


Irish Residential Properties REIT plc

2019 Annual Report

Building Communities, Investing in Sustainable Supply

I·RES


Corporate Profile

Irish Residential Properties REIT plc (the "Company", "I-RES", "we", "our", together with IRES Residential Properties Limited, the "Group") is a growth oriented Real Estate Investment Trust that is focused on acquiring, holding, managing and developing investments primarily focused on private residential rental accommodations in Ireland. At 31 December 2019, the Group owns 3,666 apartments and houses for private rental in Dublin and Cork. The Company's shares are listed on the Main Securities Market of Euronext Dublin.

Financial Highlights

For the year ended	31 December 2019	31 December 2018
Operating Performance		
Revenue from Investment Properties (€ millions)	**62.1**	50.6
Net Rental Income (€ millions)	**50.5**	41.2
Profit Before Fair Value Changes in Investment Properties – EPRA Earnings (€ millions)	**33.1**	27.8
EPRA Basic Earnings per share (cents)[1]	**6.9**	6.5
Profit (€ millions)	**86.3**	119.8
Basic EPS (cents)	**18.0**	28.0
Portfolio Performance		
Total Number of Residential Units at Year End	**3,666**	2,679
Overall Portfolio Occupancy Rate[1]	**98.3%**	99.8%
Overall Portfolio Average Monthly Rent (€)[1]	**1,596**	1,599
Gross Yield at Fair Value[1][2]	**5.6%**	6.1%

As at	31 December 2019	31 December 2018
Liquidity and Leverage		
Total Property Value (€ millions)	**1,359.2**	921.3
Net Asset Value (€ millions)	**810.2**	618.7
EPRA Net Asset Value (€ millions)	**811.0**	619.6
Basic NAV per share (cents)	**155.3**	142.5
EPRA Basic NAV per share (cents)[1]	**154.6**	142.0
Group Total Gearing[3]	**40.8%**	33.6%
Other		
Market Capitalisation (€ millions)	**829.5**	586.1
Weighted Average Number of Shares – Basic	**478,563,272**	427,164,632

(1) For definitions, method of calculation and other details, refer to pages 25 to 26 of Business Performance Measures under the Business Review section of the Investment Manager's Review.
(2) Excluding fair value of development land and investment properties under development.
(3) For definitions, method of calculation and other details, refer to page 24 to 25 of Liquidity and Financial Condition under the Operational and Financial Review.

Coronavirus Disease 2019 ("CoViD19")

The current CoViD19 pandemic has presented new challenges to the world economy including Ireland.

Ireland has been impacted by the CoViD19 pandemic over the last month, including an evolving range of measures being introduced by the Irish Government to manage this emergency health crisis. We in I-RES are continuing to assess and formulate a comprehensive action and response plan to CoViD19. The safety of staff and residents is of the utmost importance, and we are following all of the Irish Health Service Executive (HSE) guidelines in that regard.

While there is considerable uncertainty as a result of the coronavirus pandemic, the Board believes that the Company is well positioned in the face of the crisis;

- Balance sheet is robust
- Gearing is low at circa 41% and there is considerable headroom on committed bank facilities
- Scale and geographic spread of portfolio of apartments and houses reduces risk
- Strong net rental income and variable cost base

We believe it is our responsibility to prioritise:

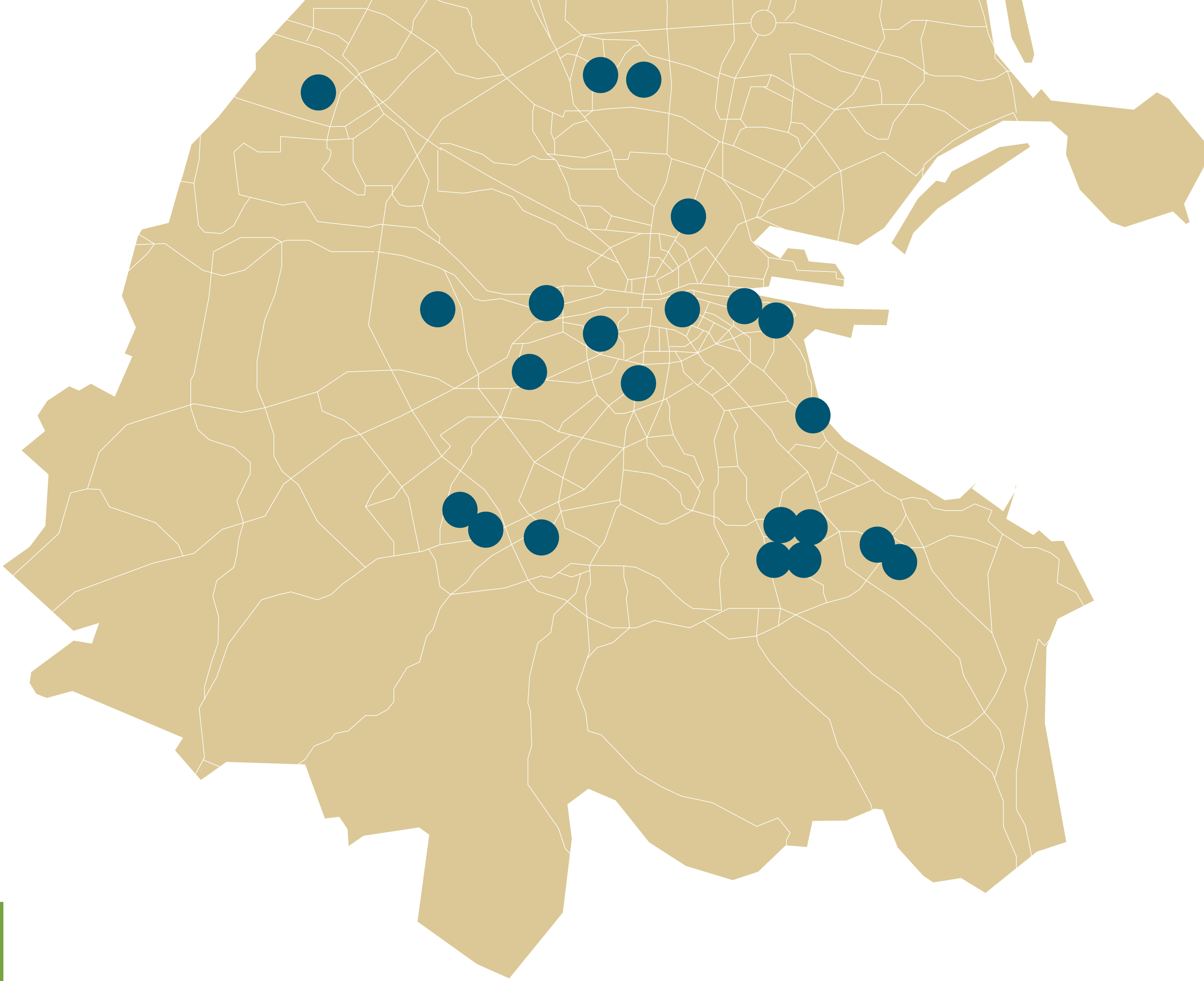
1. The safety and well-being of employees and other personnel supporting the ongoing business; and
2. The safety and well-being of our residents and properties.

The Board and Investment Manager have experience of managing crisis situations in the past and we are leveraging this knowledge and experience to initiate appropriate practices to help control the spread of CoViD19 to the best of our ability and minimize the impact on our people and our business. We have already taken a number of preventative measures to mitigate risk across our business.

The financial position and liquidity of the Company and IRES Residential Properties Limited (collectively, the "**Group**") is strong, and we have the resources and flexibility to manage our way through this issue. Additionally, the investments our Investment Manager has made in its technology platform will be a benefit to the Group and together with an experienced team, we can responsibly respond to this fluid situation.

The Irish Government has introduced emergency legislation, Emergency Measures in the Public Interest (CoViD19) Act 2020, which includes measures relating to suspension of termination notices to residents and no increases in rents during the period of 3 months from 27 March 2020 (such period could be extended by the Irish Government). The Irish government has also introduced a COVID-19 Income Support Scheme. The COVID-19 Income Support Scheme, includes a Wage Subsidy Scheme whereby employers will be refunded up to 70% of an employee's wages (capped at €410 per week). The scheme is expected to last for 12 weeks from 26 March 2020. In addition, under the Income Support Scheme, workers who have lost their jobs due to the crisis will receive an enhanced emergency COVID-19 Pandemic Unemployment Payment of €350 per week, the COVID-19 illness payment will also be increased to €350 per week; and the self-employed will be eligible for the COVID-19 Pandemic Unemployment Payment of €350 per week directly from the Department of Employment Affairs and Social Protection. Currently, the Irish Government has also instructed that everyone should stay at home until 12 April 2020 except for certain situations including employment of an essential service. This is an evolving and dynamic environment and we expect that further Government measures may be introduced in dealing with the CoViD19 crisis. The Group has deemed that it is providing an essential accommodation service and will continue to operate during this time. Construction of the Group's development projects are not deemed essential and will stop work during this time.

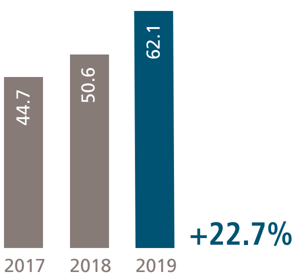
The impact of CoViD19 is still uncertain at this time and the Central Bank of Ireland believes it would have an adverse impact on economic forecasts for Irish and Global economic performance for the remainder of 2020. The Central Bank of Ireland forecast that depending on the length and severity of the crisis, Irish GDP could contract by up to 8.3% in 2020. We will continue to monitor the development of the pandemic and assess how I-RES will respond to the changing economic environment. The multi-family real estate sector is a highly defensive and counter-cyclical asset class that can bear broader market swings, even in comparison to other property sectors.



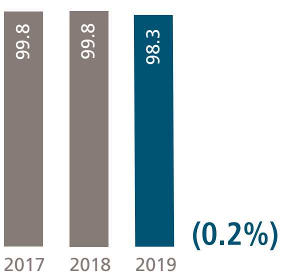
A Year of Continued Strong Progress

I-RES continued to invest and increased its portfolio in 2019 by a further 37% to 3,666 high-quality, modern residential units with an average age of 11 years. These residential units are located close to excellent public transport infrastructure with an average commute time to the city centre of under 40 minutes. In line with our strategy of making a positive contribution to the Irish housing market and sustainable living, while delivering dividend growth to our shareholders, we provide homes that are particularly attractive to people who are interested in putting down roots and staying for the long term.

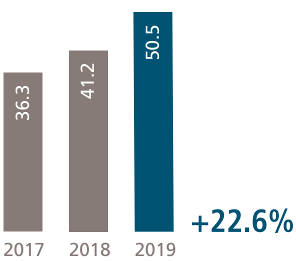
Revenue from Investment Properties
(€ millions)



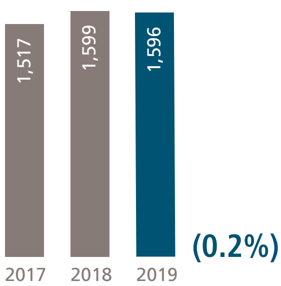
Occupancy
(%)



Net Rental Income
(€ millions)



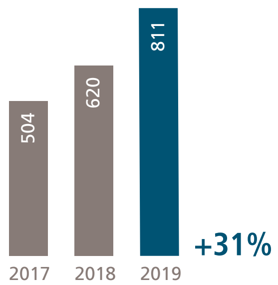
Average Monthly Rent
(€)



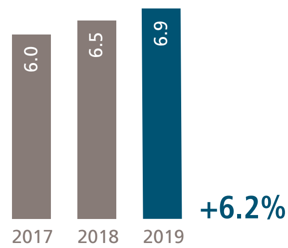
Building Value for Shareholders

Against a backdrop of an historically low interest rate environment, a strongly growing economy in Ireland and rapid population growth, I-RES has built an exceptional residential rental business based on a strong balance sheet and a high-quality development pipeline. This in turn is generating strong returns and growing dividends for our shareholders.

EPRA NAV
(€ millions)



EPRA Earnings per Share
(€ cents)



HIGHLIGHTS

01
New portfolio acquisition

On 1 August 2019, we acquired a portfolio of 815 residential units in 16 existing properties in 15 prime locations in Dublin and one in Cork (the "Marathon Portfolio") with strong rental demand and proximity to local amenities and transport links. The portfolio generates annual rental income of €14.5 million.

02
Increased funding

We successfully completed a share placing to raise gross proceeds of €134 million in June and July of 2019 while our new credit facility of €450 million entered into in April of 2019 was subsequently increased to €600 million in June 2019.

03
Completed developments acquired

In February 2019, we acquired The Coast in Baldoyle, Dublin 13. The mixed housing, apartment and duplex development comprises 52 residential units in a popular residential location close to high-quality amenities with excellent connectivity to Dublin City Centre.

04
Forward purchases agreed

Three forward purchases comprising a total of 173 residential units were agreed during the year. Taylor Hill in Balbriggan, Semple Woods in Donabate, and Waterside in Malahide, all in north County Dublin, enjoy proximity to excellent infrastructure including public transport, schools and employment as well as access to Dublin Airport. On a phased basis up to November 2019, we took delivery of the 118 quality homes in Donabate and Balbriggan built by Glenveagh to an excellent specification including high environmental standards.

05
Multi-year development pipeline

We have a development pipeline of 219 residential units under forward purchase contracts due in 2020/21 together with 627 residential units with planning permission granted. This includes 18 residential units at Tallaght Cross West in west Dublin and 61 residential units at Bakers Yard in Dublin City Centre currently under construction. The 84 residential units at Beacon Square South and 428 residential units at Rockbrook, both in Sandyford south Dublin, have successfully come through the planning approval process during 2019.

Camac Crescent, Turvey Avenue, Inchicore, Dublin 8

Our Strategy for Growth and Development

I-RES is committed to making a positive contribution to a sustainable, long-term solution to Ireland's housing shortage. Our strategy is based on providing high-quality homes for people who wish to live in them for the longer term. We are delivering on this strategy by investing in the development of new supply as well as through the acquisition of existing stock.

HOW WE GROW OUR PORTFOLIO

01
Real estate fundamentals

Ireland's population continues to grow at a rapid pace whilst demand for rental accommodation outstrips supply.

02
Development partnerships

A key contributory factor to Ireland's severe housing shortage has been the lack of credit and capital available to builders and developers. I-RES is helping to alleviate that situation by providing purchase commitments to developers through forward purchase agreements for projects with planning permission in place, which will help developers secure financing. Current forward purchase agreements will deliver 219 residential units within the next two years.

03
Acquisition of completed developments

Our growth strategy also includes the acquisition of completed developments in the Greater Dublin Area and other major urban centres around the country. These acquisitions provide additional capital to the development sector to enable further residential construction activity.

04
Investment in intensification of existing portfolio

Our existing properties include a number of development sites which have the capacity to deliver 627 new residential units with planning permissions now in place for all of these developments, providing the Group with additional flexibility on its significant future growth potential. Together with forward commitments, this has the potential to increase the total number of homes in the portfolio by 23%, up to more than 4,500 residential units.

Market Outlook

21,241
Housing completions in Ireland for the year 2019 (CSO)

34,000
Required number of housing completions per annum (CSO)

5.7 million
Ireland's population by 2040 – an increase of 20% over 2017 (ESRI)

01
Demand for rental housing

Housing completions in Ireland remain significantly behind demand. Completions reached circa 21,000 in 2019 compared to the required level of more than 34,000 (Central Bank of Ireland).

