Irish Residential
Properties REIT plc

Annual Report 2021

I·RES

Building Communities and Creating Value

Chairman's Statement
Declan Moylan

"Strong performance and continued growth."

CEO's Statement
Margaret Sweeney

"Resilience, underpinned by our high quality and diverse portfolio."

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 primarily focused on investing in, holding, manging and developing private residential rental accommodations in Ireland. At 31 December 2021, the Group owns and manages 3,829 apartments and houses for private rental in Ireland. The Company's shares are listed on the Main Securities Market of Euronext Dublin.


Ashbrook
Clontarf, Dublin 3
86 units
Additional 22 residential units to be acquired in H1 2022

I-RES at a glance

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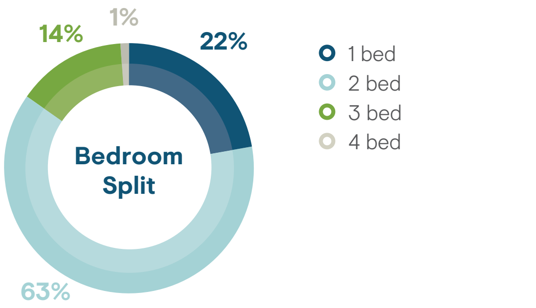
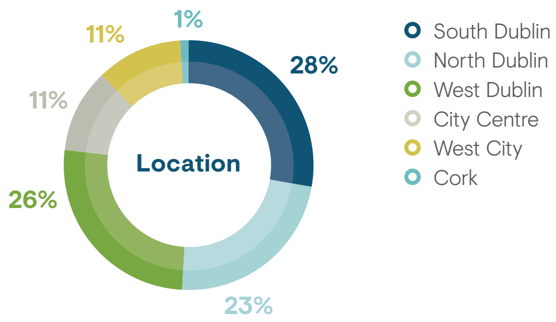
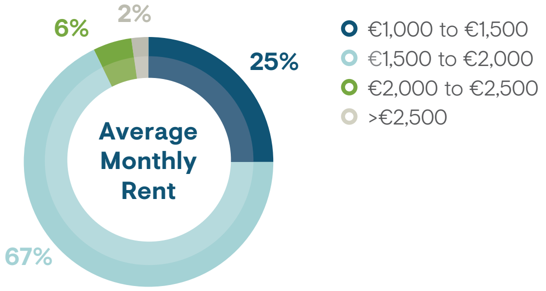
Majority 2-bedroom apartments



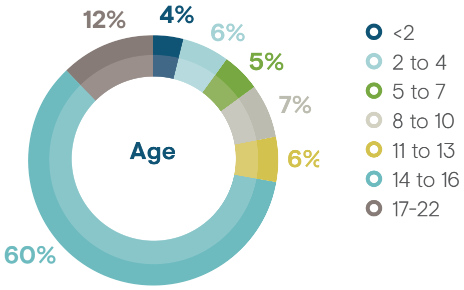
Well diversified across attractive Dublin locations



Mid-tier affordable residential sector



Young modern portfolio, average age of 12 years, with 94% buildings have A-C rating



Financial Highlights

For the year	2021	2020	% change
Operating Performance			
Revenue from Investment Properties (€ millions)	79.7	74.7	6.7%
Net Rental Income (€ millions)	63.0	59.8	5.4%
Adjusted EPRA Earnings (€ millions)	37.0	36.3	1.9%
EPRA Earnings (€ millions)	31.6	34.0	(7.1%)
Profit (€ millions)	67.5	58.3	
Basic EPS (cents)	12.8	11.2	
Adjusted EPRA Earnings per share (cents)	7.0	7.0	
EPRA Earnings per share (cents)	6.0	6.5	
Interim Dividend per share (cents)	2.91	2.75	
Dividend per share (cents)	3.08	3.22	
As at	**31 December 2021**	**31 December 2020**	**% change**
Balance Sheet			
Total Property Value (€ millions)	1,493.4	1,380.4	8.2%
Net Asset Value (€ millions)	881.4	841.7	4.7%
IFRS Basic NAV per share (cents)	166.5	160.3	3.9%
Group Total Gearing	40.7%	39.2%	
Gross Yield at Fair Value	5.6%	5.5%	
EPRA Net Initial Yield	4.2%	4.2%	
Other			
Market Capitalisation (€ millions)	887.4	785.5	
Total Number of Shares Outstanding	529,453,946	525,078,946	
Weighted Average Number of Shares – Basic	527,412,302	522,069,110	

€79.7m
Revenue from Investment Properties
(2020: €74.7m, +6.7%)

99.1%
Occupancy
(2020: 98.4%, +70bps)

6.0c
EPRA EPS
(2020: 6.5c, -7.7%)

€1,493.4m
Total Property Value
(2020: €1,380.4m, +8.2%)

166.5c
Basic NAV per share
(2020: 160.3c, +3.9%)

4.2%
EPRA Net Initial Yield
(2020: 4.2%, -bps)

Merrion Road
Dublin 4

69

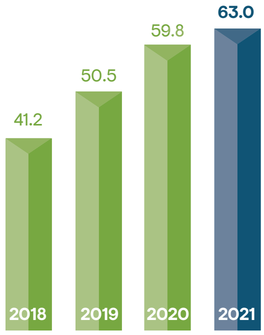
Residential Units
To be completed in 2022

Strong Track Record of Growth

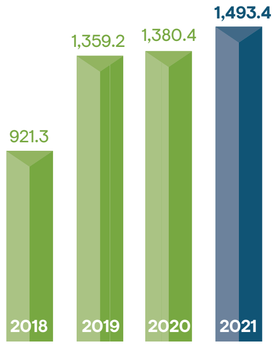
Sustainable accretive growth in our residential rental assets portfolio is an integral part of our strategy. We have delivered circa 47% growth in the portfolio size over the last 3 years and continue to invest in the supply of accommodation for rent. Due to the limited supply of completed rental properties 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.

We continued to deliver on our investment and growth strategy in 2021, adding 146 residential units at The Phoenix Park Racecourse in Dublin bringing our overall portfolio of homes for rent to 3,829. In January 2022 we executed on two contracts for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin 3 in two phases. The Company took delivery of 86 completed units in Q1 2022, with a further 22 due in the first half of 2022. We have also committed to acquiring the remaining 44 apartments under a forward purchase contract, with delivery anticipated for H2 2023.

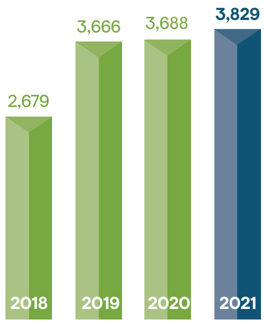
The Net Rental Income ("NRI") increased by 5.4% to €63.0 million, principally driven by organic rental growth and the further addition of 146 residential units during 2021. The Group has a pipeline of 862 units representing c. 21.5% growth potential in the portfolio, which will be delivered over the coming years. We have a strong balance sheet and ample liquidity to position the business for future growth.



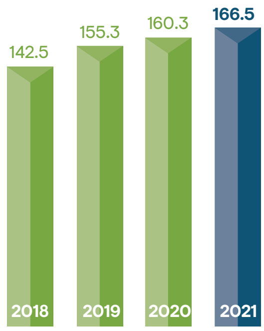
Net Rental Income
(€ millions)



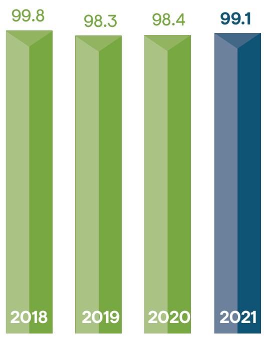
Total Property Value
(€ millions)



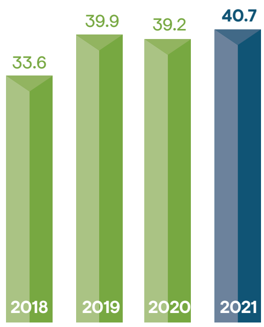
Total Number of Residential Units



Basic NAV per share
(cent)



Overall Portfolio Occupancy Rate
(%)



Gearing
(%)

Market Outlook

Supply Demand Imbalance Remains

There remains a significant supply shortage across all segments of housing stock in Ireland and this has been exacerbated by the pandemic which has caused some disruption to new construction projects. In September 2021, the Government set out its 'Housing for All' strategy, which indicated a need for 33,000 new homes to be provided each year until 2030, to meet demand from Ireland's young and growing population.

In 2021 there were an estimated 21,000 new housing completions in the year, on par with pre-pandemic levels of 21,200 in 2019. The Central Bank of Ireland[1] forecasts housing supply will reach 25,000 and 30,000 in 2022 and 2023 respectively.

The Rental Market

Demand for rental accommodation has remained strong, with circa 1,397[2] units available for rent as at 1 February 2022 nationally, down 63% from the same date in 2021. In Dublin, there were only 712[2] homes available to rent, down 73% from the same date in 2021 and the lowest level since the beginning of the dataset in 2006. This lack of supply is leading to upward pressure on rental prices as demand continues to grow.

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.[3] 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 2021 was estimated to be almost 1.43 million persons, 28.5% of the total population[4] of Ireland.

Strong Foreign Direct Investment ("FDI") sector

The Industrial Development Agency ('IDA') Ireland continues to report positive results, with over 29,000 jobs created in 2021 – representing the largest increase in FDI employment in a single year. There are now over 275,000 people, or 11% of the total workforce[5], employed in FDI-related businesses. FDI companies continue to contribute strongly to Ireland's strong tax revenues, which rose to a record high of €68.4 billion in 2021[6]. Since 2019, the biggest contributor to this growth is corporation tax (+41%) reflecting the ongoing buoyancy of large multinationals in the technology and pharmaceutical sectors.

(1) The Central Bank of Ireland - Quarterly Bulletin January 2022
(2) Daft.ie - Q4 2021 Rental Price Report
(3) CSO - Population and Migration Estimates April 2020
(4) CSO - Population and Migration Estimates April 2021
(5) IDA Ireland 2021 Results
(6) 2021 Exchequer returns

Professionally Managed Modern Accommodation

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01

Bringing new standards to the rental market

We are transforming the residential rental market for the better by offering professional property management services. 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 have a telephone support centre and a mobile app for tenants to send all requests. We also maintain high service and safety standards such as twice-yearly fire drills that exceed regulatory requirements.

03

Top-quality staff

Our highly trained operations staff 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

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Advanced technology to maximise efficiency

Team of tradespeople and caretakers

24

24-hour emergency service line

Dedicated property manager for every building

Intensive training and development for all staff members

Safety standards exceed regulatory requirements


LUAS Red Line
LUAS Green Line
DART Line
3,779
Units in Dublin
50
Units in Cork
Balbriggan
Skerries
Rush
M1
Donabate
Malahide
Portmarnock
Swords
Pavillion's Shopping Centre
N2
DUBLIN AIRPORT
M50
Dunboyne
N3
James Connolly Memorial Hospital
Blanchardstown Shopping Centre
Clonsilla
Blanchardstown
Castleknock
Finglas
Santry
Dublin City University
Beaumont Hospital
Raheny
Baldoyle
Howth
Drumcondra
Clontarf
Connolly Station
Docklands
Dublin
PHOENIX PARK
Heuston Station
TU Dublin Bolton St.
St.James's Hospital
Liffey Valley Shopping Centre
Cherry Orchard Hospital
Lucan
Inchicore
Drimnagh
Crumlin Children's Hospital
Ballsbridge
Ranelagh
Rathmines
St Vincents Hospital
University College Dublin
Terenure
Blackrock
N31
Dún Laoghaire
Dalkey
N7
Tallaght Hospital
TU Dublin Tallaght
Tallaght
Knocklyon
Dundrum Town Centre
Sandyford
M50
Cabinteely
Killiney
N11
Rockbrook
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Modern Diverse Portfolio

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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 investment 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**
99 Units

2 **Kingscourt, Smithfield**
83 Units

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

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

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

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

To be acquired in 2022:

▲ **Ashbrook**
Clontarf
108 units

● **Merrion Road,**
Dublin 4
69 units

To be completed in 2022:

■ **Bakers Yard,**
Dublin City Centre
61 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**
194 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.

The Maple
Sandyford

68

Residential Units

Strategic Report

In this Section:

Chairman's Statement

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With an experienced team, strengthened by internalisation and recent appointments, as well as a strong balance sheet underpinned by favourable market factors, the Group is well placed to navigate changing market circumstances and positioned to continue executing on its growth strategy over the coming years.

2021 Performance Highlights:

€79.7m
Revenue
2020: €74.7m

99.1%
Occupancy
2020: 98.4%

€37.0m
Adjusted EPRA Earnings
2020: €36.3m

During the period, we continued to meet the needs of our residents, delivering strong returns for our shareholders and progressed with the Internalisation of the Investment Manager.

We remain focused on delivering on the strategic priorities set by the Board, and we will continue to invest in acquisitions and developments which will add incremental value to our portfolio and provide attractive, risk-adjusted returns for our shareholders.

Delivering on our Growth Strategy

As at 31 December 2021, the Group had a portfolio of 3,829 residential units across 35 properties in the Dublin region and one property in Cork. Despite the various public health measures in place throughout much of 2021 as a result of Covid-19, including restrictions on travel and movement, we continued to grow our portfolio through investment in new supply from developments and acquisitions. We completed the acquisition of 146 residential units at The Phoenix Park Racecourse in Dublin in January 2021. In January 2022, the Company announced it had executed on two contracts for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin 3 in two phases.

We also have a further supply of 130 residential units expected to complete in H1 2022 at Bakers Yard and Merrion Road. We look forward to delivering both schemes into what we expect will be a rental market with strong demand for good quality accommodation.

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

Financial Results

Against a challenging market backdrop, the Group generated continued strong performance in 2021 with 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 2021, our adjusted EPRA EPS (before non-recurring costs) is 7.0 cents, consistent with 2020, while our IFRS Basic NAV per share grew by 3.9% to 166.5 cents. As a result of this strong performance, we declared an additional dividend of 3.08 cents per share for the twelve months ended 31 December 2021.

Internalisation of Management and Termination of Investment Management Agreement

On 1 April 2021, the Company announced that it had received a twelve-month notice of termination of the Investment Management Agreement ("IMA") from our Investment Manager, IRES Fund Management, a wholly owned subsidiary of CAPREIT LP. Having carefully reviewed the possible options and having also taken appropriate independent advice, the Board determined in August 2021 that it was in the best interests of the Company, and all of our shareholders, to internalise its management at this point in the Company's journey. The Company is pleased to announce that on 29 January 2022, the Company and CAPREIT entered into binding legal agreements pursuant to which the Company exercised its right under the IMA and purchased the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/ cash free basis for €1, effective from 31 January 2022 ("Completion") together with payment of €1.1m for cash on the balance sheet.

The Board would like to thank the senior management and staff of CAPREIT, for their support during the finalisation of internalisation arrangements as well as their continuing transition services support to the Company. The Board also recognises the contribution of CAPREIT to the growth and success of the Company.

Governance & Shareholder Engagement

The Board remains committed to maintaining high standards of corporate governance. As one of Ireland's largest investors in providing accommodation in the rental sector, our Board collectively holds years of global sector and operational knowledge, and we have the experience to leverage and initiate appropriate practices to manage the challenges and opportunities affecting our business.

Continuing to develop strong relationships with our shareholders is a vital aspect of building a sustainable business. As a Company, we benefit from understanding their needs and concerns. As part of our efforts to further develop productive dialogue with our shareholders, we carried out shareholder engagement on governance and sustainability in 2021. The Company appreciates the significant response we received and

will incorporate shareholder feedback into our governance frameworks and report key themes of the engagement in the Sustainability Review. The Board will continue to proactively engage with shareholders on governance and sustainability matters in carrying out its function.

We continue to refresh the expertise of the Board and on 16 June 2021, we announced the appointment of Stefanie Frensch to the Board as an independent non-executive director with effect from 1 July 2021. Ms. Frensch brings significant experience and industry expertise in the residential real-estate sector to the Board. She has also joined the Board's Audit Committee and the Board's new Sustainability Committee. Mark Kenney, the Investment Manager's representative on the Board, resigned as a director effective 2 July 2021. Post completion of Internalisation of the Manager on 31 January 2022, the Investment Manager no longer has the right to nominate a representative to the Board.

During 2021, we made two important appointments to the Company's management team in light of the forthcoming termination of the IMA and to reflect the increased scale of the Company. Brian Fagan was appointed as the Company's Finance Director bringing significant financial expertise, while Anna-Marie Curry joined as Company Secretary and General Counsel. This expertise is vitally important as we internalise the management of the business. The Internalisation also sees the heads of Acquisitions and Development and Operations join the I-RES management team.

ESG

Environmental, social, and governance ("ESG") considerations continue to take priority across our business, positively influencing our operations and investment decision making. Our business goal extends beyond owning buildings and, as one of Ireland's leading providers in the mid-market residential sector, we strive to increase availability in the market and raise the living standard by providing professionally operated and high-quality rental accommodation. We have taken this focus to planning for new developments on our owned sites, as well as in our interaction with partners. We established a Board Sustainability Committee in May 2021, which will provide oversight of our multi-year ESG strategy as well as focusing on how the Company will ensure it builds the necessary expertise and capability to respond proactively to Government and EU commitments on climate change. We have appointed a Director of Sustainability and we are also committed to continuing to enhance on our sustainability reporting, ensuring that all our investors and key stakeholders have the right information to make informed decisions.

Outlook

In summary, the Board is extremely pleased with the Group's performance for the year. With an experienced team, strengthened by internalisation and recent appointments, as well as a strong balance sheet underpinned by favourable market factors, the Group is well placed to navigate changing market circumstances and positioned to continue executing on its growth strategy over the coming years.

Amid the Covid-19 uncertainty, the Irish economy has rebounded quickly following the easing of Covid-19 restrictions, underpinned by a buoyant Foreign Direct Investment market. Covid-19 adjusted unemployment has fallen sharply to 7.5% in December 2021 compared to 27.1% in January 2021. Despite the Irish Government's continued focus on increasing housing supply, there remains a clear and significant supply and demand imbalance across all aspects of the housing market in Ireland, further exasperated by Covid-19 lockdowns. It is welcome to see increasing supply of new homes coming through in 2021 and forecast for 2022 as efforts continue to meet the demand for accommodation in Ireland. Continuing population growth as well as economic growth are driving the demand outlook for rented residential accommodation.

Looking ahead, the ever-evolving situation presented by the Covid-19 pandemic as well as the newer environment of inflation and likely interest rate rises in the future could have an impact on the Group's business which may not be visible at this time. Despite this uncertainty, we believe that the Group continues to be well-positioned to take advantage of further growth opportunities and deliver attractive risk-adjusted returns to its shareholders.

Our priority will continue to be the health and well-being 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 I-RES, 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.

We recognise that many in our communities and wider society have been deeply impacted by Covid-19 and we pay tribute to our Government and health services who have expertly managed this severe pandemic over the last two years and now look forward to better days ahead.

To our residents, communities, banking partners, development partners and shareholders, the I-RES Board wishes to thank you for your trust and ongoing support as we collectively continue to invest in new housing supply and grow the business sustainably to meet all stakeholder needs.

Declan Moylan
Chairman

Environmental, Social and Governance ("ESG") considerations continue to take priority across our business, positively influencing our operations and investment decision making.

Chief Executive Officer's Statement

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> "I am pleased to report the Group has delivered another year of strong performance in 2021 and enters 2022 in a robust position as we look to deliver future growth.

2021 Performance Highlights:

€63.0m
Net Rental Income
2020: €59.8m

79.1%
Net Rental Income Margin
2020: 80.0%

7.0c
Adjusted EPRA Earnings per share
2020: 7.0c

Overview

I-RES' diverse portfolio, resilient business model, and our teams' commitment to fulfilling the changing needs of our residents and communities has enabled us to deliver a robust performance for the year, as well as continuing to deliver on our growth plans and value enhancing opportunities. Occupancy has remained consistently strong at 99.1% and margins have been resilient at 79.1%, supported by our mid-market residential sector positioning where there is strong demand for our unique portfolio of high-quality homes in attractive, well serviced locations where people want to live and work. We completed the internalisation of the management of the Company on 31 January 2022 and are investing in new technology to underpin our strong operating platform and enhanced service to residents.

Commitment to Long-term Sustainability

Sustainability is a fundamental focus in how we do business at I-RES. Our commitment remains on building a sustainable and responsible business which is aligned with the long-term approach we take to investing in new supply, 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 towards aligning our business strategy and objectives with ESG measures that are important to growing a long-term sustainable business and to meet the needs of our investors and stakeholders.

Diversity and inclusion are a fundamental underlying value of the Board and management of I-RES and in January 2022 we were pleased to be recognised as 1 of only 2 Irish companies to receive the highest award recognition by European Women on Boards for gender diversity.

We are investing in new sector leading technology to enhance our operating capability and service offering to residents as well as minimising our impact on the environment by choosing cloud-based services where possible. We will continue to train and develop I-RES employees to support and deliver to all stakeholders and to ensure that we run our business to minimise our carbon impact on the planet as well as supporting the development of desirable communities to live and work in.

We submitted to the Global Real Estate Sustainability Benchmark ("GRESB"), an industry leading global assessor of the ESG performance of real estate assets and their managers during 2021 and this is providing a benchmark to underpin our plans and strategies going forward. During the year, I-RES was also awarded Gold Level and Most Improved EPRA Sustainability Best Practices Recommendations ("SBPR") award, which aims to raise the standards and consistency of sustainability reporting for listed real estate companies across Europe. We continue to assess other appropriate measurement indices for the Company that will meet our shareholder needs. This reflects our continued commitment to further enhance our ESG practices and reporting for the benefit of all stakeholders.

2021 saw the establishment of a Board Sustainability Committee which will support the implementation of the Company's multi-year ESG strategy. Importantly, we undertook and completed a materiality assessment which saw widespread stakeholder engagement, and which will help inform our ESG strategy going forward. The outcome of the assessment can be found on page 37 of this report.

We continue to focus on plans to improve our carbon footprint. We are fortunate to have a portfolio of modern assets, with an average age of 12 years and 94% with Building Energy Ratings ("BER") within A to C grades. We are members of Green Building Council Ireland and are engaging in assessments across our assets to continue to improve on our energy utilisation. We have a comprehensive programme in place including communication with residents in relation to waste minimisation and recycling as well as a continuous improvement programme.

This reflects our continued commitment to further enhance our ESG practices for the benefit of our people, our residents and our communities, as well as our ambition to continuously be aware of our impact on the planet in carrying out our business.

Continuing to support our people through the Covid-19 pandemic

From the beginning of 2021, the Covid-19 pandemic continued to have a negative impact on our communities and Ireland was put into a lockdown for most of the first half of the year, when only essential businesses could operate, and the public was advised to 'stay home'. Against that backdrop, we paused any rental increases across our existing tenancies during the period from April 2020 to October 2021, and agreed payment deferral plans with a number of our commercial tenants. We maintain an active dialogue with all tenants and continue to support those most impacted by the pandemic. We continued to carry out essential maintenance on our properties and also prioritised the wellbeing of our employees during a challenging time for many. The country has returned to a near full reopening following a recent period of restrictions from 7 December 2021 to 22 January 2022. We remain alert to prioritising the safety and well-being of our residents, tenants, employees, and other stakeholders as we see how Covid-19 evolves during the coming months.

Growth Strategy and Portfolio Development

As of 31 December 2021, the portfolio consisted of 3,829 (31 December 2020: 3,688) high-quality residential rental homes, with associated commercial space and development sites, and had a total portfolio value of €1,493.4 million. We continue to see value increases in our assets with a revaluation gain of €34.9 million at 31 December 2021 reflecting the underlying quality of our portfolio, strong demand and continued investment in the Irish PRS sector.

Our residential homes are modern (average age of portfolio is c.12 years) and principally located in the

Dublin area, with one property in Cork. Every location has excellent transport connections, vibrant community spaces and strong local employment opportunities from indigenous and international employers.

Sustainable growth of our residential rental portfolio is an integral part of our strategy and reflected in our three-pronged strategy for growth:

- Investing in future supply through development partnerships with local developers and builders
- Acquisition of completed assets in attractive and well serviced locations
- Development of new homes on I-RES owned sites

Despite the many challenges posed by Covid-19 and Government restrictions, during 2021 we continued to deliver on our strategy. We added 146 apartments at the Phoenix Park Racecourse in Castleknock with an investment of €60 million (including VAT and excluding transaction costs). The Company also agreed investment on two contracts for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin 3 in two phases. The Company has completed the handover of 86 units on 20 January 2022 and a further 22 units will complete in H1 2022. A further 44 apartments are under development, with delivery scheduled for H2, 2023.

We currently have 130 units under construction across two exciting schemes due for delivery in H1 2022. At Bakers Yard, I-RES is developing 61 residential units which will be Ireland's first LEED-certified residential development. At Merrion Road, we have a contract for the forward purchase of 69 residential units with delivery anticipated in H1, 2022. In addition to the 108 units completing in H1 for Ashbrook, this will bring the expected total number of units in the portfolio to 4,067 across 38 properties.

During 2021, we also executed two transactions which generated value for both the business and our shareholders. In May, we sold a non-core commercial asset and the food court in Tallaght Cross West for net proceeds of €1.6 million resulting in a gain of €870,000. In August, I-RES completed an agreement to enter into an index linked social housing lease for 25 years for 128 apartments located at Hampton Wood with a Housing Association.

In addition, our development pipeline includes 543 residential apartments with planning permission on existing sites, enabling us to grow our portfolio and deliver attractive risk adjusted returns for our shareholders, while also adding high-quality, modern and sustainable homes in line with market demand. This provides overall portfolio pipeline growth of c. 21% as at 31 December 2021.

Results

Below is a table summarising the Group's financial position as at 31 December 2021 and profit or loss results for the year ended 31 December 2021.

Statement of Financial Position:	**As at 31 December 2021**	**As at 31 December 2020**	**% change**
Investment Properties (€ millions)	1,493.4	1,380.4	8.2%
Net Asset Value (€ millions)	881.4	841.7	4.7%
IFRS Basic NAV per Share (cents)	166.5	160.3	3.9%
Bank Indebtedness and private placement debt (€ millions)	610.4	539.1	
Group Total Gearing	40.7%	39.2%	

Statement of Profit or Loss and Other Comprehensive Income:	**FY21**	**FY20**	**% change**
Revenue from Investment Properties (€ millions)	79.7	74.7	6.7%
Net Rental Income (€ millions)	63.0	59.8	5.4%
Fair value gain on investment properties (€ millions)	34.9	19.1	
EPRA Earnings (€ millions)	31.6	34.0	(7.1%)
Non-recurring costs (€ millions)(1)	5.4	2.3	
Adjusted EPRA Earnings (€ millions)(2)	37.0	36.3	1.9%
Profit for the year	67.5	58.3	
Basic EPS (cents)	12.8	11.2	14.3%
Diluted EPS (cents)	12.8	11.1	15.3%
EPRA EPS (cents)	6.0	6.5	(7.7%)
Adjusted EPRA EPS (cents)	7.0	7.0	

(1) Refer to page 36 for further details on non-recurring costs.
(2) Refer to page 29 for further details on Adjusted EPRA Earnings adjusted for non-recurring costs.

Property assets at 31 December 2021 increased by €113.0 million to €1,493.4 million. The main driver of the increase in value of our assets were the acquisitions of the Phoenix Park property and the revaluation gain to market value. Based on the recent valuations, the portfolio is approximately 9.4% below market rent indicating further opportunity in the medium term. The Group's IFRS NAV increased by 4.7% in the year ended 31 December 2021, to €881.4 million from €841.7 million at 31 December 2020, or to 166.5 cents per share from 160.3 cents per share.

The Group's Total Gearing as of 31 December 2021 stood at 40.7% (31 December 2020: 39.2%). The year-on-year increase in total debt can be largely attributed to the acquisition of 146 units located at the Phoenix Park Racecourse for €60 million (including VAT and excluding transaction costs) and development costs for Bakers Yard. The Group's acquisition of the initial phase of 86 units located at Ashbrook, Clontarf for €34 million (including VAT and excluding transaction costs), which was completed in January 2022, will increase the pro-forma Group Total Gearing to 41.8%.

Average Monthly Rent ("AMR") per unit was €1,678 as at 31 December 2021 (31 December 2020: €1,624), and the increase was principally as a result of acquisitions during the period and some rental increases in line with legislation. Given the severe lockdowns in Ireland due to the pandemic, we temporarily paused any rental increases on in place residents from April 2020 to October 2021. The NRI margin declined from 80.0% to 79.1% over the 12 months mainly due to higher property operating costs, principally repairs and maintenance.

The residential occupancy rate has remained strong at 99.1% at 31 December 2021 (31 December 2020: 98.4%), underpinned by attractive market fundamentals in the Irish residential rental sector and strong property management. There were only 820 homes to rent in the Dublin market on November 1st, down 51% on the same date from the previous year. This is the first time the stock of rentals has been below 1,000 units since the beginning of the collection of this dataset in 2006 (Daft.ie).

Adjusted EPRA EPS (before non-recurring costs) remained stable at 7.0 cents. The decrease in EPRA EPS is primarily due to higher non-recurring costs as a result of Internalisation.

Regulation and Legislation

Housing regulation and policy remain high on both the Government and public agenda, due to serious supply challenges in meeting the ever-growing demand for new homes. This significant focus has resulted in the regulatory environment becoming increasingly challenging, with several changes introduced in 2021. The Company continues to engage with all key stakeholders and factor any changes to the regulatory landscape into its investment and operating decision making.

In September 2021, the Government published its 'Housing For All' policy, which sets out its vision for the future of housing in Ireland. One of the core strategic objectives of the policy is to increase supply by 300,000 units over the next nine years (including 54,000 affordable homes for purchase or rent and over 90,000 social homes). The plan will require both an increase in the capacity of the Government, and enhanced cooperation with the private sector, to deliver this objective.

During 2021 the Irish Government introduced two Acts impacting the private residential rental sector.

In May, the Government increased the rate of stamp duty on the multiple purchase of 10 or more single family houses from 2% to 10% with immediate effect. It is important to note that apartments, which represent 87% of our current portfolio, are fully exempt from this higher stamp duty. Nonetheless, this unexpected and significant tax increase resulted in a reduction in the value of the Company's property portfolio and its NAV by €8.8 million or 1.67 cents per share at the 31 December 2021, and partially offset against the fair value increase on the portfolio.

On 9 July, the Irish Government signed into law the reform and extension of the Rent Pressure Zone ("RPZ") regulations which was due to end on 31 December 2021. The Residential Tenancies (No.2) Act 2021 (RTA (2) 2021) provides that the current cap of 4% on annual rent increases will be replaced, and rents in RPZs will increase in line with general inflation as recorded in the Harmonised Index of Consumer Prices ("HICP"), and this commenced on 19 July 2021.

Given the sharp increase in HICP, reaching 5.5% in December 2021, compared to an average of 0.73% per annum over the previous three years, the Government amended the aforementioned legislation with the Residential Tenancies (Amendment) Act 2021 (the 2021 Amendment Act) on 11 December 2021. The amendment provides that rent increases are capped at 2% per annum, where HICP inflation is higher, in all RPZs. The scheme will be in effect until the end of 2024, however, the 2021 Amendment Act does make provision for the operation of the new rules to be reviewed within 12-15 months of coming into effect.

Based on the recent portfolio valuation, the Company's rents are approximately 9.4% below market rents.

Outlook

Irish economic performance remained strong throughout 2021, despite having had some of the strictest restrictions on movement and trade during the first half of the year (source: Oxford Coronavirus Response Stringency Index). Since the phased easing of restrictions in January 2022 economic indicators for the Irish economy are positive.

It is forecast that Irish GDP grew by 16.1% in 2021, underpinned by strong inward FDI across key sectors, particularly in ICT, Pharma and Financial Services. The growth is forecasted to continue, with the Central Bank of Ireland ("CBI") forecasting that Irish GDP will grow by 8.7% in 2022 and 5.0% in 2023. Modified domestic demand, a more appropriate gauge of the domestic economy that strips out distortions caused by the multinational sector, is projected to grow by 7.1% in 2022 and 5.2% in 2023. There have been significant improvements in the Irish labour market, with the standard measure of monthly unemployment of 4.8% in January 2022, while the Covid-19 adjusted measure of unemployment was 7.8%, compared to 27.1% in January 2021. Despite the positive indicator we are cognisant that the recovery will be gradual if slightly uneven for those sectors most severely impacted by the pandemic.

Phoenix Park Racecourse, Dublin 15

146

Residential Units

Demand for well-located and professionally managed rental accommodation in Dublin has remained strong, further supported by continued population growth.

There remains a clear and significant supply and demand imbalance across all aspects of the housing market in Ireland, which has been further exacerbated by the pandemic. The CBI reported that there were c.21,000 new residential units completed in 2021, compared to a requirement of 34,000 houses per annum. The CBI is forecasting housing completions of c. 25,000 and 30,000 in 2022 and 2023 respectively. The CSO ('Central Statistics Office') has reported that the number of units built in Ireland during 2021 was 20,433 (5,107 apartments and 15,326 houses). As a result, demand for well-located and professionally managed rental accommodation in Dublin has remained strong, further supported by continued population growth. I-RES will continue to play a key role in delivering housing solutions to the Irish market on a sustainable basis, assisting the Government reach its ambitious target set out in its 'Housing for All' policy.

Against this positive backdrop, there are downside risks arising from the current inflation environment which will put pressure on costs, as well as political and regulatory risks due to the ongoing challenges from lack of housing supply and affordability challenges.

As we progress with the full internalisation of management of the Company and transition of services, I would like to thank the senior management and staff of CAPREIT, for their contribution to the business for the last 8 years. Further details on the Internalisation can be found in the Business Review on page 23.

I would like to convey my gratitude to our teams, in I-RES and CAPREIT, as well as our business partners and service providers, for their contribution to the business throughout 2021. Their ongoing support allowed our business to continue to run smoothly throughout the Covid-19 disruption to the benefit of our residents, stakeholders, and investors. I would also like to thank our residents, who continue to remain our primary focus.

Margaret Sweeney

Margaret Sweeney
Chief Executive Officer

Manager's Statement

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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 longterm commitment to Ireland's residential market.

On 31 March 2021, we provided 12 months' notice of termination of the IMA with I-RES, to become effective 31 March 2022. On 5 August 2021, I-RES took the decision to internalise its management under the terms of the IMA, and served a notice to terminate the IMA, and on 31 January 2022 it acquired the shares of the Manager from CAPREIT, with the acquisition to take effect on that date. As the Manager serves as the Company's Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Regulations 2013 ("AIFM Regulations"), I-RES has also received the necessary approvals from the Central Bank of Ireland to acquire the shares in the Investment Manager, subject to a requirement that all aspects of the Investment Manager's business be transferred to the Company and an application be submitted to the CBI for the Company to become authorised as an internally managed AIF within five months of completion of the acquisition of the Investment Manager.

