IRISH RESIDENTIAL PROPERTIES REIT PLC

INTERIM REPORT AND
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD
1 JANUARY 2021 TO 30 JUNE 2021
(UNAUDITED)

Contents

6 August 2021
LATEST RESULTS

IRISH RESIDENTIAL PROPERTIES REIT PLC
RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Irish Residential Properties REIT plc ("**I-RES**" or the "**Company**"), an Irish real estate investment company focused on residential rental accommodation, today issues its Group(1) interim results for the period from 1 January 2021 to 30 June 2021.

Key Financial and Operational Highlights

The Group delivered a strong performance for the period ended 30 June 2021 despite the ongoing coronavirus pandemic ("**Covid-19**"):

Resilient Operating Performance

- Occupancy remains robust at 98.6%(2) across the residential portfolio (30 June 2020: 97.9%)
- Residential rent collection rates stable at circa 99.0% for the period (30 June 2020: 98.9%)
- Increase in Net Rental Income ("**NRI**") of 5.9% to €31.3 million (30 June 2020: €29.6 million), due to growth in the rental assets portfolio arising from acquisitions and organic rental growth.
- Strong NRI margin of 79.5% (30 June 2020: 79.2%)
- An increase in EPRA Earnings(2) of 11.9% to €17.8 million (30 June 2020: €15.9 million).
- EPRA EPS increased by 9.7% to 3.4 cents (30 June 2020: 3.1 cents) for the six months ended 30 June 2021 mainly due to an increase in revenue and a decrease in non-recurring costs incurred.
- Continued growth in dividends. Intention to declare an interim dividend of 2.91 cents per share for the six months ended 30 June 2021.

Continued execution of Growth Strategy and Value Creation

- Portfolio value of €1,457.5 million as at 30 June 2021, up 5.6 % in the period due to investments of €69.2 million and a revaluation gain of €8.7 million.
- IFRS Basic NAV per share increased 1.0 % to 161.9 cents (31 December 2020: 160.3 cents), driven by the fair value gain on investment properties and profits from operations, offset by dividends paid in the first six months of the year.
- EPRA NTA increased from €842 million at 31 December 2020 to €855 million at 30 June 2021 due to higher portfolio value and income generated during the year, net of dividends paid.
- Acquired 146 residential units located in the Phoenix Park Racecourse, Castleknock, Dublin 15 for a purchase price of €60 million (including VAT and excluding transaction costs) in January 2021.
- Disposed of unit C4 and the food court at Tallaght Cross West for gross proceeds of €1.7 million and a profit of €870,000 in May 2021.
- Entered into a 25-year social housing lease for 128 units at Hampton Wood that is expected to close in August 2021.

Strong balance sheet and liquidity

- Group total gearing at 30 June 2021 was 41.0% (31 December 2020: 39.2%).
- No debt maturities before April 2024 and weighted average debt maturity of 5.1 years as at 30 June 2021 (31 December 2020: 5.3 years).
- As at 30 June 2021, the Group has available facilities of €187 million (31 December 2020: €246 million) and €14.4 million of cash (31 December 2020: €11.2 million)

(1) This report ("Report") incorporates the financial information of the Company and its wholly-owned subsidiary, IRES Residential Properties Limited, together referred to as the "Group", for the period from 1 January 2021 to 30 June 2021.
(2) Calculation excludes 18 units at Tallaght Cross West ("TCW") that are not available for rent from total properties owned.
(3) Refer to page 21 for calculations of EPRA Earnings and Adjusted EPRA Earnings

<u>Internalisation of the Investment Management Function</u>

- The Company has today served a notice of termination of the Investment Management Agreement ("IMA") and exercised its right to acquire the shares of the Investment Manager, IRES Fund Management Limited (the "Manager" or "IRES Fund Management") with the Internalisation to take effect on 31 January 2022, subject to Central Bank of Ireland ("**CBI**") approval.
- The IMA provides that if the Company have determined that it is in its best interests to internalise its management, the Company will purchase the Manager from CAPREIT Limited Partnership ("CAPREIT LP") on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1.
- Internalisation is expected to simplify the management structure, capture economies of scale and reduce running costs over time. Greater pools of capital are also available to REITs with internalised structures.

Commenting on the results, Margaret Sweeney, Chief Executive Officer, said:

"The unprecedented social and economic challenges due to the Covid-19 global pandemic continued during the first half of 2021. The Company together with our Manager, IRES Fund Management, have focused first and foremost on ensuring the health and wellbeing of our employees, partners, residents and suppliers. We have worked together very effectively to navigate the business successfully through the uncertainty and challenges of this environment as well as continuing to grow the business in the first six months of the year.

The results for the first half reflect the continuing execution of our growth strategy with investment of €69.2 million in further residential homes for rental in the period. The business continues to perform strongly with revenue growth of circa 5.5% over the last year. In this context it is important to highlight that the Company did not apply any rent increases on existing resident leases over the past year in recognition of the societal challenges presented by the Covid pandemic. These results, demonstrate the strong resilience of the business during this uncertain and challenging time with net rental income margin achieved of 79.5% and continued strong occupancy across the portfolio of 98.6%.

We have continued to deliver on our growth and investment strategy with 148 new homes added since December 2020, bringing our overall portfolio of homes for rental to 3,836. During the period, we closed the acquisition of a portfolio of 146 high quality residential units at the Phoenix Park Racecourse on 28 January 2021. We continue to invest in line with our growth strategy with ongoing development of 130 new apartments and town houses in aggregate due for delivery in 2022 at Bakers Yard and through the forward purchase contract for Merrion Road, Dublin. We entered into a 25- year social housing lease for 128 units at Hampton Wood that is expected to close in August 2021.

IRES Fund Management, a wholly-owned subsidiary of CAPREIT LP, as provided for under the Investment Management Agreement, exercised its right on 31 March 2021 to terminate its services with 12 months' notice. In the interim period, the Company has continued to progress a transition programme and has been working with the Manager and CAPREIT in relation to assessing its option to internalize the Manager as provided for in the IMA. Today, the Company has served a notice of termination of the IMA and has exercised its right to internalise its management, with the Internalisation and acquisition of the shares in the Manager due to take effect on 31 January 2022. I am confident that, as an internalised and fully integrated business, the Company can build on its growth and operational capability in the future and deliver long-term value for all shareholders.

Housing in Ireland is a sensitive sector from public, government, political and regulatory perspectives, due to significant supply challenges in meeting growing demand for new homes. This has resulted in a number of changes to the regulatory environment so far this year, with changes in stamp duty and rent price regulation introduced in June and July 2021. The Company continues to engage with and take account of this changing landscape in its investment and operating decision making. I-RES recognizes its responsibilities to all stakeholders and is cognizant of the many challenges being faced in the housing sector and wider society.

The economic growth outlook for Ireland and the fundamentals of our business remain strong with a young growing population, reducing household sizes, and continuing strong international investment supporting continued requirements for good quality professionally management private rental accommodation

I am confident that with a strong experienced I-RES team, we can continue to execute on our strategy and deliver strong operating performance and value for shareholders."

Financial Highlights

For the six months ended	30 June 2021	30 June 2020	% change
Operating Performance			
Revenue from Investment Properties (€ millions)	**39.4**	37.4	5.5%
Net Rental Income (€ millions)	**31.3**	29.6	5.9%
EPRA Earnings (€ millions)[(2)]	**17.8**	15.9	11.9%
Add: Increase/(decrease) in fair value of investment properties (€ millions)	**8.7**	(27.2)	
Add: Gain on disposal of investment property (€ millions)	**0.8**	—	
Add: Gain on derivative financial instruments (€ millions)	**0.1**	0.4	
Profit/(Loss) (€ millions)	**27.4**	(10.9)	
Basic EPS (cents)	**5.2**	(2.1)	
EPRA Earnings per share (cents)[(2)]	**3.4**	3.1	
Portfolio Performance			
Total Number of Residential Units	**3,836**	3,739	
Overall Portfolio Occupancy Rate[(2)]	**98.6** %	97.9 %	
Overall Portfolio Average Monthly Rent (€)[(2)]	**1,641**	1,599	

As at	30 June 2021	31 December 2020	% change
Assets and Funding			
Total Property Value (€ millions)	**1,457.5**	1,380.4	5.6 %
Net Asset Value (€ millions)	**855.0**	841.7	1.6 %
IFRS Basic NAV per share (cents)	**161.9**	160.3	1.0 %
Group Total Gearing[(3)]	**41.0** %	39.2 %	4.6 %
Gross Yield at Fair Value[(1)(2)]	**5.5** %	5.5 %	
Other			
Market Capitalisation (€ millions)	**803.7**	785.5	
Total Number of Shares Outstanding	**528,053,946**	525,078,946	
Weighted Average Number of Shares – Basic	**526,309,195**	522,069,110	

(1) Excluding fair value of development land and investment properties under development.

(2) For definitions, method of calculation and other details, refer to pages 20 to 23 of Business Performance Measures under the Business Review section of the Manager's Review. Calculation excludes 18 units at TCW that is not available for rent from total properties owned.

(3) For definitions, method of calculation and other details, refer to page 19 to 20 of Liquidity and Financial Condition under the Operational and Financial Review.

Investment and operational excellence delivering good results despite Covid impact

- Continued growth in our revenue from investment properties to €39.4 million for the six months was due to continuing growth in the portfolio from acquisition and organic rental growth.
- Maintained high residential occupancy levels of 98.6% as at 30 June 2021 (30 June 2020: 97.9%).
- Residential rent collections resilient at circa 99.0% for the period, consistent with residential rent collection of 98.9% in 2020. Total rent collections (including commercial rent collections) were 98.9% (30 June 2020: 98.4%). This represents a very strong outturn under the current exceptional Covid-19 conditions.
- NRI margin increased to 79.5% for the first six months of 2021 compared with 79.2% for the six months ended 30 June 2020.

Robust balance sheet with strong liquidity

- The Company has a Revolving Credit Facility ("**RCF**") of €600 million (with an uncommitted accordion facility of €50 million). The facility has a fixed interest margin of 1.75% and maturities in April 2024 and 2025, with the option to extend further to 2026 (subject to certain conditions). The Company also has private placement debt of circa €200 million with maturities from 2027 to 2032.
- 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 RCF with the new maturity date of 18 April 2025. This amount can be further extended for one more year (subject to certain conditions).
- As at 30 June 2021, the Company has €14.4 million of cash and €187 million of committed undrawn debt under its RCF.
- I-RES's Group Total Gearing was 41.0% as at 30 June 2021, below the 50% maximum allowed under the Irish REIT rules and the financial covenants under the Group's debt facilities. The Company also maintains significant headroom on its interest coverage ratio.

Continuing Value Creation and Growth

I-RES continued to deliver on its three pronged strategy for growth during the period through the acquisition and development of new assets.

- In December 2020, I-RES contracted for the acquisition of 146 residential units located in the Phoenix Park Racecourse, Castleknock, Dublin 15. The total purchase price was €60 million (including VAT but excluding other transaction costs). I- RES took ownership of these homes in January 2021.
- In January 2020, the company entered into a development contract to develop 61 residential units for a total consideration of circa €16 million at Bakers Yard. Construction work commenced in January 2020 and was halted in March 2020 due to the Covid-19 pandemic. Construction work restarted in May 2020 but closed again on 8 January 2021 due to further government restrictions. The sites reopened again on 12th April 2021. I-RES expects that the project will be completed in H12022, save for unforeseen future construction delays due to the pandemic.
- Ongoing development under a forward purchase contract for 69 residential units at Merrion Road, Dublin 4 with delivery now expected in 2022 following delays due to Covid-19 regulations. This delivery date is also dependent on unforeseen restrictions arising in the future due to the Covid-19 pandemic.
- Disposed of unit C4 and the food court at Tallaght Cross West for gross proceeds of €1.7 million at a gain of €870,000 in May 2021.
- Contracted a 25-year social housing lease for 128 units at Hampton Wood that is due to complete in August 2021.

Dividends

It is intended that the declaration of an interim dividend of 2.91 cents per share (€15.4 million) for the six months ended 30 June 2021 be announced by the Company and such interim dividend be paid on a subsequent date as notified in such announcement following the filing of the relevant financial statements for the Company with the Companies Registration Office in Dublin, Ireland.

Chairman's Statement

Despite operating in a continually challenging environment, we have delivered a resilient performance in the first half of 2021 led by our CEO Margaret Sweeney and the Manager, who continue to support our residents and other stakeholders during this extraordinary time.

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

Portfolio Performance

Despite the impact of Covid-19, we had a busy start to the year with the acquisition of 146 residential units at The Phoenix Park Racecourse in Dublin in January. Our developments continue to progress well despite experiencing delays resulting from a longer than expected lockdown during the first half of the year. We expect to reach practical completion at our 61 residential unit development at Bakers Yard, Ireland's first LEED-certified residential building, in H1 2022. Merrion Road, a forward purchase contract for 69 residential units, is expected to be delivered in 2022. This will bring the expected total number of units to 3,964 across 37 properties by the end of 2022, providing strong visibility on the growth in future rental income and cashflow.

We look forward to delivering both schemes into what we expect will be a robust rental market and realising their contribution to NAV and the Group's rent roll.

In addition to these two schemes, the Group has planning permission for an additional 543 units at three sites in Sandyford and Tallaght to be delivered in the coming years.

Financial Results

We continued to deliver a consistently strong performance in revenues and profits for the first six months of the 2021 financial year, driven by investment in new properties and high occupancy of 98.6% across the portfolio.

EPRA Earnings per share was 3.4 cents, an increase of 9.7%. EPRA NTA per share increased by 1.1% to 161.7 cents (31 December 2020: 159.9 cents).

We recognise the importance of the dividend to our shareholders; the Company paid a second dividend in respect of the year to 31 December 2020 of 3.22 cents per share, or €16.9 million, on 20 April 2021. The Board intends to declare an interim dividend of 2.91 cent per share for the six months to 30 June 2021.

Sustainability Initiatives

Environmental, social, and governance ('**ESG**') considerations continue to take priority across our business, 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 rented accommodation.

We established a Board Sustainability Committee in May 2021, which will provide oversight of a multi-year ESG strategy as well as focusing on how the Company will ensure it builds the necessary expertise and capability to ensure that the Company and its business activities respond proactively to Government and EU commitments on climate change. The Company will also continues to improve its sustainability reporting to stakeholders.

Investment Management Agreement

On 1 April 2021, the Company announced that it had received a twelve-month notice of termination from our Investment Manager, IRES Fund Management, a wholly-owned subsidiary of CAPREIT LP, of the Investment Management Agreement.