Due to CoViD19 situation, Central Bank of Ireland reports that house completions in Ireland could decrease to 16,000 from the original estimate of 26,000 in 2020.

02
Rapidly growing population and foreign direct investment

Ireland's population, which stood at 4.74 million in 2016, is projected to increase to 5.7 million by 2040 (ESRI).

The population of Dublin is expected to increase by 31.9%, from 1.34 million in 2016 to 1.76 million by 2036, representing 31.6% of the national total (CSO).

Ireland's young population profile means that the working age population (15-64) could increase by as much as 863,800 (27.8%) to 3,968,100 by 2051 (CSO).

Ireland is the number one destination in the world for foreign direct investment by US tech companies (Wolfgang Digital).

03
The housing market

In Q1 2019, there were 356,500 dwellings privately rented in Ireland, an increase of 14,900 from Q1 2018 (CSO). This brought the proportion of dwellings which are rented privately in Ireland to 19.1% – more than double the 2004 level of 8%. In Dublin, 25.9% of dwellings were rented privately in Q1 2019, up from 24% in Q1 2018 (CSO).

Meeting Our Objectives

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

High-Quality Acquisitions

Marathon Portfolio
(815 residential units)

During 2019 we acquired the Marathon Portfolio for €285 million (including VAT but excluding other transaction costs). The portfolio comprises 815 residential units in 16 existing properties – 15 in Dublin and one in Cork – in well-located areas with high-quality amenities and transport links.

Annual rental income of €14.5 million delivers a year one gross yield of 5.2%.

The acquisition represented an excellent opportunity to enter the Cork market for the first time.

The portfolio significantly expands our Dublin footprint and offers the ability to leverage our existing operating platform and infrastructure.

The Coast
(52 residential units)

We acquired The Coast in Baldoyle in February 2019. The development comprises a mix of houses, apartments and duplex units.

Acquisition cost was circa €14 million (including VAT but excluding transaction costs).

Investment generates gross yields of circa 6.0%.

The Coast is located on the site of the former Baldoyle Racecourse in a popular residential location providing excellent amenities and connectivity to Dublin City Centre.

Forward Purchase Contracts

Balbriggan and Donabate
(118 residential units)

In March 2019 we entered into contracts with Glenveagh Homes for the forward purchase of 40 residential units at Semple Woods, Donabate and 78 residential units at Taylor Hill, Balbriggan, Co Dublin.

The overall investment was circa €38.2 million (including VAT but excluding transaction costs).

All 118 residential units were delivered turn-key on a phased basis by November 2019.

Situated close to excellent infrastructure including transport, schools and local employers.

Waterside
(55 residential units)

In May 2019 we entered into a contract for the forward purchase of 55 apartments and duplexes at Waterside, Malahide, Co Dublin.

The value of the transaction was circa €18.5 million (including VAT but excluding transaction costs).

Ideally located between Malahide and Swords villages in north County Dublin.

The scheme was handed over on a phased basis by the end of March 2020.

Development Pipeline

Grande Central
(428 residential units)

Grande Central in Rockbrook, Sandyford, Dublin 18 will be a modern new development comprising 428 new one-, two- and three-bedroom apartments.

Planning permission has been granted for the development.

Excellent infrastructure including LUAS within walking distance and close proximity to the M50 and N11.

High-quality local amenities including established schools, shopping facilities and the UPMC Beacon Hospital close by.

Microsoft, American Airlines, Vodafone, AIB, the Central Bank of Ireland mint facility and other major employers nearby.

Bakers Yard
(61 residential units)

Bakers Yard is located on the North Circular Road, 15 minutes walking distance to Dublin City Centre.

The site was granted planning permission in 2019 for the development of 14 x 1 bed, 6 x 2 bed and 36 x 3 bed apartments as well as 5 studio apartments.

The site has been cleared and the construction contract was awarded in January 2020 and construction has commenced.

This new block of apartments will be adjacent to the Mater Hospital and leading financial services and professional services companies located on the North Docks and Dublin City Centre.

Managing Properties for People

01
Bringing new standards to the rental market

We are transforming the residential rental market for the better by offering professional property management services through IRES Fund Management Limited (“**IRES Fund Management**” or “**Investment Manager**”). Each building has dedicated staff to ensure residents receive the highest possible standards of service.

02
Rapid response

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

03
Top-quality staff

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

The I-RES Advantage

Advanced technology to maximise efficiency

Dedicated property manager for every building

24-hour emergency service line

Team of tradespeople and caretakers

Intensive training and development for all Investment Manager team members

Safety standards exceed regulatory requirements

More than Just Buildings

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

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Review

Chairman's Statement

The board of the company ("**the Board**") is very satisfied with the performance of the Group under the management of our CEO, Margaret Sweeney, and the investment manager, IRES Fund Management. They remain focused on achieving the strategic priorities established by the Board, delivering solid and growing yields for investors through quality service delivery to residents and accretive acquisitions and developments.

While the coronavirus pandemic has created significant uncertainty in every walk of life, we believe that our business is resilient. We have a robust balance sheet and sufficient headroom in our bank facilities. Our residence base is diversified and the underlying demand for good quality rental housing is strong. Our priority is the welfare of our colleagues, tenants and communities, and this remains our focus as we continue to adapt to the changing conditions created by the coronavirus.

As at 31 December 2019, the Group has invested in a portfolio of 3,666 residential units across 41 properties in the Dublin area and one property in Cork. The Board will continue to evaluate growth opportunities supported by strong population growth in Ireland, against a changing policy and regulatory environment and disciplined capital allocation delivering value for shareholders. We are very appreciative of our shareholders (including CAPREIT) and of our banking syndicate which strongly supported the Company in its financing during this period; particularly noteworthy are the increase in the Revolving Credit Facility to €600 million at attractive rates, and the circa 20% equity capital raise via a private placement of shares, raising €131 million (net), to fund our continuing growth strategy. The Board is delighted that the Group has acquired the Marathon Portfolio, an established portfolio of scale which is a highly strategic acquisition.

Declan Moylan, Chairman

Financial Results

The Group has generated strong growth in revenues and profits for the year ended 31 December 2019 due to continued investment in new properties for rental, rental growth and consistently high occupancy across the portfolio.

Basic EPRA EPS is 6.9 cents for the year ended 31 December 2019, an increase of 6.2%, compared to last fiscal year (31 December 2018: 6.5 cents).

EPRA NAV per share increased by 8.9%, 154.6 cents, for the year ended 31 December 2019. This growth was driven mainly by acquisitions completed during the year, and increases in the valuation of the investment properties and NRI, partially offset by dividends paid in 2019.

Investment Manager

The Board continues to be very satisfied with the significant contributions made by IRES Fund Management, the Company's alternative investment fund manager, together with senior management and staff of CAPREIT Limited Partnership ("**CAPREIT LP**"). CAPREIT LP and IRES Fund Management provide significant support from senior staff and other personnel, together with an advanced SAP platform and other important contributions supporting the Group.

Governance Highlights

This year was our first year operating under the new UK Corporate Governance Code 2018 (the "**UK Code**"). The Board has embraced the change and worked hard to ensure it has effectively implemented its new requirements.

In particular, the Board acknowledges the increased focus on relationships between a company and its various stakeholders and acknowledges the important relationships the Company has with, for example, its valued tenants, shareholders, suppliers and the wider community. The new UK Code requires that outside of shareholders, the Board should understand the views of the Company's other key stakeholders and describe how their interests, among other matters set out in section 172 of the UK Companies Act 2006, have been considered in Board discussions and its decision making. While section 172 is a provision of UK company law and there is no direct comparator in the Irish Companies Act 2014, the Board acknowledges that, as a premium listed issuer on the main market of Euronext Dublin, it is important to address the spirit intended by such provisions. We have therefore reported on this on page 50 of the Annual Report and throughout the ESG Report.

The results of our internal Board evaluation carried out in 2019 were very positive. The review demonstrated the strength of the Board, its enhanced capability, and its unanimous view that good governance underpins strategic delivery and long-term value creation. The evaluation showed that our new Board member Mark Kenney (who joined with effect from 1 January 2019) has enhanced the composition of the Board.

Outlook

In the short term, the Board believes in the Group's ability to navigate the uncertainty caused by CoViD19. The Group's financial position and liquidity is strong and we have the resources and flexibility to manage our way through this issue. Additionally, the investments our Investment Manager has made in its technology platforms will be a benefit to the Group and our team members as we responsibly respond to this fluid situation. However, a prolonged crisis including increasing unemployment levels may have an impact on the Group's bad debts and level of arrears of rents.

Recent economic forecasts suggest that the CoViD19 pandemic may have significant implications for Global and Ireland's economic growth forecasts for the remainder of 2020. However, the multi-family real estate sector is considered to be a highly defensive and counter-cyclical asset class that can bear broader market swings, even in comparison to other property sectors. The Board and Investment Manager will continue to review as appropriate our business strategy in light of these recent developments.

Declan Moylan
Chairman

Chief Executive Officer's Statement

I am pleased to report that 2019 represented another productive year for the Group as we continued to deliver on our growth strategy through disciplined capital allocation to add high-quality residential units to the asset portfolio. This was underpinned by successful funding through new debt financing and a successful equity placing, in addition to the continuing strong underlying performance of the business.

As we progress into 2020, the current CoViD19 pandemic has presented new challenges to the world economy including Ireland.

Ireland has been impacted by the CoViD19 pandemic over the last month, including an evolving range of measures being introduced by the Irish Government to manage this emergency health crisis. While the coronavirus pandemic has created significant uncertainty in every aspect of life, we believe that our business is resilient. The Group's financial position and liquidity is strong and we have the resources and flexibility to manage our way through this challenge. Our residence base is diversified and the underlying demand for good quality rental accommodation remains strong.

The safety of staff and residents is of the utmost importance, and we are following all of the Irish Health Service Executive (HSE) guidelines in that regard.

We believe it is our responsibility to prioritise:

1. The safety and well-being of employees and other personnel supporting the ongoing business; and
2. The safety and well-being of our residents and properties.

The Board and Investment Manager have experience of managing crisis situations in the past and we are leveraging this knowledge and experience to initiate appropriate practices to help control the spread of CoViD19 to the best of our ability and minimize the impact on our people and our business. We have already taken a number preventative measures to mitigate risk across our business.

Additionally, the investments our Investment Manager has made in its technology platform will be a benefit to the Group and together with an experienced team, we can responsibly adapt to this fluid situation. The Irish Government has introduced emergency legislation to deal with CoViD19 which includes measures relating to suspension of termination notices to residents and no increases in rents during the period of three months from 27 March 2020 (such period could be extended by the Irish Government), working from home, except for essential services, together with substantial income

Margaret Sweeney, Chief Executive Officer

supports to employers and employees whose businesses and jobs will be impacted by CoViD19.

CoViD19 will likely have a hit on the Global economy and Irish economy in the remainder of 2020; however, there is significant uncertainty on the extent of the impact at this time. We will continue to monitor the development of the pandemic and assess how I-RES will respond to the changing economic environment. I also believe that the multi-family real estate sector is a highly defensive and counter-cyclical asset class that can bear broader market swings, even in comparison to other property sectors. In addition, I-RES has a strong balance sheet, with no near term maturities, and sufficient headroom on its Credit Facility.

Review of 2019

We continued our investment in the supply of apartments and houses for rent in line with our strategy, through a combination of acquisitions and new developments. We grew the portfolio by circa 37%, through the addition of 987 residential units with an additional 219 residential units contracted to be delivered in 2020 and 2021. We also received planning permission for the development of an additional 627 rental units which provides the Group with further flexibility on its significant future growth potential.

As at 31 December 2019, the portfolio consisted of 3,666 high-quality, well-located residential units, with an average age of approximately 11 years, along with associated commercial space and owned development sites (31 December 2018: 2,679 residential units), at a fair value of €1,359.2 million. Our residential units, mainly located in the Dublin area, are near important transportation links and employment centres.

We entered into a new Revolving Credit Facility of €450 million with a syndicate of five banks in April 2019 and subsequently exercised the accordion option to increase this to €600 million in June 2019 in order to fund our acquisitions and development contracts, including the Marathon Portfolio acquisition. This facility is at a lower interest cost than the previous facility and extends the maturity to 2024, with an option to extend further to 2026 (subject to certain terms and conditions). In March 2020, we successfully closed the issue of €130 million notes and USD$75 million notes on a private placement basis (collectively, the "**Notes**"). The proceeds from the Notes will be used to partially repay the drawn amount under the Revolving Credit Facility and their issue provides access to a broader range of funding options in the future to support the Group's growth strategy.

The Company successfully raised gross proceeds of approximately €134.2 million (net proceeds of approximately €131 million) through the issuance of new shares in a placing with shareholders, which was very strongly supported. The net proceeds from the issuance of shares was received in two tranches in June and July 2019.

Growth Strategy

We continue to deliver on the growth strategy which we first outlined during 2018. Due to the limited supply of completed rental accommodation in the Irish market and continued growing demand, our strategy is to invest in supply through a combination of:

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

During 2019, we made steady progress across all three strands of this strategy.

Acquisitions

Name	Purchase Price €m[(1)]	Gross Yield	Units	Closed Date
The Coast	14.0	6.0%	52	20-Feb-2019
Marathon	285.0	5.2%	815	1-Aug-2019
City Square	0.4		1	29-Apr-2019
Total	**299.4**		**868**	

(1) Including VAT, but excluding other transaction costs.

Forward Purchases Completed in 2019

Name	Purchase Price €m[(1)]	Units Completed	Date of Completion
Taylor Hill and Semple Woods	38.2	118	Nov-2019
Total	**38.2**	**118**	

(1) Including VAT, but excluding other transaction costs.

Forward Purchases Committed in 2019

Name	Purchase Price €m[(1)]	Total Units	Units Completed	Units Expected	Expected Date of Completion
Waterside	18.5	55	0	55	Mar-2020

(1) Including VAT, but excluding other transaction costs.

Planning Permissions Received

The Company has successfully achieved planning approval for the development of 627 residential units on sites owned by the Group, which would increase the current portfolio size by circa 17%.

Location	Units at Completion	Status
Tallaght Cross West	18	Planning Permission Granted and Under Construction
Bakers Yard	61	Planning Permission Granted and Under Construction
Priorsgate (Bruce House)	31	Planning Permission Granted
Priorsgate (Conversion)	5	Planning Permission Granted
Beacon Square South (B4)	84	Planning Permission Granted
Rockbrook	428	Planning Permission Granted
Total	**627**	

Environmental, Social and Governance ("ESG") Strategy

We recognise that responsible investing and ESG-based performance and disclosure is increasingly becoming valued and expected by investors and other stakeholders across the real estate industry. Our commitment is to build a sustainable and responsible business which is aligned with the long-term approach we take to building, maintaining and investing in our properties and supporting and servicing our residents, employees, suppliers and the wider community in which we operate.

We seek to align our business strategy and objectives with a developing ESG strategy for the Company supported by our Investment Manager. We believe that sustainability is an important element of delivering on our vision to be Ireland's leading landlord providing good quality homes in which to live and belong to the local community. As a leader in Ireland's residential housing market, I-RES is establishing the necessary building blocks to gain better understanding of our exposure to ESG-related risks and to explore opportunities for delivering on sustainability objectives alongside longer-term value creation.