Following the acquisition and as a wholly owned subsidiary of I-RES, we both entered into a transitional services agreement with CAPREIT pursuant to which CAPREIT will continue to provide technological and other support services for a period of 3 months. I-RES is implementing new technology infrastructure and systems and together with CAPREIT, we continue to work to assist the transition of the Manager and I-RES' information and services to these new processes and systems.

Our highly experienced and talented operations team, which features a member dedicated to each building and offers extensive supports, such as a 24-hour emergency line, provides professional management across all properties in the portfolio. The team builds close relationships with residents and ensures that our reputation for quality homes is sustained through proactive and attentive maintenance. As the Covid-19 pandemic restrictions have eased, we started to provide more essential repairs and maintenance to the buildings to ensure that people continue to enjoy living in our buildings, which leads to the consistently high occupancy rates we have delivered year after year.

Building on our platform, which features open and regular communication with residents, best practices in employee development, and 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.

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.

Michael Boyce
Chairman of IRES Fund Management

Business Review

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The business' continued resilience in 2021 resulted in another year of strong performance due to an experienced team and a strong operating platform alongside continued investment in our portfolio of properties for rent.

Strategy for Growth

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

- Investing in future supply of new homes through partnerships with developers of Private Rented Sector ("PRS") assets
- Acquisitions of completed assets at accretive yields
- Development of new supply on I-RES owned sites

The Company continues to explore value creation from existing assets and in 2021 disposed of a number of commercial assets as well as leasing one of the properties under a 25-year lease to an Approved Housing Body for social housing residents. During 2021 an additional 148 residential units were acquired and we continued the development of 130 residential units now due for delivery in H1 2022 following delays arising from government restrictions on construction due to Covid-19 pandemic.

Acquisitions

Phoenix Park Racecourse, Dublin 15 (146 Residential Units)
I-RES completed the acquisition of 146 residential units located in The Phoenix Park Racecourse, Castleknock, Dublin 15 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 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.

Richmond Gardens, Fairview (One Residential Unit)
In March 2021, the Company acquired one two-bedroom apartment at Richmond Garden together with 3 designated car parking spaces, increasing its ownership to 99 apartments (100% ownership). Richmond Garden is located in Drumcondra in Dublin City, just north of the City Centre. The location benefits from 'the best of both' being close to the city centre but also having easy access to more suburban amenities.

Bakers Yard, City Centre (One Residential Unit)
In March 2021, the Company acquired No. 12 the Oat House at Bakers Yard. This apartment development was constructed in 2007/2008 and is within walking distance of many large government and private sector employers as well as local and national public transportation infrastructure. Through the acquisition, the Company increased its ownership to 87 apartments.

Disposals

Tallaght Cross West, West Dublin (C4 and Food Court)

On 17 May 2021, the Company disposed of unit C4 and the food court at Tallaght Cross West.

Elm Park, South Dublin (Seven Residential Units)

The Company disposed of 7 apartments in the Elm Park development to Dalata Hotel Group plc/Dublin City Council as part of the Project Merrion transaction in order to satisfy the Part V (social & affordable) requirement on the Merrion development. The disposal facilitates the acquisition of all 69 residential units at the Merrion scheme by the company on completion of the development which is anticipated in H1 2022.

Future Growth Pipeline

Forward Purchase Contract for 69 homes at Merrion Road, Dublin 4

I-RES entered into a contract on 16 November 2018 for the forward purchase of 69 residential units at Merrion Road at a cost of €47.6 million (including VAT but excluding other transaction costs). Construction commenced in 2019. It is anticipated that the residential units will be completed and handed over to I-RES in H1 2022.

The property is located in a prime waterfront position circa 7km from Dublin City and is well serviced by Dublin Bus and 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.

Acquisition and Forward Purchase Contract for 152 homes at Ashbrook, Clontarf

On 5 January 2022, I-RES announced the execution of two contracts for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin 3 in two phases. The Company completed the handover of 86 units on 20 January 2022 and a further 22 units will complete in H1 2022. The Company has further committed to acquire 44 new apartments under a forward purchase contract, with delivery anticipated in H2, 2023. The total purchase price is approximately €66 million (including VAT but excluding other transaction costs). The acquisition will be funded from the Company's existing credit facilities.

Construction of 61 apartments on own site at Bakers Yard, Portland Street North, Dublin 1

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 2020 but closed again on 8 January 2021 due to further government restrictions, reopening again on the 12 April 2021. I-RES expects that the 61 new apartments will be completed in H1 2022.

Value creation from existing assets

During the first six months of 2021, the Company completed two transactions to create value from our current assets. In May 2021, the Company sold a commercial unit and the food court in Tallaght Cross West for net proceeds of €1.6 million. In August 2021, I-RES entered into an index linked social housing lease agreement for 25 years for 128 units located at Hampton Wood.

Development and Intensification of Existing Assets

During the past four years, I-RES has made significant progress on development and intensification of its existing assets. I-RES has 61 units under development at Baker's Yard as well as planning permissions to develop new apartments on its own sites at Priorsgate (Bruce House), Beacon Square South (B4) and Rockbrook. In January 2022, a planning application for 51 residential units at Beacon South Quarter (B3) was refused by An Bord Pleanala ("ABP").

Development and Intensification of Existing Assets

Location	No. of Residential Units at Completion	Status
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
	604	

Internalisation and Termination of Investment Management Agreement

In advance of the expiry of the initial term of the Investment Management Agreement ("IMA") on 1 November 2020, an independent sub-committee of the Board was appointed in November 2019 (the "Board Sub-Committee") to evaluate, in conjunction with advisers, the relative strategic and financial merits of the various options available to the Company in relation to the IMA and related Services Agreement between CAPREIT LP, the Investment Manager and I-RES. The Investment Manager being a wholly owned subsidiary of CAPREIT LP.

On 1 April 2021, I-RES announced that it had received twelve (12) months' notice of termination of the IMA from the Investment Manager. The notice stated that termination of the IMA will take effect on 31 March 2022. When announcing the receipt of the notice, I-RES stated that, while it had not yet made any decision, the Company was increasingly likely to pursue its option under the IMA to internalise its management and that it was considering (i) a plan for possible Internalisation and (ii) terms for the potential acquisition of the Manager from CAPREIT LP. At that time, CAPREIT LP confirmed that both the Manager and CAPREIT LP intended to work constructively and co-operatively with I-RES prior to the expiry of the Manager's termination notice period.

As previously disclosed, the IMA provided that if I-RES determines that it is in its best interests to internalise the management of the Company, that the Company will purchase the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1 ("Internalisation").

Having carefully reviewed the possible options and having also taken appropriate independent advice, the Board determined that it is in the best interests of the Company to internalise its management and therefore the Company with the approval of the Board served a notice of termination on 6th August 2021 of the IMA to internalise its management, with the Internalisation and acquisition of the shares in the Manager to take effect on 31 January 2022.

On 29 January 2022, the Company and CAPREIT entered into binding legal agreements pursuant to which the Company exercised its right under the IMA and purchased the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/ cash free basis for €1, effective from 31 January 2022 ("Completion"). As the Investment Manager serves as the Company's alternative investment fund manager ("AIFM") under the Alternative Investment Fund Managers Regulations 2013 ("AIFM Regulations"), the Company has also received the necessary approvals from the Central Bank of Ireland (CBI) to acquire the shares in the Investment Manager, subject to a requirement that all aspects of the Investment Manager's business be transferred to the Company and an application be submitted to the CBI for the Company to become authorised as an internally managed AIF within five months after the date of Completion of the acquisition of the Investment Manager. The Investment Management Agreement and Services Agreement terminate therefore effective 31 January 2022.

As previously outlined, the Company believes that the Internalisation will create greater long-term value for shareholders, for reasons including:

- Earnings per share enhancing on a stabilised full year basis post Completion of the Internalisation
- Elimination of asset management and property management fees linked to net asset value and gross rental income respectively, and therefore the ability to realise economies of scale with the growth in the Company's property portfolio
- Elimination of reliance on an external counterparty for asset management, property management and corporate functions
- A simplified organisational structure and decision-making process and improved corporate governance, management oversight/accountability with better alignment of interests
- Access to a wider investor base globally given relative preference for internally managed REITs

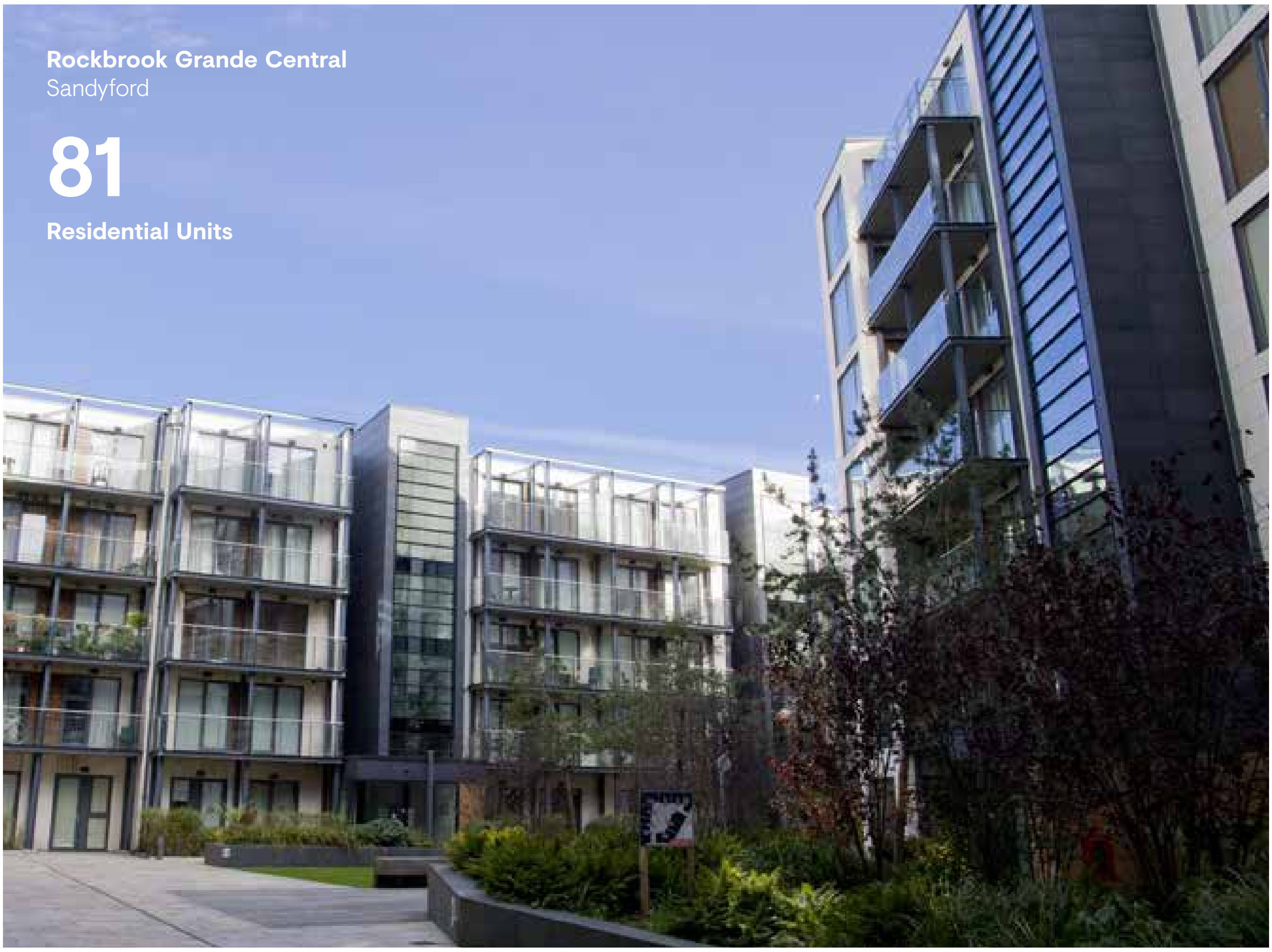
In anticipation of internalising its management, the Company had undertaken extensive feasibility and planning exercises, upscaled the resources of the Company and has taken significant steps to establish appropriate systems, technology and services infrastructure to replace the services currently provided to the Company and the Investment Manager by CAPREIT pursuant to the Services Agreement.

I-RES has selected the Yardi software solution for investment and property management as well as Microsoft solutions. The Company believes implementation of this integrated technology platform will enable the Company to streamline its operations and efficiently scale the portfolio while delivering excellent services to our residents.

As previously noted by the Company, there are additional one-off costs associated with the Internalisation. In total, once-off costs associated with Internalisation are now estimated to be in the order of approximately €6m. These include costs associated with the acquisition of the Investment Manager, the transition of corporate support functions and, in particular, the complex and extensive process of significant data transfers from CAPREIT systems and implementing company-wide IT systems. An amount of €4.2m is included in non-recurring costs above for 2021 associated with Internalisation. As previously guided, annual management costs incurred by the Company on a stabilised full year basis post completion of internalisation are estimated to be approximately €1.3m per annum lower than those payable under the existing IMA and Services Agreements.

The Company has agreed to enter into a transitional services agreement with CAPREIT (the "Transitional Services Agreement") with effect from Completion, pursuant to which CAPREIT will continue to provide certain transitional assistance to the Company for a period of three months to facilitate the migration of data and implementation of new IT systems in the company. The charges for the transitional services will be calculated in the same manner as such charges were calculated for the equivalent services prior to the date of the Transitional Services Agreement (being 3.0% per annum equivalent of the Company's gross rental income as property management fees and 0.5% per annum equivalent of its net asset value, net of employee costs relating to staff of the Investment Manager who will transition with the AIFM on completion of its acquisition). The Company estimates that such charges will equate to approximately €360,000 per month for the duration of the Transitional Services Agreement and are separate to the once-off costs incurred by the Company to date.

The Company has augmented its internal resources including the appointment of Brian Fagan as Finance Director and Anna-Marie Curry as Company Secretary along with other expertise to transition services previously provided by CAPREIT. In addition, Stefanie Frensch joined the Board of the Company as a non-executive director on 1st July and brings significant European experience of residential real estate.



Operational and Financial Results

Net Rental Income and Profit for the Year Ended	31 December 2021 €'000	31 December 2020 €'000
Operating Revenue		
Revenue from investment properties[1]	79,744	74,744
Operating Expenses		
Property taxes	(712)	(754)
Property operating costs	(15,992)	(14,215)
	(16,704)	(14,969)
Net Rental Income ("NRI")	63,040	59,775
NRI margin	79.1%	80.0%
Adjusted general and administrative expenses[2]	(6,235)	(5,062)
Asset management fee	(4,814)	(4,444)
Share-based compensation expense	(276)	(322)
Adjusted EBITDA[3]	51,715	49,947
Non-recurring costs[2]	(5,430)	(2,334)
Depreciation of property, plant and equipment	(519)	(526)
Lease interest	(232)	(241)
Financing costs	(13,886)	(12,816)
EPRA Earnings	31,648	34,030
Gain on disposal of investment property	905	4,432
Net movement in fair value of investment properties	34,934	19,092
Gain on derivative financial instruments	59	709
Profit for the Year	67,546	58,263

(1) Vacancy loss of €1.5 million (31 December 2020: €3.2 million) for the year ended 31 December 2021. The residential vacancy was 1.0% (31 December 2020: 2.5%) of the total gross rental revenue for the twelve months ended 31 December 2021.
(2) The non-recurring costs of €5.4 million and general and administrative expenses of €6.3 million incurred in 2021 totals the general and administrative expense costs of €11.7 million reflected on the Consolidated Financial Statements for the year ended 31 December 2021.
(3) Adjusted 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, gain or loss on derivative financial instruments and non-recurring expenses to show the underlying operating performance of the Group.

Operating Revenue

For the year ended 31 December 2021, total operating revenue increased by 6.7% compared to the year ended 31 December 2020, mainly due to higher unit count driven by the handover of 95 apartments and duplexes on the Hansfield side (Pipers Court) to I-RES in August 2020 and acquisition of 146 units at Phoenix Park Racecourse in January 2021, offset by disposition of 151 units in November 2020. Organic rental growth and increased occupancy levels also aided the increase.

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 2021, NRI increased by 5.4% primarily due to investment in new apartments and organic rental growth across the portfolio. The NRI margin for the current year decreased to 79.1% compared to 80.0% for last year because the Company did not apply any rent increases on existing resident leases for the period from April 2020 to October 2021 in recognition of the societal challenges presented by the Covid-19 pandemic. Further, the decrease was due to higher repairs and maintenance costs.

Adjusted General and Administrative ("G&A") Expenses

G&A expenses include costs such as director fees, executives' and employees' salaries, professional fees for audit, legal and advisory services, depository fees, property valuation fees, insurance costs and other general and administrative expenses. G&A expenses are higher than the previous year due to the addition of new employees during 2021 to transition services and supports from CAPREIT resulting from the termination of the IMA and internalisation.

Asset and Property Management Fees

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 and included under "property operating costs" above; and 0.5% per annum of its net asset value to the Manager as an asset management fee. The asset management fee for the year ended 31 December 2021 was €4.8 million compared to €4.4 million for the year ended 31 December 2020. It is higher due to an increase in net asset value compared to the same period last year. See note 22 of the Consolidated Financial Statements for further details of the Investment Management Agreement. Property management fees included in Property Operating Expenses amounted to €2.4 million (2020: €2.2 million). In addition, there is a recharge to I-RES for the costs of site office employees amounting to €2.5 million (2020: €2.3 million).

Non-recurring costs

The non-recurring G&A costs total €5.4 million for 2021. These costs are primarily legal, consulting and advisory expenses that relate to the termination of the Investment Management Agreement, Internalisation and other one off third party advisory services. Of the costs incurred in 2021, €0.4 million relate to an aborted transaction due to Covid-19. Costs in relation to legal, IT and business feasibility studies associated with the termination notice issued by the Manager and the decision of the Group to acquire the Manager were €0.8 million. Costs of €4.2m million associated with Internalisation include costs associated with the acquisition of the Investment Manager, the transition of corporate support functions and, in particular, the complex and extensive process of significant data transfers and implementing company-wide IT systems. We have estimated the costs associated with the Internalisation will be €6 million, of which €4.2m million have been incurred in 2021 and we estimate a further €1.8 million in 2022.

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 to the CEO. In 2021 restricted shares were awarded to the CEO and a small number of employees 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 yield compression offset by an increase in transaction costs related to stamp duty on houses, giving a net increase in value of €34.9 million for the period.

Gain on disposal of investment property

In 2021, I-RES disposed of unit C4 and the food court at Tallaght Cross West and 7 units at Elm Park. As a result of the disposal's, I-RES recognised a gain on disposal of investment property of €0.9 million.

Gain on Derivative Financial Instruments

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 2021, there was a fair value gain of circa €4.74 million and a cost of hedging of circa €378,000 recorded in the cashflow reserve in the statement of changes of equity and a reclassification of €5.39 million gain 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 2021 to €13.9 million from €12.8 million for the year ended 31 December 2020. The financing costs have increased by €1.1 million in 2021 compared to 2020 due to a higher debt level, arising from investment in new assets. See notes 10 and 11 of the Consolidated Financial Statements.

Property Portfolio Overview

Property Capital Investments

The Group capitalises investments related to the improvement of its properties. For the year ended 31 December 2021, the Group made property capital investments of €11.0 million, an increase from €10.0 million for the year ended 31 December 2020.

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, fire remedial 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 fire remedial levies as at 31 December 2021 is circa €0.5 million. There is also an active insurance claim with respect to the water ingress and related damage.

The following table provides the details of the Group's property portfolio as at 31 December 2021.

Property Location	# of Buildings	# of Units Owned[1]	Commercial Space Owned (sq. m.)[1]	Average Monthly Rent Per Unit[1][2][3]	Rent (per sq. m. per month)	Occupancy[1][2]
Total South Dublin	11	1,055	6,851	€1,841	€23.6	99.3%
Total City Centre	6	419	2,544	€1,775	€23.5	96.9%
Total West City	3	409	–	€1,675	€22.0	98.5%
Total North Dublin	9	897	–	€1,549	€20.0	99.8%
Total West Dublin	6	999	14,753	€1,599	€23.3	99.2%
Cork	1	50	–	€1,364	€17.1	100.0%
Total Portfolio	**36**	**3,829**	**24,148**	**€1,678**[4][5]	**€ 22.4**	**99.1%**[4]

(1) As at 31 December 2021.
(2) Based on residential units.
(3) 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. Actual monthly residential rents, net of vacancies, as at 31 December 2021 was €6,425,062 divided by 3,829 units (which is the total units available for lease as at 31 December 2021) resulting in AMR of €1,678.
(4) Refer to page 29 for further discussion on average monthly rent per apt. and occupancy.
(5) I-RES's external valuers indicated that I-RES's current rents (on a weighted average basis for the portfolio) as at 31 December 2021 are estimated to be approximately below market by 9.4%.

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 Private Placement Notes.

Bakers Yard
Dublin City Centre

61

Residential Units
To be completed in 2022

Group Total Gearing
At 31 December 2021, capital consists of equity and debt, with Group Total Gearing of 40.7%, 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:

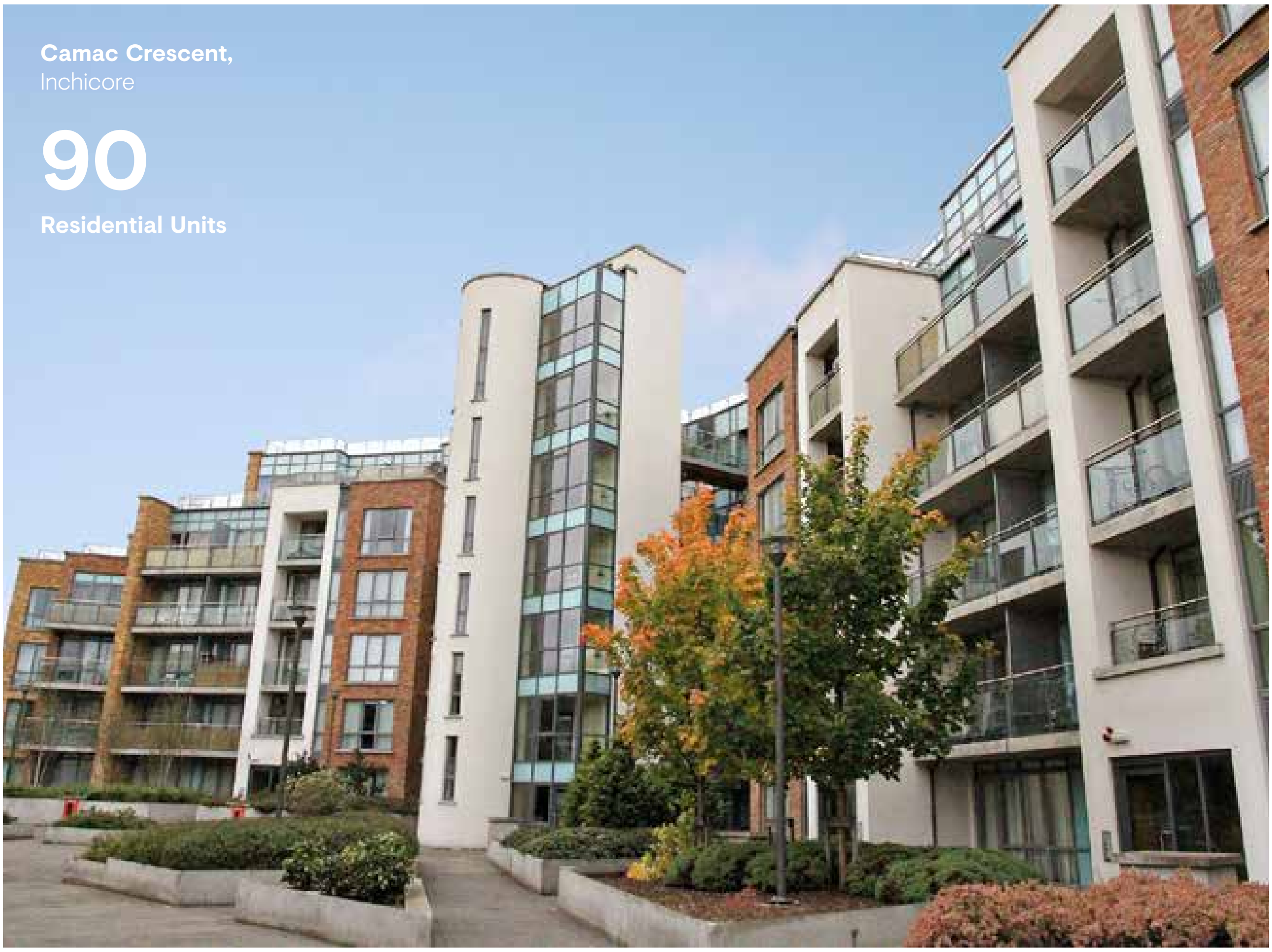
As at	31 December 2021 (€'000)	31 December 2020 (€'000)
Committed Facility	600,000	600,000
Less: Drawdowns	420,020	354,020
Available Borrowing Capacity	179,980	245,980
Weighted Average Cost of RCF(1)	2.42%	2.33%

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

The Revolving Credit Facility of €600 million has an initial five-year term with an effective date of 18 April 2019 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.

On 11 February 2022, the Company exercised an option for an extension with all five banks (Ulster Bank Ireland DAC, Bank of Ireland, Allied Irish Bank, Barclays Bank plc and HSBC Bank plc) for the entire €600 million facility with the new maturity date of 18 April 2026.

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 and excluding transaction costs. The Notes have a weighted average maturity of 7.9 years as at 31 December 2021, 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 has a weighted average debt maturity of 5.2 years and no debt maturities before April 2026. The weighted average cost of debt is 2.30% for 2021 including deferred financing costs (31 December 2020: 2.25%). I-RES also has undrawn facilities of €115 million available for investment (at 45% Loan To Value ratio) and €10.3 million of cash as at 31 December 2021 before the following future commitments: Committed capex costs of circa €1.1 million and committed development costs of €3.8 million for 2022 and the closing of Merrion Road for net outlay of €43.5 million expected in Q2 2022; acquisition of 152 residential units at Ashbrook, Clontarf for a purchase price of €66 million (including VAT but excluding other transaction costs). The first contract is for an acquisition of 108 completed apartments with closing of all apartments in H1 2022. There is no other current exposure.

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 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' 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") Net Initial Yield and EPRA 'topped up' Net Initial Yield
EPRA Net Initial Yield (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) 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 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 profits/losses 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.

EPRA 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 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

	Total Portfolio					Properties owned prior to 31 December 2020 (Like for Like properties)					Properties Acquired After 31 December 2020	
As at 31 December	2021		2020			2021		2020				
	AMR	Occ. %	AMR	Occ. %	AMR change %	AMR	Occ. %	AMR	Occ. %	AMR change %	AMR	Occ. %
Residential	€1,678	99.1%	€1,624	98.4%	3.3%	€1,673	99.2%	€1,624	98.4%	3.0%	€1,808	96.6%

The Group's AMR increased 3.3% at 31 December 2021 to €1,678, while residential occupancy remained high at 99.1%, indicative of the strong market fundamentals in the Irish residential rental sector. For like for like properties, the AMR increased to €1,673 per residential unit as at 31 December 2021, up 3.0% from €1,624 at 31 December 2020. The increase is due to the increase in occupancy from 98.4% to 99.2% and organic rental growth on renewals and turnover, increasing AMR as the Covid-19 situation in Ireland begins to stabilise and improve in line with the new legislation. For like for like properties, AMR is used as a measure for sustainable year over year changes in revenue. For Phoenix Park, the property acquired after 31 December 2020, its occupancy was slightly lower. However, only 5 out of 146 units were vacant as at 31 December 2021. It added value to the portfolio by bringing higher AMR.

During the period, circa 20% of the portfolio units were turned, with majority of the units having rental increases in line with the maximum annual rent increase in line with the legislation. I-RES continued to support its tenants and did not serve rent renewal notices to existing tenants that would increase the residential rents for the first nine months of 2021. The Company issued rent increases under the old rent legislation that provided a cap of 4% on annual rent increases from October 2021 forward.

Gross Yield at Fair Value

As at	31 December 2021 (€'000)	31 December 2020 (€'000)
Annualised Passing Rent[1]	81,393	74,249
Aggregate fair market value as at reporting date	1,450,635	1,346,683
Gross Yield	5.6%	5.5%

(1) 31 December 2021 annualised Passing rent consist of residential annualised passing rent of €77.8 million (31 December 2020: €71.6 million) and commercial annualised passing rent of €3.6 million (31 December 2020: €2.7 million).

The portfolio Gross Yield at fair value was 5.6% as at 31 December 2021 compared to 5.5% as at 31 December 2020, excluding the fair value of development land and investment properties under development. The NRI margin was approximately 79.1% for the year ended 31 December 2021 (80.0% for the year ended 31 December 2020).

EPRA Net Initial Yield

As at	31 December 2021 (€'000)	31 December 2020 (€'000)
Annualised passing rent	81,393	74,249
Less: Operating expenses[1] (property outgoings)	(17,093)	(14,850)
Annualised net rent	64,300	59,399
Notional rent expiration of rent-free periods[2]	–	21
Topped-up net annualised rent	64,300	59,420
Completed investment properties	1,450,635	1,346,683
Add: Allowance for estimated purchaser's cost	75,372	62,138
Gross up completed portfolio valuation	1,526,007	1,408,821
EPRA Net Initial Yield	4.2	4.2
EPRA topped-up Net Initial Yield	4.2	4.2

(1) Calculated based on the net rental income to operating revenue ratio of 79.1% for 2021 (80.0% for 2020).
(2) For the year ended 31 December 2020.

EPRA Earnings per Share

For the year ended	31 December 2021	31 December 2020
Profit for the year (€'000)	67,546	58,263
Adjustments to calculate EPRA Earnings exclude:		
Gain on disposition of investment properties (€'000)	(905)	(4,432)
Changes in fair value on investment properties (€'000)	(34,934)	(19,092)
Changes in fair value of derivative financial instruments (€'000)	(59)	(709)
EPRA Earnings (€'000)	31,648	34,030
Non-recurring costs (€'000)	5,430	2,334
Adjusted EPRA Earnings for non-recurring costs (€'000)	37,078	36,364
Basic weighted average number of shares	527,412,302	522,069,110
Diluted weighted average number of shares	528,130,822	524,130,528
EPRA Earnings per share (cents)	6.0	6.5
Adjusted EPRA EPS for non-recurring costs per share (cents)	7.0	7.0
EPRA Diluted Earnings per share (cents)	6.0	6.5

A decrease in EPRA Earnings of 7.1% to €31.6 million (31 December 2020: €34.0 million) is as a result of higher non-recurring costs related to Internalisation and associated IT implementation costs.

Adjusted EPRA Earnings for 2021 (adjusted by adding back the non-recurring costs to EPRA Earnings) of €37.0 million is higher by 1.9% compared to the previous year (2020: €36.3 million) due to increased net rental income generated from units added to the portfolio.

Adjusted EPRA EPS (before non-recurring costs) for the period was 7.0 cents for the year ended 31 December 2021 and remained stable compared to the same period last year (for year ended 31 December 2020: 7.0 cents).

EPRA NAV per Share

As at 31 December 2021	EPRA NRV	EPRA NTA[(1)]	EPRA NDV[(2)]
Net assets (€'000)	881,440	881,440	881,440
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	–	–	–
Fair value of fixed interest rate debt (€'000)	–	–	(10,008)
Real estate transfer costs (€'000)[(3)]	75,372	–	–
EPRA net assets (€'000)	956,812	881,440	871,432
Number of shares outstanding	529,453,946	529,453,946	529,453,946
Diluted number of shares outstanding	529,498,519	529,498,519	529,498,519
Basic Net Asset Value per share (cents)	166.5	166.5	166.5
EPRA Net Asset Value per share (cents)	180.7	166.5	164.6

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

(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 2021 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, 4.46% for residential apartment units, and 12.46% for houses and duplexes.

Market Update

–

1 Proxy for economic growth excluding volatile components of investment such as aircraft relating to the leasing sector and intellectual property assets.

Irish Economic Outlook

Despite a severe lockdown in place for the first half of 2021, Irish economic performance has remained resilient, with Modified Domestic Demand growing by 5.5% in 2021 and projected to grow by 7.1% in 2022[1].

Much of this growth is due to the strength of the Foreign Direct Investment ('FDI') sector in Ireland, concentrated in ICT, pharmaceuticals, and medical technology. The Industrial Development Agency ('IDA') Ireland recently reported positive results, with over 29,000 jobs created in 2021 – representing the largest increase in FDI employment in a single year. There are now over 275,000 people, or 11% of the total workforce, employed in FDI-related businesses. FDI companies continue to contribute strongly to Ireland's strong tax revenues, which rose to a record high of €68 billion in 2021. Since 2019, the biggest contributor to this growth is corporation tax (+41%) reflecting the ongoing buoyancy of large multinationals in the technology and pharmaceutical sectors.

The impact of Covid-19 is still being felt across many sectors of the economy and, while Ireland has had one of the most successful vaccination roll-outs globally with c. 94.7% of the adult population being vaccinated against Covid-19, the emergence of the Omicron variant in November caused a sharp increase in cases, with related government restrictions introduced. As a result, the Government reintroduced certain public health restrictions, largely focused on the hospitality sector, to limit social interaction and advised that where possible people should return to working from home. This led to the extension of income supports for individuals and businesses effected by the restrictions, with the Pandemic Unemployment Payment ('PUP'), which had been closed for new applicants in July 2021, reopening in early December for individuals who were affected by the new restrictions. The Government has committed to making payments until the end of March. The Government eased the majority of restrictions from 22 January 2022 and as a result the Covid-19 adjusted unemployment was just 7.5% in January 2022 compared to 27.1% in January 2021.

Heywood Court,
Santry

39

Residential Units

Ireland joined the OECD International Tax agreement in October 2021. The major reform of the international tax system will ensure a global minimum of 15% corporation tax rate from 2023 onwards for Multinational Enterprises with revenues in excess of €750 million. Although the vast majority of businesses in Ireland fall out of this scope, the rate will apply to 1,500 foreign owned multinationals who employ approximately 400,000 people. Despite this increase, Ireland remains an attractive destination for multinationals due to its young, highly educated workforce and status as the only remaining predominantly English-speaking economy of the EU. Thus, it is believed that the new 15% corporate tax rate will have a limited impact on the Irish economic.

Housing

There remains a significant supply shortage across all segments of housing stock in Ireland and this has been exacerbated by the pandemic which has caused some disruption to new construction projects. In September 2021, the Government set out its 'Housing for All' strategy, which indicated a need for 33,000 new homes to be provided each year until 2030, to meet demand from Ireland's young and growing population. In 2021 there was an estimated 21,000 new housing completions in the year, on par with pre-pandemic levels of 21,200 in 2019. The Central Bank of Ireland forecasts housing supply will reach 25,000 and 30,000 in 2022 and 2023.