As previously noted, in advance of the expiry of the initial term of the IMA on 1 November 2020 an independent sub-committee of the Board appointed in November 2019, in conjunction with advisers, has been evaluating the relative strategic and financial merits of the various options available to the Company in relation to the IMA and the related services agreement between the Company, CAPREIT LP and IRES Fund Management (the "**Services Agreement**").

Having carefully reviewed the possible options and having also taken appropriate independent advice, the Board Sub-

Committee has determined that it is in the best interests of the Company to internalise its management and the Company has, with the approval of the Board, served a notice of termination of the IMA to internalise its management, with the Internalisation and acquisition of the Manager to take effect on 31 January 2022. The acquisition will be subject to CBI approval. In the interim, the Manager and CAPREIT LP are obliged to continue to provide all the services pursuant to the current IMA and Services Agreement on their existing terms.

Further details are included in the "Update on the Investment Management Agreement" section within the "Business Review" section of this report.

Board and Management Changes

On 16 June 2021, we were pleased to announce 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 in the residential real-estate sector, particularly in Germany to the Board. She has also joined the Board's Audit Committee and the Board's new Sustainability Committee.

Mark Kenney, the Manager's representative on the board, resigned as a director effective 2 July 2021. The Manager continues to reserve its right to nominate a representative to the Board.

We made two important appointments to the Company's management team over the last few months, in line with our growth strategy and to reflect our increased scale. Brian Fagan, who brings significant financial expertise, was appointed as the Company's Finance Director and Anna-Marie Curry joined as Company Secretary and General Counsel. This expertise is important as we progress the transition of the external management arrangements.

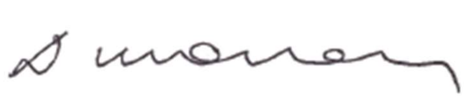
Outlook

With an excellent team, strengthened by recent appointments, and a strong balance sheet underpinned by favorable market factors, the Group is well placed to navigate any market backdrop and positioned to continue executing on its growth strategy over the coming years.

Amid the Covid-19 uncertainty that prevails, the vaccination programme in Ireland is well underway, with more than 87% of all adults having received at least one dose so far and more than half the adult population fully vaccinated. Confidence has strengthened with the easing of Covid-19 restrictions and continued economic re-opening. Ireland's real GDP is forecast to grow by 8.3% in 2021.

Ireland's population, which stood at 4.74 million in 2016, is projected to increase to 5.5 million by 2040, and, 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. Covid-19 lockdowns further exacerbated new housing completions. Continuing population growth supports the continued strong demand for rented residential accommodation.

We remain alert to Covid-19 and the risk from future variants but, despite this uncertainty, we look forward to the period ahead with cautious optimism and believe that the Company continues to be well-positioned to take advantage of further growth opportunities and deliver attractive risk-adjusted returns to its shareholders while prioritising the safety and wellbeing of our residents, suppliers and employees. We look forward with confidence and appreciate the support and trust of our shareholders in the Board and management team in what has been an unprecedented operating environment.



Declan Moylan
Chairman

Chief Executive's Statement

Overview

Our diverse portfolio, resilient business model, and our teams' commitment to fulfilling the changing needs and wellbeing of our residents, communities, and other stakeholders have enabled us to deliver a resilient performance for the first six months of 2021 as well as continuing delivery of our growth plans and value enhancing opportunities. Occupancy has remained consistently strong at 98.6% (30 June 2021) supported by our mid- market residential sector positioning where demand remains relatively stable with resilient margins. We have embraced new ways of working brought about by the Covid-19 pandemic and continue to be nimble and agile in our approach to value creation and responding to market changes and residents' needs. In doing so, we benefit from a resilient financial position and a strong leadership team with a clear vision for the future.

Supporting our stakeholders

Ireland was in a complete lockdown for most of the first half of 2021 when only essential businesses could operate, and the public was advised to "stay home". Such restrictions put enormous pressure on households and businesses across the country. As a result, we temporarily paused any rental increase during the first half of 2021 for our residential residents and agreed payment deferral plans with a number of our commercial tenants, accounting for a small proportion of our portfolio revenue. We have maintained an active dialogue with all stakeholders and continue to support those most impacted by the pandemic.

Despite a slow start to 2021, the Irish government now has a clear roadmap out of lockdown and a national vaccination programme is in place and progressing well. Our border has reopened for non-essential travel into Ireland from other EU countries. We can now look forward to businesses reopening and confidence returning to the economy. However, the recovery will take time and will be gradual if slightly uneven for those sectors most severely impacted by the pandemic. We remain alert to the risk from current and future variants and continue to monitor the situation while prioritising the safety and wellbeing of our residents, tenants, employees, and other key stakeholders.

Long term Sustainability and Value Creation

Sustainability is fundamental to how we do business at I-RES. In the first half of 2021, we have achieved some significant milestones. This included our first public submission to Global Real Estate Sustainability Benchmark ("GRESB"), an industry-leading global assessor of the ESG performance of real estate assets and their managers. We also established a Board Sustainability Committee which will support the Company's multi-year ESG strategy. Additionally, we have completed our materiality matrix with widespread stakeholder engagement and the foundation for our ESG strategy (and this can be viewed on page 24).

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 our residents and creating desirable communities for living and working. We will achieve this by developing the IRES team and culture, supported by our vendor partners and engaging with our external and internal stakeholders to identify priorities and refine our strategy. Housing in Ireland is a sensitive sector from public, government, political and regulatory perspectives, due to significant supply challenges in meeting growing demand for new homes. This has resulted in the regulatory environment becoming increasingly challenging with changes in stamp duty as well as rent price regulation introduced in June and July 2021. The Company continues to engage with and take account of this changing landscape in its investment and operating decision making. We continue to invest in new homes in Ireland to meet the growing need from individuals and families for good quality and professionally managed accommodation that meets their needs.

Portfolio Growth and Development

As of 30 June 2021, the portfolio consisted of 3,836 units (30 June 2020: 3,739 units), comprising high-quality residential rental homes, associated commercial space and development sites with a total portfolio value of €1,457.5 million. Our residential units are principally located in the Dublin area, with one asset in Cork, and all locations have excellent transport connections, engaging public realm and strong local employment opportunities from indigenous and international employers. Sustainable accretive growth in our residential rental assets portfolio is an integral part of our strategy for many years.

We have a three-pronged strategy for growth focused on:

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

In January 2021, we added 146 apartments at the Phoenix Park Racecourse in Castleknock to the portfolio through an off-market acquisition and we have an additional 130 units under construction in two schemes. Despite delays due to an extended period of lockdown to start the year, construction is progressing well across a number of our developments and we expect to reach practical completion in H1 2022 at Bakers Yard, Ireland's first LEED-certified residential development, and Merrion Road, a forward purchase contract, which is also scheduled for delivery in 2022. This will bring the expected total number of units in the portfolio to 3,964 across 37 properties by the end of 2022.

During the first six months of 2021, we have also completed two transactions to create value from our current assets. In May 2021, we sold a commercial unit and the food court in Tallaght Cross West for a sale price of €1.7 million resulting in a gain of €870,000. In July, I-RES entered into a social housing lease agreement for 25 years for 128 units located at Hampton Wood that is expected to close in August 2021. In addition, our development pipeline includes 543 residential units with planning permission on existing sites, enabling us to grow our portfolio, deliver attractive risk-adjusted returns and adding high-quality, modern, and sustainable space in line with market demand.

Results

Below is a table summarising the Group's financial position as at 30 June 2021 and profit or loss results for the six months ended 30 June 2021:

Statement of Financial Position:	**As at 30 June 2021**	**As at 31 December 2020**	**% change**
Investment Properties (€ millions)	**1,457.5**	1,380.4	5.6%
Net Asset Value (€ millions)	**855.0**	841.7	1.6%
IFRS NAV per Share (cents)	**161.9**	160.3	1.0%
Bank Indebtedness and private placement debt (€ millions)	**599.4**	539.1	
Group Total Gearing	**41.0 %**	39.2 %	

Statement of Profit or Loss and Other Comprehensive Income:	**For the six months ended 30 June 2021**	**For the six months ended 30 June 2020**	**% change**
Revenue from Investment Properties (€ millions)	**39.4**	37.4	5.5%
Net Rental Income (€ millions)	**31.3**	29.6	5.9%
Fair value gain/(loss) on investment properties (€ millions)	**8.7**	(27.2)	
EPRA Earnings (€ millions)	**17.8**	15.9	11.9%
Non recurring costs (€ millions)(1)	**(1.2)**	(2.3)	
Adjusted EPRA Earnings (€ millions)(2)	**19.0**	18.2	4.4%
Basic EPS (cents)	**5.2**	(2.1)	347.6%
Diluted EPS (cents)	**5.2**	(2.1)	347.6%
EPRA EPS (cents)	**3.4**	3.1	9.7%
Adjusted EPRA EPS (cents)	**3.6**	3.5	2.9%

(1) Refer to page 18 for further details on non recurring costs.
(2) Refer to page 22 for further details on Adjusted EPRA Earnings adjusted for non recurring costs.

Property assets at 30 June 2021 increased by €77.1 million. The main driver of the increase in the assets was acquisitions. Based on the recent portfolio, the portfolio is approximately10.39% below market rents indicating further growth opportunity.

The Group's IFRS NAV increased by 1.0% in the six months ended 30 June 2021, to €855.0 million from €841.7 million at 31 December 2020, or to 161.9 cents per share from 160.3 cents per share.

The Group Total Gearing increased to 41.0% at 30 June 2021, from 39.2% at 31 December 2020 following the acquisition of 146 units located at the Phoenix Park Racecourse for €60 million (including VAT and excluding transaction costs).

Average Monthly Rent ("AMR") per unit was €1,641 as at 30 June 2021 (30 June 2020: €1,599), the increase was principally as a result of acquisitions during the period.

The residential occupancy rate has remained strong at 98.6% at 30 June 2021 (30 June 2020: 97.9%), underpinned by strong market fundamentals in the Irish residential rental sector and strong property management.

The NRI margin increased from 79.2% to 79.5%. The increase is due to lower bad debts and vacancy expenses as the situation with Covid-19 continues to improve.

Basic EPS increased to 5.2 cents and Adjusted EPRA EPS (before non-recurring costs) was 3.6 cents.

Dividends

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

The Board intends to declare an interim dividend of 2.91 cents per share for the six months ended 30 June 2021.

Regulation and Legislation

The Government is currently reviewing housing, planning and regulatory policies, as well as its current strategy for housing planning and development in Ireland. A new housing strategy policy, "Housing For All", is due to be published later this summer. Most recently, the Irish Government introduced two bills that has affected the Company's portfolio value and its NAV.

In May 2021, the Irish 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 are fully exempt from this higher stamp duty. Nonetheless, this unexpected and significant tax increase, affecting the whole of the Irish residential real estate sector, caused a one-off reduction in the value of the Company's property portfolio and its NAV as at 30 June 2021 of €8.6 million or 1.62 cents per share.

On 9 July 2021, 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), beginning on 19 July 2021. The scheme will be in effect to the end of 2024. The changes are expected to result in lower rent increases in line with general inflation, with HICP currently registering on annual change to the end of June 2021 of 1.6% (Source: CSO).. As the regulation came in post H1 2021 Results, the Group's portfolio valuation for 30 June 2021 was unaffected. All of the Group's investment properties are located in RPZs and the portfolio was rented approximately 10.39% below market rents in the last valuation.

Outlook

We report these results at a time of heightened uncertainty globally. Market conditions remain highly sensitive as differences in recovery paths are emerging across the globe. Closer to home, we are seeing economic reopening, increased mobility, and improving consumer sentiment. Economic indicators for the Irish economy are positive, and we are hopeful that we are now finally emerging from the most difficult periods of the pandemic.

There remains a clear and significant supply and demand imbalance across all aspects of the housing market in Ireland, and this has been further exacerbated by the pandemic. As a result, demand for 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 for the long term.

We see a clear opportunity in the Irish residential rental market to leverage our resilient business model and our team's deep market expertise across the business to drive continued growth and value creation. We continue to monitor and assess the potential market risks and opportunities for the Group, including regulatory and legislative risks.

We remain committed to maintaining and delivering our progressive dividend policy, underpinned by our high quality, modern and well-located assets, positioned in an attractive mid-tier sector of the residential rental market. The longer-term prospects for the business remain favourable, benefiting from significant financial strength and resilience, enabling us to commit to new projects and pursue opportunities that will add growth to our platform and enhance value to our residents as well as returns to our shareholders. The portfolio is still strongly reversionary, and we remain in a good position to benefit as the economy continues to improve.

Finally, I would like to convey my gratitude to our teams, in the Company and the Manager as well as our business partners, that we work with, for their exceptional response to the challenges of the pandemic, which allowed our business continue to run smoothly to the benefit of our residents, stakeholders and investors.

Margaret Sweeney

Margaret Sweeney
Chief Executive Officer

Manager's Statement

In the first half of 2021, the Manager performed strongly whilst protecting the health and safety of our employees, I-RES's tenants, partners and suppliers in accordance with all of the Irish Health Service Executive guidelines. We believe that health and safety is important for our stakeholders during the lockdown and the reopening of Irish society and business.

Despite being affected by the pandemic, our highly qualified and talented operations team continues to ensure the safety of our residents and our employees

On 31 March 2021, we provided 12 months' notice of termination of the IMA with I-RES, to become effective 31 March 2022. Today, I-RES has taken the decision to internalize its management and served a notice that it is terminating the IMA and will acquire the shares of the Manager, with the Internalisation to take effect on 31 January 2022, subject to approval of the Central Bank. Following receipt of this notice, we, along with CAPREIT, will continue to work constructively and cooperatively with I-RES to assist I-RES to transition the services to their new processes and systems.

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

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

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

Scott Cryer
Director of IRES Fund Management

Business Review

The business performed strongly during the first half of 2021 reflected in growing revenues and profitability. This was due to strong operational performance and continued growth in our portfolio of properties for rent.

Strategy for Growth

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

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

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

Acquisitions

Phoenix Park Racecourse, Dublin 15 (146 Residential Units)

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

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

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.

Future Growth Pipeline

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

I-RES entered into 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 now be completed and handed over to I-RES in 2022 following delays due to public health restrictions, however this date could be further impacted by restrictions on construction activity as a result of the Covid-19 pandemic.

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

Development and Intensification of Existing Assets

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 at a cost of circa €16 million. 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 12th April 2021. I-RES expects that the site will be completed in 2022, bar unforeseen delays or impact due to the pandemic.