Results

Below is a table summarising the Group's financial position as at 31 December 2019 and profit or loss results for the year ended 31 December 2019:

Statement of Financial Position:	**As at 31 December 2019**	As at 31 December 2018
Investment Property Value (€ millions)	**1,359.2**	921.3
Net Asset Value (€ millions)	**810.2**	618.7
EPRA Net Asset Value (€ millions)	**811.0**	619.6
Basic NAV per share (cents)	**155.3**	142.5
EPRA basic NAV per share (cents)	**154.6**	142.0
Bank Indebtedness (€ millions)	**549.9**	307.5
Group Total Gearing	**40.8%**	33.6%

Statement of Profit or Loss and Other Comprehensive Income:	**For the year ended 31 December 2019**	For the year ended 31 December 2018
Revenue from Investment Properties (€ millions)	**62.1**	50.6
Net Rental Income (€ millions)	**50.5**	41.2
Profit including revaluation gain (€ millions)	**86.3**	119.8
Basic EPS (cents)	**18.0**	28.0
Diluted EPS (cents)	**17.9**	27.8
EPRA Basic EPS (cents)	**6.9**	6.5

The property assets at 31 December 2019 increased by €381.6 million relating to acquisitions, development and maintenance of the asset portfolio and a €56.2 million fair value gain on the investment properties held as at 31 December 2019. The main drivers of the valuation increase in the period were continued rental growth and capitalisation rate compressions.

Basic NAV per share and EPRA NAV per share were 155.3 cents and 154.6 cents, respectively, as at 31 December 2019, having increased by 9.0% and 8.9% from 142.5 cents and 142.0 cents, respectively, as at 31 December 2018.

The Group increased its Group Total Gearing to 40.8% at 31 December 2019, up from 33.6% at 31 December 2018, to support additional acquisitions and development. This remains within the Group's gearing policy of 45.0% and REIT limit of 50%.

Average Monthly Rent ("**AMR**") for all properties was €1,596 as at 31 December 2019 (December 2018: €1,599).

All of the Group's assets are subject to rent regulation which permits a maximum annual rent increase of 4% per annum for properties located in "rent pressure zones", which includes Dublin and Cork. The Government of Ireland has recently extended the rent regulation on the same terms for a further two years to December 2021.

As a result of strong property management programmes and strong market fundamentals in the Irish residential rental sector, the residential occupancy level remained high at 98.3% at 31 December 2019 (31 December 2018: 99.8%) with the slight decrease on the prior year primarily arising as a result of Semple Woods and Taylor Hill still being leased at the end of the year following the final delivery of the remaining residential units in November 2019.

The efficient operating platform of IRES Fund Management continues to deliver operating efficiencies with the NRI margin increasing to 81.4% from 81.3%.

We are delighted to continue our strategy of earnings growth with EPRA Basic EPS increasing by 6.2% to 6.9 cents for the period ended 31 December 2019 compared to 6.5 cents for the same period last year. This was due to organic rental growth and active acquisitions and developments.

Dividends

Under the Irish REIT Regime, subject to having sufficient distributable reserves, the Company is required to distribute to shareholders at least 85% of the Property Income of its Property Rental Business for each financial year. The Company paid an additional dividend of 3.0 cents per share (€13.0 million) on 29 March 2019 in respect of the year ended 31 December 2018, representing a total dividend of 5.6 cents per share for the 2018 financial year. A dividend of 2.7 cents per share (€14.1 million) was paid in September 2019 for the six-month period ended 30 June 2019.

The Board announced an additional dividend of 3.1 cents per share (€16.2 million) for the 12 months ended 31 December 2019 following the filing of the relevant financial statements for the Company in Dublin, Ireland on 20 February 2020. This dividend was paid on 23 March 2020.

Future Outlook

Despite continued improvement in housing output in Ireland during 2019, a significant shortage of accommodation still remains the most pressing issue within the housing market. Supply remains limited due to a lack of construction. According to Daft.ie, there were only 3,542 listings for all of Ireland for rental properties in November 2019, close to historic lows and equivalent to approximately 0.3% of Ireland's housing stock as measured in the 2016 census. This macro environment of population growth combined with a significant housing shortage, coupled with our continued investment and professional property management, provides opportunities for I-RES to continue to grow as a leading provider of private rented residential homes in Ireland.

We continue to monitor the impact and potential risks and opportunities for the Group from the recently evolving CoViD19 crisis, market events such as Brexit and US policy on Foreign Direct Investment in Ireland, as well as taxation and increased regulation risks. CoViD19 could give rise to increases in bad debts and vacancy levels, however it is too early to ascertain the extent of this impact. Brexit could have an impact on housing demand, which would provide opportunity for further growth for the Group. However, depending on trade and supply chain impacts, the withdrawal could drive up the costs of construction and maintenance. The ongoing housing shortage and increasing rents are a key focus of Government as well as increasing regulation to protect residents' interests.

Following the recent general election in Ireland, there is increased uncertainty in relation to future Government policy on housing and regulation of the private rental market, particularly in relation to rent regulation. This uncertainty is likely to continue until a new Government is formed and provides greater clarity of policy intentions.

There would be an adverse impact for Ireland and potentially for the Irish residential real estate market of these events; however, currently the extent is uncertain. As noted above, I believe that our business is resilient. The Group's financial position and liquidity is strong and we have the resources and flexibility to manage our way through the various challenges. Our residence base is diversified and the underlying demand for good quality rental accommodation remains strong. Despite the current macro uncertainty, we continue to view long-term prospects with confidence as we meet the critical need for quality homes in Ireland.

In closing, I would like to express how impressed I am with the quality of all of the team that makes I-RES such a success and their commitment to building a long-term sustainable business in Ireland. From the operations team on the ground who take such excellent care of our residents, to the entire IRES Fund Management group here in Dublin, our partners and colleagues in CAPREIT and the Board of Directors of the Company, it is a remarkable group. I believe that together we can successfully manage the current temporary challenges facing the Group and its stakeholders and continue to build a successful business in the future.

Margaret Sweeney
Chief Executive Officer

Investment Manager's Statement

The Investment Manager performed strongly in 2019, solidifying our ability to deliver consistent yields for investors. In particular, we enhanced our capacity to deliver high-quality accommodations and services for residents while continuing to pursue our strategy for growth.

Our highly qualified and talented operations team, which features a member dedicated to each building and offers extensive supports such as a 24-hour emergency line, leads the way in professional management of residential rental accommodation nationally. The team builds close relationships with residents and ensures that our reputation for quality assets is sustained through proactive and attentive maintenance. It is our objective 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, a Canadian leader in the professional property management of rental accommodation. Building on the CAPREIT 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 to ensure that the service we provide exceeds expectations.

I-RES has a well diversified, high-quality portfolio distributed around Dublin with one asset in Cork acquired as part of the Marathon Portfolio and located close to transport hubs, schools and major employers. In these areas, we have expanded our community engagement activities and worked with local residents to deepen our relationships with neighbours and residents.

Scott Cryer, Director of IRES Fund Management

These activities are all part of our effort to deliver exceptional living experiences that encourage residents to put down roots and stay.

Ireland remains one of the fastest growing economies in the European Union, 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.

I look forward to another successful year of delivering exceptional service to residents and consistent yields for investors.

Scott Cryer
Director of IRES Fund Management

Business Review

The Company continues to seek accretive acquisitions and pre-purchase commitments within Dublin and its commuter zones as well as other large urban centres in Ireland, in order to grow its portfolio.

The Irish residential market continues to see low levels of new apartment building against the backdrop of a significant supply and demand imbalance. Accordingly, the rental market remains robust with strong demand and almost 100% occupancy across the Group's portfolio.

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

- Acquisition of quality completed assets
- Development and intensification of existing sites and buildings
- Development partnerships/pre-purchase contracts

Whilst the focus of the Group's acquisition and development activity is on the Dublin and Dublin commuter belt markets, the Company continues to explore opportunities in the regional markets. In 2019, the Group has acquired its first property in Cork as part of its acquisition of the Marathon Portfolio. Additionally, the Group owns a number of well-located development sites which have the capacity to deliver circa 627 new residential units. The Company made significant progress through 2019, in achieving planning grants for all 627 residential units.

High-Quality Acquisitions in 2019

We continued our successful acquisitions strategy through 2019, adding further high-quality homes to the asset portfolio.

The Coast, Baldoyle, Dublin 13

The Company acquired 52 residential units at the Coast, Baldoyle, Dublin 13 in Q1 2019 for €14.0 million (inclusive of VAT, but excluding other transaction costs). The Coast is a quality residential development, laid out as two developments, Red Arches and Myrtle. The residential units acquired are dispersed throughout the scheme, with 39 units located in Myrtle and 13 in Red Arches.

The Coast is located approximately 12kms from the City Centre and 11kms from Dublin Airport. Clongriffin DART (light rail link) is within 500m of the residential units, providing a direct link to the City Centre. The Coast is situated in close proximity to a range of amenities and employers including numerous golf clubs, Baldoyle Bay, hotels, shops and restaurants. Local employers include An Post, Niche Generics, Mylan & Busch and the Baldoyle Industrial Estate.

Marathon Portfolio, Dublin

On 14 June 2019, I-RES announced it had signed and exchanged contracts to acquire the Marathon Portfolio, comprising 815 residential units, across 16 high-quality developments, for a total purchase price of €285 million (including VAT but excluding other transaction costs). 15 of the developments included in the portfolio are located in Dublin, comprising 765 residential units in total (representing 94% of the portfolio) and one scheme is located in Cork, comprising 50 units (representing 6% of the portfolio). The Marathon portfolio assets present an excellent mix of locations which complement the existing I-RES portfolio with a number of the Marathon portfolio developments being located close to existing I-RES assets and others located in excellent locations where I-RES will now establish a market presence. This acquisition was completed on 1st August 2019. The residential units are situated in a mix of Prime South Dublin, City Centre, Secondary North Dublin and Secondary West Dublin locations and at an additional location in close proximity to the city of Cork. These are established residential areas close to quality infrastructure including schools, transport, employment and amenities.

Forward Purchase Contracts 2019

In March 2019, the Company entered into contracts for the forward purchase of 118 houses located in two excellent suburbs in County Dublin (Balbriggan and Donabate) from a subsidiary of Glenveagh Properties PLC for a total purchase price of €38.2 million (including VAT, but excluding other transaction costs).

78 Houses in Taylor Hill, Balbriggan, Co Dublin

Taylor Hill is situated close to excellent infrastructure including transport, schools and employment, with an Irish Rail Station in the town and Dublin Airport approximately a 20-minute drive away. The local area provides a host of amenities for prospective residents including local parks, sport facilities, restaurants and shopping including the Millfield Shopping Centre.

Construction of these houses was completed with the residential units handed over turn-key to I-RES in phases by the end of 2019. The houses are currently fully leased.

40 Houses in Semple Woods, Donabate, Co Dublin

Semple Woods is situated close to excellent infrastructure including transport, schools and employment, with an Irish Rail Station in the town and Dublin Airport approximately a 15-minute drive away. The local area provides a host of amenities for prospective residents including Newbridge House, local parks, sport facilities, beaches, golf courses, restaurants and shopping.

Construction of these houses was completed with the residential units handed over turn-key to I-RES in phases by the end of 2019. The houses are currently fully leased.

Waterside, Malahide, Co Dublin

I-RES entered into contract for the forward purchase of 55 apartments and duplexes at Waterside, Malahide, Co Dublin for a total purchase price of €18.5 million (including VAT, but excluding other transaction costs).

Waterside is located close to excellent infrastructure, including transport, schools and employment, with Dublin Airport approximately a 10-minute drive away. The local area provides a host of amenities for prospective residents including transport, schools and employment.

55 residential units were received by the end of March 2020 on a phased basis.

Contracts Entered in 2018 Which Are Expected to Be Delivered in 2020/2021

Hansfield Wood, Dublin 15, Phase 2

During 2018, I-RES entered into contract to acquire a 1.3 acre development site in Hansfield Wood for a total purchase price of €3.3 million. I-RES and its technical team monitored the construction of a self-contained block of 95 apartments at Hansfield Wood, Dublin 15. The building work is now nearing completion with snagging due to commence in early 2020 and handover of the apartments to I-RES anticipated in Q2 2020. This date may be impacted by restrictions on construction activity during the CoViD19 crisis.

Merrion Road, Dublin 4

I-RES entered into contract for the forward purchase of 69 residential units at Merrion Road in a transaction valued at €47.6 million. Construction commenced in 2019 with I-RES and its technical team monitoring the ongoing works. It is anticipated that the residential units will be completed and handed over to I-RES during 2021 and made available for leasing. This date may be impacted by restrictions on construction activity during the CoViD19 crisis.

Development and Intensification of Existing Assets

During the past two years, I-RES submitted planning applications to build circa 627 residential units across 7 existing sites and has now successfully received planning permissions for all of these developments.

Developments in 2019

Tallaght Cross West, Dublin 24

In March 2018, the Company received a grant of planning permission for the conversion of unused commercial space to 18 residential units. Construction began in 2019, with completion expected in 2020.

Coldcut Park, Clondalkin, Dublin 22

In July 2018, the Company received a grant of planning permission to convert an unused crèche (day-care facility) into a three-bedroom duplex residential unit. Works are completed and the residential unit is now occupied.

Planning Permission Granted for the Following Future Development Sites

Bakers Yard, Great Portland Street, Dublin 1

The Company owns a 0.18 ha (0.45 acre) development site at the Bakers Yard scheme. The site is very well located within walking distance of the International Financial Services Centre, Trinity College and the Mater Hospital.

In September 2018, a final grant of 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 with completion estimated by end of 2021. This date may be impacted by restrictions on construction activity during the CoViD19 crisis.

Bruce House, Priorsgate, Tallaght, Dublin 24
The Company has received planning permission for the construction of 31 residential units above ground floor commercial space from the local planning authority.

Priorsgate, Tallaght, Dublin 24
The Company has received planning permission for the conversion of unused commercial space into five residential units.

Rockbrook, Sandyford
The Company owns a development site of approximately 1.13 ha (2.8 acres) at the Rockbrook scheme in Sandyford. On acquisition of the site the Company inherited significant in-place infrastructure, in particular the three-level basement car park that was partially completed by the original developer.

The Company appointed a new local design team in early 2018 to prepare an entirely new design and planning application for the site. The planning application follows the new planning process known as the 'Strategic Housing Development' application, whereby planning applications for residential schemes of over 100 units are presented direct to An Bord Pleanala. Following consultation with the local planning authority, the Company's planning application for 428 residential units was submitted to An Bord Pleanala and granted planning permission in Q3 2019.

Site B4, Beacon South Quarter, Sandyford
Site B4 is strategically located at the entrance to the Sandyford Business District between the Beacon Private Hospital and The Maple apartments.

A planning application was submitted for 84 residential units above ground floor commercial space which received a Grant from the local authority and following appeal was granted full and final planning permission in June 2019.

Site B3, Beacon South Quarter, Sandyford
Site B3, which previously has planning for commercial office, fronts Blackthorn Drive and is within the Beacon South Quarter mixed-use scheme. A pre-planning submission has been issued to the local planning authority for a scheme of 45 residential units.

Property Portfolio Overview

The following tables provide the Group's property portfolio valuation as at 31 December 2019 compared to 31 December 2018. There were no disposals during the year.

