cost to build, the long-term effects of Covid-19 on the construction industry and projects are uncertain.

Photo (CGI):

Rockbrook
Sandyford

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Residential Units

Risk	**Political** Material changes to the political environment in areas significantly impacting the Group's operations
Strategic Impact	**Medium** In Ireland, a general election was held on 8 February 2020 and on 27 June 2020 a new coalition government was formed. It is the Company's understanding that the government plans a multi-pronged approach to resolving issues in the housing market, including increasing the availability of affordable housing, as well as incentivizing home ownership. On 23 June 2016, the UK voted to leave the European Union (EU). This withdrawal took place on 31 January 2020, and following a transition period ending 31 December 2020 an agreement was reached between the UK and EU. There continues to be some uncertainty around potential effect of the withdrawal on the Irish economy as the UK is one of Ireland's largest trading partners. The withdrawal will also likely impact immigration, foreign investment, economic and fiscal policy, and regulatory practices.
Mitigation Strategy	The Company engages a public affairs firm to advise in relation to these matters as well as actively participating in industry groups to ensure ongoing consultation and engagement with relevant authorities, regulators and government departments on significant policy and regulatory matters likely to impact on the Company's affairs
Risk Trending Since 31 December 2019	**Stable** It is the Company's understanding that the new coalition government in Ireland is focused on housing policy as well as increasing housing supply and is engaging with the industry on significant regulations and policy matters. Additionally, as the UK and EU have reached an agreement, the Group will continue to monitor for and adapt to any impacts the withdrawal may have on the Group's operations.

Risk	**Concentration Risk** The Dublin market experiences material circumstances that results in lower occupancy or demand for rental properties
Strategic Impact	**Medium** A lack of geographical or asset diversification could lead to a material financial impact to the Group in the event of a decrease in occupancy or lower rents in the Dublin market.
Mitigation Strategy	Dublin has continued to be an economically resilient market. While the bulk of the existing portfolio is diversified across various districts within Dublin, the Company now owns property in Cork and continues to explore opportunities in other areas of Ireland with strong economic fundamentals. The CEO continuously reviews and updates the Board on economic, demographic, social, legal and policy changes or trends that could impact the Group's strategy and business performance. The Manager monitors supply and demand for rental apartments in operating areas where the Group's investment properties are located. Additionally, the Manager monitors and reports on certain key metrics around investment performance and risk, as well as compliance with the Group's stated investment policy, on a quarterly basis to the Board.
Risk Trending Since 31 December 2019	**Stable** Residential Real estate and economic fundamentals in key urban areas in Ireland continue to remain strong including continued population growth notwithstanding the impact of Covid-19. The level of concentration in Dublin market is within the Group's risk appetite given the diversity of locations across the city, and county as well as the ongoing growth in investment, population and economic activity in the Greater Dublin Area. Accretive opportunities still presented by being focused on the Dublin market.

Risk	**Cybersecurity and Data Protection** Failure to comply with data protection legislation by the Company or Manager or the Company's data being subject to a cybersecurity attack.
Strategic Impact	**Medium** Failing to comply with data protection legislation and practices could lead to unauthorized access and fraudulent activities surrounding confidential/non-public business information or personal data, particularly that belonging to the Group's residents. This could result in direct losses to stakeholders, penalties to the Group and/or the Manager for non-compliance, potential liability to third parties and reputational damage to the Group.
Mitigation Strategy	The Manager is responsible for data privacy and protection on behalf of itself and the Group and remains adaptable to constant technological and legislative change. Employees receive regular awareness training on cybersecurity, privacy and data protection. Access to personal data is controlled through physical measures (e.g. locked offices and storage locations, alarm monitoring, cameras), administrative measures (e.g. data minimization, data retention policies, data destruction practices, and audits) and IT security measures (e.g. password protection, firewalls, antivirus, intrusion detection and encryption). Cyber security personnel and third-party consultants/advisors are engaged where required, to assist with assessing the IT environment and cyber risks. The Manager maintains cybersecurity insurance coverage on behalf of itself and the Group and continues to monitor and assess risks surrounding collection, processing, storage, disclosure, transfer, protection, and retention/destruction practices for personal data.
Risk Trending Since 31 December 2019	**Increasing** As technological change has occurred at a rapid pace, the inherent risks surrounding cybersecurity and data protection have also evolved and continue to evolve at an equally rapid pace. European Union Data Protection legislation (e.g. General Data Protection Regulation and ePrivacy) is increasing in prescriptiveness, obligation and administration. Additionally, issues such as cross border data transfers and vendor risk complexities, pose increasing compliance challenges due to recent legal developments and particularly the Schrems II case, and phishing and social engineering attempts continue at an accelerating pace due to criminal online "business models" focusing on high volume/quick hit ransomware deployment and basic financial fraud via wire transfer.
	Covid-19 With Covid-19 and the requirement for companies to implement work from home measures, the business world has experienced a sizeable increase in cybersecurity attacks and threats, including phishing attempts. The Manager continues to employ the protective measures referenced in the mitigation strategy section of this risk. Additionally, they have increased the awareness and training to employees around cybersecurity risks and have also stepped up the monitoring of potential threats to the information technology landscape.

Risk	**Acquisition Risk** Investment decisions may be made without consideration of all risks and conditions.
Strategic Impact	**Medium** Investment assets may decrease in value or result in material unanticipated expenditures subsequent to acquisition as a result of unknown risks and conditions at the time of purchase, including structural deficiencies or non-compliances with building code.
Mitigation Strategy	The Manager engages consultants in carrying out financial, legal, operational, technical and environmental due diligence on every investment opportunity (both acquisitions and development projects) to determine its fit with the Group's stated investment policy. This includes all standard investigations, to evaluate the building structure and condition, compliance with planning and building regulations, and the likely magnitude of capital expenditures over a 3 to 5 year period. The Company has in place framework agreements with third-party experts to work with the Manager in carrying out technical and engineering studies and investigations on potential acquisitions, developments, or forward purchase contracts as well as engaging specialist property lawyers to carry out legal due diligence and to advise on purchase and development contracts. Additionally, a full review is completed in respect of the anticipated current and future income expectations and operational costs associated with managing the asset. The CEO and Board reviews and approves investment proposals for over €1m including consideration of risks identified by the Manager during the due diligence process. All material contracts are executed by the Board. Post-acquisition, the Manager, through prudent operating practices, monitors and manages any property related issues, including building deficiencies, as they arise. Remedial actions identified during the due diligence progress are actioned within relevant timelines post acquisition dependant on the nature of the issue. With respect to newly constructed buildings or forward purchase agreements, a suite of market standard construction protections is sought from the vendor which will typically include; a 12 month defects liability period, collateral warranties from the main contractor and the design team and a 10 year structural defects insurance policy. In buildings which are older at the date of acquisition and dependant on the when the building was constructed it may be possible to assign the outstanding coverage in respect of structural defects insurance and warranties at the time of acquisition.
Risk Trending Since 31 December 2019	**Stable** The Manager's due diligence practices have not changed substantially since last year as they continue to be consistent with industry norms and align with the Group's risk appetite.
	Covid-19 Additional Covid-19 compliance measures have led to modification of due diligence practices leading to incremental delay and expense.

Risk	**Tax Compliance Risk** Failure to comply with tax legislation including REIT rules, VAT, and stamp duty.
Strategic Impact	**Low** If the Group fails to comply with REIT rules or there are changes to tax policies it could result in the loss of REIT status and/or change the tax treatment of the Group's income and thus, decrease the attractiveness of the Company as an investment to current or potential shareholders.
Mitigation Strategy	The Manager proactively monitors and tests the Group's compliance with the rules and regulations affecting REIT status and regularly reviews and considers how the Group's planned operations may impact compliance with these rules. The results of these compliance reviews are reported to the Board on a quarterly basis, at a minimum. The Company and Manager also engage independent tax and legal advisors in relation to compliance monitoring, where needed. There is regular reporting to the Company's Audit Committee of compliance with REIT Rules, tax legislation and regulations as well as other relevant laws and regulations and likely future changes including impacts on the Group. The Manager has dedicated risk and compliance personnel are alert and vigilant regarding these matters and any impending or emerging changes in REIT rules and regulations or tax policies.
Risk Trending Since 31 December 2019	**Stable** The Group does not believe the risk of non-compliance has changed from last year and the Audit Committee and Manager continue their review and monitoring as well as taking expert advice when necessary.

Risk	**Planning** Delays in obtaining planning permissions in respect of the Group's development sites leading to delays in commencement and delivery of residential units, and failure to develop on sites with planning permissions may result in levies.
Strategic Impact	**Low** Planning permission is required from the relevant planning authority prior to the development of the Group's development sites. Delay in achieving planning permission may result in a slower level of portfolio growth and income generation from the development assets.
Mitigation Strategy	The Manager appoints competent professional teams in respect of each development opportunity (including architectural and planning consultants) to advise on the preparation of planning applications. Additionally, the Manager has dedicated resources to actively manage the development process on behalf of the Group. The appointed project management team continuously reviews project specific risks matrices for each project stage.
Risk Trending Since 31 December 2019	**Stable** The Strategic Housing Development planning application process allows for greater consultation with authorities prior to submission of planning applications. This process relates to residential developments of over 100 units.

Governance

In this Section:

Grande Central, Sandyford

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Residential Units

BOARD OF DIRECTORS

Declan Moylan
Independent Non-Executive Chairman

Appointed: 31 March 2014
Nationality: Irish

Committee membership:

Audit Committee:
Appointed 31 March 2014 to 18 April 2017

Remuneration Committee:
Appointed 31 March 2014

Nomination Committee:
Appointed 31 March 2014

Declan Moylan is former Managing Partner and Chairman of Irish law firm Mason Hayes & Curran. During his legal career his practice focused on advising international corporates establishing businesses in Ireland.

Mr. Moylan has extensive board experience in commercial and not-for-profit organisations. He is currently a director of Nitro Software EMEA Limited, the Europe, Middle East and Africa division of Nitro Software Limited, which listed on the Australian Securities Exchange in 2019, and Monster Energy Limited, subsidiary of Monster Beverage Corporation of Corona, California listed on NASDAQ.

Mr. Moylan is Chairman of Butler Corum European Hospitality Fund, an investment fund focused on hotel properties across the Eurozone. He is a member of the Audit Committee of the Office of Director of Public Prosecutions which supervises Irish State prosecutions of criminal matters and referendum petitions. He is Chairman of WEEE Ireland Limited, the country's largest compliance scheme for the disposal of Waste Electric and Electronic Equipment (WEEE) in compliance with European Directive 2012/19/EU.

Mr. Moylan is a former member of Dublin City University Governing Authority. He is a former director of the Irish Museum of Modern Art in Dublin and of the Crawford Art Gallery in Cork, both on appointment by the Minister for Arts, Regional, Rural and Gaeltacht Affairs in Ireland.

Phillip Burns
Non-Independent Non-Executive Director

Appointed: 23 March 2016
Nationality: American and British

Committee membership:

Remuneration Committee:
Appointed 23 March 2016 to 31 March 2017

Nomination Committee:
Appointed 23 March 2016

Phillip Burns is the Chief Executive Officer and trustee of European Residential Real Estate Investment Trust (ERES) (TSX:ERE.UN), an unincorporated, open-ended real estate investment trust, a position Mr. Burns holds as a senior employee of CAPREIT LP, which is the majority unitholder of ERES. ERES is Canada's only European-focused residential REIT and currently owns a portfolio of 131 multi-residential properties, comprised of approximately 6,000 residential units in the Netherlands. Mr. Burns is also the Founder and a Principal of Maple Knoll Capital. During his career, he has been involved as a principal or advisor in transactions with an aggregate value of over €20.0 billion, with more than 70% centred around real estate across multiple geographies. Mr. Burns has also been involved with raising in excess of €11.0 billion of equity for principal investment, including over €2.5 billion dedicated to real estate.

Previously, Mr. Burns was Chief Executive Officer of Corestate Capital, an investment manager focused on distressed real estate transactions in Europe. Prior to this, he was a Managing Director at Terra Firma Capital Partners, where he specialised in infrastructure, real estate and credit. Mr. Burns also worked for Goldman Sachs, where he focused on mortgage finance, real estate and general corporate finance, and Skadden Arps, where he worked as a corporate attorney.

Mr. Burns holds a Bachelor of Science in Aerospace Engineering from the University of Michigan and a Juris Doctor, summa cum laude, from Syracuse University.

Joan Garahy
Independent Non-Executive Director

Appointed: 18 April 2017
Nationality: Irish

Committee membership:

Audit Committee:
Appointed 18 April 2017

Remuneration Committee:
Appointed 18 April 2017

Nomination Committee:
Appointed 1 November 2017

Joan Garahy is a member of the board of directors of Kerry Group plc (ISE:KRZ) since January 2012 and has been Chair of its Remuneration Committee and a member of its Audit Committee since February 2012. In May 2018, Ms. Garahy was named as the Senior Independent Director at Kerry Group plc. She is as a member of the board of directors of ICON plc (NASDAQ:ICLR) appointed in November 2017 and is Chair of the Compensation & Organisation Committee and a member of the Nominations committee. In August 2020, she was appointed to the Board of ipb Insurance clg and she has also served as a director of a number of private companies and is a non-executive director of the Irish Chamber Orchestra (charity).

Formerly Ms. Garahy was founder and Managing Director of ClearView Investments & Pensions Limited, an independent financial advisory company, which was acquired in July 2020. Ms. Garahy has more than 30 years of experience advising on and managing investment funds. She was a founder and former Managing Director of HBCL Investments & Pensions and former Director of Investments at HC Financial Services. Prior to that, Ms. Garahy worked with the National Treasury Management Agency as Head of Research at the National Pension Reserve Fund and was also Head of Research with Hibernian Investment Managers (now Aviva Investors). In her early career, she spent 10 years as a stockbroker with both Goodbody Stockbrokers and NCB in Dublin.

Ms. Garahy is a Qualified Financial Advisor and a registered stockbroker. She has an Honours Bachelor of Science and is a Master of Science graduate. She holds a C.Dip in Accounting & Finance (ACCA).

Tom Kavanagh
Independent Non-Executive Director

Appointed: 1 June 2018
Nationality: Irish

Committee membership:

Audit Committee:
Appointed 1 June 2018

Remuneration Committee:
Appointed 1 June 2018

Tom Kavanagh is a former partner at Deloitte Ireland and left the firm on 31 December 2018. Mr. Kavanagh has wide-ranging experience in professional practice as a business adviser, corporate restructuring expert and insolvency practitioner. This has included, over the last 10 years, advising on the restructuring of distressed Irish property assets. Mr. Kavanagh has served as a director on the boards of a number of private companies and was a member of the board of the Credit Union Restructuring Board, REBO, from 2012 to 2014. Mr. Kavanagh holds a Bachelor of Commerce from University College Dublin. He is a fellow of Chartered Accountants Ireland (FCA) since having qualified in 1982. Mr Kavanagh's executive education includes a course in Harvard Business School/ IESE on Value Creation through Effective Boards in 2019 and a course in the Cambridge Institute for Sustainability Leadership in 2020.

Mark Kenney
Non Independent Non-Executive Director (Manager Nominee)

Appointed: 1 January 2019
Nationality: Canadian

On 1 January 2019, Mark Kenney was appointed as a member of the Board as IRES Fund Management's nominee. Mr. Kenney joined Canadian Apartment Properties Real Estate Investment Trust (TSX.CAR.UN) ("CAPREIT") in 1998 and has over 25 years of experience in the multi-family real estate sector. Mr. Kenney is a trustee on the board of CAPREIT and the President and Chief Executive Officer of CAPREIT. In his role as President and Chief Executive Officer, Mr. Kenney oversees the strategy and the allocation of CAPREIT's capital in Canada and Europe, including in relation to the IRES Fund Management's operations in Ireland. Prior to 2019, Mr. Kenney was the Chief Operating Officer at CAPREIT, a role in which he was charged with creating and implementing CAPREIT's operational policies, directing the asset and property management team, and overseeing the marketing, procurement, development and acquisitions departments. Prior to joining CAPREIT, Mr. Kenney held a senior position at Realstar Management Partnership, overseeing portfolios in Western Canada and Northern Ontario. He has also held various leadership roles at Greenwin Property Management and Tridel, where he managed portfolios in the Greater Toronto Area. Mr. Kenney is a former board member of the Federation of Rental- Housing Providers of Ontario and was a founding board member of the Greater Toronto Apartment Association (GTAA). He holds a Bachelor of Economics degree from Carleton University.

Aidan O'Hogan
Independent Non-Executive Director and Senior Independent Director

Appointed: 31 March 2014
Nationality: Irish

Committee membership:

Audit Committee:
Appointed 31 March 2014

Remuneration Committee:
Appointed 31 March 2014

Nomination Committee:
Appointed 31 March 2014 to 23 March 2016 and re-appointed 31 March 2017

Aidan O'Hogan is a Fellow of the Royal Institution of Chartered Surveyors and of The Society of Chartered Surveyors in Ireland and a past President of the Irish Auctioneers and Valuers Institute. He is Managing Director of Property Byte Limited, a property and asset management consultancy business. In 2009 he retired as Chairman of Savills Ireland (previously Hamilton Osborne King) after 40 years as a real estate professional, and was previously Managing Director and Chairman of Hamilton Osborne King with almost 30 years' experience there prior to which he spent 9 years at Lisney. He is a Council Member of Property Industry Ireland, having been its Chair from 2012 to 2015. He is Chair of the Investment Committee at Pearl Property Managers Limited and a member of the Investment Committee of Friends First, Property Advisory Committee. He is also a former non-executive director of Cairn Homes plc and the Cluid Housing Association.

Margaret Sweeney
Non-Independent Executive Director and Chief Executive Officer

Appointed: 23 March 2016
Nationality: Irish

Committee membership:

Audit Committee:
Appointed 23 March 2016 to 1 November 2017

Remuneration Committee:
Appointed 31 March 2017 to 1 November 2017 Nomination

Nomination Committee: Appointed 23 March 2016 to 1 November 2017

Margaret Sweeney is the Chief Executive Officer of the Company since 1 November 2017. Ms. Sweeney has held a number of senior positions including Chief Executive Officer of DAA plc (Dublin Airport Authority), Chief Executive Officer and board director of Postbank Ireland Limited, and Director in Audit and Advisory Services at KPMG, a firm she worked with for 15 years. Ms. Sweeney is currently a non-executive director on the board of Dalata Hotel Group plc and Chair of the board of Irish Institutional Property, real estate association. She has in the past served as a non-executive director on a number of boards in Ireland and internationally, including Aer Rianta International plc, Flughafen Düsseldorf GmbH, Birmingham International Airport and Hamburg Airport, including managing significant investments in these companies. She is a member of the Council of Chartered Accountants Ireland, a Fellow of Chartered Accountants Ireland and a Chartered Director of the Institute of Directors. She also served as President of the Dublin Chamber of Commerce from 2008 to 2009. Ms. Sweeney is Chair of the Advisory Board for Dublin City University (DCU) Business School and was previously a member of the Governing Body of DCU.

CORPORATE GOVERNANCE STATEMENT

The Board is collectively responsible for the long-term sustainable success of the Company and delivery of value for shareholders.

Governance Framework

The Company's corporate governance practices for the financial year ended 31 December 2020 were governed by the relevant requirements and procedures prescribed by the UK Corporate Governance Code (the **"UK Code"**) which applies to financial years beginning 1 January 2019 (found at https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate- Governance-Code-FINAL.pdf) and the Irish Corporate Governance Annex to the UK Corporate Governance Code ("**Irish Annex**") (found at https://www.ise.ie/Products-Services/Sponsors-and-Advisors/Irish-Corporate-Governance-Annex), together the "**Codes**". This Corporate Governance Statement outlines how the Company has applied the principles set out in the Codes.

Effective and Experienced Leadership

As at the date of this Report, there are seven (7) directors on the Board. The CEO, Margaret Sweeney, is an executive director. Declan Moylan (the Chairman), Phillip Burns, Joan Garahy, Tom Kavanagh, Mark Kenney and Aidan O'Hogan (Senior Independent Director) are non-executive directors. The biographies of all the directors appear in this Report on pages 58 to 60.

Strategy

The Board is collectively responsible for the long-term sustainable success of the Company and delivery of value for shareholders. The Board leads the development of the culture, purpose, values and strategy of the Company and its subsidiary, IRES Residential Properties Limited, and aims to ensure that these are aligned.

The key role of the Board is to provide leadership of the Group, set the strategic objectives for the Company, monitor the achievement of these and determine the nature and extent of the principal risks it is willing to take in achieving these strategic objectives.

Performance and monitoring

The Board is also responsible for the Company's dividend policy, corporate governance, approval of financial statements and shareholder documents and formulating, monitoring and reviewing the effectiveness of, the Company's risk management and internal control systems. The Board also seeks to ensure that its obligations towards its shareholders and other stakeholders are understood and met.

The Board is responsible for ensuring the accuracy of financial and business information provided to shareholders and for ensuring that such information presents a fair, balanced and understandable assessment of the Company's position and prospects.

Manager and Board Reserved Matters

The Company appointed IRES Fund Management as its alternative investment fund manager as of 1 November 2015, pursuant to the terms of the Investment Management Agreement, to provide the Company with portfolio management, risk management, property management and other services in relation to assets or properties which may be acquired, held or disposed of by the Group, and to act with day-to-day authority, power and responsibility for such assets and properties. The Board oversees the performance of the Manager and the Company's activities and reviews the performance and contractual arrangements with the Manager.

The Manager has discretionary authority to enter into transactions for and on behalf of the Company, except for certain matters that are reserved to, and require the consent of the Board. Unless required to be performed by the Manager as a matter of law or in order to respond to a bona fide emergency, the Company's prior written approval is required for certain matters, including:

a) any acquisition/disposal of a property investment or entry into any agreement to acquire/dispose of a property investment;
b) any new financing or refinancing, including associated hedging arrangements, entered into in respect of a property investment;
c) any capital expenditure on a property investment in excess of an approved budget;
d) any proposed lease event where the rent referable to the relevant lease is greater than 7.5% of the aggregate rental income of the Company;
e) any acquisition or entry into any agreement to acquire any property investment through a joint venture or co- investment structure;

f) any hedging or use of derivatives, including those related to debt facilities, interest or property investments, which may only be used to the extent (if any) permitted by any regulatory requirements applicable to the Company and/or the Manager;
g) the entry by the Company into any transactions for the purchase of assets from, or provision of services of a material nature by, any affiliate of the Manager, or for the sale of assets or provision of services of a material nature to any affiliate of the Manager;
h) any disposal of any right, title or interest in any of the Company's properties at less than its acquisition cost; and
i) in relation to the valuation of the Company's properties, any variation from the RICS Red Book.

The Board is at all times free to offer ideas to the Manager relating to the structure of a transaction so as to provide the Company the greatest value.

Under the Investment Management Agreement references to the Company includes reference to the subsidiaries of the Company, where the context requires.

Skills and Experience

The Board collectively has strong experience of acquiring and managing real estate assets providing the Company with a good knowledge base. As highlighted in the biographies of the directors on pages 58 to 60, each of the directors brings a different set of skills and experience to the Board. The directors' diverse skill sets facilitate the consideration of issues at meetings of the Board from a range of perspectives and these diverse skills are relied upon in addressing major challenges facing the Company. Please refer to the Report of the Nomination Committee on page 93 for information on the Board Skills Matrix. The division of responsibilities between the Chairman, the CEO and the senior independent non-executive director (the "Senior Independent Director") has been clearly established, set out in writing and agreed to by the Board and are publicly available on our website.

For information on the Company's Board Diversity and Inclusion Policy, please refer to Report of the Nomination Committee on page 92.

Key Activities of the Board in 2020

In addition to the key operational and financial reports presented and considered by the Board at each of its meetings, the following were considered by the Board during the year:

Strategy

- Disposal of non-core portfolio of 151 apartments across 10 properties for circa €48 million (net of costs) in November 2020.
- Acquisition of 146 residential units at Phoenix Park Racecourse was completed in January 2021. Contracts were exchanged in December 2020.

Financing

- Completed a secured private placement of notes of €200 million (equivalent) in March 2020.
- Entered into a cross currency interest rate swap in order to hedge the USD tranche of the private placement notes.
- Approved an extended Treasury Policy.

Governance and risk

- Received updates from the CEO on the impacts of the Covid-19 pandemic on the operations and performance of the Company.
- Updated the Company's Board Diversity and Inclusion Policy to include targets for female representation on the board of the Company.
- Discussed the results of Company's inaugural GRESB submission.
- Received a presentation on the Company's independent investor perception study.
- Constituted a committee of the Board to consider related party matters concerning the Company's relationship with CAPREIT LP and/or the Manager, in particular the review of the Investment Management Agreement with IRES Fund Management.
- Received updates and monitored developments relating to the migration of Irish participating securities from CREST to Euroclear Bank (the Central Securities Depositary migration).
- Approved new terms of reference for the Audit Committee, Nomination Committee and Remuneration Committee based on the model terms of reference published by the ICSA The Chartered Governance Institute.
- Enhanced the Group's governance framework and procedures through the review and update (as relevant) of the Group's policies and procedures including those regarding EMIR, data protection, market abuse, share dealing, code of ethics, diversity, signing authority and delegation and treasury.
- Reviewed the effectiveness of the Company's risk management systems and internal controls.

Leadership and people

- Undertook an external board evaluation to evaluate the Board, its main committees, the Chairman and the individual directors.

Key Services

- Reviewed the Company's arrangements with its Manager including annual evaluation of the performance of the Manager.
- Reviewed quarterly reports from the Manager.
- Reviewed quarterly Risk Management reports.

Key Priorities for 2021

- Continued critical oversight of the Group's strategy.
- Continue to enhance the Board's information and education on issues around sustainability and environmental awareness in the context of the Group's business and activities.
- Continued investment to build resilience of the business and enable the Group to grow in a measured fashion.
- Enhanced reporting of risk and controls.

Committees of the Board

As recommended by the Codes, the Board has established the following three (3) committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. The duties and responsibilities of each of these committees are set out clearly in written terms of reference which are approved by the Board and published on the Company's website. The terms of reference for each committee were revised with effect from 29 October 2020 based on the model terms of reference published by ICSA in January 2020.

A report from each of these committees is set out below. Other committees have been and may be established from time to time in accordance with the Company's Constitution, including in connection with the negotiation and administration of the Company's credit facility, equity raises or acquisition, development, commercial leasing transactions and related party matters.

Board Meetings

Directors are expected to participate in all scheduled board meetings as well as each annual general meeting. A schedule of board meetings is circulated to the Board in advance of the financial year end for the following year.

At each quarterly meeting of the Board, there are certain standing agenda items (for example, strategy discussion, update on investment and development plans, review of risk, operations and financial reports, update on ESG progress and update on investor relations). This seeks to ensure that the Board has the opportunity to have in-depth discussions on key issues across all aspects of the Group's activities. The Chairman and the Company Secretary ensure that the directors receive clear, timely information on all relevant matters necessary to assist them in the performance of their duties. Each committee also approves a committee work plan for the following year.

The Board meets a minimum of four (4) times each calendar year and otherwise as required. Prior to such meetings taking place, an agenda and board papers are circulated electronically via a secure board portal to the directors to ensure that there is adequate time for them to be read and to facilitate robust and informed discussion. The portal is also used to distribute reference documents and other useful resources. The Company Secretary is responsible for the administrative and procedural aspects of the board meetings.

The Board held sixteen (16) meetings during 2020. In accordance with Principle 12 of the UK Code and led by Aidan O'Hogan as Senior Independent Director, the non-executive directors met without the Chairman present to discuss the results of the external evaluation of the Chairman's Performance and to appraise the Chairman's performance. In accordance with Principle 13 of the UK Code, the Chairman met during the year with the non-executive directors without the presence of the CEO.

Meetings and Attendance

Directors' attendance records at Board and committee meetings of the Company from 1 January 2020 until 31 December 2020 are set out in the table below. For Board and committee meetings, attendance is expressed as the number of meetings attended out of the number that each director was eligible to attend.

Details of the directors' and the Company's Secretary's interests in the share capital of the Company are set out in the Interests of Directors and Secretary in share capital on page 96.

The Chairman does not have any other significant commitments.

Information, Support and Independent Advice

Directors have direct access to the support of Elise Lenser, the Company Secretary. The Board has also approved a procedure for directors, where appropriate, to seek independent professional advice at the expense of the Company if necessary.

Remuneration

Details of the remuneration of directors are set out in the Report of the Remuneration Committee on page 82.

Induction

The Chairman, with the support of the Company Secretary, is responsible for preparing and co-ordinating a comprehensive induction programme for newly appointed directors. This is intended to give a broad introduction to the Group's business, its areas of significant risk and to enable new directors to understand the Company's core purpose and values so that they can be effective directors from the outset. As part of this induction programme, new directors receive an information pack which includes a Group structure overview, key policies, historical financial reports, schedule of board meetings and information on how to access the Company's board portal. A number of governance matters are also outlined, including directors' duties, conflicts of interest and Market Abuse Regulation. The Company Secretary is available to advise each board member on queries or concerns.

Other key elements of the induction programme include a tour of part of

	Board(1)	Audit Committee	Remuneration Committee	Nomination Committee
Declan Moylan	16 of 16	n/a	8 of 8	5 of 5
Phillip Burns	15 of 16(3)	n/a	n/a	5 of 5
Mark Kenney	14 of 16(2 (3)	n/a	n/a	n/a
Joan Garahy	16 of 16	7 of 7	8 of 8	5 of 5
Tom Kavanagh	16 of 16	7 of 7	8 of 8	n/a
Aidan O'Hogan	16 of 16	7 of 7	8 of 8	5 of 5
Margaret Sweeney	16 of 16	n/a	n/a	n/a

(1) No director was absent from any quarterly board or committee meeting (as applicable).
(2) Mark Kenney was unable to attend a board meeting called on short notice due to a prior commitment.
(3) Mark Kenney and Phillip Burns were not in attendance at one board meeting due to a conflict of interest in relation to the business to be considered.

the Group's property portfolio with the CEO or a senior representative of IRES Fund Management in order to familiarise the new director with the Group's operations, property management, a segment of the property portfolio and key stakeholders. This meeting also provides new directors with an opportunity to ask any questions they may have on the nature and operations of the business, and on the implementation of the Group's business strategy. The new director is also invited to meet with other key people at IRES Fund Management and CAPREIT LP responsible for risk, insurance, internal audit, acquisitions and development, operations and financial reporting.

Development of Directors

The Nomination Committee, on behalf of the Board, assesses the training needs of the directors on at least an annual basis. A combination of tailored Board and committee agenda items and other Board activities, including briefing sessions, further assist the directors in continually updating their skills, and their knowledge of and familiarity with the Company, as required to fulfil their roles. The Board also arranges for presentations from IRES Fund Management and the Group's other advisors on matters relevant to the Group's business.

During 2020, the Board received presentations by external experts on directors' duties, environmental social and governance (ESG), corporate governance, capital markets and the Company's stakeholder environment.

Risk Management and Internal Control

The Board has overall responsibility for the effectiveness of the Company's system of risk management and internal control. The Board has delegated responsibility for the monitoring of the effectiveness of this system to the Audit Committee. The work done by the Audit Committee in this area is set out in the Report of the Audit Committee on pages 71 to 75. The Board and the Audit Committee have ensured that the Manager has maintained a robust system of risk management and internal control. The Board and the Audit Committee periodically review and consider if the risk management and internal control systems are operating effectively. They are assisted in this assessment by the risk management and internal audit functions of the Manager.

The Board and the Audit Committee receive periodic reports from the Manager's internal audit function and risk management function surrounding the risk management and internal control systems and their operating effectiveness. For further details on these systems, please see the Risk Management and Internal Control Systems section of the Risk Report on pages 44 to 46.

The Board confirms that there is an ongoing process for identifying, measuring and managing the significant risks, including any principal risks, and emerging risks, faced by the Group in achieving its strategic objectives, that this process has been in place for the year ended 31 December 2020 and up to the date of approval of this Report, and that this process is regularly reviewed by the Board. For further details on the principal risks being faced by the Group, please see the Principal Risks and Uncertainties section of the Risk Report on pages 48 to 56. The process adopted complies with the guidance contained in Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (2014) as published by the Financial Reporting Council.

Board Evaluation and Effectiveness

The Board recognises the need to continually strengthen Board processes, including:

- Reflecting on past performance and implementation of previous recommendations or actions;
- Consideration of future training, skills and diversity requirements;
- Identification and implementation of new recommendations or actions to improve performance; and
- Ensuring the Board understands the needs of stakeholders, including considering any conflicts.

As the Company is a smaller company for the purposes of the Irish Annex, the Company is not required to engage an external facilitator to conduct the annual performance evaluation process; however, it does so on a voluntary basis periodically, most recently for the board effectiveness review process in 2020 which was facilitated by Independent Audit, which has no other connection with the Company.

The review consisted of an evaluation of the performance of the Board, its main committees, the Chairman and the individual directors. It was conducted by means of Independent Audit's online questionnaire which was completed by each director and the company secretary. A scoping exercise agreeing the areas of focus and questions were agreed between the facilitator and the Chairman (and between the facilitator and the Senior Independent Director, in the case of the evaluation of the performance of the Chairman). The review covered many aspects of board effectiveness; some limited examples include how the Board has been working during the Covid-19 pandemic, its approach to strategic leadership, strategic risk oversight, information flows, and the focus of the Committees and how they are operating. The review did not include observation of meetings or a review of board papers by the external reviewer.

The facilitator then collated the responses to the questionnaires and prepared a report for the Board, which was discussed in the draft with the Chairman and then presented at a board meeting in February 2021.

Each committee of the Board considered the report as part of the annual review of its own performance.

The Senior Independent Director met with the directors (other than the Chairman) to review the results of the external evaluation relating to the performance of the Chairman and to discuss any additional feedback relating to the performance of the Chairman.

The outcome of the evaluation was positive and concluded that the Board's strengths include:

- A good mix of skills and experience
- Clear strategic oversight
- Communication with stakeholders
- Directors understand their duties and feel the Board is making a difference.

The Board has reviewed the feedback from the 2020 evaluation and produced the following action plan and 2021 priorities:

1. Deepen the Board's information about technology inputs, including risks as well as strategic opportunity.
2. Advance the process of better integrating ESG into company objectives and strategy.
3. Continue to assess and develop the picture of principal risks at board level, including cyber risks.
4. Review the Board's role in crisis management in the context of impacts on all stakeholders.
5. Ensure the Board gives enhanced consideration to interests of all stakeholders.
6. Review the Board's oversight of the outsourcing arrangements with the Manager.
7. Review Organisation structure including CEO Development and succession plan.
8. Continue building views on skills and experience required for future non-executive directors
9. Agree on whether a local Company Secretarial resource is required and action accordingly.

The directors were also asked to complete a skills matrix, the results of which are used by the Nomination Committee to identify any skills gaps and are considered in assessing candidates during the director nomination process. Please refer to the Report of the Nomination Committee on page 93 for more information on the Board Skills Matrix. The effectiveness of Declan Moylan as Chairman was considered as part of this year's external board evaluation. The results of the review were positive and confirmed the Board is satisfied that Declan is fulfilling his role effectively as Chairman.

Progress on these actions will be considered as part of the next performance evaluation and reported on in next year's Annual Report.

2019 Board and Committee Evaluation: Actions and Progress

The actions from the 2019 board and committee evaluation and progress against these in 2020 are summarised below:

2019 Evaluation Action	Progress
Reinvigoration of Board processes to ensure that the members have the resources and information to function effectively	› There has been enhanced information flow and reporting to the Board in 2020, including formal written reports from the CEO and the Company Secretary to the Board on a quarterly basis and ensuring that updated policies, memorandums and minutes are available to the directors through the Company's online board portal.
Development of an enhanced awareness among members of issues affecting sustainability and environmental impact arising from the Group's activities	› A discussion on ESG related matters is a standing agenda item on each quarterly board meeting agenda. › A non-executive director, being Tom Kavanagh, was designated with responsibility for reporting to the Board on ESG matters and enhancing his ESG competencies. › In 2020, Tom Kavanagh attended a course from the Cambridge Institute for Sustainability Leadership in 2020. › In 2020, the Board received a presentation from the Company's ESG consultant to improve the Board's overall ESG competency. › In 2020, the Board considered GRESB's assessment of the Company's current ESG situation. › The CEO, who is also an Executive Director, attended the EPRA ESG Sustainability and conference, liaised with other European Real Estate Companies on ESG approaches, had discussions with institutional investment funds to ascertain their ESG policies and requirements and chaired the Company's ESG Steering Committee.
Recalibration and enhancement of methods of risk assessment to maximise identification and analysis of relevant issues	› In 2020, the Group's principal risks were thoroughly reviewed and updated to address the impact of the Covid-19 pandemic. › The CEO also kept the Board apprised of significant matters arising from meetings of the Crisis Management Team that was formed, in part, to ensure that any risks relating to Covid-19 could be quickly identified and managed. › The Board also received a presentation from the internal auditor for the Manager on cybersecurity.

2019 Evaluation Action	Progress
Further development of methods of assessing and reviewing performance of the Manager to ensure maximum benefit for the Company and its shareholders	› In 2020, a Related Party Committee was constituted to consider related party matters relating to the Manager (or any affiliate of the Manager). › In 2020, crisis management meetings were held by the CEO with various representatives from the Manager to monitor performance during the Covid-19 pandemic. › The CEO continued to receive monthly reports and hold monthly meetings with the Operations, Finance and Acquisition and Development teams at the Manager. › The CEO continued to review periodic cash flow reports from the Manager. › The CEO continued to review quarterly compliance certificates. › The Board reviews on a quarterly basis reports from various functions at the Manager.
Enhancement of the number of preparatory and training sessions to aid the development and understanding of Board members	› A training session for the Board was arranged in Q3 2020 covering directors' duties, ESG and corporate governance matters. › As noted above, Tom Kavanagh also attended a course from the Cambridge Institute for Sustainability Leadership in 2020.
Increase in the number of external guests and speakers to supplement understanding and perspectives of members regarding relevant market and business conditions	› In Q2 2020, the Company's public relations advisor provided a presentation to the Board on the Group's Stakeholder Environment in 2020. › The Board received a presentation from the external consultants who conducted the Company's independent investor perception study that was completed in 2020. › The Company's external valuers met with the Audit Committee to provide the members of the Audit Committee an overview of the macro economic environment and Irish residential market, so the Audit Committee could understand the impact on the Group's portfolio valuations. › The Board received a presentation from its corporate broker and listing sponsor on capital markets.