Development and Intensification of Existing Assets

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

Location	No. of Residential Units at Completion	Status
Priorsgate (Bruce House)	31	Planning Permission Granted
Beacon Square South (B4)	84	Planning Permission Granted
Rockbrook	428	Planning Permission Granted
	543	
Beacon Square South (B3)	51	Planning Application refused and now appealed to An Board Pleanala
	594	

Value creation from existing assets

During the first six months of 2021, we have also completed two transactions to create value from our current assets. In May 2021, we sold a commercial unit and the food court in Tallaght Cross West for a sale price of €1.7 million resulting in a gain of €870,000. In July, I-RES entered into a social housing lease agreement for 25 years for 128 units located at Hampton Wood that is expected to close in August 2021.

Update on Investment Management Agreement

As previously noted, in advance of the expiry of the initial term of the Investment Management Agreement on 1 November 2020, an independent sub-committee of the Board was appointed in November 2019 (the "Board Sub-Committee) and, in conjunction with advisers, has been evaluating 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 Manager and I-RES. The Manager is 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 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 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 ("Internalisation").

Having carefully reviewed the possible options and having also taken appropriate independent advice, the Board-Sub-Committee has determined that it is in the best interests of the Company to internalise its management and therefore the Company has, with the approval of the Board, served a notice of termination 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. The acquisition will be subject to CBI approval. The Board Sub-Committee believes that the Internalisation will create greater long-term value for shareholders, for reasons including:

- Earnings per share enhancing in the first full year following completion of the Internalisation, adjusting for the one-off set up costs related to 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
- Ability to directly influence and incentivise the local team that would be assumed as a part of the Internalisation of the Manager
- Access to a wider investor base globally given relative preference for internally managed REITs

In evaluating the option to internalise, I-RES in conjunction with its advisers, has taken into consideration that, while the Manager can be acquired for €1, there are additional one-off costs associated with the Internalisation that, in total, are currently estimated to be in the order of €4m. This is principally to do with the fact that, while property management services are provided directly by the Manager, the relevant IT systems and many other corporate functions (including financial management, legal, internal audit, compliance, risk, etc.) are provided by CAPREIT LP personnel in Canada pursuant to the Services Agreement. However, annual management costs post the Internalisation are estimated to be approximately €1.3m per annum lower than those payable under the existing IMA and Services Agreement. Under the current IMA, 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 to the Manager.

The Board Sub-Committee is also mindful that there are certain risks relating to the Internalisation process, for example in relation to the ongoing due diligence on the Manager, upscaling the resources of the Company and in relation to the transfer of data from CAPREIT LP systems to new systems being established by I-RES. Moreover, the transfer of ownership of the Manager to the Company is subject to approval from the CBI, as the Manager currently serves as the Company's alternative investment fund manager ("AIFM") under the Alternative Investment Fund Manager Regulations 2013 ("AIFM Regulations").

The Board Sub-Committee however notes in this context: the rights of I-RES under the IMA, including the obligation of CAPREIT LP to transfer the Manager to I-RES on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1; and the obligation of CAPREIT LP to provide certain transitional assistance for a period of 3 months after termination of the Services Agreement, in accordance with the terms of the Services Agreement. In addition, various measures have been taken by the Company to de-risk this process through the augmentation of the internal resources of the Company including the appointment of Brian Fagan as Finance Director and Anna-Marie Curry as Company Secretary. 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.

Accordingly, the Board Sub-Committee believes that the Internalisation is in the best interests of the Company and therefore confirms that, in accordance with the terms of the IMA, the Company has today, with the approval of the Board served notice of termination of the IMA, with the Internalisation to take effect on 31 January 2022, at which point I-RES will become an internally managed REIT (subject to the approval of the CBI). The Services Agreement will terminate concurrently with the prospective termination of the IMA. In the interim, the Manager and CAPREIT LP are obliged to continue to provide all the services pursuant to the current IMA and Services Agreement respectively on their existing terms.

Further announcements will be made by the Company as appropriate in relation to the progress of the Internalisation.

Operational and Financial Results

Net Rental Income and Profit for the Six Months Ended

	30 June 2021	30 June 2020
	€'000	€'000
Operating Revenue		
Revenue from investment properties[(1)]	**39,427**	37,362
Operating Expenses		
Property taxes	**(306)**	(385)
Property operating costs	**(7,788)**	(7,384)
	(8,094)	(7,769)
Net Rental Income ("NRI")	**31,333**	29,593
NRI margin	**79.5 %**	79.2 %
General and administrative expenses	**(2,655)**	(2,593)
Non recurring costs[(2)]	**(1,207)**	(2,287)
Asset management fee	**(2,360)**	(2,263)
Share-based compensation expense	**(84)**	(186)
Adjusted EBITDA[(3)]	**25,027**	22,264
Depreciation of property, plant and equipment	**(259)**	(252)
Lease interest	**(117)**	(122)
Financing costs	**(6,827)**	(5,976)
EPRA Earnings	**17,824**	15,914
Gain on disposal of investment property	**870**	—
Net movement in fair value of investment properties	**8,668**	(27,246)
Gain on derivative financial instruments	**59**	481
Profit/(Loss) for the Period	**27,421**	(10,851)

(1) Includes vacancy loss of €0.8 million (30 June 2020: €1.3 million) for the six months ended 30 June 2021. The residential vacancy was 1.0% (30 June 2020: 1.8%) of the total gross rental revenue for the six months ended 30 June 2021.

(2) The non-recurring costs of €1.2 million and general and administrative expenses of €2.7 million incurred in 2021 totals the general and administrative expense costs of €3.9 million reflected on the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 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 and gain or loss on derivative financial instruments to show the underlying operating performance of the Group.

Operating Revenue

For the six months ended 30 June 2021, total operating revenue increased by 5.5% compared to the six months ended 30 June 2020, 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 2020, offset by disposition of 151 units in November 2020.

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 six months ended 30 June 2021, NRI increased by 5.9% primarily due to higher unit count and organic rental growth across the portfolio. The NRI margin for the current period increased to 79.5% compared to 79.2% for last period due to stronger operating revenue, occupancy and rent collection rates.

General and Administrative ("G&A") Expenses

G&A expenses include costs such as executives' salaries, director fees, professional fees for audit, legal and advisory services, depository fees, property valuation fees, insurance costs and other general and administrative expenses.

Non-recurring costs

The non recurring G&A costs total €1.2 million for 2021. These costs are primarily legal, consulting and advisory expenses that relates to the termination of the Investment Management Agreement and other one off third party advisory services.

Asset Management Fee
Pursuant to the Investment Management Agreement between I-RES, IRES Residential Properties Limited and IRES Fund Management, effective on 1 November 2015, as amended and restated from time to time, I-RES pays 3.0% per annum of its gross rental income as property management fees 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 six months ended 30 June 2021 was
€2.4 million compared to €2.3 million for the six months ended 30 June 2020. It is higher due to higher net asset value compared to the same period last year. See note 21 of the Condensed Consolidated Interim Financial Statements for further details of the Investment Management Agreement.

Share-based Compensation Expenses
Under the Company's long term incentive plan, in 2017 and 2019, options were granted to the Company's CEO and in 2020 and 2021, restricted shares were awarded in line with the Remuneration Policy. See note 12 of the Condensed Consolidated Interim 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 increase in transaction costs related to stamp duty on houses, giving a net increase in value of €8.7 million for the period.

Gain on disposal of investment property
On 17 May 2021, I-RES disposed unit C4 and the food court at Tallaght Cross West. As a result of the disposal, I-RES recognised a gain on disposal of investment 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 six months ended 30 June 2021, there was a fair value gain of circa €1.54 million and a cost of hedging of circa €374,000 recorded in the cashflow reserve in the statement of changes of equity and a reclassification of €2.29 million 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 six months ended 30 June 2021 to €6.8 million from €6.0 million for the six months ended 30 June 2020. The financing costs have increased by €0.8 million in the first six months of 2021 compared to 2020, arising from higher commitment fees from the higher average undrawn balance in 2021. See note 10 of the Condensed Consolidated Interim Financial Statements.

Property Portfolio Overview

The following table provides the details of the Group's property portfolio as at 30 June 2021.

Property Location	# of Buildings	# of Apts. Owned(1)	Commercial Space Owned (sq.m.)(1)	Average Monthly Rent Per Apt. as at 30 June 2021 (1)(2)(3)	Rent (per sqm per month)	Occupancy (1)(2)
Total South Dublin	11	**1,062**	**6,854**	**€ 1,745**	**€ 22.3**	**97.1%**
Total City Centre	6	**419**	**2,544**	**€ 1,753**	**€ 23.4**	**97.4%**
Total West City	3	**409**	**—**	**€ 1,630**	**€ 21.5**	**99.0%**
Total North Dublin	9	**897**	**—**	**€ 1,571**	**€ 20.4**	**99.8%**
Total West Dublin	6	**999**	17,412	**€ 1,569**	**€ 22.4**	**98.0%**
Cork	1	**50**	—	**€ 1,269**	**€ 15.9**	**96.0%**
Total Portfolio	**36**	**3,836**	**26,810**	**1,641 (4)(5)**	**€ 21.8**	**98.6% (4)**

(1) As at 30 June 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 30 June 2021 was €6,265,338 divided by 3,818 units (which is the total units available for lease as at 30 June 2021) resulting in AMR of €1,641.
(4) refer to page 21 for further discussion on average monthly rent per apt. and occupancy. The calculations exclude 18 units at TCW that are not available for rent from total properties owned.
(5) I-RES's external valuers indicated that I-RES's current rents (on a weighted average basis for the portfolio) as at 30 June 2021 is estimated to be approximately below market by 10.4%.

Property Capital Investments

The Group capitalises investments related to the improvement of its properties. For the six months ended 30 June 2021, the Group made property capital investments of €5.0 million, a decrease from €8.0 million for the six months ended 30 June 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 30 June 2021 is circa €0.4 million. There is also an active insurance claim with respect to the water ingress and related damage.

Liquidity and Financial Condition

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

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

Group Total Gearing

At 30 June 2021, capital consists of equity and debt, with Group Total Gearing of 41.0%, 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	30 June 2021 (€'000)	30 June 2020 (€'000)
Committed Facility	**600,000**	600,000
Less: Drawdowns	**412,520**	388,020
Available Borrowing Capacity	**187,480**	211,980
Weighted Average Cost of RCF(1)	**2.46 %**	2.22%

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

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 25 February 2021, the Company exercised an option for 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 RCF with the new maturity date of 18 April 2025. This amount can be further extended for one more year (subject to certain conditions). After the extension, €205 million of the RCF will mature on 18 April 2024 and €395 million of the RCF will mature on 18 April 2025.

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 8.4 years as at 30 June 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 5.1 years and no debt maturities before April 2024. The weighted average cost of debt is 2.33% for 2021 including deferred financing costs (30 June 2020: 2.18%). I-RES also has undrawn facilities of €107 million available for investment (at 45% Loan To Value ratio) and €14.4 million of cash as at 30 June 2021 before the following future commitments. Beyond the committed capex costs of circa €1.0 million and committed development costs of €10.6 million for 2021 and the closing of Merrion Road for €47 million expected in Q2 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, the lease administration system and proactive capital investment programmes, I-RES increases rents as market conditions permit and subject to applicable laws. It has been presented as the Company believes this measure is indicative of the Group's performance of its operations.

Occupancy

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

Gross Yield at Fair Value

Gross Yield is calculated as the Annualised Passing Rents as at the stated date, divided by the fair market value of the investment properties as at the reporting date, excluding the fair value of development land and investment properties under development. Through generating higher revenue compared to the prior year and maintaining high occupancies, I-RES' objective is to increase the Annualised Passing Rent for the total portfolio, which will positively impact the Gross

Yield. It has been presented as the Company believes this measure is indicative of the rental income generating capacity of the total portfolio.

European Public Real Estate Association (“EPRA”) Earnings per Share

EPRA Earnings represents the earnings from the core operational activities (recurring items) for the Group. It is intended to provide an indicator of the underlying performance of the property portfolio and therefore excludes all components not relevant to the underlying and recurring performance of the portfolio, including any revaluation results and 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.

Net Asset Value

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

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

AMR and Occupancy

	Total Portfolio					**Properties owned prior to 30 June 2020 (Like for Like properties)(1)**					**Properties Acquired After 30 June 2020**	
	2021		**2020**			**2021**		**2020**				
As at 30 June	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR change %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR change %**	**AMR**	**Occ. %**
Residential	**€1,641**	**98.6%**	€1,599	97.9%	2.6%	**€1,623**	**98.6%**	€1,603	97.9%	1.2%	**€1,785**	**99.2%**

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

The Group’s AMR increased 2.6% at 30 June 2021 to €1,641, while residential occupancy remained high at 98.6%, indicative of the strong market fundamentals in the Irish residential rental sector. For like for like properties, the AMR increased to €1,623 per residential unit as at 30 June 2021, up 1.2% from €1,603 at 30 June 2020. The increase is due to the slight increase in occupancy from 97.9% to 98.6%, increasing AMR as the Covid-19 situation in Ireland begins to stabilise and improve. For like for like properties, AMR is used as a measure for sustainable year over year changes in revenue.

During the period, circa 10% of the portfolio units were turned, with majority of the units having rental increases in line with the maximum annual rent increase of 4% per annum permitted. I-RES continues to support its tenants and has not served rent renewal notices to existing tenants that would increase the residential rents for the first six months of 2021.

Gross Yield at Fair Value

As at	**30 June 2021** (€'000)	**30 June 2020** (€'000)
Annualised Passing Rent[1]	**78,315**	74,089
Aggregate fair market value as at reporting date	**1,421,545**	1,304,658
Gross Yield	**5.5 %**	5.7 %

(1) 30 June 2021 Annualised Passing rent consist of residential annualised passing rent of €75.2 million and commercial annualised passing rent of €3.1 million.

The portfolio Gross Yield at fair value was 5.5% as at 30 June 2021 compared to 5.7% as at 30 June 2020, excluding the fair value of development land and investment properties under development. The NRI margin was approximately 79.5% for the six months ended 30 June 2021 (79.2% for the six months ended 30 June 2020).

EPRA Earnings per Share

For the six months ended	**30 June 2021**	**30 June 2020**
Profit for the year (€'000)	**27,421**	(10,851)
Adjustments to calculate EPRA Earnings exclude:		
Gain on disposition of investment properties (	**(870)**	—
Changes in fair value on investment properties (€'000)	**(8,668)**	27,246
Changes in fair value of derivative financial instruments (€'000)	**(59)**	(481)
EPRA Earnings (€'000)	**17,824**	15,914
Non recurring costs (€'000)	**1,207**	2,287
Adjusted EPRA Earnings adjusted for non recurring costs (€'000)	**19,031**	18,201
Basic weighted average number of shares	**526,309,195**	521,678,946
Diluted weighted average number of shares	**527,369,734**	524,009,290
EPRA Earnings per share (cents)	**3.4**	3.1
Adjusted EPRA EPS adjusted for non recurring costs per share (cents)	**3.6**	3.5
EPRA Diluted Earnings per share (cents)	**3.4**	3.0

An increase in EPRA Earnings of 11.9% to €17.8 million (30 June 2020: €15.9 million) is due to higher revenue and lower non-recurring costs.