Property Overview

	Property Location	Location	# of Apts. Owned[(1)]	Commercial Space Owned (sq. m.)[(1)]	Average Monthly Rent Per Apt. as at 30 December 2019[(1)(2)(3)]	Occupancy[(1)(2)]
	South Dublin					
1	Beacon South Quarter	Sandyford	225	2,395	€ 1,905	99.1%
2	Grande Central	Sandyford	65	–	€ 1,792	100.0%
3	Rockbrook Grande Central	Sandyford	81	3,529	€ 1,729	100.0%
4	Rockbrook South Central	Sandyford	189	1,136	€ 1,755	100.0%
5	Bessboro	Terenure	40	–	€ 1,732	100.0%
6	The Forum	Sandyford	8	–	€ 1,851	100.0%
7	Elmpark Green	Merrion	201	–	€ 1,652	100.0%
8	The Maple	Sandyford	68	–	€ 2,130	100.0%
9	Time Place	Sandyford	67	–	€ 1,659	98.5%
10	Beechwood Court	Stillorgan	101	–	€ 1,724	100.0%
11	Belville Court	Cabinteely	29	–	€ 1,449	96.6%
	Total South Dublin		**1,074**	**7,060**	**€ 1,774**	**99.5%**
	City Centre					
12	Kings Court	Smithfield	83	566	€ 1,524	100.0%
13	The Marker	Docklands	85	1,218	€ 2,640	91.8%
14	Bakers Yard	Portland Street North	86	700	€ 1,528	98.8%
15	City Square	Gloucester Street	24	57	€ 1,719	100.0%
16	Xavier Court	Drumcondra	41	–	€ 1,509	97.6%
17	Spencer House	North Docks	12	–	€ 1,634	91.7%
18	Coopers Court	Liberties	14	196	€ 1,312	92.9%
19	Richmond Gardens	Drumcondra	98	–	€ 1,517	100.0%
20	East Arran Street	Smithfield	12	–	€ 1,608	100.0%
	Total City Centre		**455**	**2,737**	**€ 1,739**	**97.0%**
	West City					
21	Camac Crescent	Inchicore	90	–	€ 1,462	100.0%
22	Lansdowne Gate	Drimnagh	224	–	€ 1,654	99.1%
23	Tyrone Court	Inchicore	95	–	€ 1,620	98.9%
	Total West City		**409**	**–**	**€ 1,604**	**99.4%**
	North Dublin					
24	Charlestown	Fingals	235	–	€ 1,449	100.0%
25	Hampton Woods	Finglas	128	–	€ 1,723	99.2%
26	The Coast	Baldoyle	52	–	€ 1,421	100.0%
27	Carrington Park	Santry	142	–	€ 1,466	100.0%
28	Heywood Court	Santry	39	–	€ 1,390	100.0%
29	Northern Cross	Malahide	128	–	€ 1,349	100.0%
30	Russell Court	Swords	29	–	€ 1,333	100.0%
31	Taylor Hill	Balgriggan	78	–	€ 1,452	82.1%[(5)]
32	Semple Woods	Donabate	40	–	€ 790	37.5%[(5)]
	Total North Dublin		**871**	**–**	**€ 1,439**	**91.0%**
	West Dublin					
33	Priorsgate	Tallaght	103	2,538	€ 1,245	99.0%
34	The Laurels	Tallaght	19	190	€ 1,333	100.0%
35	Tallaght Cross West	Tallaght	442	16,098	€ 1,341	99.8%
36	Coldcut Park	Clondalkin	91	–	€ 1,525	100.0%
37	Hansfield Wood	Ongar	99	–	€ 2,191	100.0%
	Hansfield Wood II[(4)]	Ongar	–	–	N/A	N/A
38	Belleville & The Mills	Castleknock	21	–	€ 1,594	100.0%
39	The Oaks	Clonsilla	14	–	€ 1,579	100.0%
40	St. Edmunds	Palmerstown	18	–	€ 1,614	100.0%
	Total West Dublin		**807**	**18,826**	**€ 1,470**	**99.9%**
	Cork					
41	Harty's Quay	Cork	50	–	€ 1,186	92.0%
Total owned portfolio as at 31 December 2019			**3,666**	**28,623**	**€ 1,596**	**98.3%**

(1) As at 31 December 2019.
(2) Based on residential units.
(3) Average monthly rent ("**AMR**") is defined as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property. Actual monthly residential rents, net of vacancies, as at 31 December 2019 was €5,851,557 divided by 3,666 units (which are the total units owned as at 31 December 2019) resulting in AMR of €1,596.
(4) As at 31 December 2019, Hansfield Wood Phase II was still under construction.
(5) Taylor Hill and Semple Woods were forward purchases that I-RES entered into. The residential units were delivered to I-RES on a phased basis throughout the 2019 fiscal year.

Operational and Financial Results

Net Rental Income and Profit for the Year Ended

	31 December 2019 €'000	31 December 2018 €'000
Operating Revenues		
Revenue from investment properties	**62,097**	50,608
Operating Expenses		
Property taxes	**(669)**	(536)
Property operating costs	**(10,891)**	(8,914)
	(11,560)	(9,450)
Net Rental Income ("NRI")	**50,537**	41,158
NRI margin	**81.4%**	81.3%
General and administrative expenses	**(4,288)**	(3,258)
Asset management fee	**(4,024)**	(3,178)
Share-based compensation expense	**(236)**	(228)
Net movement in fair value of investment properties	**56,234**	92,664
Gain/(Loss) on derivative financial instruments	**131**	(659)
Lease interest	**(4)**	–
Depreciation of property, plant and equipment	**(32)**	(8)
Financing costs on credit facility	**(12,036)**	(6,706)
Profit for the Year	**86,282**	119,785

Operating Revenues
For the year ended 31 December 2019, total operating revenues increased by 22.7% compared to the year ended 31 December 2018, due to the full year of contributions from prior year acquisitions, acquisitions and completed forward purchases during 2019, increased rents of existing properties and consistently high occupancy levels.

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 period ended 31 December 2019, NRI increased by 22.8% primarily due to acquisitions completed in the prior year having a full-year impact, acquisitions and completed forward purchases during 2019 and organic rental growth. The NRI margin for the current year slightly increased to 81.4% compared to 81.3% for last year.

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

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 (the "**Investment Management Agreement**"), I-RES pays 3.0% per annum of its gross rental income as property management fees (included under property "Operating costs" above) and 0.5% per annum of its net asset value, together with relevant reimbursements, as asset management fees to the Investment Manager. The asset management fee for the year ended 31 December 2019 was €4.0 million compared to €3.2 million for the year ended 31 December 2018. It is higher due to fair value gains on investment properties, higher profits and NAV increases in 2019. See note 19 to the financial statements for further details of the Investment Management Agreement.

Share-based Compensation Expenses
Options are issuable pursuant to I-RES' share-based compensation plan, namely the long-term incentive plan ("**LTIP**"). Options were granted on 26 March 2015 and 16 April 2014 by I-RES to certain trustees and employees of CAPREIT and its affiliates and to the Company's former Chief Executive Officer. In 2017 and 2019, additional options were granted to the Company's Chief Executive Officer. See note 11 of the financial statements.

Net Movement in Fair Value of Investment Properties
I-RES recognises its investment properties at fair value at each reporting period, with any unrealised gain or loss on remeasurement recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value gain on investment properties is mainly due to the continued rental growth from income properties and capitalisation rate compression, which has led to an increase in value of €56.2 million for the period ended 31 December 2019.

Gain (Loss) on Derivative Financial Instruments
On 28 February 2017 and 15 September 2017, I-RES entered into interest rate swap agreements aggregating to €204.8 million. The agreements effectively convert borrowings on a EURIBOR-based floating rate credit facility to a fixed rate facility, the fixed portion being EURIBOR rate of circa minus 0.09% per annum and will mature in January 2021. For the year ended 31 December 2019, there was a fair value gain of circa €0.1 million recorded in the consolidated statement of profit or loss and other comprehensive income compared to a fair value loss of circa €0.7 million for 2018.

Financing Costs on Credit Facility
Financing costs, which include the amortisation of certain financing expenses, interest and commitment costs, increased for the year ended 31 December 2019 to €12.0 million from €6.7 million for the year ended 31 December 2018. The increase is mainly due to a higher drawdown of the new Revolving Credit Facility from €309 million to €555 million. The financing costs also include circa €1.4 million of deferred loan costs written off and a prepayment cost of circa €1.8 million incurred relating to the termination of the previous facility of €350 million. The new facility has a lower margin as compared to the previous facility.

Property Portfolio Overview

Property Capital Investments
The Group capitalises all capital investments related to the improvement of its properties. For the year ended 31 December 2019, the Group made property capital investments of €8.0 million, an increase from €5.0 million for the year ended 31 December 2018. The increase in capital investments includes €1.7 million relating to intensification of units, €0.7 million relating to capital improvements for new acquisitions and approximately €0.5 million relating to improvements at Beacon South Quarter.

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. In 2017, in relation to these water ingress and fire remedial works, levies were approved by the members of the Beacon South Quarter owners' management company. I-RES' portion of these levies as at 31 December 2019 is circa €0.6 million. There is also an active insurance claim with respect to the water ingress and related damage.

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

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

Group Total Gearing
At 31 December 2019, capital consists of equity and debt, with Group Total Gearing of 40.8%, which is below the 50% maximum allowed by the Irish REIT Regime. As a result, the Group has capacity of circa €80 million to acquire and/or develop additional properties. I-RES seeks to use gearing to enhance shareholder returns over the long term.

I-RES' new Revolving Credit Facility borrowing capacity is as follows:

As at	**31 December 2019 €'000**	31 December 2018 €'000
Committed Facility	**600,000**	350,000
Less: Drawdowns	**555,020**	309,159
Available Borrowing Capacity	**44,980**	40,841
Weighted Average Interest Rate	**1.86%**	1.93%

On 18 April 2019, I-RES entered into a new revolving and accordion credit facility of up to €450 million with a syndicate of five banks, which could be extended to €600 million. On 12 June 2019, I-RES exercised its option under the Company's facility noted above to extend its committed facilities from €450 million to €600 million and has amended the credit facility to include a new uncommitted accordion facility in the amount of €50 million.

Equity Issuance in 2019

On 13 June 2019 and 10 July 2019, I-RES successfully completed placings to institutional investors, in two tranches of, in aggregate, 86,550,000 new Ordinary Shares at a price of €1.55 per share raising gross proceeds of approximately €134.2 million (before commissions, fees and expenses). Fees relating to the issuance of the new Ordinary Shares are circa €3.2 million, resulting in net proceeds of circa €131 million. The purpose of the placing was to support the funding of the Company's growth strategy including the acquisition of the Marathon portfolio. The terms of the issue were fixed on 13 July 2019 at which date the market price of the Ordinary Shares was €1.61.

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 revenues 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 results from the sale of properties. EPRA EPS is calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. It has been presented as the Company believes this measure is indicative of the Group's performance of its operations.

EPRA NAV per Share

EPRA NAV measures the fair value of net assets on an ongoing, long-term basis in accordance with guidelines issued by EPRA. EPRA NAV excludes the net mark-to-market value of financial instruments used for hedging purposes, where a company has the intention to keep the hedge position until the end of the contractual duration, and deferred tax in respect of any difference between the fair value and the book value of the investment properties. EPRA NAV is then divided by the diluted number of ordinary shares at the reporting date. To optimise this measure, I-RES focuses on growing asset value and maximising shareholder value through active and efficient asset and property management. It has been presented as the Company believes this measure is indicative of the Group's operating performance and value growth.

AMR and Occupancy

	Total Portfolio					Properties Owned Prior to 31 December 2018 (Like-for-Like Properties)					Properties Acquired After 31 December 2018	
	2019		2018			**2019**		2018				
As at 31 December	AMR	Occ. %	AMR	Occ. %	AMR change %	AMR	Occ. %	AMR	Occ. %	AMR change %	AMR	Occ. %
Residential	**€1,596**	**98.3%**	€1,599	99.8%	(0.2%)	**€1,649**	**99.4%**	€1,599	99.8%	3.1%	**€1,453**	**95.1%**

The Group has generated strong rental growth and maintained a high level of residential occupancy across the portfolio during the year, indicative of the strong market fundamentals in the Irish residential rental sector. For like-for-like properties, AMR increased to €1,649 per residential unit as at 31 December 2019, up 3.1% from €1,599 at 31 December 2018, largely due to strong increases in monthly rental rates on circa 85% of combined renewals and turnovers during the year and consistent occupancy rates compared to last year. For like-for-like properties, AMR is used as a measure for sustainable year over year changes in revenues.

Gross Yield at Fair Value

As at	**31 December 2019 €'000**	31 December 2018 €'000
Annualised Passing Rent	**72,798**	53,888
Aggregate fair market value as at reporting date	**1,293,241**	882,416
Gross Yield	**5.6%**	6.1%

The portfolio Gross Yield at fair value was 5.6% as at 31 December 2019 compared to 6.1% as at 31 December 2018, excluding the fair value of development land and investment properties under development. The NRI margin was approximately 81.4% for the year ended 31 December 2019 (81.3% for the year ended 31 December 2018).

EPRA Earnings per Share

For the year ended	**31 December 2019**	31 December 2018
Total comprehensive income for the year attributable to shareholders (€'000)	**86,282**	119,785
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early redemption of debt instrument (€'000)	**3,153**	–
Changes in fair value on investment properties (€'000)	**(56,234)**	(92,664)
Changes in fair value of derivative financial instruments (€'000)	**(131)**	659
EPRA Earnings (€'000)	**33,070**	27,780
Basic weighted average number of shares	**478,563,272**	427,164,632
Diluted weighted average number of shares	**481,508,009**	431,236,978
EPRA Earnings per share (cents)	**6.9**	6.5
EPRA Diluted Earnings per share (cents)	**6.9**	6.4

EPRA NAV per Share

As at	**31 December 2019**	31 December 2018
Net assets (€'000)	**810,169**	618,724
Adjustments to calculate EPRA net assets exclude:		
Fair value of derivative financial instruments (€'000)	**788**	913
EPRA net assets (€'000)	**810,957**	619,637
Number of shares outstanding	**521,678,946**	434,153,946
Diluted number of shares outstanding	**524,529,943**	436,272,927
Basic Net Asset Value per share (cents)	**155.3**	142.5
EPRA Net Asset Value per share (cents)	**154.6**	142.0

EPRA basic EPS for the period was 6.9 cents for the year ended 31 December 2019.

EPRA NAV per share increased by 8.9% for the year ended 31 December 2019 compared to 31 December 2018, as a result of property valuation increases and rental profit in the period, offset by dividends paid in March 2019 and September 2019.

Market Update

The Irish economy has continued to perform well, delivering GDP growth of 5.5% in 2019 according to the Central Statistics Office ("**CSO**"), again close to the fastest growing economies in Europe. The growth is broad based, with consumer demand, public expenditure and net trade making positive contributions to growth.

This buoyant growth backdrop is mirrored in the labour market, where the most recent data from the CSO show that employment grew by 3.5% year-on-year (yoy) in 2019. The unemployment rate has dropped to a new cycle low of 4.8% in December.

As the country has trended towards full employment, the lack of spare capacity has led to an inevitable increase in income. Average weekly earnings grew by 3.5% in 2019 and hourly earnings by 3.6% (per the CSO).