Independence

Declan Moylan (Chairman), Aidan O'Hogan (Senior Independent Director), Joan Garahy and Tom Kavanagh are each considered independent for the purposes of the Listing Rules.

Margaret Sweeney is not considered to be independent as she is the CEO of the Company.

Mark Kenney is not considered to be independent due to his connection with CAPREIT, which is a significant shareholder of the Company. Also, CAPREIT is the parent company of CAPREIT LP and the Manager is wholly owned and controlled by CAPREIT LP. Mark Kenney is the President the Chief Executive Officer and a trustee of CAPREIT. Pursuant to the terms of the Investment Management Agreement, IRES Fund Management is entitled to nominate and require the Company to appoint one person as a non-executive director. Mark Kenney acts as IRES Fund Management's nominee. Mark Kenney also has a significant link to Phillip Burns, further details of which are disclosed directly below.

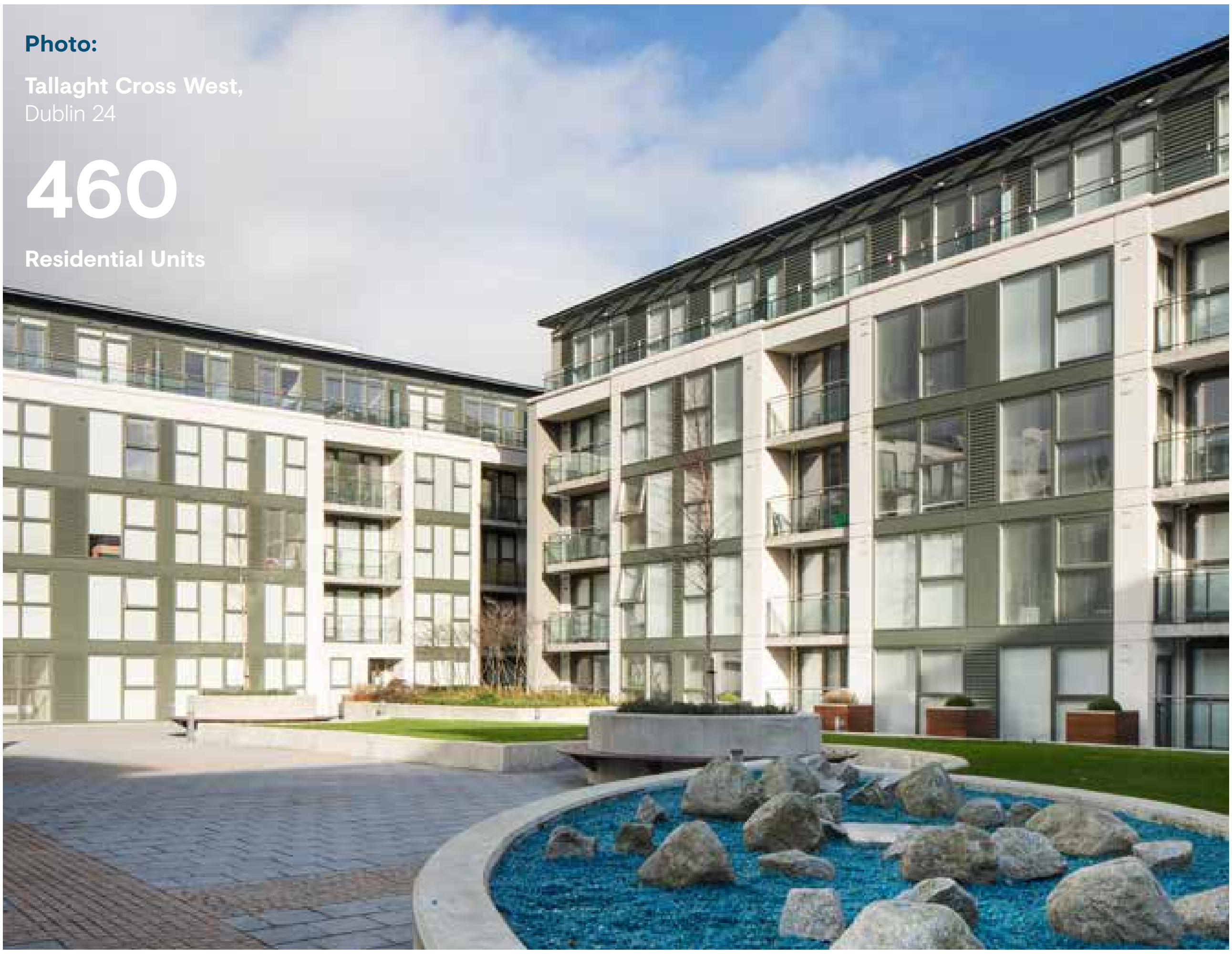
At the time of his appointment as a director, Phillip Burns was regarded as an independent non-executive director.

Following a decision of the Board on 29 March 2017, Phillip Burns was no longer considered to be independent, having regard to certain cross-directorships with another director concerning the Company and European Residential Real Estate Investment Trust (formerly, European Commercial Real Estate Investment Trust) ("**ERES**"), a Canadian company that has its shares listed for trading on the Toronto Stock Exchange ("TSX") and in respect of which Phillip Burns is the Chief Executive Officer, a director and a shareholder. While such cross-directorships no longer exist, Phillip Burns is still considered to be non-independent having regard to Euronext Dublin Listing Rule 2.10.11 and the provisions of the UK Code given that, (i) in connection with a transaction entered into between ERES and CAPREIT, pursuant to which CAPREIT indirectly acquired control of ERES, Phillip Burns was appointed as a senior employee of CAPREIT LP, which has a material business relationship with the Company as it is the parent company of the Manager and (ii) this appointment together with the transaction completed between ERES and CAPREIT gives rise to a significant link with another director on the Board of the Company, Mark Kenney, President, Chief Executive Officer and a trustee of CAPREIT.

Senior Independent Director

The role of the Senior Independent Director is mainly to:

› Provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary;
› Be available and respond to shareholders where contact through the normal channels of the Chairman or the Manager has failed to resolve any concerns, or for which such contact is inappropriate;



- Hold a meeting with non-executive directors at least annually (and on such other occasions as are deemed appropriate) to appraise the Chairman's performance, taking into account the view of the executive directors (if any); and
- Obtain updates from the CEO and the Manager on the views of major shareholders and when called upon, seek to meet a sufficient range of major shareholders personally, in each case to help develop a balanced understanding of the issues and concerns of major shareholders.

Share Dealing Code

In order to comply with the provisions of EU Market Abuse Regulation (596/2014) ("**MAR**"), the Company adopted a share dealing code for its persons discharging managerial responsibilities ("**PDMRs**"), the Company Secretary, the CFO and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of MAR relating to dealings in the Company's securities and, in particular, requiring such persons to obtain prior clearance before dealing in the Company's securities. The share dealing code also sets out the periods in which share dealings are prohibited.

The directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on Euronext Dublin. The Company continues to take appropriate steps to ensure compliance by the PDMR's, Company Secretary, the CFO and applicable employees with the terms of the share dealing code and the relevant provisions of MAR.

Details of each director's interests in the Company's shares are set out in the Report of the Directors on page 96.

Communications with Shareholders

The Board believes that the Company acts fairly between shareholders and recognises the importance of this together with the need to clearly communicate with shareholders and to engage in appropriate dialogue to obtain the views of shareholders as a whole. Presentations are made to both existing and prospective institutional shareholders, after the release of the interim and annual results, as part of investor days organised by brokerage firms, EPRA, Berenberg, Investment banks, amongst others, and following significant announcements. Major acquisitions are also announced to the market and the Company's website (https://investorrelations.iresreit.ie) provides the full text of all announcements. The website also contains annual and interim reports and slide show investor presentations. The Board is kept informed of the views of shareholders by the CEO and receives analysts reports on the Company. Furthermore, relevant feedback from investor meetings is provided to the Board on a regular basis. The Chairman and the other directors also have the opportunity to address shareholders and analysts questions at the Company's annual general meeting.

Engagement with Shareholders

Due to the Covid-19 pandemic, a significant amount of engagement in 2020 was carried out by virtual meetings or by conference calls. In 2020, Margaret Sweeney, the CEO of the Company, attended approximately 167 separate meetings and conference calls. In addition the Company facilitated property tours with existing and prospective shareholders, investment banks and analysts in early 2020. The CEO and CFO undertook thorough roadshows following the FY19 and H1 20 results, meeting a range of investors in Ireland, the UK, Europe, North America and Canada. In addition, the Company participated in various conferences and took ad-hoc meetings, calls and site visits. The Senior Independent Director/ Chair of Remuneration Committee also held discussions with a number of shareholders. In addition, the Chairman and Senior Independent Director are also available to meet with shareholders should they have any issues or concerns that cannot be resolved through the usual investor relations channels.
During 2020, I-RES appointed external advisor, Rothschild & Co to complete its first Investor Perception Study to gain, independent insights into investors' sentiment towards I-RES and the sector it operates in. During 2020 the Company appointed Sarah Stokes as Director of Investor Relations and Funding to assist with investor engagement.

If shareholders wish to communicate directly with the Board, they should contact Margaret Sweeney, CEO, or Elise Lenser, Company Secretary, contact details for whom are provided in the Shareholder Information section on page 177 of this Report.

Photo:

Semple Woods, Donabate

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Residential Units

General Meetings of Shareholders

For a description of the operation of general meetings, the key powers of such meetings, shareholders' rights and the exercise of such rights at general meetings, see General Meetings in the Report of the Directors on page 102.

Section 172 of the U.K. Companies Act 2006 ("section 172')

The UK Code provides that outside of shareholders, the Board should understand the views of the Company's other key stakeholders and describe how their interests and the matters set out in section 172 have been considered in Board discussions and decision making. While section 172 is a provision of UK company law, and there is no direct comparator in the Irish Companies Act 2014, the Board acknowledges that, as an issuer on the primary listing segment of Euronext Dublin, it is important to address the spirit intended by such provisions.

Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. By understanding stakeholders, the Board can factor the potential impact of its decisions on each stakeholder group and consider their needs and concerns, having regard to section 172.

The Board also recognises that by engaging further with all stakeholders, the Company can continue to deliver on its culture and purpose.

Assessing and Monitoring Our Company Culture

In developing a collaborative and partner-focused organisation that clearly defines how it intends to lead, the Board and CEO actively engage with the Manager to support a company culture that promotes integrity, openness, diversity and active responsiveness with our shareholders and wider stakeholders. Elected by our shareholders to oversee the management of the Company, I-RES's Board ensures that the long-term interests of shareholders are advanced responsibly, while balancing the interests of our other stakeholders, including our residents and our communities. The Board has the opportunity to assess and monitor I-RES's company culture through ongoing engagements between the Board, the CEO and the Manager's team to ensure policies, practices and behaviours are aligned with the Company's purpose, values and strategy.

I-RES's collaborative culture is also supported by IRES Fund Management's adoption of CAPREIT's policies, practices and behaviours through the following seven leadership competencies, commonly referred to as the "7Cs".

Leveraging CAPREIT'S 7 Leadership Competencies

Adopted in IRES Fund Management's everyday behaviors and decision-making, CAPREIT's seven leadership competencies form the bedrock of our collaborative culture and values.

Creative – Value innovative ideas by listening, collaborating, and sharing ideas.

Ambitious – Achieve high performance, push for the best, remain positive and overcome challenges.

Proactive - Take initiative, overlook boundaries, lead teams and act on opportunities to cultivate a positive, "can do" attitude.

Results-Focused - Achieve results, monitor success, adjust actions, and give feedback to ensure continuous improvement.

Executive-Minded - Balance the short- and long-term views of our business, maintain composure when faced with challenges, build strong teams, and communicate a clear vision.

Investment Minded - Improve financial returns by using good judgement and the optimization of capital.

Thoughtful - Take the time to value the common good, respect others, win support and earn trust, to maximize team effectiveness.

The Board has the opportunity to assess and monitor I-RES's corporate culture through ongoing and organic interactions between the Board, the CEO and the Manager's team to ensure policies, practices and behaviours are aligned with the Company's purpose, values and strategy. The Board's annual board evaluation process also includes questions relating to company culture.

Listed below are examples of engagement measures taken in 2020:

- Ad-hoc department-level presentations delivered to the Board by the Manager
- I-RES's CEO meets with CAPREIT senior management several times each year
- Annual community stakeholder engagement initiatives and events
- Crisis management team meetings chaired by the CEO, with members of the Manager team to ensure that the safety and well-being of employees, residents and other personnel supporting the ongoing business was being prioritized

Stakeholder Engagement

Pursuant to the Code of Business Ethics and Conduct, we aim to deliver on our commitment of accountability to our stakeholders. The Board agenda includes regular reports to ensure the protection and promotion of our stakeholders' interests continue to remain top of mind. By advising on the right corporate strategy and applying effective governance measures and oversight, the Board helps identify principal risks associated with I-RES's business and ensures the implementation of appropriate systems to manage these risks, while identifying suitable opportunities for growth and the creation of continued long-term value.

Listed below are examples of stakeholder engagement taken in 2020:

Board-level engagement

- Presentation from legal counsel, on Directors' Duties
- Presentation from listing sponsor and corporate broker, on equity markets
- Presentation from public relations advisor, on the Stakeholder Environment
- Presentation from ESG consultant, on GRESB assessment results
- Presentation from external consultant on Corporate Governance and ESG update

Employee, resident, investor and community-level engagement

- Investor meetings and conferences
- Independent investor perception study completed
- Employee intranet (I-RES and IRES Fund Management)
- Resident satisfaction survey
- Resident Portal rollout
- Placemaking stakeholder engagement forum (Sandyford Business District)
- Residents committee interviews
- Community giving initiatives

Please also see above under "Engagement with Shareholders" for a description of how the Company further engages with its shareholders.

Workforce

As the Company has only three employees (one of whom sits on the Board and is the CEO and the other two being her assistant and the Director of Investor Relations and Funding), there is no workforce as such with whom the Board can engage. Further, given that the Company is externally managed, it has no responsibility for the remuneration of the workforce of the Manager or of its remuneration policies. As a consequence, the portions of provisions 2, 5, 33, 38, 40 and 41 of the UK Code and s.172 that relate to workforce engagement are not applicable to the Company.

Review of the Manager

The Board has reviewed the performance of the Manager and is satisfied with the overall performance of the Manager for the year ended 31 December 2020. For a detailed review of the business performance indicators, see pages 29 to 32 in the Business Performance Measures section.

The Board is extremely pleased with the contributions made by the Manager together with senior management and staff of CAPREIT LP.

CAPREIT LP and the Manager continue to provide staffing and other essential supports including its SAP platform for the business.

In November 2020, I-RES provided an update on the investment management agreement between the Company, I-RES Residential Properties Limited and the Manager.

The Investment Management Agreement had an initial term of five years which expired on 1 November 2020. In advance of the expiry of the initial Investment Management Agreement term, the Related Party Committee was appointed in November 2019 to conduct a scheduled review of the Investment Management Agreement and Services Agreement, evaluate the strategic options available to I-RES in relation to them and consider certain related matters.

On the expiry date of the initial Investment Management Agreement term on 1 November 2020, the Related Party Committee had not reached agreement on new terms for a revised Investment Management Agreement with the Manager. As a result, in accordance with its terms, the Investment Management Agreement has continued under the existing terms. Both parties have termination rights under the Investment Management Agreement which can now be exercised. In conjunction with the rollover of the Investment Management Agreement, I-RES announced that it would augment the management resources of the Company in line with its growth strategy and increased scale.

The Related Party Committee, in conjunction with advisers, continues to evaluate the relative strategic and financial merits of various options available to the Company. The Company is exploring the option to internalize the management of the Company and, if applicable, to apply to the Central Bank of Ireland for authorization as an alternative investment fund manager. The Company appreciates the continuing co-operation and assistance of the Manager and CAPREIT LP in the Related Party Committee's ongoing deliberations on the future management of the Company.

Shareholders should note that at this point, no decision has been made by the Company to internalize, or otherwise, and the Investment Management Agreement continues under the existing terms. Further announcements will be made by the Company as appropriate.

Remuneration Policy of the Manager

The Manager has established a remuneration policy it applies in accordance with AIFMD and the guidelines on sound remuneration policies under AIFMD as issued by the European Securities and Markets Authority from time to time.

In the implementation of its remuneration policy, the Manager aims to ensure good corporate governance and promote sound and effective risk management. It will not encourage any risk taking which would be considered inconsistent with the risk profile of the Group. The Manager will ensure that any decisions are consistent with the overall business strategy, objectives, values and interests of the Group and will try to avoid any conflicts of interest which may arise.

The Manager ensures that annually the remuneration policy is reviewed internally.

The total remuneration paid in the period to the staff of the Manager, all of whom are engaged in managing the Group's activities, was €3.8 million, of which €3.6 million comprised fixed remuneration and €0.2 comprised variable remuneration. The number of staff employed as at 31 December 2020 was 65 (65 as at 31 December 2019), of which 35 site employees (41 site employees as at 31 December 2019) were charged to the Company. There are no senior managers or members of staff of the Manager whose actions have a material impact on the risk profile of the Company.

Compliance with Relevant Codes

The directors are committed to maintaining high standards of corporate governance and this Corporate Governance Statement describes how the Company has applied the Codes in 2020.

The Board considers that the Company has complied with the provisions set out in the Codes throughout the last financial year under review except that, as disclosed in prior years, option awards granted as part of the remuneration of the executive director under the long-term incentive plan (**"LTIP"**) prior to the 2020 financial year do not comply in full with Provision 36 of the UK Code, as there is no minimum holding period under the LTIP for shares acquired upon exercise of such options and options vest over three years from the date of grant on the basis of one third per completed year the recipient of the option completes in respect of the relevant service which has qualified her for the option grant. Although the Company is not fully compliant in this respect in relation to such options previously granted, any Restricted Shares (as defined under the rules of the LTIP) awarded to the executive director under the LTIP as and from 2020 are subject to the Company's new remuneration policy and arrangements described in the Report of the Remuneration Committee (the remuneration policy was approved by shareholders at the 2020 annual general meeting), and comply with Provision 36 as any new LTIP share awards issued to the executive director thereunder are subject to a total vesting and holding period of five years (three-year performance period and two-year holding period thereafter).

REPORT OF THE AUDIT COMMITTEE

A key focus of the Audit Committee was to ensure that the semi-annual and 2020 year end investment property valuation processes were conducted appropriately.

Introductory Statement from the Audit Committee Chair

Dear Shareholder,

On behalf of the Audit Committee, it is my pleasure to present the Report of the Audit Committee for the year ended 31 December 2020.

The report demonstrates how the Audit Committee fulfilled its responsibilities during the year under the appropriate regulatory frameworks.

As in previous years, a key focus of the Audit Committee was to ensure that the semi-annual and 2020 year end investment property valuation processes were conducted appropriately. For both valuations, the investment property portfolio was split for purposes of valuation and valued by two external valuers. The Audit Committee objectively assessed the valuations prepared by the independent valuers and was satisfied that the assumptions and methodologies being used were appropriate and reasonable.

The Audit Committee continues to monitor that KPMG remains objective and independent. The Audit Committee reviews with KPMG the findings of their work and noted that no major issues arose during the audit. As part of its assessment of KPMG's independence, the Audit Committee assessed the amount and value of non-audit services provided and noted that it has not impaired their independence.

The Audit Committee also meets with the Company's tax advisors to ensure that it keeps informed of anticipated changes to tax laws and regulations that may impact the Company. As well, it continues to meet with the Company's Manager to ensure that the internal controls are working effectively.

The Audit Committee assisted the Board in determining that the Annual Report and Consolidated Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Looking ahead

Looking ahead to the 2021 financial year, the Audit Committee will remain focused on the audit and assurance processes within the business, and maintain its oversight of financial, valuation, taxation and evolving regulatory requirements. In terms of process and controls, the Audit Committee continues to focus on the design and the operational effectiveness of the internal controls.

I trust that you will find this report to be useful in understanding the operations and activities of the Audit Committee during the year.

Joan Garahy
Chair of the Audit Committee

Members: Joan Garahy (Chair), Tom Kavanagh and Aidan O'Hogan.

The Audit Committee is chaired by Joan Garahy, an independent non-executive director. All members of the Audit Committee were independent non-executive directors when appointed by the Board and continue to be independent. Accordingly, the Audit Committee is constituted in compliance with the Codes and Articles of Association regarding the composition of the Audit Committee. All members are appointed for an initial term of up to three (3) years, which may be extended by the Board.

The term of appointment for Joan Garahy expired on 17 April 2020 and the term of appointment for Aidan O'Hogan expired on 30 March 2020. Accordingly, the Board agreed that the appointment of Joan Garahy shall be extended for an additional term of approximately three years commencing on 18 April 2020 and expiring at the end of the 2023 AGM (subject to her continuing to meet the criteria for membership of the Audit Committee). The Board further agreed that the appointment of Aidan O'Hogan shall be extended for an additional term of approximately three years commencing on 31 March 2020 and expiring at the end of the 2023 AGM (subject to him continuing to meet the criteria for membership of the Audit Committee).

The term of appointment for Tom Kavanagh expires on 31 May 2021. Accordingly, the Board has agreed that the appointment of Tom Kavanagh shall be extended for an additional term of approximately three years commencing on 1 June 2021 and expiring at the end of the 2024 AGM (subject to him continuing to meet the criteria for membership of the Audit Committee).

The Board is satisfied that the Audit Committee members are appropriately qualified and experienced to fulfil their roles and have a broad mix of skills and experience arising from senior roles they hold or have held with other organisations, and that the Audit Committee as a whole has competence relevant to the sector in which the Company operates. In accordance with the Codes, Ms. Garahy, in particular, is considered by the Board to have recent, significant and relevant financial experience.

Meetings of the Audit Committee

The Audit Committee meets at least four (4) times per year and otherwise as required. The Audit Committee met seven times during the period from 1 January 2020 to 31 December 2020 and the external auditor was in attendance at six (6) meetings. The Audit Committee members' attendance at each meeting is set out on page 63. The CEO, CFO and certain representatives of the Manager attend the Audit Committee meetings, as required. The external valuer attends the Audit Committee meetings when the year-end and interim valuations of the Group's properties are being considered. The Company's tax advisors also meet with the Audit Committee at least bi-annually to address any tax developments and as otherwise required.

Terms of Reference and Principal Duties

The terms of reference established for the Audit Committee were initially approved and adopted by the Board on 31 March 2014 and are regularly reviewed and updated for best practice and compliance with the Codes. The Board approved and adopted revised terms of reference for the Audit Committee on 29 October 2020 based on the model terms of reference for audit committees published by the ICSA in January 2020, which are designed to comply with the UK Code. The roles and responsibilities delegated to the Audit Committee under the terms of reference can be accessed electronically at https://investorrelations.iresreit.ie/company-and-strategy/corporate-governance.

The Audit Committee reviews its terms of reference on an annual basis and, if necessary, proposes for formal Board adoption amendments to the Audit Committee's terms of reference. The Audit Committee evaluates its own performance relative to its terms of reference. Following the 2020 annual review, it was concluded that the Audit Committee was operating effectively.

The Audit Committee's principal duties include:

Reporting and External Audit

- to monitor and keep under review the scope and effectiveness of the Group's financial reporting;
- to monitor the integrity of the financial statements of the Group, including its annual and semi-annual financial reports and any other formal announcement relating to its financial performance;
- to review and report to the Board on summary financial statements and any financial information contained in certain other documents, such as announcements of a price-sensitive nature;
- to keep under review the adequacy and effectiveness of the Group's internal financial controls and risk management and internal control systems;
- to oversee the relations with the external auditor and to consider and make recommendations on the appointment, reappointment and removal of the external auditor;
- to ensure the independence and objectivity of the external auditor annually;
- to ensure that the provision of non-audit services by the external auditor does not impair the external auditor's independence or objectivity; and
- to review with the external auditor the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved.

Valuations

- to monitor and review the valuation process;
- to review the valuation reports, assumptions and methodology; and
- to assess independent valuers' competence and effectiveness.

Risk and Internal Control

- to monitor and keep under review the scope and effectiveness of the Group's risk management and internal control systems; and
- to assess and review regular reports on such matters from the Manager, internal auditors (if any) and management.

Other

- to review the Audit Committee's terms of reference and monitor its execution; and
- to consider compliance with legal and other regulatory requirements, accounting standards and the Euronext Dublin Listing Rules.

How the Audit Committee Discharged its Responsibilities in 2020

The Audit Committee's agenda is set based on the Group's financial calendar and the Audit Committee's work plan, which allows the Audit Committee to fulfil its role in an efficient manner. In the year under review, the principal activities of the Audit Committee were as follows:

- reviewed the appropriateness of Group accounting principles, practices and policies, and monitored changes to and compliance with accounting standards on an ongoing basis;
- reviewed the Group's interim report and this Report, including the financial statements contained therein, and considered the key areas of judgement before recommending them to the Board for approval;
- reviewed the Group's preliminary announcement of financial results;
- reviewed and approved the annual audit plan presented by the external auditor and approved the audit fees;
- reviewed and discussed the reports received from the external auditor following the audit process;
- reviewed and considered the Group's key risks, internal control policies and procedures and risk management systems, with particular reference to the operations of the Manager;
- reviewed and considered the approach adopted by the independent valuers, including assumptions, procedures and

methodologies applied in valuing the Group's property portfolio;

- considered the necessity for an internal audit function on an ongoing basis;
- reviewed the annual internal audit plan put forth by the Manager's internal audit function;
- received reports throughout the year from the Manager's risk management and internal audit functions in regards to work performed around the Group's system of risk management and internal controls;
- reviewed the Manager's and the external auditor's fraud detection procedures;
- reviewed and recommended amendments, as required, to the Company's dividend policy, non-audit services policy, treasury policy, valuation policy, code of ethics, directors' compliance policy statement (and arrangements and structures in place to ensure compliance), signing authority and delegation policy, whistleblower policy, anti-corruption policy, and policies and procedures relation to the market abuse regime;
- reviewed and recommended to the Board revised terms of reference for the Audit committee with effect from 29 October 2020;
- monitored the levels for 2020 non audit fees in relation to the total fees paid to the external auditors;
- reviewed the related party schedules for appropriate financial statement disclosures;
- assessed the viability model for long-term sustainability;
- reviewed the current loan to value analysis and impact on resulting from changes in fair value of investment properties; and
- reviewed the dividends to be paid and the unaudited company financials and recommended them to the Board.

Financial Reporting and Significant Financial Judgements

With respect to this Report and the financial statements included therein, the Audit Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate judgements. The Audit Committee paid particular attention to matters which it considered could have a material impact on the Group's results and those matters which involve a higher level of complexity, judgement or estimation by management. The most significant matters considered by the Audit Committee in relation to this Report and the financial statements contained therein for the year were as follows:

Investment Property Valuations

The Group had investment property with a fair value of €1,380.4 million as at 31 December 2020, as set out in note 5 to the Group financial statements. As the portfolio of the Group's asset has grown significantly, the Group has appointed two valuers, CBRE Unlimited Company ("CBRE") and Savills Advisory Services (Ireland) Ltd ("Savills"). The Audit Committee considered the investment property valuation process which had been carried out by management in order to satisfy itself that the balances were stated appropriately. These reviews involved the understanding of management's analytical procedures, management's discussions with CBRE and Savills, the Group's independent valuers, and assessment of the market inputs utilised on each property prior to recording the valuations obtained. The Audit Committee assessed the performance and independence of the two valuers and is satisfied with their performance and that both valuers are independent. The CFO has confirmed to the Audit Committee that the CFO is satisfied that the valuers conducted their work in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards.
In addition, the Audit Committee met with the two independent valuers and discussed year-end valuations, valuation methodology and significant assumptions used. The Audit Committee also discussed the market dynamics with both valuers, specifically focusing on the impact of Covid-19 and its impact on the interim and year-end valuations. As both valuers rely as part of their assumptions on comparable evidence from recent market transactions to benchmark and support their valuations of the Group's properties, the Audit Committee assessed the relevance and appropriateness of these transactions, in conjunction with management. Following a review of the detailed valuation analysis provided by management and detailed discussions with management and the independent valuers, the Audit Committee was satisfied that the significant inputs used for valuation, any provisions recorded against valuation of the investment properties, and valuation of the investment properties were appropriate. The Audit Committee discussed the valuation process with management and each valuer, and confirmed from each of them that they are satisfied with the quality and accuracy of the property information provided to them. The external auditor also reviews the two valuers' reports, performs test work on the information provided by the Company to both valuers, meets with the two valuers as part of their audit procedures, and communicates to the Audit Committee any comments or observations they may have.

Transactions with CAPREIT

Due to the close nature of the relationship between CAPREIT (or its affiliates) and I-RES, CAPREIT's shareholding in I-RES at 31 December 2020, and the provision of services provided by IRES Fund Management, a subsidiary of CAPREIT, to I- RES, the Audit Committee and the external auditor discussed the risk of undisclosed related party transactions with CAPREIT or its affiliates for the 2020 consolidated financial statements. The Audit Committee discussed the level of fees incurred in respect of management services received from IRES Fund Management and its affiliates and discussed these with relevant management. The Audit Committee also considered the disclosures in the notes to the financial statements. The Audit Committee was satisfied as a result of these discussions that appropriate disclosure has been made in the annual report in relation to each of these matters.

Other Matters

Other matters considered by the Audit Committee included the disclosure of non-IFRS measures ("Alternative Performance Measures"), tax compliance, and regulatory obligations and accounting disclosures.

Going Concern

The Audit Committee has reviewed and is satisfied with a presentation from the CFO in support of the Board's Statement on Going Concern as set out on page 46.

Viability Statement

The Audit Committee has reviewed a report from the Manager and is satisfied that this assessment adequately addresses the principal risks disclosed in the Risk Report on pages 48 to 56 and that a three-year time horizon for the viability model is appropriate to the Company's business. Furthermore, the Audit Committee has reviewed the assessment of the Group's viability by management, as stated on page 46.

The review included:
- Key assumptions used;
- Assessment of prospects; and
- Assessment of viability.

REIT Status
The Audit Committee reviewed a report from the Manager setting out the Company's compliance with the REIT requirements as at 31 December 2020. The Audit Committee has confirmed to the Board that the Company is in compliance with the REIT rules.

Fair, Balanced and Understandable
The UK Code requires that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects, and specifically that they consider that the annual report and financial statements included therein, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

At the request of the Board, the Audit Committee considered whether this Report and financial statements included therein met these requirements.

The Audit Committee considered the process put in place by management for the preparation of the annual report and financial statements included therein, and in particular the timetable, co-ordination and review activities. The Audit Committee discussed these arrangements with management. Key considerations of the Audit Committee when reflecting on these requirements included:

- the information and reporting the Audit Committee had received during the course of the financial year;
- the balance of information included in the annual report against the Audit Committee's understanding of the operations and performance of the Group;
- the compliance of the financial statements with all applicable financial reporting standards and any other required regulations; and
- the language used in the annual report ensuring it was understandable to a wide variety of shareholders.

Arising from the Audit Committee's work in this regard, the Audit Committee and the Board concluded that this Report and financial statements included therein, taken as a whole, are fair, balanced and understandable, and that they provide the necessary information for shareholders to assess the Company's position and performance, business model and strategy. The Board statement to this effect is on page 104.

Risk Management and Internal Controls

The Board has delegated responsibility to the Audit Committee to monitor the Group's risk management and internal control systems. In order to discharge this responsibility for the period from 1 January 2020 to 31 December 2020, the Audit Committee:

i. conducted an annual review of the effectiveness of the Group's risk management and internal control systems and reported to the Board on its findings;
ii. received presentations from the Manager's risk management function and internal audit function;
iii. reviewed the Group's principal risks and uncertainties, including any emerging risks, quarterly;
iv. reviewed quarterly reports from the Manager relating to investment management, fund risk management, regulatory compliance, operational risk management, capital and financial management and distribution;
v. received quarterly updates on any internal control compliance issues or material legal matters; and
vi. reviewed quarterly reports relating to the internal controls of the Manager and CAPREIT LP.

In addition, the Board, as a whole, receives quarterly reporting on key risks, including any principal and emerging risks, from the Manager's risk management function. Additionally, they also review quarterly reports from the Manager relating to operational updates and key performance indicators.

External Audit
One of the key roles of the Audit Committee is to monitor the performance, objectivity and independence of the external auditor. Open, direct and honest communication between the Audit Committee, the external auditor and the senior management team of the Manager is essential in ensuring both an effective audit and auditor independence.

In late October 2020, the Audit Committee met with the external auditor to agree the FY 2020 audit plan. To ensure a quality audit, the external auditor needs to be aware of the business risks; therefore, the Audit Committee discussed and agreed upon the key business, financial statements and audit risks, and the materiality being used for the audit, to ensure that the audit was appropriately focused. In advance of the commencement of the annual audit, the Audit Committee reviewed the external auditor's letter of engagement, together with a presentation from the external auditor confirming their independence within the meaning of the regulations and professional standards.

In February 2021, in advance of the finalisation of the Group's financial statements for the year ended 31 December 2020, the Audit Committee received a report from the external auditor on their key audit findings, including the key areas of risk and significant judgements, and discussed the issues with them in order for the Audit Committee to form a judgement on the financial statements.

In order to assist the Audit Committee in evaluating the external audit process and to ensure continuous improvement, following the completion of the audit, the Audit Committee members discussed with the management team of the Manager the effectiveness of the external auditor and the external audit process in general.

At least annually, the Audit Committee meets with the external auditor without the presence of management to discuss any matters the external auditor may wish to raise. The Audit Committee continues to be satisfied with the performance of the external auditor, who remains effective, objective and independent.

Statutory Auditor

On completion of a tender process in 2017, and having regard to the requirements of the Statutory Audit Directive of 15 June 2016 (Statutory Instrument SI 312 of 2016), the Board approved the appointment of KPMG as statutory auditor with effect for the financial year ended 31 December 2018. This appointment was approved by the shareholders at the 2019 annual general meeting. KPMG remains the statutory auditor for the financial year ended 31 December 2020. The audit partner in charge within KPMG is Sean O'Keefe. The Audit Committee will keep the tenure of the external auditor under review in light of best practice and recent legislation. The Audit Committee currently has no plans for re-tendering of the statutory auditor.

Independence and Non-Audit Services

The Company has a policy on non-audit services. The level of non-audit services provided by the external auditor is reviewed at least on a quarterly basis and, in conjunction with the external auditor, the impact on independence and objectivity is assessed.

The independence and objectivity of the auditors was addressed by the Audit Committee in conjunction with the level of fees for non-audit services in the reporting period. KPMG completes the audit of the financial statements and PricewaterhouseCoopers completes the tax related workings, ensuring that both parties remain independent. Following discussion with the external auditors, the Audit Committee determined that the fees for non-audit services were lower than the audit fees for the year ended 31 December 2020 and that the independence and objectivity of the external auditor have not been compromised.

Details of the amounts paid to the external auditor during the year for audit and non-audit services are set out in note 26 to the Group financial statements.

Whistleblower policy

The Company is committed to the highest standards of openness, probity, and accountability, as well as the highest possible ethical standards in all of its practices. To achieve this, the Company encourages use of internal and external mechanisms for reporting any malpractice or illegal acts or omissions through the Group's whistleblower policy, which was reviewed. The policy applies to all employees and contractors of the Group and all employees of the Manager, among others. The policy provides information on the process to follow if any employee feels it appropriate to raise a concern confidentially in respect of a relevant wrongdoing which includes, for example, non-compliance with a legal obligation, health and safety threats, damage to the environment, theft, misappropriation of assets or unacceptable behaviour towards colleagues or the public. All concerns raised are considered by the Chair of the Audit Committee or a nominated third party.

The Audit Committee is satisfied that the process is effective, confidential and ensures the protection of employees from harassment or other detrimental treatment as a result of raising a concern. No incidences of concern were uncovered in 2020.

Internal Audit

In accordance with the UK Code, the Audit Committee has considered the need for an internal audit function given the Group's scale, complexity and range of operations, including its external management structure in relation to operations. Based on the foregoing considerations, the Audit Committee has recommended to the Board that it does not believe it is necessary to establish an internal audit function. Rather, the Audit Committee has assessed the Manager's internal audit function and believes it to be of sufficient quality, experience and expertise appropriate for its business, and that the Manager's internal audit function has sufficient independence and access to the resources and information of the Manager and the Group to be able to assist the Audit Committee and the Board in discharging their responsibilities with regards to assessing the effectiveness of the Group's risk management and internal control systems. Additionally, the Audit Committee has direct access to the Manager's internal audit function through quarterly Audit Committee meetings, including in-camera sessions, as required. Furthermore, the Audit Committee assesses the annual internal audit plan put forth by the Manager's internal audit function and receives periodic reports of the work performed under the plan. The Board concurs with the Audit Committee's recommendation not to establish an internal audit function for the Group.

In 2021, the Audit Committee has engaged EY Ireland to supplement the efforts of the Manager's internal audit function, particularly with assurance initiatives within Ireland and to provide local experience and advisory support to the Audit Committee and the CEO. The Audit Committee views this as a co-sourcing arrangement with the Manager's internal audit function rather than the Group's own internal audit function.

The Audit Committee will continue to review this position annually and make appropriate recommendations to the Board.

The Chair of the Audit Committee reports to the Board at each meeting on the Audit Committee's activities in regard to the Group's risk management and internal control systems.

Key Priorities of the Audit Committee for 2021

Looking ahead to the 2021 financial year, the Audit Committee will remain focused on the audit and assurance processes within the business, and maintain its oversight of financial and evolving regulatory requirements. The action plan for the 2021 financial year will include:

- reviewing and making recommendations in relation to the statutory, preliminary final and interim financial results;
- reviewing the adequacy of the Group's internal audit function and considering the necessity for an internal audit function;
- reviewing the impact on financial results due to regulatory and legislative changes;
- reviewing the impact on financial results due to the Covid-19 pandemic;
- ensuring the independence and objectivity of the external auditor; and
- monitoring and reviewing the valuation process.

REPORT OF THE REMUNERATION COMMITTEE

2020 has been a year of exceptional activity for the Company.

Introductory Statement from the Remuneration Committee Chair

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Report of the Remuneration Committee for the year ended 31 December 2020. The report will be put to an (advisory) shareholder vote at the 2021 annual general meeting.

We have drafted this report with the UK Code and the EU Shareholders' Rights Directive in mind. We hope you find this format a clear explanation of our approach to remuneration and how we applied this during 2020.