Adjusted EPRA EPS for the period was 3.6 cents for the six months ended 30 June 2021 compared to 3.5 cents for the same period last year. The increase in Adjusted EPRA EPS is primarily due to strong NRI margins and acquisitions.

EPRA NAV per Share

	30 June 2021		
As at	**EPRA NRV**	**EPRA NTA[(1)]**	**EPRA NDV[(2)]**
Net assets (€'000)	**854,969**	**854,969**	**854,969**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	—	—	—
Fair value of fixed interest rate debt (€'000)	—	—	**9,661**
Real estate transfer costs (€'000)[(3)]	**73,396**	—	—
EPRA net assets (€'000)	**928,365**	**854,969**	**864,630**
Number of shares outstanding	**528,053,946**	**528,053,946**	**528,053,946**
Diluted number of shares outstanding	**528,592,264**	**528,592,264**	**528,592,264**
Basic Net Asset Value per share (cents)	**161.9**	**161.9**	**161.9**
EPRA Net Asset Value per share (cents)	**175.6**	**161.7**	**163.6**

	31 December 2020		
As at	**EPRA NRV**	**EPRA NTA[(1)]**	**EPRA NDV[(2)]**
Net assets (€'000)	841,695	841,695	841,695
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	84	84	—
Fair value of fixed interest rate debt (€'000)	—	—	36,219
Real estate transfer tax (€'000)[(3)]	62,138	—	—
EPRA net assets (€'000)	903,917	841,779	877,914
Number of shares outstanding	525,078,946	525,078,946	525,078,946
Diluted number of shares outstanding	526,289,910	526,289,910	526,289,910
Basic Net Asset Value per share (cents)	160.3	160.3	160.3
EPRA Net Asset Value per share (cents)	171.8	159.9	166.8

(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 30 June 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.

Sustainability

Climate risk and environmental, social, and governance ('ESG') considerations continue to take priority across our business, influencing our operations and investment decision making. As one of Ireland's leading providers of rental homes, we recognise our role in ensuring that our portfolio and development pipeline incorporate environmentally sustainable building management practices and resilience mitigation measures to combat climate change.

We have two developments in progress – Baker's Yard, which consists of 61 residential units and Merrion Road, a forward purchase contract for 69 residential units; both will be delivered to LEED Gold certification in 2022. On the standing portfolio, building on the strong progress we have made to improve the energy efficiency of our assets, we are focused on developing initiatives with the residents and OMCs to improve energy consumption. The like-for-like energy consumption in 2020 increased by 4% year on year, and we believe that this is attributable mainly to the number of residents who were forced to work from home due to the pandemic. However, we achieved a 9% reduction in Scope 2 like-for-like greenhouse gas emissions.

Since our multi-year ESG strategy was formalised in 2019, we have achieved some key milestones, building robust cross- departmental frameworks and practices to collect and analyse investor-grade data. To facilitate a greater understanding of the ESG impacts associated with our activities, we report our performance measures and metrics in line with the EPRA Sustainability Best Practices Recommendations ("sBPR"), complementing the existing and well established EPRA Financial BPR. We also continue to support and recognise the Sustainable Development Goals ('SDG'), which are recognised as a blueprint for a prosperous and more sustainable future for all. Additionally, we made our first public submission to Global Real Estate Sustainability Benchmark ('GRESB'), an industry-leading global assessor of the ESG performance of real estate assets and their managers. GRESB will publish the results in October 2021.

The oversight of all ESG matters is critical to the Company. 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 multi-year ESG strategy.

I-RES places resident and community engagement at the forefront of our operations. Stakeholder engagement has never been more critical in these challenging times, and we remain committed and focused on supporting our residents and the communities in which we operate. We continue to have widespread engagement with our stakeholders, and this provided valuable input to our first materiality assessment completed recently. This is assisting 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:

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

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.

Market Update

Irish Economic Backdrop

Despite the extended lockdowns, Ireland continues to achieve strong GDP growth and recorded real GDP growth of 5.9% in 2020, the only EU economy to report growth in the period. This economic growth was supported by multinational corporations' output in pharmaceuticals and technology, which offset the contraction in indigenous companies (Source: CSO). Consensus forecasts expect economies to recover as restrictions reduce, with the Irish economy predicted to grow between 6-10% in 2021 (Source: CBI, Davy). Meanwhile, consumer price inflation was 1.6% higher in June 2021 compared with June 2020.

The Covid-19 pandemic forced the Irish Government to introduce a third strict lockdown at the end of December 2020, and this remained in place for the majority of in the first half of 2021. The resulting impact of this was that it placed a high proportion of the labour force on public income support, primarily the Pandemic Unemployment Payment ('**PUP**') and Temporary COVID-19 Wage Subsidy Scheme ('TWSS'), which helped either replace or subsidise, individuals' salaries. However, the PUP scheme – which has payments ranging from €203 to €350 per week linked to prior earnings – is now closed for new applications and those who were registered before July 2021 can continue to receive PUP support until early September 2021. The latest figures show that just under 212,000 people receive the Pandemic Unemployment Payment, down from 335,600 in January 2021 (Source: Department of Social Protection). The phasing out has caused an increase in the unemployment level as recipients were technically classed as 'employed' while on the scheme. The unemployment rate as of June 2021 was therefore 7.6%, up from 5.7% in December 2020, but this is expected to trend downward as the economy continues to reopen and recover during the second half of the year, projecting to average 6.6% (Source: CBI, CSO).

IDA Ireland ('IDA'), the state agency responsible for attracting Foreign Direct Investment ('FDI') into Ireland, reported significant investment growth in the first half of 2021, returning FDI employment creation plans to near 2019 record levels. The agency's 2020 Annual Report highlighted the creation of 9,000 net new FDI jobs and 3.5% employment growth in IDA supported companies in 2020. There are now 258,000 people, or 12% of the total workforce, employed in FDI-related businesses, with US companies accounting for approximately three-quarters of this employment.

The Organization for Economic Cooperation and Development's ('OECD') Base Erosion and Profit Shifting ('BEPS') discussions on global tax reform have been building momentum in recent months. On 5 June, the Group of Seven ('G7') finance ministers reached an agreement, in principle, to key elements of the global tax reform set out in the OECD BEPS 2.0 plan, including a global minimum tax rate of at least 15%. So far, 132 of the 139 members of the OECD Inclusive Framework on BEPS had signed onto the global deal. Ireland is one of the seven members who have withheld their agreement to the plan. The current corporate tax rate in Ireland is 12.5%. It is too early to assess what, if any, impact international tax reform could have on Ireland's attractiveness to investment in the medium term. Additionally, these discussions are anticipated to be protracted, potentially taking an extended period of time before a consensus is reached and an agreement ratified.

Private Residential Market ('PRS')

There remains a significant supply shortage imbalance 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. The Economic and Social Research Institute ('ESRI') forecasts demand for housing at 35,000 units annually, driven by our young and growing population; however, supply has been consistently below this (Source: ESRI). New housing completions in Ireland reached an estimated 22,000 units in 2020, on par with 2019 levels.

The Central Bank of Ireland is forecasting new house completions of around 21,500 in 2021 and 23,500 in 2022. New dwelling completions nationally was approximately 3,900 units in Q1 2021, and there are currently 10,000 apartments under construction in Dublin to be delivered over the coming years. This is still significantly behind the current demand levels, and problems remain in relation to viability, breadth of activity, and affordability.

The Irish Residential Property Price Index ('**RPPI**') increased by 5.5% nationally in the year to May 2021, its fastest pace since 2018, compared to an increase of 0.3% in the 12 months to May 2020. Overall, the national index is 13.5% lower than its highest level in 2007. The Affordable Housing Bill 2020 introduced the "Affordable Purchase Shared Equity Scheme" where the Government would provide up to 30%, or €100,000 equity support, to households seeking to purchase homes in the private market but are unable to secure the full mortgage to do so. The Central Bank of Ireland ('**CBI**') is considering the scheme, and if approved, implementation will take effect in September 2021. Fundamentally, there is still a significant undersupply of housing delivery, with properties listed for sale at the end of June 2021 down 30-40% on normal levels (Source: CSO, Davy).

The Residential Tenancies Board ('**RTB**') reported annual rent inflation increasing nationally of 4.5% in Q1 2021, similar to the rate recorded in late 2019, suggesting a return to pre-pandemic levels of rental price inflation. The annual growth rate for Dublin was 2.0% in Q1 2021, below the growth permitted by the annual 4% rent caps applicable for RPZs. Standardised average monthly rents for Q1 2021 was €1,320 nationally and €1,820 for Dublin (Source: RTB). Rents in the luxury segment have been most impacted due to the temporary relocation of international workers and students in the capital.

Daft (an Irish property listing platform) report rental stock of homes available to rent remains at very low levels, 3,600 nationally and 2,500 in Dublin, leading to upward pressure on rental prices as demand picked up ahead of the economy reopening.

Capital Markets

The total Real Estate investment spend in the first half of 2021 was €2.7 billion, which compares to the €3 billion full-year investment in 2020. Sources of capital continue to diversify geographically, with demand from the US and Europe representing 61% of the total spend.(Source: CBRE).

Investment into the Private Residential Sector ('**PRS**') accounted for €1.5 billion (56% of the total) in H1 2021, up 25% on the full-year investment into the sector in 2020 (Source: Savills).

PRS remains an attractive asset class for investors, providing stable and attractive yields, resiliency, 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 the second half of 2021.

Principal risks and uncertainties

The 2020 Annual Report for Irish Residential Properties REIT plc (“Annual Report) issued on 10 March 2021, outlined the Group’s principal risks and uncertainties in the Risk Report at that time. The Covid-19 pandemic had begun to impact Ireland in March 2020 and continues to impact certain principal risks and uncertainties. The Irish government introduced additional tax and regulatory changes in June and July 2021. The Investment Manager (IRES Fund Management Limited) issued notice of termination of the Investment Management Agreement effective 31 March 2022. As a result of these events, which continue to evolve, the directors of the Company have set out below, those principal risks and uncertainties that have required updates or changes since 10 March. The principal risks and uncertainties below should be read in conjunction with the Group’s Risk Report set out in the Annual Report to understand the Group’s risk management and internal control systems, as well as, the directors’ processes surrounding identification and measurement of principal risks and uncertainties, and to understand those principal risks and uncertainties that have remained unchanged since issuance of the Annual Report, including risk relating to Access to Capital, Concentration Risk, Acquisition Risk, Tax Compliance Risk and Planning

Risk	**Prolonged Pandemic** A widespread and prolonged pandemic will have a negative effect on Ireland’s economy and capital markets, and in turn may have an adverse impact on the performance of the Group.
Strategic Impact	**High** The global spread of Covid-19 has resulted in major disruptions to both businesses and personal lives. The Group, its Manager, and its key vendors and service providers will experience disruptions to day-to-day operations if a significant portion of their employees become ill or are required to be quarantined for extended periods. The Group’s growth strategy will be affected due to severe government restrictions impacting construction sites, in-suite works, physical viewing of properties and travel restrictions to within a 5km radius. There is significant uncertainty as to what the overall economic impact will be and how long a recovery will take. This could result in a negative impact to the Group’s cash flows due to increased unemployment, reduced business activity, increased costs and further government measures related to the property rental industry taken to ease the economic impact of the Covid-19 pandemic.
Mitigation Strategy	The Group and its Manager actively monitor and manage the evolving risks and measures being implemented by government in relation to the pandemic, and their effect on the business and macroeconomic environment. The Group convened regular crisis management team meetings from the outset as well as an ongoing communications programme with all stakeholders. The Board met regularly to monitor the evolving situation and receives regular updates from the CEO and Manager. The crisis management team consists of senior leadership and subject matter experts in order to provide direction to various elements of the business. The Manager activated its business continuity plan and continues 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 minimise the impact of the Covid-19 virus on tenants and their homes.

Risk Trending Since 10 March 2021	**Increasing** While governments around the world, and health authorities are taking significant measures to slow the spread of the Covid-19 virus and roll out vaccines, it does appear that there will be an economic and health impact through much of 2021. The Residential Tenancies (No. 2) Act 2021 requires a temporary moratorium on rent increases (to 12 January 2022) and longer notice periods for termination of tenancies based on rent arrears (90 days but no earlier than 13 January 2022), for those tenants who are deemed "Relevant Persons" under the Planning and Development, and Residential Tenancies Act, 2020. Relevant Persons are, broadly, tenants who are in receipt of government Covid-19 related payments and as a result are unable to pay their rents and as a result have made the necessary declarations to the Residential Tenancies Board (RTB). Rent increases that would have applied were it not for the emergency period cannot be retrospectively claimed once the emergency period is over. The Residential Tenancies Act 2020 also provides for a ban on evictions taking effect for all tenancies (subject to limited exceptions) where there is a 5km travel restriction in place. There currently is no 5km travel restriction in place however, the ban will apply if 5km restrictions are reimposed. Additionally, the Irish government is currently providing support measures for workers, and business affected by the Covid-19 pandemic. Given the restrictions that continue to be in place, it will take a prolonged period of time for businesses to return to normal operations.
Risk	**<u>Economy</u>** A general weakening of the Irish or global economic outlook.
Strategic Impact	**Medium** Reduced economic activity could have a negative impact on business performance, asset values and net rental income, which could affect cash flows going forward.
Mitigation Strategy	The Group's business is primarily focused on Dublin, which has been more resilient economically than other areas of Ireland in the past. On an ongoing basis, the CEO and the Manager monitors business performance, economic and macro environment reviews and residential sector developments, and reports to the Board on a regular basis. The Board regularly considers the impact of the wider economic and macro-outlook on the Group's strategy.
Risk Trending Since 10 March 2021	**Increasing** **<u>Covid-19</u>** The Covid-19 pandemic has had a significant impact on employment and economic activity in Ireland. The Irish government is currently providing support measures for workers, and business affected by the Covid-19 pandemic. Significant government deficits arising from the pandemic may impact tax policy in the future. The long-term economic impact of Covid-19 is yet to be determined