Crucial to Ireland's strong economic performance has been the resilience of the export sector. Both goods and services exports have shown double-digit growth in 2019 (per the CSO), showing little sign of any negative impact from Brexit or the slowdown in Global trade. This is because Ireland's export sector is concentrated in defensive sectors, or less exposed to tariffs and trade tensions, namely: agri-food, business and financial services, information and communications technology, life sciences, and pharmaceuticals.

The consumer remains buoyant, with CSO data showing consumer spending up 3.4% in 2019, or by 5.3% in nominal terms. Core retail sales grew by 4.2% in the first eleven months of 2019. This is exceptional growth by European standards but has mainly been driven by higher incomes from jobs growth, increasing wages and tax cuts. Household savings remain at high levels.

The homebuilding sector continues to pick-up with approximately 21,000 completions (per the CSO) and approximately 26,000 starts (per the Department of Housing) in 2019. However, residential property price inflation has slowed to just 0.9% with prices falling marginally in Dublin in 2019 according to the CSO. This reflects an inevitable slowdown following the tightening of Central Bank mortgage lending rules, but with added downward pressure from Brexit uncertainty, particularly at the top end of the market.

Rental inflation is robust across the economy, with residential rents circa 8% higher in the year to September according to the Residential Tenancies Board. The availability of rental properties continues to be an acute issue, with listings of only 3,542 rental properties in November according to Daft.ie. This is still close to historic lows, down marginally on last year, and equivalent to approximately 0.3% of Ireland's housing stock as measured in the 2016 census.

Opposition political parties in December 2019 had proposed new rent legislation, Rent Freeze (Fair Rent) Bill 2019, which was rejected by the Irish Government. However, the future policy and regulatory situation could be subject to change as a new Government is being formed following the recent general election. The experience of other markets, including Germany, highlights that the proposals would cause a significant reduction in much needed supply of new rental stock and negatively impact the maintenance and servicing of existing stock. Policies aimed at stimulating new supply, especially in the area of social and affordable housing for both owner-occupiers and residents, could have beneficial outcomes for Ireland's housing market.

In the UK Brexit continues to be the main political risk. Following its formal withdrawal from the European Union on 31 January 2020, the UK entered the 'transition period' during which there will be no change to trade relations – lasting until end-2020. Although the UK government insists there can be no extension, it is unlikely a trade deal can be concluded by the end of 2020.

The impact of CoViD19 is still uncertain and the Central Bank of Ireland believes it would have an adverse impact on economic forecasts for Irish and Global economic performance for the remainder of 2020. The Central Bank of Ireland forecast that depending on the length and severity of the crisis, Irish GDP could contract by up to 8.3% in 2020 and unemployment increase to 25% in Q2 2020. We will continue to monitor the development of the pandemic and assess how I-RES will respond to the changing economic environment.

Business Objectives and Strategy

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

Objectives

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

Business Strategy

The Irish residential rental market continues to exhibit strong market fundamentals: increasing growth of the Irish economy; an influx of multinational companies to Dublin; substantial demand for high-quality rental accommodation from highly trained international and local workers; and a significant shortage of available housing. These circumstances created ideal conditions for the execution of I-RES' strategy in 2019, and despite the current temporary challenges posed by CoViD19, these strong market fundamentals we believe will underpin I-RES' growth strategy going forward.

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

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

Acquisitions

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

Development of Existing I-RES Properties

While continuing to pursue accretive acquisitions, I-RES is responding to the increased competition for asset purchase opportunities in the Irish residential market by increasing its focus on development and intensification opportunities within its existing portfolio, where potential has been identified to add an estimated 627 apartments at currently owned properties. These apartments can be built at a cost that is lower than current market values for comparable properties, partly because there is already significant infrastructure in place, such as groundworks and parking. Execution of this strategy is evident in the grant of planning permission at Tallaght Cross West for the conversion of unused commercial space to 18 residential units as well as a conversion of an unused creche into a three-bedroom duplex residential unit.

Local Development Partnerships

I-RES is pursuing mutually beneficial partnerships with local builders and developers. Leveraging its strong balance sheet, I-RES can deploy financing at attractive rates and secure the option to acquire units in approved developments, enabling I-RES to deliver new homes at accretive yields. An example of this strategy is the forward purchase of 118 houses located in two excellent suburbs in County Dublin (Balbriggan and Donabate) from a subsidiary of Glenveagh Properties PLC for a total purchase price of €38.2 million (including VAT, but excluding other transaction costs).

Financial Management

I-RES takes a conservative approach and strives to manage its exposure to interest rate volatility by proactively managing its credit facility to reduce interest rates. In addition, I-RES strives to maintain a conservative overall liquidity position and achieve a balance in its overall capital resource requirements between debt and equity. The Company's strategy is founded on maintaining prudent levels of interest cover and protecting shareholders' funds, particularly bearing in mind the cyclical nature of the Irish property market. As at 31 December 2019, the Company's Group Total Gearing was 40.8% (33.6 % as at 31 December 2018), well below the 50% maximum allowed by the Irish REIT guidelines. We will continue to use our Credit Facility to fund our development costs and further acquisition opportunities that arise.

Investment Policy

Focus Activity

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

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

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

Gearing

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

Investment Structures

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

Warehousing/Pipeline Agreements

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

Restrictions

Pursuant to the Irish REIT Regime, the Group is required, amongst other things, to conduct a Property Rental Business consisting of at least three properties, with the market value of any one property being no more than 40% of the total market value of the properties in the Group's Property Rental Business. Further, at least 75% of the Group's annual Aggregate Income will need to be derived from its Property Rental Business and at least 75% of the market value of its assets, including uninvested cash, will need to relate to its Property Rental Business.

In addition to the foregoing, the Group will not do anything that would cause the Group to lose its status as a real estate investment trust under the Irish REIT Regime.

Changes to the Investment Policy

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

For as long as the Company remains admitted to the Official List maintained by Euronext Dublin, any changes to the Company's Investment Policy must be made in accordance with the requirements of the Listing Rules of Euronext Dublin.

With a view to implementing the Investment Policy, the Company has adopted an Investment Strategy, a copy of which is set out in each annual report of the Company, and which is subject to such amendments as made by the Board from time to time.

I-RES has invested in accordance with the investment policy. Please refer to the property overview table on page 22 for further details.

The Risk Report

Risk Management and Internal Control Systems

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

Board

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

Audit Committee

The Board relies on the Audit Committee to assist with certain responsibilities relating to internal controls, risk management and reporting. Refer to the Report of the Audit Committee on page 52 for the procedures established by the Audit Committee to discharge these responsibilities.

Investment Manager Board

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

1	2	2
Management and Employees	Risk Management Function	Internal Audit

Investment Manager

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

This system of internal controls includes, but is not limited to, the following:

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

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

The Investment Manager has a risk management function which is responsible for carrying out risk assessments with process owners. The risk management function, upon meeting with process owners, has established a risk register consisting of key strategic, operational, financial and compliance/regulatory risks impacting the Group along with associated mitigating controls. Throughout the year, the risk management function meets with process owners to maintain the risk register and incorporate any changes to the risks and mitigating controls. This risk register and related assessments include content and discussion relating both to principal risks as well as emerging risks. While emerging risks may not become principal risks, they are identified and monitored throughout the year by process owners and the risk management function. In addition to discussion with process owners, the risk management function also seeks guidance from outside advisors in relation to certain external risks including emerging risks. The risk management function also carries out an assessment of the likelihood of occurrence of the risk and the impact associated with each risk in the risk register. The results of this risk assessment process and a summary of the key and emerging risks in the risk register are presented to the Audit Committee and the Board on a quarterly basis. The risk assessment process and risk register also assist the Board in determining the Group's principal risks and uncertainties, which have been included on pages 34 to 40.

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

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

The Group has not established an internal audit function but instead relies on the Investment Manager's internal audit function in order to assist the Audit Committee and Board to assess the effectiveness of the Group's risk management and internal control systems. For further details regarding the Audit Committee's annual assessment of the need for an internal audit function, refer to the Report of the Audit Committee on page 57. The Investment Manager's internal audit function consults with the Investment Manager's staff, the Investment Manager's risk management function and the Group's Board of Directors to determine its mandate. In shaping its mandate, the Investment Manager's internal audit function also considers the work performed by the Investment Manager's risk management function. This mandate includes auditing the design and operating effectiveness of key operational, financial and compliance related internal controls making up risk mitigation activities. The Investment Manager's internal audit function has adequate authority and access to the personnel, processes and records of the Investment Manager and the Group in order to perform its work. The Investment Manager's internal audit function meets with the Group's external auditor regularly throughout the year to discuss internal control and audit matters. Additionally, the Group's external auditor has access to the internal audit function's findings and reports. The Investment Manager's internal audit function presents quarterly to the Audit Committee on its work related to the internal controls of the Group. The Audit Committee has direct access to the Investment Manager's internal audit function through quarterly Audit Committee meetings, including in-camera sessions as required. Furthermore, the Audit Committee plays a key role in assessing the annual internal audit plan put forth by the Investment Manager's internal audit function and also in reviewing any significant findings resulting from the audit work carried out under this plan.

Taking into account the information on principal risks and uncertainties provided on pages 34 to 40, and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Board:

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

Going Concern Statement

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

Assumptions are built in for the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows, and these are rigorously tested by management and the directors. Sensitivity analysis has been applied to reflect the potential impact of some of the principal strategic and commercial risks of the Group, as described on pages 34 to 40, including the recently evolving CoViD19 pandemic.

After making enquiries and having considered the uncertainties facing the Group and the options available to it, the directors have a reasonable expectation that the Group will have sufficient funds available to meet liabilities as well as other planned expenditures as they fall due in the foreseeable future. Based on the above, the directors continue to adopt the going concern basis of accounting for the preparation of the financial statements.

Viability Statement

Assessment of Prospects

The Group's strategy has been outlined on page 28. Under this strategy, the key factor underlining the Group's prospects is:

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

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

The Assessment Period

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

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

The Assessment Process and Key Assumptions

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

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

Assessment of Viability

The viability assessment has considered the Group's profitability, capital values, gearing, cash flows and other key financial metrics over the period. These metrics are subject to alternate severe stress scenarios, in which a number of the main underlying assumptions are changed based on some of the principal risks of the Group, as described on pages 34 to 40, to reflect a comprehensive range of possible outcomes. These scenarios are intended to illustrate what the directors believe are a range of plausible outcomes and do not necessarily capture the worst cases. The actual results may vary significantly from these scenarios.

Specifically, in this scenario the Group considers the prolonged pandemic, regulation and legislation, political and economic risks (included in the Principal Risks and Uncertainties section), which would negatively impact the cash flows and banking covenants. The key assumptions for this severe stress but plausible scenario include reduction in revenues due to no rental increases applied on renewals and turnovers, significant increase in vacancy and bad debt expenses from existing properties and acquisitions, and yield expansion on assets. The valuations are based on a long-term view of the economy. Under a prolonged recession, the directors believe that the Company has mitigants for liquidity and cash flows by seeking a consensual agreement with the vendors for deferment of our future commitments on forward purchases, reduction in discretionary capital expenditure and dispositions of non-core residential units, as well as further equity raise to deleverage if required. Also, repair and maintenance expenses and property management expenses, which are two significant components of the operating expenses, are variable expenses that can be managed to reduce costs.

The directors have assessed the viability of the Group over a three-year period to December 2022, taking account of the Group's current position and the potential impact of the principal risks. While the severe stress tests are hypothetical, the Group has control and mitigation measures in place to withstand or avoid potential unfavourable impacts under the scenarios, such as seeking a consensual agreement with the vendors for deferment of acquisitions and development and disposition of assets. Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue to sustain its operation and meet its liabilities as they fall due over the period to December 2022. The Group has a strong balance sheet, with no near term debt maturities, and currently has sufficient headroom on its Credit Facility.

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

Principal Risks and Uncertainties

The directors of the Company set out below the principal risks and uncertainties that the Group is exposed to and that may impact performance in the coming financial year. The Group proactively identifies, assesses, monitors and manages these risks with the assistance of the Investment Manager and CAPREIT LP, as well as the combined expertise of its Board. The principal risks and uncertainties, along with their strategic impact on the business and mitigating factors, have been outlined. The Group has also provided its belief on how the risk has trended (remained stable, is increasing or is decreasing) from the year ended 31 December 2018.

Risk	Strategic Impact	Mitigation Strategy	Risk Trending Since December 31, 2018
Prolonged Pandemic A widespread and prolonged pandemic will have a negative effect on Ireland's economy, and in turn have an adverse impact on the performance of the Group.	The global spread of the coronavirus (CoViD19) has resulted in major disruptions to both businesses and personal lives. The Group, its Investment Manager, and its key vendors 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. As the situation has evolved recently and very rapidly, there is significant uncertainty as to what the overall economic impact will be. It is anticipated, however, that there will be a negative impact to the Group's cash flows due to increased unemployment, reduced business activity, and government measures taken to ease the economic impact of the CoViD19 virus to the general public. High	The Group and its Investment Manager continue to monitor the circumstances and their effect on the operation and macroeconomic environment. The Group and its Investment Manager have both convened Crisis Management Teams consisting of senior leadership and subject matter experts in order to provide direction to various elements of the operation. The Group's business continuity plan has been activated, and the Group is taking steps to continue providing support to tenants in the evolving environment. Given the difficult environment for tenants, the Group will work with tenants and housing authorities to minimize the impact of the CoViD19 virus on tenants and their homes.	Increasing The CoViD19 virus has evolved recently, and rapidly. While governments around the world and health authorities are taking significant measures to slow the spread of the CoViD19 virus, it will take an extended period of time to understand the full impact of the virus. Furthermore, it will take a prolonged period of time for businesses to return to normal operations.
Economy A general weakening of the Irish economy.	Reduced economic activity could have a negative impact on asset values and net rental income, which could affect cash flows. Medium	The Group's focus is on Dublin, which has been more resilient economically than other areas of Ireland in the past. On an ongoing basis, the Investment Manager monitors business performance and related economic factors and reports to the Board quarterly on the aforementioned.	Increasing The Irish economy has experienced healthy growth over the last few years in terms of GDP increases and declines in the jobless rate. However, CoViD19 pandemic is anticipated to impact significantly on 2020 growth forecasts. The recent OECD reports suggests the impact on the Irish economy could be less than other countries due to the diversity of its industry base and export sector.