The supply and demand imbalance is expected to put further pressure on prices. The Irish Residential Property Price Index ('RPPI') increased by 14.0% nationally in the year to November 2021 (CSO). Overall, the national index is now just 5.9% below 2007 levels (CSO). The average mortgage approval rose to €269,000 in November 2021, up 8% on 2020. The average mover drawdown was €284,000 in Q3 2021, rising above Celtic Tiger levels for the first time. Given the CBI rules, the higher mortgage levels are being driven by savings and income growth and lack of supply in the market, rather than leverage. Average pay growth is now running at 5.4%, contributing to house price inflation and stronger demand for housing. (MyHome /Davy Q4 Report) The Residential Tenancies Board ('RTB') reported annual rent inflation nationally of 8.3% in Q3 2021, marking a return to pre-pandemic levels of rental price inflation. The annual growth rate for Dublin was 6% in Q3 2021. Standardised average monthly rents for Q3 2021 were €1,397 nationally and €1,916 for Dublin (Source: RTB Q3 Report).

Daft.ie, an Irish property listing platform, report stock of homes available to rent remains at very low levels. As of 1 February 2022, only 1,397 homes were available to rent nationally, down 63% from the same date in 2021. In Dublin, there were only 712 homes available to rent, down 73% from the same date in 2021 and the lowest level since the beginning of the dataset in 2006. This lack of supply is leading to upward pressure on rental prices as demand continues to grow.

Investment

The total real estate investment spend in 2021 reached €5.5 billion (CBRE). Investment into the Private Residential Sector ('PRS') accounted for €2.2 billion (40% of the total) in 2021. PRS remains an attractive asset class for investors, providing stable and attractive yields, resilience, and long-term value. International interest rates and bond yields remain at very low levels despite some recent price moves. International buyers are predominantly focused on prime assets of sizeable scale in good locations that are close to transport links. Activity is picking up with the economic reopening and international travel restrictions being lifted, so we expect an increase in transaction activity during 2022.

In September 2021, the Government set out its 'Housing for All' strategy, which indicated a need for 33,000 new homes to be provided each year until 2030, to meet demand from Ireland's young and growing population.

Sustainability Review

–

Climate risk and environmental, social and governance (ESG) considerations continue to take priority across our business, influencing how we operate and our investment decision making.

Our ambition is to build a sustainable and responsible business that is aligned with the long-term approach we take to investing, building and maintaining our properties. We are also committed to supporting and servicing our residents, employees, our vendor partners and the wider community in which we operate.

Our ESG Commitment

Creating high-quality homes

–

We are committed to playing our part in supporting the transition to a low carbon economy, while building communities and delivering sustainable homes.

Our People, Residents & Community

–

We place resident and community engagement at the centre of our operations. Stakeholder engagement is essential, and we are focused on supporting our employees, residents and the communities in which we operate.

Responsible Governance & Risk Management

–

We continue to build robust cross-departmental frameworks, conduct active engagement with key stakeholders, set targets, track progress and enhance reporting with the aim of developing competency, oversight and disclosure at every level of the business.

I-RES' Multi-Year ESG Strategy

–

Our multi-year ESG Strategy consists of six clear guiding principles and objectives which are fundamental to our business and the needs of our stakeholders and support us in achieving our sustainability goals. These six guiding principles and objectives will help build a sustainable and responsible business that is aligned with the long-term approach we take to investing, building, and maintaining our properties; supporting our residents; interacting with the communities in which we operate; and engaging with our employees and wider stakeholders.

Guided by our multi-year ESG Strategy, we actively work towards aligning our business strategy and objectives with sustainability measures that are supported by the Board, the Company, and key stakeholders and where we can make the greatest impact. We set out below key milestones in 2021 and our focus for the year ahead.

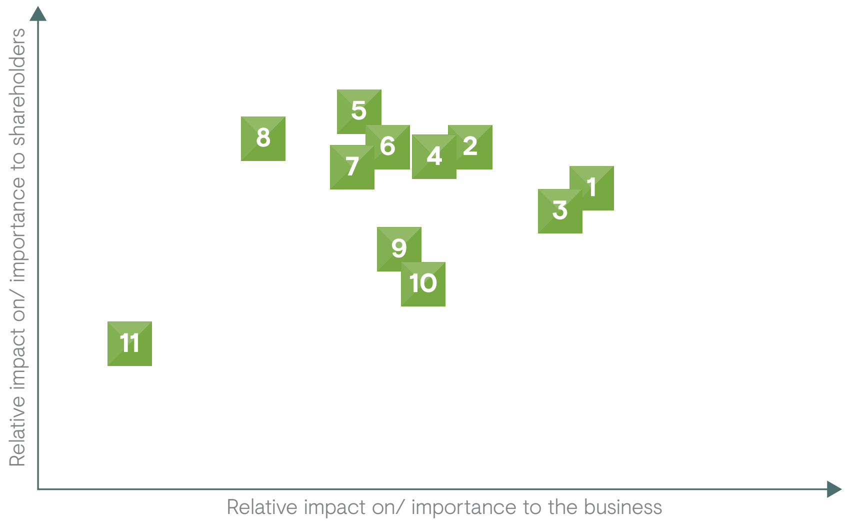
Commitments	2021 milestones	2022 Focus
1. Integrating Oversight Develop and monitor ESG cross functional policies, objectives, and accountability among I-RES	↘ Established Board Sustainability Committee ↘ Appointment of European market expertise to Board ↘ Established Energy Performance Management Committee	↘ Devolve our ESG strategy and goals across the business ↘ Review & update our policy in alignment with emerging sustainability policy frameworks & regulatory requirements
2. Advancing Competency Empower our key stakeholders to be advocates and enablers of ESG transparency and performance through training and active engagement	↘ Board training on sustainability ↘ Delivering cross-functional competency with an average of 22.5 training hours completed by our employees ↘ Diversity and Inclusion Awards	↘ Continue to develop and provide sustainability awareness and sector-specific training and development programme to Board and employees.
3. Engaging Stakeholders Conduct ongoing engagement with our key stakeholders through frequent reporting, active consultations, and programs	↘ Completion of the Company's first materiality assessment, assisted in identifying key priorities and refinement of ESG strategy and roadmap for 11 areas ↘ Governance & Sustainability Roadshow, led by the Chairman ↘ 1,300+ residents took part in annual resident satisfaction survey	↘ Continue to engage with key stakeholders on governance and ESG related matters and opportunities ↘ Establish, monitor and report on key performance indicators (and targets) for measuring the performance of resident management-related initiatives
4. Deliver Transparency Establish necessary frameworks, platforms, and practices to build investment-grade ESG data	↘ Independent third-party assurance, which assesses the quality of our disclosures and reporting processes	↘ Complete climate scenario analysis for our portfolio to assess the impact on physical climate-related risks and opportunities
5. Setting Targets and Monitoring Progress Identify and monitor the progress of our United Nations Sustainable Development Goals (SDG)-aligned goals	↘ Completion of a carbon baseline assessment, the first step in understanding the company's carbon emissions and will help position the Company to set meaningful targets	↘ Sustainability strategy and roadmap ↘ Develop a methodology to set targets, quantify and measure carbon emissions reduction for the operation of our buildings and our supply chain
6. Reporting on our Performance Build standardised, transparent, and comprehensive ESG disclosures	↘ Publication of ESG Annual Report ↘ EPRA sBPR Gold Star and Most Improved Company ↘ GRESB one-star award	↘ Further enhance sustainability reporting/disclosure and explore opportunities for listing on other sustainability/ ESG rating indices to meet investors' requirements

Materiality Matrix

–

We continued to have widespread engagement with our stakeholders, and this provided valuable input to our first materiality assessment completed this year. This assists in identifying key priorities and refinement of our sustainability strategy as well as impact on our business success. Building on the materiality matrix, we have developed a sustainability roadmap and prioritised actions with set targets and milestones over a short, medium and long-term time horizon across 11 sustainability topics, set out below. Many of the topics identified as priorities within the materiality assessment are already key considerations for our business, as you will see in the various sections of our annual ESG Report, highlighting progress to date, and providing oversight of how these topics will be core to informing our future strategy.

Materiality Matrix[1]



Sustainability focus areas:

1. Health, Safety & Wellbeing
2. Business Ethics & Compliance
3. Resident/Tenant Satisfaction
4. Environmental Management
5. Sustainability Governance & Strategy
6. Climate Change
7. Investment & Development
8. Asset Management
9. Data Privacy & Management
10. Employee Attraction, Diversity & Retention
11. Sustainable Supply Chain Practices

[1] Following consultation with key stakeholders

Benchmark & Ratings

–

We report under several ESG ratings to provide an overview of our progress and activities and to allow comparison with our peers and other companies. We have made significant progress across several key ratings criteria, receiving sBPR Gold award and Most Improved award from EPRA, while also receiving our inaugural GRESB score. Our ambition is to continue to improve these scores on a yearly basis, ensuring that ESG performance is tracked and assessed. It also provides stakeholders with confidence that we are turning our commitments and targets into action and that we are delivering on our ambition to be a sustainability leader in our sector.

		2021	2020
EPRA Sustainability Reporting Awards		EPRA sBPR Gold; EPRA sBPR Most Improved	**Not rated**
GRESB Global Real Estate Sustainability Benchmark		**One Star**	**Not rated**
MSCI		**BB**	**BB**
ISS E&S Quality Score* ***Highest E&S Disclosure =1**		**Environment** 7 **Social** 9	**Not Available**
Sustainalytics ESG Risk Rating		**22.4** **Medium Risk**	**22.4** **Medium Risk**

ESG Reporting and Assurance

We understand that building robust cross-departmental frameworks, performance monitoring and reporting on data that is comprehensive, relevant and transparent is vital to enabling us to manage ESG risks and opportunities. We are proud to demonstrate our commitment to transparency by preparing a standalone, ESG Report in alignment with EPRA Best Practices Recommendations for Sustainability Reporting (EPRA sBPR) and the United Nations Sustainable Development Goals (SDGs).

This Sustainability Review should be read in conjunction with our 2021 ESG Report. The ESG Report forms part of I-RES' 2021 annual disclosure and details the progress we have made in reducing the impact of our activities during the year ended 31 December 2021. The ESG Report provides an overview of our priorities and highlights from 2021 on ESG matters relevant to I-RES and the real estate investment industry.

Our ESG and health and safety performance measures are all subject to 'reasonable assurance' verification by Evora Global (Evora), as determined by the AA1000AS Type 2 Moderate level assurance. The assurance statements are published in our latest ESG Report, which is available to download on our website.

ESG Governance Framework

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I-RES has a clear commitment to sustainability, and we have in place clear reporting frameworks and programmes to communicate our progress to the Board, senior management and to all of our stakeholders. This helps ensure that our Multi-Year ESG Strategy remains on track and continues to evolve.

Management Committees and Employee ESG working groups

The Board
Overall responsibility for ESG matters

Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Monitors assurance and internal financial control arrangements.	Ensures sustainability linked remuneration framework.	Monitors capability and appointments.	Responsible for developing and recommending to the Board the Company's ESG strategy.

Working group	Responsibility
ESG Steering Committee	Development of ESG strategy and integration into business planning and reporting. Supports the Board Sustainability Committee in fulfilling its oversight of the Company's ESG strategy.
Environmental Performance Management (Operational Performance)	Monitoring and developing improvement plans for the energy performance of the assets in the portfolio.
Social Performance – 'Green Ambassadors'	Aims to encourage teamworking and collaboration within the organisation through social activities as well as resident engagement and local community initiatives.

A closer look:

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Our environmental impact in 2021

Our Developments

As we continue to deliver on our growth strategy, incorporating ESG into our development process is a critical aspect of its delivery. We have two developments in progress and completion is expected in 2022. Baker's Yard, which consists of 61 residential units and Merrion Road, a forward purchase contract for 69 residential units. Bakers Yard will be delivered to LEED Gold certification and serve as an important blueprint for future schemes. Upon completion, these assets will drive down energy consumption, improve efficiency, and create healthier living places for our residents.

Development	Description	Highlights
Merrion Road **Dublin 4**	**Size:** 69 units **Expected completion date:** H1 2022 **BER:** A3	» Low U value and emissivity windows to minimize heat loss/gain » Heat Recovery Ventilation » Energy efficient LED lighting throughout » Provision for electrical vehicle charging points » Superb public transport links » Low flush appliances installed » Green Roof System » By the sea, near Booterstown marsh and nature reserve » Furbished apartments being equipped with ESG considerations in mind – recycled plastics textiles, reclaimed materials, local manufacture with sustainable sourcing – all furnishing designed for longevity, repairs and waste reduction

Climate Change

As a building owner, we are very mindful of how our business impacts on the environment but most importantly, we need to ensure our portfolio and development pipeline incorporate the right resilience measures to mitigate any potential negative climate-related risks and impacts. This is a material risk for our business, and therefore we have implemented a robust and effective management and business strategy that ensure that we accurately capture the impact from our assets and our operations.

The governance of climate change risk and opportunities is ultimately the responsibility of the Board. However, day-to-day management is delegated to the Board Sustainability Committee and management.

In 2021, we completed a carbon emissions baseline assessment of our business, a critical first step to understanding our carbon footprint. This baseline will be used as the foundation for a carbon roadmap which can show what pathways are available to practically meet the carbon emission reduction targets that we will set for the business.

We have engaged sustainability advisors to assist us with this exercise, helping us to ensure we are focusing our management's time and efforts in the right areas to have an impact and remain resilient.

Environmental Sustainability risks are identified and included within our risk register and monitored as part of our wider risk management procedures and are overseen by the Board, please see page 62 of this Report for further detail.

Development

Bakers Yard

North Circular Road, Dublin 1

Description

Size:
61 units

Expected completion date:
H1 2022

BER:
Minimum A3

Highlights

» Walking distance to City Centre and local amenities
» Superb public transport links
» Utilising brownfield site location
» Open space within walking distance
» Large playground within walking distance
» Low flush and water usage appliances installed
» LED lighting throughout
» Furbished apartments being equipped with ESG considerations in mind
» Heat recovery ventilation
» Electric vehicle charging point installed with easy use App
» 3 acres of landscaped gardens
» 118 bicycle spaces
» Served by extensive public transport links

A closer look:
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Our Social impact in 2021

Placing our people at the heart

Our diverse and talented team of professionals are the drivers of the I-RES culture. As a business we recognise the importance of our employees in maintaining our position as Ireland's leading provider of rental accommodation and in the successful delivery of our business strategy and strong results. We continuously invest in our employees, providing them with opportunities for continuous personal and professional development programmes at all levels in the business. I-RES is pleased to report another year of strong performance with an overall engagement rating of 83%. I-RES continues working to attract, inspire, and engage a talented and diverse workforce.

I-RES is dedicated to excellent customer service for our residents. We aim to provide quality homes and communities for our residents to live in. This is achieved through working and engaging with our residents to understand their needs, ensuring we provide a thriving and diverse work environment for our employees, and being active participants in the communities in which we operate. In 2022, we will rollout Yardi software solution for investment and property management. Yardi has a robust, integrated cloud-based platform which gives us the opportunity to streamline operations and the tools we need to scale the business while delivering excellent service to our residents. The solution will enable end to end management of the resident lifecycle and report on KPI's as we grow as well as improving on resident satisfaction and retention.

Wellbeing

Employees' Health and Wellness is a key consideration for the business. Our team of dedicated professionals are at the heart of the business and their health and wellbeing is a top priority. I-RES implement several initiatives to ensure our employees feel connected, stay active and manage stress.

Manage Stress. Stay Active. Feel Connected.

Regular creative and wellbeing workshops

Weekly zoom yoga sessions

Biweekly coffee mornings

Staff Running Club

Virtual summer party

Mental health care resources

Wellbeing apps and websites

Book club

Key Employee Benefits

I-RES continues to review and update the benefits available to its employees on an annual basis. In addition to regulated and mandated benefits, their employees are offered:

- Private Healthcare Packages
- Death in Service cover
- Income Continuance
- Pension
- Compassionate Leave
- Education and professional membership reimbursement
- Employee recognition programmes
- Referral bonuses
- Summer working hours

In January 2021, employees were given 'blue Monday' as a day off to promote employee wellbeing and thank staff for their continued efforts to maintain and excellent level of service during the Covid-19 pandemic.

Diversity & Inclusion

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 groupthink and supports the development of a diverse pipeline of candidates to serve on the Board.

I-RES are delighted to disclose our recent Diversity and Inclusion Award as a 'Best Practice Leader in European Women on Boards Gender Equality Index'. As highlighted by Declan Moylan (Chairman) and Margaret Sweeney (CEO) on their receipt of this award 'it is recognition of the Board's ongoing commitment to ensuring appropriate gender diversity across all levels of the business, and we must all continue to strive to ensure equality of opportunity across the business community and wider society'.

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/professional background, cognitive skills, personal strengths and ESG expertise.

Ongoing activities to advance diversity include:

- Mandatory diversity & inclusion training for all employees
- Mentoring programme
- Nurturing culture of inclusion

The I-RES staff that I have dealt with are great. Very professional, organised and friendly.

I-RES Tenant

Received excellent support from I-RES for any house keeping needs and also for any maintenance requests we have had in these tough covid times.

I-RES Tenant

The Resident Experience

I-RES is dedicated to excellent customer service for our residents. We aim to provide quality homes and communities for our residents to live in. This is achieved through working and engaging with our residents to understand their needs, ensuring we provide a thriving and diverse work environment for our employees and being active participants in the communities in which we operate.

Our key service principles are:

- From initial enquiry through to final handover, we are committed to reliable, convenient, empathetic service that builds collaboration, partnership and trust over the whole duration of our tenants' time with us.
- We aim to deliver timely, efficient services, online and onsite, that minimise disruption and maximise value to our residents – this means bringing to life our promise of "better living made simple".
- Fairness, respect and inclusion are at the heart of what we do. We place a high value on clear and open two-way communication so that we understand our residents' needs, and that they have a clear understanding of their role. Our resident portal, which is used by 86% of our residents, along with our highly skilled onsite teams, and documented processes assist us in achieving this.
- Continual improvement – this year, we rolled out further customer service training and re-ran our resident satisfaction survey.

Creating value in the community

Our Sustainability Strategy places a large focus on supporting Community initiatives and the local economy. I-RES actively works with residents to help build strong and engaged communities. I-RES contribute to and support many local initiatives such as the Cooperation Ireland 'Future Leaders Programme' where I-RES representatives engage with and mentor young children from a variety of backgrounds. We are also proud supporters of local GAA Club Naomh Ólaf in Sandyford, Dublin a community where we have over 600 residential units.

The Company and staff continue to support many local charities through fund raising events such as Aoibhneas, Focus Ireland, Darkness into Light for Pieta House, Let's Run as One with Dublin Neurological Institute and Dragon's at the Docks which saw a phenomenal €100,000 raised for Dublin Simon, Aware, Alone, ISPCC and Women's Aid. During the pandemic I-RES have supported medical front line staff through provision of free accommodation and car parking in locations across Dublin, to help the fight against Covid-19. Over 55 apartments across three properties and over 1,000 parking spaces at four locations were made available to frontline workers.

In 2021 I-RES partnered with local Housing Body, 'Cooperative Ireland' to help create a Resident Committee at our Dublin 8 development, allowing residents to come together to represent their shared views and suggestions to help make their community a better and more sustainable place to live. Please refer to page 27 of our ESG report for more details and examples of how I-RES create value in the community.

A closer look:

Our Governance Approach

Responsible Governance Practices

We are proud to say that ESG, and responsible business objectives, are embedded in every decision-making process throughout the business, from Board level to on-site maintenance and operational teams. This is further strengthened by our commitment, focus and investment in the professional development and training of our Board and employees.

The oversight of all ESG matters is critical to the business. Accordingly, the Board of the Company has established a sustainability committee (the 'Board Sustainability Committee') which, among other duties, is responsible for developing and recommending to the Board the Company's ESG strategy, policies, risks, targets, and investment required to achieve our ESG strategy. Further, the committee is supported by the Board, ESG Steering Committee at Management Level, Energy Performance Management Committee, and the I-RES Green Ambassadors.

During 2021, we continued to identify and implement ways to strengthen our policies and procedures. These included the following:

- The introduction of a Supplier Code of Conduct;
- The introduction of a Right to Disconnect Policy for all staff;
- The review and updating of the Company's privacy and GDPR policies;
- The publication of the Company's Anti-corruption policy;
- The review and updating of the Company's Whistle-blower Policy.

Reporting on our performance

Underpinned by our multi-year ESG strategy, we have achieved some key milestones, including implementing measures that align with the UN Sustainable Development Goals ('SDG'), building robust cross-departmental frameworks, conducting active engagement with key stakeholders, setting targets, tracking progress and enhancing reporting. This robust strategy will ensure the development of a long-term sustainable business which meets the needs of all our stakeholders.

To facilitate a greater understanding of the impact of ESG associated with our activities, we report our performance measures and metrics in line with the EPRA Sustainability Best Practices Recommendations (SBPR). As detailed in the table on page 14 of our Annual ESG Report, we achieved the gold level award and Most Improved Company award for compliance with the SBPR in 2021. This is in addition to receiving BPR silver award for the fourth year in a row. Receipt of these awards reflects both the continued focus we place on integrating ESG into our operations and the progress we have made in implementing our ESG strategies across our business. We also continue to support and recognise the UN SDG's, which are seen as a blueprint for a prosperous and more sustainable future for all. Additionally, our efforts have been recognised by the Global Real Estate Sustainability Benchmark (GRESB), an industry-leading global assessor of the ESG performance of real estate assets and their managers, awarding us with one-star with strong performance noted in 'Management', 'Policy & Disclosure', 'Stakeholder Engagement' and 'Tenants and Community'. Our first GRESB public submission results are promising and provide a baseline to build upon over the coming years. Specifically, we are focused on improving performance on energy management, waste, and biodiversity.

At a time of heightened uncertainty globally, sustainability of the business remains a primary focus and we believe it is our responsibility to prioritise the health and well-being of our employees, residents, vendors, and other personnel supporting the business while ensuring the financial wellbeing of the business. Our commitment remains on building a sustainable and responsible business. This is aligned with the long-term approach we take to providing high quality homes and communities where we operate. We actively work towards aligning our strategy and objectives with ESG measures that will deliver long-term value to our investors and stakeholders.

Margaret Sweeney
Chief Executive Officer

Business Objectives and Strategy

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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 supply 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 2021, 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. Further to the acquisition of 146 units at Phoenix Park in 2021, I-RES recently announced the acquisition of 152 residential units in Ashbrook, Clontarf. 108 of these units will be delivered in H1 2022 with the remaining 44 under forward purchase contract to be delivered in H2 2023.

Developing 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 2021, I-RES continued the 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.

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. The Company's strategy is founded on maintaining prudent levels of interest cover and gearing. As at 31 December 2021, the Company's Group Total Gearing was 40.7% (39.2% as at 31 December 2020), 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

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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

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 27 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 78 to 82 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 operating a system of internal controls to mitigate key risks facing the Group and allow it to meet its strategic objectives.

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

Entity Level 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

Policies and Procedures

- 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

Process Controls

- 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 two external 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 firms, as well as the results of their valuation process. Additionally, the Group has a rotation policy for its third-party valuation firms.

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 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 54 to 62.

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 82. 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 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 optimised 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 54 to 62, 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 54 to 62. The principal strategic and commercial risks that were factored in the analysis were the Economy, Inflation and Regulations/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 ongoing volatile geopolitical landscape and its impact on the overall economy.

After reviewing assumptions about future trading performance, valuation projections, capital expenditure and debt requirements expected 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 business, credit, market and liquidity risks, including the availability and repayment profile of bank facilities 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 2021.

Viability Statement

Assessment of prospects

The Group's strategy is outlined on page 47. 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, considering the principal risks and uncertainties facing the Group.

The assessment and key assumptions

Detailed financial forecasts are prepared and subjected 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 moderate and 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 54 to 62, to reflect a comprehensive range of possible outcomes.

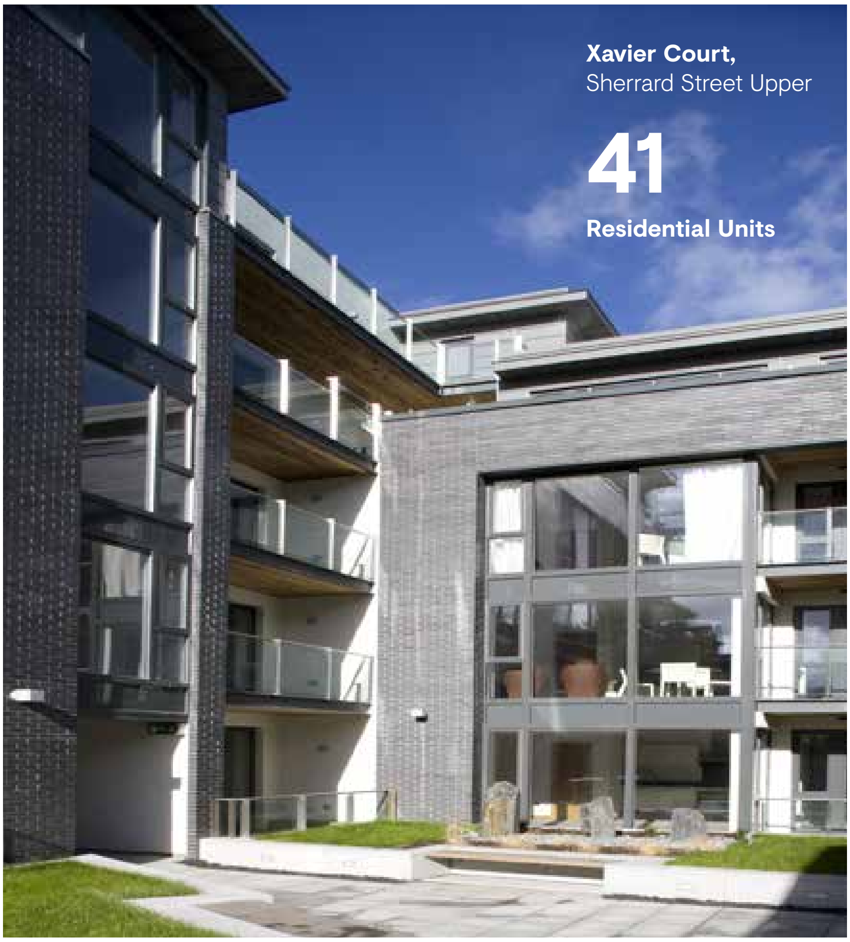
These scenarios are intended to illustrate what the directors believe are a range of plausible outcomes and do not necessarily capture the worst cases. The actual results may vary significantly from these scenarios.

The Group considered the regulation/legislation, economic and inflationary 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 the severe stress but plausible scenario include significant increase in vacancy and bad debt expenses from existing properties and acquisitions and valuation decreases on investment properties.

Under the stressed scenarios, 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 2024, 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 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 2024, 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, considering its current position, the principal risks facing the business in severe but reasonable scenarios, and the effectiveness of any mitigating actions.



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, 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 below. 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 2020.

Risk	**Prolonged Pandemic** A widespread and prolonged pandemic will have a negative effect on Ireland's economy, and in turn 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 have experienced disruptions to day-to-day operations. The Group's growth strategy will be affected if government restrictions impacting construction sites, in-suite works, and physical viewing of properties are re-imposed. There is 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 holds regular senior leadership meetings and provides regular updates to the Board. The Group and Manager continue to adhere 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 sanitisation, 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 2020	**Stable ←→** While governments around the world, and health authorities are taking measures to slow the spread of the Covid-19 virus and roll out vaccines there has been an economic and health impact through 2021. The Irish government is currently providing support measures for workers, and business affected by the Covid-19 pandemic. It is anticipated that it will take a prolonged period of time for businesses to return to normal operations.

Risk	**Economy and Inflation** A general weakening of the Irish economy and increasing inflation.
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. In addition, growing cost and payroll inflation in excess of rent inflation would put downward pressure on NRI and earnings.
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 and its impact on the Group's strategy and budgetary processes.
Risk Trending Since 31 December 2020	**Increasing ↑** The Covid-19 pandemic had a significant impact on employment and economic activity in Ireland during 2021. The Irish government is currently providing support measures for workers, and business affected by the Covid-19 pandemic as the majority of restrictions have been eased. The long-term economic impact of Covid-19 is yet to be determined however Ireland's economic resilience was also shown during 2021 when the Government announced record tax receipts of €68.4 billion, driven by corporation tax receipts.

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	**High ↑** Since the new coalition Government was formed it has extended "rent pressure zones" and limited rent increases to general inflation (linking rent increase limits to the cost of living through the Harmonised Index of Consumer Prices "HICP"). The Government has limited deposits and rent payments that can be made in advance and has increased protections for student renters. From 11 December 2021, the Residential Tenancies (Amendment) Act 2021 ("2021 Amendment Act") has amended the rules around the setting of rent for a tenancy in an RPZ which rules apply both to setting the rent at the start of the tenancy and during the tenancy by way of rent review. Legislation now provides that the rent previously set, cannot increase by more than 2% per year pro rata, where HICP inflation is higher. Enhanced security of tenure protections for tenants have also been introduced with tenancies of unlimited duration now legislated for under the 2021 Amendment Act. All new tenancies created (including tenancies renewed after Part 4 tenancies expire) on or after 11 June 2022 will become tenancies of unlimited duration once the tenancy has lasted more than six months and no notice of termination has been validly served on the tenant. A landlord will still have a right to terminate a tenancy on specific grounds provided for in the Residential Tenancies Act 2004. By means of the Affordable Housing Act 2021, the State is introducing 'Cost Rental' homes where the rent will be based on the cost of provision of the homes assessed over a 40-year period. The Minister for Housing, Local Government and Heritage has said that 'Cost Rental' homes are a top priority. 'Cost Rental' homes are intended to be a rental option offering cost certainty and significant security of tenure to middle income households (who have an income above social housing limits). The aim is for 10,000 Cost Rental Homes to be delivered by 2026. 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 incentivising home ownership which could have an impact on demand for private rented accommodation going forward. In September 2021, the Government introduced a new housing policy to 2030, 'Housing for All – a New Housing Plan for Ireland', which is a multi-annual, multi-billion euro plan to "improve Ireland's housing system and deliver more homes of all types for people with different housing needs". New or amended regulations could have a negative impact on the Group's revenues, earnings, and asset values. 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. This is assisted by the Internalisation of the Manager on 31 January 2022. 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 2020	**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 as well as regulation changes during 2021. The Government has announced measures to increase direct supply of social and affordable housing including in partnership with the private sector. In September 2021, the Government introduced a new housing policy to 2030, 'Housing for All – a New Housing Plan for Ireland', which is a multi-annual, multi-billion euro plan to "improve Ireland's housing system and deliver more homes of all types for people with different housing needs".

Risk	**Investment Management Agreement Termination** On 31 March 2021, IRES Fund Management Limited (the "Manager"), served 12 months' notice of termination of the IMA. In August 2021 the Company served notice to the Manager terminating the IMA and internalising management, and exercised its right to acquire the shares of the Manager with the internalisation taking effect on 31 January 2022.
Strategic Impact	**Medium ←→** On 31 January 2022, the Company and CAPREIT entered into binding legal agreements pursuant to which the Company exercised its right under the IMA and purchased the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1, effective from 31 January 2022 ("Completion"). As the Investment Manager serves as the Company's alternative investment fund manager ("AIFM") under the Alternative Investment Fund Managers Regulations 2013 ("AIFM Regulations"), the Company has also received the necessary approvals from the CBI to acquire the shares in the Investment Manager, subject to a requirement that all aspects of the Investment Manager's business be transferred to the Company and an application be submitted to the CBI for the Company to become authorised as an internally managed AIF within five months after the date of Completion of the acquisition of the Investment Manager. The Investment Management Agreement and Services Agreement terminates therefore effective 31 January 2022.
Mitigation Strategy	A Board Committee (the "Related Party Committee") is overseeing the transition from the existing external management arrangements and is assisted by advice from Rothschild, Grant Thornton, Davy and legal advisers (collectively, the "Transition Advisors"). The Company has contracted with Microsoft and Yardi to provide systems support to the Company and the Manager to replace the IT systems provided by CAPREIT on termination of the Transitional Services Agreement. The Company has recruited and expanded its management team and personnel and is in the process of transitioning the corporate functions supported by CAPREIT personnel in Canada. Post completion of the acquisition of the Manager, the employees of the Manager have been successfully transitioned to the I-RES REIT network. The Company has entered into a transitional services agreement with CAPREIT (the "Transitional Services Agreement") with effect from 31 January 2022, pursuant to which CAPREIT will continue to provide certain transitional assistance to the Company for a period of three months to facilitate the migration of data and implementation of new IT systems in the company.
Risk Trending Since 31 December 2020	**Stable ←→** The Company has been working with CAPREIT and the Manager in planning and implementation of (i) a plan for internalisation including transition of functions, and data migration of the Company's data, books and records and systems and (ii) execution of a share purchase agreement in relation to the acquisition of IRES Fund Management Limited, including transition arrangements and data migration from the CAPREIT systems. In order to augment management, the Company has made two key appointments to its own management team. Mr. Brian Fagan has joined the Company as Finance Director with effect from 26 April 2021, and Ms. Anna-Marie Curry has joined as Company Secretary and General Counsel with effect from 1 July 2021. Additional personnel have been recruited to support the transition and future business of the Company.

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 Private Placement Notes of €200 million. 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 2020	**Stable ←→** At 31 December 2021 the Group had drawn on its credit facility in the amount of €420 million and Notes Private Placement of €198.1 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, Interest Rate Increases and Loan to Value Ratio** Interest rate increases, and/or property valuation decreases, 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 is €600 million with the interest margin fixed at 1.75%, plus the one-month EURIBOR rate. On 11 February 2022, the Company exercised an option for an extension with all five banks (Ulster Bank Ireland DAC, Bank of Ireland, Allied Irish Bank, Barclays Bank plc and HSBC Bank plc) for the entire €600 million facility with the new maturity date of 18 April 2026. 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 7.9 years, laddered over six, nine, and eleven year maturities, with the first repayment due in 2027. As of 31 December 2021, the Company has €10.3 million of cash and €180 million of committed undrawn debt under its Revolving Credit Facility. The Group has €4.9 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 loan to value ratio was 40.7% as at 31 December 2021, 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. The Group closely monitors property values by updating its property valuations twice annually through the use of two property valuation firms.
Risk Trending Since 31 December 2020	**Stable ←→** Various Central Banks have commenced increasing interest rates and the position of the European Central Bank to not increase interest rates over the short to medium term may change. The group has fixed margin on its RCF facility with extended maturity to 2026 as well as fixing the cost of its Notes PP with hedging strategy and maturity periods from 2027 to 2032. As such, the Group does not anticipate a material increase in debt financing costs in the short term. The valuation of the portfolio as at 31 December 2021, when compared to year end 2020 has increased. This has positively impacted the loan to value ratio. The increase in valuation is due to continued demand for residential assets by investors and transactions continue to close with competitive yields.