2020 has been an extraordinary year for the Company with the Covid-19 challenges to many aspects of our business model, the financial and welfare results achieved were notable in all the circumstances. The health and welfare risks to which the Group's stakeholders – staff, tenants, the Manager, advisors and consultants, contractors and suppliers, visitors to our homes and offices were potentially exposed – was prioritised by the CEO from the outset of the pandemic. She established and lead a crisis management team through a process which has robustly withstood the exceptional resilience of Covid-19 and resulted in minimal direct impact from the virus.

Against this challenging market backdrop, the Group continued to generate strong growth in both revenue and NRI during the year, with Revenue from Investment properties up 20.4% on 2019, growth in EPRA earnings of 2.9% and an increase in Net Asset Value of 3.9%. The Company has continued to increase dividends with an interim dividend paid in September 2020 and a final dividend in respect of 2021 proposed in February 2021. As of 31 December 2020, our adjusted EPRA EPS adjusted for non- recurring costs is 7.0 cents which is up on 2019, while our IFRS Basic NAV per share grew by 3.2% to 160.3 cents.

Despite the challenges posed by Covid-19 and the various restrictions imposed due to public health, the Company continued to deliver on its growth strategy with 173 additional units delivered during 2020, efficient recycling of assets through a disposal of 151 units in excess of cost and valuation and contracted to acquire an attractive portfolio of 146 apartments which was closed in January 2021.

Due to the execution of an effective funding strategy by the CEO, the Company had a robust balance sheet and strong liquidity to withstand unforeseen challenges coming into 2020. In March 2020, the CEO further enhanced the strength of the balance sheet with the successful private placement of €200 million equivalent senior notes at market leading terms and lengthening maturities which will further support the funding and growth strategy of the Company.

The CEO has continued a strong focus on ESG during 2020 with a particular emphasis encouraged on social initiatives due to the impacts of Covid-19. The Company progressed its inaugural GRESB assessment and measurement against EPRA ESG indicators as well as an ongoing programme of stakeholder engagement.

CEO remuneration in 2020

During the year the Remuneration Committee implemented the Remuneration Policy approved at the 2020 annual general meeting, including the annual bonus scheme and making the first award of performance shares under the LTIP.

As a result of the Covid-19 impact on trading and expansion, threshold performance was not reached in the EPRA Earnings, EPRA EPS and Dividend metrics. However, the NAV threshold was comfortably exceeded, almost reaching target level. The Remuneration Committee judged the CEO's performance under the Qualitative measures to be excellent and fully met.

The Remuneration Committee believes that the CEO's performance in 2020 was exceptional, in all aspects and that the Company benefited significantly from her crisis management experience in previous employment, and her 24/7/365 time commitment during this year. Moreover, her resilience has served the Group and all its stakeholders exceptionally well during 2020.

The CEO bonus outcome for 2020 was therefore 24.5% of maximum opportunity or €147,017.

Looking ahead
In 2021 the Remuneration Committee will continue to operate our arrangements in line with the approved Remuneration Policy and key activities of the Remuneration Committee will include defining performance targets for our short and long-term incentive schemes and monitoring the achievement of these.

The Remuneration Committee considered the continuing challenging environment due to the Covid 19 pandemic including the likely impacts of various public health and Government regulations on the strategy and business of the Company as well as the likely impact of the deteriorating economic environment and macro uncertainty that continues to prevail. As a result of this alongside a review of the previous criteria, the Remuneration Committee approved some recalibration of the performance metrics and weightings in respect of the variable remuneration, to better reflect the performance necessary to ensure the achievement of the 2021 business plan and the continued delivery of the Company's strategy.

We were grateful that 99.2% of shareholders voted in favour of our Remuneration Policy at the 2020 annual general meeting. We welcome and will continue to consider any shareholder feedback on the Remuneration Policy and the Remuneration Report. We believe that the Remuneration Committee has implemented the Remuneration Policy in 2020 in a way that appropriately reflected the performance achieved during the year and I hope that shareholders will vote in favour of the Remuneration Report at the forthcoming annual general meeting.

Aidan O'Hogan
Chair of the Remuneration Committee

Members: Aidan O'Hogan (Chair), Joan Garahy, Tom Kavanagh and Declan Moylan.

The Remuneration Committee is chaired by Aidan O'Hogan. All members of the Remuneration Committee were independent non-executive directors when appointed by the Board and continue to be independent.

Accordingly, the Remuneration Committee is constituted in compliance with the Codes and the Articles of Association regarding the composition of the Remuneration Committee. No member of the Remuneration Committee has any conflicts of interest, nor do they have any personal financial interest other than as shareholders (where relevant).

All members of the Remuneration Committee are appointed for an initial term of up to three years, which may be extended by the Board.

The terms of appointment for Aidan O'Hogan and Declan Moylan expired on 30 March 2020. The term of appointment for Joan Garahy expired on 17 April 2020. Accordingly, the Board agreed that the appointment of Aidan O'Hogan and Declan Moylan shall be extended for an additional term of approximately three years commencing on 31 March 2020, and expiring at the end of the 2023 AGM (subject to each continuing to meet the criteria for membership of the Remuneration Committee). The Board further agreed that the appointment of Joan Garahy shall be extended for an additional term of approximately three years commencing on 18 April 2020 and expiring at the end of the 2023 AGM (subject to her continuing to meet the criteria for membership of the Remuneration Committee).

The term of appointment for Tom Kavanagh expires on 31 May 2021. Accordingly, the Board has agreed that the appointment of Tom Kavanagh shall be extended for an additional term of approximately three years commencing on 1 June 2021 and expiring at the end of the 2024 AGM (subject to him continuing to meet the criteria for membership of the Remuneration Committee).

As highlighted in the biographies of each member of the Remuneration Committee on pages 58 to 60, the members of the Remuneration Committee bring a range of different experience and skills to the Remuneration Committee relating to small, medium and large organisations and public companies, including experience in the area of senior executive remuneration, which the Board is satisfied enables the Remuneration Committee to fulfil its role.

Meetings of the Remuneration Committee

The Remuneration Committee meets at least twice per year and as otherwise required.

The Remuneration Committee met eight (8) times during the period from 1 January 2020 to 31 December 2020. The Remuneration Committee members' attendance at each meeting is set out on page 63.

Terms of Reference and Principal Duties

The terms of reference for the Remuneration Committee were initially approved and adopted by the Board on 31 March 2014 and are regularly reviewed and updated for best practice and compliance with the Codes. The Board approved and adopted revised terms of reference for the Remuneration Committee on 29 October 2020 based on the model terms of reference for remuneration committees published by the ICSA in January 2020, which are designed to comply with the UK Code. The roles and responsibilities delegated to the Remuneration Committee under the terms of reference can be accessed electronically at https://investorrelations.iresreit.ie/company-and-strategy/corporate-governance.

The Remuneration Committee reviews its terms of reference on an annual basis and if necessary, proposes for formal Board adoption amendments to the Remuneration Committee's terms of reference. The Remuneration Committee evaluates its own performance relative to its terms of reference. Following the 2020 annual review, it was concluded that the Remuneration Committee was satisfied with its performance.

The Remuneration Committee's principal duties include:

a) delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's chair and executive directors and senior management, including the company secretary, in accordance with the Principles and Provisions of the UK Code;
b) to establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, having regard to the recommendations of the UK Code;
c) to design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances;
d) when determining executive director remuneration policy and practices, consider the UK Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
e) in determining remuneration policy, take into account all other factors which the Remuneration Committee deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
f) to review the ongoing appropriateness and relevance of the remuneration policy;
g) within the terms of the agreed remuneration policy and in consultation with the chair and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the company chair and senior managers including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances;
h) to have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which the Remuneration Committee deems necessary at the expense of the Company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
i) to review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for executive directors and senior managers, and the performance targets to be used;
j) to review workforce remuneration and related policies; and
k) to work and liaise as necessary with other board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

No director may be involved in any decisions in respect of his or her own remuneration.

Remuneration Policy

The Company's policy is to ensure that executive compensation includes a mix of basic salary and short-term and long- term incentive awards, aligned to the Company's strategy and key performance indicators. The mix of executive compensation should be designed to reflect the relative impact of the executive's role on the Company's performance and should consider how the compensation mix aligns with long-term shareholder value creation.

In determining the target mix of compensation, the Remuneration Committee considers market compensation data available for comparator real estate investment trusts, which includes real estate investment trusts in jurisdictions inside and outside of Ireland (including countries where executives are employed and paid by the real estate investment trust), to ensure that the compensation mix is competitive with comparator real estate investment trusts and appropriate in light of the Company's business strategy.

The following section sets out the Company's Remuneration Policy for Executive and Non-Executive Directors, which was approved by 99.2% of shareholders at the 2020 annual general meeting. The Committee's intention is that the Remuneration Policy will apply for a period of four years in line with the EU Shareholders' Rights Directive legislation. In the table below minor adjustments to wording have been made for clarity (for example, page references). For the definitive version of the Remuneration Policy as approved by shareholders, please see the 2019 annual report.

In developing the Remuneration Policy, the Remuneration Committee has been mindful of the factors set out in the UK Code Provision 40:

- **Clarity and Simplicity:** The Remuneration Committee has aimed to incorporate simplicity and transparency into the design and delivery of our Remuneration Policy. The remuneration structure is simple to understand for both participants and shareholders and is aligned to the strategic priorities of the business.
- **Risk:** The Remuneration Policy includes a number of points to mitigate potential risk:
  - Defined limits on the maximum opportunity levels under incentive plans
  - Provisions to allow malus and clawback to be applied where appropriate
  - Performance targets calibrated at appropriately stretching but sustainable levels
  - Bonus deferral, LTIP holding periods, in-employment and post-employment shareholding requirements ensuring alignment of interests between Executive Directors and shareholders and encouraging sustainable performance

- **Predictability:** We aim for our disclosure to be clear to allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements.
- **Proportionality:** A significant part of an Executive's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value.
- **Alignment to culture:** The incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's purpose, values and strategy. Please see page 41 of this Report for more information on the Company's strategy and key performance indicators.
- The Company's strategy of growth in both Net Rental Income and NAV, with secure and favourable leverage, alongside quality standards of accommodation and customer service, is well aligned with, the substantially deferred, rewards available to the CEO through both the bonus and the LTIP share awards if and when certain benchmarks are achieved. Moreover, the significant deferral combined with the malus and clawback provisions minimises the risk of any exceptional short-term focus.

Element	Operation	Opportunity	Performance metrics
Basic Salary To provide a fixed level of compensation reflecting the individual's skills and experience	The Remuneration Committee will consider the salary level from time to time during the policy period, having regard to any significant changes in the size and scope of the role and the business, material changes in comparative market data for similar roles and reward for individual development.	No maximum level	Not applicable
Benefits To provide benefits which are competitive with market practice	An annual taxable cash allowance towards car, health cover and risk benefits such as death in service critical illness and disability cover contributions.	No maximum level Benefits allowance from 1 January 2019: €25,000 p.a.	Not applicable
Pension To provide competitive post-retirement benefits	Fixed contributions into an approved Company defined contribution executive pension scheme or an equivalent cash supplement is proposed.	15% of basic salary	Not applicable
Annual Bonus To support the delivery of the Company's business strategy and KPIs and reward annually for contribution to financial and non-financial performance	Annual bonus based on stretching performance conditions set by the Remuneration Committee at the start of each year. 20% of any bonus paid will be paid as restricted Company shares to promote sustainable performance and provide additional alignment of the CEO with shareholder interests. Dividends will be paid as they arise. Any bonus payments will be subject to withholding (malus) or requirement of repayment (clawback) provisions in the event of the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Company's Consolidated financial statements; engagement in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement, as finally determined (beyond any right of appeal) by a court of competent jurisdiction, and the bonus payment received would have been lower had the financial results been properly reported. The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so and, in such circumstances, the basis for the exercise of any such discretion will be disclosed in the Annual Report. The cash portion of the bonus may be payable (in whole or in part) as an employer pension contribution if agreed between the individual and Remuneration Committee.	Maximum opportunity of 150% of basic salary For the achievement of Target performance, 50% of the Maximum opportunity (75% of basic salary) would be expected to be payable.	The Remuneration Committee will determine the performance measures, their weightings and the calibration of targets each year and will clearly disclose these in the Remuneration Report. 2020 performance measures and targets are set out on page 83.

Element	Operation	Opportunity	Performance metrics
Long-Term Incentives To align the interests of the CEO with those of shareholders and reward the delivery of long-term strategic performance objectives and the creation of shareholder value	On her appointment as CEO, a share option award was granted to Margaret Sweeney and she was entitled to be awarded options to acquire 3% of the number of shares issued by the Company from time to time pursuant to any equity raise (private or public) of the Company. From 2020, this share option arrangement for the CEO was replaced with annual awards of shares, subject to stretching three-year performance conditions. Following the three-year performance period, there is a further two-year holding period to further promote sustainable performance and shareholder alignment. Dividend equivalents (as a cash amount or additional shares) will be paid at the end of the vesting period. All LTIP awards will be subject to malus and clawback provisions. The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so and in such circumstances, the basis for the exercise of any such discretion will be disclosed in the Annual Report. In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of share and share option awards by adjusting the number and kind of shares which have been granted. Outstanding LTIP awards would normally vest and become exercisable on a change of control, subject to plan rules, and taking account of the degree to which performance conditions have been satisfied. The Remuneration Committee may exercise its discretion to vary the level of vesting having regard to the circumstances and reasons for the events giving rise to the change of control or determine that it would be appropriate for the LTIP awards to be exchanged for equivalent awards in the purchaser's shares where such an award would be substantially equivalent, in value and in terms and conditions, to the award in the Company. The LTIP limit cannot exceed 10% of the Company's issued ordinary share capital (adjusted for share issuance and cancellation) during the 10-year period prior to that date.	Awards of face value up to 135% of salary	The vesting of these shares will be determined by performance against earnings per share ("EPS") and relative total shareholder return ("TSR") conditions set by the Remuneration Committee at the time of each grant. The performance targets for each award will be clearly disclosed in the relevant year's Remuneration Report.

Element	Operation	Opportunity	Performance metrics
Shareholding Requirement To further align the interests of the CEO with those of shareholders and encourage sustainable performance	From 2020, the CEO was required to build and maintain a shareholding interest in the Company equivalent to at least 200% of her basic salary. There will be a five-year period to build up this holding from the introduction of the policy. For the purposes of the requirement, "shareholding interest" includes shares if vesting is not subject to any further performance conditions. Vested but unexercised share options, deferred bonus shares and LTIP shares during the two-year holding period following the achievement of the performance condition will be included with a 50% discount applied where appropriate to reflect the number of shares which would be owned assuming sufficient shares were sold to pay tax due. A post-employment shareholding requirement will also apply: A shareholding interest in the Company equivalent to at least 200% of basic salary (or the actual shareholding interest on exit if lower) will be required to be held for a period of two years after leaving employment.	Not applicable	Not applicable
Derogation from Remuneration Policy	Only in accordance with the terms of the Remuneration Policy and/or the European Union (Shareholders' Rights) Regulations 2020, which provides for temporary derogation in exceptional circumstances, where doing so is to serve the long- term interests and sustainability of the Company as a whole or to assure its viability.	Not applicable	Not applicable

The Remuneration Committee considers that these arrangements are closely aligned with and supportive of the Company's long-term strategy.

Service contracts

Margaret Sweeney has a service contract with the Company terminable upon six months' prior written notice at the discretion of Margaret Sweeney or 12 months' prior written notice at the discretion of the Company. Margaret Sweeney is entitled to be paid her full remuneration (net of any social welfare benefits) during any periods of inability to work due to illness or accident, not exceeding in aggregate six weeks in any consecutive 12-month period; and thereafter six weeks' half remuneration (net of any social welfare benefits).

Ms. Sweeney's notice period entitlements are limited to salary and benefits over 12 months or less, subject to mitigation.

Policy for Recruitment of New Executive Directors

The Remuneration Committee will determine the remuneration arrangements in respect of any newly appointed Executive Directors that may be appointed in the future, in line with and subject to the limits in the Remuneration Policy as set out above, including use of performance criteria, holding periods and application of recovery or withholding periods.

Salary levels will be determined taking into account the experience of the individual, the size and scope of the role and the business, and comparative market data for similar roles.

Relocation benefits may be provided if necessary.

If for an external appointment it is necessary to buy out incentive arrangements which would be forfeited on leaving the previous employer, this will be done taking into account the form (e.g. cash or shares), vesting period and any performance conditions applicable to the remuneration being forfeited.

If an internal appointment is made, remuneration arrangements awarded prior to promotion to Executive Director level will continue to run in line with the schedule and conditions determined at time of grant.

Non-Executive Director Fees

The remuneration of the non-executive directors is determined by the Board as a whole. No director may be involved in any decisions in respect of his or her own remuneration.

Levels of remuneration for non-executive directors reflect the time commitment and responsibilities of the role. The fees paid to non-executive directors are therefore set at a level which aims to attract individuals with the necessary experience and ability to make a significant contribution to the Company and to compensate them appropriately for their role.

Levels of fees may be reviewed from time to time during the policy period, having regard to any significant changes in the size and scope of the role and the business, and material changes in comparative market data for similar roles.

Potential derogation from the Remuneration Policy

The Remuneration Committee intends that remuneration arrangements will operate in accordance with the above Remuneration Policy for a four-year period or until an amended Remuneration Policy is put to shareholders for approval.

The European Union (Shareholders' Rights) Regulations 2020 allow for the potential for a temporary derogation from the Remuneration Policy where doing so is necessary in exceptional circumstances, to serve the long-term interests and sustainability of the traded PLC as a whole or to assure its viability. By definition, it is not possible to fully list all such exceptional circumstances, but the Remuneration Committee would only use such ability to apply a derogation after careful consideration and where the Remuneration Committee considers the circumstances were truly exceptional and the consequences for the Company and shareholders of not doing so would be significantly detrimental. Where time allowed, shareholders would be consulted prior to applying such a change, or, at minimum where this was not possible, the full details of the derogation would be communicated as soon as practical (e.g., by market announcement/on the Company's website) and disclosed in detail in the next Remuneration Report. Under the potential derogation, the Remuneration Committee would have the ability to vary the elements of remuneration described in the above table, including levels and performance conditions applicable to incentive arrangements.

Total Remuneration of Directors

The table below sets forth the total remuneration received by each director in respect of 2019 and 2020 (Note 1).

		Fixed Remuneration			Variable Remuneration						
Name	**Year**	**Basic Salary (€'000)**	**Fees (€'000)**	**Benefits (€'000)(2)**	**Annual Bonus (€'000)**	**Deferred Bonus (€'000)**	**Long-Term Incentives (€'000)(3)**	**Extraordinary Items (€'000)(4)**	**Pension (€'000)**	**Total Remuneration (€'000)**	**Proportion of fixed and variable Remuneration (5) (6)**
Margaret Sweeney	2020 2019	400 400	– –	25 25	118 442	29 110	– –	– –	60 60	632 1,037	77% / 23% 47% / 53%
Phillip Burns	2020 2019	– –	50 50	– –	– –	– –	– –	– –	– –	50 50	100% / 0% 100% / 0%
Joan Garahy	2020 2019	– –	75 75	– –	– –	– –	– –	– –	– –	75 75	100% / 0% 100% / 0%
Tom Kavanagh	2020 2019	– –	50 50	– –	– –	– –	– –	– –	– –	50 50	100% / 0% 100% / 0%
Mark Kenney	2020 2019	– –	– –	– –	– –	– –	– –	– –	– –	– –	n/a n/a
Declan Moylan	2020 2019	– –	140 134	– –	– –	– –	– –	– –	– –	140 134	100% / 0% 100% / 0%
Aidan O'Hogan	2020 2019	– –	75 75	– –	– –	– –	– –	– –	– –	75 75	100% / 0% 100% / 0%
	2020	400	390	25	118	29	–	–	60	1,022	n/a
Total	2019	400	384	25	442	110	–	–	60	1,421	n/a

(1) The table includes all emoluments paid to or receivable by directors in respect of qualifying services during the review period.
(2) Non-executive directors do not receive any benefits.
(3) For more information on options and Restricted Shares granted under the LTIP to the directors, please refer to the section below titled "Long-term Incentives".
(4) No compensation for loss of office, payments for breach of contract or other termination payments were paid to any current or former director in the period under review.
(5) These proportions have been calculated based on the figures in this table. Note that, as share options awarded in 2019 were market priced, their intrinsic value at the date of grant (and therefore the value included in this table) was zero. Full details of the awards made in 2020 and in previous years are included in the tables below under "Long-term Incentives".
(6) Note that Restricted Shares awarded to the CEO will be included in this table when performance conditions have been met. For further details on Restricted Shares granted to the CEO in 2020, please refer to page 83 of this Report.
(7) Remuneration in respect of 2020 was in line with the Remuneration Policy approved by shareholders at the 2020 annual general meeting.

Basic salary
The basic salary of the CEO is €400,000. This level was last reviewed with effect from 1 January 2019 and was not adjusted during 2020.

Benefits
The CEO receives an annual taxable cash allowance of €25,000 towards car, health cover and risk benefits such as death in service critical illness and disability cover contributions.

Pension
The CEO participates in a defined contribution pension arrangement and received contributions equivalent to 15% of basic salary during 2020.

Annual bonus
The CEO's annual bonus maximum opportunity level for 2020 was 150% of basic salary in line with the shareholder- approved Remuneration Policy. A bonus deferral arrangement is in place such that 20% of any bonus paid is deferred into Company shares to promote sustainable performance and provide additional alignment of the CEO with shareholder interests.

For 2020, 80% of annual bonus for the CEO was determined by financial performance measures and 20% was based on strategic objectives. The weightings, targets and performance against each are summarised in the tables below:

2020 quantitative financial measures (Note 1)

Measure	Weighting (% of Maximum bonus)	Threshold performance (25% of Maximum payout)	Target performance (50% of Maximum payout)	Stretch performance (100% of Maximum payout)	Performance achieved	Maximum payout	Actual payout (% of salary)
EPRA earnings(2)	50%	€38.85m	€40.90m	€42.94m	€36.36m	€300,000	€0
EPRA Basic EPS(2)	10%	€0.0746	€0.0785	€0.0824	€0.0700	€60,000	€0
Dividend per Share (cents)	10%	€0.0653	€0.0687	€0.0721	€0.0597	€60,000	€0
NAV	10%	€808.14m	€850.68m	€893.21m	€841.70m	€60,000	€27,017

(1) Between Threshold and Target performance and between Target and Stretch performance payments were determined on a straight-line basis.
(2) EPS will be based on normalised EPRA earnings which is calculated by excluding from EPRA earnings the effects of certain non- recurring and exceptional items.

Photo:

Elmpark, Merrion Road
Dublin 4

201

Residential Units

2020 qualitative measures

Measure	Weighting (% of Maximum bonus)	Commentary on performance achieved	Rating(1)
1. Maintaining a proactive investor relations plan with existing and prospective investors	3%	The CEO had extensive interaction with existing and prospective investors in 2020. In 2020, the CEO attended approximately 167 separate meetings and conference calls. In addition, the company facilitated property tours with existing and prospective shareholders, investment banks and analysts in early 2020. The CEO undertook thorough roadshows following the FY19 and H1 20 results, meeting in person or virtually a range of investors in Ireland, the UK, Europe, North America and Canada. In addition, the CEO and the Company participated in various conferences and took ad-hoc meetings, calls and site visits. During 2020, the Company appointed an external advisor to complete its first Independent Investor Perception Study to gain unbiased, independent insights into investors sentiment towards I-RES and the sector it operates in which strongly endorsed the companies' strategy and the CEO.	Green
2. Managing and preserving strong relationships with existing bankers and note holders, including, if required, execution of additional debt	3%	The CEO led a private placement of notes of circa €200 million equivalent at market leading pricing and maturity in March 2020 during an exceptionally challenging economic environment. The CEO has maintained good relationships with the Group's lenders and note holders during challenging economic times ensuring a robust debt structure for the Company.	Green
3. Advance growth in assets in line with approved Board strategy in conjunction with the Manager	2%	The Company entered the first quarter of the year with a significant portfolio of prospective acquisitions and a contract signed to commence construction of 61 residential units at Bakers Yard. As the Covid-19 pandemic emerged non contracted transaction activity was paused pending assessment of the impact of the Pandemic on pricing and tenant demand. Reflecting changed markets the CEO led the Company to profitably complete the disposition of 151 non-core residential units across 10 properties in Dublin in October 2020 and then exchange contracts to acquire 146 residential units at Phoenix Park Racecourse, Castleknock, Dublin 15 for €60 million (including VAT but excluding other transaction costs) in December 2020. Having regard to dramatically changed global and local conditions, the successful direction of disposition and expansion of the portfolio into a quality core asset aligned with Board growth strategy in modified conditions.	Green
4. Resolution of Investment Management Agreement issues	4%	The CEO managed a board subcommittee through an extremely robust and challenging Investment Management Agreement review with advisors, including benchmarking, detailed consideration of proposals and analyses, as well as a significant number of meetings during the year, culminating ultimately in the Investment Management Agreement rolling over on its existing terms in November 2020.	Green
5. Advancing the ESG strategy and benchmarking against relevant standards in conjunction with the Manager	4%	The CEO established an ESG steering committee, overseeing detailed ESG reporting with the Company submitting its inaugural GRESB submission in 2020. Through active engagement with the Manager and CAPREIT LP the CEO ensured that ESG by the Company was given the priority and focus to meet the business and investor demands from a European perspective.	Green
6. Successfully overseeing the Risk Management Strategy and execution to ensure that there is no material avoidable and within our control risk events	4%	The Covid-19 pandemic represented a significant potential risk to the Company in 2020. The Group navigated this challenging period successfully, in no small part, due to the implementation of a crisis management team led by the CEO and through regular reporting from the CEO to the Board on the potential impact of Covid-19 on the Company. The CEO's crisis management skills from previous employment roles proved of significant value to the Board and facilitated the continued successful operation of the Company during this extraordinary Covid-19 period.	Green

(1) The Remuneration Committee assessed performance against each of the qualitative measures on a 'traffic light' basis: Green – Fully Achieved, Orange – Partially Achieved, Red – Not Achieved

The Remuneration Committee considered achievement and performance of the CEO against the specific qualitative objectives set for the CEO for 2020 notwithstanding 10 months of 2020 being wholly different as an environment due to Covid 19 to what was envisaged by the Remuneration Committee and the Board when the 2020 objectives were set. The Remuneration Committee particularly noted how the CEO had navigated the business through this crisis to ensure continuity of delivery of the strategy, careful and focused management of risks and effective stakeholder management. These are reflected in the continued success and sustainability of the Company. Based on this thorough analysis and consideration the Remuneration Committee determined that the qualitative objectives for 2020 were fully achieved.

The total bonus payable to the CEO in respect of the financial year ended 2020 was therefore 36.75% of basic salary (maximum opportunity: 150% of basic salary). In line with this, on 18 February 2021, the Remuneration Committee awarded the CEO a performance-related bonus of €147,017 in respect of the Company's financial year ended on 31 December 2020 (the "**2020 Bonus**"). Of this, €117,614 (representing 80% of the 2020 Bonus) was paid to the CEO in cash. The remainder of the 2020 Bonus, representing €29,403, was settled as a restricted entitlement, to the beneficial interest in 19,340 ordinary shares in the capital of the Company (the "2020 **Restricted Bonus Shares**").

Long-term incentives

On 27 March 2020, in line with the Remuneration Policy the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 437,601 ordinary shares (equivalent to 135% of basic salary) in the capital of the Company (the "**2023 Restricted Shares**") as Restricted Shares under the terms of the LTIP. The vesting of the 2023 Restricted Shares is subject to the achievement of the performance conditions set out in the table below. The 2023 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2023.

Performance level	Vesting level	EPS portion (50% weighting) Percentage growth in EPS: 2022 compared to base year of 2019(1)	TSR portion (50% weighting) TSR relative to constituents of the FTSE EPRA/NAREIT Europe Developed Index
Below Threshold	0%	Below 3% p.a.	Below Median
Threshold	25%	3% p.a.	Median
Stretch (or above)	100%	6% p.a.	Upper Quartile (or above)
Between Threshold and Stretch	Pro-rata between 25% and 100%	Between 3% and 6% p.a.	Between Median and Upper Quartile

(1) EPS will be based on normalised EPRA earnings which is calculated by excluding from EPRA earnings the effects of certain non-recurring and exceptional items.

In calibrating the above EPS performance range, the Remuneration Committee considered in detail the strategy for the Company approved by the Board, detailed business plan and performance metrics as well as external analyst forecasts covering the performance period. The Remuneration Committee also considered and discussed appropriate benchmarks in context of the Company's REIT structure and focus on the Irish market only for the foreseeable future. Based on this the Remuneration Committee determined that a range of 3% to 6% growth per annum was appropriately stretching and achievement of the targets would result in creation of significant value for shareholders.

Shares options awarded in years prior to 2020

Director	Grant Date	Exercise Price (€)	No. of Options 01-Jan-20	Options Granted During the Period	Options Vested During the Period	Options Exercised During the Period	Options Cancelled / Forfeited During the Period	No. of Options 31-Dec-20	Vesting Date(s)	Latest Date for Exercise
Margaret Sweeney	10-Jul-19	1.682	1,294,038	—	431,346	—	—	1,294,038	One third in each year starting 10-Jul-2020	9-Jul-26
Margaret Sweeney	18-Jun-19	1.710	1,302,461	—	434,154	—	—	1,302,461	One third in each year starting 18-Jun-2020	17-Jun-26
Margaret Sweeney	16-Nov-17	1.489	2,000,000	—	666,667	—	—	2,000,000	One third in each year starting 16-Nov-18	15-Nov-24
Mark Kenney(1)(2)	16-Apr-14	1.040	1,000,000	—	—	1,000,000(3)	—	—	One third in each year starting 16-Apr-2015	15-Apr-21
Mark Kenney(2)	26-Mar-15	1.005	500,000	—	—	—	—	500,000	One third in each year starting 26-Mar-2016	25-Mar-22

(1) Options were first granted at I-RES' initial offering on 16 April 2014.

(2) At the time of his appointment as a Non-Executive Director, Mark Kenney held 1,500,000 options of I-RES previously awarded to him in his capacity as an employee of CAPREIT.

(3) On 20 November 2020 Mark Kenney assigned 1,000,000 options to subscribe for shares in the Company, granted to him in April 2014 under the LTIP, to CAPREIT through its qualifying investor alternative investment fund, Irish Residential Properties Fund (the "QIAIF"). The Remuneration Committee granted consent for this assignment. Following assignment of these options by Mr. Kenney, the QIAIF immediately exercised the options and effected the payment of the Exercise Price (of €1.04 per option) to the Company, whereupon the QIAIF was allotted 1,000,000 ordinary shares of nominal value €0.10 each in the capital of the Company. In consideration for the assignment of these options to the QIAIF, the QIAIF agreed to pay Mark Kenney the amount of €0.4770 per option, representing the difference between the Exercise Price and the volume weighted average price of the underlying Ordinary Shares for the five business day period to close of business on 19 November 2020, being the business day immediately prior to the date of assignment.

Restricted Shares awarded during 2020

Director	Grant Date	No. of Restricted Shares 01-Jan-20	Restricted Shares Granted during the Period	Restricted Shares Vested during the Period	Restricted Shares Cancelled/ forfeited during the Period	No. of Restricted Shares 31-Dec-20	Performance Period	Vesting Date(s)
Margaret Sweeney	27-Mar-20	—	437,601	—	—	437,601	1-Jan-20 to 31-Dec-22	27-Mar-23

Non-Executive Director Fees
The Company reviewed the level of fees for non-executive directors most recently in 2019. No changes were made to Non-Executive Director fees in 2020.

Comparative information on the change of remuneration and company performance
The table below compares the year-on-year change in total remuneration of each of the directors over the past five years with company performance over the same period.

Note that, as I-RES currently has only two employees below Main Board level, being the Executive Assistant and a Director of Investor Relations and Funding, and as I-RES is externally managed, items of disclosure required by the European Union (Shareholders' Rights) Regulations 2020 and the UK Code relating to comparing Director and workforce remuneration arrangements are not applicable.

Name	Role		2016	2017	2018	2019	2020
Executive Directors' remuneration							
Margaret Sweeney	Chief Executive Officer and Executive Director	Total Remuneration (€)	–	127	730	1,037	632
		% change from previous year	–	–	474%[1]	42%	(39)%
Non-Executive Directors' remuneration							
Margaret Sweeney	Non-Executive Director	Total Remuneration (€)	50	56	–	–	–
		% change from previous year	–	12%[1]	–	–	–
Phillip Burns	Non-Executive Director	Total Remuneration (€)	39	50	50	50	50
		% change from previous year	–	28%[2]	0%	0%	0%
Joan Garahy	Non-Executive Director	Total Remuneration (€)	n/a	39	75	75	75
		% change from previous year	–	–	92%[3]	0%	0%
Tom Kavanagh	Non-Executive Director	Total Remuneration (€)	n/a	n/a	29	50	50
		% change from previous year	–	–	–	72%[4]	–
Mark Kenney	Non-Executive Director	Total Remuneration (€)	n/a	n/a	n/a	–	–
		% change from previous year	–	–	–	–	–
Declan Moylan	Non-Executive Chairman	Total Remuneration (€)	50	88	100	134	140
		% change from previous year	–	76%[5]	14%	34%	5%[7]
Aidan O'Hogan	Non-Executive Director	Total Remuneration (€)	50	54	75	75	75
		% change from previous year	–	8%	39%[6]	0%	0%
Company performance							
EPRA Earnings		Total (€ millions)	20.552	24.870	27.780	33.070	34.030
		% change from previous year	69%	21%	12%	19%	3%
EPRA EPS		Total (cents)	4.9	6	6.5	6.9	6.5
		% change from previous year	48%	22%	8%	6%	(6)%
Total number of residential units		Total	2378	2450	2679	3666	3688
		% change from previous year	47%	3%	9%	37%	1%

(1) Margaret Sweeney served as a non-executive director in 2016 and 2017 and received fees in respect of this role. She was the Chair of Audit Committee from 23 March 2016 until 1 November 2017. On 1 November 2017, Ms. Sweeney was appointed Chief Executive Officer and full time executive director and this accounts for the substantial change in remuneration in 2018 above to include salary, pension contributions and bonus.

(2) Phillip Burns was appointed to the Board on 23 March 2016. The increase of 28% in 2017 was due to Mr. Burns being part of the Board for a full year.

(3) Joan Garahy was appointed to the Board on 18 April 2017 and was appointed as Chair of the Audit Committee on 1 November 2017, succeeding Margaret Sweeney. Ms. Garahy's annual fee for her non-executive role is €50,000 and, with effect from 1 November 2017, €25,000 for her position as Chair of the Audit Committee. The increase of 92% in 2018 was due to Joan being part of the Board for a full year and her new position as Chair of the Audit Committee.

(4) Tom Kavanagh was appointed to the Board on 1 June 2018. The increase of 72% in 2019 was due to Mr. Kavanagh being part of the Board for a full year.

(5) Declan Moylan was appointed as Chairman on 31 March 2017. As a result, Mr. Moylan's annual fee was increased from €50,000 to €100,000 with effect from 31 March 2017. The increase of 76% in 2017 was due to Declan's new role as Chairman.

(6) Aidan O'Hogan was appointed as Chair of the Remuneration Committee on 31 March 2017, succeeding Declan Moylan. Mr. O'Hogan's annual fee for his role as a non-executive director was €50,000 and, with effect from 1 November 2017, was €25,000 for his role as Chair of the Remuneration Committee. The increase of 39% in 2018 was due to Aidan's new role as Chair of the Remuneration Committee.

(7) Declan Moylan's annual fee for his role as the Chairman was increased to €140,000 per annum effective 21 February 2019 which resulted in a 5% increase from 2019 to 2020.

Interests of Directors and the Secretary in the share capital

The interests of directors and the Secretary in the share capital of the Company set out in page 96 of the Report of the Directors is incorporated by reference in this Report of the Remuneration Committee.

As of 9 March 2021, the CEO maintained a 'shareholding interest' of approximately 665% of basic salary based on a market price of €1.566 being the closing price of the Company's shares on 9 March 2021.

Implementation of Remuneration Policy in 2021

Following the adjustment to the basic salary of the CEO in 2019, the Remuneration Committee does not anticipate making a further adjustment in 2021.

The CEO's opportunity under the annual bonus for 2021 will be 150% of basic salary, with 20% of any bonus payment deferred into shares in line with the shareholder approved Remuneration Policy set out above. The table below sets out the measures and weightings that will apply for 2021. The full details of targets and performance against each will be set out on a retrospective basis on next year's Remuneration Report.

Measure	Weighting (% of Maximum bonus)
EPRA earnings (note 1)	30%
Net Rental Income	20%
NAV	20%
Qualitative strategic objectives	30%

(1) EPS will be based on normalised EPRA earnings which is calculated by excluding from EPRA earnings the effects of certain non-recurring and exceptional items.

The Remuneration Committee considered the continuing challenging environment due to the Covid 19 pandemic and the likely impacts of various public health and Government regulations on the strategy and business of the Company. As a result the Remuneration Committee has recalibrated the performance measure targets and weightings for the annual bonus for 2021 to better reflect those necessary to the achievement of the 2021 business plan and continued delivery of the Company's strategy.

Reflecting the variable economic outlook for 2021 arising from Covid-19, the Remuneration Committee allocated an increased proportion of the annual bonus for 2021 to the qualitative measures increasing it from 20% to 30%. Additionally the Remuneration Committee, recognising the importance for 2021 of optimising the existing portfolio, adjusted the performance measures to add focus on maximising Net Rental Income alongside EPRA earnings and NAV.

For the qualitative measures, the Remuneration Committee has reduced the number of measures but placed enhanced weighting on ESG and risk management outcomes alongside investor relations / funding and on delivery of the Company's strategy.

On 5 March 2021, the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 335,820 ordinary shares equivalent to 135% of basic salary in the capital of the Company (the "**2024 Restricted Shares**") as Restricted Shares under the terms of the LTIP. The vesting of the 2024 Restricted Shares is subject to the achievement of the performance conditions set out in the table below. The 2024 Restricted Shares are to be held in trust for the CEO for a further two-year period from the vesting date in 2024.

Performance level	Vesting level	EPS portion (50% weighting)	TSR portion (50% weighting)
		Percentage growth in EPS: 2023 compared to base year of 2020(1)	TSR relative to constituents of the FTSE EPRA/NAREIT Europe Developed Index
Below Threshold	0%	Below 2% p.a.	Below Median
Threshold	25%	2% p.a.	Median
Stretch (or above)	100%	3% p.a.	Upper Quartile (or above)
Between Threshold and Stretch	Pro-rata between 25% and 100%	Between 2% and 3% p.a.	Between Median and Upper Quartile

(1) EPS will be based on normalised EPRA earnings which is calculated by excluding from EPRA earnings the effects of certain non-recurring and exceptional items.