Risk	Strategic Impact	Mitigation Strategy	Risk Trending Since December 31, 2018
Regulation and Legislation The government may introduce legislation, including tax and rent legislation, that has an adverse impact on the performance of the REIT.	In December 2016, the Government passed legislation, which amongst other things, limits annual rent increases to 4% in "rent pressure zones", which includes Dublin and Cork and impacts all of the Group's investment properties. 2019 saw further significant changes to the Residential Tenancies Acts which govern residential tenancies in Ireland. These changes included: 1. Effective June 2019, the 4% cap on rent increases applies to properties built after December 2016; 2. Changes to termination rights and notice periods; 3. The introduction of limitations on short-term lettings; 4. An increasing of the Residential Tenancies Board's investigations and sanctioning powers; 5. Changes to lease registration requirements; 6. An expansion of rent control areas and changes to rent control exemptions; 7. A new definition of "substantial change" in the nature of the rental property; and 8. An expansion of the residential tenancies legislation to cover student specific accommodation. Following the election on 8 February 2020, a new Government is being formed and is likely to bring increased regulation. This may have a negative impact on revenues and asset values if some of the policy intentions being discussed during the election campaign are brought forward by the new Government. Additionally, as legislation changes, the Investment Manager may have to incur incremental costs to comply, such as staff training, modification of procedures and technology systems, and consultations with professional advisors. High	The rent legislation, including the 4% limitation on annual rent increases, had been reflected in the Group's expectations of financial performance and growth in 2020 and future years. The Group and its Investment Manager also employ an effective expense management strategy, keeping in mind the limitation on revenue growth imposed by the legislation. Additionally, occupancy throughout the portfolio remains close to 100%. The Investment Manager's due diligence process for acquisitions also factors in the impact of the 4% limitation on annual rent increases. As well, there is a continued focus on development and intensification opportunities (the legislation with respect to the 4% limitation on annual rent increases does not apply to the first rent set in any new developments). If any new legislation is enacted, relevant staff will receive training and education in order to continue compliance with the rent legislation. The Group will continue to monitor for and evaluate any further changes in the legislation, and their impact on the growth strategy.	Increasing On 5 December 2019, an opposition (non-government) political party, Sinn Féin, was given leave to introduce the Rent Freeze (Fair Rent) Bill 2019 ("**the Bill**"). The Bill proposed to impose a rent freeze on residential rents. Residential rental markets and regulation continue to be a key topic of interest in Ireland, given the current lack of supply in the housing market and the resulting impact on rents. As such, there is uncertainty as to whether additional changes to rental regulations will be enacted and if so, the magnitude of the impact of these changes.
Political Material changes to the political environment in areas significantly impacting the Group's operations.	In Ireland, a general election was held on 8 February 2020 and a new Government is being formed. Housing continues to be a significant topic of discussion amongst the political parties and uncertainty around future Government policy on housing and regulation of the private rental market will likely continue for some time until a new Government is formed and provides greater clarity of their policy intentions. The Rent Freeze (Fair Rent) Bill 2019 in its current form proposes to provide for a rent freeze for all existing and new tenancies. This bill if passed in its current form would negatively impact revenues, asset values, ability to raise funds via debt or equity, and the Group's overall growth. On 23 June 2016, the UK voted to leave the European Union (EU). This withdrawal took place on 31 January 2020, and now the UK and the EU have entered a transition period where the future relationship between the two parties will be negotiated. There continues to be a significant amount of 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. High	The Investment Manager and the Board are continuing to consider the impact of various political risks on the Group's business and will monitor, evaluate and adapt to developments as they arise.	Increasing The recent general election in Ireland could impact housing policy and legislation. Additionally, as the UK and EU progress through the transition period, there continues to be uncertainty around the withdrawal's impact on trade relations between Ireland and the UK, and on Ireland's economy.

Risk	Strategic Impact	Mitigation Strategy	Risk Trending Since December 31, 2018
Access to Capital The ability to access capital becomes limited.	If the Group is unable to source debt financing at attractive rates or raise equity, it may not be able to meet its growth objectives through acquisitions and development or preserve its existing assets through maintenance or capital expenditures. Medium	The Investment Manager and the CEO have developed relationships with lenders, both in Ireland and abroad, which provide ongoing financing possibilities. The quality of the Group's property portfolio and the conservative gearing target of 45% on total assets (particularly apartments) are attractive credit characteristics for potential lenders, which to date have facilitated the raising of debt financing. The Group currently has a revolving and accordion credit facility of up to **€600 million**. Since year end the Group has issued a **Notes Private Placement raising €200 million** equivalent which has been used to part repay the Revolving Credit Facility. The Group invests in properties that generate a strong rate of return for its investors and, in turn, increases the attractiveness of its shares and dividends. As such, the Group believes it can raise additional capital if required but only after considering existing shareholders' interests. The Group actively manages its liquidity needs and monitors capital availability.	Stable At **31 December 2019** the Group had drawn on its credit facility in the amount of **€555 million**. The Group continues to monitor liquidity needs to ensure that future capital requirements are anticipated and met within the limits of its leverage targets. Based on its financial position and performance, as well as its relationships with lenders and current and potential investors, the Group does not believe that its ability to obtain debt financing or raise equity has changed from last year.
Opportunity to Acquire or Develop Assets Investment opportunities may become limited.	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. Medium	The Group has become a sought-after investor for new investment opportunities that arise in the market. The Investment Manager has deep market knowledge and has established strong industry relationships, which provide for new growth opportunities. Additionally, the Investment 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.	Increasing Completed assets are in limited supply, and new supply is coming online more slowly than expected. The CoViD19 restrictions will exacerbate this further. Prior to the recent CoViD19 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. It is too early to establish the competitive environment post CoViD19. The Group has continued to maintain an active pipeline of acquisition and development opportunities and continues to pursue opportunities to develop its existing assets as appropriate.

Risk	Strategic Impact	Mitigation Strategy	Risk Trending Since December 31, 2018
Cost of Capital and Loan to Value Ratio Interest rates increase, and/or property valuations decrease, resulting in higher debt service costs and restrictiveness of future leveraging opportunities. Investors' expected rate of return increases, resulting in pressure to increase dividend yields.	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. Medium	The Group has a target loan to value ratio of 45%, which is in line with the debt covenant limits. The target loan to value ratio seeks to ensure that the Group does not become too highly geared, which would result in high interest costs and covenant breaches, or in being under geared, which would result in lost opportunity for higher returns. The Group has a proven track record of strong and accretive results. Strong results, combined with being in a residential industry that is experiencing healthy demand, helps manage shareholders' expectations and thus, the cost of equity. Hedging instruments are used to limit the Group's interest rate exposure and the Group has hedged 37% of its interest rate exposure on its Revolving Credit Facility. Regarding the floating rate on the bank indebtedness, the Investment Manager consults on a regular basis with the external lenders regarding interest rate exposure and whether hedging should be put in place, which is subject to Board approval. The Group closely monitors property values by updating its property valuations twice annually through the use of two property valuation firms.	Increasing 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 Group's assets have increased in value over the last three years. CoViD19 may impact the valuations of the Group in the short term. It is too early to determine the magnitude of the short-term adverse impact on the valuation of the Group's investment property. The Group's reasonable expectation is that the residential asset class should continue to perform well in the long term.
Investment Manager Performance A material decline in the Investment Manager's performance, or if it is unable to carry out its duties under the Investment Management Agreement, or the Investment Manager serves notice to terminate its services in accordance with the terms of the Investment Management Agreement. The Investment Manager can serve 12 months' notice to terminate their services.	The Investment Manager, through its asset management and property management functions, plays an integral part in the day-to-day operations and management of the Group's assets. As a result, a significant decline in its performance or an inability to carry out its mandate or if it chooses to serve notice to terminate its services could lead to a decline in the Group's financial and operating performance, and significant disruption to the Group's operations. The Investment Manager must comply with certain regulations including the Property Services (Regulation) Act and the Alternative Investment Fund Management Directive ("**AIFMD**") of the European Union. Failure to do so could result in it losing its ability to provide property management and/or asset management services under the Investment Management Agreement to the Group. If the Group had to select another investment manager, there would be significant interruptions to day-to-day operations given the Group's reliance on the Investment Manager's personnel, processes and IT systems. Medium	The Investment 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 Investment 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 Investment Manager. Key personnel of the Investment Manager and its parent company, CAPREIT LP and its affiliates, are financially incentivised through the Group's long-term incentive plan. The Investment 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 Investment Manager's policies and procedures are reviewed regularly to incorporate any changes in legislation or procedure. Additionally, the Investment Manager has engaged third party advisors and firms to assist it in complying with the AIFMD and carrying out associated functions, as well as making required filings to the Central Bank. The Investment Manager regularly reports on its compliance activities relating to AIFMD to the Board of the Company, and the Board of the Investment Manager oversees compliance with the AIFMD to ensure that the Investment Manager meets its regulatory obligations at all times. The Company continues to be satisfied with the performance of the Investment Manager and will engage proactively with IRES Fund Management in relation to any proposed changes to the Investment Management Agreement. The Investment Management Agreement provides that, after 1 November 2019, IRES Fund Management may serve 12 months' notice of its intention to terminate the Agreement and, if requested by the Company, the Investment Manager will provide transition services for a period of three (3) months at the Company's cost.	Stable The Investment 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 Investment Manager's ability to continue this performance or its ability to comply with AIFMD regulations.

Risk	Strategic Impact	Mitigation Strategy	Risk Trending Since December 31, 2018
Concentration Risk The Dublin market experiences material circumstances that result in lower occupancy or demand for rental properties.	A lack of geographical or asset diversification could lead to a material financial impact to the Group in the event of a decrease in occupancy or lower rents. Medium	Dublin has continued to be an economically resilient market. While the bulk of the existing portfolio is diversified across various districts within Dublin, the Company now owns property in Cork and continues to explore opportunities in other areas of Ireland with strong economic fundamentals. The Investment Manager monitors supply and demand for rental apartments in operating areas where the Group's investment properties are located. Additionally, the Investment Manager monitors and reports on certain key metrics around investment performance and risk, as well as compliance with the Group's stated investment policy, on a quarterly basis to the Board.	Stable Real estate fundamentals in Dublin continue to be strong as a result of the economy and population growth. The level of concentration is within the Group's risk appetite given the accretive opportunities still presented by being focused on the Dublin market.
Construction Increasing construction costs, cost overruns or delays in completion of development projects or defects in construction or non-compliance with building standards.	The Group may not meet its performance targets if there are material costs in excess of estimates to build a property or if there are unanticipated delays in securing planning permissions or completion of construction, pushing back occupancy of the property and thus impacting the returns the Group can generate for shareholders. 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. Medium	In sourcing/reviewing potential development opportunities, the Investment Manager undertakes a detailed investment and viability analysis and ensures that the development opportunity meets the investment strategy, while building in timing and cost contingencies as needed. This analysis is presented to the Board for review and the Board must approve all development opportunities prior to commencement. The Investment Manager will typically recommend a tender process is completed for the main contractor and selection of a potential main contractor will be based on their proven ability and capacity to complete construction projects of a similar nature. The Investment Manager performs adequate due diligence on its main contractors before recommending their engagement to the Board. Additionally, the Investment Manager will make a recommendation in respect of the proposed form of contract and obtains performance bonds where possible. The Investment Manager will retain a technical team to closely monitor each project and the work of the main contractor to ensure the project is being completed in compliance with required standards and is on schedule and within budget. The Investment Manager also engages an independent quantity surveyor to ensure the contractor billings are in line with the actual work completed. The Group uses fixed rate contracts to remove cost inflation risk during the construction phase. To protect against structural defects and non-compliances with building standards, the Investment Manger receives completion certificates and Opinions of Compliance (in respect of planning permissions and building regulations) from the main contractor and where necessary, engages third party professionals to inspect the building during and upon completion of construction. Furthermore, an Assigned Certifier has been proactively engaged across major development projects in order to minimise risk of non-compliance with statutory requirements. The Investment Manager will require a suite of collateral warranties from the design team and main contractor. Additionally, a structural defects liability period (typically 12 months) will be sought, during which time a holdback will be retained pending resolution in respect of any construction defects which have become apparent in the 12 months immediately post practical completion.	Stable The main contracting firms used by the Group have been active in the office and hotels sectors and continue to seek projects in the residential sector by way of diversification. While many contracting firms have been expanding their teams to accommodate increasing activity in the sector there remains pressure in the availability of construction labour and consultants. Additionally, there continues to be upward pressure on construction costs.

Risk	Strategic Impact	Mitigation Strategy	Risk Trending Since December 31, 2018
Cybersecurity and Data Protection Failure to comply with data protection legislation or being subject to a cybersecurity attack.	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 Investment Manager for non-compliance, potential liability to third parties and reputational damage to the Group. Medium	The Investment 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). The Investment Manager also engages third party consultants/advisors, where required, to assist with assessing the IT environment and cyber risks. The Investment Manager maintains cybersecurity insurance coverage on behalf of itself and the Group and continues to monitor and assess risks surrounding collection, processing, storage, disclosure, transfer, protection, and retention/destruction practices for personal data.	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 continue to pose challenges, 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.
Acquisition Risk Investment decisions may be made without consideration of all risks and conditions.	Investment assets may decrease in value or result in material unanticipated expenditures subsequent to acquisition as a result of unknown risks and conditions at the time of purchase, including structural deficiencies or non-compliances with building code. Medium	The Investment Manager carries out due diligence on every investment opportunity (both acquisitions and development projects) to determine its fit with the Group's stated investment policy. This includes all standard investigations, which are reasonable and practical under the circumstances, to evaluate the building structure and condition, compliance with planning and building regulations, and the likely magnitude of capital expenditures over a three- to five-year period. This involves the appointment of third party experts to carry out technical and engineering studies and investigations. Post-acquisition, the Investment Manager, through prudent operating practices, monitors and manages any property related issues, including building deficiencies, as they arise. Where structural defect insurance policies are still in force, they transfer to the Group upon change of title. Whenever possible, the Group seeks to have collateral warranties assigned at the time of acquisition.	Stable The Investment Manager's due diligence practices have not changed substantially since last year as they continue to be consistent with industry norms and align with the Group's risk appetite.

Risk	Strategic Impact	Mitigation Strategy	Risk Trending Since December 31, 2018
Tax Compliance Risk Failure to comply with tax legislation including REIT rules, VAT and stamp duty.	If the Group fails to comply with REIT rules or there are changes to tax policies it could result in the loss of REIT status and/or change the tax treatment of the Group's income and thus decrease the attractiveness of the Company as an investment to current or potential shareholders. Low	The Investment Manager proactively monitors and tests the Group's compliance with the rules and regulations affecting REIT status and regularly reviews and considers how the Group's planned operations may impact compliance with these rules. The results of these compliance reviews are reported to the Board on a quarterly basis, at a minimum. The Investment Manager also engages independent tax and legal advisors in relation to compliance monitoring, where needed. Its dedicated risk and compliance personnel are alert and vigilant regarding these matters and any impending or emerging changes in REIT rules and regulations or tax policies.	Stable The Group does not believe the risk of non-compliance has changed from last year and the Investment Manager has not changed their monitoring and testing processes in a way that could result in a change in the risk.
Planning Delays in obtaining planning permissions in respect of the Group's development sites leading to delays in commencement and delivery of residential units.	Planning permission is required from the relevant planning authority prior to the development of the Group's development sites. Delay in achieving planning permission may result in a slower level of portfolio growth and income generation from the development assets. Low	The Investment Manager appoints competent professional teams in respect of each development opportunity (including architectural and planning consultants) to advise on the preparation of planning applications. Additionally, the Investment Manager has dedicated resources to actively manage the development process on behalf of the Group. The appointed project management team continuously reviews project specific risk matrices for each project stage.	Decreasing The Group received a number of planning permissions during the course of 2019. The Strategic Housing Development planning application process allows for greater consultation with authorities prior to submission of planning applications. This process relates to residential developments of over 100 units.