Risk	**Opportunity to Acquire or Develop Assets** Investment opportunities may become limited.
Strategic Impact	**Medium ←→** The Group may not grow its 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 2020	**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, however the Group continued to acquire and develop assets in 2021.

Risk	**Political** Material changes to the political environment in areas significantly impacting the Group's operations.
Strategic Impact	**Medium ←→** 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 incentivising home ownership. In 2021 several changes were made to tax and rent regulations impacting residential housing.
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 2020	**Increasing ↑** It is the Company's understanding that the coalition government in Ireland is focused on housing policy as well as increasing housing supply, however engagement with the industry on significant regulations and policy matters continues to be challenging.

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 bonds, 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) and obtained from the main contractor. 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 2020	**Stable ←→** The Group will monitor for and adapt to impacts on the supply of construction labour and materials. **Covid-19** While many construction firms have been expanding their teams to accommodate increasing activity in the housing sector there remains pressure on the availability of construction labour and consultants. Additionally, there continues to be upward pressure on costs, coupled with global supply constraints and rising inflation levels.

Risk	**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.
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 could lead to a decline in the Group's financial and operating performance, and significant disruption to the Group's operations. The Company acquired the Manager on 31 January 2022. 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.
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. On 31 January, the Company acquired the shares in the Manager as part of the Internalisation. This allows the Company to manage the operations and performance of the Manager directly. 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 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.
Risk Trending Since 31 December 2020	**Stable ←→** On 31 March 2021, IRES Fund Management Limited (the "Manager"), served 12 months' notice of termination of the IMA. In August 2021 the Company served notice to the Manager terminating the IMA and internalizing management, and exercised its right to acquire the shares of the Manager with the internalisation taking effect on 31 January 2022 (See risk titled "Investment Management Agreement Termination"). 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 for the remainder of its term. **Covid-19** The Manager activated its business continuity plan and continues to adhere to guidance by the Health Services Executive.

Risk	**Cybersecurity and Data Protection** Failure to comply with data protection legislation by the Company, its Manager and service providers could result in 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. Inadequate security on systems by IT providers could result in cybersecurity breaches.
Mitigation Strategy	The Group is responsible for data privacy and protection as a data processor on behalf of itself and the Group and remains adaptable either itself or through its sub processors to constant technological and legislative change. Employees of the Company 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 by the Company, the Manager and CAPREIT where required, to assist with assessing the IT environment and cyber risks. The Company 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 2020	**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 and its sub processors continue 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	**Environmental Sustainability** Failure to respond appropriately, and sufficiently to environmental sustainability risks or failure to benefit from the potential opportunities could lead to adverse impact on reputation, property values, and shareholder returns.
Strategic Impact	**Medium ←→** There is an increasing exposure to environment and climate-related risks across the portfolio. The environmental risks/opportunities include, but are not limited to, management of resource use (energy, water), waste disposal, material sourcing and use, greenhouse gas emissions and other impacts from operating, maintaining, and renovating our properties. The climate-related risks/opportunities include, but are not limited to, more extreme and volatile weather events, changes in regulations or government policies, reputation management, market demand shifts, developing technology, and investor pressure and expectations.
Mitigation Strategy	The Board of the Company has established a sustainability committee (the "Board Sustainability Committee") which among other duties is responsible for developing and recommending to the Board the Company's ESG strategy, policies, risks, targets and investment required to achieve the Company's ESG strategy. Additional working groups have been established to drive management, and asset level ESG strategy and monitor environmental and sustainability metrics. There is active engagement between the working groups and the Board. The Company produces an ESG Report annually with key data and performance points which are externally assured and has recently completed a materiality assessment, a key tool to deliver on its multi-year ESG strategy.
Risk Trending Since 31 December 2020	**Stable ←→** The Company and the Board continue to monitor the Company's environmental sustainability performance and mitigating actions, and will continue to monitor for changes to legislation, regulation, and policy impacting environmental and sustainability issues. Additionally, the Company benchmarks its environmental, social and governance (ESG) reporting against industry benchmarks.

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 Investment Manager monitors supply and demand for rental apartments in operating areas where the Group's investment properties are located. Additionally, the Investment 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 2020	**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 although the remote working environment that has resulted from Covid-19 has opened opportunities for the Group to expand into other urban areas across Ireland.

Risk	**Staff recruitment and retention** Failure to attract, retain, and develop an inclusive and diverse workforce to ensure we have the right skills in the right place at the right time to deliver our strategy, heightened by an ever-increasing competitive job marketplace.
Strategic Impact	**Medium ←→** With the acquisition of the Manager and their employees along with the hiring of additional resources to replace the functions which was previously provided by CAPREIT the Group is now exposed to risks associated with attracting and retaining staff. If the Group is not able to attract and retain a high calibre of staff, then they could consequently struggle to achieve the Groups business objectives.
Mitigation Strategy	The Group has been successful in attracting new talent and skills during 2021 despite a competitive market situation. The Company will invest in ongoing development and training of employees as well as advancing good HR practices to ensure retention of key skills and resources. Mr. Brian Fagan has joined the Company as Finance Director with effect from 26 April 2021, and Ms. Anna-Marie Curry has joined as Company Secretary and General Counsel with effect from 1 July 2021. Additional resources have been added to support these appointments as well as a Director of Sustainability, and Marketing and Communications expertise. Finally, the Company has a Nominations Committee which regularly meets to consider the needs of the Group and update the Inclusion and Diversity policy.
Risk Trending Since 31 December 2020	**New risk** The employment market in Ireland has tightened over the course of 2021 as restrictions eased and employees returned to work. Competition within Ireland for staff has heightened due to demand for highly skilled staff. However, as seen above the Group has already made key appointments throughout 2021 and has strong procedures and controls in place around HR to assist in managing and retaining staff.

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 Group 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.
Risk Trending Since 31 December 2020	**Stable ←→** The Group'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 Investment 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 2020	**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 Investment 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 Investment 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 2020	**Stable ←→** While the Strategic Housing Development planning application process is currently in place for residential developments of over 100 units, the Irish government has indicated that it intends to terminate the process and plans to replace it with a process that restores decision making to local authorities. The Group will monitor for developments relating to the new process.

Governance

In this Section:

Board of Directors

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Declan Moylan
Independent Non-Executive Chairman and Chair of the Nomination Committee

Appointed: 31 March 2014

Nationality: Irish

Committee membership:

Remuneration Committee:
Appointed 31 March 2014

Nomination Committee:
Appointed 31 March 2014

Declan Moylan is a 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 in criminal matters, election and referendum petitions.

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. He is also a former 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 Union Directive 2012/19/EU.

Phillip Burns
Non-Independent Non-Executive Director

Appointed: 23 March 2016

Nationality: American and British

Committee membership:

Nomination Committee:
Appointed 23 March 2016

Phillip Burns is the Chief Executive Officer and a 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 approximately 6,500 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 and Chair of the Audit Committee
Appointed: 18 April 2017
Nationality: Irish

Committee membership:
Audit Committee:
Appointed 18 April 2017

Nomination Committee:
Appointed 1 November 2017

Joan Garahy is 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 in August 2021 she was named Chair of the Audit Committee. She also serves as a director of a number of private companies and is a non- executive director of the Irish Chamber Orchestra (charity).

Ms Garahy is a former member of the board of directors of Kerry Group plc (ISE:KRZ) where she held the positions of Senior Independent Director, Chair of the Remuneration Committee and a member of the Audit Committee.

Formerly Ms. Garahy was founder and CEO 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 and Chair of the Sustainability Committee
Appointed: 1 June 2018
Nationality: Irish

Committee membership:
Audit Committee:
Appointed 1 June 2018
Remuneration Committee:
Appointed 1 June 2018
Sustainability Committee:
Appointed 11 May 2021

Tom Kavanagh is a former partner at Deloitte Ireland and left the firm in December 2018. Mr. Kavanagh has wide-ranging experience in professional practice as a business adviser, corporate restructuring expert and insolvency practitioner. This included advising on the restructuring of large portfolios of distressed Irish property assets.
Mr Kavanagh is chairman of the Sustainability Committee in IRES REIT Plc. Mr Kavanagh recently became Chairman of Chapter Zero Ireland, a community of non-executive directors that lead Irish boardroom discussions on the impacts of climate change.

In addition he was appointed to the Professional Game Board in Leinster Rugby in September 2021. 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), having qualified in 1982. Mr Kavanagh's executive education includes Value Creation through Effective Boards in Harvard Business School/IESE in 2019 and Sustainability Leadership in Cambridge University in 2020.

Aidan O'Hogan
Independent Non-Executive Director, Senior Independent Director and Chair of the Remuneration Committee
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 IConsult Real Estate Ltd, 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 Chairman of the Investment Committee at Pearl Property Managers Limited for the Pearl Residential Equity Fund which provides equity to house builders and a member of the Investment Committee of Aviva/Friends First, Property Advisory Committee. He is also a former non-executive director of Cairn Homes plc and the Cluid Housing Association.

Stefanie Frensch
Independent Non-Executive Director
Appointed: 1 July 2021
Nationality: German

Committee membership:

Audit Committee:
Appointed 1 July 2021

Sustainability Committee:
Appointed 1 July 2021

Stefanie Frensch is a member of the Management Board of Becker & Kries Holding, a German family office with significant real estate investments including 6,000 residential units and approx. 350k sqm of commercial space. Prior to May 2021, she had been a member of the Supervisory Board of Alstria Office REIT for 5 years, an investment trust listed in MDAX. She also serves as a Director of a number of associations, including ZIA (the leading professional association of the German real estate sector), ICG (Institut für Corporate Governance) and is a Non-Executive Director of Förderverein Berlinische Galerie, the sponsoring association of a Museum of Modern Art, Photography and Architecture in Berlin (voluntary work). She is member of the supervisory board of the Berlin Zoo (Zoologischer Garten) (voluntary work).

Ms Frensch was formerly a member of the Management Board of HOWOGEWohnungsbaugesellschaft mbH, one of the largest German publicly owned residential companies with more than 63,000 apartments and relevant development and transaction activities (2011 - 2019). She was a partner of EY Real Estate (2007-2011) and has expertise in project management and development, asset management and transaction advisory services. Ms. Frensch is an Engineer and an Architect.

Margaret Sweeney
Non-Independent Executive Director and Chief Executive Officer
Appointed: 23 March 2016
Nationality: Irish

Committee membership:

Sustainability Committee:
Appointed 11 May 2021

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

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Governance Framework

The Company's corporate governance practices for the financial year ended 31 December 2021 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, Stefanie Frensch (appointed 1 July 2021) and Aidan O'Hogan (Senior Independent Director) are non-executive directors. The biographies of all the directors appear in this Report on pages 64 to 66.

Strategy

The Board is collectively responsible for the long-term sustainable success of the Company and delivery of value for its shareholders and other principal stakeholders, including employees, tenants, lenders and suppliers. The Board leads the development of the culture, purpose, values and strategy of the Company and its subsidiaries, IRES Residential Properties Limited and IRES Fund Management Limited (acquired on 31 January 2022) (the "Group"), 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 Group, 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 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 Limited (the "Manager") as its alternative investment fund manager as of 1 November 2015, pursuant to the terms of the Investment Management Agreement (the "IMA"), 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. During 2021 the Board oversaw the performance of the Manager and the Company's activities and reviewed the performance and contractual arrangements with the Manager.

Under the terms of the IMA, the Manager had discretionary authority to enter into transactions for and on behalf of the Company, except for certain matters that were reserved to, and required 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 was 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 had the right to offer ideas to the Manager relating to the structure of a transaction so as to provide the Company the greatest value.

Following the receipt from the Manager, on 31 March 2021, of a 12 month notice of termination of the IMA, the Related Party Committee progressed the review of the Company's strategic options including internalisation of the management of the Company. On 6 August 2021, the Company announced that it had decided to internalise management, exercised its right to acquire the shares of the Manager and served a notice of termination of the IMA, with the Internalisation to take effect on 31 January 2022, subject to Central Bank of Ireland ("CBI") approval. The Company received the required CBI approval and completed the acquisition of the Manager on 31 January 2022. Subsequent to the completion of the acquisition a new Investment Management agreement was put in place between the Company and the Manager on similar terms to those of the IMA including in respect of matters reserved to the Board of the Company. It is proposed that, the Company and the Manager will be integrated, in accordance with the terms of the CBI approval, with an application to be made to the CBI for the Company to be an internally managed Alternative Investment Fund by 30 June 2022. Further details on the internalisation of management can be found at page 23.

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 64 to 66, 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 104 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 the Report of the Nomination Committee on page 103.

Key Activities of the Board in 2021

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

- The acquisition of 146 residential units at Phoenix Park Racecourse which was completed in January 2021.
- The establishment of a Board Sustainability Committee in May 2021.
- The sale of Tallaght Cross West Food Court in May 2021.
- The leasing of 128 Units located at the Square, Hampton Wood, St Margarets for a term of 25 years.
- The decision, on 5 August 2021, that it is in the best interests of the Company to internalise management and exercise the Company's option to acquire the Manager on 31 January 2022.
- The disposal of 7 units in Elmpark to Dublin City Council in September 2021.
- The execution of contracts for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin 3 in 2 phases for approximately €66 million.

Financing

- The Board negotiated the extension of the Company's Credit Facilities to April 2026. The extension was finalised in February 2022 with Barclays Bank Ireland plc, HSBC Continental Europe, Bank of Ireland and Ulster Bank Ireland.

Covid 19 & Crisis Management

- Received updates from the CEO on the impacts of the Covid-19 pandemic on the operations and performance of the Company.

Governance

- 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 European Market Infrastructure Regulation (EMIR), data protection, code of ethics, diversity, signing authority and delegation and treasury.
- Carried out a thorough review of the share dealing code in November 2021, in particular in light of the Central Bank of Ireland's (CBI) Dear CEO letter to companies admitted to trading on the Euronext Dublin, which set out the key findings of the CBI's thematic review of compliance with Market Abuse Regulation (MAR) and the CBI's expectations following the CBI MAR Review. As required, the Board carried out a critical assessment of the Company's activities, frameworks, organisational arrangements and controls against the findings and expectations in the letter.
- Reviewed the effectiveness of the Company's risk management systems and internal controls.
- Continued the operation of 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 the Manager.
- Following the receipt, on 31 March 2021, of the 12 month notice of termination of the IMA, the Related Party Committee progressed the review of the Company's strategic options including internalisation of the management of the Company. The Company gave notice of the decision to internalise management and exercise its option to acquire the Manager on 5 August 2021 effective 31 January 2022.

- Received updates and monitored developments relating to the migration of Irish participating securities from CREST to Euroclear Bank (the Central Securities Depositary migration).
- Engaged EY in February 2021 to provide co-sourced internal audit services in respect of reviews of cyber risks and business continuity planning.

Sustainability

- Undertook a detailed ESG Materiality Assessment.
- Established the Board Sustainability Committee in May 2021.
- Discussed the results of Company's inaugural public Global ESG benchmark for financial markets (GRESB) submission.
- Received a presentation on the Company's independent investor perception study.

Leadership and people

- Undertook an internal board evaluation to evaluate the Board, its main committees, the Chairman and the individual directors.
- Appointed a new Finance Director (in April) and Company Secretary (in July) employed directly by the Company and based in Dublin.

Key Services

- Reviewed the Company's arrangements with its Manager including annual evaluation of the performance of the Manager and CAPREIT LP under the IMA and Services Agreement.
- Reviewed quarterly reports from the Manager.
- Reviewed quarterly Risk Management reports.

Key Priorities for 2022

- Completion of the acquisition of the Manager and implementation of the transition plan for internalising management and the services previously provided by CAPREIT, including the required application to the Central Bank.
- Implementation of new IT operating system and integration of I-RES' and the Manager's businesses.
- 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 including critical oversight of Business Continuity and Technology Risks.

Committees of the Board

As recommended by the Codes, the Board has established the following four (4) committees: the Audit Committee, the Remuneration Committee, the Sustainability 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 reviewed in November 2021 based on the model terms of reference published by The Chartered Governance Institute in January 2020 with no changes required. 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 facilities, equity raises or acquisition, development or commercial leasing transactions. In 2019 the Board established the Related Party Committee to deal with related party matters including the review of the IMA. Although not a permanent Committee of the Board, given the importance of its role during 2021, a report from the Related Party Committee is also set out in this report.

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 eleven (11) meetings during 2021. In accordance with Provision 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 internal evaluation of the Chairman's Performance and to appraise the Chairman's performance. In accordance with Provision 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 2021 until 31 December 2021 are set out in the table across. 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.

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability(1) Committee	Related Party Committee
Declan Moylan	11 of 11	N/A	9 of 9	6 of 6	N/A	15/15
Philip Burns	11 of 11	N/A	N/A	6 of 6	N/A	N/A
Mark Kenney	7 of 7 (2)	N/A	N/A	N/A	N/A	N/A
Joan Garahy	11 of 11	6 of 6	9 of 9	6 of 6	N/A	14/15
Tom Kavanagh	11 of 11	6 of 6	9 of 9	N/A	3 of 3	15/15
Aidan O'Hogan(3)	10 of 11	5 of 6	8 of 9	5 of 6	N/A	15/15
Margaret Sweeney	9 of 11(4)	N/A	N/A	N/A	3 of 3	15/15
Stefanie Frensch(5)	4 of 4	2 of 2	N/A	N/A	2 of 2	6/7

(1) The newly formed Sustainability Committee held its first meeting on 11 May 2021
(2) Mark Kenney resigned from the Board on 2 July 2021
(3) Aidan O'Hogan was unable to attend the Board, Audit, Remuneration and Nomination Committee meetings in November 2021.
(4) Margaret Sweeney decided, due to a conflict of interest, not to attend a Board Meeting on 23 April 2021 and was unable to attend a meeting on 20 December 2021.
(5) Stefanie Frensch was appointed to the Board, Audit Committee and Sustainability Committee on 1 July 2021 and the Related Party Committee on 5 August 2021.

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 113.

The Chairman does not have any other significant commitments.

Information, Support and Independent Advice

Directors have direct access to 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 90.

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 the Group's property portfolio with the CEO or a senior representative of the Manager 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 the Company and the Manager 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 the Manager and the Group's other advisors on matters relevant to the Group's business.

In the last twelve months, the Board received presentations by external experts on the Irish Economic and Residential Real Estate Market in 2021, the Market Abuse Regulations, including the Central Bank of Ireland Thematic Review in this area, Sustainability and its wider context and the Health and Safety obligations of Board Directors.

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 monitoring 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 page 81. 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. During 2021 they were assisted in this assessment by the risk management and internal audit functions of the Manager and certain specific internal audits carried out by EY.

During 2021 the Board and the Audit Committee received 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 50 to 52.

EY have been appointed with effect from 1 February 2022 to provide an outsourced internal audit service for the Group.

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 2021 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 54 to 62.

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 Limited, which has no other connection with the Company.

The Board, with the assistance of the Company Secretary, conducted an internal evaluation of the Board's effectiveness in 2021, reviewing the Board's and its Committee's composition, dynamics, operations and structure to ensure they are effective for the Company and its business.

The Board has reviewed the feedback from the 2021 evaluation and produced the following action plan and 2022 priorities:

Strategy	More proactive monitoring and review of Company Strategy post internalisation with a focus on opportunity identification and innovation.
Purpose, Values and Culture	Post internalisation, reassessment and, where required, repositioning of, purpose, values and culture of the Company
Reporting	More focused and more succinct management reporting on financial and non-financial metrics.
Risk and Internal Controls	Detailed review of the Company's risk management, internal control and business continuity management systems post internalisation to ensure that they are robust and that they meet the demands of the business's operating environment and any new emerging risks.
Succession	Work with the CEO to develop a management succession plan now that the senior management team are all internal employees.
ESG	Engage with management and stakeholders on identifying appropriate ESG goals and metrics for the Company.
Board Diversity	Having successfully implemented the Board's Diversity and Inclusion Policy in respect of gender diversity, develop a plan to include ethnic diversity in the Board succession planning process.

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 104 for more information on the Board Skills Matrix.

The effectiveness of Declan Moylan as Chairman was considered as part of this year's board evaluation. The results of the review were positive and confirmed that the Board are satisfied that Declan is fulfilling his role effectively as Chairman.

Progress on the 2021 evaluation actions will be considered as part of the next performance evaluation and reported on in next year's Annual Report.

2020 Board and Committee Evaluation: Actions and Progress

The actions from the 2020 external board and committee evaluation and progress against these in 2021 are summarised below:

2020 Evaluation Action	Progress
Deepen the Board's view on technology, including as a strategic opportunity	↘ The Related Party Committee received detailed presentations from Grant Thornton on the selection of new IT systems. ↘ The Related Party Committee selected industry leading cloud-based Property Management solution Yardi as part of the preparation for internalisation of management. ↘ The Audit Committee engaged EY to carry out a review of the new IT infrastructure being implemented by the Company ↘ The Audit Committee also engaged EY to carry out an internal audit on cybersecurity and a review of business continuity planning for the Company.
Align on how to integrate ESG into company objectives and strategy	↘ The Company published its first ESG Report in March 2021 and made a formal submission to GRESB. ↘ In May 2021 the Board agreed to form a Sustainability Committee of the Board to support the implementation of the Company's multi-year ESG strategy. ↘ The Company achieved EPRA Gold rating for most improved ESG reporting in 2021. ↘ The Company achieved recognition from the European Women on Boards Gender Equality Index report for diversity and inclusion on the Board and in executive management. The Company ranked 2nd in Ireland among listed companies and 20th overall among 668 listed companies across 19 European countries. ↘ In November 2021 the Chairman led a Governance and Sustainability engagement with key shareholders. ↘ The Company undertook a detailed materiality assessment which included widespread stakeholder engagement, and which informed our 3 year ESG strategy roadmap. ↘ Recruited a Director of Sustainability and Corporate Development who will support and report to the Board Sustainability Committee.
Improve the picture of principal risks at board level (including cyber)	↘ The Audit Committee engaged EY to carry out an internal audit on cybersecurity and a review of business continuity planning for the Company. ↘ The Covid-19 pandemic represented a significant potential risk to the Company. The Group navigated this challenging period successfully, in no small part, due to the ongoing work of the 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 termination of the IMA notified by the Manager on 31 March 2021 and the subsequent plans for internalisation were complex and multifaceted with many potential attendant risks. The plans, processes and negotiations were developed to manage risk and ensure regular reporting to the Related Party Committee. ↘ The Related Party Committee met on a monthly basis with all advisers including Grant Thornton (specifically on IT Infrastructure and Data Migration elements of the internalisation) Rothschild & Co, Davy and William Fry LLP. These meetings included risk assessment and progress reporting across 12 workstreams. The Related Party Committee reported to the Board on progress on the internalisation process across all 12 different workstreams. ↘ The Audit Committee also engaged EY to carry out a review of the new IT infrastructure being implemented by the Company.
Review the Board's role in crisis management (impact on tenants)	↘ The Audit Committee engaged EY to carry out an internal audit on the Business Continuity management plans and Crisis management plans in place in the Manager. ↘ The Covid-19 pandemic represented a significant potential risk to the Company. The Group navigated this challenging period successfully, in no small part, due to the ongoing work of the 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.

2020 Evaluation Action	Progress
Ensure the Board gives due consideration to all stakeholders	↘ Rothschild & Co completed the Company's first Investor Perception Study to gain independent insights into investors' sentiment towards I-RES and the sector in which it operates. ↘ In November 2021 the Chairman carried out a series of engagements with shareholders in respect of Governance and Sustainability. ↘ The Company undertook a detailed materiality assessment which included widespread stakeholder engagement, and which helped inform our ESG strategy. ↘ We conducted our annual resident survey once again in 2021. We received a significant amount of feedback as 1,350+ residents completed the survey. The annual resident survey provides us with valuable insight from our residents in several areas such as satisfaction with property amenities, staff, resident portal, and our maintenance service. This year we included questions pertaining to ESG, which will provide invaluable input from a key stakeholder into the further development of our ESG strategy.
Review the Board's oversight of the outsourcing arrangements with the Manager	↘ In November 2019 a committee of the Board was appointed (the "Related Party Committee") 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 did not include either Mark Kenney (up to his resignation) 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 deemed appropriate. ↘ During 2021 the Related Party Committee met at least once per month with management and advisors including Grant Thornton (specifically on IT Infrastructure and Data Migration elements of the internalisation) Rothschild & Co, Davy and William Fry LLP. These meetings included risk assessment and progress reporting across 12 different workstreams. The Related Party Committee reported to the Board on progress on the internalisation process across all 12 workstreams. ↘ The termination of the IMA, notified by the Manager on 31 March 2021, and the subsequent plans for internalisation were complex and multifaceted with many potential attendant risks. The plans, processes and negotiations were developed to manage risk and ensure regular reporting to the Board Related Party Committee. ↘ In August the Board decided that it was in the best interests of the Company to internalise management and so issued a termination notice in respect of the IMA to take effect on 31 January 2022 and notified CAPREIT of its decision to exercise its option to acquire the Manager. ↘ On 29 January 2022 the Related Party Committee approved the transaction documentation to complete the acquisition of the Manager with effect from 31 January 2022.
Revisit CEO Development and Succession Plan	↘ As part of the decision to internalise management senior executives have been hired directly by the Company. In addition, external consultants are assisting the CEO to carry out a review of the organisational design of the expanded Group including in respect of succession planning.
Build a view on skills and experience required for the future Non-Executive Directors	↘ The skills matrix completed as part of the External Board Evaluation carried out in 2020 was used to develop a profile for the new Independent Non-Executive Director that resulted in Stefanie Frensch's appointment to the Board in July 2022. ↘ The skills matrix is updated each year and will be used for each new Non-Executive Director appointment.
Agree on whether a local company secretarial resource is needed	↘ The Board agreed to hire a Company Secretary directly based in Dublin. Anna-Marie Curry, the new Company Secretary and General Counsel, took up that position on 1 July 2021.

Independence

Declan Moylan (Chairman), Aidan O'Hogan (Senior Independent Director), Joan Garahy, Stefanie Frensch 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.

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 at the time with another (now former) 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, which had a material business relationship with the Company as its subsidiary CAPREIT LP was the parent company of the Manager until 31 January 2022 and was also a party to the Services Agreement and (ii) notwithstanding the termination of the IMA (and thus the Services Agreement) on 31 January 2022, in accordance with the provisions of the UK Corporate Governance Code, Mr Burns lack of independence by virtue of such material business relationship would continue for a period of three years following the termination of the IMA and Services Agreement.

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 carried out a thorough review of the share dealing code in November 2021, in particular in light of the Central Bank of Ireland's (CBI) Dear CEO letter to companies admitted to trading on the Euronext Dublin, which set out the key findings of the CBI's thematic review of compliance with MAR and the CBI's expectations following the CBI MAR Review. As required, the Board carried out a critical assessment of the Company's activities, frameworks, organisational arrangements and controls against the findings and expectations in the letter. Having carried out that assessment and made some minor amendments to procedures the Board considers 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, 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 113.

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, Analysts, Investment banks, amongst others, and following significant announcements. Major acquisitions are also announced to the market and the Company's website (https://iresreit.ie) provides the full text of all announcements. The website also contains annual and interim reports and 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 2021 was carried out by virtual meetings or by conference calls. In 2021, the CEO attended approximately 144 separate meetings and conference calls. In addition, the CEO attended 2 in person investor conferences which included prospective investors, investment banks and analysts.
The CEO undertook thorough roadshows following the Preliminary results announcement for 2020 in February 2021 and the Interim results in August 2021, meeting 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 and calls on an ongoing basis as well as site visits in Q4 2021. 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. With the return of international travel and the easing of public health restrictions, the Company expects a return to facilitating more property tours with existing and prospective shareholders and analysts in 2022.

Developing a strong relationship with our shareholders will help build consensus and ensure that the Company benefits from each shareholder's valuable inputs and recommendations on matters of shareholder concern. As part of our efforts to further develop productive dialogue with our shareholders on governance and sustainability matters, we held a Governance and Sustainability engagement with shareholders in late 2021, led by the Chairman, Declan Moylan. The Company appreciates the significant response received and will incorporate shareholder feedback into our governance frameworks and reporting.

If shareholders wish to communicate directly with the Board, they should contact Margaret Sweeney, CEO, or Anna-Marie Curry, Company Secretary, contact details for whom are provided in the Shareholder Information section on page 193 of this Report.

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 118.

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. Details of the Group's engagements with residents, employees, investors and communities during 2021 are set out below.

During 2021, we continued to have widespread engagement with our stakeholders, and this provided valuable input to our first materiality assessment completed in 2021. The materiality assessment assists the Company in identifying key priorities and refining our sustainability strategy as well as the potential impact on our business success. Building on the materiality matrix, we have developed a sustainability roadmap and prioritised actions with set targets and milestones over a short, medium and long-term time horizon across 11 sustainability topics. For more information on our Sustainability roadmap see page 37 of the Sustainability Review.

We conducted our annual resident survey once again in 2021. We received significant feedback as 1,350+ residents completed the survey. The annual resident survey provides us with valuable insight from our residents in several areas such as satisfaction with property amenities, staff, resident portal, and our maintenance service. This year we included questions pertaining to ESG, which will provide invaluable input from a key stakeholder into the further development of our ESG strategy.

In addition, I-RES conducts an annual third-party employee engagement survey. Focusing on a range of key engagement dimensions designed to explore and evaluate employee experience, I-RES is pleased to report another year of strong performance with an overall engagement rating of 83%. Maintaining a Top Quartile rank, the employee engagement response and open end feedback are incorporated into ongoing improvement strategies implemented across the I-RES business and designed to improve overall employee engagement and performance.

Our ambition is to build a sustainable and responsible business that 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 will continue working with key stakeholders to further develop a responsible business.

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 all staff of the Company and 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.

Our diverse and talented team of professionals are the drivers of the I-RES culture. As a business we recognise the importance of our employees in maintaining our position as Irelands leading provider of rental accommodation and in the successful delivery of our business strategy and strong results. We continuously invest in our employees, providing them with opportunities for continuous personal and professional development programmes at all levels in the business. Now that the acquisition of the Manager has been completed, the Board and the CEO are focused on ensuring that the open, collaborative culture that is already in place is maintained and deepened even further through an improved and more integrated organisation design.

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 senior management of the Company and the Manager 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 2021:

- Ad-hoc department-level presentations delivered to the Board by the Manager
- Annual community stakeholder engagement initiatives and events
- Regular Crisis management team meetings chaired by the CEO, with members of the Manager's team to ensure the safety and wellbeing of employees, residents and other personnel supporting the ongoing business during the pandemic.

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 in 2021:

Board-level engagement

- Presentation from ESG consultant on EPRA benchmark & Assurance Statement
- Presentation from external consultant on the Sustainability Plan & Materiality Assessment
- Presentation from external expert on the Irish Economy and the Residential Real Estate Market in 2021
- Regular engagement with the Real Estate sector and Regulation through the public affairs programme

Employee, resident, investor and community-level engagement

- Investor meetings and conferences
- Chairman's Governance and Sustainability engagement with Investors
- Employee intranet (I-RES and IRES Fund Management)
- Resident satisfaction survey
- Employee engagement survey

Supporting Employee engagement with environmental and social initiatives

- Official supporter of All-Ireland Pollinator Plan
- Took part in the annual Tallaght community festival and sponsorship of prizes
- Employees awareness regarding our Environmental impact via Earth Day celebration
- World Bee Day 2021 – guest speaker
- Reduce Waste paper from unnecessary printing in our offices

Supporting employee wellbeing initiatives

- International Women's Day – guest speaker for coffee morning
- Darkness Into Light 2021 – employee participation
- Movember - various guest speakers and a mustache sponsorship
- Women leadership programme in DCU

Supporting key Community Partner initiatives

- Introduction of Electronic Waste collections – at managed buildings
- Halloween Spooktacular – Resident art competition
- Employee Recycling awareness
- Waste Improvement – at managed buildings
- Worked with charities to collect used clothing – at managed buildings
- Newsletter & Block communications for Residents

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

Workforce Engagement

As at 31 December the Company had only 11 employees (one of whom sits on the Board) and the majority of whom were appointed in the latter half of 2021. Therefore, during 2021 there was only a very small workforce and three of those people attend Board meetings, which allowed the Board to engage with them regularly. During 2021 the Company did not have any ability or rights in respect of the workforce of the Manager or of its remuneration policies. As a consequence, those portions of provisions 2, 5, 33, 38, 40 and 41 of the UK Code and s.172, to the extent that they relate to workforce, engagement did not apply to the Company during 2021.

However, the number of employees in the Company is growing in preparation for internalisation and on 31 January 2022 the Company completed the acquisition of the Manager increasing the Group workforce to 90. In March 2022 the Board appointed Tom Kavanagh as the Director responsible for workforce engagement. The Company will report on Board engagements with the workforce in next year's Annual Report.

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 2021. For a detailed review of the business performance indicators, see pages 26 to 32 in the Business Performance Measures section.

Following the receipt from the Manager, on 31 March 2021, of a 12 month notice of termination of the IMA, the Related Party Committee progressed the review of the Company's strategic options including internalisation of the management of the Company.

On 6 August 2021, the Company announced that it had exercised its right to acquire the shares of the Manager and served a notice of termination of the IMA, with the Internalisation to take effect on 31 January 2022, subject to Central Bank of Ireland ("CBI") approval. The Company received the required CBI approval and completed the acquisition of the Manager on 31 January 2022. Further details on the internalisation of management can be found at page 23 to 24.

Remuneration Policy of the Manager

For 2021 the Remuneration policy of the Manager was the relevant remuneration policy for its staff. The Manager had an established remuneration policy that it applied 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. As part of this process the Manager ensured that its remuneration policy was reviewed internally at least annually.

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

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 €4.3 million, of which €3.9 million comprised fixed remuneration and €0.4 comprised variable remuneration. The number of staff employed by the Manager as at 31 December 2021 was 77 (65 as at 31 December 2020), of which 45 site employees (41 site employees as at 31 December 2020) were charged to the Company. There were no senior managers or members of staff of the Manager whose actions had a material impact on the risk profile of the Company.

The Remuneration Committee plan to carry out a full review of the Company's Remuneration Policy during 2022 following internalisation and integration of the whole management of the Group. The Remuneration Committee are preparing a Remuneration Policy that will ensure that the Company can continue to attract and retain appropriate talent to drive the Company's growth strategy and protect the interests and value of the Company, its shareholders and other principal stakeholders. For further details see page 86 in the report of the Remuneration Committee.