Due to the Covid 19 pandemic, various regulations and public health measures, have been and may continue to be introduced, by the Irish Government which are anticipated to have impacts for the performance of the Company in 2021, on the Company's strategy and over the performance period. In addition, as a result of the pandemic the economic environment in Ireland, in which the Company carries out all its business, has deteriorated, with reduction in forecasted economic growth, significant increase in unemployment as well as the need for the Company to incur costs for holding additional liquidity due to the wider and continuing macro uncertainty which is expected to continue over the coming years. This uncertainty and reforecast of the Company's business plan as well as changing investor expectations have been considered in setting the targets for the performance period and are considered by the Remuneration Committee to be challenging to achieve in this environment.

The Remuneration Committee determined that the EPS performance metrics under the 2021 LTIP award, although lower than the 2020 metrics, appropriately reflect the significantly more challenging and uncertain economic outlook for Ireland as a result of Covid-19.

Executives' external appointments
The executive director (and any future executive director(s) that might be appointed) are permitted to take on external appointments with another publicly listed company with the prior approval of the Board. The Board recognises that there are benefits to both the Company and the executive director, for the executive director to serve as a non-executive board member of other companies. The executive director is permitted to retain any payments received in respect of such appointments. On 27 February 2014, Margaret Sweeney was appointed as a non-executive director of Dalata Hotel Group plc, for which she received an annual fee in 2020 of €75,437.

Payment for loss of office / exit payments
No payments were made in the year in relation to loss of office.

External Services

The Remuneration Committee has engaged remuneration consultants, Willis Towers Watson, which have no other relationship with the Group or any individual director, to provide advice in relation to executive remuneration and the remuneration report. Willis Towers Watson's fees for advice during 2020 were €36,549.

Key Priorities of the Remuneration Committee for 2021

1. To set suitable targets for the bonus scheme and for the long-term incentive scheme for 2021.
2. To monitor comparator performance and their reward schemes to ensure a high level of awareness at Board level of the relative performance of our Remuneration Policy.
3. To ensure alignment of our Remuneration Policy with current governance recommendations.
4. To assess company performance achieved and determine CEO incentive outcomes that are appropriate in this context and also aligned with broader stakeholder experience.

2020 Annual General Meeting Vote on Remuneration Policy

The table below shows the voting outcome at the 2020 annual general meeting in relation to the Remuneration Policy.

	Votes For		Votes Against		Votes Withheld*
Advisory vote on 2020 Remuneration Policy	353,535,440	99.22%	2,768,100	0.78%	99,062

*A vote withheld is not a vote in law and is not counted in the proportion of votes for or against a resolution.

REPORT OF THE NOMINATION COMMITTEE

The Nomination Committee remains satisfied with the structure, size, composition and balance of the Board and its committees.

Introductory Statement from the Nomination Committee Chair

Dear Shareholder,

On behalf of the Nomination Committee, I am pleased to present the Report of the Nomination Committee for the year ended 31 December 2020.

The Board is comprised of directors who have been involved with the Company since its inception and have invaluable insight into the history and growth of the Company and more recently appointed directors who offer fresh perspectives and enhance Board diversity. The Nomination Committee remains satisfied with the structure, size, composition and balance (including the skills, knowledge, experience, independence and diversity) of the Board and its committees.

A report issued in June 2019 by the Balance for Better Business Review Group, which is an independent business-led review group established by the Government of Ireland to improve gender balance at the senior leadership level in Ireland, encouraged Irish companies that form part of the ISEQ 20 Companies to target 25% female representation on boards by 2020. We are pleased to report that currently, 28.6% of the directors on the Board are female, which includes the Company's CEO and the Chair of the Audit Committee. These are significant roles and demonstrate the Board's commitment to ensuring appropriate gender diversity on the Board. The Company also amended its Board Diversity and Inclusion Policy in 2020 to set targets for female representation on the Board consistent with those targets recommended by the Balance for Better Business Review Group.

This year the Board also conducted an external evaluation of the Board, its main committees, the Chairman and individual directors led by Independent Audit.

Looking ahead

With two directors, including myself, having served on the Board for seven years, the Nomination Committee will continue to focus on Board succession planning. In terms of director development, we will continue to focus on enhancing the Board's ESG competency. In 2020, Mr. Tom Kavanagh attended a course from the Cambridge Institute for Sustainability Leadership and all the directors received presentations on ESG from the Company's external ESG consultant. We will continue to focus on enhancing the Board's ESG competency.

Declan Moylan
Chair of the Nomination Committee

Members: Declan Moylan (Chair), Phillip Burns, Joan Garahy and Aidan O'Hogan.

The Nomination Committee is chaired by Declan Moylan, who is also the Chairman. The Company considers the Chairman of the Company to be independent and accordingly a majority of members of the Nomination Committee are independent. Therefore, the Nomination Committee is constituted in compliance with the Codes and the Articles of Association regarding the composition of the Nomination Committee.

All members are appointed for an initial term of up to three (3) years, which may be extended by the Board. The terms of appointment for Declan Moylan and Aidan O'Hogan expired on 30 March 2020. The term of appointment of Joan Garahy expired on 31 October 2020. Accordingly, the Board agreed that the appointment of Declan Moylan and Aidan O'Hogan should be extended for an additional term of approximately three years commencing on 31 March 2020 and expiring at the end of the 2023 AGM (subject to each continuing to meet the criteria for membership of the Nomination Committee). The Board further agreed that the appointment of Joan Garahy shall be extended for an additional term of approximately two and half years commencing on 1 November 2020 and expiring at the end of the 2023 AGM aligning with the expiry of her Board and other committee appointments (subject to her continuing to meet the criteria for membership of the Nomination Committee).

Meetings of the Nomination Committee Meeting

The Nomination Committee meets at least twice per year and as otherwise required. The Nomination Committee met five times during the period from 1 January 2020 to 31 December 2020. The Nomination Committee members' attendance is set out on page 63.

Terms of Reference and Principal Duties

The terms of reference for the Nomination Committee were initially approved and adopted by the Board on 31 March 2014 and are regularly reviewed and updated for best practice and compliance with the Codes. The Board approved and adopted revised terms of reference for the Nomination Committee on 29 October 2020 based on the model terms of reference for nomination committees published by the ICSA in January 2020, which are designed to comply with the UK Code. The roles and responsibilities delegated to the Nomination Committee under the terms of reference can be accessed electronically at https://investorrelations.iresreit.ie/company-and-strategy/corporate-governance.

The Nomination Committee reviews its terms of reference on an annual basis and, if necessary, proposes for formal Board adoption amendments to the Nomination Committee's terms of reference. The Nomination Committee evaluates its own performance relative to its terms of reference. Following the 2020 annual review, it was concluded that the Nomination Committee was operating effectively.

The Nomination Committee's principal duties include:

(a) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes and to evaluate the balance of skills, knowledge, experience and diversity on the Board;
(b) to be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
(c) to ensure plans are in place for appointments to and orderly succession to the Board and senior management positions and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

The Nomination Committee leads the process for considering appointments to the Board and its committees. There is a formal, rigorous and transparent procedure for appointment of new directors to the Board.

The Nomination Committee identifies and nominates for the approval of the Board, candidates to fill board vacancies as and when they arise.

Before any appointment is made by the Board, the Nomination Committee evaluates the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment and the time commitment expected.

In identifying suitable candidates, the Nomination Committee uses open advertising or the services of external advisers to facilitate the search, as necessary; considers candidates from a wide range of backgrounds; and considers candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position.

Suitable candidates are interviewed by specified members of the Nomination Committee and the results of the interviews are reviewed by the Nomination Committee and the candidate(s) selected by the Nomination Committee are recommended to the Board for approval.

Prior to the appointment of a director, all other directorships, appointments, significant commitments and interests of the candidates are required to be disclosed to the Board.

On appointment to the Board, the Nomination Committee ensures that non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

On appointment to the Board, new directors participate in the Company's induction process.

The Nomination Committee also makes recommendations to the Board concerning the re-appointment of any non-executive director at the conclusion of their specified term in office and the re-election by shareholders of directors who are the subject of annual re-election.

Key activities during 2020

The Nomination Committee undertook the following key activities during the 2020 financial year:

› developed a work plan for 2020;
› reviewed and recommended to the Board revised terms of reference for the Nomination Committee with effect from 29 October 2020;
› considered and recommended to the Board that the appointment of each of Declan Moylan, Aidan O'Hogan and Joan Garahy as a director of the Company (and as members of the Audit Committee and Remuneration Committee as applicable) be extended for an additional term of approximately three years expiring at the end of the Company's 2023 annual general meeting;
› amended the Company's Board Diversity and Inclusion Policy to include targets for female board representation;
› reviewed the time commitments of the Chairman, Senior Independent Director and non-executive directors;
› considered the scale of other appointments the Chair of the Board and other non-executive directors may take on without compromising their effectiveness;
› reviewed ongoing succession planning;
› adopted an updated skills matrix for Board members in line with the Company's strategy to aid future succession planning and talent management, as well as ensure that an appropriate balance of skills and expertise exists;
› reviewed the findings of the board evaluation with respect to composition of the Board and its main committees;

- assessed the balance of skills, experience, independence, diversity and knowledge of each director and across the Board and subsequently recommended that each of them be elected or re-elected at the Company's AGM; and
- discussed and reviewed any new corporate governance requirements and any new or forthcoming amendments to relevant laws or regulations that will, or are likely to, impact the roles and duties of the Nomination Committee.

Succession planning

The Nomination Committee assesses the aggregate skills and experience of the directors in light of the current and future needs of the Board and its committees, both on a routine basis and in particular when considering renewal of contracts and potential new appointments.

Each non-executive director, including the Chairman of the Board, is expected to serve until the end of the annual general meeting following the third anniversary of his or her appointment unless his or her appointment is otherwise terminated earlier in accordance with the terms of his or her letter of appointment or he or she is invited by the Board and agrees to serve for an additional period. In its work in the area of Board renewal, the Nomination Committee looks at a number of issues including:

- skills, knowledge and expertise in areas relevant to the operation of the Board;
- diversity; and
- the need for an appropriately sized Board.

The Board has had a stable year with no directors leaving or joining . Mr. Moylan and Mr. O'Hogan completed their second three-year term contracts and Ms. Garahy completed her first three-year term contract at the end of the Company's 2020 annual general meeting. The Nomination Committee considered and recommended to the Board the renewal of their appointments to the Board for an additional term of approximately three years. In addition, the Nomination Committee considered and recommended to the Board the renewal of their appointments to the Remuneration Committee and Audit Committee (as relevant), which appointments expired on 30 March 2020 in the case of Mr. Moylan and Mr. O'Hogan and expired on 17 April 2020 in the case of Ms. Garahy, for an additional term of approximately three years. None of Mr. Moylan, Mr. O'Hogan or Ms. Garahy participated in the discussion or vote with respect to his or her re-appointment to Board and/ or committee positions with respect to him or herself.

Mr. Kavanagh will complete his first three-year contract at the end of Company's 2021 annual general meeting. Accordingly, in February 2021, the Nomination Committee considered and recommended to the Board the renewal of Mr. Kavanagh's appointment to the Board for an additional term of approximately three years expiring at the end of the Company's 2024 annual general meeting. In addition, the Nomination Committee considered and recommended to the Board the renewal of Mr. Kavanagh's appointments to the Audit Committee and Remuneration Committee, which appointments are due to expire on 31 May 2021, for an additional term of approximately three years. Mr. Kavanagh did not participate in the discussion or vote with respect to his re-appointment to the Board and committee positions.

The number of directors is currently considered by the Nomination Committee to be sufficiently small to allow efficient management of the Company while being large enough to ensure an appropriate mix of skills and experience.

Board and Committee evaluation

The Nomination Committee reviewed those elements of the board evaluation that related to the composition of the Board and its committees, succession planning and the time commitment required from non-executive directors. These were rated positively, and the Nomination Committee continues to monitor the skills and experience requirements throughout the year.

The Nomination Committee believes that each non-executive director brings a distinct range of skills and experience that complements those brought by the other non-executive directors. The Nomination Committee recommended to the Board, which in turn confirmed, that all serving directors be put forward for re-election at the 2021 annual general meeting.

Diversity

The Board and the Nomination Committee recognise the importance of, and are committed to supporting, diversity and inclusion in the boardroom where directors believe that their views are heard, their concerns are addressed and they serve in an environment where no bias, discrimination or harassment is tolerated on any matter. The Board and the Nomination Committee understand that a diverse Board will offer different perspectives in order to provide effective oversight of the Company's business and guide the Company towards its strategic aims. Diversity also improves the quality of decision-making by the Board by reducing the risk of group-think and supports the development of a diverse pipeline of candidates to serve on the Board.

The Company's Board Diversity and Inclusion Policy requires the Board to consider a broad range of characteristics when considering diversity including, but not limited to:

- age, gender, social and ethnic background;
- educational and professional background, possession of technical skills in the Company's field of operations, including "soft" and cognitive skills necessary to be an effective director;
- personal strengths such as strength of character, experience, knowledge and understanding; and
- expertise in relevant environmental, social and governance ("ESG") matters.

The Nomination Committee in the context of its Board evaluation processes, regularly reviews the structure, size and composition of the Board, taking diversity and the considerations noted above in particular into account, in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Nomination Committee also considers diversity in the context of Board appointments and succession planning. Each of these processes will take account of and address the Board's diversity at that time and consider needs for enhancement of diversity on the Board. In implementing the Board Diversity and Inclusion Policy during 2020, the Nomination Committee considered diversity in evaluating the optimum composition of the Board and in evaluating the effectiveness of its Board. Based on the skills matrix that is completed by each director as part of the Board evaluation, the directors have diverse skills.

Skill	Number of Directors with that Skill
Management Experience	7
Financial Acumen	7
Capital Markets	6
General Real Estate Experience	7
Development Experience	4
Environmental Management	3
Legal	3
Tax	3
Human Resources	4
Government Relations	3

Where outside-of-Board appointments are made (which did not arise in 2020 given there was no change in Board members during the year) and having regard to the fact that the Company has only three employees, the Board recognises the challenges in fully implementing its Board Diversity and Inclusion Policy across a relatively small pool of individuals in order to achieve true diversity within each of the characteristics listed above. Where using recruitment consultants, the Nomination Committee seeks, and will continue to seek, to work with consultants who have made a commitment to promote diversity.

All Board appointments, with the exception of the Manager's nominee who is nominated by the Manager, are based on a transparent selection process using objective criteria, including consideration of diversity (including gender), necessary experience, characteristics, skillsets and other attributes necessary to ensure effective oversight of the Company's business and to guide the Company towards its strategic objectives.

The Company meets board gender diversity best practice in Ireland by having over 27% female Board representation by 2021. Currently, 28.6% of the directors on the Board are female, which includes the Company's CEO and the Chair of the Audit Committee. Both roles demonstrate the Board's commitment to ensuring appropriate gender diversity on the Board.

Given the composition of the Board and the development stage of the Company, the Board and the Nomination Committee have only set measurable objectives in relation to female representation on the Board.

With respect to gender quotas, consistent with the targets set by the Balance for Better Business Review Group, the Board has set the following targets for female representation on the Board:

By end of 2020	25%
By end of 2021	27%
By end of 2022	30%
By end of 2023	33%

The Nomination Committee will consider annually whether additional measurable objectives such as quantitative targets and timeframes for achieving diversity are appropriate and, if thought fit, will recommend such measurable objectives to the Board for adoption. The Board is committed to having an appropriate balance of skills and perspectives, including gender balance on the Board.

Key Priorities of the Nomination Committee for 2021

The Nomination Committee's plan for the 2021 financial year includes:

- implement actions from the 2020 Board Evaluation (see page 92);
- continue to assess what enhancements should be made to Board and committee composition;
- continue to undertake our work in relation to succession planning for the Board;
- review the Board's overall contribution to strategy;
- review the time commitment and effectiveness of each non-executive director's contribution; and
- consider the skills, availability and performance of each Board member.

REPORT OF THE DIRECTORS

The Company is an Irish real estate company, focused on the private residential rental property market on the Island of Ireland.

The directors of the Company present their report and the audited financial statements for the financial period from 1 January 2020 to 31 December 2020.

Principal Activity

The Company is an Irish real estate company, focused on the private residential rental property market on the Island of Ireland. The Company owns interests primarily in residential rental accommodations and ancillary and/or strategically located commercial properties located in and near major urban centres in Ireland, in particular Dublin. The Company purchased its first real estate assets on 10 September 2013 and is now one of the largest private residential landlords in Ireland. The Company's net assets and operating results are derived from real estate located in Ireland.

Review of Activities, Business Performance Measures, and Events since the Year End

The Chairman's Statement on pages 12 to 14, the Chief Executive Officer's Statement on pages 15 to 19, the Manager's Statement on page 20, and the Business Review on pages 21 to 40 contain a review of the development and performance of the business during the year, the state of affairs of the business at 31 December 2020, recent events and likely future developments. Information in respect of events since the year end as required by the Companies Act, 2014 is included in these sections and in note 28 of the Group financial statements on page 154.

The Corporate Governance Statement on pages 61 to 70, the Report of the Audit Committee on pages 71 to 75, the Report of the Remuneration Committee on pages 76 to 89, the Report of the Nomination Committee on pages 90 to 93 and the Business Review on pages 21 to 40 are deemed to be included in this Report of the Directors for the purposes of the Companies Act, 2014.

This Report, the documents referred to therein, which include a description of the principal risks and uncertainties facing the Company, the Chairman's Statement on pages 12 to 14, the Chief Executive Officer's Statement on pages 15 to 19, the Manager's Statement on page 20, the Business Review on pages 21 to 40 and the Risk Report on pages 44 to 56 are deemed to be the management report as required by the Transparency (Directive 2004/109/EC) Regulations 2007 (the "Transparency Regulations").

Revenue for the financial period amounted to €74.7 million (€62.10 million for the 2019 year). The profit for the year attributable to shareholders amounted to €58.3 million (€86.28 million for the 2019 year). Basic Earnings per Share and Diluted Earnings per Share amounted to 11.2 cents and 11.1 cents, respectively (18.0 cents and 17.9 cents for the 2019 year). EPRA Earnings per Share were 6.5 cents (6.9 cents for the 2019 year), and EPRA NAV per share was 160.3 cents (155.3 cents as at 31 December 2019). Further details of the results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 112.

REIT Status

The Company elected for REIT status on 31 March 2014 under section 705 E of the Taxes Consolidation Act, 1997. As a result, the Company does not pay Irish corporation tax on the profits and gains from qualifying rental business in Ireland from that date, provided it meets certain conditions.

As an Irish REIT, the Company is required to distribute to its shareholders (by way of dividend), on or before the filing date for its tax return for the accounting period in question, at least 85% of the Property Income of the Property Rental Business arising in each accounting period (provided it has sufficient distributable reserves). Failure to meet this requirement will result in an Irish REIT incurring a tax charge calculated by reference to the extent of the shortfall in the dividends paid.

The directors confirm that the Group complied with all the above REIT requirements for the period from 1 January 2020 to 31 December 2020.

Dividends

Under the Irish REIT Regime, subject to having sufficient distributable reserves, the Company is required to distribute to shareholders at least 85% of the Property Income of its Property Rental Business for each accounting period. Each year it is the Board's intention to propose semi-annual dividends payable in March and September.

Accordingly, in 2020, the Board paid dividends of approximately €30.2 million for the 2019 accounting period and approximately €14.3 million in respect of the period from 1 January 2020 to 30 June 2020. On 19 February 2021, the directors announced an additional dividend of €16.9 million (dividends per share of 3.22 cents) for the year ended 31 December 2020, to be paid on 20 April 2021 to shareholders on record as of 26 March 2021. This dividend was made up of a Property Income Distribution ("PID"), as defined in the Irish REIT Legislation. Due to the migration of the Company's uncertificated shares from the CREST settlement system operated by Euroclear UK and Ireland Limited to the settlement system operated by Euroclear Bank SA/NV, which is expected to occur on 15 March 2021, the Board has determined that, in order to avoid any potential disruption that may occur should a dividend be declared and paid during the migration process, the dividend for the year ended 31 December 2020 will be paid in April 2021 rather than March 2021 as would normally be the case.

Share Capital

The authorised share capital of the Company is 1,000,000,000 ordinary shares of €0.10 each, of which 525,078,946 shares were in issue at 31 December 2020. All of these shares are of the same class. They all carry equal voting rights and rank equally for dividends. No shares in the Company were acquired or redeemed by the Company during the financial period ended 31 December 2020 or made subject to charge or lien. There are no securities holding special rights with regard to control of the Company. Particulars of the authorised and issued share capital of the Company as at 31 December 2020 are set out in note 13 of the Group financial statements on page 134.

During the financial period ended 31 December 2020 and as at 9 March 2021, the Company held no shares in treasury, and no subsidiary undertaking of the Company held shares in the Company.

Save for restrictions imposed by the Company on relevant persons in order to comply with its obligations under the Market Abuse Regulation (596/2014), for example under its share dealing code, there are no restrictions on the transfer of shares in the Company and no requirements to obtain approval of the Company, or of other holders of securities in the Company, for a transfer of shares in the Company, save that the directors may decline to register any transfer of a share:

- to or by a minor or a person with a mental disorder (as defined by the Mental Health Act, 2001);
- in certain circumstances where the directors have given notice to a shareholder under the Articles of Association requiring such shareholder to notify the Company of his or her interest in any shares in the Company (and/or the interests of all persons having a beneficial interest in any shares in the Company held by such shareholder and/or any arrangement entered into by such shareholder or any such person regarding a transfer of any such share or acting in relation to any meeting of the Company) and such shareholder is in default for a prescribed period in supplying such information to the Company;
- if the transfer is in favour of any person, as determined by the directors, to whom a sale or transfer of shares, or whose direct, indirect or beneficial ownership of shares would or might cause a specific regulatory burden to be imposed on the Company, such as under the US Securities Exchange Act of 1934;
- in certificated form where the following documents have not been produced: the original share certificate and the usual form of stock transfer, duly executed by the holder of the shares and stamped with the requisite stamp duty; and
- in uncertificated form only in such circumstances as may be permitted or required by the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996.

Photo:

Beechwood Court
Stillorgan, Co Dublin

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Residential Units

Interests of Directors and Secretary in Share Capital

The current directors, with the exception of Mark Kenney, and the Company Secretary had no interests in the share capital at their date of appointment. As announced by the Company in December 2018, Mark Kenney was appointed as a non-executive director of I-RES with effect from 1 January 2019. At the time of his appointment, Mark Kenney held 1,500,000 options of I-RES previously awarded to him in his capacity as an employee of CAPREIT.

The movement in directors' and Company Secretary's shares during the year is set out below:

Name	Ordinary Shares as at 1 January 2020	Ordinary Shares as at 31 December 2020	% of Company at 31 December 2020	Outstanding Option Awards at 1 January 2020	Outstanding Option Awards at 31 December 2020	Outstanding Restricted Shares pursuant to the LTIP at 31 December 2020	Ordinary Shares as at 9 March 2021
Phillip Burns	–	–	–%	–	–	–	–
Joan Garahy	34,850	34,850	0.01%	–	–	–	34,850
Tom Kavanagh	81,129	81,129	0.02%	–	–	–	81,129
Mark Kenney	–	–	–%	1,500,000	500,000	–	–
Declan Moylan	150,000	150,000	0.03%	–	–	–	150,000
Aidan O'Hogan	186,774	186,774	0.04%	–	–	–	186,774
Margaret Sweeney	154,680	247,073	0.05%	4,596,499	4,596,499	437,601	266,413
Elise Lenser	–	–	–%	250,000	250,000	–	–
Totals	**607,433**	**699,826**	**0.13%**	**6,346,499**	**5,346,499**	**437,601**	**719,166**

CEO 2019 Bonus award
An element of the 2019 bonus awarded to the CEO, representing €110,358, was settled as a restricted entitlement, subject to certain conditions, to the beneficial interest in 92,393 ordinary shares in the capital of the Company (the **"2019 Restricted Bonus Shares"**). The 2019 Restricted Bonus Shares are reflected in the table above for the CEO under "Ordinary Shares as at 31 December 2020".

CEO 2020 LTIP award
On 27 March 2020, the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 437,601 ordinary shares in the capital of the Company as Restricted Shares under the terms of the LTIP. In order for the CEO to receive the 2023 Restricted Shares, she must meet the applicable performance conditions (as disclosed on page 85 of the Report of the Remuneration Committee). The 2023 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2023. The 2023 Restricted Shares are reflected in the table above for the CEO under "Outstanding Restricted Shares pursuant to the LTIP at 31 December 2020".

Assignment of Options under the LTIP to CAPREIT and Exercise of those Options by CAPREIT
On 20 November 2020 certain employees of CAPREIT and CAPREIT LP (the "**Participants**"), including Mark Kenney, assigned an aggregate of 3,400,000 options to subscribe for shares in the Company (the "**Options**"), previously granted to them under the LTIP, to CAPREIT through its qualifying investor alternative investment fund, Irish Residential Properties Fund (the "**QIAIF**"). The Options were initially granted by the Company to the Participants on 16 April 2014. The Options had an exercise price of €1.04 each (the **"Exercise Price"**) and were due to expire on 15 April 2021. The assignments of the Options were made following a request by each Participant, pursuant to the Rules of the LTIP, for the consent of the Company's Remuneration Committee to such assignment which, after due consideration, was granted by the Remuneration Committee.

Immediately following the assignment of the Options, the QIAIF exercised the Options and e ected the payment of the Exercise Price to the Company (in total €3,536,000) and, accordingly, the QIAIF was allotted 3,400,000 ordinary shares of €0.10 each in the capital of the Company (the "**Assignment Shares**"). In consideration for the assignment of their respective Options to the QIAIF, the QIAIF agreed to pay each of the Participants the amount of €0.4770 per Option, representing the di erence between the Exercise Price and the volume weighted average price of the underlying Ordinary Shares for the five business day period to close of business on 19 November 2020, being the business day immediately prior to the date of assignment. As CAPREIT is a related party of the Company under the Euronext Dublin Listing Rules, the allotment of the Assignment Shares to CAPREIT (through the QIAIF) constituted a smaller Related Party Transaction under LR 11.1.15 of the Listing Rules.

CEO 2020 Bonus award
An element of the 2020 bonus awarded to the CEO, representing €29,403, was settled as a restricted entitlement, subject to certain conditions, to the beneficial interest in 19,340 ordinary shares in the capital of the Company (the **"2020 Restricted Bonus Shares"**).

The 2020 Restricted Bonus Shares are reflected in the table above for the CEO under "Ordinary Shares as at 9 March 2021".

CEO 2021 LTIP award
On 5 March 2021, the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 335,820 ordinary shares in the capital of the Company as Restricted Shares under the terms of the LTIP. In order for the CEO to receive the 2024 Restricted Shares, she must meet the applicable performance conditions (as disclosed on page 89 of the Report of the Remuneration Committee). The 2024 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2024. The 2024 Restricted Shares are in addition to the interests reflected in the table above for the CEO.

In accordance with the disclosure requirements prescribed by Euronext Dublin Listing Rule 6.1.82(1), the interests disclosed above include both direct and indirect legal and beneficial interests in shares. Other than as noted above, there were no movements in directors' shareholdings or outstanding option awards or Restricted Shares pursuant to the LTIP between 31 December 2020 and the date of this Report.

The directors and the Company Secretary have no beneficial interests in any of the Group's subsidiary or associated undertakings.

The Company is not aware of any other arrangements between its shareholders which may result in restrictions on the transfer of securities or voting rights.

Employee Share Schemes

Options and Restricted Shares are issuable pursuant to I-RES' share-based compensation plan, namely, the LTIP. Eligible participants include employees or executive directors of the Company and certain trustees and employees of CAPREIT and its affiliates. Further details on the LTIP are included in note 12 of the Group financial statements.

Powers of the Board

The directors are responsible for the management of the business of the Company and may exercise all the power of the Company subject to applicable legislation and regulation and the Company's Constitution.

The directors' powers to allot, issue, repurchase and reissue ordinary shares are dependent on the terms of the resolutions from time to time in force so empowering the directors. At the Company's 2020 annual general meeting, the directors were given the power to:

- issue new shares up to a nominal amount of €26,083,947.30, representing half (50%) of the nominal value of the Company's issued share capital as at 14 April 2020;
- disapply statutory pre-emption rights in connection with issues of ordinary shares for a nominal cash value
- equivalent to up to 10% of the nominal value of the issued share capital (5% of which, in line with the Pre- emption Group's Statement of Principles, is to be exercised solely in connection with an acquisition or specified capital investment);
- make market purchases of the Company's ordinary shares up to 15% of the issued ordinary shares in the Company and to reissue those shares; and
- reissue repurchased shares and set a reissue price range.

The authorities described above are due to expire at the conclusion of the 2021 annual general meeting of the Company or 15 months from the passing of the resolution.

Details of the resolutions to be considered at the next annual general meeting of the Company will be sent to shareholders in advance of the 2021 annual general meeting.

Rules concerning the appointment and removal of directors of the Company

Directors are appointed on a resolution of the shareholders at a general meeting, usually the annual general meeting, either to fill a vacancy or as an additional director. The directors have the power to fill a casual vacancy or to appoint an additional director (within the maximum number of directors fixed by the Company in a general meeting), and any director so appointed holds office only until the conclusion of the next annual general meeting following his or her appointment, when the director concerned shall retire, but shall be eligible for reappointment at that meeting.

No person other than a director retiring at a general meeting may be appointed a director at any general meeting unless (i) he or she is recommended by the directors or (ii) not less than seven (7) nor more than thirty (30) clear days before the date appointed for the meeting, notice executed by a shareholder qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment stating the particulars which would be required, if he or she were so appointed, to be included in the Company's register of directors together with notice executed by that person of his or her willingness to be appointed.

Each director is obliged to retire at each annual general meeting and, if wishing to continue in office, may offer himself or herself for re-election at the annual general meeting.

The office of a director shall be vacated ipso facto, in any of the following circumstances, if the director:

- is restricted or disqualified from acting as a director of any company under the provisions of Part 14 of the Companies Act, 2014;
- becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
- in the opinion of a majority of his co-directors, becomes incapable by reason of mental disorder of discharging his or her duties as a director;
- (not being a director holding for a fixed term an executive office in his or her capacity as a director) the director resigns office by notice to the Company;
- holds any executive office or employment with the Company or any subsidiary, and that office or employment is terminated for any reason and his or her co-directors resolve that office as a director be vacated;
- is convicted of an indictable offence, unless the directors otherwise determine;
- shall have been absent for more than six (6) consecutive months without permission of the directors from meetings of the directors held during that period and his or her alternate director (if any) shall not have attended any such meeting in

his or her place during such period, and the directors pass a resolution that by reason of such absence he or she has vacated office; or

- is removed from office by notice in writing (whether in electronic form or otherwise) by all his or her co-directors.

Notwithstanding anything in the Company's Constitution or in any agreement between the Company and a director, the Company may, by ordinary resolution of which extended notice has been given in accordance with the Companies Act, 2014, remove any director before the expiry of his or her period of office.

Directors

As at the date of this Report, there are seven (7) directors on the Board.

The CEO, Margaret Sweeney, is an executive director. Declan Moylan (the Chairman), Phillip Burns, Joan Garahy, Tom Kavanagh, Mark Kenney and Aidan O'Hogan (Senior Independent Director) are non-executive directors. A short biographical note on each director appears on pages 58 to 60.

In accordance with Provision 18 of the UK Code and the Company's Constitution, all directors of the Company are subject to election by shareholders at the first annual general meeting after their appointment, and to annual re-election thereafter. In accordance with this, each of Phillip Burns, Joan Garahy, Tom Kavanagh, Mark Kenney, Declan Moylan, Aidan O'Hogan and Margaret Sweeney will retire and, being eligible, will offer himself/herself for re-election at the Company's 2021 annual general meeting.

Non-Executive Directors Agreements for Service

Other than Margaret Sweeney, the directors do not have service contracts but do have letters of appointment which reflect their responsibilities and commitments. Margaret Sweeney entered into an employment agreement with the Company effective 1 November 2017 (as amended on 18 February 2020 and 27 March 2020). Each director has the same general legal responsibilities to the Company as any other director and the Board as a whole is collectively responsible for the overall success of the Company.

The details of the non-executive directors' current terms and dates of current service contracts are set out below:

Name	Date of Appointment to Board	Date of Most Recent Letter of Appointment	Year Term Expires (on conclusion of the AGM)	Notice Period
Declan Moylan	31 March 2014	19 February 2020	On conclusion of 2023 AGM	3 months
Phillip Burns	23 March 2016	21 March 2019	On conclusion of 2022 AGM	3 months
Mark Kenney	1 January 2019	11 December 2018 as amended 21 March 2019	On conclusion of 2022 AGM	3 months
Joan Garahy	18 April 2017	19 February 2020	On conclusion of 2023 AGM	3 months
Tom Kavanagh	1 June 2018	3 March 2021	On conclusion of 2024 AGM	3 months
Aidan O'Hogan	31 March 2014	19 February 2020	On conclusion of 2023 AGM	3 months

Photos:

Tallaght Cross West,
Dublin 24

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Residential Units

The letter of appointment for each non-executive director provides that the Company may terminate that director's appointment with immediate effect in certain circumstances, including where a director commits a material breach of his or her obligations under their letter of appointment or otherwise at the discretion of the director or the Company on three months' prior written notice. No compensation is payable to any director in the event of any such termination. In addition to their general legal responsibilities, the directors have responsibility for the Company's strategy, performance, financial and risk control, and personnel.

With effect from 1 November 2017, Margaret Sweeney has served on the Board of the Company as an executive director. The terms of Ms. Sweeney's contract of employment are summarised on pages 79 to 81 of this Report.

Copies of the terms and conditions of appointment for each director are, subject to any applicable Covid-19 restrictions in which case suitable alternative arrangements will be made, available for inspection by any person at the offices of McCann FitzGerald, Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576 Ireland during normal business hours and at the Company's annual general meeting for 15 minutes prior to the meeting and during the meeting.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment, whether through resignation, purported redundancy or otherwise, that occurs as a result of a takeover of the Company, except under the terms of the LTIP.

Key Management Personnel

The Company is managed by the CEO of the Company and through the external Manager under the supervision of the Board. The Company has engaged the services of IRES Fund Management (which is authorised as an alternative investment fund manager by the Central Bank of Ireland under the AIFM Regulations) to act as the Company's alternative investment fund manager under the AIFM Regulations and has delegated certain portfolio, risk management, property management and other functions to the Manager pursuant to the Investment Management Agreement.

In providing its services to the Company under the Investment Management Agreement, the Manager also has access to the expertise and resources provided by CAPREIT LP, pursuant to the services agreement among the Company, CAPREIT LP and IRES Fund Management (as amended or restated from time to time) (the **"Services Agreement"**), which covers the performance of property and asset management services by CAPREIT LP.

Pursuant to these arrangements, CAPREIT LP has made available (at its own cost) the services of Ms. Priyanka Taneja to the Company as its Chief Financial Officer (**"CFO"**) under a secondment arrangement. Notwithstanding her role as CFO of the Company, Ms. Taneja is not an employee of the Company pursuant to this arrangement and remains at all times an employee of, and is remunerated by, CAPREIT LP. The CFO secondment arrangement may be terminated in a number of circumstances, including on the termination of, or material amendment to, the Services Agreement and/or the Investment Management Agreement, on written notice by the Company or in the event of the appointment of Ms. Taneja to an alternative position within CAPREIT LP.

Conflicts of Interest - Directors

Section 231 of the Companies Act, 2014 requires each director who is in any way, either directly or indirectly, interested in a contract or proposed contract with the Company to declare the nature of his or her interest at a meeting of the directors. The Company keeps a register of all such declarations, which may be inspected by any director, secretary, auditor or member of the Company at the offices of McCann FitzGerald, Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576.

Subject to certain exceptions, the Articles of Association generally prohibit directors from voting at board meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which is material to, or a duty which conflicts or may conflict with the interests of, the Company. Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote.

Pursuant to the Investment Management Agreement, the Manager is entitled to nominate and require the Company to appoint one person as a non-executive director. Mark Kenney is the President, Chief Executive Officer and a trustee of CAPREIT and is the Manager's nominee non-executive director. CAPREIT is the parent company of CAPREIT LP and the Manager is wholly owned and controlled by CAPREIT LP. The Articles of Association prohibit any director who is a nominee of the Manager and directors who are officers or trustees of CAPREIT or any CAPREIT affiliate from participating in deliberations of the Board relating to the appointment and engagement by the Company of IRES Fund Management or in relation to the appointment and engagement by the Company of any CAPREIT affiliate. Mark Kenney and Phillip Burns, accordingly will not be permitted to vote on any matter at the Board level relating to the appointment and engagement of IRES Fund Management or CAPREIT LP.

In November 2019 a committee of the Board was appointed to conduct a scheduled review of the Investment Management Agreement and the Services Agreement along with an evaluation of the strategic options available to I-RES in relation to these agreements. This Board committee does not include either Mark Kenney or Phillip Burns given their respective relationships to CAPREIT (as set out in the Corporate Governance Statement). In August 2020 the remit of this committee was extended by the Board to include any other matter concerning the Company's relationship with CAPREIT and/or the Manager and this committee was authorised by the Board to make any such decisions on behalf of the Company in connection with such remit as it deems appropriate.

Conflicts of Interest – Investment Management Agreement and Services Agreement

Each of the Investment Management Agreement and the Services Agreement include non-compete provisions in favour of the Company, subject to certain exceptions.

Corporate Governance

The Company has complied, from 1 January 2020 to 31 December 2020, with the provisions set out in the UK Code and in the Irish Annex, which applied to the Company for the financial period ended 31 December 2020, except as disclosed on page 70 under Compliance with Relevant Codes.

The Corporate Governance Statement on pages 61 to 70 sets out the Company's application of the principles and compliance with the provisions of the UK Code and the Irish Annex and the Company's system of risk management and internal control.

Principal Risks and Uncertainties

A description of the principal risks and uncertainties facing the Group is set out on pages 48 to 56.