Governance

I-RES Board of Directors

Declan Moylan

Independent
Non-Executive Chairman

Appointed: 31 March 2014
Nationality: Irish

Committee membership:
Audit Committee: Appointed 31 March 2014 to 18 April 2017
Remuneration Committee: Appointed 31 March 2014
Nomination Committee: Appointed 31 March 2014

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

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

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

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

Phillip Burns

Non-Independent
Non-Executive Director

Appointed: 23 March 2016
Nationality: American and British

Committee membership:
Remuneration Committee: Appointed 23 March 2016 to 31 March 2017
Nomination Committee: Appointed 23 March 2016

Phillip Burns is the Chief Executive Officer and trustee of European Residential Real Estate Investment Trust (ERES) (TSXV:ERE.UN), an unincorporated, open-ended real estate investment trust, a position Mr. Burns holds as a senior employee of CAPREIT, which is the majority unitholder of ERES. ERES is Canada's only European-focused residential REIT and currently owns a portfolio of 131 multi-residential properties, comprised of 5,632 residential units in the Netherlands. Mr. Burns is also the Founder and a Principal of Maple Knoll Capital. During his career, he has been involved as a principal or advisor in transactions with an aggregate value of over €20.0 billion, with more than 70% centred around real estate across multiple geographies. Mr. Burns has also been involved with raising in excess of €11.0 billion of equity for principal investment, including over €2.5 billion dedicated to real estate.

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

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

Joan Garahy

Independent Non-Executive Director

Appointed: 18 April 2017
Nationality: Irish

Committee membership:
Audit Committee: Appointed 18 April 2017
Remuneration Committee: Appointed 18 April 2017
Nomination Committee: Appointed 1 November 2017

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

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

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

Tom Kavanagh

Independent Non-Executive Director

Appointed: 1 June 2018
Nationality: Irish

Committee membership:
Audit Committee: Appointed 1 June 2018
Remuneration Committee: Appointed 1 June 2018

Tom Kavanagh is a former partner at Deloitte Ireland and left the firm on 31 December 2018. Mr. Kavanagh has wide-ranging experience in professional practice as a business adviser, corporate restructuring expert and insolvency practitioner. This has included, over the last 10 years, advising on the restructuring of distressed Irish property assets. Mr. Kavanagh has served as a director on the boards of a number of private companies and was a member of the board of the Credit Union Restructuring Board, REBO, from 2012 to 2014.

Mr. Kavanagh holds a Bachelor of Commerce from University College Dublin. He is a member of Chartered Accountants Ireland (FCA) since 1982.

Mark Kenney

Non-Independent Non-Executive Director (Investment Manager Nominee)

Appointed with effect from:
1 January 2019

Nationality: Canadian
Committee membership: None

On 1 January 2019, Mark Kenney was appointed as a member of the Board as IRES Fund Management's nominee.

Mr. Kenney joined CAPREIT in 1998 and has over 25 years of experience in the multi-family real estate sector. In his role as President and Chief Executive Officer of CAPREIT, Mr. Kenney oversees the strategy and the allocation of CAPREIT's capital in Canada and Europe, including in relation to the IRES Fund Management's operations in Ireland. Prior to 2019, Mr. Kenney was the Chief Operating Officer at CAPREIT, a role in which he was charged with creating and implementing CAPREIT's operational policies, directing the asset and property management team, and overseeing the marketing, procurement, development and acquisitions departments.

Prior to joining CAPREIT, Mr. Kenney held a senior position at Realstar Management Partnership, overseeing portfolios in Western Canada and Northern Ontario. He has also held various leadership roles at Greenwin Property Management and Tridel, where he managed portfolios in the Greater Toronto Area. Mr. Kenney is a former board member of the Federation of Rental-Housing Providers of Ontario and St. Hilda's Towers and was a founding board member of the Greater Toronto Apartment Association (GTAA). He holds a Bachelor of Economics degree from Carleton University.

Aidan O'Hogan

Independent Non-Executive Director and Senior Independent

Appointed: 31 March 2014
Nationality: Irish

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

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

Margaret Sweeney

Executive Director and Chief Executive Officer

Appointed: 23 March 2016
Nationality: Irish

Committee membership:
Audit Committee: Appointed 23 March 2016 to 1 November 2017
Remuneration Committee: Appointed 31 March 2017 to 1 November 2017
Nomination Committee: Appointed 23 March 2016 to 1 November 2017

Margaret Sweeney is the CEO of the Company since 1 November 2017.

Ms. Sweeney has held a number of senior positions including Chief Executive Officer of DAA plc (Dublin Airport Authority), Chief Executive Officer and board director of Postbank Ireland Limited, and Director in Audit and Advisory Services at KPMG, a firm she worked with for 15 years.

Ms. Sweeney is currently a non-executive director on the board of Dalata Hotel Group plc and Chair of the board of Irish Institutional Property, real estate association. She has in the past served as a non-executive director on a number of boards in Ireland and internationally, including Aer Rianta International plc, Flughafen Düsseldorf GmbH, Birmingham International Airport and Hamburg Airport, including managing significant investments in these companies. She is a member of the Council of Chartered Accountants Ireland, a Fellow of Chartered Accountants Ireland and a Chartered Director of the Institute of Directors. She also served as President of the Dublin Chamber of Commerce from 2008 to 2009. Ms. Sweeney is Chair of the Advisory Board for Dublin City University (DCU) Business School and was previously a member of the Governing Body of DCU.

Corporate Governance Statement

Governance Framework

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

Effective and Experienced Leadership

As at the date of this Report, there are seven (7) directors on the Board. The Chief Executive Officer, Margaret Sweeney, is an executive director. Declan Moylan (the Chairman), Phillip Burns, Joan Garahy, Tom Kavanagh, Mark Kenney and Aidan O'Hogan (Senior Independent Director) are non-executive directors. The biographies of all the directors appear in this Report on pages 42 to 44.

Strategy

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

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

Performance and Monitoring

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

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

Investment Manager and Board Reserved Matters

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

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

a) any acquisition/disposal of a property investment or entry into any agreement to acquire/dispose of a property investment;
b) any new financing or refinancing, including associated hedging arrangements, entered into in respect of a property investment;
c) any capital expenditure on a property investment in excess of an approved budget;
d) any proposed lease event where the rent referable to the relevant lease is greater than 7.5% of the aggregate rental income of the Company;
e) any acquisition or entry into any agreement to acquire any property investment through a joint venture or co-investment structure;
f) any hedging or use of derivatives, including those related to debt facilities, interest or property investments, which may only be used to the extent (if any) permitted by any regulatory requirements applicable to the Company and/or the Investment Manager;
g) the entry by the Company into any transactions for the purchase of assets from, or provision of services of a material nature by, any affiliate of the Investment Manager, or for the sale of assets or provision of services of a material nature to any affiliate of the Investment Manager;
h) any disposal of any right, title or interest in any of the Company's properties at less than its acquisition cost; and
i) in relation to the valuation of the Company's properties, any variation from the RICS Red Book.

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

Skills and Experience

The Board collectively has strong experience of acquiring and managing real estate assets providing the Company with a good knowledge base. As highlighted in the biographies of the directors on pages 42 to 44, each of the directors brings a different set of skills and experience to the Board. The directors' diverse skill sets facilitate the consideration of issues at meetings of the Board from a range of perspectives and these diverse skills are relied upon in addressing major challenges facing the Company. The division of responsibilities between the Chairman, the Chief Executive Officer and the Senior Independent Director has been clearly established, set out in writing and agreed to by the Board.

For information on the Company's diversity policy, please refer to Report of the Nomination Committee on page 70.

Key Activities of the Board in 2019

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

Strategy

Successful completion of a placing of 86,550,000 new Ordinary Shares in the Company, raising gross proceeds of approximately €134.2 million enabling the Company to push forward with its growth strategy.

Continued investment in additional real estate assets for rent:

- Acquired the Marathon Portfolio consisting of 815 residential units;
- Entered into contracts for the pre-purchase of 118 residential units with a subsidiary of Glenveagh Properties PLC. All residential units have been delivered in a phased basis in 2019;
- Entered into contracts for the pre-purchase of 55 residential units at Waterside, Malahide; and
- Acquired 52 residential units at The Coast, Baldoyle in Dublin 13.

Financing

Completed the refinancing of the Company's debt facilities with a new syndicated revolving credit facility of €450 million in April 2019 and increased this to €600 million in June 2019, to part finance the acquisition of the Marathon Portfolio, comprising 815 residential units across 16 high-quality developments, as well as lengthening the maturity of the debt and achieving a lower interest rate.

Prepared for the entry into secured private placement notes of €200 million (equivalent) in March 2020.

Governance and Risk

Prepared for the introduction of the new UK Code.

Enhancement of the Group's governance framework and procedures through the review and update (as relevant) of the Group's policies and procedures including those regarding EMIR, data protection, market abuse, share dealing, media engagement, whistleblowing and diversity, among others.

Reviewed the effectiveness of the Company's risk management systems and internal controls.

Leadership and People

Undertook a review of the remuneration arrangements for Non-Executive Directors and Executive Directors.

Key Services

Reviewed the Company's corporate broker and sponsor arrangements.

Key Priorities for 2020

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

Committees of the Board

As recommended by the Codes, the Board has established the following three (3) committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. The duties and responsibilities of each of these committees are set out clearly in written terms of reference which are approved by the Board and published on the Company's website. These terms of reference for each Committee were revised with effect from 1 January 2019 in order to reflect relevant provisions of the new UK Code.

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

Board Meetings

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

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

Each committee also approves a committee work plan for the following year.

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

The Board held eleven (11) meetings during 2019. In addition, the Board held a strategy review session in November 2019. In accordance with Principle 12 of the UK Code and led by Aidan O'Hogan as Senior Independent Director, the non-executive directors met without the Chairman present during the year to appraise the Chairman's performance. In accordance with Principle 13 of the UK Code, the Chairman met during the year with the non-executive directors without the presence of the Chief Executive Officer.

Meetings and Attendance

Directors' attendance records at Board and committee meetings of the Company from 1 January 2019 until 31 December 2019 are set out in the table below. For Board and committee meetings, attendance is expressed as the number of meetings attended out of the number that each director was eligible to attend.

	Board[(1)]	Audit Committee	Remuneration Committee	Nomination Committee
Declan Moylan	11 of 11	N/A	9 of 9	4 of 4
Phillip Burns	11 of 11	N/A	N/A	3 of 4[(3)]
Mark Kenney	10 of 11[(2)]	N/A	N/A	N/A
Joan Garahy	11 of 11	5 of 5	9 of 9	4 of 4
Tom Kavanagh	11 of 11	5 of 5	9 of 9	N/A
Aidan O'Hogan	11 of 11	5 of 5	9 of 9	4 of 4
Margaret Sweeney	11 of 11	N/A	N/A	N/A

(1) No director was absent from any quarterly board or committee meeting (as applicable).
(2) Mark Kenney was unable to attend a board meeting due to a prior business commitment.
(3) Phillip Burns was unable to attend a Nomination Committee meeting due to an urgent business matter.

All directors attended the annual general meeting held on 28 May 2019.

Details of the directors' and the Secretary's interests in the share capital of the Company are set out in the Interests of Directors and Secretary in share capital on page 72.

The Chairman does not have any other significant commitments.

Information, Support and Independent Advice

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

Remuneration

Details of the remuneration of directors are set out in the Report of the Remuneration Committee on page 63.

Induction

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

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

Development of Directors

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

During 2019, the Board received presentations by external experts on directors' duties, Euronext developments and from the Chief Human Resources Officer of CAPREIT on company culture. The Board also received presentations from industry and capital market experts on the Irish Real Estate Market, international developments in residential real estate assets and related financing. The directors also attended a property tour of some of the Group's newer properties. In late 2018, the Board received training in preparation for the new UK Code which was adopted by the Company with effect from 1 January 2019.

Risk Management and Internal Control

The Board has overall responsibility for the effectiveness of the Company's system of risk management and internal control. The Board has delegated responsibility for the monitoring of the effectiveness of this system to the Audit Committee. The work done by the Audit Committee in this area is set out in the Report of the Audit Committee on pages 55 to 57. The Board and the Audit Committee have ensured that the Investment Manager has maintained a robust system of risk management and internal control. The Board and the Audit Committee periodically review and consider if the risk management and internal control systems are operating effectively. They are assisted in this assessment by the risk management and internal audit functions of the Investment Manager.

The Board and the Audit Committee receive periodic reports from the Investment Manager's internal audit function and risk management function surrounding the risk management and internal control systems and their operating effectiveness. For further details on these systems, please see the Risk Management and Internal Control Systems section of the Risk Report on pages 55 to 57.

The Board confirms that there is an ongoing process for identifying, measuring and managing the significant risks, including any principal risks, such as new or emerging risks, faced by the Group in achieving its strategic objectives, that this process has been in place for the year ended 31 December 2019 and up to the date of approval of this Report, and that this process is regularly reviewed by the Board. For further details on the principal risks being faced by the Group, please see the Principal Risks and Uncertainties section of the Risk Report on pages 34 to 40.

Board Evaluation and Effectiveness

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

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

As the Company is a smaller company for the purposes of the Irish Annex, the Company is not required to engage an external facilitator to conduct the annual performance evaluation process; however, it does so on a voluntary basis periodically, most recently for the performance evaluation process in 2017 which was facilitated by the Institute of Directors in Ireland and reported on in the 2017 Annual Report.

In 2019 the Board, led by the Chairman with the support of the Company Secretary, carried out an evaluation of its performance and effectiveness. The evaluation reviewed the balance of skills, experience, independence and knowledge of the Board and the effectiveness of the Board and its committees in their workings. Directors were also evaluated individually to assess their contribution and effectiveness, together with the role of the Chair.

The various phases of the 2019 performance evaluation are set out below:

- The evaluation was facilitated using a questionnaire-based approach. Evaluation questionnaires were provided to each of the directors in November 2019 to appraise: (a) the performance of the Board as a whole; (b) the performance of each committee of which the director was a member; (c) their individual performance; and (d) the performance of each of the other directors.

- The directors were also asked to complete a skills matrix, the results of which are used by the Nomination Committee to identify any skills gaps and are considered in assessing candidates during the director nomination process.
- The Chairman presented the results of the performance evaluation process at a board meeting held on 19 February 2020.
- The senior independent non-executive director (the "**Senior Independent Director**") met with the non-executive directors (other than the Chairman) to appraise the Chairman's performance and took into consideration the views of the executive director. The Senior Independent Director presented the results of the evaluation of the Chairman's performance at a board meeting held on 19 February 2020.

The Board considers that the use of individual questionnaires and follow-up meetings, if deemed necessary, provides a robust and objective approach to Board evaluation.

The results of our internal Board evaluation carried out in late 2019 were very positive. The review confirmed that the Board is a strong and cohesive team with multiple skill sets. The review also highlighted the directors' unanimous view that good governance underpins strategic delivery and long-term value creation.

In addition, the review confirmed that Mark Kenney, who joined the Board with effect from 1 January 2019, has settled in well and enhanced the composition of the Board.

The effectiveness of Declan Moylan as Chairman was considered as part of this year's Board evaluation. One-to-one meetings were held by the Senior Independent Director and each non-executive director (other than the Chairman). The results of the review were unanimously positive and confirmed that Declan is well respected and promotes a culture of openness and debate.

The Board has reviewed the feedback from the 2019 evaluation and produced the following action plan and 2020 priorities:

- Reinvigoration of Board processes to ensure that the members have the resources and information to function effectively;
- Development of an enhanced awareness among members of issues affecting sustainability and environmental impact arising from the Group's activities;
- Recalibration and enhancement of methods of risk assessment to maximise identification and analysis of relevant issues;
- Further development of methods of assessing and reviewing performance of the Investment Manager to ensure maximum benefit for the Company and its shareholders;
- Enhancement of the number of preparatory and training sessions to aid the development and understanding of Board members; and
- Increase in the number of external guests and speakers to supplement understanding and perspectives of members regarding relevant market and business conditions.

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

Independence

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

Margaret Sweeney is not considered to be independent as she is the Chief Executive Officer of the Company.