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 2021. The Board considers that the Company has complied with the provisions set out in the Codes throughout the last financial year under review with two minor exceptions:

- During 2021 the Company did not have any ability or rights in respect of the workforce of the Manager or of its remuneration policies. As a consequence, those portions of provisions 2, 5, 33, 38, 40 and 41 of the UK Code and s.172 to the extent that they relate to workforce engagement did not apply to the Company during 2021. Following internationalisation which took place on 31 January 2022 the Company will report on Board engagements with the workforce in next year's Annual Report.
- 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 2020 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

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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 2021.

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 2021 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 the independence and objectivity of KPMG. 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. The Audit Committee continues to assess the effectiveness of internal controls, meeting with the Company's Manager while also considering the impact of the Internalisation, as outlined in the Business Review.

The Audit Committee assisted the Board in determining that the Annual Report and Consolidated Financial Statements, when taken as a whole, are 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 2022 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. A key focus of the Audit Committee will be the transition to the new IT platform, the data migration from the legacy system and where necessary the redesign of internal processes and controls. The Audit Committee will continue to assess the design and operational effectiveness of the internal controls throughout 2022.

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

Joan Garahy
Chair of the Audit Committee

Members: Joan Garahy (Chair), Tom Kavanagh, Stefanie Frensch 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 Tom Kavanagh expired on 31 May 2021. Accordingly, the Board 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). Stefanie Frensch joined the Audit Committee on 1 July 2021.

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 six (6) times during the period from 1 January 2021 to 31 December 2021 and the external auditor was in attendance at all six (6) meetings. The Audit Committee members' attendance at each meeting is set out on page 70. The CEO, CFO, Finance Director 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 reviewed annually and updated for best practice and compliance with the Codes. The Board reviewed the terms of reference for the Audit Committee on 17 November 2021 using the model terms of reference for audit committees published by the Corporate Governance Institute in January 2020, which are designed to comply with the UK Code. No changes were required following this review. The roles and responsibilities delegated to the Audit Committee under the terms of reference can be accessed electronically at https://www.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 2021 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, 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, EY (internal auditor), finance team 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 2021

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 2020 Annual Report, including the financial statements therein, and considered the key areas of judgement and the Group's Interim report 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;
- recommended to the Board a policy on the hiring of former employees of the Group's external auditor;
- 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 and approved the appointment of EY to carry out internal audit services on a co-sourced basis during 2021 and post termination of the IMA on 31 January 2021 approved the appointment of EY to carry out all internal audit services for 2022;
- reviewed the annual internal audit plan put forth by the Manager's internal audit function for 2021;
- reviewed reports throughout the year from the Manager's risk management and internal audit functions with regards to work performed around the Group's system of risk management and internal controls;

- commissioned and reviewed internal audit reports from EY on cybersecurity and a review of business continuity planning;
- reviewed and approved non-audit services to be provided by KPMG;
- reviewed the ongoing transition plans for the Finance Function in preparation for the termination of the IMA and Services Agreement on 31 January 2022;
- 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 approved bank account mandate changes;
- monitored the levels of 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 resulting from changes in fair value of investment properties;
- reviewed compliance with debt covenants;
- reviewed the REIT compliance test; and
- reviewed the proposed dividends and recommended them to the Board.

Financial Reporting and Significant Financial Judgements

With respect to this Report and the financial statements included herein, 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 herein for the year were as follows:

Investment Property Valuations
The Group had investment property with a fair value of €1,492.8 million as at 31 December 2021, 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 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 and Manager have confirmed to the Audit Committee that they are 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 the year-end valuations, valuation methodology and significant assumptions used. The Audit Committee also discussed the market dynamics with both valuers, including 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 2021, and the provision of services provided by the Manager, a subsidiary of CAPREIT, to I- RES during the financial year, the Audit Committee and the external auditor discussed the risk of undisclosed related party transactions with CAPREIT or its affiliates for the 2021 consolidated financial statements. The Audit Committee discussed the level of fees incurred in respect of management services received from the Manager 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 FD in support of the Board's Statement on Going Concern as set out on page 52.

Viability Statement
The Audit Committee has reviewed a report from the Finance Director and is satisfied that this assessment adequately addresses the principal risks disclosed in the Risk Report on pages 54 to 62 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 pages 52 to 53.

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 2021. The Audit Committee has confirmed to the Board that the Company is compliant 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 herein 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 herein, 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 herein, 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 120.

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 2021 to 31 December 2021, 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 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, management and the Manager is essential in ensuring both an effective audit and auditor independence.
In November 2021, the Audit Committee met with the external auditor to agree the FY 2021 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 2022 in advance of the finalisation of the Group's financial statements for the year ended 31 December 2021, 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 management and 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 considered 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 2021. 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 audit.

Independence and Non-Audit Services

The Company has a policy which requires the pre-approval by the Audit Committee of all non-audit services to be provided by the external auditor. 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 2021 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 27 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 2021.

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 recent internalisation of management in early 2022. 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 and approved the proposal by EY to solely provide internal audit services to the Group, taking effect from 1 February 2022. Up until this date, the Manager's internal audit function continued 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. The Audit Committee had direct access to the Manager's internal audit function until the date of internalisation and now has direct access to EY's internal audit team. The Audit Committee assessed the annual internal audit plan put forth by the Manager's internal audit function and received periodic reports of work performed during 2021. A similar process will be followed by the EY internal audit team going forward. EY were engaged by the Group to supplement efforts by the Manager's internal audit function in 2021 and have sufficient experience and expertise to take over the internal audit services for the Group. The Board concurs with the Audit Committee's recommendation not to establish an internal audit function for the Group.

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 with regard to the Group's risk management and internal control systems.

Key Priorities of the Audit Committee for 2022

Looking ahead to the 2022 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 2022 financial year will include:

- reviewing and making recommendations in relation to the statutory, preliminary and interim financial results;
- reviewing the adequacy of the Group's internal controls system following internalisation and transition to the new IT platform;
- reviewing the adequacy of the internal audit services provided by EY 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

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Introductory Statement from the Remuneration Committee Chair

Dear Shareholder,

I am pleased to say that 2021 was another strong year for the business, despite a challenging backdrop and we made significant progress on the internalisation of our management structure. In 2021, our Board and executive management team continued to deliver across all key metrics, with a specific focus on progressing our ESG strategy and related targets.

On 1 April 2021, the Company announced that it had received a twelve-month notice of termination of the Investment Management Agreement ('IMA') from the Manager, a wholly owned subsidiary of CAPREIT LP. As a Board, after considering a range of options, we made the decision to internalise the management structure, as the Board believed that this was in the best interests of the Company and all stakeholders.

The termination of the agreement with the Manager and the subsequent internalisation on 31 January 2022 was a significant strategic decision and resulted in a fundamental shift in the scope and responsibility of I-RES' management team, with all employees of the Manager becoming employees of the I-RES Group, and full stewardship of strategy, operational decisions, finance, ESG, remuneration and direction now residing at I-RES Board and Executive Committee level. The Board remains satisfied that the move to a fully internalised REIT structure will provide the foundation for future growth.

Performance Overview

During 2021, Covid-19 continued to present significant challenges for the Company and our stakeholders. The welfare of our tenants and employees of the Company and the Manager was to the fore. Against that challenging backdrop, we continued to generate strong results, with revenue and NRI continuing to grow during the year. Our continued investment in new properties helped deliver rental income growth of 6.7% for the year, while also maintaining a consistently high occupancy rate of 99% across our portfolio. Profit increased by 16%. Our adjusted EPRA EPS (before non-recurring costs) was 7.0 cent, consistent with 2020, while our IFRS Basic NAV per share grew by 3.9% to 166.5 cent. As a result of this strong performance, we declared total dividends of 5.99 cent per share for the twelve months ended 31 December 2021 (2020 5.97 cent per share). Demonstrating the resilience of the business, during the period under review, we did not receive any government support through furlough schemes and, post period end, as part of our internalisation, have added new jobs and substantially increased our headcount.

Outside of traditional financial measures, there has been a continued focus on ESG during 2021, with a particular emphasis from the CEO on efforts to develop an ESG strategy roadmap. The Company made its first public GRESB submission, continued to measure against EPRA ESG indicators, commissioned an initial ESG Materiality Assessment and continued to make strides to enhance its programme of stakeholder engagement. During 2021, the Company received the EPRA Gold award for ESG reporting. I-RES also ranked 2nd in Ireland among listed companies and 20th overall among 668 listed companies in 19 European countries in the European Women on Boards Gender Equality Index report for diversity and inclusion on the Board and in executive management. The Committee is satisfied that the CEO has performed strongly in driving both financial and ESG performance over the last financial year.

During 2021, the Company also continued to deliver on its growth strategy with: the completion of the acquisition of 146 residential units located in the Phoenix Park Racecourse, Castleknock, Dublin 15; the ongoing development, under a forward purchase contract, of 69 residential units at Merrion Road, Dublin 4; the disposal of a commercial unit and the food court at Tallaght Cross West for net proceeds of €1.6 million; the execution of an index-linked 25-year lease for 128 units at Hampton Wood; and the execution of contracts for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin 3.

A Changing Business

As mentioned above, 2021 was an important year for the development of our business. In parallel to delivering strong growth and good financial performance against a challenging COVID-19 backdrop, we have taken significant strategic steps to position for continued growth. Under the leadership of the CEO, on 29 January 2022, the Company and CAPREIT entered a share purchase agreement, effective from 31 January 2022, resulting in a successful acquisition of the Manager by I-RES, with all employees of the Manager becoming part of the I-RES Group. While this will not result in a fundamental shift in our strategy it has altered the role of our Company and those who lead it. We now have a much larger scope of operations; employee base; and technology responsibilities, all of which dictates a greater responsibility for people development, risk management and executive leadership. As context, I-RES had three employees at the beginning of the 2021 financial year and ended with 11 employees. As of the date of this letter, that number is 93 and is expected to continue to grow over the medium-term.

Remuneration Outcomes

The 2021 annual bonus outcome was subject to a combination of EPRA earnings, net rental income (NRI), NAV and strategic objectives. These measures, broadly in line with those used in the prior year, were combined to ensure there was a balance between a continued focus on improving profit and rental income growth, while focusing on key non-financial deliverables which underpin our strategy, as well as core ESG priorities. Performance against the EPRA Earnings measure was at 85.2% of maximum while the maximum targets under the NRI and NAV metrics were exceeded for full pay-out. Under the strategic objectives, the CEO received a full pay-out for a range of contributions during the year, each of which drew a sharp focus on key strategic priorities aligned to the delivery of value for stakeholders. While those measures are designated non-financial in nature, they have a clear link to long-term financial performance, and the Committee is satisfied that they reflect key priorities of the Group as we look to deliver on our long-term strategy. In particular, the CEO led the development of a number of different transition priorities, including selection and oversight of a new IT network, core systems and digital technology platform; recruitment of key management personnel; and implementation of the Board decision to acquire the Manager as well as preparation and implementation of plans to transition corporate services from CAPREIT to the Company.

There were no LTIP awards eligible to vest during 2021.

Remuneration – Policy Review

2022 will be another important year in the business' growth, with the Committee already putting in place plans for a consultation around the renewal of our three-year remuneration policy. Prior to that consultation and proposal of a new remuneration policy for 2023, there will be no material changes to the bonus and LTIP structure, with the measures and limits continuing to apply in 2022. The maximum bonus permitted continues at 150% of salary, with awards under the LTIP capped at 135% of salary. As part of the review of the remuneration policy in 2022, the Committee will review whether the balance between annual bonus and LTIP remains appropriate as a means of driving the delivery of our strategy and generating value for stakeholders. A key component of that review will also be the further integration of stakeholder and ESG measures into our incentive frameworks.

Separately, as we expand our headcount, we will look to enshrine remuneration principles into the remuneration policy that can be replicated throughout the organisation as a means of further developing our people and reward strategies.

Remuneration in 2022 – CEO Salary & Pension

In line with the strategic shift to a fully internally managed REIT, at the beginning of January 2022, following a thorough assessment of the expanded role and responsibilities of the CEO – and with independent advice - the Committee determined that an increase in the base salary of the CEO was required, recognising the fundamental shift in her role following the termination of the IMA and ensuring a smooth transition to the new structure. I-RES REIT has moved from being an externally managed REIT with three employees in early 2021 and all management functions except for CEO and Investor Relations delegated to the external Manager, to being a fully functioning business Group incorporating the REIT and its wholly owned subsidiaries.

The Committee is firmly aware of the sensitivities around increases in remuneration, and acknowledge the CEO's salary was increased during 2019, from a low base set upon appointment in line with good practice; however, we are also satisfied that there has been a genuine and meaningful increase in the scope of the CEO's role and responsibilities over the past 12 months, whereby the business has transitioned from one with three employees and limited management functions to one with close to 100 employees and standardised business functions. As the IMA was terminated the Committee was conscious of ensuring that remuneration at the business replicated the shift in structure. While the primary rationale for the increase was the expansion in scope of her role and the business she leads, her track record as CEO, ensuring stability coming out of a turbulent period and the gap between her salary and those of competitors were also considerations. In determining the appropriate level for the CEO's increased salary, the Committee referenced benchmarking data to ensure any decisions were appropriate relative to market rates. That review indicated that the CEO's base salary of €400,000 was below the lower quartile of all ISEQ, FTSE and REIT peers.

As a result of the change in role and responsibilities, and the fact that the CEO's salary was considerably below both Irish and sector peers, the Committee determined that the appropriate CEO salary level should be €550,000. This would position the CEO salary for I-RES at the median of similarly sized companies both in the UK and Ireland. Relative to other listed companies, it is also important to note that the CEO's total variable opportunity remains well below the median. The Remuneration Committee determined that the adjustment to bring current CEO salary to a market based level for an internally managed REIT would be phased in over two years with an increase implemented from January 2022 to bring salary to €475,000. The second adjustment would take effect from January 2023. In making this decision the Committee has considered the challenges that the Company faces in successfully integrating I-RES Fund Management Limited, the Company's strategy for growth and relative levels of remuneration for similar positions at other FTSE listed companies of a similar size and complexity. Since her appointment, the CEO has performed strongly and her knowledge and understanding of the business, our stakeholders and key risks and opportunities are increasingly important at an important juncture for the company.

In light of the increase in salary set out above, which is being implemented in two phases, there will be no further increases above the workforce or inflation over the three years of the policy to be proposed in 2023.

In line with the wider focus on workforce pension alignment, and in the context of the increase in base salary for 2022, the CEO has agreed to maintain the 2021 level of pension contribution (i.e. 15% of €400,000 base salary) as a fixed contribution despite the increase in base salary. Consequently, the CEO will receive a pension contribution of €60,000 for 2022 and future years representing 12.6% of salary in 2022 and a further reduction to 10.9% of salary in 2023.

Conclusion

As set out above, 2021 was another year of strong performance and returns for stakeholders due to an effective strategy and the efforts of our leadership. The Committee strongly believes there is a very close alignment between this performance and the remuneration outcomes for the CEO. We look forward to your support for the remuneration-related resolutions on the agenda of the 2022 AGM, where I will be available to answer any of our shareholders questions on the contents of this report.

Aidan O'Hogan
Chair of the Remuneration Committee

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

Bessboro
Terenure

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Residential Units

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 term of appointment for Tom Kavanagh expired on 31 May 2021. Accordingly, the Board agreed that the appointment of Tom Kavanagh would 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 64 to 65, the members of the Remuneration Committee bring a range of different experience and skills to the Committee.

Meetings of the Remuneration Committee

The Remuneration Committee met eight (8) times during the period from 1 January 2021 to 31 December 2021. The Remuneration Committee members' attendance at each meeting is set out on page 70.

Remuneration Policy

The Company's remuneration policy is to ensure that executive remuneration 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 remuneration is designed to reflect the relative impact of the executive's role on the Company's performance and considers how that 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 and changing structure including increased scale and responsibilities of the CEO role to ensure retention of experienced management at a time of significant change for the Company in its structure as well as in the external environment from regulatory changes and wider macro challenges.

Executive and Non-Executive Directors Considerations

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 "2020 Remuneration Policy").

The Committee's intention is that the 2020 Remuneration Policy will be reviewed and refreshed during the course of 2022 to ensure that it will align with the business' needs and Company strategy following the internalisation process as well as evolving best practice and regulatory developments. The committee will prepare proposals for a new three-year policy for the period January 2023 to January 2026 (the "2023 Remuneration Policy"). The preparatory work on the 2023 Remuneration Policy will be completed during the course of 2022, including extensive shareholder consultation. As part of this process, all aspects of the Remuneration Policy will be reviewed including in respect of alignment on pension contributions with the wider workforce. The 2023 Remuneration Policy will also ensure the further integration of ESG focused measures into the remuneration structure. That policy will be put to the shareholders for a vote at the 2023 AGM in line with the EU Shareholders' Rights Directive legislation.

Set out below are minor adjustments to wording have been made for clarity. For the definitive version of the 2020 Remuneration Policy as approved by shareholders, please see the 2019 annual report. In developing the 2020 Remuneration Policy, the Remuneration Committee was mindful of the factors set out in the UK Code Provision 40:

- Clarity and Simplicity: The Remuneration Committee aimed to incorporate simplicity and transparency into the design and delivery of the 2020 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 2020 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 47 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 resident 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. 2021 performance measures and targets are set out on page 91.

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. 2021 performance conditions are set out on page 94.
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

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.

As set out on page 95, with effect from 1 July 2021, the Board approved an increase in the level of fees for non-executive directors; for the Chairman; and awarded a fee for the Senior Independent Director.

Potential derogation from the Remuneration Policy

The Remuneration Committee intends that remuneration arrangements will operate in accordance with the above Remuneration Policy 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.

Implementation of Remuneration Policy in 2021

Total Remuneration of Directors in 2021

The table[1] below sets forth the total remuneration received by each director in respect of 2020 and 2021.

		Fixed Remuneration			Variable Remuneration						
Name	**Year**	**Basic salary (€'000)**	**Fees (€'000)**	**Benefits (€'000)[2]**	**Annual Bonus Cash (€'000)**	**Deferred Bonus (€'000)**	**Long-term Incentive (€'000)[3]**	**Extraordinary items (€'000)[4]**	**Pension (€'000)**	**Total Remuneration (€'000)**	**Proportion of fixed and variable Remuneration[5][6]**
Margaret[7] Sweeney	2021	400	-	25	459	115		-	60	1,058	46% / 54%
	2020	400	-	25	118	29	-	-	60	632	77% / 23%
Philip Burns	2021	-	58	-	-	-	-	-	-	58	100% / 0%
	2020	-	50	-	-	-	-	-	-	50	100% / 0%
Joan Garahy	2021	-	83	-	-	-	-	-	-	83	100% / 0%
	2020	-	75	-	-	-	-	-	-	75	100% / 0%
Tom Kavanagh	2021	-	71	-	-	-	-	-	-	71	100% / 0%
	2020	-	50	-	-	-	-	-	-	50	100% / 0%
Mark Kenney [8]	2021	-	-	-	-	-	-	-	-	-	n/a
	2020	-	-	-	-	-	-	-	-	-	n/a
Declan Moylan	2021	-	170	-	-	-	-	-	-	170	100% / 0%
	2020	-	140	-	-	-	-	-	-	140	100% / 0%
Aidan O'Hogan	2021	-	90	-	-	-	-	-	-	90	100% / 0%
	2020	-	75	-	-	-	-	-	-	75	100% / 0%
Stefanie Frensch [9]	2021	-	33	-	-	-	-	-	-	33	100% / 0%
	2020	-	n/a	-	-	-	-	-	-	-	n/a
Total	2021	400	505	25	459	115	-	-	60	1,563	n/a
	2020	400	390	25	118	29	-	-	60	1,022	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 2021 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 2021, please refer to page 94 of this Report.
(7) Remuneration in respect of 2021 was in line with the Remuneration Policy approved by shareholders at the 2020 annual general meeting.
(8) To resignation date of 2 July 2021
(9) Fees from appointment date of 1 July 2021

Remuneration in 2021

Salary

There were no changes to salary during 2021.

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 a contribution equivalent to 15% of basic salary during 2021.

Annual bonus

The CEO's annual bonus maximum opportunity level for 2021 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 for a period of three years to promote sustainable performance and provide additional alignment of the CEO with shareholder interests.

For 2021, 70% of annual bonus for the CEO was determined by financial performance measures and 30% was based on strategic objectives. The weightings, targets and performance against each are summarised in the tables below:

2021 quantitative financial measures

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[1]	30%	€34.63m	€36.45m	€37.36m	€37.09m	€180,000	€153,297
Net Rental Income	20%	€56.65m	€59.64m	€61.13m	€63.04m	€120,000	€120,000
NAV	20%	€802.75m	€845.00m	€866.13m	€881.44m	€120,000	€120,000

(1) EPRA Earnings have been adjusted for non-recurring costs during the year. See further detail on non-recurring costs on page 26.

2021 qualitative measures

Measure	Weighting (% of Maximum bonus)	Commentary on performance achieved	Rating[1]
ESG ↘ Completion of materiality assessment; development of strategy aligned with overall business strategy ↘ Building and development of organisational resource on sustainability ↘ Enhancement of Group disclosure on ESG to meet investor and funder expectations ↘ Assist Board with establishment of Board Sub Committee on sustainability including terms of reference ↘ Access to necessary expertise and formalising reporting	9%	↘ The various objectives set out for ESG for 2021 have been progressed significantly in line with objectives: ↘ The CEO supported the successful establishment of a Board Sustainability Committee, its terms of reference and building out its agenda as the company puts in place the necessary building blocks for a comprehensive sustainability strategy supported by organisational structure, resources and reporting; ↘ The Materiality assessment was completed and reported to Board; ↘ A 3-year Strategy Roadmap based on the materiality assessment was completed and approved by the Board. This was also updated by management into business planning with regular updates to the Management ESG Committee and Board Sustainability Committee; ↘ The Director of Sustainability and Corporate Development was recruited. She also supports and reports to the Board Sustainability Committee; ↘ The Company published its first ESG Report in 2021 and made a formal submission to GRESB; ↘ The CEO had ongoing engagement with investors on sustainability requirements and evolution of company reporting in this regard. An assessment was made across the different indices being used by investors and establishing the company's data inputs; and ↘ The Company achieved EPRA Gold rating for most improved ESG reporting in 2021 and achieved recognition from European Women on Boards for diversity and inclusion.	Green

Measure	Weighting (% of Maximum bonus)	Commentary on performance achieved	Rating[1]
Risk Management Successfully oversee the risk management strategy to ensure no material avoidable and within our control risks materialise.	7%	The Company's Growth strategy continued to be implemented in the context of managing leverage in line with the Board policy and risk environment and added value for shareholders. The CEO devoted enormous focus and efforts to successfully deal with the termination of the IMA notified by the Manager on 31 March 2021 and the subsequent plans for internalisation. This was complex and multifaceted with potential significant attendant risk for the Company. The plans, process and negotiations were developed to manage risk and ensure regular reporting to the Board Related Party Committee. This included risk assessment and progress reporting across 12 different workstreams. The Covid-19 pandemic represented a significant potential risk to the Company. 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 experience and crisis management skills proved of significant value to the Board and facilitated the continued successful operation of the Company and delivery of strategy during this extraordinary Covid-19 period and notice of termination of the IMA.	Green
Investor Relations and Funding Develop and manage a proactive investor relations and funding plan with existing and prospective investors and lenders to support delivery of the approved Company strategy	7%	The CEO had extensive interaction with existing and prospective investors in 2021. In 2021, the CEO attended approximately 144 separate meetings and conference calls. In addition, the CEO attended 2 in person investor conferences which included prospective investors, investment banks and analysts. The CEO undertook thorough roadshows following the announcement of the Preliminary Results for 2020 in February 2021 and the Interim Results in August 2021, meeting 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 and calls on an ongoing basis as well as site visits in December. The CEO proactively managed Shareholder communication related to the termination of the Investment Management Agreement and Internalisation of management of the Company.	Green

Measure	Weighting (% of Maximum bonus)	Commentary on performance achieved	Rating[1]
Strategy Delivery of Company strategy during 2021	7%	Despite the ongoing COVID pandemic and the related impact on real estate, the CEO worked closely with the management team to continue delivering on the growth strategy. Having regard to dramatically changed global and local conditions, she led the successful direction of the Board growth strategy in modified conditions, including capital constraints as well as managing risk and return. After numerous challenges, the CEO closed the acquisition of 146 residential units at Phoenix Park Racecourse, Castleknock, Dublin 15 for €60 million (including VAT but excluding other transaction costs) in January 2021 and its successful integration into the portfolio. The CEO saw the opportunity to add value by progressing to finalise a 25-year index linked lease on Hampton Wood in August 2021, which has added significantly to the value of that asset. Continuing focus on asset value also resulted in further value from under-utilised commercial space including the sale of the Food court in Tallaght and the finalisation of the lease with Tallaght Hospital. Despite the issue of the termination notice on the IMA, the CEO ensured the Manager stayed focused on growth resulting in finalisation of contracts for 152 units at Ashbrook, Clontarf in December 2021. In addition, the CEO continued the focus on the delivery of the company's two developments at Bakers Yard and Merrion Road to ensure delivery of a further 130 units in the first half of 2022 despite COVID challenges.	Green

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 Committee considered achievement and performance of the CEO against the specific qualitative objectives set for 2021. For the qualitative measures, the Committee placed enhanced weighting on delivery of the Company strategy in light of the termination notice in respect of the IMA. The Committee particularly noted how the CEO had navigated the business through both the termination of the IMA and the preparations for internalisation as well as managing the business during the ongoing Covid-19 pandemic to ensure continuity of delivery of the strategy, careful and focused management of risks and effective stakeholder management. In addition, the clear leadership on ESG from the CEO has been evident in the company's performance over the past 12 months, reflecting another clear priority set by the Board over the past two years. Based on the evaluation and factors considered above, the Committee determined that the qualitative objectives for 2021 were fully achieved. Having reviewed pay-outs, the Committee was satisfied that pay-outs were aligned with overall company and individual performance as well as stakeholder experience during the performance period.

The total bonus achieved by the CEO in respect of the financial year ended 2021 was 143.32% of her base salary (maximum bonus opportunity 150%). In line with this, on 22 February 2022, the Remuneration Committee awarded the CEO a performance-related bonus of €573,297 in respect of the Company's financial year ended on 31 December 2021 (the "2021 Bonus").

Of this €458,638 (representing 80% of the 2021 Bonus) was paid to the CEO in cash. The remainder of the 2021 Bonus, €114,659 (representing 20%), was settled as a restricted entitlement, to the beneficial interest in 78,534 ordinary shares in the capital of the Company (the "2021 Restricted Bonus Shares").

Awards Granted During the Past Year

On 5 March 2021, in line with the Remuneration Policy the Remuneration Committee awarded the CEO a conditional award of 335,820 Restricted Shares under the terms of the LTIP (equivalent to 135% of basic salary) in the capital of the Company. The vesting of the 2021 award is subject to the achievement of the performance conditions set out in the table below. In the event of vesting, awards will be held for a further two-year period from the completion of the three year performance period.

Performance level	Vesting level	Adjusted EPS portion (50% weighting) Percentage growth in EPS: 2023 compared to base year of 2020	TSR portion (50% weighting) 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

Name	Number of shares awarded in 2021	Share Price at Date of award	Face Value at Date of award
Margaret Sweeney	335,820	€1.61	€540,670.20

Adjusted EPS targets are based on normalised EPRA earnings which is calculated by excluding from EPRA earnings the effects of certain non-recurring and exceptional items. EPRA earnings are calculated using a different method than standard EPS. In determining the Adjusted EPS performance range detailed above, the Committee considered a number of key factors. In particular, internal modelling and external analyst forecasts were reviewed, as well as the Company's strategy over the coming three years. The Committee also considered and discussed appropriate benchmarks in the context of the Company's REIT structure and regulation of the private residential market in Ireland, most recently around stamp duty and restrictions around changes to rental prices.

The Committee determined that a range of 2% to 3% growth per annum included considerable stretch and achievement of the targets would result in the creation of significant value for shareholders and stakeholders. In coming to that conclusion, the Committee was also mindful of the significant growth in the business over the past two years as well as regulation around rentals.

As noted above, the Adjusted EPS measure is based on the EPRA earnings methodology, which excludes certain factors that would be incorporated into a standard EPS calculation.

Share options awarded in years prior to 2022

Director	Grant Date	Exercise Price (€)	No of Options 01 - Jan 21	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 2021	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	1.71	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	–	–	–	–	2,000,000	One third in each year starting 16 Nov 2018	15-Nov-24
Mark Kenney (1) (2)	26-Mar-15	1.005	500,000	–	–	500,000(3)	–	–	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. 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
(3) On 4 June 2021 Mark Kenney exercised his remaining 500,000 options at an exercise price of €1.005 per option.

Restricted Share Awards

Director	Grant Date	No of restricted shares 01-Jan 21	Restricted shares granted during the period	Restricted shares vested during the period	Restricted shares cancelled/ forfeited during the period	Total No of restricted shares 31 Dec 21	Performance period for new Restricted Shares	Vesting date for new Restricted Shares
Margaret Sweeney	27 March 20	437,601	—	—	—	437,601	1 Jan 20 to 31 Dec 22	27 March 23
Margaret Sweeney	05 March 21	—	335,820	—	—	335,820	1 Jan 21 – 31 Dec 23	5 March 24

Non-Executive Director Fees in 2021

Following a review of Chair and Non-Executive Director fees, which had not been increased since 2014, it was determined that increases in line with market rates were appropriate. Therefore, with effect from 1 July 2021 the Board approved an increase in the level of fees for non-executive directors from €50,000 to €65,000. They also approved an increase in fees for the Chairman from €140,000 to €200,000 and awarded a fee for the Senior Independent Director of €15,000 all also with effect from 1 July 2021.

There was no change during the period in respect of the fee for Committee Chairs, although with the creation of the Board Sustainability Committee there is now one additional Committee Chair. The fees for non-executive Directors had last been reviewed in 2019. In approving these changes, the Board had regard to advice from and a benchmarking exercise carried out by its remuneration advisers. There will be no changes in fees for Directors prior to the completion of our policy to be proposed in 2023, save in exceptional circumstances.

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 at 31 December the Company had only 11 employees (one of whom sits on the Board) and the majority of whom were appointed in the latter half of 2021. During 2021, because the Company was externally managed, items of disclosure required by the European Union (Shareholders' Rights) Regulations 2020 and the UK Code relating to workforce remuneration arrangements were not applicable.

Name	Role		2017	2018	2019	2020	2021
Executive Directors' remuneration							
Margaret Sweeney	Chief Executive Officer and Executive Director	Total Remuneration (€)	127	730	1.037	632	1,058
		% change from previous year	–	474%[1]	42%	(39%)	67%
Non-Executive Directors' remuneration							
Margaret Sweeney	Non-Executive Director	Total Remuneration (€)	56	–	–	–	–
		% change from previous year	12%[1]	–	–	–	–
Phillip Burns	Non-Executive Director	Total Remuneration (€)	50	50	50	50	58
		% change from previous year	28%[2]	0%	0%	0%	16%
Joan Garahy	Non-Executive Director	Total Remuneration (€)	39	75	75	75	83
		% change from previous year	–	92%[3]	0%	0%	11%
Tom Kavanagh	Non-Executive Director	Total Remuneration (€)	n/a	29	50	50	71
		% change from previous year	–	–	72%[4]	–	42%
Mark Kenney	Non-Executive Director	Total Remuneration (€)	n/a	n/a	–	–	–
		% change from previous year	–	–	–	–	–
Declan Moylan	Non-Executive Chairman	Total Remuneration (€)	88	100	134	140	170
		% change from previous year	76%[5]	14%	34%	5%	21%[7]
Aidan O'Hogan	Non-Executive Director	Total Remuneration (€)	54	75	75	75	90
		% change from previous year	0.08	39%[6]	0	0	20%
Stefanie Frensch	Non-Executive Director	Total Remuneration (€)	–	–	–	–	33
		% change from previous year	–	–	–	–	n/a
Company performance							
EPRA Earnings		Total (€ millions)	24.87	27.78	33.07	34.03	31.65
		% change from previous year	21.0%	12.0%	19.0%	3.0%	(7%)
EPRA EPS		Total (cents)	6	6.5	6.9	6.5	6
		% change from previous year	22.0%	8.0%	6.0%	(6%)	(8%)
Total number of residential units		Total	2450	2679	3666	3688	3829
		% change from previous year	3.0%	9.0%	37.0%	1.0%	3.8%
Additional numbers							
Adjusted EPRA Earnings		Total (€ millions)	24.87	27.78	33.07	36.36	37.08
		% change from previous year	21%	12%	19%	10%	2%
Adjusted EPRA EPS		Total (cents)	6	6.5	6.9	7.0	7.0
		% change from previous year	22%	8%	6%	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. As of 1 July 2021, Ms. Garahy's annual fee for her non-executive role is €65,000 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. Mr Kavanagh's annual fee for his non-executive role is €65,000 and, with effect from 11 May 2021, €25,000 for his position as Chair of the Sustainability Committee The increase of 42% in 2021 was due mainly to his appointment as the Chair of the Sustainability Committee.

(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 is €50,000 and, with effect from 1 November 2017, he was paid €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 €200,000 per annum effective 1 July 2021 which resulted in a 21% increase from 2020 to 2021.

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 113 of the Report of the Directors is incorporated by reference in this Report of the Remuneration Committee.

As of 31 December 2021, the CEO maintained a 'shareholding interest' of approximately 895% of basic salary based on a market price of €1.68 being the closing price of the Company's shares on 31 December 2021.

Implementation of Remuneration Policy in 2022

CEO Remuneration in 2022
Basic salary
As detailed in the letter of the Committee Chair, there has been a significant change in structure of the Company from an externally managed REIT to a fully internalised structure with effect from 1 February 2022. This has increased significantly the operational scope and responsibility of the CEO, underpinned by the termination of the IMA and the internalisation of the Manager including implementation of new technology and systems across the business.

As a result of considering the change in circumstances, and the fact that the CEO's salary was considerably below both Irish and sector peers, the Committee determined that the appropriate CEO salary level should be €550,000. This would position the CEO salary for I-RES at the median of similarly sized companies both in the UK and Ireland. Relative to other listed companies, it is also important to note that the CEO's total variable opportunity remains well below the median. The Remuneration Committee determined that the adjustment to bring current CEO salary to market based level for an internally managed REIT would be phased in over two years with an increase implemented from January 2022 to bring salary to €475,000. The second adjustment would take effect from January 2023.

In setting this level, the Remuneration Committee has considered the significant transition to a fully internally managed REIT including a whole of business IT implementation, transition of services from CAPREIT LP, successfully integrating I-RES Fund Management Limited, the Company's strategy for growth and relative levels of remuneration for similar positions at other FTSE listed companies of a similar size and complexity.