Risk	**Regulation and Legislation** The government may introduce legislation, including tax and rent legislation that has an adverse impact on the performance of the REIT.
Strategic Impact	**Medium** Residential tenancies legislation has continued to evolve. As part of the Residential Tenancies (No. 2) Act 2021 all "rent pressure zones" will be extended to the end of 2024. Additionally, once the relevant section of the Residential Tenancies (No. 2) Act 2021 takes effect, rent increases in rent pressure zones will be restricted by inflation as recorded in the All-Items Harmonised Index of Consumer Prices (HICP) (subject to the overriding provision that rent cannot exceed the "market rent"), where previously increases were limited to 4% per annum. All of the Group's investment properties are in rent pressure zones. On 27 June 2020, a new coalition government was formed. It is the Company's understanding that the government plans a multi-pronged approach to resolving issues in the housing market, including increasing the availability of affordable housing, as well as incentivising home ownership which could have an impact on demand for private rented accommodation going forward. New or amended regulations could have a negative impact on the Group's revenues, earnings, and asset values. The government continues to implement new regulations including in relation to rents and termination of tenancies as part of public health measures. Additionally, as legislation changes, the Company and the Manager may have to incur incremental costs to comply, such as staff training, modification of procedures and technology systems, and consultations with professional advisors.
Mitigation Strategy	The Group takes account of the current regulations, rent legislation as well as the economic environment, in considering the Group's strategy, its investment decisions, expectations of financial performance and growth. The Group and its Manager also monitor and manage costs keeping in mind any limitations on revenue growth. If any new legislation is enacted, relevant staff will receive training and education in order to ensure compliance with regulations and legislation.
Risk Trending Since 10 March 2021	**Increasing** There continues to be a significant supply constraint in the Irish housing market, coupled with increasing demand due to population growth and other demographic factors. This has been further exacerbated due to the pandemic with supply of new housing constrained as a result of restrictions on construction activity. Housing as a result is a significant political issue and features as a key policy measure in the Programme for Government. The government has announced measures to increase direct supply of social and affordable housing including in partnership with the private sector. The Minister for Housing and Department of Housing are currently reviewing housing, planning and regulatory policies as well as strategy for housing, planning and development in Ireland going forward. **Covid-19** The Residential Tenancies (No. 2) Act 2021 requires a temporary moratorium on rent increases (to 12 January 2022) and longer notice periods for termination of tenancies based on rent arrears (90 days but no earlier than 13 January 2022), for those tenants who are deemed "Relevant Persons" under the Planning and Development, and Residential Tenancies Act, 2020. Relevant Persons are, broadly, tenants who are in receipt of government COVID-19 related payments and as a result are unable to pay their rents and as a result have made the necessary declarations to the Residential Tenancies Board (RTB). Rent increases that would have applied were it not for the emergency period cannot be retrospectively claimed once the emergency period is over. The Residential Tenancies Act 2020 also provides for a ban on evictions taking effect for all tenancies (subject to limited exceptions) where there is a 5km travel restriction in place. There currently is no 5km travel restriction in place however, the ban will apply if 5km restrictions are reimposed.

Risk	**<u>Investment Management Agreement Termination</u>** The Manager has served 12 months' notice to terminate the IMA to expire on 31 March 2022.
Strategic Impact	**Medium** On 31 March 2021, the Manager served 12 months' notice of termination of the IMA. The termination notice will expire on 31 March 2022. The IMA provides that the Manager will provide reasonable assistance for a period of 3 months thereafter to the extent necessary to effect an orderly transition of the services to the Company or a successor alternative investment fund manager, provided the Company shall reimburse the Manager at the most economic rates then prevailing for such services. The IMA provides the Company, on or after November 2020, with the right to terminate the IMA if the Company determines it is in the best interests of the Company to internalise its management and, in those circumstances, the Company shall acquire the Manager on a liability free (other than liabilities in the ordinary course of business) / cash free basis for €1. The Company has today served a notice of termination of the IMA and exercised its right to acquire the shares of the Investment Manager, with the Internalisation to take effect on 31 January 2022. In providing its services to the Company under the IMA, the Manager is supported by CAPREIT Limited Partnership ("CAPREIT") pursuant to the Services Agreement. The Services Agreement terminates automatically on the termination of the IMA. The termination of the IMA will require the Company to replace the services and IT systems provided by CAPREIT and, unless the Manager is acquired pursuant to an Internalisation of the Company's management and these systems are satisfactorily replaced, there could be interruptions to day-to-day activities, IT systems and telecommunications assets. The Company is required at all times as a matter of law to have appointed an alternative investment fund manager (or "**AIFM**") or be authorised as an internally managed AIFM.
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 is in the process of undertaking an Internalisation feasibility study and planning exercise with the assistance of the Transition Advisers. The objective of this exercise is to review the existing functions and services being carried out by the Manager and CAPREIT on behalf of the Company, and to identify the nature of all such functions and services which the Company would need to replace on the termination of the IMA, including the process and estimated costs that would be incurred in replicating these. As part of this review, the Company is considering all options available to ensure the Company remains in compliance with AIFMD. The Company has continued to work with its management team and Transition Advisors to prepare for the termination of the current management arrangements.
Risk Trending Since 10 March 2021	**Increasing** As part of its evaluation of the relative strategic and financial merits of the various options available to the Company in relation to the IMA and Services Agreement, the Company has been working with CAPREIT and the Manager to establish (i) a plan for possible Internalisation including transition of functions, data and systems and (ii) terms of a share purchase agreement in relation to the possible acquisition of the Manager from CAPREIT. In accordance with the terms of the IMA, the Company has today served a notice of termination of the IMA, with the Internalisation to take effect on 31 January 2022, at which point I-RES will become an internally managed REIT (subject to the approval of the CBI). 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.

Risk	**<u>Cost of Capital and Loan to Value Ratio</u>** Interest rates increase, and/or property valuations decrease, resulting in higher debt service costs and restrictiveness of future leveraging opportunities. Investors' expected rate of return increases, resulting in pressure to increase dividend yields.
Strategic Impact	**Medium** The Group is exposed to risks associated with movements in interest rates on its floating rate bank debt, as well as movements in property valuations. Significant Increases in interest rates, and the cost of equity, could, affect the Group's cash flow and its ability to meet growth objectives or preserve the value of its existing assets. Additionally, property valuations are inherently subjective but also driven by market forces. A contraction in property values could make the Group too highly geared, which would result in higher interest costs and covenant breaches.
Mitigation Strategy	The Company's revolving credit facility was refinanced during 2019, increasing the committed facility to €600 million (with an uncommitted accordion facility of €50 million), lowering the interest fixed margin to 1.75% and extending the maturity to 2024, with the option to extend further to 2026 (subject to certain conditions). The Group completed a private placement of Notes of circa €200 million equivalent in March 2020, with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 9.7 years, laddered over seven, ten and twelve-year maturities, with the first repayment due in 2027. As of 30 June 2021, the Company has €14.4 million of cash and €187 million of committed undrawn debt under its RCF. The Group has €10.6 million in current committed capital and development expenditure. The Group maintains an active programme of engagement with its debt and equity providers, including an ongoing Investor Relations programme. The Group's Group Total Gearing was 41.0% as at 30 June 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.
Risk Trending Since 10 March 2021	**Stable** The European Central Bank is not expected to significantly increase interest rates over the short to medium term given the current and anticipated levels of uncertain economic indicators. As such, the Group does not anticipate a material increase in debt financing costs. The valuation of the portfolio as at 30 June 2021, when compared to year end 2020 has increased. This has positively impacted the Group Total Gearing. The increase in valuation is due to continued demand for residential assets by investors and transactions continue to close with competitive yields. **<u>Covid-19</u>** The Covid-19 situation continues to evolve, and it may adversely impact the valuation of the Group's investment properties. The Group's reasonable expectations is that the residential asset class should continue to perform well in the long term. In the interim, the Group is making prudent decisions about capital expenditures to ensure that the Group Total Gearing remains under 50%.

Risk	**<u>Material Decline in Manager Performance</u>** 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 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. The Board oversees and evaluates the work of the Manager including monitoring key performance indicators such as occupancy, rental revenues, net rental income, collectability of rents and net asset values. Additionally, the Board periodically reviews actual revenues and expenditures against budgets. The Board also has a close working relationship with the Manager. The Manager's compliance and financial professionals spend a considerable amount of time ensuring compliance with the AIFMD requirements, as well as monitoring AIFMD regulations for any changes that impact compliance processes. The Manager's policies and procedures are reviewed regularly to incorporate any changes in legislation or procedure. Additionally, the Manager has engaged third party advisors and firms to assist it in complying with AIFMD and carrying out associated functions, as well as, making required filings to the Central Bank. The Manager regularly reports on its compliance activities relating to AIFMD to the Board of the Company, and the Board of the Manager oversees compliance with the AIFMD to ensure that the Manager meets its regulatory obligations at all times.
Risk Trending Since **10 March 2021**	**Stable** The Manager has served 12 months' notice to terminate its services. The termination of the Investment Management Agreement (IMA) will take effect on 31 March 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. **<u>Covid-19</u>** The Manager activated its business continuity plan, and continues to adhere to guidance by the Health Services Executive.
Risk	**<u>Opportunity to Acquire or Develop Assets</u>** Investment opportunities may become limited.

Strategic Impact	**Medium** The Group may not grow in number of apartments relative to the past if there is a lack of development and acquisition opportunities. Additionally, investment opportunities could be limited if they become overly costly or there is excess competition. If growth opportunities are limited, it will impact the Group's ability to generate growing returns for its shareholders.
Mitigation Strategy	The Group has become a sought-after investor for new investment opportunities that arise in the market. The Company and its Manager have deep market knowledge and have established strong industry relationships, which provide for new growth opportunities. Additionally, the Manager has dedicated staff focused on identifying and evaluating a pipeline of acquisition and development opportunities. The Group focuses on a three-pronged strategy for growth. This involves acquisitions, development opportunities within existing assets, and partnering with developers in relation to new development opportunities.
Risk Trending Since 10 March 2021	**Stable** Completed assets are in limited supply, and new supply is coming online more slowly than expected. Prior to the recent Covid-19 crisis, competition via new entrants and funds, though moderated, had continued to increase, leading to continued cap-rate compression and reduced opportunity for accretive acquisitions. **Covid-19** The Covid-19 pandemic has led to restrictions that has slowed activity in the real estate sector, including the buying and selling of assets, as well as construction. It is however, too early to establish the competitive environment post Covid-19.
Risk	**Construction** Increasing construction costs, cost overruns or delays in completion of development projects or defects in construction or non-compliance with building standards.
Strategic Impact	**Medium** The Group may not meet its performance targets if there are material cost overruns in excess of budget estimates for development or maintenance works, unanticipated delays in securing planning permissions or delays in timelines for construction works associated with new development or maintenance projects. Increasing costs of construction could also impact returns or the Group's ability to take on construction projects. Furthermore, post construction, structural deficiencies or non-compliance with building code may be discovered which could also impact returns.

Mitigation Strategy	In sourcing/reviewing potential development opportunities, in line with the Company's strategy, the Manager undertakes a detailed investment and viability analysis. This analysis is presented to the CEO and Board. The Board must approve material development opportunities prior to commencement. As part of this approval process, the Manager on behalf of the Company will complete an open tender process, including qualitative and quantitative analysis, thereby ensuring the chosen main contractor has the proven ability and capacity to complete the construction project. The Company retains legal advisers specialising in real estate in order to ensure all contracts for development are market standard. The Manager performs adequate due diligence in conjunction with 3rd party consultants on main contractors before recommending their engagement to the CEO or the Board. These consultants typically provide advice on the form of contract, additional warranties to be provided, historic performance on projects of a similar size and scale, insurance requirements and performance ponds, where necessary and applicable. A technical team, engaged by the Company is retained throughout the course of the project and this is actively managed by the Manager reviewing delivery of the project on specific items such as quality, health and safety and project timelines. The Company also engages an independent cost manager to ensure the contractor billings are in line with the actual work completed. The Group uses lump sum fixed price contracts to minimise cost inflation risk during the construction phase. To protect against structural defects and non-compliances with building standards, the Manager ensures that completion certificates and Opinions of Compliance (in respect of planning permissions and building regulations) from the main contractor and where necessary, third party professionals are engaged by the Company to inspect the building during and upon completion of construction. This has been supplemented in the last number of years by the statutory requirements to engage an Assigned Certifier who manages and reviews the design team and contractor during the project for compliance with the building standards. The Company receives a suite of contracts and collateral warranties from the design team, main contractor, and specialised 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 10 March 2021	**Stable** As a withdrawal agreement between the UK and EU has been reached, the Group will monitor for and adapt to impacts on the supply of construction labour and materials. **Covid-19** The addition of Covid-19 compliance requirements (including implementing health and safety procedures for the protection of construction workers on site) has added cost, and along with the lockdown experienced over the past few months, has increased timelines of construction projects. While this may cause a backlog of projects and increased cost to build, the long-term effects of Covid-19 on the construction industry and projects are uncertain.

Risk	**<u>Political</u>** Material changes to the political environment in areas significantly impacting the Group's operations.
Strategic Impact	**Medium** In Ireland, a general election was held on 8 February 2020 and on 27 June 2020 a new coalition government was formed. It is the Company's understanding that the government plans a multi-pronged approach to resolving issues in the housing market, including increasing the availability of affordable housing, as well as incentivising home ownership. On 23 June 2016, the UK voted to leave the European Union (EU). This withdrawal took place on 31 January 2020, and following a transition period ending 31 December 2020 an agreement was reached between the UK and EU. There continues to be some uncertainty around potential effect of the withdrawal on the Irish economy as the UK is one of Ireland's largest trading partners. The withdrawal will also likely impact immigration, foreign investment, economic and fiscal policy, and regulatory practices.
Mitigation Strategy	The Company engages a public affairs firm to advise in relation to these matters as well as actively participating in industry groups to ensure ongoing consultation and engagement with relevant authorities, regulators and government departments on significant policy and regulatory matters likely to impact on the Company's affairs.
Risk Trending Since 10 March 2021	**Increasing** It is the Company's understanding that the new coalition government in Ireland is focused on housing policy as well as increasing housing supply and is engaging with the industry on significant regulations and policy matters. Additionally, as the UK and EU have reached an agreement, the Group will continue to monitor for and adapt to any impacts the withdrawal may have on the Group's operations.
Risk	**<u>Environmental Sustainability</u>** 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 of environmental risk such as green house gas emissions, air quality, waste and water management, driven by climate change. Tenants and potential tenants are increasingly aware of and concerned with environmentally sustainable building management practice and may make living decisions based on how they are adhered to. The Irish government has been increasing its focus on climate action policy which may lead to regulation and sector specific action requirements. Additionally, lenders and shareholders are increasingly considering environmental and sustainability management in their investment and lending criteria.