Substantial Shareholdings

The Company has been notified of the following interests of 3% or more of the voting rights over the share capital of the Company as at 31 December 2020 and 9 March 2021:

Holder	31 December 2020		9 March 2021	
	Number of Shares	%	Number of Shares	%
CAPREIT Limited Partnership	98,910,000	18.80	98,910,000	18.80
Setanta Asset Management Limited	41,797,932	8.01	47,265,808	9.00
Aviva plc & its Subsidiaries	29,632,848	5.68	29,632,848	5.68
FMR LLC	27,902,182	5.34	31,642,883	6.02
APG Asset Management N.V.	26,138,135	5.01	26,138,135	5.01
Irish Life Investment Managers Limited	20,838,363	4.99	20,838,363	4.99
Vision Capital Corporation	n/a	n/a	21,710,942	4.13
Timbercreek Asset Management Inc.	20,585,091	3.95	13,041,488	2.48
BlackRock, Inc.	15,799,200	3.03	15,799,200	3.03
Sumitomo Mitsui Trust Holdings, Inc	15,574,076	2.99	15,574,076	2.99
Lansdowne Partners International Limited	15,180,317	2.91	15,180,317	2.91
GLG Partners LP	13,207,986	3.17	13,207,986	3.17

Except as disclosed above, the Company has not been notified as at 9 March 2021 of any other interest of 3% or more of the voting rights in its share capital nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The table above summarises the various notifications that the Company has received for shareholders with 3% or more of the voting rights. The percentage ownership is based on the number of shares outstanding at the time the Company was notified. As the total number of shares outstanding as at 31 December 2020 and 9 March 2021 was 525,078,946 and 525,078,946, respectively, the actual percentage ownership may differ from above.

Information required to be disclosed by LR 6.1.77, Euronext Dublin Listing Rules

For the purposes of LR 6.1.77, the information required to be disclosed by LR 6.1.77 can be found in the following locations:

Section	31 December 2020	Location
(1)	Interest capitalised	Financial Statements, Note 5
(2)	Publication of unaudited financial information in a circular or prospectus	Not applicable
(3)	Small related party transactions	Report of the Directors
(4)	Details of long-term incentive schemes	Report of the Remuneration Committee
(5)	Waiver of emoluments by a director	Not applicable
(6)	Waiver of future emoluments by a director	Not applicable
(7)	Non-pre-emptive issues of equity for cash	Not applicable
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Financial Statements, Note 21
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Not applicable
(13)	Shareholder waivers of future dividends	Not applicable
(14)	Agreement with controlling shareholders	Not applicable

All of the information cross-referenced above is hereby incorporated by reference into this Report of the Directors.

Principal Subsidiaries and Joint Ventures

Details of the Company's principal subsidiaries as at 31 December 2020, which include IRES Residential Properties Limited (acquired on 31 March 2015 in connection with the acquisition of the Rockbrook Portfolio and holds the Rockbrook Portfolio), and certain owners' management companies in which the Company holds a majority of the voting rights, are set out in note 21 of the Group financial statements on pages 147 to 150. All of the Company's principal subsidiaries are incorporated in Ireland.

Financial Instruments

Financial instruments are set out in note 17 of the Group financial statements on pages 136 to 141.

Financial Risk Management

The financial risks include market risk, liquidity risk, credit risk and capital management risk. The financial risk management objectives and policies of the Group are set out in note 17 of the Group financial statements on pages 136 to 141.

Subsequent Events

Information in respect of events since the year end is contained in note 28 to the Group financial statements on page 154.

Political Contributions

There were no political contributions which are required to be disclosed under the Electoral Act, 1997 or the Irish Companies Act, 2014.

Accounting Records

The directors are responsible for ensuring accounting records, as required by Sections 281 to 285 of the Companies Act, 2014, are kept by the Company. The directors believe that they have complied with this requirement by delegating responsibility for ensuring that the accounting records are maintained to the Manager pursuant to the Investment Management Agreement. The accounting records of the Company are maintained at its registered office located at South Dock House, Hanover Quay, Dublin 2, Ireland.

Relevant Audit Information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. Insofar as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Directors' Compliance Statement

The directors, in accordance with Section 225(2) of the Companies Act, 2014, acknowledge that they are responsible for securing the Company's "Relevant Obligations" within the meaning of Section 225 of the Companies Act, 2014 (described below as **"Relevant Obligations"**).

The directors confirm that:

- A compliance policy statement has been drawn up setting out the Company's policy (that is in the opinion of the directors appropriate to the Company) with regard to compliance by the Company with its Relevant Obligations;
- Appropriate arrangements and structures that, in the directors' opinion, are designed to ensure material compliance with the Company's Relevant Obligations, have been put in place; and
- A review has been conducted during the financial year of the arrangements and structures that have been put in place to secure the Company's compliance with its Relevant Obligations.

Regulation 21 of SI 255/2006 European Communities (Takeover Bids (Directive (2004/25/EC)) Regulations 2006

Each of the Company and its subsidiary, IRES Residential Properties Limited has certain financial indebtedness arising under a private placement of loan notes and, in the case of the Company, banking facilities, which may require repayment and (in respect of the banking facilities) cancellation of the commitments thereunder in the event that a change of control occurs with respect to the Company (or, in the case of IRES Residential Properties Limited's financial indebtedness, IRES Residential Properties Limited), which may have the effect of also terminating (in whole or part) hedges transacted under the International Swaps and Derivative Association, Inc. ("ISDA") documentation entered into by IRES Residential Properties Limited. In addition, the LTIP contains change of control provisions which allow for the acceleration of the exercisability of share options or awards in the event that a change of control occurs with respect to the Company.

There are no other significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a bid.

For the purposes of Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, the information on directors on pages 58 to 60 and the disclosures on Directors' Remuneration on page 82 of this Report cover the information required and are deemed to be incorporated in the Report of the Directors.

Auditor

KPMG, Chartered Accountants, were appointed statutory auditor on 17 July 2018 and have been re-appointed annually since that date, and pursuant to section 383(2) will continue in office. A resolution authorising the directors to set their remuneration will be proposed at the Company's 2021 annual general meeting.

Audit Committee

The Board has established an Audit Committee in compliance with the Codes to assist with certain responsibilities relating to internal controls, risk management and reporting. Refer to the Report of the Audit Committee on page 71 for the procedures established by the Audit Committee to discharge these responsibilities.

General Meetings

The Company holds a general meeting each year as its annual general meeting in addition to any other meeting in that year. Not more than 15 months shall elapse between the date of one annual general meeting and that of the next. The directors are responsible for the convening of general meetings. Information is distributed to shareholders at least 20 working days prior to the annual general meeting.

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Except as provided in relation to an adjourned meeting, two (2) persons entitled to vote upon the business to be transacted, each being a member or proxy for a member or a duly authorised representative of a corporate member, shall be a quorum.

Votes may be given either personally or by proxy or a duly authorised representative of a corporate member. Subject to rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member present in person and every proxy or duly authorised representative of a corporate body shall have one vote. No individual shall have more than one vote, and on a poll, every member present in person or by proxy or a duly authorised representative of a corporate body shall have one vote for every share carrying voting rights of which the individual is the holder.

Resolutions are categorised as either ordinary or special resolutions. A bare majority of more than 50% of the votes cast by members voting on the relevant resolution is required for the passing of an ordinary resolution, whereas a qualified majority of more than 75% of the votes cast by members voting on the relevant resolution is required in order to pass a special resolution. Matters requiring a special resolution include, for example: altering the objects of the Company; altering the Articles of Association of the Company; and approving a change of the Company's name.

Constitution

The Company's Constitution sets out the objects and powers of the Company. Revised Articles of Association within the Constitution were adopted by the Company at an extraordinary general meeting held on 29 January 2021 in order to facilitate new arrangements required as a result of the migration of the Company's uncertificated shares from the CREST settlement system operated by Euroclear UK and Ireland Limited to the settlement system operated by Euroclear Bank SA/NV (expected to occur on 15 March 2021) and to take account of changes introduced by the Migration of Participating Securities Act 2019. The Articles of Association detail the rights attaching to shares in the Company, the method by which the such shares can be purchased or re-issued, the provisions which apply to the holding and voting at general meetings and the rules relating to directors, including their appointment, retirement, re-election, duties and powers. The Articles of Association may be amended by special resolution of the Company's shareholders, being a resolution proposed on not less than 21 days' notice as a special resolution and passed by more than 75% majority of those voting on the resolution.

The Directors' Report was approved by the Board of Directors on 10 March 2021 and is signed on their behalf by:

Directors
10 March 2021

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report and the financial statements in accordance with applicable laws and regulations.

The Directors are responsible for preparing the Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group's and Company's financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and applicable law including Article 4 of the IAS regulation.

The directors have elected to prepare the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework as applied in accordance with the provisions of Companies Act 2014.

Under company law, the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

In accordance with applicable law and the Euronext Dublin Listing Rules, the directors are also required to prepare a Report of the Directors and reports relating to directors' remuneration and corporate governance. The directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (the "Transparency Regulations") to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group. The Report of the Directors, on pages 94 to 102, the Chairman's Statement on pages 12 to 14, the Chief Executive Officer's Statement on pages 15 to 19, the Manager's Statement on page 20, the Business Review on pages 21 to 40 and the Risk Report on pages 44 to 56 are deemed to be the management report as required by the Transparency Regulations.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors have contracted with the Manager to ensure that those requirements are met. The books and accounting records of the Group and the Company are maintained at the Company's registered office located at South Dock House, Hanover Quay, Dublin 2, Ireland. The directors have delegated investment management and administration functions, including risk management, to the Manager without abrogating their overall responsibility. The directors have in place mechanisms for monitoring the exercise of such delegated functions, which are always subject to the supervision and direction of the Board. These delegations of functions and the appointment of regulated third party entities are set out in the Corporate Governance Statement on pages 61 to 70.

Each of the directors, whose names and functions are listed on pages 58 to 60, confirms that, to the best of each director's knowledge and belief:

As required by the Transparency Regulations:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Group and the Company as at 31 December 2020 and of the results of the Group, taken as a whole, for the period 1 January 2020 to 31 December 2020;
- the management report, comprising the Report of the Directors, the Chairman's Statement, the Chief Executive Officer's Statement, the Manager's Statement, the Business Review and the Risk Report, include a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole as at 31 December 2020, together with a description of the principal risks and uncertainties that the Company and the Group faces; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

As required by the UK Corporate Governance Code:

- the Report and financial statements contained therein, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board
10 March 2021

Declan Moylan
Chairman

Margaret Sweeney

Margaret Sweeney
Executive Director

Financial Statements

In this Section:

Phoenix Park Racecourse, CastleKnock

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Units

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Irish Residential Properties REIT plc (`the Company') and its consolidated undertakings ("the Group") for the year ended 31 December 2020 set out on pages 111 to 168, which comprise the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Company Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the Company Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in notes 2 and 3 and note I of the Company financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Irish Law and FRS 101 *Reduced Disclosure Framework* issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

» the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2020 and of the Group's profit for the year then ended;
» the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
» the Company financial statements have been properly prepared in accordance with *FRS 101 Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; and
» the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 17 July 2018. The period of total uninterrupted engagement is the 3 years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

» Using our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysing how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered were most likely to adversely affect the Group's and Company's available financial resources over this period were:
  » the impact of a significant decrease in occupancy levels and decline in rental collection during the going concern period; and
  » the potential impact of a prolonged pandemic on the Group and Company's liquidity.
» Considering whether these risks could plausibly affect the availability of financial resources in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's and Company's financial forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from prior years):

Valuation of Investment Property: Consolidated €1,380 million (2019 - €1,359 million), Company €1,247m (2019 - €1,225 million)

Refer to page 73 (Audit and Risk Committee Report), pages 115-116 (accounting policy) and pages 125 to 128 (financial disclosures)

The key audit matter	*How the matter was addressed in our audit*
The Groups' investment property portfolio (including properties under development and development land) comprises a portfolio of mainly residential property assets located in Dublin. The investment property portfolio is valued at €1,380 million at 31 December 2020 and represents 97% of the Group's total assets and 90% of the Company's total assets. The valuation of the Group's investment property portfolio is inherently subjective, as it requires, amongst other factors, consideration of the specific characteristics of each property, the location and nature of each property, consideration of prevailing property market conditions and in respect of income generating properties, estimation of future rentals beyond the current lease terms. In respect of properties under development, further factors include estimated costs to completion and timing of practical completion of each development. The Directors engage external valuers to value the Group's investment property portfolio in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuation experts used by the Group have considerable experience of the markets in which the Group operates. In determining the valuation of the Group's investment properties, the valuers take into account the above considerations and rely on the accuracy of the underlying lease and related information provided to the valuers by the Group. We regard this area as a key audit matter due to the significance of the estimates and judgements involved in the valuation of the Group's investment property portfolio.	In this area our audit procedures included, among others, the following: » We evaluated the design and implementation of key controls over the investment property valuation process. » We performed testing over the accuracy and completeness of lease information provided by the Group to the external valuers for income generating properties. » We inspected the valuation reports and confirmed that the valuation approach was in accordance with RICS standards and suitable for the purposes of the Group's financial statements. » We assessed the external valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised. » We met with the external valuers to understand the valuation of the portfolio. These discussions included gaining an understanding of the external valuers process; the critical assumptions employed in estimating future rental incomes and future capital expenditure requirements for income generating properties; and the judgements in the selection of appropriate capitalisation rates for a sample of selected properties. » We considered the capitalisation rate assumptions used by the valuers in performing their valuations and compared them to relevant market evidence, such as benchmarking against specific property sales, and performing an internal comparison across the Group's property portfolio. » We agreed the value of all investment properties included in the financial statements to the valuation reports prepared by the external valuers. » We assessed the adequacy of the disclosures in relation to the valuation of investment properties and found them to be appropriate. On the basis of the work performed, we found the assumptions used in the valuations to be appropriate.

Transactions with related parties

Refer to page 73 (Audit and Risk Committee Report), and pages 145 to 150 (financial disclosures)

The key audit matter	*How the matter was addressed in our audit*
A number of related party relationships exist between the Group and CAPREIT LP and its affiliates. The asset management fee and related disclosures are considered significant transactions and disclosures in the financial statements. Due to the significance of related party transactions and the risk of non-disclosure, this warranted specific audit focus.	» We obtained an understanding of the process, procedures and controls governing the identification and management of related party transactions with CAPREIT LP and its affiliates. » We read the Board Minutes to consider the completeness of related party transactions and relevant agreements with related parties. » We recalculated the fees charged from IRES Fund Management Limited, a wholly owned subsidiary of CAPREIT LP, to the Investment Management Agreement. » We considered the disclosures included in the financial statements for consistency with agreements and other related party transactions during the year. On the basis of the work performed, we found the disclosures in the financial statements to be appropriate.

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at €8.4 million (2019: €7.9 million). This has been calculated with reference to a benchmark of net assets which we consider to be one of the principal considerations for members of the Group in assessing the financial performance of the Group. Materiality represents approximately 1% of this benchmark, consistent with the prior year. In addition, we applied a materiality of €1.7 million (2019: €1.5 million) for testing profit or loss items excluding the net movement in fair value of investment properties. In our judgement, the application of this specific materiality is appropriate due to key performance indicators of the Group driven by profit or loss items. We applied materiality to assist us determine what risks were significant risks and the procedures to be performed.

We reported to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.4 million.

Materiality for the company financial statements as a whole was set at €8.1 million (2019: €7.7 million). This was determined with reference to a benchmark of net assets. We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €0.4 million.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above.

Other information

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises all the information included in the Chairman's Statement, Chief Executive Officer's Statement, Manager's Statement, Business Review, Market Update, Key 2020 ESG Deliverables, Business Objectives and Strategy, Investment Policy, Risk Report, Corporate Governance Statement, Report of the Audit Committee, Report of the Remuneration Committee, Report of the Nomination Committee, and Report of the Directors.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that, in those parts of the directors' report specified for our consideration:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the directors' confirmation within the viability statement pages 46 and 47 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- Fair, balanced and understandable: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Report of the Audit Committee: if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee;
- Statement of compliance with UK Corporate Governance Code: if the directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules of Euronext Dublin for our review.
- if the directors' statement relating to Going Concern required under the Listing Rules of Euronext Dublin set out on pages 103 and 104 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 61 to 70, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC)) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Corporate Governance Statement contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year 31 December 2019;
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2019 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

The Listing Rules of Euronext Dublin require us to review:

- the Directors' Statement, set out on pages 103 to 104 in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 61 to 70 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on pages 103 to 104, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for .

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Sean O'Keefe
10 March 2021

for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm

1 Stokes Place
St. Stephen's Green
Dublin 2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Non-Current Assets			
Investment properties	5	**1,380,354**	1,359,201
Property, plant and equipment	7	**9,722**	10,088
		1,390,076	1,369,289
Current Assets			
Other current assets	8	**15,502**	11,786
Derivative financial instruments	16	**770**	–
Cash and cash equivalents		**11,193**	6,979
		27,465	18,765
Total Assets		**1,417,541**	1,388,054
Liabilities			
Non-Current Liabilities			
Bank indebtedness	10	**350,049**	549,851
Private placement note	11	**189,002**	–
Lease liability	20	**9,486**	9,872
Derivative financial instruments	16	**8,075**	788
		556,612	560,511
Current Liabilities			
Accounts payable and accrued liabilities	9	**11,588**	10,216
Derivative financial instruments	16	**84**	–
Security deposits		**7,562**	7,158
		19,234	17,374
Total Liabilities		**575,846**	577,885
Shareholders' Equity			
Share capital	13	**52,507**	52,167
Share premium	13	**500,440**	497,244
Share-based payment reserve		**1,169**	1,147
Cashflow hedge reserve	16	**(77)**	–
Retained earnings		**287,656**	259,611
Total Shareholders' Equity		**841,695**	810,169
Total Shareholders' Equity and Liabilities		**1,417,541**	1,388,054
IFRS Basic NAV per share	25	**160.3**	155.3

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

D Moylan   Margaret Sweeney

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Operating Revenue			
Revenue from investment properties	14	**74,744**	62,097
Operating Expenses			
Property taxes		**(754)**	(669)
Property operating costs		**(14,215)**	(10,891)
		(14,969)	(11,560)
Net Rental Income ("NRI")		**59,775**	50,537
General and administrative expenses		**(7,396)**	(4,288)
Asset management fee	21	**(4,444)**	(4,024)
Share-based compensation expense	12	**(322)**	(236)
Net movement in fair value of investment properties	5	**19,092**	56,234
Gain on disposal of investment property	5	**4,432**	–
Gain on derivative financial instruments	16	**709**	131
Depreciation of property, plant and equipment	7	**(526)**	(32)
Lease interest	6	**(241)**	(4)
Financing costs	15	**(12,816)**	(12,036)
Profit for the Year		**58,263**	86,282
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - effective portion of changes in fair value		**(4,533)**	–
Cash flow hedges - cost of hedging deferred		**163**	–
Cash flow hedges - reclassified to profit or loss		**4,293**	–
Other Comprehensive income for the period		**(77)**	–
Total Comprehensive Income for the Year Attributable to Shareholders		**58,186**	86,282
Basic Earnings per Share (cents)	24	**11.2**	18.0
Diluted Earnings per Share (cents)	24	**11.1**	17.9

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Share-based payments Reserve €'000	Cashflow hedge Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2020		**52,167**	**497,244**	**259,611**	**1,147**	**—**	**810,169**
Total comprehensive income for the year							
Profit for the year		–	–	58,263	–	–	58,263
Other comprehensive income for the year		–	–	–	–	(77)	(77)
Total comprehensive income for the year		–	–	58,263	–	(77)	58,186
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	–	–	–	322	–	322
Share issuance	13	340	3,196	300	(300)	–	3,536
Dividends paid	19	–	–	(30,518)	–	–	(30,518)
Transactions with owners, recognised directly in equity		340	3,196	(30,218)	22	–	(26,660)
Shareholders' Equity at 31 December 2020		**52,507**	**500,440**	**287,656**	**1,169**	**(77)**	**841,695**

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Share-based payments Reserve €'000	Cashflow hedge Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2019		**43,414**	**370,855**	**203,467**	**988**	**—**	**618,724**
Total comprehensive income for the year							
Profit for the year		–	–	86,282	–	–	86,282
Total comprehensive income for the year		–	–	86,282	–	–	86,282
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	–	–	–	236	–	236
Share issuance	13	8,753	126,389	(3,052)	(77)	–	132,013
Dividends paid	19	–	–	(27,086)		–	(27,086)
Transactions with owners, recognised directly in equity		8,753	126,389	(30,138)	159	–	105,163
Shareholders' Equity at 31 December 2019		52,167	497,244	259,611	1,147	–	810,169

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit for the Year		**58,263**	86,282
Adjustments for non-cash items:			
Fair value adjustment - investment properties	5	**(19,092)**	(56,234)
Gain on disposal of investment property		**(4,432)**	—
Depreciation of property, plant and equipment	7	**526**	32
Amortisation of other financing costs	20	**1,409**	2,486
Share-based compensation expense	12	**322**	236
Gain on derivative financial instruments	16	**(709)**	(131)
Allowance for expected credit loss		**991**	—
Straight-line rent adjustment		**44**	21
Interest accrual relating to derivatives		**5**	6
		37,327	32,698
Net income items relating to financing and investing activities		**11,648**	9,239
Changes in operating assets and liabilities	20	**(416)**	1,958
Net Cash Generated from Operating Activities		**48,559**	43,895
Cash Flows from Investing Activities			
Net proceeds from disposal of investment property		**47,895**	—
Deposits on acquisitions		**(5,444)**	(2,284)
Acquisition of investment properties		**(17,470)**	(344,684)
Development of investment properties		**(15,799)**	(24,768)
Investment property enhancement expenditure		**(10,336)**	(7,633)
Direct leasing cost		**(150)**	(47)
Purchase of property, plant and equipment	7	**(160)**	—
Net Cash Used in Investing Activities		**(1,464)**	(379,416)
Cash Flows from Financing Activities			
Financing fees	20	**(2,595)**	(5,990)
Interest paid	20	**(10,771)**	(9,677)
Credit Facility drawdown	20	**17,000**	637,451
Credit Facility repayment	20	**(218,000)**	(391,590)
Proceeds from private placement debt	20	**196,342**	—
Cash settlement on exchange of swap		**2,511**	—
Lease payment	6	**(386)**	(247)
Proceeds on issuance of shares	20	**3,536**	135,142
Share issuance costs		**—**	(3,129)
Dividends paid to shareholders	19	**(30,518)**	(27,086)
Net Cash (Used in)/Generated from Financing Activities		**(42,881)**	334,874
Changes in Cash and Cash Equivalents during the Year		**4,214**	(647)
Cash and Cash Equivalents, Beginning of the Year		**6,979**	7,626
Cash and Cash Equivalents, End of the Year		**11,193**	6,979

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

1. General Information

Irish Residential Properties REIT plc ("**I-RES**" or the "**Company**") was incorporated in Ireland on 2 July 2013 as Shoreglade Limited (formerly known as CAPREIT Ireland Limited, Irish Residential Apartments REIT Limited and Irish Residential Properties REIT Limited). On 16 April 2014, I-RES obtained admission of its ordinary shares to the primary listing segment of the Official List of Euronext Dublin (formerly the Irish Stock Exchange) and to trading on the main market for listed securities of Euronext Dublin. Its registered office is South Dock House, Hanover Quay, Dublin 2, Ireland. The ordinary shares of I-RES are traded on the main market for listed securities of Euronext Dublin under the symbol "IRES".

I-RES was previously a wholly-owned subsidiary of CAPREIT Limited Partnership ("**CAPREIT LP**") until the initial public offering of the Company on 16 April 2014. As at 31 December 2020, CAPREIT LP's interest in I-RES was 18.8% (31 December 2019: 18.3%).

IRES Residential Properties Limited of South Dock House, Hanover Quay, Dublin 2, Ireland is a wholly-owned consolidated subsidiary of I-RES, acquired on 31 March 2015, and owns directly the beneficial interest of its properties. I-RES and IRES Residential Properties Limited together are referred to as the "Group" in this financial information. The Group owns interests in residential rental accommodations, as well as commercial and development sites, the majority of which are located in and near major urban centres in Dublin, Ireland. Specifically, IRES Residential Properties Limited owns an interest in the "Rockbrook Portfolio", which consists of 81 apartments at Rockbrook Grande Central and 189 apartments at Rockbrook South Central, mixed-use commercial space of approximately 4,665 sq. m., a development site of approximately 1.13 hectares and associated basement car parking.

2. Significant Accounting Policies

a) Basis of Preparation

This financial information has been derived from the information to be used to prepare the Group's consolidated financial statements for the year ended 31 December 2020 in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union ("**EU**"), IFRS Interpretations Committee ("**IFRIC**") interpretations and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The financial information for the years ended 31 December 2020 and 31 December 2019 has been prepared under the historical cost convention, as modified by the revaluation of investment properties, derivative financial instruments at fair value and share options at grant date through the profit or loss in the consolidated statement of profit or loss and other comprehensive income.

The consolidated financial statements of the Group have been presented in euros, which is the Company's functional currency.

The consolidated financial statements of the Group cover the 12-month period from 1 January 2020 to 31 December 2020.

The Group has not early adopted any forthcoming International Accounting Standards Board ("**IASB**") standards. Note 2(r) sets out details of such upcoming standards.

Going concern

The Group meets its day-to-day working capital requirements through its cash and deposit balances. The Group's plans indicate that it should have adequate resources to continue operating for the foreseeable future. Post the Covid-19 pandemic declaration on 16 March 2020, the Group's occupancy rate remained strong at approximately 98%. The Group also has a strong statement of financial position with sufficient liquidity and flexibility in place to manage through this period of uncertainty. The Group can draw an additional €144 million from its RCF (as defined below in Note 10) while maintaining a maximum 50% Loan to value ratio as at 31 December 2020, and is maintaining a minimum cash balance of €10 million for liquidity purposes. As at 31 December 2020, the current undrawn RCF amount is €246 million. The Group continues to generate a positive cashflow from operations and a profit for the year ended 31 December 2020. Accordingly, the directors consider it appropriate that the Group adopts the going concern basis of accounting in the preparation of the consolidated financial statements.

b) Basis of Consolidation

These consolidated financial statements incorporate the financial statements of I-RES and its subsidiary, IRES Residential Properties Limited. I-RES controls IRES Residential Properties Limited by virtue of its 100% shareholding in that company. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are entities controlled by I-RES. I-RES controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries (except owner management companies) is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. I-RES does not consolidate owner management companies in which it holds majority voting rights. For further details, please refer to note 21.

c) Investment Properties and Investment Properties Under Development

Investment Properties

The Group considers its income properties to be investment properties under IAS 40, Investment Property ("**IAS 40**"), and has chosen the fair value model to account for its investment properties in the consolidated financial statements. Under IFRS 13, Fair Value Measurement ("**IFRS 13**"), this IFRS defines fair value as 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.

2. Significant Accounting Policies (continued)

c) Investment Properties and Investment Properties Under Development (continued)

Investment properties are treated as acquired at the time when the Group assumes the significant risks and returns of ownership, which normally occurs when the conveyancing contract has been performed by both buyer and seller and the contract has been deemed to have become unconditional and completed. Investment properties are deemed to have been acquired when the buyer has assumed control of ownership and the contract has been completed.

Investment properties comprise investment interests held in land and buildings (including integral equipment) held for the purpose of producing rental income, capital appreciation or both, but not for sale in the ordinary course of business.

All investment properties are initially recorded at cost, which includes transaction and other acquisition costs, at their respective acquisition dates, and are subsequently stated at fair value at each reporting date, with any gain or loss arising from a change in fair value recognised through profit or loss in the consolidated statement of profit or loss and other comprehensive income for the period. Gains and losses (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) incurred on the disposal of investment properties are also recognised through profit or loss in the consolidated statement of profit or loss and other comprehensive income.

The fair value of investment properties is determined by qualified independent valuers at each reporting date, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (**RICS**) and IFRS 13. Each independent valuer holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. At each reporting date, management undertakes a review of its investment property valuations to assess the continuing validity of the underlying assumptions, such as future income streams and yields used in the independent valuation report, as well as property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer.

Investment Properties Under Development

Investment properties under development include those properties, or components thereof, that will undergo activities that will take a substantial period of time to prepare the properties for their intended use as income properties.

The cost of a development property that is an asset acquisition comprises the amount of cash, or the fair value of other consideration, paid to acquire the property, including transaction costs. Subsequent to the acquisition, the cost of a development property includes costs that are directly attributable to these assets, including development costs, and borrowing costs. These costs are capitalised when the activities necessary to prepare an asset for development or redevelopment begin and continue until the date that construction is substantially complete, and all necessary occupancy and related permits have been received, whether or not the space is leased. Borrowing costs are calculated using the Company's weighted average cost of borrowing.

Properties under development are valued at fair value by qualified independent valuers at each reporting date with fair value adjustments recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income. In the case of investment property under development, the valuation approach applied is the "residual method", with a deduction for the costs necessary to complete the development together with an allowance for the remaining risk.

Development Land

Development land is also stated at fair value by qualified independent valuers at each reporting date with fair value adjustments recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income. In the case of development land, the valuation approach applied is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets. Land values are estimated using either a per acre or per buildable square foot basis based on highest and best use. Such values are applied to the Group's properties after adjusting for factors specific to the site, including its location, highest and best use, zoning, servicing and configuration.

Key Estimations of Inherent Uncertainty in Investment Property Valuations

The fair values derived are based on anticipated market values for the properties, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants. The valuation of the Group's investment property portfolio is inherently subjective as it requires, among other factors, assumptions to be made regarding the ability of existing residents to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income in the future, an assessment of a property's ability to remain an attractive technical configuration to existing and prospective residents in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment. While these and other similar matters are market-standard considerations in determining the fair value of a property in accordance with the RICS methodology, they are all subjective assessments of future outturns and macroeconomic factors, which are outside of the Group's control or influence and therefore may prove to be inaccurate long-term forecasts. As a result of all these factors, the ultimate valuation the Group places on its investment properties is subject to some uncertainty, and may not turn out to be accurate, particularly in times of macroeconomic volatility. The RICS property valuation methodology is considered by the Board to be the valuation technique most suited to the measurement of the fair value of property investments. It is also the primary measurement of fair value that all major and reputable property market participants use when valuing a property investment. See note 5 for a detailed discussion of the significant assumptions, estimates and valuation methods used.

2. Significant Accounting Policies (continued)

d) Property Asset Acquisition

At the time of acquisition of a property or a portfolio of investment properties, the Group evaluates whether the acquisition is a business combination or asset acquisition. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When an acquisition does not represent a business as defined under IFRS 3, the Group classifies these properties, or portfolio of properties, as an asset acquisition. Identifiable assets acquired, and liabilities assumed in an asset acquisition are measured initially at their fair values at the acquisition date. Acquisition-related transaction costs are capitalised to the property.

e) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation, and mainly comprise of head office, head office fixtures and fittings and information technology hardware. These items are depreciated on a straight-line basis over their estimated useful lives: The right of use building has a useful life of 20 years and the fixtures and fittings have a useful life ranging from three to five years.

f) IFRS 9, Financial Instruments ("IFRS 9")

Financial Assets and Financial Liabilities

Under IFRS 9, financial assets and financial liabilities are initially recognised at fair value and are subsequently accounted for based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and I-RES' designation of such instruments. The standards require that all financial assets and financial liabilities be classified as fair value through profit or loss ("**FVTPL**"), amortised cost or fair value through other comprehensive income ("**FVOCI**").

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
    - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
    - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2. Significant Accounting Policies (continued)

Classification of Financial Instruments

The following summarises the classification and measurement I-RES has elected to apply to each of its significant categories of financial instruments:

Type	Classification	Measurement
Financial assets		
Cash and cash equivalents	Held to Collect	Amortised cost
Other receivables	Held to Collect	Amortised cost
Derivative financial instruments	FVTPL	Fair value through profit or loss
Financial liabilities		
Bank indebtedness	Other financial liabilities	Amortised cost
Private placement notes	Other financial liabilities	Amortised cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortised cost
Security deposits	Other financial liabilities	Amortised cost
Derivative financial instruments	FVTOCI	Fair value through other comprehensive income
Derivative financial instruments	FVTPL	Fair value through profit or loss

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less. Interest earned or accrued on these financial assets is included in other income.

Loans and Other Receivables

Such receivables arise when I-RES provides services to a third party, such as a resident, and are included in current assets, except for those with maturities more than 12 months after the consolidated statement of financial position date, which are classified as non-current assets. Loans and other receivables are included in other assets on the consolidated statement of financial position and are accounted for at amortised cost.

Other Liabilities

Such financial liabilities are recorded at amortised cost and include all liabilities other than derivatives. Derivatives are designated to be accounted for at fair value through profit and loss and at fair value through other comprehensive income.

FVTPL

Financial instruments in this category are recognised initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented within gain on derivative financial instruments in the consolidated statement of income and comprehensive income in the period in which they arise. Financial assets and liabilities at FVTPL are classified as current, except for the portion expected to be realised or paid more than 12 months after the consolidated statement of financial position date, which is classified as non-current. Derivatives are categorised as FVTPL unless designated as hedges.

Derivative financial instruments and hedge accounting

The Group utilises derivative financial instruments to hedge foreign exchange risk and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are remeasured at fair value, with changes generally recognised through profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, hedge accounting is used in line with IFRS 9. The effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

2. Significant Accounting Policies (continued)

f) IFRS 9, Financial Instruments ("IFRS 9") (continued)

For all hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to financing costs in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

g) IFRS 16, Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a Lessee

When the Group acts as a lessee, at commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded through profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Lease liability' in the statement of financial position.

As a Lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease if for the major part of the economic life of the asset, the present value of lease payments and any option included in the lease. The Group has determined that all its leases are operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

2. Significant Accounting Policies (continued)

g) IFRS 16, Leases (continued)

On modification of a contract that contains a lease component and a non-lease component, I-RES allocates the consideration in the contract to each of the components on the basis of their relative stand-alone prices.

Tenant Inducements
Incentives such as cash, rent-free periods and move-in allowances may be provided to lessees who enter into a lease. The incentives are written off on a straight-line basis over the term of the lease as a reduction of rental revenue.

Early Termination of Leases
When the Group receives rent loss payments from a tenant for the early termination of a lease, it is reflected in the accounting period in which the rent loss payment occurred.

Expected Credit Loss
The Group recognises a loss allowance for expected credit losses on trade receivables and other financial assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Loss allowances for trade receivables (including lease receivables) are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For individual residential customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 30 days past due based on historical experience of recoveries of similar assets. For individual commercial customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 60 days past due based on historical experience of recoveries of similar assets.

h) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

I-RES retains substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rent represents lease revenue earned from the conveyance of the right to use the property, including access to common areas, to a lessee for an agreed period of time. The contract also contains a performance obligation that requires I-RES to maintain the common areas to an agreed standard. This right of use and performance obligation is governed by a single rental contract with the tenant. In accordance with the adoption of IFRS 16, Leases, I-RES has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income as Revenue under IFRS 15 Revenue from Contracts with Customers.

Rental revenue includes amounts earned from tenants under the rental contract which are allocated to the lease and non-lease components based on relative stand-alone selling prices. The stand-alone selling prices of the lease components are determined using an adjusted market assessment approach and the stand- alone selling prices of the service components are determined using the input method based on the expected costs plus an estimated market-based margin for similar services.

Rental income from the operating lease component is recognised on a straight-line basis over the lease term in accordance with IFRS 16 Leases. When I-RES provides incentives to its tenants, the cost of such incentives is recognised over the lease term, on a straight-line basis, as a reduction of revenue.

Revenue from maintenance services represents the service component of the REIT's rental contracts and is accounted for in accordance with IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). These services consist primarily of the recovery of utility, property and other common area maintenance and amenity costs where I-RES has determined it is acting as a principal.

These services constitute a single non-lease component, which is accounted for as one performance obligation under IFRS 15 as the individual activities that comprise these services are not distinct in the context of the contract. The individual activities undertaken to meet the performance obligation may vary from time to time but cumulatively the activities undertaken to meet the performance obligation are relatively consistent over time. The tenant simultaneously receives and consumes the benefits provided under the performance obligation as I-RES performs and consequently revenue is recognised over time, typically on a monthly basis, as the services are provided.

2. Significant Accounting Policies (continued)

i) Operating Segments

The Group operates and is managed as one business segment, namely property investment, with all investment properties located in Ireland. The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, which has been identified as the I-RES Board.

j) Statement of Cash Flows

Cash and cash equivalents consist of cash on hand and balances with banks. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the consolidated statement of cash flows and are disclosed separately in the notes to the consolidated financial statements. Interest expense is classified as financing activities.

k) Income Taxes

Current Tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

I-RES elected for REIT status on 31 March 2014. As a result, from that date I-RES does not pay Irish corporation tax on the profits and gains from its qualifying rental business in Ireland, provided it meets certain conditions.

Going forward, corporation tax is still payable in the normal way in respect of income and gains from any residual business (generally including any property trading business) not included in the Property Rental Business. I-RES would also be liable to pay other taxes such as VAT, stamp duty, land tax, local property tax and payroll taxes in the normal way.

Deferred Tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

l) Equity and Share Issue Costs

The equity of I-RES consists of ordinary shares issued. Shares issued are recorded at the date of issuance. Direct issue costs in respect of the issue of shares are accounted for as a deduction from retained earnings.

m) Net Asset Value ("NAV")

The NAV is calculated as the value of the Group's assets less the value of its liabilities, measured in accordance with IFRS as adopted in the EU, and in particular will include the Group's property assets at their most recent independently assessed market values.

n) Share-based Payments

I-RES has determined that the options and restricted share units issued to senior executives qualify as "equity-settled share-based payment transactions" as per IFRS 2. In addition, any options issued to the directors have also been based on equity-settled share-based payment transactions. The fair value of the options measured on the grant date will be expensed over the graded vesting term with a corresponding increase in equity. The fair value for all options granted is measured using the Black-Scholes model.

The grant-date fair value of restricted share units issued to senior executives is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The fair value for all restricted share units granted is measured using a Monte Carlo simulation. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

o) Property Taxes

Property taxes are paid annually and recognised as an expense evenly throughout the year.

p) Security Deposits

Security deposits are amounts received from tenants at the beginning of a tenancy. When a tenant is no longer in possession of the property, the Group will assess whether there were damages to the property above normal wear and tear for which deductions may be made to their deposit. Once the inspections and repairs are calculated, the remaining security deposit is returned to the tenant.