The CEO's role has not only grown in complexity and strategic importance but is now larger in scope. Specifically, the CEO is now responsible for over 90 employees and operations that are significantly larger than when she joined. In addition, separate to the meaningful change in the scope and responsibilities of the CEO, the Committee was also conscious of ensuring continuity and stability at the head of the organisation during a period of change, against the backdrop of a competitive market for talent. As outlined, there will be no further salary' increases awarded to the CEO above those granted to the general workforce over the lifetime of the policy to be proposed at the 2023 AGM.

Annual Bonus
The CEO's opportunity under the annual bonus for 2022 will remain 150% of basic salary, with 20% of any bonus payment deferred for three years 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 2022. 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 [1]	30%
Net Rental Income	20%
NAV	20%
Qualitative strategic objectives	30%

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

The Committee has maintained the same performance measures as those utilised during 2021, as it believes that those measures align strongly with the key strategic priorities of the business transition plan and continued delivery of the Company's strategy over the coming 12 months. The Committee also recognises the importance in 2022 of optimising the existing portfolio and so have maintained the focus on maximising Net Rental Income alongside EPRA earnings and NAV.

The Committee has also maintained the weighting of 30% for the qualitative measures utilised under the bonus plan. The Committee has agreed measures that place enhanced weighting on delivery of the integration of the acquired Manager and transition including the continued focus on ESG and risk management outcomes alongside investor relations / funding and on delivery of the Company's strategy, each of which have taken on a bigger role since the internalisation. Full disclosure of these measures and performance against them will be made in the 2022 Annual Report.

Long Term Incentives

On 23 February 2022, in line with the Remuneration Policy the Committee confirmed an award to the CEO, subject to certain conditions, of a conditional share award of 430,369 ordinary shares (equivalent to 135% of basic salary). The vesting of the 2022 award is subject to the achievement of the performance conditions set out in the table below. The award will be required to be held for a further two-year period from the vesting date in 2025.

Performance level	Vesting level	EPS portion (50% weighting) Percentage growth in EPS: 2024 compared to base year of 2021	TSR portion (50% weighting) 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

As with previous awards, 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 Committee is satisfied that the EPS performance range is stretching relative to internal modelling and external forecasts, particularly given the increasing regulatory pressure facing the business and sector through rental caps. The Committee will conduct a rigorous review of the stretch element of the EPS performance targets on a regular (at least annual) basis, to ensure they continue to balance the need to be stretching while achievable.

The Committee notes the timing of grant of awards in the first quarter of 2022 and the perception that participants may benefit from 'windfall gains' where awards were made of a value which may have been impacted by a fall in share price. While there was a fall in share price in the first quarter of 2022, awards were made in line with requirements of the LTIP and based on the revised salary for 2022. As such, while there was an increase in the underlying number of shares awarded during 2022 over 2021, there had been a significant decrease from 2020 to 2021, reaffirming the Committee's conviction that the granting of awards to participants is fully aligned with the interests of shareholders as the share price increases or decreases.

Year	Number of shares awarded	Share price at time of grant
2020	437,601	€1.24
2021	335,820	€1.61
2022	430,369	€1.49

As with each award, the Committee will conduct a rigorous evaluation of vesting levels against the shareholder and stakeholder experience at the conclusion of the performance period.

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 2021 of €82,000.

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 2021 were €32k.

Key Priorities of the Remuneration Committee for 2022

1. To review and propose an updated Remuneration Policy that will ensure appropriate Remuneration arrangements are in place in the Group to properly reflect the internalised management structure.
2. To set suitable targets for the bonus scheme and for the long-term incentive scheme for 2023.
3. 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.
4. To ensure alignment of our Remuneration Policy with current governance recommendations.
5. To assess company performance achieved and determine Executive Director incentive outcomes that are appropriate in this context and also aligned with broader stakeholder experience.

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 reviewed the terms of reference for the Remuneration Committee on 17 November 2021 and confirmed that there was no changes required 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://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 2021 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.

Report of the Nomination Committee

–

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 2021.

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 as at 31st December 2021, 42.8% 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's Board Diversity and Inclusion Policy, as updated in 2020 sets targets for female representation on the Board consistent with those targets recommended by the Balance for Better Business Review Group.

This year the Board conducted an internal evaluation of the Board, its main committees, the Chairman and individual directors led by the Company Secretary.

Looking ahead
With two directors, including myself, having served on the Board for eight years, the Nomination Committee will continue to focus on Board succession planning and will have regard to the outputs from the Board skills matrix and the Board Diversity and Inclusion Policy in any such appointments. In terms of director development, 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 term of appointment for Phillip Burns expires at the end of the AGM in 2022.

Meetings of the Nomination Committee Meeting

The Nomination Committee meets at least twice per year and as otherwise required. The Nomination Committee met six (6) times during the period from 1 January 2021 to 31 December 2021. The Nomination Committee members' attendance is set out on page 70.

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 reviewed the terms of reference for the Nomination Committee on 17 November 2021 and confirmed that there were no changes required 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://www.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 2021 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 either advertises directly or uses 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 2021

The Nomination Committee undertook the following key activities during the 2021 financial year:

- developed a work plan for 2021;
- based on the results of the skills matrix completed in 2020 and cognisant of the updated Company Board Diversity and Inclusion Policy, carried out a search process with the assistance of external expertise, and ultimately recommended to the Board the appointment of Stefanie Frensch as a Director of the Board and for membership of the Board Audit and Sustainability Committees with effect from 1 July 2021; and
- considered and recommended to the Board that the appointment of Tom Kavanagh as a director of the Company (and as a member of the Audit Committee and Remuneration Committee) be extended for an additional term of approximately three years expiring at the end of the Company's 2024 annual general meeting;
- considered and recommended to the Board that Mr Tom Kavanagh be appointed as the Chair of the new Board Sustainability Committee for a term of three (3) years expiring at the end of the Company's 2024 annual general meeting;
- 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;
- 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.

There were some changes to the Board composition during 2021.

The Manager's nominee, Director Mark Kenney resigned on 2 July 2021 and was not replaced. With the termination of the IMA with effect from 31 January 2022 the Manager no longer has an entitlement to nominate a member to the Board of the Company. Ms Stefanie Frensch joined the Board on 1 July 2021. The Nomination Committee prepared a position description and engaged Korn Ferry, an international executive search firm, to carry out an extensive search process for suitable candidates for the Board. The Committee considered several candidate reports and reference reports prepared by Korn Ferry, in making their decision for the appointment of Ms Frensch. The Committee noted the background, knowledge, skills and experience of Ms Frensch against the position description previously approved by the Committee and also carried out extensive due diligence including a detailed consideration of other time commitments, and any matters that would likely create any actual or perceived conflict of interest. On completion of this suitability assessment the Nomination Committee recommended the appointment of Ms Frensch to the Board.

Mr. Kavanagh completed 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 were 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.

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 2021, 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	6
Capital Markets	5
General Real Estate Experience	7
Development Experience	5
Environmental Management	3
Legal	4
Tax	3
Human Resources	6
Government Relations	3

Where outside of Board appointments are made 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, are based on a transparent selection process using objective criteria, including consideration of diversity (including gender and ethnicity), 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 as at 31st December 2021. Currently, 42.8%% 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. In addition, the Company was recognised as a best practice leader in the European Women on Boards Gender Equality Index report for diversity and inclusion on the Board and in executive management. The Company ranked 2nd in Ireland among listed companies and 20th overall among 668 listed companies across 19 European countries.

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. It is the Board's intention to implement a broader Diversity and Inclusion Policy to apply to the entire workforce as the integration of the Manager and its workforce is completed during 2022.

With respect to gender quotas, consistent with the targets set by the Balance for Better Business Review Group, the Board had set the following targets for female representation on the Board, and as of 31st December 2021 the Board had surpassed its target for 2021:

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 2022

The Nomination Committee's plan for the 2022 financial year includes:

- implement actions from the 2021 Board Evaluation (see page 71);
- continue to undertake our work in relation to composition and succession planning for the Board;
- having successfully implemented the Board's Diversity and Inclusion Policy in respect of gender diversity, develop a plan to include ethnic diversity in the Board succession planning process;
- continue to assess what enhancements should be made to Board and committee composition;
- 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 Sustainability Committee

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Introductory Statement from the Board Sustainability Committee Chair

Dear Shareholder,

On behalf of the Board Sustainability Committee, it is my pleasure to present the Report of the Board Sustainability Committee for the year ended 31 December 2021.

Sustainability, climate risk and environmental, social, and governance ('ESG') considerations continue to take priority across our business, positively influencing our operations and investment decision making. As one of Ireland's leading providers of private rental accommodation, we strive to increase availability in the market by continued investment, providing professionally operated and high-quality rental accommodation which incorporates environmentally sustainable building management practices and resilience mitigation measures to combat climate change. This ethos informs how we implement our growth strategy and interact with all our stakeholders.

In May 2021, we established a Board Sustainability Committee, which will provide oversight of our multi-year ESG strategy and focus on how the Company will build the necessary expertise and capability, ensuring we meet, and in some instances exceed, Government and EU commitments on climate change. I-RES' ambition is to reduce our carbon emissions in line with the ambition and commitment of the Paris Climate Agreement. We have carried out widespread engagement across all our stakeholder community over the last 18 months to inform our strategy and planning in relation to ESG objectives. We are proud to have received recognition from European Women on Boards 'EWOB' for diversity and inclusion on the Board and executive team. As the Chair of the Board Sustainability Committee, I am delighted to help lead I-RES in delivering a multidimensional approach to good governance and sustainable leadership that ensures that the business continues to perform strongly, while continuing to deliver for all of our stakeholders.

We recognise that Covid-19 has deeply impacted many in our communities and wider society, and we pay tribute to the Irish health service and Government who have successfully led us through the pandemic, allowing us to look forward now with better days ahead. Finally, I wish to extend my thanks to our stakeholders for your trust and ongoing support as we collectively continue to invest and deliver new housing supply, ensuring we continue to sustainably grow the business to meet all stakeholders' needs.

Finally our Sustainability Report which can be accessed electronically at www.iresreit.ie provides further information on our achievements in 2021 and our key priorities for 2022.

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

Tom Kavanagh
Chair of the Board Sustainability Committee

Members:
Tom Kavanagh (Chair), Stefanie Frensch and Margaret Sweeney.

The Board Sustainability Committee is chaired by Tom Kavanagh, an independent non-executive director. The Board is satisfied that the Board Sustainability 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 Board Sustainability Committee as a whole has competence relevant to the sector in which the Company operates.

Meetings of the Board Sustainability Committee

The Board Sustainability Committee was established in May of 2021. It will meet at least four (4) times per year and otherwise as required. The Board Sustainability Committee met three (3) times during the period from 11 May 2021 to 31 December 2021. The Board Sustainability Committee members' attendance at each meeting is set out on page 70.

Terms of Reference and Principal Duties

The terms of reference established for the Board Sustainability Committee were initially approved and adopted by the Board on 11 May 2021. The Board reviewed the terms of reference of the Board Sustainability Committee on 17 November 2021 and confirmed that there was no changes required. The roles and responsibilities delegated to the Board Sustainability Committee under the terms of reference can be accessed electronically at https://www.iresreit.ie/company-and-strategy/corporate-governance.

The Board Sustainability Committee will review its terms of reference on an annual basis and, if necessary, propose for formal Board adoption amendments to the Committee's terms of reference. The Board Sustainability Committee will evaluate its own performance relative to its terms of reference. Following the 2021 annual review, it was concluded that the Board Sustainability Committee was operating effectively.

The Board Sustainability Committee's principal duties include:

- Developing and recommending to the Board the Company's ESG strategy, policies, risks targets and investment required to achieve the Company's ESG strategy;
- Ensuring any ESG commitments are consistent with the Company's business strategy and Code of Ethics;
- Making recommendations to the Board on effective engagement with stakeholders, including employees, and ensuring stakeholder views are taken into account in Board decisions;
- Providing oversight in relation to building ESG competency at the Board and Management level;
- Ensuring appropriate assurance has been provided in relation to any ESG related disclosure or data to be made publicly available;
- Reviewing and recommending to the Board the approval of any ESG disclosure included in the Company's Annual Report;
- Reviewing any submissions by the Company to any benchmark or rating agency;
- Reviewing the results of any benchmark assessment;
- Liaising with the Company's other Board Committees on relevant matters as determined from time to time;
- Ensuring that a periodic evaluation of the Committee's own performance is carried out; and
- At least annually, reviewing the Committee's terms of reference to ensure it is operating at maximum effectiveness and recommending any changes it considers necessary to the Board for approval.

How the Board Sustainability Committee Discharged its Responsibilities in 2021

In the year under review, the principal activities of the Board Sustainability Committee were as follows:

- Drafted and approved the Terms of Reference for the Committee
- Reviewed and approved the Committee Work plan 2021 – 2022
- Reviewed and approved the 2020 GRESB submission completed by Evora
- Reviewed in detail the 2021 GRESB results
- Commissioned external advisers to carry out and reviewed the results of a Materiality Assessment Report and a Carbon Baseline Assessment for the Company
- Reviewed current and forthcoming legislative requirements that could impact the Company in the area of ESG including the Climate Action Act 2021
- Reviewed and recommended to the Board the updated ESG strategy Roadmap
- Reviewed and reconfirmed the ESG Policy

Multi-Year ESG Strategy

Our Multi-Year ESG Strategy consists of six clear guiding principles and objectives which are fundamental to our business and the needs of our stakeholders, helping us to achieve our sustainability goals. Our ambition is to build a sustainable and responsible business that 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.

Guided by our Multi-Year ESG Strategy, we actively work towards aligning our business strategy and objectives with sustainability measures that are supported by the Board, the Company, and key stakeholders and where we can make the greatest impact. For further details on the six guiding principles please see page 11 of the ESG Report.

In 2021 we continued to have widespread engagement with our stakeholders, and this provided valuable input to our first materiality assessment completed during the year. The Materiality Assessment assists us in identifying key priorities for and refinement of our sustainability strategy as well as potential impacts on our business success. Building on the materiality matrix, we have developed a sustainability roadmap and prioritised actions with set targets and milestones over a short, medium- and long-term time horizon across 11 sustainability topics, as follows:

1. Health, Safety & Well-being
2. Business Ethics & Compliance
3. Resident/Tenant Satisfaction
4. Environmental Management
5. Sustainability Governance & Strategy
6. Climate Change
7. Investment & Development
8. Asset Management
9. Data Privacy & Security
10. Employee Attraction & Retention
11. Sustainable Supply Chain Practices

Many of the topics identified as priorities within the materiality assessment are already key considerations for our business, as you will see in the various sections of our ESG report.

Our ambition is to build a sustainable and responsible business that 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 will continue working with key stakeholders to target the sustainability matters and opportunities where we can make the greatest impact.

ESG Strategy	2021 milestones	2022 Focus
1. Integrating Oversight Develop and monitor ESG cross functional policies, objectives, and accountability among I-RES.	↘ Established Board Sustainability Committee and the appointment of Stefanie Frensch ↘ Established Energy Performance Management Committee	↘ Align our sustainability strategy and goals across the business ↘ Review & update Policy in alignment with emerging sustainability policy frameworks & regulatory requirements
2. Advancing Competency Empower our key stakeholders to be advocates and enablers of ESG transparency and performance through training and active engagement.	↘ Delivering cross-functional competency with an average of 22.5 training hours completed by our employees ↘ Diversity and Inclusion Award	↘ Develop and provide sustainability awareness and sector-specific training and development programme to employees
3. Engaging Stakeholders Conduct ongoing engagement with our key stakeholders through frequent reporting, active consultations, and programs.	↘ Completion of the Company's first Materiality assessment, assisted in identifying key priorities and refinement of sustainability strategy and roadmap for 11 areas ↘ Governance & Sustainability Roadshow, led by the Chairman Declan Moylan ↘ 1,300+ residents took part in annual resident satisfaction survey	↘ Continue to engage with key stakeholders on Governance and ESG related matters and opportunities ↘ Establish, monitor & disclose/ report on key performance indicators (and targets) for measuring the performance of resident management-related initiatives
4. Deliver Transparency Establish necessary frameworks, platforms, and practices to build investment-grade ESG data.	↘ Independent third-party assurance, which assesses the quality of our disclosures and reporting processes	↘ Complete climate scenario analysis for our portfolio to assess the impact on physical climate-related risks and opportunities
5. Setting Targets and Monitoring Progress Identify and monitor the progress of our United Nations Sustainable Development Goals (SDG)-aligned goals.	↘ Completion of a carbon baseline assessment, the first step in understanding the company's carbon emissions and for target setting	↘ Sustainability strategy and roadmap ↘ Develop a methodology to set targets, quantify and measure carbon emissions reduction for the operation of our buildings and our supply chain
6. Reporting on Our Performance Build standardized, transparent, and comprehensive ESG disclosures.	↘ Publication of ESG Annual Report ↘ EPRA sBPR Gold Star and Most Improved Company ↘ GRESB one-star award	↘ Further enhance sustainability reporting/ disclosure and explore opportunities for listing on other sustainability/ESG rating indices to meet investors' requirements

Annual ESG Reporting and benchmarking scores

We published our first ESG report in March 2021. Our 2021 ESG report is available at www.iresreit.ie.

We will be making a submission to GRESB again in 2022. We report under several ratings agencies to provide an overview of our Sustainability progress and activities and to allow comparison with our peers and other companies. We have made significant progress across several key ratings criteria, receiving the sBPR Gold award and Most Improved award from EPRA, while also receiving our inaugural GRESB score. Our ambition is to continue to improve these scores on a yearly basis, ensuring that ESG performance is tracked and assessed. It also provides stakeholders with confidence that we are turning our commitments and targets into action and that we are delivering on our ambition to be a sustainability leader in our industry.

Key Priorities of the Board Sustainability Committee for 2022

Looking ahead to the 2022 year, the Board Committee will remain focused on:

- Reviewing and making recommendations to the Board for updates to the ESG Strategy of the Company and the performance against the Key Performance Indicators on ESG.
- Making recommendations for improvements including recommendations on investment required to improve ESG performance.
- Reviewing and recommending updates as required to the ESG Stakeholder Engagement plan.
- Reviewing and recommending updates as required for Policies required to fully implement the Company's ESG Strategy.
- Reviewing and recommending to the Board the approval of ESG related disclosures or data to be made publicly available, whether in the Annual Report or through Company submissions to benchmarking or rating agencies.
- Inviting relevant independent external speakers to present to the Committee on developments and trends in ESG in the real estate rental sector and recommending training for the Committee Chair, the Committee members, Board members and senior management on ESG in the real estate rental sector.
- Reviewing and recommending to the Board the approval of the Company's ESG Report, which is to be published at around the same time as the Company's Annual Report.

		2021	2020
EPRA Sustainability Reporting Awards			**Not rated**
GRESB Global Real Estate Sustainability Benchmark		**One Star**	**Not rated**
MSCI		**BB**	**BB**
ISS E&S Quality Score* ***Highest E&S Disclosure =1**		**Environment** 7 **Social** 9	**Not Available**
Sustainalytics ESG Risk Rating		**22.4** **Medium Risk**	**22.4** **Medium Risk**

Report of the Related Party Committee

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Introductory Statement from the Related Party Committee Chair

Dear Shareholder,

Although not a permanent committee of the Board, given the importance of its role during 2021, on behalf of the Related Party Committee, it is my pleasure to present a Report for the Related Party Committee for the year ended 31 December 2021.

In November 2019, the Related Party Committee was appointed to conduct a scheduled review of the Investment Management Agreement with the Manager and the Services Agreement with CAPREIT LP along with an evaluation of the strategic options available to the Company in relation to these agreements. This committee did not include either Mark Kenney (up to his resignation) 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 deemed appropriate.

The Company received a termination notice in respect of the IMA and Services Agreement from the Manager on 31 March 2021. As a result, the role of the Related Party Committee intensified during 2021. Following the receipt of that twelve month notice of termination the Related Party Committee progressed the review of the Company's strategic options including internalisation of the management of the Company. In line with the terms of the IMA, the Company gave notice of its decision to internalise management, through the acquisition of the Manager, on 5 August 2021, effective 31 January 2022. This acquisition was completed on schedule on 31 January 2022.

This report sets out the operations of the Related Party Committee during the year.

Declan Moylan
Chair of the Related Party Committee

Members:
Declan Moylan (Chair), Margaret Sweeney, Joan Garahy, Tom Kavanagh, Aidan O'Hogan and Stefanie Frensch (joined 5 August 2021).

The Related Party Committee is chaired by Declan Moylan, an independent non-executive director and the Chairman of the Board. With the exception of Margaret Sweeney, who is the CEO and an executive director, all members of the Related Party Committee were independent non-executive directors when appointed by the Board and continue to be independent.

Meetings of the Related Party Committee
The Related Party Committee met fifteen (15) times during the period from 1 January 2021 to 31 December 2021. The Related Party Committee members attendance at each meeting is set out on page 70. The Finance Director and advisers from William Fry LLP, Rothschild & Co, Davy and Grant Thornton attended Committee meetings as required.

How the Related Party Committee Discharged its responsibilities in 2021
The termination of the IMA, notified by the Manager on 31 March 2021, and the subsequent plans for internalisation were complex and multifaceted with lots of potential attendant risks. Plans, processes and negotiations were developed to manage risk and ensure regular reporting to the Related Party Committee across twelve different workstreams.

The internalisation project included:
- the acquisition of the Manager (a wholly owned subsidiary of CAPREIT LP);
- the selection of new Company wide IT systems; the recruitment of key personnel; the transition of services from CAPREIT LP; and
- data migration from CAPREIT's systems to the new IT systems ("Internalisation").

During 2021 the Related Party Committee met at least once per month with Management and all advisers, including Grant Thornton (specifically on IT Infrastructure and Data Migration elements of the internalisation), Rothschild & Co, Davy and William Fry LLP. Each of these meetings included risk assessment and progress reporting on Internalisation across the 12 different workstreams.

Regular reports on Internalisation were also provided to the Board by the Related Party Committee.
After careful consideration of all of the possible options and having taken appropriate independent advice, the Related Party Committee resolved, on 5 August 2021, that it was in the best interests of the Company to internalise the management of the Company including the acquisition of the Manager, subject to receipt of the consent of the Central Bank of Ireland and that the Company should therefore serve notice of termination on the Manager, with effect from 31 January 2022.

As part of its monthly meetings the Related Party Committee:

- Received and reviewed presentations on the process for the review and selection of new Company wide IT systems, ultimately selecting the industry leading cloud-based property Management solution Yardi and the Microsoft Cloud platforms, as part of the preparation for internalisation of management. The Committee continued to review progress on the implementation of these new IT systems throughout 2021;
- Received and reviewed presentations on the data migration plan and process for migrating 7 years' worth of Company data, as well as live data on cutover, from CAPREIT's IT systems to the new Yardi and Microsoft IT systems;
- Received and reviewed presentations on the recruitment of appropriate personnel and the transition process for all corporate functions, including finance, company secretary, legal, internal audit, risk, privacy and marketing and communications, from CAPREIT to the new team in the Company;
- Had continuous engagement with the Company's legal advisers and engagement with CAPREIT LP on progress on the due diligence process on the Manager and ultimately the negotiation and finalisation of the legal agreements for the acquisition of the Manager and the Transition services agreement; and
- Reviewed and approved the required submissions to the Central Bank of Ireland, seeking approval for the acquisition of the Manager, including engagement with the Manager's Board and with CAPREIT LP.

On 29 January 2022 the Related Party Committee approved the Share Purchase Agreement to complete the acquisition of the Manager with effect from 31 January 2022.

As part of the Completion agreements a Transition Services Agreement was put in place on 31 January 2022 between CAPREIT LP, the Manager and the Company for a three-month period. The Related Party Committee continues to monitor the implementation of the Transition Services Agreement.

Report of the Directors

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The directors of the Company present their report and the audited financial statements for the financial period from 1 January 2021 to 31 December 2021.

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 32 contain a review of the development and performance of the business during the year, the state of affairs of the business at 31 December 2021, 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 29 of the Group financial statements on page 169.

The Corporate Governance Statement on pages 67 to 77, the Report of the Audit Committee on pages 78 to 82, the Report of the Remuneration Committee on pages 83 to 100, the Report of the Nomination Committee on page 101 to 104, the Report of the Sustainability Committee on pages 105 to 108 and the Business Review on pages 21 to 32 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 32 and the Risk Report on pages 50 to 62 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 €79.74 million (€74.74 million for the 2020 year). The profit for the year attributable to shareholders amounted to €67.55 million (€58.26 million for the 2020 year). Basic Earnings per Share and Diluted Earnings per Share amounted to 12.8 cents and 12.8 cents, respectively (11.2 cents and 11.1 cents for the 2020 year). EPRA Earnings per Share were 6.0 (6.5 cents for the 2020 year), and EPRA NAV per share was 166.5 cents (160.3 cents as at 31 December 2020). 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 128.

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 2021 to 31 December 2021.

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 2021, the Board paid dividends of approximately €31.2 million for the 2020 accounting period and approximately €15.4 million in respect of the period from 1 January 2021 to 30 June 2021. On 23 February 2022, the directors announced an additional dividend of €16,307,181.54 (dividends per share of 3.08 cents) for the year ended 31 December 2021, to be paid on 29 March 2022 to shareholders on record as of 4 March 2022. This dividend was made up of a Property Income Distribution ("PID"), as defined in the Irish REIT Legislation. Therefore the total dividend paid in respect of the 2021 accounting period was 5.99 cent per share.

Share Capital

The authorised share capital of the Company is 1,000,000,000 ordinary shares of €0.10 each, of which 529,453,946 shares were in issue at 31 December 2021. 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 2021 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 2021 are set out in note 13 of the Group financial statements on page 149.

During the financial period ended 31 December 2021 and as at 23 March 2022, 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.

Interests of Directors and Secretary in Share Capital

The current directors and Secretary, had no interests in the share capital at their date of appointment.

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

Name	Ordinary Shares at 1 January 2021	Ordinary shares at 31 December 2021	% of Company as at 31 December 2021	Outstanding Option Awards as at 1 January 2021	Outstanding Option Awards as at 31 December 2021	Outstanding Restricted Shares pursuant to the LTIP at 31 December 2021	Ordinary Shares as at 23 March 2022
Phillip Burns	–	–	–	–	–	–	–
Stefanie Frensch	–	–	–	–	–	–	30,000
Joan Garahy	34,850	34,850	0.01%	–	–	–	34,850
Tom Kavanagh	81,129	81,129	0.02%	–	–	–	81,129
Mark Kenney	–	–	–	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	247,073	266,413	0.05%	4,596,499	4,596,499	773,421	381,072
Elise Lenser	–	–	–	250,000	–	–	–
Anna-Marie Curry	–	–	–	–	–	25,316	4,143
Totals	**699,826**	**719,166**	**0.14%**	**5,346,499**	**4,596,499**	**798,737**	**867,968**

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 31 December 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 (the "2024 Restricted Shares"). In order for the CEO to receive the 2024 Restricted Shares, she must meet the applicable performance conditions (as disclosed on page 94 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 reflected in the table above under Outstanding Restricted Shares pursuant to the LTIP as at 31 December 2021 for the CEO.

CEO 2021 Bonus Award
An element of the 2021 bonus awarded to the CEO, representing €114,659, was settled as a restricted entitlement, subject to certain conditions, to the beneficial interest in 78,534 ordinary shares in the capital of the Company (the "2021 Restricted Bonus Shares"). The 2021 Restricted Bonus Shares are reflected in the table above for the CEO under "Ordinary Shares as at 23 March 2022".

CEO 2022 LTIP Award
On 23 February 2022 the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 430,369 ordinary shares in the capital of the Company as Restricted Shares under the terms of the LTIP (the "2025 Restricted Shares"). In order for the CEO to receive the 2025 Restricted Shares, she must meet the applicable performance conditions (as disclosed on page 98 of the Report of the Remuneration Committee). The 2025 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2025. The 2025 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 2021 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. 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 powers 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 2021 annual general meeting, the directors were given the power:

- to call a general meeting on 14 clear days' notice
- to consider the continuation in office of KPMG as Auditor
- to fix the remuneration of the Auditor
- to receive and consider the Report of the Remuneration Committee
- to allot relevant securities up to specified limits
- to disapply pre-emption rights
- to make awards under the Company's 2014 Long Term Incentive Plan ("LTIP")
- to disapply pre-emption rights for the purpose of the LTIP
- to make market purchases of the Company's own shares
- to re-issue treasury shares at a specified price range

The authorities described above are due to expire at the conclusion of the 2022 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 2022 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, Stefanie Frensch and Aidan O'Hogan (Senior Independent Director) are non-executive directors. A short biographical note on each director appears on pages 64 to 66. Mark Kenney, who was the Manager's nominee on the Board, resigned his position as a Director on 2 July 2021.

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, Stefanie Frensch, Joan Garahy, Tom Kavanagh, Declan Moylan, Aidan O'Hogan and Margaret Sweeney will retire and, being eligible, will offer himself/herself for re-election at the Company's 2022 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-Mar-14	19-Feb-20	On conclusion of 2023 AGM	3 months
Phillip Burns	23-Mar-16	21-Mar-19	On conclusion of 2022 AGM	3 months
Stefanie Frensch	01-Jul-21	15-Jun-21	On conclusion of 2024 AGM	3 months
Joan Garahy	18-Apr-17	19-Feb-20	On conclusion of 2023 AGM	3 months
Tom Kavanagh	01-Jun-18	03-Mar-21	On conclusion of 2024 AGM	3 months
Aidan O'Hogan	31-Mar-14	19-Feb-20	On conclusion of 2023 AGM	3 months

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 page 87 to 88 of this Report.

Copies of the terms and conditions of appointment for each director are 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

On 31 January 2022 the Company completed the acquisition of the entire issued share capital in the Manager. Since the completion of the acquisition of the Manager and the termination of the IMA on 31 January 2022, the Company is managed by the CEO of the Company under the supervision of the Board. The Company appointed a new Finance Director in April 2021 and Company Secretary in July 2021 each of whom are employed directly by the Company and based in Dublin. At present the Company continues to have in place an alternative investment fund manager's agreement with the Manager (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, property management and other functions to the Manager pursuant to the alternative investment fund manager's agreement. It is proposed that, Irish Residential Properties REIT plc and the Manager will be integrated in 2022, in accordance with the terms of the Central Bank of Ireland (CBI) approval for the acquisition of the Manager, with an application to be made to the CBI for IRES REIT to be an internally managed Alternative Investment Fund by 30 June 2022. Management are in the process of preparing for this integration and the application to the Central Bank of Ireland.

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.

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 did not include either Mark Kenney (up to his resignation) 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.

During 2021 the Related Party Committee met at least once per month with Management and all advisers. In addition, Rothschild & Co reported monthly to the whole Board on progress on the internalisation process.

Corporate Governance

The Company has complied, from 1 January 2021 to 31 December 2021, 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 2021, except as disclosed on page 77 under Compliance with Relevant Codes.

The Corporate Governance Statement on pages 67 to 77 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 54 to 62.

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 2021 and 21 March 2022:

Holder	31 December 2021		21 March 2022	
	Number of Shares	%	Number of Shares	%
CAPREIT Limited Partnership	98,910,000	18.68%	98,910,000	18.68%
FMR LLC	48,281,877	9.14%	48,377,601	9.13%
Setanta Asset Management Limited	42,176,956	7.97%	36,719,012	6.93%
Aviva plc & its Subsidiaries	29,632,848	5.68%	29,632,848	5.68%
APG Asset Management N.V.	26,138,135	5.01%	26,138,135	5.01%
Vision Capital Corporation	26,387,625	5.00%	25,162,625	4.75%
Irish Life Investment Managers Limited	20,838,363	4.99%	20,838,363	4.99%
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%
Hazelview Investments Inc. (formerly Timbercreek Equities Corp.)	13,041,488	2.48%	13,041,488	2.48%

Except as disclosed above, the Company has not been notified as at 21 March 2022 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 2021 and 21 March 2022 was 529,453,946 and 529,578,946 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	Topic	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 22
(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 2021, 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 22 of the Group financial statements on pages 162 to 165. All of the Company's principal subsidiaries are incorporated in Ireland.

Financial Instruments

Financial instruments are set out in note 18 of the Group financial statements on pages 151 to 157.

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 18 of the Group financial statements on pages 151 to 157 and are included in this report by cross reference.

Subsequent Events

Information in respect of events since the year end is contained in note 29 to the Group financial statements on page 169 and are included in this report by cross reference.

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 Derivatives 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 64 to 66 and the disclosures on Directors' Remuneration on page 90 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 2022 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 78 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. The Articles of Association detail the rights attaching to shares in the Company, the method by which 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 23 March 2022 and is signed on their behalf by:

Directors

Declan Moylan
Chairman

Margaret Sweeney

Margaret Sweeney
Executive Director

Statement of Directors' Responsibilities

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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 111 to 118, 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 32 and the Risk Report on pages 50 to 62 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 67 to 77.

Each of the directors, whose names and functions are listed on pages 64 to 66, 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 2021 and of the results of the Group, taken as a whole, for the period 1 January 2021 to 31 December 2021;
- 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 2021, together with a description of the principal risks and uncertainties that the Company and the Group faces; and
- the financial statements 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

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

Dated this 23 day of March 2022

Financial Statements

In this Section:

Independent Auditor's Report
to the Members of Irish Residential Properties Reit plc

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 2021 set out on pages 127 to 184 and contained within the reporting package 635400EOPACLULRENY18-2021-12-31-en.zip, 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, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format (ESEF) 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 2021 and of the Group and Company'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 4 years ended 31 December 2021. 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.
- 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 €1,493 million (2020 - €1,380 million), Company €1,358m (2020 - €1,247 million)

Refer to page 80 (Audit and Risk Committee Report), page 132 to 133 (accounting policy) and pages 140 to 143 (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, 99% of which are located in Dublin. The investment property portfolio is valued at €1,493 million at 31 December 2021 and represents 98% of the Group's total assets and 91% 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 the key control 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 met with the external valuers to understand the valuation of the portfolio. These discussions included gaining an understanding of the external valuers' process; the significant 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 for selected properties 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. » We compared the proceeds received from sales of investment property with the reported fair value which provides an indicator of the accuracy and reliability of historic revaluations. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised. On the basis of the work performed, we found the significant assumptions used in the valuations to be appropriate.

Transactions with related parties

Refer to page 80 (Audit and Risk Committee Report) and pages 160 to 165 (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 disclosures regarding the Investment Management Agreement, the related asset and property management fees, the termination of this agreement and subsequent acquisition of the Investment Manager post 31 December 2021 are significant elements of the Group's financial statements. Due to the significance of these related party transactions this warranted specific audit focus.	» How the matter was addressed in our audit » We obtained an understanding of the process, procedures and controls governing the identification and management of its 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 obtained an understanding of the termination of the Investment Management Agreement and the planned internalisation of the Manager. » We read the relevant Board subcommittee minutes and inspected related announcements, communications and legal documentation in respect of the termination of the Investment Management Agreement and acquisition of the Investment Manager subsequent to the year end. » We considered the disclosures included in the financial statements for consistency with agreements and other related party transactions during the year and subsequent to the year end. 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 €8.8 million (2020: €8.4 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 €1.6 million (2020: €1.7 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 (2020: €0.4 million).