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. Additionally, the Manager has established working groups to develop management and asset level ESG metrics and targets. There is active engagement between the management 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 10 March 2021	**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	**<u>Cybersecurity and Data Protection</u>** Failure to comply with data protection legislation by the Company or Manager or the Company's data being subject to a cybersecurity attack.
Strategic Impact	**Medium** Failing to comply with data protection legislation and practices could lead to unauthorised access and fraudulent activities surrounding confidential/non-public business information or personal data, particularly that belonging to the Group's residents. This could result in direct losses to stakeholders, penalties to the Group and/or the Manager for non-compliance, potential liability to third parties and reputational damage to the Group.
Mitigation Strategy	The Manager is responsible for data privacy and protection on behalf of itself and the Group and remains adaptable to constant technological and legislative change. Employees receive regular awareness training on cybersecurity, privacy and data protection. Access to personal data is controlled through physical measures (e.g. locked offices and storage locations, alarm monitoring, cameras), administrative measures (e.g. data minimisation, data retention policies, data destruction practices, and audits) and IT security measures (e.g. password protection, firewalls, antivirus, intrusion detection and encryption). Cyber security personnel and third-party consultants/advisors are engaged where required, to assist with assessing the IT environment and cyber risks.
Risk Trending Since 10 March 2021	**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. **<u>Covid-19</u>** With Covid-19 and the requirement for companies to implement work from home measures, the business world has experienced a sizeable increase in cybersecurity attacks and threats, including phishing attempts. The Manager continues to employ the protective measures referenced in the mitigation strategy section of this risk. Additionally, they have increased the awareness and training to employees around cybersecurity risks and have also stepped up the monitoring of potential threats to the information technology landscape.

Statement of Directors' Responsibilities

For the six months ended 30 June 2021

The Directors are responsible for preparing this interim management report in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2017 ("**Transparency Directive**"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the interim financial information, the directors are required to:

- prepare and present the interim financial information in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2017 ("**Transparency Directive**"), and the Transparency Rules of the Central Bank of Ireland;
- ensure the interim financial information has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

The directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the interim financial information that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of financial statements in the half-yearly financial report of Irish Residential Properties REIT plc ("**the Company**") for the six months ended 30 June 2021 ("**the interim financial information**") which comprises the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related explanatory notes, have been presented and prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

(2) The interim financial information presented, as required by the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2017, includes:

   A. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of financial statements;
   B. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
   C. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   D. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

Signed on behalf of the Board
5 August 2021

D Moylan | Margaret Sweeney

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Review Report to Irish Residential Properties REIT plc

Introduction

We have been engaged by the Entity to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises Condensed Consolidated Interim Statement of Financial Position, Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Interim Statement of Changes in Equity, Condensed Consolidated Interim Statement of Cash Flows and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Independent Review Report to Irish Residential Properties REIT plc *(continued)*

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this 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 Entity for our review work, for this report, or for the conclusions we have reached.

KPMG

KPMG
Chartered Accountants
1 Stokes Place,
St Stephens Green,
Dublin 2,
Ireland

5 August 2021

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	(Unaudited) 30 June 2021 €'000	(Audited) 31 December 2020 €'000
Assets			
Non-Current Assets			
Investment properties	5	**1,457,515**	1,380,354
Property, plant and equipment	7	**9,470**	9,722
		1,466,985	1,390,076
Current Assets			
Other current assets	8	**10,734**	15,502
Derivative financial instruments	16	**836**	770
Cash and cash equivalents		**14,382**	11,193
		25,952	27,465
Total Assets		**1,492,937**	1,417,541
Liabilities			
Non-Current Liabilities			
Bank indebtedness	10	**408,428**	350,049
Private placement note	11	**190,934**	189,002
Lease liability	20	**9,289**	9,486
Derivative financial instruments	16	**6,646**	8,075
		615,297	556,612
Current Liabilities			
Accounts payable and accrued liabilities	9	**14,584**	11,588
Derivative financial instruments	16	**—**	84
Security deposits		**8,087**	7,562
		22,671	19,234
Total Liabilities		**637,968**	575,846
Shareholders' Equity			
Share capital	13	**52,805**	52,507
Share premium	13	**503,203**	500,440
Share-based payment reserve		**1,005**	1,169
Cashflow hedge reserve	16	**(461)**	(77)
Retained earnings		**298,417**	287,656
Total Shareholders' Equity		**854,969**	841,695
Total Shareholders' Equity and Liabilities		**1,492,937**	1,417,541
IFRS Basic NAV per share	25	**161.9**	160.3

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	(Unaudited) 30 June 2021 €'000	(Unaudited) 30 June 2020 €'000
Operating Revenue			
Revenue from investment properties	14	**39,427**	37,362
Operating Expenses			
Property taxes		**(306)**	(385)
Property operating costs		**(7,788)**	(7,384)
		(8,094)	(7,769)
Net Rental Income ("NRI")		**31,333**	29,593
General and administrative expenses		**(3,862)**	(4,880)
Asset management fee	21	**(2,360)**	(2,263)
Share-based compensation expense	12	**(84)**	(186)
Net movement in fair value of investment properties	5	**8,668**	(27,246)
Gain on disposal of investment property	5	**870**	—
Gain on derivative financial instruments	16	**59**	481
Depreciation of property, plant and equipment	7	**(259)**	(252)
Lease interest	6	**(117)**	(122)
Financing costs	15	**(6,827)**	(5,976)
Profit/(Loss) for the Period		**27,421**	(10,851)
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		**1,535**	1,846
Cash flow hedges - cost of hedging deferred		**374**	—
Cash flow hedges - reclassified to profit or loss		**(2,293)**	(716)
Other Comprehensive income/(loss) for the period		**(384)**	1,130
Total Comprehensive Income/(loss) for the Period Attributable to Shareholders		**27,037**	(9,721)
Basic Earnings/(loss) per Share (cents)	24	**5.2**	(2.1)
Diluted Earnings/(loss) per Share (cents)	24	**5.2**	(2.1)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(Unaudited)	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 period							
Profit for the period		—	—	27,421	—	—	27,421
Other comprehensive loss for the period		—	—	—	—	(384)	(384)
Total comprehensive income for the period		—	—	27,421	—	(384)	27,037
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	—	—	—	84	—	84
Share issuance	13	298	2,763	248	(248)	—	3,061
Dividends paid	19	—	—	(16,908)	—	—	(16,908)
Transactions with owners, recognised directly in equity		298	2,763	(16,660)	(164)	—	(13,763)
Shareholders' Equity at 30 June 2021		**52,805**	**503,203**	**298,417**	**1,005**	**(461)**	**854,969**

(Unaudited)	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 loss for the period							
Loss for the period		—	—	(10,851)	—	—	(10,851)
Other comprehensive income for the period		—	—	—	—	1,130	1,130
Total comprehensive loss for the period		—	—	(10,851)	—	1,130	(9,721)
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	—	—	—	186	—	186
Dividends paid	19	—	—	(16,172)	—	—	(16,172)
Transactions with owners, recognised directly in equity		—	—	(16,172)	186	—	(15,986)
Shareholders' Equity at 30 June 2020		**52,167**	**497,244**	**232,588**	**1,333**	**1,130**	**784,462**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Note	(Unaudited) 30 June 2021 €'000	(Unaudited) 30 June 2020 €'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit/(Loss) for the Period		**27,421**	(10,851)
Adjustments for non-cash items:			
Fair value adjustment - investment properties	5	**(8,668)**	27,246
Gain on disposal of investment property	5	**(870)**	—
Depreciation of property, plant and equipment	7	**259**	252
Amortisation of other financing costs	20	**783**	677
Share-based compensation expense	12	**84**	186
Gain on derivative financial instruments	16	**(59)**	(481)
Allowance for expected credit loss		**439**	—
Straight-line rent adjustment		**716**	27
		20,105	17,056
Net income items relating to financing and investing activities		**6,161**	5,421
Changes in operating assets and liabilities	20	**820**	3,634
Net Cash Generated from Operating Activities		**27,086**	26,111
Cash Flows from Investing Activities			
Net proceeds from disposal of investment property	5	**1,598**	—
Deposits on acquisitions		**113**	359
Acquisition of investment properties		**(56,442)**	(17,542)
Development of investment properties		**(1,998)**	(3,081)
Investment property enhancement expenditure		**(4,398)**	(6,872)
Direct leasing cost		**(24)**	(13)
Purchase of property, plant and equipment	7	**(7)**	(167)
Net Cash Used in Investing Activities		**(61,158)**	(27,316)
Cash Flows from Financing Activities			
Financing fees	20	**(830)**	(2,688)
Interest paid	20	**(6,365)**	(4,451)
Credit Facility drawdown	20	**74,000**	4,000
Credit Facility repayment	20	**(15,500)**	(171,000)
Proceeds from private placement debt	20	**—**	196,342
Cash settlement on exchange of swap		**—**	2,511
Lease payment	6	**(197)**	(192)
Proceeds on issuance of shares	20	**3,061**	—
Dividends paid to shareholders	19	**(16,908)**	(16,172)
Net Cash Generated from Financing Activities		**37,261**	8,350
Changes in Cash and Cash Equivalents during the Period		**3,189**	7,145
Cash and Cash Equivalents, Beginning of the Period		**11,193**	6,979
Cash and Cash Equivalents, End of the Period		**14,382**	14,124

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

1. General Information

Irish Residential Properties REIT plc ("**I-RES**" or the "**Company**") is a company located in Ireland. The address of the Company's registered office is South Dock House, Hanover Quay, Grand Canal Square, Dublin 2.

On 16 April 2014, I-RES obtained admission of its ordinary shares to the primary listing segment of the Official List of the Irish Stock Exchange for trading on the regulated market for listed securities of Euronext Dublin.

These unaudited condensed consolidated interim consolidated financial statements as at and for the six months ended 30 June 2021 encompass the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). I-RES does not consolidate owner management companies in which it holds majority voting rights on the basis of materiality. For further details please refer to note 21.

2. Significant Accounting Policies

a) *Basis of preparation*

These condensed consolidated interim financial statements of the Group have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and in accordance with International Accounting Standards 34 ("**Interim Financial Reporting**") as adopted by the European Union ("**EU**"). This interim report ("**Report**") should be read in conjunction with the annual financial statements for the period 1 January 2020 to 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and IFRS Interpretations Committee ("**IFRIC**") interpretations as adopted by the EU.

These condensed consolidated interim financial statements of the Group do not comprise statutory financial statements within the meaning of the Companies Act 2014. The statutory financial statements were prepared for the year ended 31 December 2020, approved by the board of directors ("**the Board**") on 10 March 2021, accompanied by an unqualified audit report and were delivered to the Registrar of Companies on 16 March 2021.

The condensed consolidated interim financial statements of the Group are prepared on a going concern basis of accounting and under the historical cost convention, as modified by the revaluation of investment properties, derivative financial instruments at fair value and share options at grant date fair value through profit or loss in the condensed consolidated interim statement of profit or loss and other comprehensive income. The condensed consolidated interim financial statements of the Group have been presented in euros, which is the Company's functional currency.

The condensed consolidated interim financial statements of the Group cover the six months period 1 January 2021 to 30 June 2021. These statements are unaudited but reviewed by our auditor KPMG Ireland.

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period, except for those detailed below.

New and amended standards adopted by the group

A number of new and amended standards became applicable for the current reporting period. However, the adoption of new accounting standards did not result in any material changes.

Future Accounting Changes

I-RES has assessed the new or amended IFRS issued by the IASB for annual reporting periods beginning after 31 December 2021. None of the new or amended IFRS are expected to have a significant impact on I-RES.

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. The Group's occupancy rate remained strong at 98.6%. 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 has undrawn facilities of €107 million (at 45% LTV) as at 30 June 2021, and is maintaining a minimum cash balance of €10 million for liquidity purposes. The Group continues to generate a positive cashflow from operations and has returned to profit for the six months ended 30 June 2021. Accordingly, the directors of the Company consider it appropriate that the Group adopts the going concern basis of accounting in the preparation of the condensed consolidated interim financial statements.

b) Basis of consolidation

These condensed consolidated interim 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 condensed consolidated interim 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 21.

3. Critical Accounting Estimates, Assumptions and Judgements

The preparation of the condensed consolidated interim 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 condensed consolidated interim 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 17(a) and 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used.

4. Recent Investment Property Acquisitions, Developments and Disposals

For the period 1 January 2021 to 30 June 2021

Investment property acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs
				€'000
Phoenix Park	26 January 2021	146	Castleknock	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[4]	Region	Total Costs Spent in 2021	Total Development Cost spent to date
				€'000	€'000
Bakers Yard [1]	10 January 2020	61	City Centre	2,492	7,816

(1) On 10 January 2020, I-RES started developing 61 residential units at Bakers Yard. The cost to complete is estimated at circa €11.3 million.

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

For the period 1 January 2020 to 31 December 2020

Investment property acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs
				€'000
Waterside	27 March 2020	55	Malahide	19,330
		55		**19,330**

Completed development

Property	Development Completion date	Apartment Count	Region	Total Costs Spent in 2020	Total Development Cost spent to date
				€'000	€'000
Tallaght Cross West	7 February 2020	18	West Dublin	259	5,518
Piper's Court (Hansfield Phase II)	31 July 2020	95	West Dublin	556	31,000
Priorsgate	20 December 2020	5	West Dublin	1,816	1,816
		118		**2,631**	**38,334**

Properties Under Development

Property	Development Contract Date	Apartment Count[4]	Region	Total Costs Spent in 2020	Total Development Cost spent to date
				€'000	€'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 Commerical 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 30 June 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.

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 the six months ended, the Company incurred development costs of €2.5 million (30 June 2020: €2.9 million) relating to the properties under development. At the reporting date, the only property under development is Bakers Yard.