2. Significant Accounting Policies (continued)

q) Pension

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which a company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further obligations. The contributions are recognised as an expense when they are due. The amounts that are not paid are shown as accruals in the consolidated statement of financial position. The assets of the plan are held separately from those of the Company in an independently administered fund.

r) Impact Expected From New or Amended Standards

The following standards and amendments are not expected to have a significant impact on reported results or disclosures of the Group, and, were not effective at the financial year end 31 December 2020 and have not been applied in preparing these consolidated financial statements. The Group will apply the new standards from the effective date. The potential impact of these standards on the Group is under review:

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), IASB effective date 1 January 2021.
The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), IASB effective date 1 January 2022.
The amendments clarify that the 'costs of fulfilling a contract' comprise both: the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018-2020, IASB effective date 1 January 2022.
IFRS 1 First-time adoption of International Financial Reporting Standards - the amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent.

IFRS 9 Financial Instruments - This amendment clarifies that for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases - The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), IASB effective date 1 January 2022.
Under the amendments, proceeds from selling items before the related item of Property Plant and Equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1), IASB effective date 1 January 2023.
Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

3. Critical Accounting Estimates, Assumptions and Judgements

The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates, assumptions and judgements that in some cases relate to matters that are inherently uncertain, and which affect the amounts reported in the consolidated financial statements and accompanying notes. Areas of such estimation include, but are not limited to, valuation of investment properties, and valuation of financial instruments. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and conditions.

The valuation estimate of investment properties is deemed to be more significant. See notes 2(c) and 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used.

4. Recent Investment Property Acquisitions, Developments and Disposals

For the year 1 January 2020 to 31 December 2020

Investment Property Acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs €'000
Waterside	27 March 2020	55	Malahide	19,330
		55		**19,330**

Completed Development

Property	Development Completion date	Apartment Count	Region	Total Costs Spent in 2020 €'000	Total Development Cost spent to date €'000
Tallaght Cross West	7 February 2020	18	West Dublin	259	5,518
Piper's Court (Hansfield Phase II)	31 July 2020	95	West Dublin	556	31,000
Priorsgate	20 December 2020	5	West Dublin	1,816	1,816
		118		2,631	38,334

Properties Under Development

Property	Development Contract Date	Apartment Count(4)	Region	Total Costs Spent in 2020 €'000	Total Development Cost spent to date €'000
Bakers Yard [(1)]	10 January 2020	61	City Centre	5,324	5,324
		61		5,324	5,324

(1) On 10 January 2020, I-RES started developing 61 residential units at Bakers Yard. The cost to complete is estimated at circa €13.8 million.

Disposals

Name	Apartment Count	Other Land and Property	Region	Net proceeds from Disposition €'000
The Laurels	19	1 Commercial Unit, 190 Sq M	West Dublin	4,125
Beacon South Quarter[(1)]	12		South Dublin	4,761
Russell Court	29		North Dublin	7,197
Belville and the Mills	21		West Dublin	7,241
St Edmunds	18	1 Development site, 0.16 Ha	West Dublin	6,628
The Oaks	14		West Dublin	4,328
Spencer House	12		City Centre	5,382
East Arran Street	12		City Centre	4,322
Coopers Court	14	2 Commercial Units, 126 Sq M	City Centre	3,911
	151	—		47,895

(1) Of the 225 residential units at BSQ, only 12 were disposed in 2020.

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4. Recent Investment Property Acquisitions, Developments and Disposals (continued)

For the year 1 January 2019 to 31 December 2019

Investment Property Acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs €'000
The Coast	2019	52	Dublin, Ireland	14,316
Taylor Hill	2019	78	Dublin, Ireland	22,830
Semple Woods	2019	40	Dublin, Ireland	15,812
City Square	29 April 2019	1	Dublin, Ireland	428
Marathon Portfolio	1 August 2019	815	Ireland	291,298
		986		344,684

Properties Under Development

Developments Property	Development Contract Date	Apartment Count	Region	Total Costs Spent in 2019 €'000	Total Development Cost spent to date €'000
Hansfield Phase II Development	16 November 2018	95	Dublin, Ireland	19,902	30,444
Coldcut Park	2 July 2019	1	Dublin, Ireland	184	184
Tallaght Cross West	4 April 2019	18	Dublin, Ireland	5,259	5,259
		114		25,345	35,887

5. Investment Properties

Valuation Basis

Investment properties are carried at fair value, which is the amount at which the individual properties could be sold in an orderly transaction between market participants at the measurement date, considering the highest and best use of the asset, with any gain or loss arising from a change in fair value recognised through profit or loss in the consolidated statement of profit or loss and other comprehensive income for the year.

The majority of the fair values of all of the Group's investment properties as at 31 December 2020 are determined by CBRE Unlimited Company ("CBRE") and the remaining by Savills, the Company's external independent valuers. The valuers employ qualified valuation professionals who have recent experience in the location and category of the respective property. Valuations are prepared on a bi-annual basis at the interim reporting date and the annual reporting date.

The information provided to the valuers, and the assumptions and valuation methodologies and models used by the valuers, are reviewed by management. The valuers meet with the Audit Committee and discusses the valuation results as at 31 December and 30 June directly. The Board determines the Group's valuation policies and procedures for property valuations. The Board decides which independent valuers to appoint for the external valuation of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Retail Properties
The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. In some cases, "lockdowns" have been applied – in varying degrees – to reflect further 'waves' of Covid-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. As at the valuation date, the valuers have stated that it can attach less weight to previous market evidence for comparison purposes for the retail portion of the Group's portfolio, to inform opinions of value. The valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the Valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the Valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the Valuation. This uncertainty clause was removed for residential properties as of 31 December 2020 however continues to be apply for retail properties.

Investment Property Producing Income
For investment property, the income approach/yield methodology involves applying market-derived yields to current and projected future income streams. These yields and future income streams are derived from comparable property transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account include the tenure of the lease, tenancy details, and planning, building and environmental factors that might affect the property.

Investment Property Under Development
In the case of investment property under development, the approach applied is the "residual method" of valuation, which is the valuation method as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

During 2020, the Company incurred development costs of €8.0 million (31 December 2019: €25.3 million) relating to the properties under development. At the reporting date, the only property under development is Bakers Yard.

Borrowing costs of €92.0 thousand (€660.1 thousand as at 31 December 2019) are included in capitalised development expenditures. The weighted average interest rate used to capitalise the borrowing costs was 1.77% (31 December 2019: 1.86%).

Development Land
In the case of development land, the approach applied is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets. Land values are estimated using either a per acre or per buildable square foot basis based on highest and best use. Such values are applied to the Group's properties after adjusting for factors specific to the site, including its location, zoning, servicing and configuration.

Information about Fair Value Measurements using Unobservable Inputs (Level 3)
At 31 December 2020, the Group considers that all of its investment properties fall within Level 3 fair value as defined by IFRS 13. As outlined in IFRS 13, a Level 3 fair value recognises that the significant inputs and considerations made in determining the fair value of property investments cannot be derived from publicly available data, as the valuation methodology in respect of a property also has to rely on a number of unobservable inputs including technical reports, legal data, building costs, rental analysis (including rent moratorium), professional opinion on profile, lot size, layout and presentation of accommodation. In addition, the valuers utilise proprietary databases maintained in respect of properties similar to the assets being valued.

5. Investment Properties (continued)

Valuation Basis (continued)

Information about Fair Value Measurements using Unobservable Inputs (Level 3) (continued)
The Irish government implemented a temporary rent memorandum as a result of Covid-19 prohibiting increases in rents on renewals from April 2020 to September 2020. Since September 2020, the Irish government prohibits any increase in rents on renewals on tenants receiving support from the government due to impact from Covid-19. I-RES has not served any renewals with rental changes since April 2020, after the declaration of the pandemic in March 2020.

The Group tests the reasonableness of all significant unobservable inputs, including yields and stabilised net rental income ("**Stabilised NRI**") used in the valuation and reviews the results with the independent valuers for all independent valuations. The Stabilised NRI represents cash flows from property revenue less property operating expenses, adjusted for market-based assumptions such as market rents, short term and long term vacancy rates and bad debts, management fees, repairs and maintenance. These cashflows are estimates for current and projected future income streams.

Sensitivity Analysis

Stabilised NRI and "Equivalent Yields" are key inputs in the valuation model used.

Equivalent Yield is the rate of return on a property investment based on current and projected future income streams that such property investment will generate. This is derived by the external valuers and is used to set the term and reversionary yields.

For example, completed properties are valued mainly using a term and reversion model. For the existing rental contract or term, estimated Stabilised NRI is based on the expected rents from residents over the period to the next lease break option or expiry. After this period, the reversion, estimated Stabilised NRI is based on expectations from current market conditions. Thus, a decrease in the estimated Stabilised NRI will decrease the fair value, and an increase in the estimated Stabilised NRI will increase the fair value.

The Equivalent Yields magnify the effect of a change in Stabilised NRI, with a lower yield resulting in a greater effect on the fair value of investment properties than a higher Equivalent Yield.

For investment properties producing income and investment properties under development, an increase of 1% in the Equivalent Yield would have the impact of a €239.2 million reduction in fair value while a decrease of 1% in the Equivalent Yield would result in a fair value increase of €373.4 million. An increase between 1% - 4% in Stabilised NRI would result in a fair value increase from €13.5 million to €53.9 million respectively in fair value, while a decrease between 1% - 4% in Stabilised NRI would have the impact ranging from €13.5 million to €53.9 million reduction respectively. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next twelve months based on expected changes in net rental income.

The direct operating expenses recognised in the consolidated statement of profit or loss and other comprehensive income for the Group is €15.0 million for the year ended 31 December 2020 (31 December 2019: €11.6 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the consolidated statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the year ended 31 December 2020 and 31 December 2019 was not material.

An investment property is comprised of various components, including undeveloped land and vacant residential and commercial units; no direct operating costs were specifically allocated to the components noted above.

5. Investment Properties (continued)

Quantitative Information

A summary of the Equivalent Yields and ranges along with the fair value of the total portfolio of the Group as at 31 December 2020 is presented below:

As at 31 December 2020

Type of Interest	Fair Value €'000	WA NRI[1] €'000	Rate Type[2]	Max.	Min.	Weighted Average
Investment properties	1,346,683	2,892	Equivalent Yield	5.62 %	3.75 %	4.66 %
Properties under development	8,901	1,004	Equivalent Yield	4.25 %	4.25 %	4.25 %
			Average Development Cost (per sq. ft.)	€361.80	€361.80	€361.80
Development land[3]	24,770	n/a	Market Comparable (per sq. ft.)	€140.9	€27.5	€134.6
Total investment properties	**1,380,354**					

(1) WA NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties ("WA NRI"). The NRI is calculated by multiplying the Equivalent Yield for each property by its respective fair value.
(2) The Equivalent Yield disclosed above is provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

As at 31 December 2019

Type of Interest	Fair Value €'000	WA NRI[1] €'000	Rate Type[2]	Max.	Min.	Weighted Average
Investment properties	1,293,241	2,751	Equivalent Yield	6.19 %	4.16 %	4.90 %
Properties under development	36,000	1,259	Equivalent Yield	5.93 %	4.75 %	4.94 %
			Average Development Cost (per sq. ft.)	€379.0	€319.2	€370.2
Development land[3]	29,960	n/a	Market Comparable (per sq. ft.)	€158.5	€35.6	€134.1
Total investment properties	**1,359,201**					

(1) WA NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties ("WA NRI"). The NRI is calculated by multiplying the Equivalent Yield for each property by its respective fair value.
(2) The Equivalent Yield disclosed above is provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

5. Investment Properties (continued)

Quantitative Information (continued)

The following table summarises the changes in the investment properties portfolio during the periods:

Reconciliation of Carrying Amounts of Investment Properties

For the year ended 31 December 2020

	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000
Balance at the beginning of the year	1,293,241	36,000	29,960	1,359,201
Acquisitions	19,330	—	—	19,330
Development expenditures	7,865	7,955	282	16,102
Reclassification(1)	38,631	(35,631)	(3,000)	—
Property capital investments	9,986	—	—	9,986
Capitalised leasing costs(2)	(44)	—	—	(44)
Direct leasing costs(3)	150	—	—	150
Disposition(4)	(43,463)	—	—	(43,463)
Unrealised fair value movements	20,987	577	(2,472)	19,092
Balance at the end of the year	1,346,683	8,901	24,770	1,380,354

For the year ended 31 December 2019

	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000
Balance at the beginning of the year	882,416	10,500	28,400	921,316
Acquisitions	344,684	—	—	344,684
Development expenditures	—	25,345	3,613	28,958
Reclassification(5)	184	266	(450)	—
Property capital investments	7,983	—	—	7,983
Capitalised leasing costs(2)	(21)	—	—	(21)
Direct leasing costs(3)	47	—	—	47
Unrealised fair value movements	57,948	(111)	(1,603)	56,234
Balance at the end of the year	1,293,241	36,000	29,960	1,359,201

(1) Reclassified Bakers Yard from development land to properties under development. Developments at Tallaght Cross West, Piper's Court and Priorsgate were reclassified from properties under development to income properties upon their completion in 2020.
(2) Straight-line rent adjustment.
(3) Includes cash outlays for new tenants.
(4) 151 residential units were disposed of for net proceeds of €47.9 million resulting in a gain of €4.4 million.
(5) Reclassified Tallaght Cross West from development land to properties under development and reclassified Coldcut Park from properties under development to income properties in 2019.

Most of the residential leases are for one year or less.

The carrying value of the Group investment properties of €1,380.4 million for the investment properties at 31 December 2020 (€1,359.2 million at 31 December 2019) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2020 (Red Book) and IFRS 13.

6. Leases

Leases as Lessee (IFRS 16)

On 9 December 2019, the Group entered into an agreement to lease office space at South Dock House. The lease is for a period of 20 years, with options for the Group to terminate the lease on the 10th and 15th anniversary of the lease. Lease payments are renegotiated every five years to reflect market rentals.

A portion of the office space is sub-let to a tenant. The sub-lease was extended in 2020 to 2022, and is classified as an operating lease.

The Group has assessed at the lease commencement date whether it is reasonably certain to exercise the lease termination option and has determined that the lease term is 20 years. As well, the Group has used an incremental borrowing rate of 2.48% to determine the lease liability.

Information about leases for which the Group is a lessee is presented below.

Right-of-use Assets

For the year ended 31 December 2020	Land and Buildings (€'000)
Balance at the beginning of the year	**10,083**
Additions to right-of-use assets	—
Depreciation charge for the year	**(507)**
Balance at the end of the year (Note 7)	**9,576**

For the year ended 31 December 2019	Land and Buildings (€'000)
Balance at the beginning of the year	—
Additions to right-of-use assets	10,114
Depreciation charge for the year	(31)
Balance at the end of the year (Note 7)	10,083

Amounts Recognised in Profit or Loss
For the year ended 31 December 2020, I-RES recognized interest on lease liabilities of circa €241,000. (31 December 2019: €4,000)

Amounts Recognised in Statement of Cash Flow
For the year ended 31 December 2020, I-RES's total cash outflow for leases was circa €386,000. (31 December 2019: €247,000)

Refer to note 20 for movements in the lease liability.

Lease as Lessor

The Group leases out its investment property consisting of its owned residential and commercial properties as well as a portion of the leased property. All leases are classified as operating leases from a lessor perspective. See note 14 for an analysis of the Group's rental income.

7. Property, Plant and Equipment

	Land and Buildings (Note 6) €'000	Furniture and Fixtures €'000	Total €'000
At cost			
As at 1 January 2020	10,114	59	10,173
Additions	–	160	160
As at 31 December 2020	**10,114**	**219**	**10,333**
Accumulated amortisation			
As at 1 January 2020	(31)	(54)	(85)
Additions	(507)	(19)	(526)
As at 31 December 2020	**(538)**	**(73)**	**(611)**
As at 31 December 2020	**9,576**	**146**	**9,722**

	Land and Buildings €'000	Furniture and Fixtures €'000	Total €'000
At cost			
As at 1 January 2019	–	59	59
Additions	10,114	–	10,114
As at 31 December 2019	**10,114**	**59**	**10,173**
Accumulated amortisation			
As at 1 January 2019	–	(53)	(53)
Additions	(31)	(1)	(32)
As at 31 December 2019	**(31)**	**(54)**	**(85)**
As at 31 December 2019	**10,083**	**5**	**10,088**

8. Other Assets

As at	31 December 2020 €'000	31 December 2019 €'000
Other Current Assets		
Prepayments(1)	**2,651**	2,301
Deposits on acquisitions(2)	**10,529**	6,945
Other receivables(3)	**674**	577
Trade receivables	**1,648**	1,963
Total	**15,502**	11,786

(1) Includes specific costs relating to preparing planning applications of development lands and costs associated with ongoing transactions.
(2) Includes deposits paid for the Phoenix Park acquisition which closed on 28 January 2021.
(3) Relates to levies received in respect of services to be incurred.

9. Accounts Payable and Accrued Liabilities

As at	31 December 2020 €'000	31 December 2019 €'000
Accounts Payable and Accrued Liabilities(1)		
Rent - early payments	**3,358**	2,662
Trade creditors	**645**	446
Accruals(2)	**7,494**	6,914
Value Added Tax	**91**	194
Total	**11,588**	10,216

(1) The carrying value of all accounts payable and accrued liabilities approximates their fair value.
(2) Includes property related accruals, development accruals, property management fees and asset management fees accruals.

10. Credit Facility

As at	31 December 2020 €'000	31 December 2019 €'000
Bank Indebtedness		
Loan drawn down	**354,020**	555,020
Deferred loan costs	**(3,971)**	(5,169)
Total	**350,049**	549,851

On 18 April 2019, I-RES entered into a new accordion credit facility of up to €450 million with a syndicate of five banks, which can be extended to €600 million, (subject to certain terms and conditions) (the "New Revolving Credit Facility") replacing the existing €350 million revolving and accordion credit facility which was due to mature January 2021 (the "Previous Revolving Credit Facility").

The New Revolving Credit Facility has a five year term, which can be extended to seven years (subject to certain conditions) and is secured by a floating charge over assets of the Company and IRES Residential Properties Limited, its subsidiary, and a fixed charge over the shares held by the Company in IRES Residential Properties Limited on a pari passu basis. It has a reduced margin compared to the Previous Revolving Credit Facility. This facility is being provided by Barclays Bank Ireland PLC, Ulster Bank Ireland DAC, The Governor and Company of the Bank of Ireland, Allied Irish Banks, P.L.C. and HSBC Bank PLC.

On 12 June 2019, the Company exercised its option under the New Revolving Credit Facility to extend its committed facilities from €450 million to €600 million and amended the New Revolving Credit Facility to include a new uncommitted accordion facility of €50 million. The New Revolving Credit Facility (as amended and restated on 12 June 2019) the ("**RCF**") matures on 18 April 2024. The interest on the RCF is set at the annual rate of 1.75%, plus the one-month or three-month EURIBOR rate (at the option of I-RES). There are commitment fees charged on the undrawn loan amount of the RCF.

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to a notional amount of €160 million. The agreements had an effective date of 23 March 2017 and a maturity date of 14 January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling a notional amount of €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of 14 January 2021.

The interest rate swap agreements effectively convert the hedged portion of the RCF (€204.8 million) from a variable rate to a fixed rate facility up to 14 January 2021 (see note 16 for further details).

I-RES has complied with all its debt financial covenants to which it was subject during the year.

11. Private Placement Debt

On 11 March 2020, I-RES successfully closed the issue of €130 million notes and IRES Residential Properties Limited, its subsidiary closed the issue of USD $75 million notes on a private placement basis (collectively, the "**Notes**"). The Notes have a weighted average fixed interest rate of 1.92% inclusive of a USD Euro swap. Interest is paid semi-annually on 10 March and 10 September.

The Notes have been placed in four tranches:

As at 31 December 2020	Maturity	Contractual interest rate	Derivative Rates	€'000
EUR Series A Senior Secured Notes	10 March 2030	1.83 %	n/a	**90,000**
EUR Series B Senior Secured Notes	10 March 2032	1.98 %	n/a	**40,000**
USD Series A Senior Secured Notes	10 March 2027	3.44 %	1.87 %	**40,923**(1)
USD Series B Senior Secured Notes	10 March 2030	3.63 %	2.25 %	**20,462**(2)
				191,385
Deferred financing costs, net				**(2,383)**
Total				**189,002**

(1) The principal amount of the USD Series A Senior Secured Notes is USD $50 million.
(2) The principal amount of the USD Series B Senior Secured Notes is USD $25 million.

The Notes are secured by a floating charge over the assets of the Group and a fixed charge over the shares held by the Company in IRES Residential Properties Limited on a pari passu basis.

12. Share-based Compensation

a) Options

Options are issuable pursuant to I-RES' share-based compensation plan, namely, the long-term incentive plan ("**LTIP**").

On 18 June 2019, 1,302,461 options were granted to the Chief Executive Officer. The Chief Executive Officer received options, calculated as 3% of the new Ordinary Shares issued, at an exercise price of €1.71 per share, in accordance with her employment agreement.

On 10 July 2019, an additional 1,294,038 options were granted to the Chief Executive Officer in connection with the placing of new ordinary shares.

All options have a maximum life of seven years less a day and it is graded vesting. The options will vest over three years from the date of grant on the basis of one third per completed year the recipient of the option completes in respect of the relevant service which has qualified him or her for an option grant. The LTIP limit cannot exceed 10% of I-RES' issued ordinary share capital (adjusted for share issuance and cancellation) during the 10-year period prior to that date. As at 31 December 2020, the maximum number of additional options, or Restricted Share Units ("**RSU**") issuable under the LTIP is 21,444,849 (31 December 2019: 21,542,450).

LTIP

For the year ended	WA exercise price	31 December 2020	31 December 2019
Share Options outstanding as at 1 January	1.24	**12,496,499**	10,875,000
Issued, cancelled or granted during the period:			
Issued or granted	–	**—**	2,596,499
Exercised or settled	1.04	**(3,400,000)**(2)	(975,000)
Share Options outstanding as at 31 December(1)	1.32	**9,096,499**	12,496,499

(1) Of the Share Options outstanding above, 7,365,499 were exercisable at 31 December 2020 (31 December 2019: 9,233,333).
(2) See note 21 for more details.

12. Share-based Compensation (continued)

a) Options (continued)

The fair value of options has been determined as at the grant date using the Black-Scholes model. The assumptions utilised in the model to arrive at the estimated fair value for the outstanding grants at the respective periods are listed below.

LTIP

Issuance Date	10 July 2019	18 June 2019	16 November 2017	26 March 2015	16 April 2014
Number of shares	1,294,038	1,302,461	2,000,000	11,900,000	17,080,000
Share price on date of grant (€)	1.682	1.710	1.489	1.005	1.040
Award grant price (€)	1.682	1.710	1.489	1.005	1.040
Risk-free rate (%)	2.0	1.9	2.2	0.4	1.2
Distribution yield (%)	3.8	3.6	3.9	5.0	5.0
Expected years	7.0	7.0	7.0	7.0	7.0
Volatility (%)	16.6	16.6	19.6	20.2	20.3
Award option value (€)	0.16	0.17	0.18	0.07	0.08

The volatility of the 18 June 2019 and 10 July 2019 issue is based over the prior seven years. 16 November 2017 issue's volatility is based over the past four years, 26 March 2015 issue's volatility is based over the prior five years, and 16 April 2014 issue's volatility is based over the prior four years. The risk-free rate is based on Irish government bonds with a term consistent with the assumed option life.

b) Restricted Stock Unit Awards

On 27 March 2020, I-RES granted the Chief Executive Officer 437,601 RSU awards. These awards have a vesting period of three years from 27 March 2020 and a holding period of two years from the vesting date. The share price as at 27 March 2020 was €1.23. The ultimate settlement of the RSU award is dependent on market and other conditions, which mutually exclusive of each other, as illustrated below:

Restricted Shares Conditions	Weighting	Performance condition type
Total Shareholder Return ("TSR")	50 %	Market
Earning Per Shares ("EPS") Return[(1)]	50 %	Non-market

Performance level	Vesting level	EPS portion (50% weighting) Percentage growth in EPS: 2022 compared to base year of 2019[(1)]	TSR portion (50% weighting) TSR relative to constituents of the FTSE EPRA/NAREIT Europe Developed Index
Below Threshold	0%	Below 3% p.a.	Below Median
Threshold	25%	3% p.a.	Median
Stretch (or above)	100%	6% p.a.	Upper Quartile (or above)
Between Threshold and Stretch	Pro-rata between 25% and 100%	Between 3% and 6% p.a.	Between Median and Upper Quartile

(1) EPS will be based on normalized EPRA earnings which is calculated by excluding from EPRA earnings the effects of certain non-recurring and exceptional items.

Non-market-based conditions: The fair value of the shares to be issued is determined using the grant date market price. The expected number of shares is calculated based on the expectations of the number of shares which may vest at the vesting date and amortised over the vesting period. At each reporting date, the calculation of the number of shares is revised according to current expectations or performance.

12. Share-based Compensation (continued)

b) Restricted Stock Unit Awards (continued)

Market-based condition: The expected performance of I-RES shares over the vesting period is calculated using a Monte Carlo simulation. Inputs are share price volatility for I-RES and the average growth rate. These inputs are calculated with reference to relevant historical data and financial models. It should be recognised that the assumption of an average growth rate is not a prediction of the actual level of returns that will be achieved. The volatility assumption in the distribution gives a measure of the range of outcomes that may occur on either side of this average value. This is used to amortise the fair value of an expected cost over the vesting period. On vesting, any difference in amounts accrued versus actual is amended through reserves.

50% of the award is subjected to an EPS measure and 50% is subject to TSR measure relative to constituents of the FTSE EPRA/NAREIT Europe Developed Index. Results and inputs are summarised in the table below:

Fair value per award (TSR tranche) (per share)		**€0.57**
Inputs	Source	
Three year Risk free interest rate (%)	European Central Bank	(0.70%)
Three year Historical volatility		22.21 %
Fair value per award (EPS tranche) (per share)		**€1.05**
Inputs	Source	
Two year Risk free interest rate (%)	European Central Bank	(0.71%)
Two year Expected volatility		24.06 %

The expected volatility is based on historic market volatility prior to the issuance.

The total share-based compensation expense relating to options for year ended 31 December 2020 was €232,000 (31 December 2019: €236,000) and total share-based compensation expense relating to restricted stock unit award for the year ended 31 December 2020 was €90,000 (31 December 2019: € nil).

13. Shareholders' Equity

All equity shares outstanding are fully paid and are voting shares. Equity shares represent a shareholder's proportionate undivided beneficial interest in I-RES. No equity share has any preference or priority over another. No shareholder has or is deemed to have any right of ownership in any of the assets of I-RES. Each share confers the right to cast one vote at any meeting of shareholders and to participate pro rata in any distributions by I-RES and, in the event of termination of I-RES, in the net assets of I-RES remaining after satisfaction of all liabilities. Shares will be issued in registered form and are transferable.

The number of shares authorised is as follows:

For the year ended	**31 December 2020**	**31 December 2019**
Authorised Share Capital	1,000,000,000	1,000,000,000
Ordinary shares of €0.10 each		

The number of issued and outstanding ordinary shares is as follows:

For the year ended	**31 December 2020**	**31 December 2019**
Ordinary shares outstanding, beginning of year	521,678,946	434,153,946
New shares issued(1)	3,400,000	87,525,000
Ordinary shares outstanding, end of year	525,078,946	521,678,946

(1) In 2020, 3,400,000 shares were issued for options under the LTIP. On 12 June 2019 and 9 July 2019, I-RES successfully completed a placing of 86,550,000 new Ordinary Shares at a price of €1.55 per share raising gross proceeds of approximately €134.2 million (before commissions, fees and expenses). The additional 975,000 shares in 2019 were new shares issued for options issued under the LTIP.

14. Revenue from Investment Properties

I-RES generates revenue primarily from the rental income from investment properties. Rental income represents lease revenue earned from the conveyance of the right to use the property, including access to common areas, to a lessee for an agreed period of time. The rental contract also contains an undertaking that common areas and amenities will be maintained to a certain standard. This right of use of the property and maintenance performance obligation is governed by a single rental contract with the tenant. I-RES has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income.

	31 December 2020 €'000	31 December 2019 €'000
Rental Income	**66,055**	53,946
Revenue from services	**7,962**	7,055
Car park income	**727**	1,096
Revenue from contracts with customers	**8,689**	8,151
Total Revenue	**74,744**	**62,097**

15. Financing Costs

	31 December 2020 €'000	31 December 2019 €'000
Financing costs on RCF	**9,910**	9,325
Financing costs on private placement debt	**3,340**	—
Cost associated with early close out of debt instrument	**—**	3,153
Gross financing costs	**13,250**	12,478
Less: Capitalised interest	**(434)**	(442)
Financing costs	**12,816**	12,036

16. Realised and Unrealised Gains and Losses on Derivative Financial Instruments

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to a notional amount of €160 million. The agreements have an effective date of 23 March 2017 and a maturity date of 14 January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling a notional amount of €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of 14 January 2021. Upon the expiration of the interest rate swap agreements on 14 January 2021, the interest on the entire RCF of €600 million is paid at a rate of 1.75% per annum plus the higher of the one-month or three-month EURIBOR rate (at the option of I-RES) or at a floor of zero if EURIBOR is negative. (see note 10 for further details)

In 2020, a fair value gain of €709,000 (31 December 2019: gain of €131,000) has been recorded in the consolidated statement of profit or loss and other comprehensive income and the fair value of the interest rate swaps was a liability of €84,000 at 31 December 2020 (31 December 2019: liability of €788,000).

On 12 February 2020, I-RES entered into a cross-currency swap to (i) hedge the US-based loan of USD $75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the US-based loan to a fixed Euro interest rate, maturing in 10 March, 2027 and 10 March 2030. (See note 11 for derivative fixed rates) This hedging agreement is accounted for as a cashflow hedge in accordance with the requirements of IFRS 9. Hedges are measured for effectiveness at each reporting date with the effective portion being recognised in equity in the hedging reserve, and the ineffective portion being recognized through profit or loss within financing costs.

In 2020, the ineffective portion that has been recorded in the consolidated statement of profit or loss and other comprehensive income was €nil and effective portion of €4,533,000 included in the cash flow hedge reserve. The fair value of the interest rate swaps was an asset of €770,000 and a liability of €8,075,000 at 31 December 2020.

17. Financial Instruments, Investment Properties and Risk Management

a) Fair Value of Financial Instruments and Investment Properties

The Group classifies and discloses the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13. The fair value hierarchy distinguishes between market value data obtained from independent sources and the Group's own assumptions about market value. The hierarchy levels are defined below:

» Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities;
» Level 2 - Inputs based on factors other than quoted prices included in Level 1 and may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and
» Level 3 - Inputs which are unobservable for the asset or liability and are typically based on the Group's own assumptions as there is little, if any, related market activity.

The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the asset or liability.

The following table presents the Group's estimates of fair value on a recurring basis based on information available as at 31 December 2020, aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 31 December 2020, the fair value of the Group's private placement debt is estimated to be €152.8 million. (31 December 2019: €nil) due to changes in interest rates since the private placement debt was issued and the impact of the passage of time on the fixed rate of the private placement debt. The fair value of the private placement debt is based on discounted future cash flows using rates that reflect current rate for similar financial instruments with similar duration, terms and conditions, which are considered Level 2 inputs. As at 31 December 2020, the fair value of the Group's RCF approximates the carrying value as the interest rate of the RCF is on a 1 month or 3 month basis.

As at 31 December 2020	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs(1) €'000	Total €'000
Recurring Measurements - Assets				
Investment properties	—	—	1,380,354	1,380,354
Derivative financial instruments	—	770	—	770
		770	1,380,354	1,381,124
Recurring Measurements - Liability				
Derivative financial instruments(2)(3)	—	(8,159)	—	(8,159)
Total	—	(7,389)	1,380,354	1,372,965

As at 31 December 2019	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs(1) €'000	Total €'000
Recurring Measurements - Assets				
Investment properties	—	—	1,359,201	1,359,201
Recurring Measurements - Liability				
Derivative financial instruments(2)	—	788	—	788
Total		788	1,359,201	1,359,989

(1) See note 5 for detailed information on the valuation methodologies and fair value reconciliation.
(2) The valuation of the interest rate swap instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. The fair value is determined using the market-standard methodology of netting the discounted future fixed cash payments and the discounted variable cash receipts of the derivatives. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rates. If the total mark-to-market value is positive, I-RES will include a current value adjustment to reflect the credit risk of the counterparty, and if the total mark-to-market value is negative, I-RES will include a current value adjustment to reflect I-RES' own credit risk in the fair value measurement of the interest rate swap agreements.
(3) The cross currency swaps are valued by constructing the cash flows of each side and then discounting them back to the present using appropriate discount factors, including consideration of credit risk, in those currencies. The cash flows of the more liquidly quoted currency pair will be discounted using standard discount factors, while the cash flows of the less liquid currency pair will be discounted using cross-currency basis-adjusted discount factors. Following discounting, the spot rate will be used to convert the present value amount of the non-valuation currency into the valuation currency.

17. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management

The main risks arising from the Group's financial instruments are market risk, interest rate risk, liquidity risk and credit risk. The Group's approach to managing these risks are summarised as follows:

Market Risk
Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group's financial assets currently comprise short-term bank deposits, trade receivables, deposit on acquisition and derivatives.

Short-term bank deposits are held while awaiting suitable investment properties for investment. These are denominated in euros. Therefore, exposure to market risk in relation to these is limited to interest rate risk.

The Group also has private placement note that is denoted in USD. The Group's risk management strategy is to mitigate foreign exchange variability to the extent that it is practicable and cost effective to do so. The Group utilizes cross currency swaps to hedge the foreign exchange risk associated with a portion of the Company's existing, fixed foreign-currency denominated Borrowings. The use of cross-currency interest rate swaps is consistent with the Group's risk management strategy to effectively eliminate variability in the Group's functional currency equivalent cash flows on a portion of its Borrowings due to variability in the USD-EUR exchange rate. The hedges protect the Group against adverse variability in foreign exchange rates and the effective portion is recognised in equity in the hedging reserve, with the ineffective portion being recognised through profit or loss within financing costs.

Derivatives designated as hedges against foreign exchange risks are accounted for as cash flow hedges. Hedges are measured for effectiveness at each accounting date and the accounting treatment of changes in fair value revised accordingly. Specifically, the Company is hedging (1) the foreign exchange risk on the USD interest payments and (2) the foreign exchange risk on the USD principal repayment of the USD Borrowings at maturity. This hedging relationship qualifies for foreign currency cash flow hedge accounting.

On 12 February 2020, I-RES entered into cross-currency swaps to (i) exchange the USD loan of USD $75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the USD loan to a fixed Euro interest rate, maturing in 10 March 2027 and 10 March 2030.

At the inception of the hedging relationship the Company has identified the following potential sources of hedge ineffectiveness:

1. Movements in the Company's and hedging counterparty's credit spread that would result in movements in fair value of the Hedging Instrument that would not be reflected in the movements in the value of the Hedged Transactions.
2. The possibility of changes to the critical terms (e.g. reset dates, index mismatches, payment dates) of the Hedged Transaction due to a refinancing or debt renegotiation such that they no longer match those of the Hedging Instrument. The company would reflect such mismatch when modelling of the hypothetical derivative and this could be a potential source of hedge ineffectiveness.

Whilst sources of ineffectiveness do exist in the hedging relationship, the Company expects changes in value of both the Hedging Instrument and the Hedged Transaction to offset and systematically move in opposite directions given the critical terms of the Hedging Instrument and the Hedged Transactions are closely aligned at inception as described above. Therefore, the Company has qualitatively concluded that there is an economic relationship between the Hedging Instrument and the Hedged Transaction in accordance with IFRS 9.

17. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

Cash Flow Hedges
At 31 December 2020, the Group held the following instruments to hedge exposures to changes in foreign currency:

	31 December 2020	31 December 2027	31 December 2030
Cross Currency Swaps			
Net exposure (€'000)	68,852	22,951	—
Average fixed interest rate	1.96 %	2.25 %	—

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness (€'000)	Cashflow hedge reserve (€'000)
Private placement debt	(4,533)	(77)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	Nominal amount (€'000)	Carrying amount Assets (€'000)	Carrying amount Liability (€'000)	Changes in the value of hedging instrument recognized in OCI (€'000)	Hedge ineffectiveness recognized in profit or loss (€'000)	Line items in profit or loss that includes hedge ineffectiveness	Amount reclassed from hedging reserve to profit or loss (€'000)	Line items in profit or loss affected by reclassification
Cross Currency Swaps	68,852	770	(8,075)	4,370	—	Gain on derivative financial instruments	4,293	Financing costs

Master netting or similar agreements
The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under these agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

31 December, 2020	Note	Gross amounts of financial instruments in the statement of financial position (€'000)	Related financial instruments that are not offset (€'000)	Net amount (€'000)
Financial assets				
Derivative financial instruments	**16**	**770**	**(770)**	—
Financial liabilities				
Derivative financial instruments	**16**	**(8,075)**	**770**	**(7,305)**

17. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("**IBORs**") with alternative nearly risk-free rates (referred to as '**IBOR reform**'). The Group does not have any exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will not impact its risk management and hedge accounting.

Interest Rate Risk

With regard to the cost of borrowing, I-RES has used, and may continue to use hedging, where considered appropriate, to mitigate interest rate risk.

As at 31 December 2020, I-RES' RCF was drawn for €354.0 million. On 28 February 2017 and 15 September 2017, I-RES entered into interest rate swap agreements aggregating to €204.8 million. The interest rate swap agreements effectively convert the hedged portion of the RCF from a variable rate to a fixed rate facility to January 2021. The fixed interest rate with the swap is at 1.66% (1.75% less 0.09%). The agreements effectively convert borrowings on a EURIBOR-based floating rate RCF to a fixed rate facility. The interest on the remaining portion of the RCF is paid at a rate of 1.75% per annum plus the higher of the one-month or three-month EURIBOR rate (at the option of I-RES) or at a floor of zero if EURIBOR is negative. Subsequent to the year end, the interest rate swap agreements matured on 14 January 2021 and the interest on the entire RCF of €600 million is paid at a rate of 1.75% per annum plus the higher of the one-month or three-month EURIBOR rate (at the option of I-RES) or a floor of zero if EURIBOR is negative. The Group does not currently expect for the EURIBOR to go above zero in the medium term and therefore have not entered into new swaps to hedge the variable rate exposure. I-RES will continue to monitor the changes in the EURIBOR rate to determine whether additional interest rate hedging is required. As at 31 December 2020, 35% of our total debt is fixed at fixed interest rates. For the year ended 31 December 2020, a 100-basis point change in interest rates would have the following effect on the unhedged portion:

As at 31 December 2020

	Change in interest rates Basis Points	**Increase (decrease) in net income** €'000
EURIBOR rate debt(1)	+100	**(782)**
EURIBOR rate debt(2)	-100	—

(1) Based on the fixed margin of 1.75% plus the one-month EURIBOR rate as at 31 December 2020 of -0.578% on the unswapped portion of the RCF.
(2) Based on the fixed margin of 1.75% plus the floor of zero on the unswapped portion of the RCF.