Materiality for the company financial statements as a whole was set at €8.5 million (2020: €8.1 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 (2020: €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, Investment Manager's Statement, Business Review, Market Update, 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 52 to 53 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 119 to 120 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 67 to 77, 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 110N in relation to its remuneration report for the financial year 31 December 2020;

- 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 2020 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 119 to 120, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 67 to 77 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 119 to 120, 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.

23 March 2022
Sean O'Keefe

Sean O'Keefe

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 2021

	Note	31 December 2021 €'000	31 December 2020 €'000
Assets			
Non-Current Assets			
Investment properties	5	**1,493,405**	1,380,354
Property, plant and equipment	7	**9,212**	9,722
		1,502,617	1,390,076
Current Assets			
Other current assets	8	**14,168**	15,502
Derivative financial instruments	17	**931**	770
Cash and cash equivalents		**10,347**	11,193
		25,446	27,465
Total Assets		**1,528,063**	1,417,541
Liabilities			
Non-Current Liabilities			
Bank indebtedness	10	**416,622**	350,049
Private placement note	11	**193,740**	189,002
Lease liability	21	**9,090**	9,486
Derivative financial instruments	17	**3,961**	8,075
		623,413	556,612
Current Liabilities			
Accounts payable and accrued liabilities	9	**15,414**	11,588
Derivative financial instruments	17	**—**	84
Security deposits		**7,796**	7,562
		23,210	19,234
Total Liabilities		**646,623**	575,846
Shareholders' Equity			
Share capital	13	**52,945**	52,507
Share premium		**504,470**	500,440
Share-based payment reserve		**1,093**	1,169
Cashflow hedge reserve	17	**(348)**	(77)
Retained earnings		**323,280**	287,656
Total Shareholders' Equity		**881,440**	841,695
Total Shareholders' Equity and Liabilities		**1,528,063**	1,417,541
IFRS Basic NAV per share	26	**166.5**	160.3

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

D Moylan

Declan Moylan
Chairman

Margaret Sweeney

Margaret Sweeney
Executive Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Note	31 December 2021 €'000	31 December 2020 €'000
Operating Revenue			
Revenue from investment properties	14	**79,744**	74,744
Operating Expenses			
Property taxes		**(712)**	(754)
Property operating costs		**(15,992)**	(14,215)
		(16,704)	(14,969)
Net Rental Income ("NRI")		**63,040**	59,775
General and administrative expenses	15	**(11,665)**	(7,396)
Asset management fee	22	**(4,814)**	(4,444)
Share-based compensation expense	12	**(276)**	(322)
Net movement in fair value of investment properties	5	**34,934**	19,092
Gain on disposal of investment property	5	**905**	4,432
Gain on derivative financial instruments	17	**59**	709
Depreciation of property, plant and equipment	7	**(519)**	(526)
Lease interest	6	**(232)**	(241)
Financing costs	16	**(13,886)**	(12,816)
Profit for the Year		**67,546**	58,263
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	17	**4,737**	(4,533)
Cash flow hedges - cost of hedging deferred	17	**378**	163
Cash flow hedges - reclassified to profit or loss	17	**(5,386)**	4,293
Other Comprehensive (loss) for the period		**(271)**	(77)
Total Comprehensive Income for the Year Attributable to Shareholders		**67,275**	58,186
Basic Earnings per Share (cents)	25	**12.8**	11.2
Diluted Earnings per Share (cents)	25	**12.8**	11.1

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	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 2021		**52,507**	**500,440**	**287,656**	**1,169**	**(77)**	**841,695**
Total comprehensive income for the year							
Profit for the year		—	—	67,546	—	—	67,546
Other comprehensive loss for the year		—	—	—	—	(271)	(271)
Total comprehensive income for the year		—	—	67,546	—	(271)	67,275
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	—	—	—	276	—	276
Share issuance	13	438	4,030	352	(352)	—	4,468
Dividends paid	20	—	—	(32,274)	—	—	(32,274)
Transactions with owners, recognised directly in equity		438	4,030	(31,922)	(76)	—	(27,530)
Shareholders' Equity at 31 December 2021		**52,945**	**504,470**	**323,280**	**1,093**	**(348)**	**881,440**

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 period		—	—	58,263	—	—	58,263
Other comprehensive loss 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	20	—	—	(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**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	31 December 2021 €'000	31 December 2020 €'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit for the Year		**67,546**	58,263
Adjustments for non-cash items:			
Fair value adjustment - investment properties	5	**(34,934)**	(19,092)
Gain on disposal of investment property	5	**(905)**	(4,432)
Depreciation of property, plant and equipment	7	**519**	526
Amortisation of other financing costs	21	**1,644**	1,409
Share-based compensation expense	12	**276**	322
Gain on derivative financial instruments	17	**(59)**	(709)
Allowance for expected credit loss	18(b)	**626**	991
Straight-line rent adjustment	5	**1,113**	44
Interest accrual relating to derivatives		**—**	5
Total adjustments for non-cash items		**35,826**	37,327
Net income items relating to financing and investing activities	21	**12,474**	11,648
Changes in operating assets and liabilities	21	**4,785**	(416)
Net Cash Generated from Operating Activities		**53,085**	48,559
Cash Flows from Investing Activities			
Net proceeds from disposal of investment property	5	**4,359**	47,895
Deposits on acquisitions		**(5,470)**	(5,444)
Acquisition of investment properties		**(56,442)**	(17,470)
Development of investment properties		**(9,361)**	(15,799)
Investment property enhancement expenditure		**(11,002)**	(10,336)
Direct leasing cost		**(149)**	(150)
Purchase of property, plant and equipment	7	**(9)**	(160)
Net Cash Used in Investing Activities		**(78,074)**	(1,464)
Cash Flows from Financing Activities			
Financing fees	21	**(830)**	(2,595)
Interest paid	21	**(12,825)**	(10,771)
Credit Facility drawdown	21	**89,500**	17,000
Credit Facility repayment	21	**(23,500)**	(218,000)
Proceeds from private placement debt	21	**—**	196,342
Cash settlement on exchange of swap		**—**	2,511
Lease payment	6	**(396)**	(386)
Proceeds on issuance of shares	21	**4,468**	3,536
Dividends paid to shareholders	20	**(32,274)**	(30,518)
Net Cash Generated from/(Used in) Financing Activities		**24,143**	(42,881)
Changes in Cash and Cash Equivalents during the Year		**(846)**	4,214
Cash and Cash Equivalents, Beginning of the Year		**11,193**	6,979
Cash and Cash Equivalents, End of the Year		**10,347**	11,193

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

Notes to 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".

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.

On 31 January 2022, IRES acquired IRES Fund Management Limited (its Manager and a wholly owned subsidiary of CAPREIT) and terminated the IMA. Under the Central Bank approval for this acquisition, IRES must make an application to fully internalize within 5 months.

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 2021 in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), 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 2021 and 31 December 2020 has been prepared under the historical cost convention, as modified by the fair value 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 are prepared on a going concern basis of accounting.

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 2021 to 31 December 2021.

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 99%. 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 €115 million from its RCF (as defined below in note 10) while maintaining a maximum 50% Loan to value ratio as at 31 December 2021, as required by REIT legislation, and is maintaining a minimum cash balance of €10 million for liquidity purposes. As at 31 December 2021, the current undrawn RCF amount is €180 million. The Group generated a positive cashflow from operations and a profit for the year ended 31 December 2021. Accordingly, the Directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for 12 months from the date of approval of the financial statements and consider it appropriate that they continue to adopt 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 owners' 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 owners' management companies in which it holds majority voting rights. For further details, please refer to note 22.

2. Significant Accounting Policies (continued)

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**"), fair value is defined 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.

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) arising 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 (RICS) Valuation Standards 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.

2. Significant Accounting Policies (continued)

c) *Investment properties and investment properties under development* (continued)

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.

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.

2. Significant Accounting Policies (continued)

f) IFRS 9, Financial Instruments ("IFRS 9") (continued)

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.

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	FVPL	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

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 initially at fair value on the consolidated statement of financial position and are subsequently accounted for at amortised cost.

Other liabilities
Such financial liabilities are initially recorded at fair value and subsequently accounted for 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.

2. Significant Accounting Policies (continued)

f) *IFRS 9, Financial Instruments ("IFRS 9")* (continued)

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.

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.

2. Significant Accounting Policies (continued)

g) *IFRS 16, Leases* (continued)

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.

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 ("IFRS15"). 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.

2. Significant Accounting Policies (continued)

h) IFRS 15, Revenue from Contracts with Customers ("IFRS 15") (continued)

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.

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 paid 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.

Corporation tax is 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 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. The excess consideration for shares above nominal value is recorded as share premium.

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, and in particular will include the Group's property assets at their fair value assessed independently by valuers.

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 and employees also qualify as 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.

2. Significant Accounting Policies (continued)

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.

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 2021 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:

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.

Rent Concessions – Lessee Relief Extended (Amendments to IFRS 16), IASB effective date 1 April 2022.
Covid-19 related rent concessions amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concession that are a direct consequence of Covid-19. The amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

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 3 Business Combinations - the amendment updates the outdated reference in IFRS 3 in related to reference to the conceptual framework without significantly changing its requirement.

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.

Definition of Accounting Estimates (Amendments to IAS 8), IASB effective date: 1 January 2023.
The amendments make a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies much be applied retrospectively while changes in accounting estimates are accounted for prospectively.

IFRS 17 Replaces IFRS 4 Insurance Contracts, IASB effective date: 1 January 2023.
IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. It removes existing inconsistencies and enables investors, analysts and others to meaningfully compare companies, contracts and industries.

The Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), IASB effective date for IAS 1: 1 January 2023.
Under the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. To support the amendments, IASB has development guidance and examples to illustrate how the 'four-step materiality process' should be applied in IFRS Practice Statement 2.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), effective date 1 January 2023.
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

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 significant. See note 18(a) and note 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 2021 to 31 December 2021

Investment property acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs €'000
Phoenix Park	26 January 2021	146	West Dublin	61,559
Richmond Gardens	11 March 2021	1	City Centre	506
Bakers Yard	16 March 2021	1	City Centre	277
		148		**62,342**

Properties under development

Property	Development Contract Date	Apartment Count	Region	Total Costs Spent in 2020 €'000	Total Development Cost spent to date €'000
Bakers Yard	10 January 2020	61	City Centre	9,135	14,459

Disposals

Name	Apartment Count	Other Land and Property	Region	Net proceeds from Disposition €'000
Tallaght Cross West	–	Unit C4 and Food Court	West Dublin	1,598
Elmpark	7		South Dublin	2,755
	7			**4,353**

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	North Dublin	19,330
		55		**19,330**

4. Recent Investment Property Acquisitions, Developments and Disposals (continued)

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	Region	Total Costs Spent in 2020 €'000	Total Development Cost spent to date €'000
Bakers Yard	10 January 2020	61	City Centre	5,324	5,324

Disposals

Name	Apartment Count	Other Land and Property	Region	Net proceeds from disposition €'000
The Laurels	19	1 Commericial 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.

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.

Approximately 60% of the fair values of all of the Group's investment properties as at 31 December 2021 are determined by CBRE Unlimited Company ("CBRE") and the remaining by Savills, the Group'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 discuss 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.

5. Investment Properties (continued)

Valuation basis (continued)

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 2021, the Company incurred development costs of €9.1 million (31 December 2020: €8.0 million) relating to the properties under development. At the reporting date, the only property under development is Bakers Yard.

The cumulated borrowing costs of €206,000 (€92,000 as at 31 December 2020) are included in capitalised development expenditures. The weighted average interest rate used to capitalise the borrowing costs was 1.80% (31 December 2020: 1.77%).

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 2021, 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.

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 €264.1 million reduction in fair value while a decrease of 1% in the Equivalent Yield would result in a fair value increase of €417.4 million. An increase between 1% - 4% in Stabilised NRI would result in a fair value increase from €14.5 million to €58.0 million respectively in fair value, while a decrease between 1% - 4% in Stabilised NRI would have the impact ranging from €14.5 million to €58.0 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 €16.7 million for the year ended 31 December 2021 (31 December 2020: €15.0 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.

5. Investment Properties (continued)

Sensitivity analysis (continued)

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 2021 and 31 December 2020 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.

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 2021 is presented below:

As at 31 December 2021

Type of Interest	Fair Value €'000	WA Stabilised NRI[(1)] €'000	Rate Type[(2)]	Max.	Min.	Weighted Average
Income properties	1,450,635	2,875	Equivalent Yield	5.43%	3.90%	4.53%
Properties under development	18,000	1,113	Equivalent Yield	4.25%	4.25%	4.25%
			Average Development Cost (per sq ft.)	€378.3	€378.3	€378.3
Development land[(3)]	24,770	n/a	Market Comparable (per sq ft.)	€140.9	€27.5	€134.6
Total investment properties	**1,493,405**					

(1) WA Stabilised 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 an input to determine the fair value of the investment properties.
(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 2020

Type of Interest	Fair Value €'000	WA Stabilised NRI[(1)] €'000	Rate Type[(2)]	Max.	Min.	Weighted Average
Income 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.)	€361.8	€361.8	€361.8
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 Stabilised 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 input to determine the fair value of the investment properties.
(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 2021

	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000
Balance at the beginning of the year	**1,346,683**	**8,901**	**24,770**	**1,380,354**
Acquisitions	**62,342**	**—**	**—**	**62,342**
Development expenditures	**—**	**9,135**	**56**	**9,191**
Property capital investments	**11,002**	**—**	**—**	**11,002**
Capitalised leasing costs(1)	**(1,113)**	**—**	**—**	**(1,113)**
Direct leasing costs(2)	**149**	**—**	**—**	**149**
Disposition(3)	**(3,454)**	**—**	**—**	**(3,454)**
Unrealised fair value movements	**35,026**	**(36)**	**(56)**	**34,934**
Balance at the end of the year	**1,450,635**	**18,000**	**24,770**	**1,493,405**

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(4)	38,631	(35,631)	(3,000)	—
Property capital investments	9,986	—	—	9,986
Capitalised leasing costs(1)	(44)	—	—	(44)
Direct leasing costs(2)	150	—	—	150
Disposition (5)	(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

(1) Straight-line rent adjustment for commercial leasing.
(2) Includes cash outlays for leasing.
(3) Food court and unit C4 at Tallaght Cross West were disposed of for net proceeds of €1.6 million resulting in a gain of €870,000. Furthermore, 7 units at Elm Park were disposed for net proceeds of €2.8 million resulting in a gain of €35,000.
(4) 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.
(5) 151 residential units were disposed of for net proceeds of €47.9 million resulting in a gain of €4.4 million.

Most of the residential leases are for one year or less.

The carrying value of the Group's investment properties of €1,493.4 million at 31 December 2021 (€1,380.4 million at 31 December 2020) 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)

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 2021	Land and Buildings (€'000)
Balance at the beginning of the year	9,576
Depreciation charge for the year	(506)
Balance at the end of the year (Note 7)	**9,070**

For the year ended 31 December 2020	Land and Buildings (€'000)
Balance at the beginning of the year	10,083
Depreciation charge for the year	(507)
Balance at the end of the year (Note 7)	**9,576**

Amounts recognised in profit or loss
For the year ended 31 December 2021, I-RES recognised interest on lease liabilities of €232,000. (31 December 2020: €241,000)

Amounts recognised in statement of cash flows
For the year ended 31 December 2021, I-RES's total cash outflow for leases was €396,000. (31 December 2020: €386,000)

Refer to note 21 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 2021	10,114	219	10,333
Additions	–	9	9
As at 31 December 2021	**10,114**	**228**	**10,342**
Accumulated amortisation			
As at 1 January 2021	(538)	(73)	(611)
Change for the year	(506)	(13)	(519)
As at 31 December 2021	**(1,044)**	**(86)**	**(1,130)**
As at 31 December 2021	**9,070**	**142**	**9,212**

	Land and Buildings €'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)
Change for the year	(507)	(19)	(526)
As at 31 December 2020	**(538)**	**(73)**	**(611)**
As at 31 December 2020	**9,576**	**146**	**9,722**

8. Other Assets

As at	31 December 2021 €'000	31 December 2020 €'000
Other Current Assets		
Prepayments(1)	**2,242**	2,651
Deposits on acquisitions(2)	**10,099**	10,529
Other receivables(3)	**466**	674
Trade receivables	**1,361**	1,648
Total	**14,168**	**15,502**

(1) Includes specific costs relating to preparing planning applications of development lands and costs associated with ongoing transactions.
(2) Includes deposit paid for the Merrion Road and Ashbrook properties.
(3) Relates to levies received in respect of services to be incurred.

9. Accounts Payable and Accrued Liabilities

As at	31 December 2021 €'000	31 December 2020 €'000
Accounts Payable and Accrued Liabilities[1]		
Rent - early payments	**3,411**	3,358
Trade creditors	**726**	645
Accruals[2]	**10,799**	7,494
Value Added Tax	**478**	91
Total	**15,414**	11,588

(1) The carrying value of all accounts payable and accrued liabilities approximates their fair value.
(2) Includes property related accruals, development accruals, professional fee accruals, property management fees and asset management fees accruals.

10. Credit Facility

As at	31 December 2021 €'000	31 December 2020 €'000
Bank Indebtedness		
Loan drawn down	**420,020**	354,020
Deferred loan costs	**(3,398)**	(3,971)
Total	**416,622**	350,049

The Revolving Credit Facility of €600 million has a five-year term with an effective date of 18 April 2019 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. 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.

The interest on the RCF is set at the annual rate of 1.75%, plus the one-month EURIBOR rate (at the option of I-RES). There are commitment fees charged on the undrawn loan amount of the RCF. The effective interest rate for the RCF is 2.42%.

On 25 February 2021, the Company exercised an option for a one-year extension with three of the five banks (Ulster Bank Ireland DAC, Bank of Ireland, and Allied Irish Banks) for €395 million of the Revolving Credit Facility with the new maturity date of 18 April 2025. On 11 February 2022, the Company exercised an option for an extension with all five banks (Ulster Bank Ireland DAC, Bank of Ireland, Allied Irish Bank, Barclays Bank plc and HSBC Bank plc) for the entire €600 million facility with the new maturity date of 18 April 2026.

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 matured on 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 had an effective date of 15 September 2017 and matured on 14 January 2021. I-RES has not entered into a new interest rate swap since the maturity of this arrangement.

The interest rate swap agreements effectively converted 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 17 for further details).

I-RES has complied with all its debt financial covenants to which it was subject during the year and post year-end.

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 and an effective interest rate of 2.07%. Interest is paid semi-annually on 10 March and 10 September.

The Notes have been placed in four tranches:

As at	Maturity	Contractual interest rate	Derivative Rates	31 December 2021 €'000	31 December 2020 €'000
EUR Series A Senior Secured Notes	10 March 2030	1.83%	n/a	**90,000**	90,000
EUR Series B Senior Secured Notes	10 March 2032	1.98%	n/a	**40,000**	40,000
USD Series A Senior Secured Notes	10 March 2027	3.44%	1.87%	**43,922**	40,923(1)
USD Series B Senior Secured Notes	10 March 2030	3.63%	2.25%	**21,960**	20,462(2)
				195,882	191,385
Deferred financing costs, net				**(2,142)**	(2,383)
Total				**193,740**	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"). For details on options granted under the LTIP, please refer to the statutory financial statements prepared for the year ended 31 December 2020. As at 31 December 2021, the maximum number of additional options, or Restricted Share Units ("RSU") issuable under the LTIP is 21,325,010 (31 December 2020: 21,444,849).

LTIP

For the year ended	2021 WA exercise price(1)	31 December 2021	31 December 2020
Share Options outstanding as at 1 January	1.32	**9,096,499**	12,496,499
Issued, cancelled or granted during the period:			
Exercised or settled	1.02	**(4,375,000)**	(3,400,000)(3)
Share Options outstanding as at 31 December(2)	1.59	**4,721,499**	9,096,499

(1) Weighted average exercise price for share options outstanding as at 1 January 2020 was 1.24, 1.04 for options exercised or settled in 2020 and 1.32 for share options outstanding at 31 December 2020.
(2) Of the Share Options outstanding above, 3,855,999 were exercisable at 31 December 2021 (31 December 2020: 7,365,499).
(3) See note 22 for more details.

The fair value of options has been determined as at the grant date using the Black-Scholes model.

12. Share-based Compensation (continued)

b) Restricted Stock Unit Awards

On 5 March 2021, I-RES granted the Chief Executive Officer 335,820 RSU awards. These awards have a vesting period of three years from 5 March 2021 and a holding period of two years from the vesting date. The share price as at 5 March 2021 was €1.61. The ultimate settlement of the RSU award is dependent on market and other conditions, which are 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	50 %	Non-market

Performance level	Vesting level	EPS portion (50% weighting) Percentage growth in EPS: 2023 compared to base year of 2020(1)	TSR portion (50% weighting) 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.

On 5 August 2021, I-RES granted employees 221,519 RSU awards. These awards have a vesting period of three years from 5 August 2021 and a holding period of five years and one month from the vesting date. The share price as at 5 August 2021 was €1.58. The ultimate settlement of the RSU award is dependent on market and other conditions, which are 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	50 %	Non-market

Performance level	Vesting level	EPS portion (50% weighting) Percentage growth in EPS: 2023 compared to base year of 2020(1)	TSR portion (50% weighting) 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.

On 27 March 2020, I-RES granted the Chief Executive Officer 437,601RSU 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 are 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	50 %	Non-market

12. Share-based Compensation (continued)

b) Restricted Stock Unit Awards (continued)

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.

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.

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.

50% of the award is subject to an EPS measure and 50% is subject to a TSR measure relative to constituents of the FTSE EPRA/NAREIT Europe Developed Index. Results and inputs are summarised in the table below:

		2021 RSU Award	2020 RSU Award
Fair value per award (TSR tranche) (per share)		**€0.70 to €0.75**	**€0.57**
Inputs	**Source**		
Three year Risk free interest rate (%)	European Central Bank	(0.69%) to (0.85%)	(0.70%)
Three year Historical volatility		25.68% to 25.80%	22.21%
Fair value per award (EPS tranche) (per share)		**€1.22 to €1.33**	**€1.05**
Inputs	**Source**		
Two year Risk free interest rate (%)	European Central Bank	(-0.70%) to (-0.79%)	(0.71%)
Two year Expected volatility		22.45% to 29.77%	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 the year ended 31 December 2021 was €87,000 (31 December 2020: €232,000) and total share-based compensation expense relating to restricted stock unit awards for the year ended 31 December 2021 was €189,000 (31 December 2020: €90,000).

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 are be issued in registered form and are transferable.

13. Shareholders' Equity (continued)

The number of shares authorised is as follows:

For the year ended	31 December 2021	31 December 2020
Authorised Share Capital Ordinary shares of €0.10 each	**1,000,000,000**	1,000,000,000

The number of issued and outstanding ordinary shares is as follows:

For the year ended	31 December 2021	31 December 2020
Ordinary shares outstanding, beginning of year	**525,078,946**	521,678,946
New shares issued[(1)]	**4,375,000**	3,400,000
Ordinary shares outstanding, end of year	**529,453,946**	525,078,946

(1) In 2021, 4,375,000 shares were issued for options 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 2021 €'000	31 December 2020 €'000
Rental Income	**68,966**	66,055
Revenue from services	**9,626**	7,962
Car park income	**1,152**	727
Revenue from contracts with customers	**10,778**	8,689
Total Revenue	**79,744**	74,744

15. General and Administrative Costs

	31 December 2021 €'000	31 December 2020 €'000
Recurring general and administrative expenses	**6,235**	5,062
Non-recurring costs	**5,430**	2,334
General and administrative expenses	**11,665**	7,396

Recurring general and administrative expenses include costs such as director fees, executives' and employees' salaries, professional fees for audit, legal and advisory services, depository fees, property valuation fees, insurance costs and other general and administrative expenses. Non-recurring G&A are primarily legal, consulting and advisory expenses that relate to the termination of the Investment Management Agreement, Internalisation of the Manager and other one off third party advisory services.

Of the costs incurred in 2021; (i) €0.4 million relate to an aborted transaction due to Covid-19; (ii) €0.8 million for legal, IT and business feasibility studies associated with the termination notice issued by the Manager and the decision of the Group to acquire the Manager; and (iii) €4.2 million associated with the internalisation of the Manager comprising the transition of corporate support functions, the complex and extensive process of implementing company-wide IT systems and necessary data transfers, and legal costs associated with the preparation for the acquisition of the Manager.

The non-recurring costs in 2020 related to costs associated with transactions that could not be closed due to the Covid-19 pandemic and other third party advisory services.

16. Financing costs

	31 December 2021 €'000	31 December 2020 €'000
Financing costs on RCF	**9,963**	9,910
Financing costs on private placement debt	**4,926**	4,003
Foreign exchange loss/ (gain) on private placement debt	**4,497**	(4,956)
Reclassed from OCI	**(5,386)**	4,293
Gross financing costs	**14,000**	13,250
Less: Capitalised interest	**(114)**	(434)
Financing costs	**13,886**	12,816

17. Realised and Unrealised Gains and Losses on Derivative Financial Instruments

Interest rate swap

In 2021, a fair value gain of €59,000 (31 December 2020: gain of €709,000) has been recorded in the consolidated statement of profit or loss and other comprehensive income. The fair value of the interest rate swaps entered into in 2017 which expired in January 2021 had a liability of €nil at 31 December 2021 (31 December 2020: liability of €84,000).

Cross-currency swap

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 on 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 recognised through profit or loss within financing costs.

In 2021, the ineffective portion that has been recorded in the consolidated statement of profit or loss and other comprehensive income was €nil and the effective portion of €4,737,000 (31 December 2020: effective portion of €4,533,000) was included in the cash flow hedge reserve along with a cost of hedging of €378,000 (31 December 2020: cost of hedging of €163,000). The fair value of the cash flow hedge was an asset of €931,000 and a liability of €3,961,000 at 31 December 2021(31 December 2020: asset of €770,000; liability of €8,075,000).

18. 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 2021, aggregated by the level in the fair value hierarchy within which those measurements fall.

18. Financial Instruments, Investment Properties and Risk Management (continued)

a) *Fair Value of Financial Instruments and Investment Properties* (continued)

As at 31 December 2021, the fair value of the Group's private placement debt is estimated to be €203.7 million (31 December 2020: €197.4 million) 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 rates for similar financial instruments with similar duration, terms and conditions, which are considered Level 2 inputs. The private placement debt is recorded at amortised cost of €193.7 million (31 December 2020: €189.0 million).

As at 31 December 2021, 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 2021	**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	**—**	**—**	**1,493,405**	**1,493,405**
Derivative financial instruments	**—**	**931**	**—**	**931**
	—	**931**	**1,493,405**	**1,494,336**
Recurring Measurements – Liability				
Derivative financial instruments[2]	**—**	**(3,961)**	**—**	**(3,961)**
Total	**—**	**(3,030)**	**1,493,405**	**1,490,375**

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
	—	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

(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 liquid 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.

18. 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 is 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, deposits 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 notes that are 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 utilises cross currency swaps to hedge the foreign exchange risk associated with a portion of the Group'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 on 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 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 that 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.

Cash flow hedges
At 31 December 2021, the Group held the following instruments to hedge exposures to changes in foreign currency:

As at	31 December 2021	31 December 2027	31 December 2030
Cross Currency Swaps			
Net exposure (€'000)	68,852	22,951	—
Average fixed interest rate	2.00%	2.25%	—

18. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

Cash flow hedges (continued)
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	4,737	4,737

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	931	(3,961)	(5,115)	—	Gain on derivative financial instruments	(5,386)	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 2021	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	17	931	(931)	—
Financial liabilities				
Derivative financial instruments	17	(3,961)	931	(3,030)

Managing interest rate benchmark reform and associated risks
The Group does not have any exposures to IBORs on its financial instruments due to IBOR reform as fixed to fixed rates are used. IBOR reform does not impact the Group's risk management and hedge accounting. The Group has EURIBOR on its RCF, which is not impacted by the interest rate benchmark reform.

18. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

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 2021, I-RES' RCF was drawn for €420.0 million. The interest on the RCF is paid at a rate of 1.75% per annum plus the higher of the one-month EURIBOR rate (at the option of I-RES) or at a floor of zero if EURIBOR is negative. The Company's private placement debt has a fixed rate of 1.92%. The Group does not currently expect EURIBOR to go above zero in the short term and is monitoring the medium term outlook to determine whether additional interest rate hedging is required. For the year ended 31 December 2021, a 100-basis point change in interest rates would have the following effect:

As at 31 December 2021	Change in interest rates Basis Points	Increase (decrease) in net income €'000
EURIBOR rate debt[1]	+100	**(1,789)**
EURIBOR rate debt[2]	-100	**—**

(1) Based on the fixed margin of 1.75% plus the one-month EURIBOR rate as at 31 December 2021 of -0.574% on the RCF.
(2) Based on the fixed margin of 1.75% plus the floor of zero on the RCF.

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 RCF.
(2) Based on the fixed margin of 1.75% plus the floor of zero on 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.

18. Financial Instruments, Investment Properties and Risk Management (continued)

b) *Risk Management* (continued)

Liquidity risk (continued)
The following tables show the Group's contractual undiscounted maturities for its financial liabilities:

As at 31 December 2021	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	**420,020**	–	–	–	420,020	–
Bank indebtedness interest [2]	**21,734**	3,645	3,705	7,350	7,034	–
Private placement debt[3]	**195,882**	–	–	–	–	195,882
Private placement debt interest[3]	**32,203**	2,374	2,374	4,748	14,244	8,463
Lease liability	**11,454**	314	314	628	1,883	8,315
Other liabilities	**11,525**	11,525	–	–	–	–
Security deposits	**7,796**	7,796	–	–	–	–
	700,614	25,654	6,393	12,726	443,181	212,660
Derivative financial liabilities						
Forward exchange rate used for hedging:						
Outflow	**(77,961)**	(687)	(687)	(1,374)	(4,122)	(71,091)
Inflow[3]	**80,970**	1,154	1,154	2,308	6,924	69,430
	3,009	467	467	934	2,802	(1,661)

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.
(3) Based on forward foreign exchange rates as at 31 December 2021.

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[3]	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.
(3) Based on forward foreign exchange rates as at 31 December 2020.

18. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

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.

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 €626,000 for the year ended 31 December 2021 and is recorded as part of property operating costs in the consolidated statement of profit or loss and other comprehensive income (31 December 2020: €991,000).

Cash and cash equivalents are held with major Irish and European institutions which have credit ratings of A and AAA respectively. The Company deposits cash with a number of 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 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 continue 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 2021, capital consists of equity and debt, and Group Total Gearing was 40.7%. 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 as required under the REIT legislation.

19. Taxation

I-RES elected for REIT status on 31 March 2014. As a result, from that date the Group is exempt from paying Irish corporation tax on the profits and gains it makes from qualifying rental businesses 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, 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.

20. 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 6 August 2021, the Directors resolved to pay an additional dividend of €15.4 million for the six months ended 30 June 2021. The dividend of 2.91 cents per share was paid on 10 September 2021 to shareholders on record as at 20 August 2021.

On 19 February 2021, the Directors resolved to pay an additional dividend of €16.9 million for the year ended 31 December 2020. The dividend of 3.22 cents per share was paid on 20 April 2021 to shareholders on record as at 26 March 2021.

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.

Distributable reserves in accordance with the Irish REIT Regime were calculated as follows:

	31 December 2021 €'000	31 December 2020 €'000
Profit for the year	**67,546**	58,263
Less: unrealized gain on net movement in fair value of investment properties	**(34,934)**	(19,092)
Property Income of the Property Rental Business	**32,612**	39,171
Add back:		
Share-based compensation expense	**276**	322
Unrealised change in fair value of derivatives	**(59)**	(709)
Distributable Reserves	**32,829**	38,784

21. Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Financing costs as per the consolidated statement of profit or loss and other comprehensive income	**13,886**	**12,816**
Interest expense accrual	**237**	**(1,311)**
Capitalised interest	**114**	**434**
Lease interest	**232**	**241**
Less: amortisation of financing fees	**(1,644)**	**(1,409)**
Interest Paid on Loan Drawn Down	**12,825**	**10,771**

Net income items relating to financing and investing activities

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Financing Costs on Credit Facility	**13,886**	12,816
Amortisation of other financing costs	**(1,644)**	(1,409)
Lease interest	**232**	241
Net income items relating to financing and investing activities	**12,474**	11,648

21. Supplemental Cash Flow Information (continued)

Changes in operating assets and liabilities

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Prepayments	**409**	(350)
Trade receivables	**(339)**	(676)
Other receivables	**208**	(97)
Accounts payable and other liabilities	**4,273**	303
Security deposits	**234**	404
Changes in operating assets and liabilities	**4,785**	(416)

Issuance of Shares

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Issuance of shares	**4,468**	3,536
Issuance costs	**—**	—
Net proceeds	**4,468**	3,536

Changes in liabilities due to financing cash flows

		Changes from Financing Cash Flows				Non-cash Changes					
Liabilities	**1 January 2021**	**Proceeds from private placement debt**	**Revolving Credit Facility drawdown**	**Revolving Credit Facility repayment**	**Lease payments**	**Financing fees**	**Amortisation of other financing costs**	**Foreign exchange**	**Gain on derivatives**	**Change in fair value of hedging instruments**	**31 December 2021**
Bank indebtedness	354,020	—	89,500	(23,500)	—	—	—	—	—	—	420,020
Deferred loan costs, net	(3,971)	—	—	—	—	(800)	1,373	—	—	—	(3,398)
Private placement debt	191,385	—	—	—	—	—	—	4,497	—	—	195,882
Deferred loan costs, net	(2,383)	—	—	—	—	(30)	271	—	—	—	(2,142)
Derivative financial instruments	8,159	—	—	—	—	—	—	—	—	(4,114)	4,045
Lease liability	9,486	—	—	—	(396)	—	—	—	—	—	9,090
Total liabilities from financing activities	**556,696**	**—**	**89,500**	**(23,500)**	**(396)**	**(830)**	**1,644**	**4,497**	**—**	**(4,114)**	**623,497**

21. Supplemental Cash Flow Information (continued)

Liabilities	1 January 2020	Changes from Financing Cash Flows: Proceeds from private placement debt	Revolving Credit Facility drawdown	Revolving Credit Facility repayment	Lease payments	Financing fees on private placement debt	Non-cash Changes: 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**

22. Related Party Transactions

CAPREIT LP has an indirect 18.7% 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.