Borrowing costs of €117,000 (€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 30 June 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 €256.1 million reduction in fair value while a decrease of 1% in the Equivalent Yield would result in a fair value increase of €402.6 million. An increase between 1% - 4% in Stabilised NRI would result in a fair value increase from €14.2 million to €56.8 million respectively in fair value, while a decrease between 1% - 4% in Stabilised NRI would have the impact ranging from €14.2 million to €56.6 million reduction respectively. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next six months based on expected changes in net rental income.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the Group is €8.1 million for the six months ended 30 June 2021 (30 June 2020: €7.8 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the six months ended 30 June 2021 and 30 June 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 30 June 2021 is presented below:

As at 30 June 2021

Type of Interest	**Fair Value** €'000	**WA NRI[(1)]** €'000	**Rate Type[(2)]**	**Max.**	**Min.**	**Weighted Average**
Investment properties	1,421,545	2,867	Equivalent Yield	5.47 %	3.86 %	4.59 %
Properties under development	11,200	1,113	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	**1,457,515**					

(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	1,346,683	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 NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties ("**WA NRI**"). The NRI is calculated by multiplying the Equivalent Yield for each property by its respective fair value.
(2) The Equivalent Yield disclosed above is provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

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

Reconciliation of carrying amounts of investment properties

For the six months ended	**30 June 2021**			
	Income Properties	**Properties Under Development**	**Development Land**	**Total**
	€'000	€'000	€'000	€'000
Balance at the beginning of the period	**1,346,683**	**8,901**	**24,770**	**1,380,354**
Acquisitions	**62,342**	**—**	**—**	**62,342**
Development expenditures	**—**	**2,492**	**32**	**2,524**
Property capital investments	**5,047**	**—**	**—**	**5,047**
Capitalised leasing costs[1]	**(716)**	**—**	**—**	**(716)**
Direct leasing costs[2]	**24**	**—**	**—**	**24**
Disposition[3]	**(728)**	**—**	**—**	**(728)**
Unrealised fair value movements	**8,893**	**(193)**	**(32)**	**8,668**
Balance at the end of the period	**1,421,545**	**11,200**	**24,770**	**1,457,515**

For the year ended	**31 December 2020**			
	Income Properties	**Properties Under Development**	**Development Land**	**Total**
	€'000	€'000	€'000	€'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.
(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.
(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 investment properties of €1,457.5 million at 30 June 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 six months ended 30 June 2021	
	Land and Buildings (€'000)
Balance at the beginning of the period	**9,576**
Depreciation charge for the period	**(251)**
Balance at the end of the period (Note 7)	**9,325**

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 six months ended 30 June 2021, I-RES recognised interest on lease liabilities of €117,000. (30 June 2020: € 122,000)

Amounts recognised in statement of cash flows
For the six months ended 30 June 2021, I-RES's total cash outflow for leases was €197,000. (30 June 2020: €192,000)

Refer to note 20 for movements in the lease liability.

Lease as lessor

The Group leases out its investment property consisting of its owned residential and commercial properties as well as a portion of the leased property. All leases are classified as operating leases from a lessor perspective. See note 14 for an analysis of the Group's rental income.

7. Property, Plant and Equipment

	Land and Buildings (Note 6) €'000	Furniture and Fixtures €'000	Total €'000
At cost			
As at 1 January 2021	10,114	219	10,333
Additions	—	7	7
As at 30 June 2021	**10,114**	**226**	**10,340**
Accumulated amortisation			
As at 1 January 2021	(538)	(73)	(611)
Change for the period	(251)	(8)	(259)
As at 30 June 2021	**(789)**	**(81)**	**(870)**
As at 30 June 2021	**9,325**	**145**	**9,470**

	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	**30 June 2021** €'000	**31 December 2020** €'000
Other Current Assets		
Prepayments(1)	**4,693**	2,651
Deposits on acquisitions(2)	**4,516**	10,529
Other receivables(3)	**467**	674
Trade receivables	**1,058**	1,648
Total	**10,734**	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 property.
(3) Relates to levies received in respect of services to be incurred.

9. Accounts Payable and Accrued Liabilities

As at	30 June 2021	31 December 2020
	€'000	€'000
Accounts Payable and Accrued Liabilities(1)		
Rent - early payments	**3,849**	3,358
Trade creditors	**1,655**	645
Accruals(2)	**8,727**	7,494
Value Added Tax	**353**	91
Total	**14,584**	11,588

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

10. Credit Facility

As at	30 June 2021	31 December 2020
	€'000	€'000
Bank Indebtedness		
Loan drawn down	**412,520**	354,020
Deferred loan costs	**(4,092)**	(3,971)
Total	**408,428**	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 or three-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 2.46%.

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. This amount can be further extended for one more year (subject to certain conditions). After the extension, €205 million of the RCF will mature on 18 April 2024 and €395 of the RCF will mature on 18 April 2025.

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to a notional amount of €160 million. The agreements had an effective date of 23 March 2017 and a maturity date of 14 January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling a notional amount of €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of 14 January 2021. 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 16 for further details).

I-RES has complied with all its debt financial covenants to which it was subject during the period.

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**	**30 June 2021** €'000	**31 December 2021** €'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 %	**42,162**	**40,923**	(1)
USD Series B Senior Secured Notes	10 March 2030	3.63 %	2.25 %	**21,081**	**20,462**	(2)
				193,243	**191,385**	
Deferred financing costs, net				**(2,309)**	**(2,383)**	
Total				**190,934**	**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 30 June 2021, the maximum number of additional options, or Restricted Share Units ("RSU") issuable under the LTIP is 21,406,529 (30 June 2020: 21,104,849).

LTIP

For the six months ended	**WA exercise price**	**30 June 2021**	**30 June 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	1.03	**(2,975,000)**[(2)]	—
Share Options outstanding as at 30 June[(1)]	**1.46**	**6,121,499**	12,496,499

(1) Of the Share Options outstanding above, 4,824,653 were exercisable at 30 June 2021 (31 December 2020: 7,365,499).
(2) See note 21 for more details.

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

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(1)	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(1)	50 %	Non-market

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

(1) EPS will be based on 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:

		2020 LTIP Award	2021 LTIP Award
Fair value per award (TSR tranche) (per share)		**€0.57**	**€0.75**
Inputs	Source		
Three year Risk free interest rate (%)	European Central Bank	(0.70%)	(0.69%)
Three year Historical volatility		22.21 %	25.68 %
Fair value per award (EPS tranche) (per share)		**€1.05**	**€1.33**
Inputs			
Two year Risk free interest rate (%)	European Central Bank	(0.71%)	(0.70%)
Two year Expected volatility		24.06 %	29.77 %

The expected volatility is based on historic market volatility prior to the issuance.

The total share-based compensation expense relating to options for the six months ended 30 June 2021 was €60,000 (30 June 2020: €153,000) and total share-based compensation expense relating to restricted stock unit awards for the six months ended 30 June 2021 was €24,000 (30 June 2020: €33,000).

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 will be issued in registered form and are transferable.

The number of shares authorised is as follows:

For the six months ended	**30 June 2021**	**30 June 2020**
Authorised Share Capital	**1,000,000,000**	1,000,000,000
Ordinary shares of €0.10 each		

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

For the six months ended	**30 June 2021**	**30 June 2020**
Ordinary shares outstanding, beginning of period	**525,078,946**	521,678,946
New shares issued(1)	**2,975,000**	—
Ordinary shares outstanding, end of period	**528,053,946**	521,678,946

(1) In 2021, 2,975,000 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.

	30 June 2021	30 June 2020
	€'000	€'000
Rental Income	**34,242**	32,519
Revenue from services	**4,642**	4,506
Car park income	**543**	337
Revenue from contracts with customers	**5,185**	4,843
Total Revenue	**39,427**	37,362

15. Financing costs

	30 June 2021	30 June 2020
	€'000	€'000
Financing costs on RCF	**4,894**	5,096
Financing costs on private placement debt	**2,393**	1,518
Foreign exchange loss on private placement debt	**1,858**	420
Reclassed from OCI	**(2,293)**	(716)
Gross financing costs	**6,852**	6,318
Less: Capitalised interest	**(25)**	(342)
Financing costs	**6,827**	5,976

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

Interest rate swap

For the six months ended 30 June 2021, a fair value gain of €59,000 (30 June 2020: gain of €252,000) has been recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income and the fair value of the interest rate swaps entered in 2017 and expired in January 2021 was a liability of €nil at 30 June 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.

For the six months ended 30 June 2021, the ineffective portion that has been recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income was €nil and the effective portion of €1,535,000 was included in the cash flow hedge reserve along with a cost of hedging of €374,000. The fair value of the cash flow hedge was an asset of €836,000 and a liability of €6,646,000 at 30 June 2021.

17. Financial Instruments, Investment Properties and Risk Management

a) Fair value of financial instruments and investment properties

The Group classifies and discloses the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13. The fair value hierarchy distinguishes between market value data obtained from independent sources and the Group's own assumptions about market value. The hierarchy levels are defined below:

Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs based on factors other than quoted prices included in Level 1 and may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 - Inputs which are unobservable for the asset or liability and are typically based on the Group's own assumptions as there is little, if any, related market activity.

The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the asset or liability.

The following table presents the Group's estimates of fair value on a recurring basis based on information available as at 30 June 2021, aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 30 June 2021, the fair value of the Group's private placement debt is estimated to be €181.3 million (31 December 2020: €152.8 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 €190.9 million (31 December 2020: €189.0).

As at 30 June 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 30 June 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	**—**	**—**	**1,457,515**	**1,457,515**
Derivative financial instruments	**—**	**836**	**—**	**836**
	—	**836**	**1,457,515**	**1,458,351**
Recurring Measurements - Liability				
Derivative financial instruments[3]	**—**	**(6,646)**	**—**	**(6,646)**
Total	**—**	**(5,810)**	**1,457,515**	**1,451,705**

As at 31 December 2020

	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs[1] €'000	Total €'000
Recurring Measurements - Assets				
Investment properties	—	—	1,380,354	1,380,354
Derivative financial instruments	—	770	—	770
	—	770	1,380,354	1,381,124
Recurring Measurements - Liability				
Derivative financial instruments[2][3]	—	(8,159)	—	(8,159)
Total	—	(7,389)	1,380,354	1,372,965

(1) See note 5 for detailed information on the valuation methodologies and fair value reconciliation.

(2) The valuation of the interest rate swap instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. The fair value is determined using the market-standard methodology of netting the discounted future fixed cash payments and the discounted variable cash receipts of the derivatives. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rates. If the total mark-to-market value is positive, I-RES will include a current value adjustment to reflect the credit risk of the counterparty, and if the total mark-to-market value is negative, I-RES will include a current value adjustment to reflect I-RES' own credit risk in the fair value measurement of the interest rate swap agreements.

(3) The cross currency swaps are valued by constructing the cash flows of each side and then discounting them back to the present using appropriate discount factors, including consideration of credit risk, in those currencies. The cash flows of the more liquidly quoted currency pair will be discounted using standard discount factors, while the cash flows of the less liquid currency pair will be discounted using cross-currency basis-adjusted discount factors. Following discounting, the spot rate will be used to convert the present value amount of the non-valuation currency into the valuation currency.

b) Risk management

The main risks arising from the Group's financial instruments are market risk, interest rate risk, liquidity risk and credit risk. The Group's approach to managing these risks are summarised as follows:

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group's financial assets currently comprise short-term bank deposits, trade receivables, deposit on acquisition and derivatives.

Short-term bank deposits are held while awaiting suitable investment properties for investment. These are denominated in euros. Therefore, exposure to market risk in relation to these is limited to interest rate risk.

The Group also has private placement 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 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 30 June 2021, the Group held the following instruments to hedge exposures to changes in foreign currency:

As at	30 June 2021	30 June 2027	30 June 2030
Cross Currency Swaps			
Net exposure (€'000)	68,852	22,951	—
Average fixed interest rate	1.96 %	2.25 %	—

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness (€'000)	Cashflow hedge reserve (€'000)
Private placement debt	1,535	1,535

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

		Carrying amount						
	Nominal amount (€'000)	Assets (€'000)	Liability (€'000)	Changes in the value of hedging instrument recognised in OCI (€'000)	Hedge ineffectiveness recognised 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	836	(6,646)	1,909	—	Gain on derivative financial instruments	(2,293)	Financing costs

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under these agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances,all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

30 June 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	16	**836**	**(836)**	**—**
Financial liabilities				
Derivative financial instruments	16	**(6,646)**	**836**	**(5,810)**

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("**IBORs**") with alternative nearly risk-free rates (referred to as '**IBOR reform**'). The Group does not have any exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will not impact its risk management and hedge accounting.

Interest rate risk

With regard to the cost of borrowing I-RES has used, and may continue to use, hedging where considered appropriate, to mitigate interest rate risk.

As at 30 June 2021, I-RES' RCF was drawn for €412.5 million. The interest on the RCF is paid at a rate of 1.75% per annum plus the higher of the one-month or three-month EURIBOR rate (at the option of I-RES) or at a floor of zero if EURIBOR is negative. The Company's private placment debt has a fixed rate of 1.92%. The Group does not currently expect for the EURIBOR to go above zero in the medium term and therefore have not entered into new swaps to hedge the variable rate exposure. I-RES will continue to monitor the changes in the EURIBOR rate to determine whether additional interest rate hedging is required. For the six months ended 30 June 2021, a 100-basis point change in interest rates would have the following effect:

As at 30 June 2021

	Change in interest rates	**Increase (decrease) in net income**
	Basis Points	€'000
EURIBOR rate debt[(1)]	+100	**(1,753)**
EURIBOR rate debt[(2)]	-100	**—**

(1) Based on the fixed margin of 1.75% plus the one-month EURIBOR rate as at 30 June 2021 of -0.578% 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	**Increase (decrease) in net income**
	Basis Points	€'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 -0.472% 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.

The following tables show the Group's contractual undiscounted maturities for its financial liabilities:

As at 30 June 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	**412,520**	**—**	**—**	**—**	**412,520**	**—**
Bank indebtedness interest (2)	**24,997**	**3,639**	**3,580**	**7,219**	**10,559**	**—**
Private placement debt(3)	**193,243**	**—**	**—**	**—**	**—**	**193,243**
Private placement debt interest(3)	**38,451**	**2,326**	**2,326**	**4,629**	**13,706**	**15,464**
Lease liability	**11,454**	**314**	**314**	**628**	**1,883**	**8,315**
Other liabilities	**10,382**	**10,382**	**—**	**—**	**—**	**—**
Security deposits	**8,087**	**8,087**	**—**	**—**	**—**	**—**
	699,134	**24,748**	**6,220**	**12,476**	**438,668**	**217,022**
Derivative financial liabilities						
Forward exchange rate used for hedging:						
Outflow	**(79,047)**	**(687)**	**(687)**	**(1,374)**	**(4,122)**	**(72,177)**
Inflow(3)	**72,429**	**1,106**	**1,102**	**2,189**	**6,386**	**61,646**
	(6,618)	**419**	**415**	**815**	**2,264**	**(10,531)**

(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 30 June 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	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.

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 €439,000 for the six months ended 30 June 2021 and is recorded as part of property operating costs in the interim consolidated statement of profit or loss and other comprehensive income. (30 June 2020: €603,000)

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 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 30 June 2021, capital consists of equity and debt, and Group Total Gearing was 41.0%. I-RES seeks to use gearing to enhance shareholder returns over the long term. The level of gearing is monitored carefully by the Board.

The Board monitors the return on capital as well as the level of dividends paid to ordinary shareholders. Subject to distributable reserves, it is the policy of I-RES to distribute at least 85% of the Property Income of its Property Rental Business for each accounting period.