As at 31 December 2019

	Change in interest rates Basis Points	**Increase (decrease) in net income** €'000
EURIBOR rate debt(1)	+100	(1,849)
EURIBOR rate debt(2)	-100	—

(1) Based on the fixed margin of 1.75% plus the one-month EURIBOR rate as at 31 December 2019 of -0.472% on the unswapped portion of the RCF.
(2) Based on the fixed margin of 1.75% plus the floor of zero on the unswapped portion of the RCF.

Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in accessing capital markets and refinancing its financial obligations as they come due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors the level of expected cash inflows on trade and other receivables, together with expected cash outflows on trade and other payables and capital commitments.

17. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

Liquidity Risk (continued)

As at 31 December 2020	**Total €'000**	**6 months or less[(1)] €'000**	**6 to 12 months[(1)] €'000**	**1 to 2 years[(1)] €'000**	**2 to 5 years[(1)] €'000**	**More than 5 years[(1)] €'000**
Non-derivative financial liabilities						
Loan drawn down	**354,020**	–	–	–	354,020	–
Bank indebtedness interest [(2)]	**21,352**	3,072	3,123	6,195	8,962	–
Private placement debt	**191,385**	–	–	–	–	191,385
Private placement debt interest	**40,965**	2,295	2,295	4,590	13,770	18,015
Lease liability	**12,082**	314	314	628	1,883	8,943
Other liabilities	**8,139**	8,139	–	–	–	–
Security deposits	**7,562**	7,562	–	–	–	–
	635,505	21,382	5,732	11,413	378,635	218,343
Derivative financial liabilities						
Interest rate swaps used for hedging	**84**	84	–	–	–	–
Forward exchange rate used for hedging:						
Outflow	**(79,733)**	(687)	(687)	(1,381)	(4,114)	(72,864)
Inflow	**77,586**	1,075	1,075	2,150	6,450	66,836
	(2,063)	472	388	769	2,336	(6,028)

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

As at 31 December 2019	**Total €'000**	**6 months or less[(1)] €'000**	**6 to 12 months[(1)] €'000**	**1 to 2 years[(1)] €'000**	**2 to 5 years[(1)] €'000**	**More than 5 years[(1)] €'000**
Loan drawn down	555,020	–	–	–	555,020	–
Bank indebtedness interest [(2)]	42,446	4,757	4,809	9,540	23,340	–
Derivative financial instruments	788	–	–	788	–	–
Lease liability	12,553	314	314	628	1,883	9,414
Other liabilities	7,360	7,360	–	–	–	–
Security deposits	7,158	7,158	–	–	–	–
	625,325	19,589	5,123	10,956	580,243	9,414

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

The carrying value of bank indebtedness and trade and other payables (other liabilities) approximates their fair value.

Credit Risk

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; or (ii) the possibility that the Group's tenants may experience financial difficulty and be unable to meet their rental obligations.

The Group monitors its risk exposure regarding obligations with counterparties through the regular assessment of counterparties' credit positions.

17. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

Credit Risk (continued)
The Group mitigates the risk of credit loss with respect to tenants by evaluating the creditworthiness of new tenants and obtaining security deposits wherever permitted by legislation.

The Group monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. All residential accounts receivable balances exceeding 30 days are written off to bad debt expense and recognised in the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss and other comprehensive income. The Group's allowance for expected credit loss amounted to €991,000 for the year ended 31 December 2020 and is recorded as part of property operating costs in the consolidated statement of operations. (31 December 2019: €581,000)

Cash and cash equivalents are held by major Irish and European institutions with credit ratings of A and AAA respectively. The Company deposits cash with individual institutions to avoid concentration of risk with any one counterparty. The Group has also engaged the services of a depository to ensure the security of the cash assets.

Risk of counterparty default arising on derivative financial instruments is controlled by dealing with high- quality institutions and by a policy limiting the amount of credit exposure to any one bank or institution. Derivative financial instrument counter parties have credit ratings in the range of A+ to BBB.

Capital Management
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, I-RES may issue new shares or consider the sale of assets to reduce debt. I-RES, through the Irish REIT Regime, is restricted in its use of capital to making investments in real estate property in Ireland. I-RES intends to make distributions if its results of operations and cash flows permit in the future.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. At 31 December 2020, capital consists of equity and debt, and Group Total Gearing was 39.2%. I-RES seeks to use gearing to enhance shareholder returns over the long term. The level of gearing is monitored carefully by the Board.

The Board monitors the return on capital as well as the level of dividends paid to ordinary shareholders. Subject to distributable reserves, it is the policy of I-RES to distribute at least 85% of the Property Income of its Property Rental Business for each accounting period.

18. Taxation

I-RES elected for REIT status on 31 March 2014. As a result, from this date the Group is exempt from paying Irish corporation tax on the profits and gains from qualifying rental business in Ireland provided it meets certain conditions.

Instead, dividends paid to shareholders in respect of the Property Rental Business are treated for Irish tax purposes as income in the hands of shareholders. Corporation tax is still payable in the normal way in respect of income and gains from any residual business (generally including any property trading business) not included in the Property Rental Business. I-RES is also liable to pay other taxes such as VAT, stamp duty, land tax, local property tax and payroll taxes in the normal way.

Within the Irish REIT Regime, for corporation tax purposes the Property Rental Business is treated as a separate business from the residual business. A loss incurred by the Property Rental Business cannot be offset against profits of the residual business.

An Irish REIT is required, subject to having sufficient distributable reserves, to distribute to its shareholders (by way of dividend), on or before the filing date for its tax return for the accounting period in question, at least 85% of the Property Income of the Property Rental Business arising in each accounting period. Failure to meet this requirement would result in a tax charge calculated by reference to the extent of the shortfall in the dividend paid. A dividend paid by an Irish REIT from its Property Rental Business is referred to as a property income distribution. Any normal dividend paid from the residual business by the Irish REIT is referred to as a non-property income distribution dividend.

The Directors confirm that the Group has remained in compliance with the Irish REIT Regime up to and including the date of this Report and that there has been no profit arising from residual business activities.

19. Dividends

Under the Irish REIT Regime, subject to having sufficient distributable reserves, I-RES is required to distribute to shareholders at least 85% of the Property Income of its Property Rental Business for each accounting period, provided it has sufficient distributable reserves.

On 07 August 2020, the Directors resolved to pay an additional dividend of €14.3 million for the six months ended 30 June 2020. The dividend of 2.75 cents per share was paid on 11 September 2020 to shareholders on record as at 21 August 2020.

On 20 February 2020, the Directors resolved to pay an additional dividend of €16.2 million for the year ended 31 December 2019. The dividend of 3.1 cents per share was paid on 23 March 2020 to shareholders on record as at 28 February 2020.

On 9 August 2019, the Directors resolved to pay an interim dividend of €14.1 million for the six months ended 30 June 2019. The dividend of 2.7 cents per share was paid on 13 September 2019 to shareholders on record as at 23 August 2019.

On 22 February 2019, the Directors resolved to pay an additional dividend of €13.0 million for the year ended 31 December 2018. The dividend of 3.0 cents per share was paid on 29 March 2019 to shareholders on record as of 8 March 2019.

	31 December 2020 **€'000**	31 December 2019 **€'000**
Profit for the year	**58,263**	86,282
Less: unrealized loss/(gain) in net movement in fair value of investment properties	**(19,092)**	(56,234)
Property Income of the Property Rental Business	**39,171**	30,048
Add back:		
Share-based compensation expense	**322**	236
Unrealised change in fair value of derivatives	**(709)**	(131)
Distributable Reserves	**38,784**	30,153

20. Supplemental Cash Flow Information

Breakdown of Operating Income Items Related to Financing and Investing Activities

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Financing costs as per the consolidated statement of profit or loss and other comprehensive income	**12,816**	12,036
Interest expense accrual	**(1,311)**	(315)
Capitalised interest	**434**	442
Lease interest	**241**	—
Less: amortisation of financing fees	**(1,409)**	(2,486)
Interest Paid	**10,771**	9,677

Changes in Operating Assets and Liabilities

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Prepayments	**(350)**	(1,358)
Trade receivables	**(676)**	160
Other receivables	**(97)**	1,018
Accounts payable and other liabilities	**303**	274
Security deposits	**404**	1,864
Changes in operating assets and liabilities	**(416)**	1,958

Issuance of Shares

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Issuance of shares	**3,536**	135,142
Issuance costs	**—**	(3,129)
Net proceeds	**3,536**	132,013

20. Supplemental Cash Flow Information (continued)

Changes in Liabilities Due to Financing Cash Flows

		Changes from Financing Cash flows							Non-cash Changes			
	1 January 2020	**Proceeds from private placement debt**	**Revolving Credit Facility drawdown**	**Revolving Credit Facility repayment**	**Lease payments**	**Financing fees on private placement debt**	**Amortisation of other financing costs**	**Foreign exchange**	**Gain on derivatives**	**Interest accrual relating to derivatives**	**New hedging instrument**	**31 December 2020**
Bank indebtedness	555,020	—	17,000	(218,000)	—	—	—	—	—	—	—	354,020
Deferred loan costs, net	(5,169)	—	—	—	—	—	1,198	—	—	—	—	(3,971)
Private Placement debt	—	196,342	—	—	—	—	—	(4,956)	—	—	—	191,386
Deferred loan costs, net	—	—	—	—	—	(2,595)	211	—	—	—	—	(2,384)
Derivative financial instruments	788	—	—	—	—	—	—	—	(709)	5	8,075	8,159
Lease liability	9,872	—	—	—	(386)	—	—	—	—	—	—	9,486
Total liabilities from financing activities	**560,511**	**196,342**	**17,000**	**(218,000)**	**(386)**	**(2,595)**	**1,409**	**(4,956)**	**(709)**	**5**	**8,075**	**556,696**

		Changes from Financing Cash flows				Non-cash Changes				
	1 January 2019	**Revolving Credit Facility drawdown**	**Revolving Credit Facility repayment**	**Lease payments**	**Financing fees on Revolving Credit Facility**	**Amortisation of other financing costs**	**Lease Liability Payable**	**Gain on derivatives**	**Interest accrual relating to derivatives**	**31 December 2019**
Bank indebtedness	309,159	637,451	(391,590)	—	—	—	—	—	—	555,020
Deferred loan costs, net	(1,665)	—	—	—	(5,990)	2,486	—	—	—	(5,169)
Derivative financial instruments	913	—	—	—	—	—	—	(131)	6	788
Lease liability	—	—	—	(247)	—	—	10,118	—	—	9,871
Total liabilities from financing activities	**308,407**	**637,451**	**(391,590)**	**(247)**	**(5,990)**	**2,486**	**10,118**	**(131)**	**6**	**560,510**

21. Related Party Transactions

CAPREIT LP has an indirect 18.8% beneficial interest in I-RES and has determined that it has significant influence over I-RES. The beneficial interest is held through a qualifying investor alternative investment fund, Irish Residential Properties Fund, CAPREIT LP's wholly-owned subsidiary.

Effective 1 November 2015, CAPREIT LP's wholly-owned subsidiary, IRES Fund Management Limited ("**the Manager**" or "**IRES Fund Management**") entered into the investment management agreement with I-RES (the "**Investment Management Agreement**"), as amended or restated or as may be amended or restated from time to time, pursuant to which I-RES pays 3.0% per annum of its gross rental income as property management fees and 0.5% per annum of its net asset value together with relevant reimbursements as asset management fees to the Manager. The Investment Management Agreement governs the provision of portfolio management, risk management and other related services to the Company by the Manager on a day-to-day basis. The Investment Management agreement had an initial term of five years and thereafter continues in force for consecutive five-year periods.

The Manager has the ability to terminate the Investment Management Agreement by serving 12 months' notice of termination at any time after 1 November 2019. The Manager may also terminate the Investment Management Agreement at any time if required to do so by any competent regulatory authority, if the Company commits a material breach of the agreement which remains unremedied for 30 days, or if the Company enters an event of insolvency.

The Company may terminate the Investment Management Agreement if the Manager commits a material breach of the agreement which remains unremedied for 30 days, enters an event of insolvency, is no longer authorised to carry out the services under the Investment Management Agreement or if CAPREIT LP (or one of its affiliate) ceases to beneficially own 5% of the Company or ceases to control the Manager.

The Company also has the right to terminate the Investment Management Agreement since 1 November 2020 if it determines that internalisation of the management of the Company, subject to relevant regulatory approval, is in the Company's best interests. In such circumstances, the Investment Management Agreement provides for the Company to purchase the issued shares of the Manager on a liability free (other than liabilities in the ordinary course of business) / cash free basis for €1.

In November 2020, I-RES provided an update on the Investment Management Agreement between the Company, I-RES Residential Properties Limited and the Manager.

In advance of the expiry of the initial five year term of the Investment Management Agreement on 1 November 2020, the Related Party Committee (a committee of the Board which did not include either Mark Kenney or Phillip Burns given their respective relationships to CAPREIT LP) was appointed in November 2019 to conduct a scheduled review of the Investment Management Agreement and related Services Agreement, evaluate the strategic options available to I-RES in relation to them and consider certain related matters.

On the expiry date of the initial Investment Management Agreement term on 1 November 2020, the Related Party Committee had not reached agreement on new terms for a revised Investment Management Agreement with the Manager. As a result, in accordance with its terms the Investment Management Agreement has now continued for a second five-year term under the existing terms. Both parties have termination rights under the Investment Management Agreement which can now be exercised. In conjunction with the rollover of the Investment Management Agreement, I-RES announced that it would augment the management resources of the Company in line with its growth strategy and increased scale.

Certain transitional provisions apply under the Investment Management Agreement upon its termination in order to effect an orderly transition of the services to the Company. Other than fees or other monies accrued up to the point of termination, the Manager is not entitled to compensation on termination of the agreement.

In providing its services to the Company under the Investment Management Agreement, the Manager also has access to the expertise and resources provided by CAPREIT LP, pursuant to the Services Agreement between among the Company, CAPREIT LP and the Manager (as amended from time to time), which covers the performance of property and asset management services by CAPREIT LP. Among other customary termination provisions, the Services Agreement terminates on the termination of the Investment Management Agreement or where CAPREIT LP (or one of its affiliates) ceases to control the Manager.

For the year ended 31 December 2020, I-RES incurred €4.4 million in asset management fees. In addition, €2.2 million in property management fees were incurred and recorded under operating expenses. For the year ended 31 December 2019, €4.0 million in asset management fees and €1.9 million in property management fees were recorded. For the year ended 31 December 2020, CAPREIT LP charged back €2.3 million (31 December 2019: €1.4 million) relating to salaries.

21. Related Party Transactions (continued)

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €1.4 million as at 31 December 2020 (€2.0 million as at 31 December 2019) related to asset management fees, property management fees, and payroll-related costs. The amount receivable from CAPREIT LP (including IRES Fund Management) totalled €0.2 million as at 31 December 2020 (€0.1 million as at 31 December 2019) related to the leasing of office space.

IRES Fund Management has one remaining lease for office space with I-RES as at 31 December 2020. The rental income for the office space for the year ended 31 December 2020 was €145,000 (€116,000 for the year ended 31 December 2019). The lease expires on 1 December 2021. Minimum annual rental payments from IRES Fund Management for the next year is as follows:

	2021 €'000
Minimum annual rent payments from IRES Fund Management	34

Directors

Phillip Burns is considered to be a non-independent director. Phillip Burns is Chief Executive Office, a director and a shareholder of European Residential Real Estate Investment Trust ("**ERES**"), a Canadian company that is a subsidiary of CAPREIT and has its shares listed on the Toronto Stock Exchange. In having regard to Euronext Dublin Listing Rule 2.10.11 and the provisions of the UK Corporate Governance Code given that, (i) in connection with a transaction entered into between ERES and CAPREIT, pursuant to which CAPREIT indirectly acquired control of ERES, Phillip Burns was appointed as a senior employee of CAPREIT LP, which has a material business relationship with the Company as it is the parent company of the Manager and (ii) this appointment together with the transaction completed between ERES and CAPREIT in March 2019 gives rise to a significant link with another director on the Board of the Company, Mark Kenney, President, Chief Executive Officer and trustee of CAPREIT.

Mark Kenney is a non-executive director of I-RES. He is also the President, Chief Executive Officer and a trustee of CAPREIT.

Purchase of I-RES Shares

On 20 November 2020, certain employees of CAPREIT and CAPREIT LP, including Mark Kenney, (the "Participants") assigned I-RES options granted to them under the LTIP to a subsidiary of CAPREIT LP, Irish Residential Properties Fund (the "QIAIF"). Immediately following the assignment of these I-RES options, the QIAIF exercised these options and acquired an additional 3,400,000 Ordinary Shares in I-RES. The QIAIF paid each of the Participants the amount of €0.4770 per option, representing the difference between the exercise price (of €1.04 each) and the volume weighted average price of the underlying Ordinary Shares for the five business day period to close of business on 19 November 2020, being the business day immediately prior to the date of assignment. As CAPREIT is a related party of the Company under the Euronext Dublin Listing Rules, the allotment of the 3,400,000 shares to CAPREIT (through the QIAIF) immediately following the assignment constituted a smaller Related Party Transaction under LR 11.1.15 of the Listing Rules. As at 31 December 2020, CAPREIT LP's beneficial interest in I-RES is 18.8% (31 December 2019: 18.3%).

As part of these assignments on 20 November 2020, Mark Kenney assigned 1,000,000 of his I-RES options to the QIAIF.

On 18 June 2019, CAPREIT LP indirectly purchased 8,778,387 shares of I-RES. On 10 July 2019, CAPREIT LP indirectly purchased an additional 8,721,613 shares of I-RES.

Remuneration

Total remuneration is comprised of remuneration of the non-executive Directors of €433,000 for the year ended 31 December 2020 and €384,000 for the year ended 31 December 2019, excluding remuneration related to the Chief Executive Officer.

Owners' Management Companies Not Consolidated

As a result of the acquisition by the Group of apartments or commercial space in certain residential rental properties, the Group holds voting rights in the relevant owners' management companies associated with those developments. Where the Group holds the majority of those voting rights, this entitles it, inter alia, to control the composition of such owners' management companies' boards of directors. However, as each of those owners' management companies is incorporated as a company limited by guarantee for the purpose of owning the common areas in residential or mixed-use developments, they are not intended to be traded for gains. For these reasons, I-RES does not consider these owners' management companies to be material for consolidation as the total asset of the owner's management companies is less than 0.3% of the Group's consolidated total assets, either individually or collectively. I-RES has considered the latest available financial statements of these owners' management companies in making this assessment.

21. Related Party Transactions (continued)

Owners' Management Companies Not Consolidated (continued)

Details of the owners' management companies in which the Group had an interest during the year ended 31 December 2020, along with the relevant service fees paid by the Group to them, are as follows:

Owners' Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held % of total[1]	Service Fees Incurred in the Period €'000	Payable by I-RES €'000	Prepaid by I-RES €'000
Majority voting rights held						
Priorsgate Estate Owners' Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Priorsgate	52.4	215.8	–	–
GC Square (Residential) Owners' Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	The Marker Residences	80.0	234.7	–	–
Landsdowne Valley Owners' Management Company						
Limited by Guarantee[5]	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Lansdowne Gate	78.6	512.8	–	213.8
Charlestown Apartments Owners' Management Company						
Limited by Guarantee[3]	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Charlestown	82.5	478.9	–	39.9
Bakers Yard Owners' Management Company						
Limited By Guarantee	Ulysses House, Foley Street, Dublin 1	Bakers Yard	63.8	187.4	–	–
Rockbrook Grande Central Owners' Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Grande Central	76.9	359.8	–	–
Rockbrook South Central Owners' Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	South Central	83.8	512.1	–	–
Rockbrook Estate Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Rockbrook Commercial	64.3[2]	22.9	–	–
TC West Estate Management Company						
Limited by Guarantee	Charter House, 5 Pembroke Row, Dublin 2 D02 FW61	Tallaght Commercial	75.0	390.4	–	417.3

21. Related Party Transactions (continued)

Owners' Management Companies Not Consolidated (continued)

Owners' Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held % of total[1]	Service Fees Incurred in the Period €'000	Payable by I-RES €'000	Prepaid by I-RES €'000
TC West Residential Owners' Management Company						
Limited by Guarantee[4]	Charter House, 5 Pembroke Row, Dublin 2 D02 FW62	Tallaght Residential	87.2	859.6	–	–
Gloucester Maple Owners' Management Company						
Limited by Guarantee	Ti Phuirseil Freeport, Barna, Galway H91 W90P	City Square	85.2	51.6	2.9	–
Elmpark Green Residential Owners' Management Company						
Limited By Guarantee	2 Lansdowne, Shelbourne Ballsbridge Dublin 4	Elmpark Green	60.5	531.3	–	125.0
Coldcut Owners' Management Company						
Limited By Guarantee	c/o Brehan Capital Partners Limited, 2nd Floor, Guild House, Guild Street, Dublin 1	Coldcut Park	97.7	249.7	–	–
Time Place Property Management Company						
Limited By Guarantee	RF Property Management, Ground Floor Ulusses House, 23/24 Foley Street, Dublin 1, D01 W2T2	Time Place Dublin 18	74.4	150.5	–	–
Burnell Green Management Company						
Company Limited By Guarantee	City Junction Business Park, Northern Cross, Malahide Road, Dublin 17	Burnell Green Northern Cross Dublin 17	87.0	143.1	–	–
Feltrim Court Owners Management Company						
Company Limited By Guarantee	87 Forrest Walk, Swords, Co Dublin, K67 V022	Russell Court Swords Co Dublin	80.6[7]	57.2	–	–
Minority voting rights held						
BSQ Owners' Management Company						
Limited by Guarantee[6]	5th Floor, St Stephen's Green House, Earlsfort Terrace St Stephens Green, Dublin 2	Beacon South Quarter	11.3	821.3	59.0	–
GC Square Management Company						
Limited by Guarantee	2nd Floor, Guild House Guild Street, Dublin 1	The Marker Commercial	48.0	6.0	–	–

21. Related Party Transactions (continued)

Owners' Management Companies Not Consolidated (continued)

Owners' Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held % of total(1)	Service Fees Incurred in the Period €'000	Payable by I-RES €'000	Prepaid by I-RES €'000
Sandyford Forum Management Company						
Company Limited by Guarantee	28/30 Burlington Road Dublin 4	The Forum	6.3	12.7	–	6.1
Stapolin Management Company						
Limited By Guarantee	15 Adelaide Street Dun Laoghaire, Co Dublin A96 D8Y9	Staploin	11.4	39.8	–	11.3
Red Arches Management Company						
Limited by Guarantee	16 Adelaide Street Dun Laoghaire, Co Dublin A96 D8Y9	Red Arches	6.0	(1.4)	–	5.0
Stillbeach Management Company						
Company Limited By Guarantee	Wyse 9 Lower Baggot Street Dublin 2 D02 XN82	Beechwood Court, Stillorgan Co Dublin	31.6	181.1	0.9	–
Burnell Court Management Company						
Company Limited By Guarantee	City Junction Business Park, Northern Cross, Malahide Road, Dublin 17	Burnell Court Northern Cross Dublin 17	24.0	103.1	–	–
Carrington Park Residential Property Management Company						
Limited By Guarantee	Rfpm Ulysses House Foley Street Dublin 1, D01 W2T2	Carrington Park Dublin 9	41.0	287.8	–	–
Heywood Court Management Company (Dublin) Company						
Limited By Guarantee	Lansdowne Partnership, 69 Mespil Road, Dublin 4	Heywood Court Dublin 9	43.0	103.3	25.8	–
Hartys Quay Management Company						
Limited By Guarantee	David O'Suillivan & Co 1st Floor Red Abbey Bld, Unit 20, South Link Industrial Estate Cork	Hartys Quay Co Cork	29.0	104.8	–	–
Belville Court Management Company						
Company Limited By Guarantee	1/2 Windsor Terrace, Dun Laoghaire, Co Dublin	Belville Dublin 18	48.0	55.0	22.9	–

21. Related Party Transactions (continued)

Owners' Management Companies Not Consolidated (continued)

Owners' Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held % of total(1)	Service Fees Incurred in the Period €'000	Payable by I-RES €'000	Prepaid by I-RES €'000
Stag Management Company						
Limited By Guarantee	Rathgar House 53a Rathgar Avenue, Rathgar, Dublin 6, D06 K5K2	Belleville Castleknock Dublin 15	18.2(7)	19.6	–	–
The Mills Twelfth Lock Management Company						
Company Limited By Guarantee	11 The Mills, Castleknock, Dublin 15, D15 FC64	Twelfth Lock, Castleknock, Dublin 15	7.3(7)	6.2	–	–
St Edmunds Management Company						
Limited By Guarantee	Smith Property Management Block 37/41, Dunboyne Business Park, Dunboyne, Co Meath A86 Xy27	Palmerstown Dublin 20	5.8(7)	32.4	–	–
Custom House Square Management Company						
Limited By Guarantee	C/O Anne Brady McQuillain Dfk, Iveagh Court, Harcourt Road, Dublin 2.	Custom House Square, IFSC, Dublin 1	2.0	29.6	–	–
Malahide Waterside Management Company						
Limited By Guarantee	Office 3 The Eden Business Centre, Grande Road, Rathfarnham, Dublin 16, D16 T293	Waterside	9.6	10.3	–	5.2
Total				**6,769.4**	**111.5**	**823.6**

(1) For residential apartments the voting rights are calculated based on one vote per apartment regardless of the size of that apartment. For commercial, it is based on square footage of the units or the memorandum and articles of the particular management company.
(2) Includes voting rights controlled directly and indirectly.
(3) Formerly known as Charlestown Apartments Management Company, Company Limited By Guarantee.
(4) Formerly known as TC West Residential Owners Management Company, Company Limited by Guarantee.
(5) Formerly known as Landsdowne Valley Management Company, Company Limited by Guarantee.
(6) Formerly known as BSQ Management Company, Company Limited by Guarantee.
(7) Properties disposed during 2020 resulting in no ownership interest at 31 December 2020.

All of the owners' management companies are incorporated in Ireland and are property management companies. As noted above, as at 31 December 2020, €111,500 is payable and €823,600 is prepaid by the Group to the owners' management companies. As at 31 December 2019, €92,500 was payable and €164,400 was prepaid by I-RES to the owners' management companies.

22. Contingencies

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. In 2017, in relation to these water ingress and fire remedial works, levies were approved by the members of the Beacon South Quarter owners' management company. I-RES' portion of these levies as at 31 December 2020 is circa €0.6 million. There is also an active insurance claim with respect to the water ingress and related damage. The amount of potential costs relating to these structural remediation works cannot be currently measured with sufficient reliability.

23. Commitments

In November 2018, the Company entered into a share purchase agreement to acquire 69 residential units for a total consideration of €47.16 million (including VAT but excluding other transaction costs). Practical completion of the units is expected to be on or around early 2022.

In January 2020, the Company entered into a development contract to develop 61 units for a total consideration of circa €16 million and the amount outstanding as of 31 December 2020 is circa €12.5 million.

In June 2020, the Company entered into a contract for fire remedial works at 17 properties in its portfolio for a total of circa €4.5 million and the remaining amount as at 31 December 2020 is circa €2.1 million.

24. Earnings per Share

Earnings per share amounts are calculated by dividing profit for the reporting period attributable to ordinary shareholders of I-RES by the weighted average number of ordinary shares outstanding during the reporting period.

For the year ended	31 December 2020	31 December 2019
Profit attributable to shareholders of I-RES (€'000)	**58,263**	86,282
Basic weighted average number of shares	**522,069,110**	478,563,272
Diluted weighted average number of shares(1)(2)	**524,130,528**	481,508,009
Basic Earnings per share (cents)	**11.2**	18.0
Diluted Earnings per share (cents)	**11.1**	17.9

(1) Diluted weighted average number of shares includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date.
(2) At 31 December 2020, 4,596,499 options (31 December 2019: 4,596,499) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

EPRA issued Best Practices Recommendations most recently in October 2019, which gives guidelines for performance matters.

EPRA Earnings represents the earnings from the core operational activities (recurring items for I-RES). It is intended to provide an indicator of the underlying performance of the property portfolio and therefore excludes all components not relevant to the underlying and recurring performance of the portfolio, including any revaluation results and results from the sale of properties. EPRA Earnings per share amounts are calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of I-RES by the weighted average number of ordinary shares outstanding during the reporting period.

24. Earnings per Share (continued)

EPRA Earnings per Share (continued)

For the year ended	31 December 2020	31 December 2019
Profit for the year (€'000)	**58,263**	86,282
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early close out of debt instrument (€'000)	**—**	3,153
Changes in fair value on investment properties (€'000)	**(19,092)**	(56,234)
Profit or losses on disposal of investment property	**(4,432)**	—
Changes in fair value of derivative financial instruments (€'000)	**(709)**	(131)
EPRA Earnings (€'000)	**34,030**	33,070
Basic weighted average number of shares	**522,069,110**	478,563,272
Diluted weighted average number of shares	**524,130,528**	481,508,009
EPRA Earnings per share (cents)	**6.5**	6.9
EPRA Diluted Earnings per share (cents)	**6.5**	6.9

25. Net Asset Value per Share

EPRA issued Best Practices Recommendations most recently in October 2019, which gives guidelines for performance matters.

In October 2019, EPRA introduced three EPRA NAV metrics to replace the existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value ("**EPRA NRV**"), EPRA Net Tangible Asset ("**EPRA NTA**") and EPRA Net Disposal Value ("**EPRA NDV**"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated to the full extent of their liabilities. The table below presents the transition between the Group's shareholders' equity derived from financial statements and the various EPRA NAV.

EPRA NAV per Share

As at 31 December 2020

	EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	**841,695**	**841,695**	**841,695**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	**84**	**84**	**—**
Fair value of fixed interest rate debt (€'000)	**—**	**—**	**36,219**
Real estate transfer tax (€'000)[3]	**62,138**	**—**	**—**
EPRA net assets (€'000)	**903,917**	**841,779**	**877,914**
Number of shares outstanding	**525,078,946**	**525,078,946**	**525,078,946**
Diluted number of shares outstanding	**526,289,910**	**526,289,910**	**526,289,910**
Basic Net Asset Value per share (cents)	**160.3**	**160.3**	**160.3**
EPRA Net Asset Value per share (cents)	**171.8**	**159.9**	**166.8**

25. Net Asset Value per Share (continued)

As at 31 December 2019

	EPRA NRV	EPRA NTA(1)	EPRA NTA(2)
Net assets (€'000)	810,169	810,169	810,169
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	788	788	—
Adjustments to calculate EPRA net assets include:			
Real estate transfer tax (€'000)(3)	56,753	—	—
EPRA net assets (€'000)	867,710	810,957	810,169
Number of shares outstanding	521,678,946	521,678,946	521,678,946
Diluted number of shares outstanding	524,529,943	524,529,943	524,529,943
Basic Net Asset Value per share (cents)	155.3	155.3	155.3
EPRA Net Asset Value per share (cents)	165.4	154.6	154.5

(1) Following changes to the Irish REIT legislation introduced in October 2019, if a REIT disposes of an asset of its property rental business and does not (i) distribute the gross disposal proceeds to shareholders by way of dividend; (ii) reinvest them into other assets of its property rental business (whether by acquisition or capital expenditure) within a three-year window (being one year before the sale and two years after it); or (iii) use them to repay debt specifically used to acquire, enhance or develop the property sold, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. For the purposes of EPRA NTA, the Group have assumed any such sales proceeds are reinvested within the required three year window.
(2) Deferred tax is assumed as per the IFRS statement of financial position. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 31 December 2020 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.
(3) This is the purchaser costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred and which are deducted from the gross value in arriving at the fair value of investment for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial and 4.46% for residential.

26. Directors' Remuneration, Employee Costs and Auditor Remuneration

Key Management personnel of the Group consist of the Board of directors. The remuneration of the key management personnel paid during the year were as follows:

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Directors' remuneration		
Short-term employee benefits	**962**	1,361
Pension costs	**60**	60
Other benefits(1)	**139**	125
Share-based payments(2)	**322**	236
Total	**1,483**	1,782

(1) Included in this amount is pay-related social insurance and benefits paid for the Directors.
(2) Included in share-based payments are 4,596,499 stock options that were anti-dilutive as at 31 December 2020.

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Employees costs		
Salaries, benefits and bonus	**678**	1,040
Social insurance costs	**112**	90
Pension costs	**65**	60
Share-based payments	**322**	236
Total	**1,177**	1,426

26. Directors' Remuneration, Employee Costs and Auditor Remuneration (continued)

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Auditor remuneration (including expenses)(1)		
Audit of the Group accounts	**135**	128
Other assurance services(2)	**15**	22
Non-assurance services(3)	**100**	—
Total	**250**	150

(1) Included in the auditor remuneration for the Group is an amount of €125,000 (31 December 2019: €125,000) that relates to the audit of the Company's financial statements.
(2) Non-audit remuneration for 31 December 2020 and 31 December 2019 relates to review of interim financial statements
(3) Non-assurance services advisory fee for a transaction that did not close due to Covid-19.

27. Holding Company Details

The name of the holding company of the Group is Irish Residential Properties REIT plc. The legal form of the Company is a public limited company. The place of registration of the holding company is Dublin, Ireland and its registration number is 529737. The address of the registered office is South Dock House, Hanover Quay, Dublin 2, Ireland.

28. Subsequent Events

On 28 January 2021, I-RES announced that it has completed the purchase of 146 residential units at Phoenix Park racecourse for a purchase price of €60 million (including VAT but excluding other transaction costs). The transaction is funded by the RCF.

On 25 February 2021, I-RES has exercised an option for one year extension for €395 million of its RCF.

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Non-Current Assets			
Investment properties	III	**1,247,332**	1,224,787
Investment in subsidiary	VI	**873**	873
Property, plant and equipment	V	**9,722**	10,088
		1,257,927	1,235,748
Current Assets			
Loan advances to the subsidiary	VI	**97,513**	97,012
Other current assets	VIII	**15,229**	11,631
Cash and cash equivalents		**10,847**	5,818
		123,589	114,461
Total Assets		**1,381,516**	1,350,209
Liabilities			
Non-Current Liabilities			
Bank indebtedness	X	**350,049**	549,851
Private placement debt	XI	**128,421**	–
Loan advances from the subsidiary	VII	**68,852**	–
Lease liability	IV	**9,486**	9,872
Derivative financial instrument		**–**	788
		556,808	560,511
Current Liabilities			
Accounts payable and accrued liabilities	IX	**10,996**	9,945
Derivative financial instruments	XVI	**84**	–
Security deposits		**6,980**	6,550
		18,060	16,495
Total Liabilities		**574,868**	577,006
Shareholders' Equity			
Share capital	XIII	**52,507**	52,167
Share premium	XIII	**500,440**	497,244
Other reserve		**1,169**	1,147
Retained earnings		**252,532**	222,645
Total Shareholders' Equity		**806,648**	773,203
Total Shareholders' Equity and Liabilities		**1,381,516**	1,350,209

Company profit after tax for the financial year ended 31 December 2020 was €60.1 million (31 December 2019: €76.5 million).

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

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Operating Revenue			
Revenue from investment properties	XIV	**67,744**	56,114
Operating Expenses			
Property taxes		**(687)**	(600)
Property operating costs		**(12,137)**	(9,883)
		(12,824)	(10,483)
Net Rental Income ("NRI")		**54,920**	45,631
General and administrative expenses		**(7,349)**	(4,258)
Asset management fee	XXI	**(4,444)**	(4,024)
Share-based compensation expense	XII	**(322)**	(236)
Net movement in fair value of investment properties	III	**20,920**	46,704
Gain on disposal of investment properties		**4,432**	–
Gain on derivative financial instruments		**709**	131
Depreciation of property, plant and equipment		**(526)**	(32)
Lease interest		**(241)**	(4)
Operating Profit		**68,099**	83,912
Finance costs	XV	**(12,667)**	(12,036)
Interest from intercompany loan	VI	**4,673**	4,650
Profit for the Year		**60,105**	76,526
Total Comprehensive Income for the Year Attributable to Shareholders		**60,105**	76,526
Basic Earnings per Share (cents)	XXIII	**11.5**	16.0
Diluted Earnings per Share (cents)	XXIII	**11.5**	15.9

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

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Other Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2020		**52,167**	**497,244**	**222,645**	**1,147**	**773,203**
Total comprehensive income for the year						
Profit for the year		–	–	60,105	–	60,105
Total comprehensive income for the year		–	–	60,105	–	60,105
Transactions with owners, recognised directly in equity						
Long-term incentive plan	XII	–	–	–	322	322
Share issuance	XII	340	3,196	300	(300)	3,536
Dividends paid	XIX	–	–	(30,518)	–	(30,518)
Transactions with owners, recognised directly in equity		340	3,196	(30,218)	22	(26,660)
Shareholders' Equity at 31 December 2020		**52,507**	**500,440**	**252,532**	**1,169**	**806,648**

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Other Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2019		**43,414**	**370,855**	**176,257**	**988**	**591,514**
Total comprehensive income for the year						
Profit for the year		–	–	76,526	–	76,526
Total comprehensive income for the year		–	–	76,526	–	76,526
Transactions with owners, recognised directly in equity						
Long-term incentive plan	XII	–	–	–	236	236
Share issuance	XII	8,753	126,389	(3,052)	(77)	132,013
Dividends paid	XIX	–	–	(27,086)	–	(27,086)
Transactions with owners, recognised directly in equity		8,753	126,389	(30,138)	159	105,163
Shareholders' Equity at 31 December 2019		**52,167**	**497,244**	**222,645**	**1,147**	**773,203**

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

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Cash Flows from Operating Activities			
Operating Activities			
Profit for the year		**60,105**	76,526
Adjustments for non-cash items:			
Fair value adjustment - investment properties		**(20,920)**	(46,704)
Gain on disposal of investment property		**(4,432)**	–
Depreciation of property, plant and equipment		**526**	32
Amortisation of other financing costs		**1,337**	2,486
Share-based compensation expense		**322**	236
Gain on derivative financial instruments		**(709)**	(131)
Allowance for ECL		**842**	–
Straight-line rent adjustment	III	**37**	14
Interest accrual relating to derivatives		**5**	6
		37,113	32,465
Financing costs and interest received		**6,898**	4,589
Changes in operating assets and liabilities	XX	**(167)**	1,957
Net Cash Generated from Operating Activities		**43,844**	39,011
Cash Flows from Investing Activities			
Net proceeds from disposal of investment property		**47,895**	–
Deposit on acquisitions		**(5,444)**	(2,284)
Acquisition of investment properties		**(17,470)**	(344,684)
Development of investment properties		**(15,704)**	(23,051)
Investment property enhancement expenditure		**(9,988)**	(6,631)
Direct leasing cost	III	**(150)**	(52)
Purchase of property, plant and equipment	V	**(160)**	–
Interest receivable from subsidiary	VI	**5,012**	4,650
Advances to subsidiary	VI	**(840)**	(3,410)
Net Cash Used in Investing Activities		**3,151**	(375,462)
Cash Flows from Financing Activities			
Financing fees on Credit Facility		**(1,718)**	(5,990)
Interest paid	XX	**(10,732)**	(9,677)
Credit Facility drawdown	XX	**17,000**	637,451
Credit Facility repayment	XX	**(218,000)**	(391,590)
Proceeds from private placement debt	XX	**130,000**	–
Loan advances from the subsidiary	XX	**68,852**	–
Lease payment	XX	**(386)**	(247)
Proceeds on issuance of shares	XX	**3,536**	135,142
Issuance cost	XX	**–**	(3,129)
Dividends paid to shareholders		**(30,518)**	(27,086)
Net Cash (Used in)/Generated from Financing Activities		**(41,966)**	334,874
Changes in Cash and Cash Equivalents during the Year		**5,029**	(1,577)
Cash and Cash Equivalents, Beginning of the Year		**5,818**	7,395
Cash and Cash Equivalents, End of the Year		**10,847**	5,818

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

(I) Significant Accounting Policies

These Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("**FRS 101**").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("**EU IFRS**") but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

» Disclosures in respect of capital management;
» The effects of new but not yet effective IFRSs.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements of the Company are prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of investment properties and derivatives at fair value through profit or loss and the measurement of share options at fair value at the date of grant. The financial statements of the Company have been presented in euros, which is the Company's functional currency.