On 31 March 2021, the Company received a 12- months' notice of termination from the Manager. The notice stated that the termination of the Investment Management Agreement will take effect on 31 March 2022.

As previously disclosed, the Investment Management Agreement provides that if I-RES determines that it is in its best interests to internalise the management of the Company that the Company will 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.

On 29 January 2022, the Company and CAPREIT entered into binding legal agreements pursuant to which the Company exercised its right under the IMA and purchased the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1, effective from 31 January 2022 ("Completion"). As the Investment Manager serves as the Company's alternative investment fund manager ("AIFM") under the Alternative Investment Fund Managers Regulations 2013 ("AIFM Regulations"), the Company has also received the necessary approvals from the CBI to acquire the shares in the Investment Manager, subject to a requirement that all aspects of the Investment Manager's business be transferred to the Company and an application be submitted to the CBI for the Company to become authorised as an internally managed AIF within five months after the date of Completion of the acquisition of the Investment Manager.

22. Related Party Transactions (continued)

The Company has agreed to enter into a transitional services agreement with CAPREIT (the "Transitional Services Agreement") with effect from Completion, pursuant to which CAPREIT will continue to provide certain transitional assistance to the Company for a period of three months to facilitate the migration of data and implementation of new IT systems in the company. The service charges for the transitional services will be calculated in the same manner as such charges were calculated for the equivalent services prior to the date of the Transitional Services Agreement (being 3.0% per annum equivalent of the Company's gross rental income as property management fees and 0.5% per annum equivalent of its net asset value, net of employee costs relating to staff of the Investment Manager who will transition with the AIFM on completion of its acquisition). The Company estimates that such charges will equate to approximately €360,000 per month for the duration of the Transitional Services Agreement and are separate to the once-off costs incurred by the Company to date.

For the year ended 31 December 2021, I-RES incurred €4.8 million in asset management fees. In addition, €2.4 million in property management fees were incurred and recorded under operating expenses. For the year ended 31 December 2020, €4.4 million in asset management fees and €2.2 million in property management fees were recorded. For the year ended 31 December 2021, CAPREIT LP charged back €2.5 million (31 December 2020: €2.3 million) relating to salaries and €0.5 million (31 December 2020: € nil) relating to Internalisation.

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €2.2 million as at 31 December 2021 (€1.4 million as at 31 December 2020) 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 2021 (€0.2 million as at 31 December 2020) related to the leasing of office space.

The rental income for the office spaces leased by IRES Fund Management for the year ended 31 December 2021 was €135,000 (€145,000 for the year ended 31 December 2020). The leases expired on 1 December 2021 and then operates on a month to month basis.

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 2021, CAPREIT LP's beneficial interest in I-RES is 18.7% (31 December 2020: 18.8%).

As part of these assignments on 20 November 2020, Mark Kenney assigned 1,000,000 of his I-RES options to the QIAIF.

Options

On 4 June 2021, Mark Kenney exercised his option to acquire 500,000 Ordinary Shares in I-RES for an exercise price of €1.005 with a gain of €287,500.

Remuneration

Total remuneration is comprised of remuneration of the non-executive directors of €€505,000 for the year ended 31 December 2021 and €433,000 for the year ended 31 December 2020, 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.

22. Related Party Transactions (continued)

Details of the owners' management companies in which the Group had an interest during the year ended 31 December 2021, 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	191.8	—	—
GC Square (Residential) Owners' Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	The Marker Residences	81.0	301.3	—	—
Lansdowne Valley Owners' Management Company						
Limited by Guarantee(5)	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Lansdowne Gate	78.6	700.7	—	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	66.2	191.6	—	—
Rockbrook Grande Central Owners' Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Grande Central	73.5	363.9	—	—
Rockbrook South Central Owners' Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	South Central	80.0	555.2	—	—
Rockbrook Estate Management Company						
Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Rockbrook Commercial	92.9(2)	23.7	—	—

22. Related Party Transactions (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 Estate Management Company						
Limited by Guarantee	Charter House, 5 Pembroke Row, Dublin 2 D02 FW61	Tallaght Commercial	75.0	636.7	—	—
TC West Residential Owners' Management Company						
Limited by Guarantee[4]	Charter House, 5 Pembroke Row, Dublin 2 D02 FW62	Tallaght Residential	87.2	1,133.7	—	—
Gloucester Maple Owners' Management Company						
Limited By Guarantee	Ti Phuirseil Freeport, Barna, Galway H91 W90P	City Square	89.3	86.6	—	—
Elmpark Green Residential Owners' Management Company						
Limited By Guarantee	2 Lansdowne, Shelbourne Ballsbridge Dublin 4	Elmpark Green	60.5	508.3	—	127.8
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	256.6	—	—
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						
Limited By Guarantee	City Junction Business Park, Northern Cross, Malahide Road Dublin 17	Burnell Green Northern Cross Dublin 17	93.2	164.4	—	—

22. Related Party Transactions (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
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	12.7	1,041.5	–	–
GC Square Management Company						
Limited by Guarantee	2nd Floor, Guild House Guild Street, Dublin 1	The Marker Commercial	48.0	3.2	3.2	–
Sandyford Forum Management Company Company						
Limited by Guarantee	28/30 Burlington Road Dublin 4	The Forum	6.3	15.3	–	6.1
Stapolin Management Company						
Limited By Guarantee	15 Adelaide Street Dun Laoghaire Co Dublin A96 D8Y9	Staploin	11.4	49.8	–	12.8
Red Arches Management Company						
Limited by Guarantee	16 Adelaide Street Dun Laoghaire Co Dublin A96 D8Y9	Red Arches	4.7	28.6	–	7.9
Stillbeach Management Company						
Company Limited By Guarantee	Wyse 9 Lower Baggot Street Dublin 2 D02 XN82	Beechwood Court Stillorgan Co Dublin	32.0	276.2	–	–
Burnell Court Management Company						
Company Limited By Guarantee	City Junction Business Park, Northern Cross, Malahide Road Dublin 17	Burnell Court Northern Cross Dublin 17	25.8	90.3	–	–
Carrington Park Residential Property Management Company						
Limited By Guarantee	Rfpm Ulysses House Foley Street Dublin 1, D01 W2T2	Carrington Park Dublin 9	40.8	287.8	–	–

22. Related Party Transactions (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
Heywood Court Management Company (Dublin)						
Company Limited By Guarantee	Lansdowne Partnership, 69 Mespil Road, Dublin 4	Heywood Court Dublin 9	43.3	84.7	22.1	—
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	29.4	105.0	—	—
Belville Court Management Company						
Company Limited By Guarantee	1/2 Windsor Terrace, Dun Laoghaire, Co Dublin	Belville Dublin 18	47.5	55.1	22.9	—
Malahide Waterside Management Company						
Limited By Guarantee	Office 3 The Eden Business Centre, Grange Road, Rathfarnham, Dublin 16, D16 T293	Waterside	9.6	15.5	—	5.2
PPRD Management Company						
CLG	Wyse Property Management Ltd., 94 Baggot Street Lower, Dublin 2,Dublin, D02 XN82	Phoenix Park 1	21.8	211.3	94.8	—
PPRD 2 Management Company						
CLG	21 Pembroke Road, Dublin 2, Dublin, D04k225, Ireland, D04 K225	Phoenix Park 2	30.2	41.7	18.7	—
Total				**8,049.9**	**161.7**	**413.5**

(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 Lansdowne Valley Management Company Company Limited by Guarantee.
(6) Formerly known as BSQ Management Company Company Limited by Guarantee.

All of the owners' management companies are incorporated in Ireland and are property management companies. As noted above, as at 31 December 2021, €161,700 is payable and €413,500 is prepaid by the Group to the owners' management companies. As at 31 December 2020, €111,500 was payable and €823,600 was prepaid by I-RES to the owners' management companies.

23. 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, fire remedial levies were approved by the members of the Beacon South Quarter owners' management company. I-RES' portion of these fire remedial levies as at 31 December 2021 is circa €0.5 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.

24. 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 the first quarter of 2022 and the remaining consideration as at 31 December 2021 is circa €43.5 million.

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 at 31 December 2021 is circa €3.8 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 2021 is circa €0.4 million.

In October 2021, the Company entered into a contract for fire remedial works at one property for a total of circa €1.0 million and the remaining amount as at 31 December 2021 is circa €0.7 million.

25. Earnings/(loss) 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 2021	31 December 2020
Profit attributable to shareholders of I-RES (€'000)	**67,546**	58,263
Basic weighted average number of shares	**527,412,302**	522,069,110
Diluted weighted average number of shares(1)(2)	**528,130,822**	524,130,528
Basic Earnings/(loss) per share (cents)	**12.8**	11.2
Diluted Earnings/(loss) per share (cents)	**12.8**	11.1

(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 2021, 4,596,499 options (31 December 2020: 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.

25. Earnings/(loss) per Share (continued)

EPRA Earnings per Share

For the year ended	31 December 2021	31 December 2020
Profit for the year (€'000)	**67,546**	58,263
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	**(34,934)**	(19,092)
Profit or losses on disposal of investment property	**(905)**	(4,432)
Changes in fair value of derivative financial instruments (€'000)	**(59)**	(709)
EPRA Earnings (€'000)	**31,648**	34,030
Basic weighted average number of shares	**527,412,302**	522,069,110
Diluted weighted average number of shares	**528,130,822**	524,130,528
EPRA Earnings per share (cents)	**6.0**	6.5
EPRA Diluted Earnings per share (cents)	**6.0**	6.5

26. 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 2021

	EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	**881,440**	**881,440**	**881,440**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	—	—	—
Fair value of fixed interest rate debt (€'000)	—	—	**(10,008)**
Real estate transfer cost (€'000)[3]	**75,372**	—	—
EPRA net assets (€'000)	**956,812**	**881,440**	**871,432**
Number of shares outstanding	**529,453,946**	**529,453,946**	**529,453,946**
Diluted number of shares outstanding	**529,498,519**	**529,498,519**	**529,498,519**
Basic Net Asset Value per share (cents)	**166.5**	**166.5**	**166.5**
EPRA Net Asset Value per share (cents)	**180.7**	**166.5**	**164.6**

26. Net Asset Value per Share (continued)

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 cost (€'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

(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 has 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 assets 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 2021 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, 4.46% for residential apartment units and 12.46% for houses and duplexes.

27. 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 period were as follows:

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Directors' remuneration		
Short-term employee benefits	**1,503**	962
Pension costs	**60**	60
Other benefits[1]	**83**	139
Share-based payments[2]	**276**	322
Total	**1,922**	1,483

(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 2021.

27. Directors' Remuneration, Employee Costs and Auditor Remuneration (continued)

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Employees costs		
Salaries, benefits and bonus	**1,600**	678
Social insurance costs	**126**	112
Pension costs	**66**	65
Share-based payments	**276**	322
Total	**2,068**	1,177

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Auditor remuneration (including expenses)(1)		
Audit of the Group accounts	**135**	135
Other assurance services(2)	**15**	15
Non-assurance services(3)	**37**	100
Total	**187**	250

(1) Included in the auditor remuneration for the Group is an amount of €125,000 (31 December 2020: €125,000) that relates to the audit of the Company's financial statements.
(2) Non-audit remuneration for 31 December 2021 and 31 December 2020 relates to review of interim financial statements
(3) Non-assurance services advisory fee for Sustainability Advisory Services (31 December 2020: for transaction that did not close due to Covid-19).

28. 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.

29. Subsequent Events

On 5 January 2022, I-RES announced that it has executed two contracts for the acquisition of 152 residential units at Ashbrook, Clontarf for a purchase price of €66 million (including VAT but excluding other transaction costs). I-RES completed the handover of 86 units on 20 January 2022 and a further 22 units will complete in H1 2022. The second is a forward purchase contract where I-RES has further committed to acquire 44 new build apartments on an adjoining development site with delivery anticipated for H2 2023. The acquisition will be funded from the Company's existing credit facilities.

On 11 February 2022, the Company exercised an option for an extension with all five banks (Ulster Bank Ireland DAC, Bank of Ireland, Allied Irish Bank, Barclays Bank plc and HSBC Bank plc) for the entire €600 million facility with the new maturity date of 18 April 2026.

On 29 January 2022, the Company and CAPREIT entered into binding legal agreements pursuant to which the Company exercised its right under the IMA and purchased the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1, effective from 31 January 2022 ("Completion"). The consideration is subject to adjustment pursuant to a completion accounts process. This includes an initial payment by the Company on completion of approximately €1.1 million in respect of the net cash acquired and a working capital adjustment, based on 31 January 2022 closed accounts 60 business days post Completion. An initial assignment of fair values to identifiable net assets acquired has not been completed given it is impractical due to the timing of the closure of this transaction.

Company Statement of Financial Position
As at 31 December 2021

		31 December 2021	31 December 2020
Assets			
Non-Current Assets			
Investment properties	III	**1,358,245**	1,247,332
Investment in subsidiary	VI	**873**	873
Property, plant and equipment	V	**9,213**	9,722
		1,368,331	1,257,927
Current Assets			
Loan advances to the subsidiary	VI	**98,558**	97,513
Other current assets	VIII	**14,006**	15,229
Cash and cash equivalents		**9,394**	10,847
		121,958	123,589
Total Assets		**1,490,289**	1,381,516
Liabilities			
Non-Current Liabilities			
Bank indebtedness	X	**416,623**	350,049
Private placement debt	XI	**128,572**	128,421
Loan advances from the subsidiary	VII	**68,852**	68,852
Lease liability	IV	**9,090**	9,486
		623,137	556,808
Current Liabilities			
Accounts payable and accrued liabilities	IX	**14,157**	10,996
Derivative financial instruments	XVI	—	84
Security deposits		**7,225**	6,980
		21,382	18,060
Total Liabilities		**644,519**	574,868
Shareholders' Equity			
Share capital	XIII	**52,945**	52,507
Share premium	XIII	**504,471**	500,440
Other reserve		**1,093**	1,169
Retained earnings		**287,261**	252,532
Total Shareholders' Equity		**845,770**	806,648
Total Shareholders' Equity and Liabilities		**1,490,289**	1,381,516

Company profit after tax for the financial year ended 31 December 2021 was €66.7 million (31 December 2020: €60.1 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 2021

	Note	31 December 2021 €'000	31 December 2020 €'000
Operating Revenue			
Revenue from investment properties	XIV	**73,549**	67,744
Operating Expenses			
Property taxes		**(633)**	(687)
Property operating costs		**(14,654)**	(12,137)
		(15,287)	(12,824)
Net Rental Income ("NRI")		**58,262**	54,920
General and administrative expenses		**(11,554)**	(7,349)
Asset management fee	XXI	**(4,814)**	(4,444)
Share-based compensation expense	XII	**(276)**	(322)
Net movement in fair value of investment properties	III	**34,046**	20,920
Gain on disposal of investment properties		**905**	4,432
Gain on derivative financial instruments		**59**	709
Depreciation of property, plant and equipment		**(519)**	(526)
Lease interest		**(232)**	(241)
Operating Profit		**75,877**	68,099
Finance costs	XV	**(13,902)**	(12,667)
Interest from intercompany loan	VI	**4,676**	4,673
Profit for the Year		**66,651**	60,105
Total Comprehensive Income for the Year Attributable to Shareholders		**66,651**	60,105
Basic Earnings per Share (cents)	XXIII	**12.6**	11.5
Diluted Earnings per Share (cents)	XXIII	**12.6**	11.5

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

Company Statement of Changes in Equity
For the year ended 31 December 2021

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Other Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2021		**52,507**	**500,440**	**252,532**	**1,169**	**806,648**
Total comprehensive income for the year						
Profit for the year		—	—	66,651	—	66,651
Total comprehensive income for the year		—	—	66,651	—	66,651
Transactions with owners, recognised directly in equity						
Long-term incentive plan	XII	—	—	—	276	276
Share issuance	XII	438	4,031	352	(352)	4,469
Dividends paid	XIX	—	—	(32,274)	—	(32,274)
Transactions with owners, recognised directly in equity		438	4,031	(31,922)	(76)	(27,529)
Shareholders' Equity at 31 December 2021		**52,945**	**504,471**	**287,261**	**1,093**	**845,770**

	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**

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

Company Statement of Cash Flows
For the year ended 31 December 2021

	Note	31 December 2021 €'000	31 December 2020 €'000
Cash Flows from Operating Activities			
Operating Activities			
Total Comprehensive Income/ (Loss) for the Period Attributable to Shareholders		**66,651**	60,105
Adjustments for non-cash items:			
Fair value adjustment - investment properties		**(34,227)**	(20,919)
Gain on disposal of investment property		**(905)**	(4,432)
Depreciation of property, plant and equipment		**519**	526
Amortisation of other financing costs		**1,555**	1,337
Share-based compensation expense		**276**	322
Gain on derivative financial instruments		**(59)**	(709)
Allowance for ECL		**545**	842
Straight-line rent adjustment	III	**1,106**	37
Interest accrual relating to derivatives		**—**	5
		35,642	37,114
Financing costs and interest received		**7,903**	6,898
Changes in operating assets and liabilities	XX	**4,108**	(1,618)
Net Cash Generated from Operating Activities		**46,654**	42,394
Cash Flows from Investing Activities			
Net proceeds from disposal of investment property		**4,359**	47,895
Deposit on acquisitions		**(5,470)**	(5,444)
Acquisition of investment properties		**(56,442)**	(17,470)
Development of investment properties		**(9,305)**	(15,759)
Investment property enhancement expenditure		**(9,642)**	(8,483)
Direct leasing cost	III	**(127)**	(150)
Purchase of property, plant and equipment	V	**(10)**	(160)
Interest receivable from subsidiary	VI	**3,893**	4,673
Advances to subsidiary	VI	**(262)**	(501)
Net Cash Used in Investing Activities		**(73,187)**	4,601
Cash Flows from Financing Activities			
Financing fees on Credit Facility		**(830)**	(1,718)
Interest paid	XX	**(12,888)**	(10,732)
Credit Facility drawdown	XX	**89,500**	17,000
Credit Facility repayment	XX	**(23,500)**	(218,000)
Proceeds from private placement debt	XX	**—**	130,000
Loan advances from the subsidiary	XX	**—**	68,852
Lease payment	XX	**(386)**	(386)
Proceeds on issuance of shares	XX	**4,469**	3,536
Dividends paid to shareholders		**(32,274)**	(30,518)
Net Cash (Used in)/Generated from Financing Activities		**(24,327)**	(41,966)
Changes in Cash and Cash Equivalents during the Year		**(1,453)**	5,029
Cash and Cash Equivalents, Beginning of the Year		**10,847**	5,818
Cash and Cash Equivalents, End of the Year		**9,394**	10,847

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

Notes to Company 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.

» *Investment in subsidiaries*
Investment in subsidiaries is shown at cost less provision for any impairment or diminution in value.

» *Intercompany loan*
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 €241.5 million reduction in fair value while a decrease of 1% in the Equivalent Capitalisation Rate would result in a fair value increase of €380.7 million. An increase between 1% and 4% in Stabilised NRI would have an impact ranging from €53.3 million to €13.3 million respectively in fair value, while a decrease between 1% and 4% in Stabilised NRI would have the impact ranging from €53.3 million to €13.3 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 2021 and 2021 is presented below:

As at 31 December 2021

Type of Interest	Fair Value €'000	WA NRI[1] €'000	Rate Type[2]	Max.	Min.	Weighted Average
Investment properties	1,332,595	2,883	Equivalent Yield	5.43 %	3.90 %	4.55 %
Properties under development	18,000	1,113	Equivalent Yield	4.25 %	4.25 %	4.25 %
		n/a	Average Development Cost (per sq ft.)	€378.3	€378.3	€378.3
Development land[3]	7,650	n/a	Market Comparable (per sq ft.)	€133.5	€27.5	€120.7
Total fair value	**1,358,245**					

(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 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.

(III) Investment Properties (continued)

The following table summarises the changes in the investment properties portfolio during the years:

For the year ended 31 December 2021

	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000
Balance at the beginning of the year	**1,230,781**	**8,901**	**7,650**	**1,247,332**
Additions:				
Acquisitions	**62,342**	—	—	**62,342**
Development expenditures	—	**9,135**	—	**9,135**
Reclassification	—	**i.**	—	—
Property capital investments and intensification	**9,642**	—	—	**9,823**
Capitalised leasing costs[1]	**(1,106)**	—	—	**(1,106)**
Direct leasing costs[2]	**127**	—	—	**127**
Disposals[3]	**(3,454)**	—	—	**(3,454)**
Unrealised fair value gain adjustments	**34,263**	**(36)**	—	**34,046**
Balance at the end of the year	**1,332,595**	**18,000**	**7,650**	**1,358,245**

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	1,178,087	36,000	10,700	1,224,787
Additions:				
Acquisitions	19,330	—	—	19,330
Development expenditures	7,865	—	—	
Reclassification[4]	38,631	(35,631)	(3,000)	—
Property capital investments and intensification	9,639	—	—	9,639
Capitalised leasing costs	(37)	—	—	(37)
Direct leasing costs	150	—	—	150
Disposals[5]	(43,463)	—	—	(43,463)
Unrealised fair value gain adjustments	20,579	577	(237)	20,919
Balance at the end of the year	1,230,781	8,901	7,650	1,247,332

(1) Straight-line rent adjustment.
(2) Includes cash outlays for new tenants.
(3) Disposed of unit C4 and the food court at Tallaght Cross West for net proceeds of €1.6 million resulting in a gain of €870,000. Furthermore, 7 units at Elm Park were disposed for net proceeds of €2.8 million resulting in a gain of €35,000.
(4) 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.
(5) 151 residential units were disposed of for net proceeds of €47.9 million resulting in a gain of €4.4 million.

The carrying value for the Company of €1,358.2 million for the investment properties at 31 December 2021 (€1,247.3 million at 31 December 2020) 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 2021 €'000	31 December 2020 €'000
Balance at the beginning of the year	**97,513**	97,012
Interest income	**4,676**	4,673
Interest received	**(3,893)**	(5,012)
Advances to (repayments from) subsidiary	**262**	840
Balance at the end of the year	**98,558**	97,513

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 €98.6 million as at 31 December 2021 (€97.5 million as at 31 December 2020), 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 2021

	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 2021 €'000	31 December 2020 €'000
Prepayments(1)	**2,230**	2,417
Deposits on acquisitions(2)	**10,099**	10,529
Other receivables(3)	**467**	674
Trade receivables	**1,211**	1,609
Total	**14,007**	15,229

(1) Includes specific costs relating to preparing planning applications of development lands and costs associated with ongoing transactions.
(2) Includes deposits paid for the Merrion Road and Ashbrook properties.
(3) Relates to levies received in respect of services to be incurred.

(IX) Accounts Payable and Accrued Liabilities

As at	31 December 2021 €'000	31 December 2020 €'000
Accounts Payable and Accrued Liabilities[1]		
Rent - early payments	**3,126**	3,133
Trade creditors	**584**	624
Accruals[2]	**9,980**	7,158
Value added tax	**467**	81
Total	**14,157**	10,996

(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:

As at 31 December 2021

	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			**(1,428)**
Total			**128,572**

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 2021 €'000	31 December 2020 €'000
Rental Income	**63,800**	59,508
Revenue from services	**8,644**	7,577
Car park income	**1,085**	659
Revenue from contracts with customers	**9,749**	8,236
Total Revenue	**73,549**	67,744

(XV) Finance cost

	31 December 2021 €'000	31 December 2020 €'000
Financing costs on RCF	**9,963**	9,910
Financing costs on private placement debt	**2,612**	2,111
Financing costs on Loans from advances from subsidiary	**1,441**	1,080
Gross financing costs	**14,016**	13,101
Less: Capitalised interest	**(114)**	(434)
Financing costs	**13,902**	12,667

(XVI) Realised and Unrealised 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.

(XVII) 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 2021, and aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 31 December 2021, the fair value of the Company's private placement debt is estimated to be €132.4 million. (31 December 2020: €101.3 million). The fair value of the Company's loan advances from subsidiary is estimated to be €71.3 million. (31 December 2020: €57.8 million). 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.

(XVII) Financial Instruments, Investment Properties and Risk Management (continued)

a) *Fair value of financial instruments and investment properties* (continued)

As at 31 December 2021

	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	—	—	1,358,245	1,358,245
Recurring Measurements - Liability				
Derivative financial instruments[2]	—	—	—	—
Total	—	—	1,358,245	1,358,245

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

(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.

b) *Risk management*

For further information on risk management, refer to note 17(b) of the consolidated financial statements.

As at 31 December 2021	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	420,020	—	—	—	420,020	—
Bank indebtedness interest[2]	21,734	3,645	3,705	7,350	7,034	—
Private Placement Debt	130,000	—	—	—	—	130,000
Private Placement Debt interest	22,324	1,220	1,220	2,440	7,320	10,124
Loan advance from the subsidiary	68,852	—	—	—	—	68,852
Interest payable for loan advance from the subsidiary	8,709	657	657	1,314	3,942	2,139
Lease liability	11,140	314	628	1,883	8,315	—
Derivative financial instruments	—	—	—	—	—	—
Other liabilities	10,567	10,567	—	—	—	—
Security deposits	7,225	7,225	—	—	—	—
	702,448	23,628	6,210	12,987	446,631	212,992

(XVII) Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk management (continued)

As at 31 December 2020	Total	6 months or less[1]	6 to 12 months[1]	1 to 2 years[1]	2 to 5 years[1]	More than 5 years[1]
	€'000	€'000	€'000	€'000	€'000	€'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	10,915	10,915	–	–	–	–
Security deposits	6,980	6,980	–	–	–	–
	638,398	23,198	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.

(XVIII) 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 2021 €'000	31 December 2020 €'000
Financing costs on credit facility	**13,902**	12,667
Interest expense accrual	**195**	(1,273)
Lease interest	**232**	241
Capitalised interest	**114**	434
Less: amortisation of arrangement fee	**(1,554)**	(1,337)
Interest paid	**12,889**	10,732

(XX) Supplemental Cash Flow Information (continued)

Breakdown of operating income items related to financing and investing activities (continued)

Changes in operating assets and liabilities

For the year ended	31 December 2020	31 December 2020
	€'000	€'000
Prepayments	**187**	**(131)**
Trade receivables	**(147)**	**(628)**
Other receivables	**207**	**(97)**
Accounts payable and other liabilities	**3,615**	**(1,192)**
Security deposits	**245**	**430**
Changes in operating assets and liabilities	**4,107**	**(1,618)**

Issuance of Shares

For the year ended	31 December 2021 €'000	31 December 2019 €'000
Issuance of shares	**4,469**	3,536
Issuance costs	**—**	—
Net proceeds	**4,469**	3,536

Changes in liabilities due to financing cash flows

	Changes from Financing Cash Flows					Non-cash Changes			
Liabilities	**1 January 2021**	**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 2021**
Bank indebtedness	354,020	89,500	(23,500)	—	—	—	—	—	420,020
Deferred loan costs, net	(3,971)	—	—	—	(800)	1,374	—	—	(3,397)
Private placement debt	130,000	—	—	—	—	—	—	—	130,000
Deferred loan costs, net	(1,579)	—	—	—	(30)	181	—	—	(1,428)
Loan advances from the subsidiary	68,852	—	—	—	—	—	—	—	68,852
Derivative financial instruments	84	—	—	—	—	—	(25)	(59)	—
Lease liability	9,486	—	—	(396)	—	—	—	—	9,090
Total liabilities from financing activities	556,892	89,500	(23,500)	(386)	(830)	1,555	(25)	(59)	623,147

(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 €98.6 million as at 31 December 2021 (€97.5 million as at 31 December 2020), net of repayments. This receivable is interest bearing and repayable on demand. The total amount in aggregate payable from the subsidiary amounted to €68.9 million as at 31 December 2021 (€68.9 million as at 31 December 2020).

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 2021	31 December 2020
Profit attributable to shareholders of I-RES (€'000)	**66,651**	60,105
Basic weighted average number of shares	**527,412,302**	522,069,110
Diluted weighted average number of shares	**528,130,822**	524,130,528
Basic Earnings per share (cents)	**12.6**	11.5
Diluted Earnings per share (cents)	**12.6**	11.5

For further information on EPRA Earnings per share, refer to note 24 of the consolidated financial statements.

For the year ended	31 December 2021	31 December 2020
Earnings per IFRS statement of profit or loss and other comprehensive income (€'000)	**66,651**	60,105
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early close out of debt instrument (€'000)	**—**	—
Changes in fair value on investment properties (€'000)	**(34,046)**	(20,920)
Profit or losses on disposal of investment property	**(905)**	(4,432)
Changes in fair value of derivative financial instruments (€'000)	**(59)**	(709)
EPRA Earnings (€'000)	**31,641**	34,044
Basic weighted average number of shares	**527,412,302**	522,069,110
EPRA Earnings per share (cents)	**6.0**	6.5

(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 2021

	EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	**845,770**	**845,770**	**845,770**
Adjustments to calculate EPRA net assets exclude:			
Fair value of fixed interest rate debt (€'000)	**—**	—	(6,322)
Real estate transfer tax (€'000)[3]	**69,889**	—	—
EPRA net assets (€'000)	**915,659**	**845,790**	**839,448**
Number of shares outstanding	**529,453,946**	**529,453,946**	**529,453,946**
Diluted number of shares outstanding	**529,498,519**	**529,498,519**	**529,498,519**
Basic Net Asset Value per share (cents)	**159.7**	**159.7**	**159.7**
EPRA Net Asset Value per share (cents)	**172.9**	**159.7**	**158.5**

(XXIV) Net Asset Value per Share (continued)

EPRA NAV per Share

As at 31 December

	EPRA NRV	2020 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**

(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 2021 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:

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 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. 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 2021	31 December 2020
EPRA Earnings	€'000	**31,648**	34,030
EPRA EPS	€ cents/share	**6.0**	6.5
Diluted EPRA EPS	€ cents/share	**6.0**	6.5
EPRA NRV	€'000	**956,812**	903,917
EPRA NRV per share	€ cents/share	**180.7**	171.8
EPRA NTA	€'000	**881,440**	841,779
EPRA NTA per share	€ cents/share	**166.5**	159.9
EPRA NDV	€'000	**871,432**	877,914
EPRA NDV per share	€ cents/share	**164.6**	166.8
EPRA NIY	%	**4.2%**	4.2%
EPRA "topped up" NIY	%	**4.2%**	4.2%
EPRA vacancy rate	%	**1.0%**	1.7%

Supplementary Information

EPRA Earnings per Share

For the year ended	31 December 2021	31 December 2020
Profit for the year (€'000)	**67,546**	58,263
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early close out of debt instrument (€'000)	**—**	—
Changes in fair value on investment properties (€'000)	**(34,934)**	(19,092)
Profit or losses on disposal of investment property	**(905)**	(4,432)
Changes in fair value of derivative financial instruments (€'000)	**(59)**	(709)
EPRA Earnings (€'000)	**31,648**	34,030
Basic weighted average number of shares	**527,412,302**	522,069,110
Diluted weighted average number of shares	**528,130,822**	524,130,528
EPRA Earnings per share (cents)	**6.0**	6.5
EPRA Diluted Earnings per share (cents)	**6.0**	6.5

EPRA NAV per Share
As at 31 December 2021

	EPRA NRV	EPRA NTA(1)	EPRA NDV(2)
Net assets (€'000)	**881,440**	**881,440**	**881,440**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	**—**	**—**	**—**
Fair value of fixed interest rate debt (€'000)	**—**	**—**	**(10,008)**
Real estate transfer tax (€'000)(3)	**75,372**	**—**	**—**
EPRA net assets (€'000)	**956,812**	**881,440**	**871,432**
Number of shares outstanding	**529,453,946**	**529,453,946**	**529,453,946**
Diluted number of shares outstanding	**529,498,519**	**529,498,519**	**529,498,519**
Basic Net Asset Value per share (cents)	**166.5**	**166.5**	**166.5**
EPRA Net Asset Value per share (cents)	**180.7**	**166.5**	**164.6**

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

(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 2021 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, 4.46% for residential apartment units and 12.46% for houses and duplexes.

Supplementary Information

EPRA Net Initial Yield (NIY)

As at	31 December 2021 (€'000)	31 December 2020 (€'000)
Annualised passing rent	**81,393**	74,249
Less: Operating expenses[1] (property outgoings)	**(17,093)**	(14,850)
Annualised net rent	**64,300**	59,399
Notional rent expiration of rent-free periods[2]	**—**	21
Topped-up net annualised rent	**64,300**	59,420
Completed investment properties	**1,450,635**	1,346,683
Add: Allowance for estimated purchaser's cost	**75,372**	62,138
Gross up completed portfolio valuation	**1,526,007**	1,408,821
EPRA Net Initial Yield	**4.2%**	4.2%
EPRA topped-up Net Initial Yield	**4.2%**	4.2%

(1) Calculated based on the net rental income to operating revenue ratio of 79.1%.
(2) For the year ended 31 December 2021.

EPRA Vacancy Rate[3]

As at	31 December 2021 (€'000)	31 December 2020 (€'000)
Estimated rental value of vacant space	**820**	1,203
Estimated rental value of the portfolio	**78,635**	72,762
EPRA Vacancy Rate	**1.0%**	1.7%

(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 2021 (€'000)	31 December 2020 (€'000)
Acquisitions	461	336
Development	9,191	16,102
Like-for-like[4]	10,541	9,650
Total Capital Expenditure	20,193	26,088

(4) For 2021, Like-for-like is defined as properties held as of 31 December 2020.

IRES REIT, IRES Fund Management and CAPREIT Senior Management

IRES REIT

Brian Fagan
Finance Director of I-RES
Brian Fagan joined the Company as Finance Director with effect from 26 April 2021. Brian is a Chartered Accountant with extensive experience in the property industry. He joined IRES REIT from his role as Chief Financial Officer with Island Capital. Brian previously held roles with Ballymore Properties and DCC plc.

Anna-Marie Curry
Company Secretary and General Counsel of I-RES
Anna-Marie Curry joined IRES REIT as Company Secretary & General Counsel with effect from 1 July 2021. Anna-Marie is a Solicitor, and previously worked with Arthur Cox and joined the Company from her role as Company Secretary and General Counsel with Bord na Móna plc.

IRES Fund Management and CAPREIT

Mark Kenney
President, Chief Executive Officer and a trustee of CAPREIT
Mark Kenney joined the Board of I-RES as IRES Fund Nominee in 2019 and resigned in July 2021. Mr Kenney is a trustee on the board of CAPREIT and the President and Chief Executive Officer of CAPREIT. Mr Kenney oversees the strategy and the allocation of CAPREIT's capital in Canada and Europe.

Jodi Lieberman
Chief People, Culture and Brand 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.

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 was also a director of IRES Fund Management Limited and supported 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
Senior Vice President Finance at CAPREIT LP
Priyanka Taneja was CFO of I-RES until internalisation on 31 January 2022 and 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 led 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 was 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 annualise 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;

"Adjusted 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 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.

"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
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