18. Taxation

I-RES elected for REIT status on 31 March 2014. As a result, from 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.

19. Dividends

Under the Irish REIT Regime, subject to having sufficient distributable reserves, I-RES is required to distribute to shareholders at least 85% of the Property Income of its Property Rental Business for each accounting period, provided it has sufficient distributable reserves.

On 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:

	30 June 2021	30 June 2020
	€'000	€'000
Profit/(loss) for the period	**27,421**	(10,851)
Less: unrealised (gain)/loss on net movement in fair value of investment properties	**(8,668)**	27,246
Property Income of the Property Rental Business	**18,753**	16,395
Add back:		
Share-based compensation expense	**84**	186
Unrealised change in fair value of derivatives	**(59)**	(481)
Distributable Reserves	**18,778**	16,100

20. Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the six months ended	**30 June 2021**	**30 June 2020**
	€'000	€'000
Financing costs as per the consolidated statement of profit or loss and other comprehensive income	**6,827**	5,976
Interest expense accrual	**158**	(1,610)
Hedging adjustment	**21**	298
Capitalised interest	**25**	342
Lease interest	**117**	122
Less: amortisation of financing fees	**(783)**	(677)
Interest Paid	**6,365**	4,451

Changes in operating assets and liabilities

For the six months ended	**30 June 2021**	**30 June 2020**
	€'000	€'000
Prepayments	**(2,042)**	407
Trade receivables	**151**	376
Other receivables	**207**	(663)
Accounts payable and other liabilities	**1,979**	3,325
Security deposits	**525**	189
Changes in operating assets and liabilities	**820**	3,634

Issuance of Shares

For the six months ended	**30 June 2021**	**30 June 2020**
	€'000	€'000
Issuance of shares	**3,061**	—
Issuance costs	**—**	—
Net proceeds	**3,061**	—

Changes in liabilities due to financing cash flows

		Changes from Financing Cash Flows					Non-cash Changes				
	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**	**30 June 2021**
Bank indebtedness	354,020	—	74,000	(15,500)	—	—	—	—	—	—	412,520
Deferred loan costs, net	(3,971)	—	—	—	—	(800)	679	—	—	—	(4,092)
Private placement debt	191,385	—	—	—	—	—	—	1,858	—	—	193,243
Deferred loan costs, net	(2,383)	—	—	—	—	(30)	104	—	—	—	(2,309)
Derivative financial instruments	8,075	—	—	—	—	—	—	—	—	(1,429)	6,646
Lease liability	9,486	—	—	—	(197)	—	—	—	—	—	9,289
Total liabilities from financing activities	**556,612**	**—**	**74,000**	**(15,500)**	**(197)**	**(830)**	**783**	**1,858**	**—**	**(1,429)**	**615,297**

		Changes from Financing Cash Flows					Non-cash Changes				
	1 January 2020	Proceeds from private placement debt	Revolving Credit Facility drawdown	Revolving Credit Facility repayment	Lease payments	Financing fees on private placement debt	Amortisation of other financing costs	Foreign exchange	Gain on derivatives	New hedging instrument	30 June 2020
Bank indebtedness	555,020	—	4,000	(171,000)	—	—	—	—	—	—	388,020
Deferred loan costs, net	(5,169)	—	—	—	—	—	599	—	—	—	(4,570)
Private placement debt	—	196,342	—	—	—	—	—	420	—	—	196,762
Deferred loan costs, net	—	—	—	—	—	(2,688)	78	—	—	—	(2,610)
Derivative financial instruments	788	—	—	—	—	—	—	—	(481)	1,621	1,928
Lease liability	9,872	—	—	—	(192)	—	—	—	—	—	9,680
Total liabilities from financing activities	560,511	196,342	4,000	(171,000)	(192)	(2,688)	677	420	(481)	1,621	589,210

21. 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.

Having carefully reviewed the possible options and having also taken appropriate independent advice, the Board Sub-Committee has determined that it is in the best interests of the Company to internalise its management and the Board has therefore approved the serving of a notice of termination of the Investment Management Agreement and the Company has exercised its right to internalise its management, with the Internalisation and the acquisition of the shares in the Manager due to take effect on 31 January 2022. The acquisition will be subject to CBI approval. In the interim, the Manager will continue to provide all the services pursuant to the current Investment Management Agreement on its existing terms.

Certain transitional provisions apply under the Investment Management Agreement upon its termination in order to affect an orderly transition of the services to the Company. Other than fees or other monies accrued up to the point of termination, the Manager is not entitled to compensation on termination of the agreement.
In providing its services to the Company under the Investment Management Agreement, the Manager also has access to the expertise and resources provided by CAPREIT LP, pursuant to the Services Agreement between the Company, CAPREIT LP and the Manager (as amended from time to time), which covers the performance of property and asset management services provided by CAPREIT LP. Among other customary termination provisions, the Services Agreement terminates on the termination of the Investment Management Agreement or where CAPREIT LP (or one of its affiliates) ceases to control the Manager.

For the six months ended 30 June 2021, I-RES incurred €2.4 million in asset management fees. In addition, €1.2 million in property management fees were incurred and recorded under operating expenses. For the six months ended 30 June 2020, €2.3 million in asset management fees and €1.1 million in property management fees were recorded. For the six months ended 30 June 2021, CAPREIT LP charged back €1.2 million (30 June 2020: €0.9 million) relating to salaries.

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €1.0 million as at 30 June 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 30 June 2021 (€0.2 million as at 31 December 2020) related to the leasing of office space.

IRES Fund Management has two remaining leases for office space with I-RES as at 30 June 2021. The rental income for the office spaces for the six months ended 30 June 2021 was €60,000 (€36,000 for the six months ended 30 June 2020). The leases expire on 1 December 2021. Minimum annual rental payments from IRES Fund Management for 2021 is as follows:

	2021
	€'000
Minimum annual rent payments from IRES Fund Management	34

Expenses

Total remuneration is comprised of remuneration of the non-executive Directors of €206,000 for the six months ended 30 June 2021 and €217,000 the six months ended 30 June 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. I-RES does not consider these owners' management companies to be material for consolidation as the total assets of the owners' management companies is less than 1% of the Group's total assets. I-RES has considered the latest available financial statements of these owners' management companies in making this assessment.

The total service fees billed in the period by the owner's management companies were €4.5 million, of which €0.7 million was payable and €2.5 million was prepaid as at 30 June 2021. As at 31 December 2020, €0.2 million was payable and €0.9 million was prepaid by I-RES to the owners' management companies.

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.

22. Contingencies

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. In 2017, in relation to these water ingress and fire remedial works, 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 30 June 2021 is circa €0.4 million. There is also an active insurance claim with respect to the water ingress and related damage. The amount of potential costs relating to these structural remediation works cannot be currently measured with sufficient reliability.

23. Commitments

In November 2018, the Company entered into a share purchase agreement to acquire 69 residential units for a total consideration of €47.16 million (including VAT but excluding other transaction costs). Practical completion of the units is expected to be on or around the second quarter of 2022.

In January 2020, the Company entered into a development contract to develop 61 units for a total consideration of circa €16 million and the amount outstanding as of 30 June 2021 is circa €10.6 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 30 June 2021 is circa €1.0 million.

24. 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 six months ended	30 June 2021	30 June 2020
Profit attributable to shareholders of I-RES (€'000)	**27,421**	(10,851)
Basic weighted average number of shares	**526,309,195**	521,678,946
Diluted weighted average number of shares(1)(2)	**527,369,734**	524,009,290
Basic Earnings/(loss) per share (cents)	**5.2**	(2.1)
Diluted Earnings/(loss) per share (cents)	**5.2**	(2.1)

(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 30 June 2021, 4,596,499 options (30 June 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.

EPRA Earnings per Share

For the six months ended	30 June 2021	30 June 2020
Profit for the period (€'000)	**27,421**	(10,851)
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	**(8,668)**	27,246
Profit or losses on disposal of investment property	**(870)**	—
Changes in fair value of derivative financial instruments (€'000)	**(59)**	(481)
EPRA Earnings (€'000)	**17,824**	15,914
Basic weighted average number of shares	**526,309,195**	521,678,946
Diluted weighted average number of shares	**527,369,734**	524,009,290
EPRA Earnings per share (cents)	**3.4**	3.1
EPRA Diluted Earnings per share (cents)	**3.4**	3.0

25. Net Asset Value per Share

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

In October 2019, EPRA introduced three EPRA NAV metrics to replace the existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value ("EPRA NRV'), EPRA Net Tangible Asset ("EPRA NTA") and EPRA Net Disposal Value ("EPRA NDV"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated to the full extent of their liabilities. The table below presents the transition between the Group's shareholders' equity derived from financial statements and the various EPRA NAV.

EPRA NAV per Share

As at	30 June 2021 EPRA NRV	EPRA NTA[(1)]	EPRA NDV[(2)]
Net assets (€'000)	**854,969**	**854,969**	**854,969**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	—	—	—
Fair value of fixed interest rate debt (€'000)	—	—	**9,661**
Real estate transfer cost (€'000)[(3)]	**73,396**	—	—
EPRA net assets (€'000)	**928,365**	**854,969**	**864,630**
Number of shares outstanding	**528,053,946**	**528,053,946**	**528,053,946**
Diluted number of shares outstanding	**528,592,264**	**528,592,264**	**528,592,264**
IFRS Net Asset Value per share (cents)	**161.9**	**161.9**	**161.9**
EPRA Net Asset Value per share (cents)	**175.6**	**161.7**	**163.6**

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 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
IFRS 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 30 June 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.

26. Directors' Remuneration, Employee Costs and Auditor Remuneration

Key Management personnel of the Group consist of the Board of directors. The remuneration of the key management personnel paid during the period were as follows:

For the six months ended	30 June 2021	30 June 2020
	€'000	€'000
Directors' remuneration		
Short-term employee benefits	**715**	669
Pension costs	**30**	30
Other benefits(1)	**58**	94
Share-based payments(2)	**84**	186
Total	**887**	979

(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 30 June 2021.
(3) See note 21 for options exercised by one of the Directors.

27. Holding Company Details

The name of the holding company of the Group is Irish Residential Properties REIT plc. The legal form of the Company is a public limited company. The place of registration of the holding company is Dublin, Ireland and its registration number is 529737. The address of the registered office is South Dock House, Hanover Quay, Dublin 2, Ireland.

28. Subsequent Events

On 9 July 2021, the Irish Government signed into law the reform and extension of the Rent Pressure Zone ("RPZ") regulations which were 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), beginning on 19 July 2021. The scheme remain in effect until the end of 2024. The changes are expected to result in lower rent increases in line with general inflation, which is currently running slightly below 2%. As the Bill came in post H1 2021 Results, the Group's portfolio valuation for 30 June 2021 was unaffected. All of the Group's investment properties are located in RPZs and the portfolio was approximately 10.39% under-rented at the last valuation.

29. Approval of Condensed Consolidated Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the Board on 5 August 2021.

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 revinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments , and certain other adjustments are calculated to the full extent of their liabilities.

"EPRA NAV per share" Calculated by dividing each of the EPRA NAV metric by the diluted number of ordinary shares outstanding as at the end of the reporting period;

"Equivalent Yields (formerly referred as Capitalisation Rate)" The rate of return on a property investment based on current and projected future income streams that such property investment will generate. This is derived by the external valuers and is used to estimate the term and reversionary yields;

"Group Total Gearing" Calculated by dividing the Group's aggregate borrowings (net of cash) by the market value of the Group's portfolio value consistent with the financial covenant of the Group's Revolving Credit Facility and the Notes;

"Gross Yield" Calculated as the Annualised Passing Rent as at the stated date, divided by the fair value of the investment properties, excluding fair value of development land and investment properties under development as at the reporting date;

"Irish REIT Regime" Means the provisions of the Irish laws and regulations establishing and governing real estate investment trusts, in particular, but without limitation, section 705A of the Taxes Consolidation Act, 1997 (as inserted by section 41(c) of the Finance Act, 2013), as amended from time to time;

"Market Capitalisation" Calculated as the closing share price multiplied by the number of shares outstanding;

"Net Asset Value" or "NAV" Calculated as the value of the Group's or Company's assets less the value of its liabilities measured in accordance with IFRS;

"Net Asset Value per share" Calculated by dividing NAV by the basic number of ordinary shares outstanding as at the end of the reporting period;

"Net Rental Income (NRI)" Measured as property revenue less property operating expenses;

"Net Rental Income Margin" Calculated as the NRI over the revenue from investment properties;

"Occupancy Rate" Calculated as the total number of apartments occupied over the total number of apartments owned as at the reporting date;

"Property Income"	As defined in section 705A of the Taxes Consolidation Act, 1997. It means, in relation to a company or group, the Property Profits of the company or group, as the case may be, calculated using accounting principles, as: (a) reduced by the Property Net Gains of the company or group, as the case may be, where Property Net Gains arise, or (b) increased by the Property Net Losses of the company or group, as the case may be, where Property Net Losses arise;
"Property Profits"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Property Net Gains"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Property Net Losses"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Property Rental Business"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Sq. ft."	Square feet;
"Sq. m."	Square metres;
"Stabilised NRI"	Measured as property revenue less property operating expenses adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance;
"Vacancy Costs"	Defined as the value of the rent on unoccupied residential apartments and commercial units for the specified period.

Forward-Looking Statements

I-RES Disclaimer

This Report includes statements that are, or may deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "estimates", "expects", "intends", "plans", "projects", “may” or "should", or, in each case, their negative or other comparable terminology, or by discussions of strategy, plans, objectives, trends, goals, projections, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include, but are not limited to, statements regarding the intentions, beliefs or current expectations of I-RES concerning, amongst other things, its results of operations, financial position, liquidity, prospects, growth, strategies and expectations for its industry. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of I-RES and/or the industry in which it operates to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As a result, you are cautioned not to place any reliance on such forward-looking statements and neither I-RES nor any other person accepts responsibility for the accuracy of such statements.

Nothing in this Report should be construed as a profit forecast or a profit estimate.

The forward-looking statements referred to in this report speak only as at the date hereof. Except as required by law or any appropriate regulatory authority, I-RES expressly disclaims any obligation or undertaking to release publicly any revision or updates to these forward-looking statements to reflect any change in (or any future) events, circumstances, conditions, unanticipated events, new information, any change in I-RES’ expectations or otherwise including in respect of the Covid-19 pandemic, the uncertainty of its duration and impact, and any government regulations or legislation related to it.

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STOCK EXCHANGE LISTING

Shares of I-RES are listed on Euronext Dublin under the trading symbol "IRES".