For Company details, refer to note 27 of the consolidated financial statements.

The significant accounting policies of the Company are the same as those of the Group, which are set out in note 2 of the consolidated financial statements. In addition to the policies set out in Note 2 of the consolidated financial statements, below are accounting policies relating to specific items of the Company statements

» *Investment in subsidiaries*
Investment in subsidiaries is shown at cost less provision for any impairment.

» *Intercompany loan receivable*
An intercompany loan was recognised at amortised cost using the effective interest rate method. Interest income is recognised in the statement of profit or loss and other comprehensive over the expected term of the intercompany loan.

» *Intercompany loan payable*
An intercompany loan was recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs and discounts directly related to the intercompany loan were recognised within interest expense on intercompany loan in the statement of profit or loss and other comprehensive income over the expected term of the intercompany loan.

(II) Critical Accounting Estimates, Assumptions and Judgements

For further information on critical accounting estimates, assumptions and judgements, refer to note 3 of the consolidated financial statements.

(III) Investment Properties

For further information on investment properties, refer to note 5 of the consolidated financial statements.

For the Company, an increase of 1% in the Equivalent Capitalisation Rate would have the impact of a €217.0 million reduction in fair value while a decrease of 1% in the Equivalent Capitalisation Rate would result in a fair value increase of €337.3 million. An increase between 1% and 4% in Stabilised NRI would have an impact ranging from €49.2 million to €12.3 million respectively in fair value, while a decrease between 1% and 4% in Stabilised NRI would have the impact ranging from €49.2 million to €12.3 million reduction respectively. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next twelve months based on expected changes in Stabilised NRI.

(III) Investment Properties (continued)

A summary of the Equivalent Capitalisation Rates and ranges along with the fair value of the total portfolio of the Company as at 31 December 2020 and 2019 is presented below:

As at 31 December 2020

Type of Interest	Fair Value €'000	WA NRI(1) €'000	Rate Type(2)	Max.	Min.	Weighted Average
Investment properties	1,230,781	2,906	Equivalent Yield	5.62 %	3.75 %	4.70 %
Properties under development	8,901	1,004	Equivalent Yield	4.25 %	4.25 %	4.25 %
		n/a	Average Development Cost (per sq ft.)	€361.8	€361.8	€361.8
Development land(3)	7,650	n/a	Market Comparable (per sq ft.)	€133.5	€27.5	€120.7
Total fair value	**1,247,332**					

(1) WA NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties (**"WA NRI"**). The NRI is calculated by multiplying the Equivalent Yield for each property by its respective fair value.
(2) The Equivalent Yield disclosed above is provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

As at 31 December 2019

Type of Interest	Fair Value €'000	WA NRI(1) €'000	Rate Type(2)	Max.	Min.	Weighted Average
Investment properties	1,178,087	2,747	Equivalent Yield	6.19 %	4.16 %	4.94 %
Properties under development	36,000	1,259	Equivalent Yield	5.93 %	4.75 %	4.94 %
		n/a	Average Development Cost (per sq ft.)	€379.0	€319.2	€370.2
Development land(3)	10,700	n/a	Market Comparable (per sq ft.)	€153.0	€35.6	€105.0
Total fair value	**1,224,787**					

(1) WA NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties (**"WA NRI"**). The NRI is calculated by multiplying the Equivalent Yield for each property by its respective fair value.
(2) The Equivalent Yield disclosed above is provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

The following table summarises the changes in the investment properties portfolio during the years:

For the year ended 31 December 2020

	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000
Balance at the beginning of the year	**1,178,087**	**36,000**	**10,700**	**1,224,787**
Additions:				
Acquisitions	19,330	—	—	19,330
Development expenditures	7,865	7,955	187	16,007
Reclassification(1)	38,631	(35,631)	(3,000)	—
Property capital investments and intensification	9,638	—	—	9,638
Capitalised leasing costs(2)	(37)	—	—	(37)
Direct leasing costs(3)	150	—	—	150
Disposals(4)	(43,463)	—	—	(43,463)
Unrealised fair value gain adjustments	20,580	577	(237)	20,920
Balance at the end of the year	**1,230,781**	**8,901**	**7,650**	**1,247,332**

(III) Investment Properties (continued)

For the year ended 31 December 2019

	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000
Balance at the beginning of the year	779,039	10,500	9,600	799,139
Additions:				
Acquisitions	344,684	–	–	344,684
Development expenditures	–	25,345	1,896	27,241
Reclassification(5)	184	266	(450)	–
Property capital investments and intensification	6,981	–	–	6,981
Capitalised leasing costs	(14)	–	–	(14)
Direct leasing costs	52	–	–	52
Unrealised fair value gain adjustments	47,161	(111)	(346)	46,704
Balance at the end of the year	1,178,087	36,000	10,700	1,224,787

(1) Reclassified Bakers Yard from development land to properties under development. Developments at Tallaght Cross West, Piper's Court and Priorsgate were reclassified from properties under development to income properties upon their completion in 2020.
(2) Straight-line rent adjustment.
(3) Includes cash outlays for new tenants.
(4) 151 residential units were disposed of for net proceeds of €47.9 million resulting in a gain of €4.4 million.
(5) Reclassified Tallaght Cross West from development land to properties under development and reclassified Coldcut Park from properties under development to income properties in 2019.

The carrying value for the Company of €1,247.3 million for the investment properties at 31 December 2020 (€1,224.8 million at 31 December 2019) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2017 (Red Book) and IFRS 13.

(IV) Leases

For further information on the Leases, refer to note 6 of the consolidated financial statements.

(V) Property, Plant and Equipment

For further information on the Property, plant and equipment, refer to note 7 of the consolidated financial statements.

(VI) Loan Advances to the Subsidiary

As at	31 December 2020 €'000	31 December 2019 €'000
Balance at the beginning of the year	**97,012**	93,602
Interest income	**4,673**	4,650
Interest received	**(5,012)**	(4,650)
Advances to (repayments from) subsidiary	**840**	3,410
Balance at the end of the year	**97,513**	97,012

On 31 March 2015, the Company acquired the entire issued share capital of IRES Residential Properties Limited for €873,000 and provided financing to IRES Residential Properties Limited to repay the loan on the Rockbrook Portfolio to CAPREIT LP. The total amount in aggregate receivable from its subsidiary amounted to €97.5 million as at 31 December 2020 (€97.0 million as at 31 December 2019), net of repayments. This receivable is interest bearing at 4.94% per annum fixed and repayable on demand. As this receivable is repayable on demand, its carrying value is considered to be materially in line with its fair value.

(VII) Loan Advances from the Subsidiary

On 10 March 2020, IRES Residential Properties Limited provided the following facilities to the Company. Interest is paid semi-annually on 9 March and 9 September of each year.

As at 31 December 2020

	Maturity	Contractual interest rate	€'000
Series A Facility	9 March 2027	1.866 %	**45,901**
Series B Facility	9 March 2030	2.254 %	**22,951**
			68,852

(VIII) Other Assets

As at	31 December 2020	31 December 2019
	€'000	€'000
Prepayments[1]	**2,417**	2,286
Deposits on acquisitions[2]	**10,529**	6,945
Other receivables[3]	**674**	577
Trade receivables	**1,609**	1,823
Total	**15,229**	11,631

(1) Includes specific costs relating to preparing planning applications of development lands and costs associated with ongoing transactions.
(2) Includes deposits paid for the Phoenix Park acquisition which closed on 28 January 2021.
(3) Relates to levies received in respect of services to be incurred.

(IX) Accounts Payable and Accrued Liabilities

As at	31 December 2020 €'000	31 December 2019 €'000
Accounts Payable and Accrued Liabilities[1]		
Rent - early payments	**3,133**	2,479
Trade creditors	**624**	435
Accruals[2]	**7,158**	6,848
Value added tax	**81**	183
Total	**10,996**	9,945

(1) The carrying value of all accounts payable and accrued liabilities approximates the fair value.
(2) Includes property related accruals, development accruals, property management fees and asset management fees accruals.

(X) Credit Facility

For further information on the Credit Facility, refer to note 10 of the consolidated financial statements.

(XI) Private Placement Debt

On 11 March 2020, I-RES successfully closed the issue of €130 million notes on a private placement basis (collectively, the "**Notes**"). Interest is paid semi-annually on 10 March and 10 September.

The Notes have been placed in two tranches:

(XI) Private Placement Debt (continued)

As at 31 December 2020

	Maturity	Contractual interest rate	€'000
EUR Series A Senior Secured Notes	10 March 2030	1.83 %	**90,000**
EUR Series B Senior Secured Notes	10 March 2032	1.98 %	**40,000**
			130,000
Deferred financing costs, net			**(1,579)**
Total			**128,421**

The Notes are secured by a floating charge over the assets of the Group and a fixed charge over the shares held by the Company in IRES Residential Properties Limited.

(XII) Share-based Compensation

For further information on share-based compensation, refer to note 12 of the consolidated financial statements.

(XIII) Shareholders' Equity

For further information on shareholders' equity, refer to note 13 of the consolidated financial statements.

(XIV) Revenue From Investment Properties

The Company generates revenue primarily from the rental income from investment properties. Rental income represents lease revenue earned from the conveyance of the right to use the property, including access to common areas, to a lessee for an agreed period of time. The rental contract also contains an undertaking that common areas and amenities will be maintained to a certain standard. This right of use of the property and maintenance performance obligation is governed by a single rental contract with the tenant. The Company has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income.

	31 December 2020 €'000	31 December 2019 €'000
Rental Income	**59,903**	48,872
Revenue from services	**7,182**	6,280
Car park income	**659**	962
Revenue from contracts with customers	**7,841**	7,242
Total Revenue	**67,744**	56,114

(XV) Finance cost

	31 December 2020 €'000	31 December 2019 €'000
Financing costs on RCF	**9,910**	9,325
Financing costs on private placement debt	**2,111**	—
Financing costs on Loans from advances from subsidiary	**1,080**	—
Cost associated with early close out of debt instrument	**—**	3,153
Gross financing costs	**13,101**	12,478
Less: Capitalised interest	**(434)**	(442)
Financing costs	**12,667**	12,036

(XVI) Realized and Unrealized Gains and Loss on Derivative

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to €160 million. The agreements have an effective date of 23 March 2017 and a maturity date of January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of 14 January 2021. The interest rate swap agreements effectively convert the hedged portion of the Credit Facility (€204.8 million) from a variable rate to a fixed rate facility to 14 January 2021 (see note 10 of the consolidated financial statements for further details), the fixed interest rate is at 1.66% (1.75% less 0.09%) on the total €204.8 million interest rate swap.

(XVI) Financial Instruments, Investment Properties and Risk Management

a) Fair value of financial instruments and investment properties

For further information on the fair value of financial instruments and investment properties, refer to note 17(a) of the consolidated financial statements.

The following table presents the Company's estimates of the fair value on a recurring basis based on information available as at 31 December 2020, and aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 31 December 2020, the fair value of the Company's private placement debt is estimated to be €101.3 million. (31 December 2019: €nil). The fair value of the Company's loan advances from subsidiary is estimated to be €57.8 million. (31 December 2019: €nil). The change in fair value is due to changes in interest rates since the private placement debt was issued and the impact of the passage of time on the fixed rate of the private placement debt. The fair value of the private placement debt is based on discounted future cash flows using rates that reflect current rate for similar financial instruments with similar duration, terms and conditions, which are considered Level 2 inputs.

As at 31 December 2020

	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs(1) €'000	Total €'000
Recurring Measurements - Assets				
Investment properties	—	—	**1,247,332**	**1,247,332**
Recurring Measurements - Liability				
Derivative financial instruments(2)	—	**84**	—	**84**
Total	—	**84**	**1,247,332**	**1,247,416**

As at 31 December 2019

	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs(1) €'000	Total €'000
Recurring Measurements - Assets				
Investment properties	—	—	1,224,787	1,224,787
Recurring Measurements - Liability				
Derivative financial instruments(2)	—	788	—	788
Total	—	788	1,224,787	1,225,575

(1) See note 5 of the consolidated financial statements for detailed information on the valuation methodologies and fair value reconciliation.
(2) The valuation of the interest rate swap instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rates. If the total mark-to-market value is positive, I-RES will consider a current value adjustment to reflect the credit risk of the counterparty, and if the total mark-to-market value is negative, I-RES will consider a current value adjustment to reflect I-RES' own credit risk in the fair value measurement of the interest rate swap agreements.

(XVI) Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk management

For further information on risk management, refer to note 17(b) of the consolidated financial statements.

As at 31 December 2020	Total €'000	6 months or less[(1)] €'000	6 to 12 months[(1)] €'000	1 to 2 years[(1)] €'000	2 to 5 years[(1)] €'000	More than 5 years[(1)] €'000
Loan drawn down	354,020	—	—	—	354,020	—
Bank indebtedness interest[(2)]	21,352	3,072	3,123	6,195	8,962	—
Private Placement Debt	130,000	—	—	—	—	130,000
Private Placement Debt interest	24,764	1,220	1,220	2,440	7,320	12,564
Loan advance from the subsidiary	68,852	—	—	—	—	68,852
Interest payable for loan advance from the subsidiary	9,349	613	613	1,226	3,678	3,219
Lease liability	12,082	314	314	628	1,883	8,943
Derivative financial instruments	84	84	—	—	—	—
Other liabilities	7,782	7,782	—	—	—	—
Security deposits	6,980	6,980	—	—	—	—
	635,265	20,065	5,270	10,489	375,863	223,578

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

As at 31 December 2019	Total €'000	6 months or less[(1)] €'000	6 to 12 months[(1)] €'000	1 to 2 years [(1)] €'000	2 to 5 years[(1)] €'000	More than 5 years[(1)] €'000
Bank indebtedness	555,020	—	—	—	555,020	—
Bank indebtedness interest[(2)]	42,446	4,757	4,809	9,540	23,340	—
Derivative financial instruments	788	—	—	788	—	—
Lease liability	12,553	314	314	628	1,883	9,414
Other liabilities	7,283	7,283	—	—	—	—
Security deposits	6,550	6,550	—	—	—	—
	624,640	18,904	5,123	10,956	580,243	9,414

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

(XVII) Taxation

For further information on taxation, refer to note 18 of the consolidated financial statements.

(XIX) Dividends

For further information on dividends, refer to note 19 of the consolidated financial statements.

(XX) Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Financing costs on credit facility	**12,667**	12,036
Interest expense accrual	**(1,273)**	(315)
Lease interest	**241**	—
Capitalised interest	**434**	442
Less: amortisation of arrangement fee	**(1,337)**	(2,486)
Interest paid	**10,732**	9,677

Changes in operating assets and liabilities

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Prepayments	**(131)**	(1,373)
Trade receivables	**(628)**	109
Other receivables	**(97)**	1,018
Accounts payable and other liabilities	**259**	420
Security deposits	**430**	1,783
Changes in operating assets and liabilities	**(167)**	1,957

Issuance of Shares

For the year ended	31 December 2020 €'000	31 December 2019 €'000
Issuance of shares	**3,536**	135,142
Issuance costs	**—**	(3,129)
Net proceeds	**3,536**	132,013

Changes in liabilities due to financing cash flows

		Changes from Financing Cash Flows				Non-cash Changes					
Liabilities	**1 January 2020**	**Proceeds from private placement debt**	**Loan advances from the subsidiary**	**Credit Facility drawdown**	**Credit Facility repayment**	**Lease payments made**	**Financing fees on credit facility**	**Amortisation of other financing costs**	**Interest accrual relating to derivatives**	**Gain on derivative financial instruments**	**31 December 2020**
Bank indebtedness	555,020	—	—	17,000	(218,000)	—	—	—	—	—	354,020
Deferred loan costs, net	(5,169)	—	—	—	—	—	—	1,198	—	—	(3,971)
Private placement debt	—	130,000	—	—	—	—	—	—	—	—	130,000
Deferred loan costs, net	—	—	—	—	—	—	(1,718)	139	—	—	(1,579)
Loan advances from the subsidiary	—	—	68,852	—	—	—	—	—	—	—	68,852
Derivative financial instruments	788	—	—	—	—	—	—	—	5	(709)	84
Lease liability	9,872	—	—	—	—	(386)	—	—	—	—	9,486
Total liabilities from financing activities	**560,511**	**130,000**	**68,852**	**17,000**	**(218,000)**	**(386)**	**(1,718)**	**1,337**	**5**	**(709)**	**556,892**

(XX) Supplemental Cash Flow Information (continued)

Changes in liabilities due to financing cash flows (continued)

		Changes from Financing Cash flows				Non-cash Changes				
	1 January 2019	Revolving Credit Facility drawdown	Revolving Credit Facility repayment	Lease payments	Financing fees on Revolving Credit Facility	Amortisation of other financing costs	Lease Liability Payable	Gain on derivatives	Interest accrual relating to derivatives	31 December 2019
Bank indebtedness	309,159	637,451	(391,590)	—	—	—	—	—	—	555,020
Deferred loan costs, net	(1,665)	—	—	—	(5,990)	2,486	—	—	—	(5,169)
Derivative financial instruments	913	—	—	—	—	—	—	(131)	6	788
Lease liability	—	—	—	(247)	—	—	10,118	—	—	9,871
Total liabilities from financing activities	**308,407**	**637,451**	**(391,590)**	**(247)**	**(5,990)**	**2,486**	**10,118**	**(131)**	**6**	**560,510**

(XXI) Related Party Transactions

During 2015 the Company financed the purchase of the Rockbrook Portfolio on behalf of its subsidiary, IRES Residential Properties Limited. The total amount in aggregate receivable from its subsidiary amounted to €97.5 million as at 31 December 2020 (€97.0 million as at 31 December 2019), net of repayments. This receivable is interest bearing and repayable on demand. The total amount in aggregate payable to the subsidiary amounted to €68.9 million as at 31 December 2020 (€ nil as at 31 December 2019).

For further information on related party transactions, refer to note 21 of the consolidated financial statements.

(XXII) Contingencies

For further information on contingent liabilities of the Company, refer to note 22 of the consolidated financial statements.

(XXIII) Earnings per Share

For further information on earnings per share, refer to note 24 of the consolidated financial statements.

For the year ended	31 December 2020	31 December 2019
Profit attributable to shareholders of I-RES (€'000)	**60,105**	76,526
Basic weighted average number of shares	**522,069,110**	478,563,272
Diluted weighted average number of shares	**524,130,528**	481,508,009
Basic Earnings per share (cents)	**11.5**	16.0
Diluted Earnings per share (cents)	**11.5**	15.9

For further information on EPRA Earnings per share, refer to note 24 of the consolidated financial statements.

For the year ended	31 December 2020	31 December 2019
Earnings per IFRS statement of profit or loss and other comprehensive income (€'000)	**60,105**	76,526
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early close out of debt instrument (€'000)	**—**	3,153
Changes in fair value on investment properties (€'000)	**(20,920)**	(46,704)
Profit or losses on disposal of investment property	**(4,432)**	—
Changes in fair value of derivative financial instruments (€'000)	**(709)**	(131)
EPRA Earnings (€'000)	**34,044**	32,844
Basic weighted average number of shares	**522,069,110**	478,563,272
EPRA Earnings per share (cents)	**6.5**	6.9

(XXIV) Net Asset Value per Share

For further information on net asset value per share, refer to note 25 of the consolidated financial statements.

EPRA NAV per Share

As at 31 December 2020

	EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	**806,648**	**806,648**	**806,648**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	**84**	**84**	**—**
Fair value of fixed interest rate debt (€'000)	**—**	—	38,227
Real estate transfer tax (€'000)[3]	**56,785**	—	—
EPRA net assets (€'000)	**863,517**	**806,732**	**844,875**
Number of shares outstanding	**525,078,946**	**525,078,946**	**525,078,946**
Diluted number of shares outstanding	**526,289,910**	**526,289,910**	**526,289,910**
Basic Net Asset Value per share (cents)	**153.6**	**153.6**	**153.6**
EPRA Net Asset Value per share (cents)	**164.1**	**153.3**	**160.5**

As at 31 December 2019

	EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	773,203	773,203	773,203
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	788	788	—
Real estate transfer tax (€'000)[3]	51,836	—	—
EPRA net assets (€'000)	825,827	773,991	773,203
Number of shares outstanding	521,678,946	521,678,946	521,678,946
Diluted number of shares outstanding	524,529,943	524,529,943	524,529,943
Basic Net Asset Value per share (cents)	148.2	148.2	148.2
EPRA Net Asset Value per share (cents)	157.4	147.6	147.4

(1) Following changes to the Irish REIT legislation introduced in October 2019, if a REIT disposes of an asset of its property rental business and does not (i) distribute the gross disposal proceeds to shareholders by way of dividend; (ii) reinvest them into other assets of its property rental business (whether by acquisition or capital expenditure) within a three-year window (being one year before the sale and two years after it); or (iii) use them to repay debt specifically used to acquire,enchance or develop the property sold, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. For the purposes of EPRA NTA, the Company have assumed any such sales proceeds are reinvested within the required three year window.

(2) Deferred tax is assumed as per the IFRS statement of financial position. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 31 December 2020 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

(3) This is the purchaser costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred and which are deducted from the gross value in arriving at the fair value of investment for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial and 4.46% for residential.

(XXV) Directors' Remuneration, Employee Costs and Auditor Remuneration

For further information on Directors' remuneration and employee costs, refer to note 26 of the consolidated financial statements.

(XXVI) Commitments

For further information on Commitments, refer to note 23 of the consolidated financial statements.

(XXVII) Subsequent Events

For further information on subsequent events, refer to note 28 of the consolidated financial statements.

Supplementary Information

In this Section:

Beechwood Court, Stillorgan

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Units

SUPPLEMENTARY INFORMATION

EPRA Performance Measures and Disclosures (Unaudited)
The following EPRA performance measures are presented to improve transparency, comparability and relevance across the European listed real estate industry.

EPRA Earnings per Share (EPS)
EPRA Earnings represents the earnings from the core operational activities (recurring items for the Company). It is intended to provide an indicator of the underlying performance of the property portfolio and therefore excludes all components not relevant to the underlying and recurring performance of the portfolio, including any revaluation results and results from the sale of properties. EPRA EPS is calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. It has been presented as the Company believes this measure is indicative of the performance of the Group's operations.

EPRA Diluted Earnings per Share
EPRA Diluted EPS is calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the diluted weighted average number of ordinary shares outstanding during the reporting period. It has been presented as the Company believes this measure is indicative of the performance of the Group's operations.

EPRA NAV per Share
The three EPRA NAV metrics are EPRA Net Reinstatement Value ("**EPRA NRV**'), EPRA Net Tangible Asset ("**EPRA NTA**") and EPRA Net Disposal Value ("**EPRA NDV**"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. No deferred tax liability is calculated for I-RES as it is a REIT, and taxes are paid at the shareholder level on the distributions. Any gains arising from the sale of a property are expected either to be revinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments , and certain other adjustments are calculated to the full extent of their liabilities. To optimise these measures, I-RES focuses on growing asset value and maximising shareholder value through active and efficient asset and property management. They have been presented as the Company believes these measures are indicative of the Group's operating performance and value growth.

EPRA Net Initial Yield (EPRA NIY)
EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA "topped-up" Net Initial Yield (EPRA "topped-up" NIY)
EPRA "topped-up" NIY is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA Vacancy Rate
EPRA Vacancy Rate is calculated as the percentage of estimated residential rental value of vacant space divided by the estimated residential rental value of the whole portfolio as at the reporting date. The estimated rental value excludes properties under development, commercial properties and development land. It has been presented by the Company to improve comparability of the vacancy measure across the European residential real estate market.

EPRA Performance Measure

	Unit	31 December 2020	31 December 2019
EPRA Earnings	€'000	**34,030**	33,070
EPRA EPS	€ cents/share	**6.5**	6.9
Diluted EPRA EPS	€ cents/share	**6.5**	6.9
EPRA NRV	€'000	**903,917**	867,710
EPRA NRV per share	€ cents/share	**171.8**	165.4
EPRA NTA	€'000	**841,779**	810,957
EPRA NTA per share	€ cents/share	**159.9**	154.6
EPRA NDV	€'000	**877,914**	810,169
EPRA NDV per share	€ cents/share	**166.8**	154.5
EPRA NIY	%	**4.2 %**	4.4 %
EPRA "topped up" NIY	%	**4.2 %**	4.4 %
EPRA vacancy rate	%	**1.7 %**	2.2 %

EPRA Earnings per Share

For the year ended	31 December 2020	31 December 2019
Profit for the year (€'000)	**58,263**	86,282
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early close out of debt instrument (€'000)	**—**	3,153
Changes in fair value on investment properties (€'000)	**(19,092)**	(56,234)
Profit or losses on disposal of investment property (€'000)	**(4,432)**	—
Changes in fair value of derivative financial instruments (€'000)	**(709)**	(131)
EPRA Earnings (€'000)	**34,030**	33,070
Basic weighted average number of shares	**522,069,110**	478,563,272
Diluted weighted average number of shares	**524,130,528**	481,508,009
EPRA Earnings per share (cents)	**6.5**	6.9
EPRA Diluted Earnings per share (cents)	**6.5**	6.9

EPRA NAV per Share
As at 31 December 2020

	EPRA NRV	EPRA NTA(1)	EPRA NDV(2)
Net assets (€'000)	**841,695**	**841,695**	**841,695**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	**84**	**84**	**—**
Fair value of fixed interest rate debt (€'000)	**—**	—	**36,219**
Real estate transfer tax (€'000)(3)	**62,138**	—	—
EPRA net assets (€'000)	**903,917**	**841,779**	**877,914**
Number of shares outstanding	**525,078,946**	**525,078,946**	**525,078,946**
Diluted number of shares outstanding	**526,289,910**	**526,289,910**	**526,289,910**
Basic Net Asset Value per share (cents)	**160.3**	**160.3**	**160.3**
EPRA Net Asset Value per share (cents)	**171.8**	**159.9**	**166.8**

As at 31 December 2019

	EPRA NRV	EPRA NTA(1)	EPRA NDV(2)
Net assets (€'000)	810,169	810,169	810,169
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	788	788	—
Real estate transfer tax (€'000)(3)	56,753	—	—
EPRA net assets (€'000)	867,710	810,957	810,169
Number of shares outstanding	521,678,946	521,678,946	521,678,946
Diluted number of shares outstanding	524,529,943	524,529,943	524,529,943
Basic Net Asset Value per share (cents)	155.3	155.3	155.3
EPRA Net Asset Value per share (cents)	165.4	154.6	154.5

(1) Following changes to the Irish REIT legislation introduced in October 2019, if a REIT disposes of an asset of its property rental business and does not (i) distribute the gross disposal proceeds to shareholders by way of dividend; (ii) reinvest them into other assets of its property rental business (whether by acquisition or capital expenditure) within a three-year window (being one year before the sale and two years after it); or (iii) use them to repay debt specifically used to acquire, enhance or develop the property sold, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. For the purposes of EPRA NTA, the Company have assumed any such sales proceeds are reinvested within the required three year window.

(2) Deferred tax is assumed as per the IFRS statement of financial position. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 31 December 2020 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

(3) This is the purchaser costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred and which are deducted from the gross value in arriving at the fair value of investment for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial and 4.46% for residential.

EPRA Net Initial Yield (NIY)

As at	31 December 2020 (€'000)	31 December 2019 (€'000)
Annualised passing rent	**74,249**	72,798
Less: Operating expenses(1) (property outgoings)	**(14,850)**	(13,540)
Annualised net rent	**59,399**	59,258
Notional rent expiration of rent-free periods(2)	**21**	93
Topped-up net annualised rent	**59,420**	59,351
Completed investment properties	**1,346,683**	1,293,241
Add: Allowance for estimated purchaser's cost	**62,138**	56,260
Gross up completed portfolio valuation	**1,408,821**	1,349,501
EPRA Net Initial Yield	**4.2 %**	4.4 %
EPRA topped-up Net Initial Yield	**4.2 %**	4.4 %

(1) Calculated based on the net rental income to operating revenue ratio of 80.0%.
(2) For the year ended 31 December 2020.

EPRA Vacancy Rate[3]

As at	31 December 2020 (€'000)	31 December 2019 (€'000)
Estimated rental value of vacant space	**1,203**	1,569
Estimated rental value of the portfolio	**72,762**	71,788
EPRA Vacancy Rate	**1.7 %**	2.2 %

(3) Based on the residential portfolio

EPRA Capital Expenditure Disclosure

EPRA recommends that capital expenditures, as stated on the financial statements, be split into four components based on the nature of the assets the expenditures were on to allow for enhanced comparability. Namely, the categories are acquisitions, development, like-for-like portfolio, and other items.

For the year ended	31 December 2020 (€'000)	31 December 2019 (€'000)
Acquisitions	**336**	671
Development	**16,102**	28,958
Like-for-like[4]	**9,650**	7,312
Total Capital Expenditure	**26,088**	36,941

(4) For 2020, Like-for-like is defined as properties held as of 31 December 2019.

CAPREIT AND IRES FUND MANAGEMENT SENIOR MANAGEMENT

Mark Kenney
President, Chief Executive Officer and a trustee of CAPREIT
See Board of Directors' profiles for further detail.

Jodi Lieberman
Chief Human Resources Officer of CAPREIT
Jodi Lieberman joined CAPREIT in 2009 and has been instrumental in developing the human resources function at the company as well as at I-RES.

Jonathan Fleischer
Executive Vice President, Asset Management of CAPREIT LP
Jonathan Fleischer joined CAPREIT, a TSX listed company, in October 2015. He oversees the operations of I-RES.

Jonathan has over 25 years' fiduciary experience, leading asset and property management teams servicing institutional real estate investors in Canada and abroad. Prior to joining CAPREIT, he was a senior executive at one of Canada's largest commercial real estate asset management companies. Before leaving South Africa for Canada in 1998, he ran a high quality office REIT listed on both the Johannesburg and London Stock Exchanges.

Jonathan was recognized by his peers for his leadership and industry contribution, and elected Chair of BOMA Toronto for the 2009-2010 term.

Scott Cryer
Chief Financial Officer of CAPREIT
Scott Cryer joined CAPREIT in September 2009 and was appointed as the Chief Financial Officer of CAPREIT in 2011. Mr. Cryer is also currently a director of IRES Fund Management Limited and supports I- RES in all financial and reporting decisions.

Charles Coyle
Vice President, Acquisitions of IRES Fund Management
With over 20 years of property investment and development experience, Charles Coyle was appointed by IRES Fund Management as Vice President, Acquisitions in December 2014. He supports I-RES with all acquisition and development decisions.

Priyanka Taneja
Chief Financial Officer of I-RES and Senior Vice President Finance at CAPREIT LP
Priyanka Taneja joined CAPREIT in May 2008 and is currently the Senior Vice President of Finance, and is responsible for overseeing Financial Reporting, Taxation, Valuations, Treasury and Financings. She also assists with Investor Relations and leads the finance and financial reporting functions for I-RES.

Corinne Pruzanski
General Counsel and Corporate Secretary of CAPREIT
Corinne Pruzanski joined CAPREIT as General Counsel and Corporate Secretary in 2011 with responsibility for all legal and governance matters relating to CAPREIT, including CAPREIT's acquisitions, dispositions, financing arrangements and compliance with laws. Ms. Pruzanski is also company secretary to IRES Fund Management Limited.

GLOSSARY OF TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding terms used in this report.

"Annualised Passing Rent"
Defined as the actual monthly residential and commercial rents under contract with residents as at the stated date, multiplied by 12, to annualize the monthly rent;

"Average Monthly Rent (AMR)"
Actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property;

"Basic Earnings per share (Basic EPS)"
Calculated by dividing the profit for the reporting period attributable to ordinary shareholders of the Company in accordance with IFRS by the weighted average number of ordinary shares outstanding during the reporting period;

"Companies Act, 2014"
The Irish Companies Act, 2014;

"Diluted weighted average number of shares"
Includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date;

"EBITDA"
Represents earnings before lease interest, financing costs, depreciation of property, plant and equipment, gain or loss on disposal of investment property, net movement in fair value of investment properties and gain or loss on derivative financial instruments to show the underlying operating performance of the Group.

"EPRA"
The European Public Real Estate Association;

"EPRA Diluted EPS"
Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the diluted weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio, while taking into account dilutive effects, and therefore excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;

"EPRA EPS"
Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio and therefore excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;

"EPRA NAV"
EPRA introduced three EPRA NAV metrics to replace the existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value ("**EPRA NRV**"), EPRA Net Tangible Asset ("**EPRA NTA**") and EPRA Net Disposal Value ("**EPRA NDV**"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Any gains arising from the sale of a property are expected either to be revinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments , and certain other adjustments are calculated to the full extent of their liabilities.

"EPRA NAV per share"
Calculated by dividing each of the EPRA NAV metric by the diluted number of ordinary shares outstanding as at the end of the reporting period;

"Equivalent Yields (formerly referred as Capitalisation Rate)"
The rate of return on a property investment based on current and projected future income streams that such property investment will generate. This is derived by the external valuers and is used to estimate the term and reversionary yields;

"Group Total Gearing"
Calculated by dividing the Group's aggregate borrowings (net of cash) by the market value of the Group's portfolio value consistent with the financial covenant of the Group's Revolving Credit Facility and the Notes;

"Gross Yield"
Calculated as the Annualised Passing Rent as at the stated date, divided by the fair value of the investment properties, excluding fair value of development land and investment properties under development as at the reporting date;

"Irish REIT Regime"
Means the provisions of the Irish laws and regulations establishing and governing real estate investment trusts, in particular, but without limitation, section 705A of the Taxes Consolidation Act, 1997 (as inserted by section 41(c) of the Finance Act, 2013), as amended from time to time;

"Market Capitalisation"
Calculated as the closing share price multiplied by the number of shares outstanding;

"Net Asset Value" or "NAV"
Calculated as the value of the Group's or Company's assets less the value of its liabilities measured in accordance with IFRS;

"Net Asset Value per share"
Calculated by dividing NAV by the basic number of ordinary shares outstanding as at the end of the reporting period;

"Net Rental Income (NRI)"
Measured as property revenue less property operating expenses;

“Net Rental Income Margin”
Calculated as the NRI over the revenue from investment properties;

“Occupancy Rate”
Calculated as the total number of apartments occupied over the total number of apartments owned as at the reporting date;

“Property Income”
As defined in section 705A of the Taxes Consolidation Act, 1997. It means, in relation to a company or group, the Property Profits of the company or group, as the case may be, calculated using accounting principles, as: (a) reduced by the Property Net Gains of the company or group, as the case may be, where Property Net Gains arise, or (b) increased by the Property Net Losses of the company or group, as the case may be, where Property Net Losses arise;

“Property Profits”
As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Net Gains”
As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Net Losses”
As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Rental Business”
As defined in section 705A of the Taxes Consolidation Act, 1997;

“Sq. ft.”
Square feet;

“Sq. m.”
Square metres;

“Stabilised NRI”
Measured as property revenue less property operating expenses adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance;

“Vacancy Costs”
Defined as the value of the rent on unoccupied residential apartments and commercial units for the specified period.

FORWARD-LOOKING STATEMENTS

I-RES Disclaimer
This Report includes statements that are, or may deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “projects”, “may” or “should”, or, in each case, their negative or other comparable terminology, or by discussions of strategy, plans, objectives, trends, goals, projections, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include, but are not limited to, statements regarding the intentions, beliefs or current expectations of I-RES concerning, amongst other things, its results of operations, financial position, liquidity, prospects, growth, strategies and expectations for its industry. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of I-RES and/or the industry in which it operates to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As a result, you are cautioned not to place any reliance on such forward-looking statements and neither I-RES nor any other person accepts responsibility for the accuracy of such statements.

Nothing in this Report should be construed as a profit forecast or a profit estimate.

The forward-looking statements referred to in this report speak only as at the date hereof. Except as required by law or any appropriate regulatory authority, I-RES expressly disclaims any obligation or undertaking to release publicly any revision or updates to these forward-looking statements to reflect any change in (or any future) events, circumstances, conditions, unanticipated events, new information, any change in I-RES’ expectations or otherwise including in respect of the Covid-19 pandemic, the uncertainty of its duration and impact, and any government regulations or legislation related to it.

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Stock Exchange Listing
Shares of I-RES are listed on Euronext Dublin under the trading symbol "IRES".

NOTES

Design: www.reddog.ie

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