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

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

Senior Independent Director

The role of the Senior Independent Director is mainly to:

- Provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary;
- Be available and respond to shareholders where contact through the normal channels of the Chairman or the Investment Manager has failed to resolve any concerns, or for which such contact is inappropriate;
- Hold a meeting with non-executive directors at least annually (and on such other occasions as are deemed appropriate) to appraise the Chairman's performance, taking into account the view of the executive directors (if any); and
- Obtain updates from the Chief Executive Officer and the Investment Manager on the views of major shareholders and when called upon, seek to meet a sufficient range of major shareholders personally, in each case to help develop a balanced understanding of the issues and concerns of major shareholders.

Share Dealing Code

With effect from 3 July 2016, EU Market Abuse Regulation (596/2014) ("**MAR**") repealed and replaced Market Abuse Directive (2003/6/EC) (MAD). As part of the changes introduced as a result of MAR, the Listing Rules were amended by the deletion of the Model Code, which regulated dealings in shares by persons discharging managerial responsibilities ("**PDMRs**"). Instead, new rules requiring listed companies to have effective systems and controls regarding PDMRs' securities dealing clearance procedures were introduced.

In order to comply with the provisions of MAR, the Company adopted a share dealing code for its PDMRs and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of MAR relating to dealings in the Company's securities and, in particular, requiring PDMRs to obtain prior clearance before dealing in the Company's securities. The share dealing code also sets out the periods in which share dealings are prohibited.

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

Details of each director's interests in the Company's shares are set out in the Report of the Directors on page 72.

Communications with Shareholders

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

In 2019, Margaret Sweeney, the Chief Executive Officer of the Company, attended approximately 196 separate meetings and conference calls with existing and prospective shareholders. The Company also hosted several property tours for shareholders.

If shareholders wish to communicate directly with the Board, they should contact Margaret Sweeney, CEO, or Elise Lenser, Company Secretary, contact details for whom are provided in the Shareholder Information section on page 148 of this Report.

General Meetings of Shareholders

For a description of the operation of general meetings, the key powers of such meetings, shareholders' rights and the exercise of such rights at general meetings, see General Meetings in the Report of the Directors on page 78.

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

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

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

The Board also recognises that by engaging further with all stakeholders, the Company can continue to deliver on its culture and purpose (see page 4 of the ESG Report). Please also see directly above for a description of how the Company engages with its shareholders and page 17 in the ESG Report for details of the Company's other key stakeholder engagement.

Investment Manager and Workforce

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

Review of the Investment Manager

The Board has reviewed the performance of the Investment Manager and is satisfied with the overall performance of the Investment Manager for the year ended 31 December 2019. For a detailed review of the business performance indicators, see pages 25 to 26 in the Business Performance Measures section.

In the opinion of the directors, the continuing appointment of the Investment Manager on the terms of the Investment Management Agreement is in the interests of the shareholders as a whole and accordingly, the Investment Manager will continue in the performance of its duties. The directors have formed this view for the reasons set out in the Review of the Investment Manager section and based on the Business Performance Measures section on pages 25 to 26.

Remuneration Policy of the Investment Manager

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

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

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

The total remuneration paid in the period to the staff of the Investment Manager, all of whom are engaged in managing the Group's activities, was €1.82 million, of which €1.51 million comprised fixed remuneration and €305,000 comprised variable remuneration. The number of staff employed as at 31 December 2019 was 65 (46 as at 31 December 2018), of which 41 site employees (27 site employees as at 31 December 2018) were charged to I-RES. There are no senior managers or members of staff of the Investment Manager whose actions have a material impact on the risk profile of the Company.

Compliance with Relevant Codes

The directors are committed to maintaining high standards of corporate governance and this Corporate Governance Statement describes how the Company has applied the Codes in 2019. The Board considers that the Company has complied with the provisions set out in the Codes throughout the last financial year under review except that, as in prior years, the remuneration of the directors under the long-term incentive plan ("**LTIP**") does not comply in full with Schedule A to the UK Code. During 2019, there is no minimum holding period for shares granted under the LTIP and options vest over three years from the date of grant on the basis of one third per completed year the recipient of the option completes in respect of the relevant service which has qualified him or her for the option grant. However, pursuant to the terms of Margaret Sweeney's employment agreement, she has agreed to hold in escrow one third of her last vested options (or shares acquired upon exercise of such options) for a period of 12 months following the end of her employment with the Company. Although the Company was not fully compliant in relation to the arrangements we had in place during 2019, over the course of the year the Remuneration Committee reviewed the Company's remuneration policy and the new arrangements described in the Report of the Remuneration Committee are in line with the Codes' provisions as new performance share awards will vest over a five-year period (three-year performance period and two-year holding period).

Report of the Audit Committee

Introductory Statement from the Audit Committee Chair

Dear Shareholder,

On behalf of the Audit Committee, it is my pleasure to present the Report of the Audit Committee for the year ended 31 December 2019.

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

As in previous years, a key focus of the Audit Committee was to ensure that the semi-annual investment property valuation process was conducted appropriately. Given that the Company has grown significantly in 2019, the Audit Committee considered it prudent to appoint a second independent valuer to value part of the portfolio. The 2019 year end investment property portfolio was split for purposes of valuation and valued by two external valuers. The Audit Committee objectively assessed the valuations prepared by the independent valuers and was satisfied that the assumptions and methodologies being used were appropriate and reasonable.

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

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

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

Looking Ahead

Looking ahead to the 2020 financial year, the Audit Committee will remain focused on the audit and assurance processes within the business, and maintain its oversight of financial, valuation, taxation and evolving regulatory requirements. In terms of process and controls, the Audit Committee continues to focus on the design and the operational effectiveness of the internal controls.

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

Joan Garahy
Chair of the Audit Committee

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

The Audit Committee is chaired by Joan Garahy, an independent non-executive director. All members of the Audit Committee were independent non-executive directors when appointed by the Board and continues to be independent. Accordingly, the Audit Committee is constituted in compliance with the Codes and Articles of Association regarding the composition of the Audit Committee. All members are appointed for an initial term of up to three (3) years, which may be extended by the Board. The term of appointment for Joan Garahy expires on 17 April 2020 and the term of appointment for Aidan O'Hogan expired on 30 March 2020. Accordingly, the Board has agreed that the appointment of Joan Garahy shall be extended for an additional term of approximately three years commencing on 18 April 2020 and expiring at the end of the 2023 AGM (subject to her continuing to meet the criteria for membership of the Audit Committee). The Board has further agreed that the appointment of Aidan O'Hogan shall be extended for an additional term of approximately three years commencing on 31 March 2020 and expiring at the end of the 2023 AGM (subject to him continuing to meet the criteria for membership of the Audit Committee).

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

Meetings of the Audit Committee

The Audit Committee meets at least four (4) times per year and otherwise as required. The Audit Committee met five (5) times during the period from 1 January

2019 to 31 December 2019 and the external auditor was in attendance at each meeting. The Audit Committee members' attendance at each meeting is set out on page 47. The Chief Executive Officer and certain representatives of the Investment Manager attend the Audit Committee meetings, as required. The external valuer attends the Audit Committee meetings when the year-end and interim valuations of the Company's properties are being considered. The Company's tax advisors also meet with the Audit Committee at least bi-annually to address any tax developments and as otherwise required.

Terms of Reference and Principal Duties

The terms of reference established for the Audit Committee were approved and adopted by the Board on 31 March 2014 and are regularly reviewed and updated for best practice and compliance with the Codes (most recently on 1 January 2019 to reflect, amongst other things, legislative changes and best practice). The roles and responsibilities delegated to the Audit Committee under the terms of reference can be accessed electronically at http://investorrelations.iresreit.ie/corporate-governance.aspx.

The Audit Committee reviews its terms of reference on an annual basis and, if necessary, proposes for formal Board adoption amendments to the Audit Committee's terms of reference. The Audit Committee evaluates its own performance relative to its terms of reference. Following the 2019 annual review, it was concluded that the Audit Committee was operating effectively.

The Audit Committee's principal duties include:

Reporting and External Audit

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

Valuations

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

Risk and Internal Control

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

Other

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

How the Audit Committee Discharged Its Responsibilities in 2019

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

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

- considered the necessity for an internal audit function on an ongoing basis;
- reviewed the annual internal audit plan put forth by the Investment Manager's internal audit function;
- received reports throughout the year from the Investment Manager's risk management and internal audit functions in regards to work performed around the Group's system of risk management and internal controls;
- reviewed the Investment Manager's and the external auditor's fraud detection procedures;
- reviewed and recommended amendments, as required, to the Company's dividend policy, non-audit services policy, treasury policy, valuation policy, code of ethics, directors' compliance policy statement (and arrangements and structures in place to ensure compliance), signing authority and delegation policy, whistleblower policy, safety statement, anti-corruption policy, and statement on policies and procedures relating to margin requirements for non-centrally cleared derivatives;
- reviewed and amended the terms of reference for the Audit Committee with effect from 1 January 2019;
- assessed the viability model for long-term sustainability; and
- reviewed the dividends to be paid and the unaudited company financials and recommended them to the Board.

Financial Reporting and Significant Financial Judgements

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

Investment Property Valuations

The Group had investment property with a fair value of €1,359 million as at 31 December 2019, as set out in note 5 to the Group financial statements. As the portfolio of the Group's asset has grown significantly, the Group has appointed a second valuer, Savills. The Audit Committee considered the investment property valuation process which had been carried out by management in order to satisfy itself that the balances were stated appropriately. These reviews involved the understanding of management's analytical procedures, management's discussions with CBRE and Savills, the Group's independent valuers, and assessment of the market inputs utilised on each property prior to recording the valuations obtained. The Audit Committee assessed the performance and independence of the two valuers and is satisfied with their performance and that both valuers are independent. The Investment Manager has confirmed to the Audit Committee that it is satisfied that the valuers conducted its work in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. In addition, the Audit Committee met with the two independent valuers and discussed year-end valuations, valuation methodology and significant assumptions used. The Audit Committee also discussed the market dynamics with both valuers, focusing on the 2016 Rent Legislation and its impact on the year-end valuations. As both valuers rely as part of their assumptions on comparable evidence from recent market transactions to benchmark and support their valuations of the Group's properties, the Audit Committee assessed the relevance and appropriateness of these transactions, in conjunction with management. Following a review of the detailed valuation analysis provided by management and detailed discussions with management and the independent valuers, the Audit Committee was satisfied that the significant inputs used for valuation, any provisions recorded against valuation of the investment properties, and valuation of the investment properties were appropriate. The Audit Committee discussed the valuation process with management and each valuer, and confirmed from each of them that they are satisfied with the quality and accuracy of the property information provided to them. The external auditor also reviews the two valuers' reports, performs test work on the information provided by the Company to both valuers, meets with the two valuers as part of their audit procedures, and communicates to the Audit Committee any comments or observations they may have.

Transactions with CAPREIT

Due to the close nature of the relationship between CAPREIT (or its affiliates) and I-RES, CAPREIT's shareholding in I-RES at 31 December 2019, and the provision of services provided by IRES Fund Management, a subsidiary of CAPREIT, to I-RES, the Audit Committee and the external auditor discussed the risk of undisclosed related party transactions for the 2019 consolidated financial statements. The Audit Committee discussed the level of fees incurred in respect of management services received from CAPREIT and its affiliates and discussed these with relevant management. The Audit Committee also considered the disclosures in the notes to the financial statements. The Audit Committee was satisfied as a result of these discussions that appropriate disclosure has been made in the annual report in relation to each of these matters.

Other Matters

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

Going Concern

The Audit Committee has reviewed and is satisfied with a presentation from the Investment Manager in support of the Board's Statement of Going Concern as set out on page 33.

Viability Statement

The Audit Committee has reviewed a report from the Investment Manager and is satisfied that this assessment adequately addresses the principal risks disclosed in the Risk Report on pages 34 to 40 and that a three-year time horizon for the viability model is appropriate to the Company's business. Furthermore, the Audit Committee has reviewed the assessment of the Group's viability by management, as stated on page 33. The review included:

- key assumptions used;
- assessment of prospects; and
- assessment of viability.

REIT Status

The Audit Committee reviewed a report from the Investment Manager setting out the Company's compliance with the REIT requirements as at 31 December 2019. The Audit Committee has confirmed to the Board that the Company is in compliance with the REIT rules.

Fair, Balanced and Understandable

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

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

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

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

Arising from the Audit Committee's work in this regard, the Audit Committee and the Board concluded that this Report and financial statements included therein, taken as a whole, are fair, balanced and understandable, and that they provide the necessary information for shareholders to assess the Company's position and performance, business model and strategy. The Board statement to this effect is on page 80.

Risk Management and Internal Controls

The Board has delegated responsibility to the Audit Committee to monitor the Group's risk management and internal control systems. In order to discharge this responsibility for the period from 1 January 2019 to 31 December 2019, the Audit Committee:

a) conducted an annual review of the effectiveness of the Group's risk management and internal control systems and reported to the Board on its findings;
b) received presentations from the Investment Manager's risk management function and internal audit function;
c) reviewed the Group's principal risks and uncertainties quarterly;
d) reviewed quarterly reports from the Investment Manager relating to investment management, fund risk management, regulatory compliance, operational risk management, capital and financial management, and distribution;
e) received quarterly updates on any internal control compliance issues or material legal matters; and
f) reviewed quarterly reports relating to the internal controls of the Investment Manager and CAPREIT LP.

In addition, the Board, as a whole, reviews quarterly reports from the Investment Manager and operations updates relating to key performance indicators.

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

External Audit

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

In November 2019, the Audit Committee met with the external auditor to agree the FY 2019 audit plan. To ensure a quality audit, the external auditor needs to be aware of the business risks; therefore, the Audit Committee discussed and agreed upon the key business, financial statements and audit risks, and the materiality being used for the audit, to ensure that the audit was appropriately focused. In advance of the commencement of the annual audit, the Audit Committee reviewed the external auditor's letter of engagement, together with a presentation from the external auditor confirming their independence within the meaning of the regulations and professional standards.

In February 2020, in advance of the finalisation of the Group's financial statements for the year ended 31 December 2019, the Audit Committee received a report from the external auditor on their key audit findings, including the key areas of risk and significant judgements, and discussed the issues with them in order for the Audit Committee to form a judgement on the financial statements.

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

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

Statutory Auditor

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

Independence and Non-Audit Services

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

The independence and objectivity of the auditors was addressed by the Audit Committee in conjunction with the level of fees for non-audit services in the reporting period. KPMG completes the audit of the financial statements and PWC completes the tax related workings, ensuring that both parties remain independent. Following discussion with the external auditors, the Audit Committee determined that the fees for non-audit services were lower than the audit fees for the year ended 31 December 2019. In addition, the only non-audit service performed by our external auditor, KPMG, in 2019 was the 30 June 2019 interim financial statement review. Given the nature of the assignment, the Audit Committee considered the external auditor the most suitable candidate for this review.

The Audit Committee concluded that the independence and objectivity of the external auditor have not been compromised.

Details of the amounts paid to the external auditor during the year for audit and non-audit services are set out in note 24 to the Group financial statements.

Whistleblower Policy

The Company is committed to the highest standards of openness, probity, and accountability, as well as the highest possible ethical standards in all of its practices. To achieve this, the Company encourages use of internal and external mechanisms for reporting any malpractice or illegal acts or omissions through the Group's whistleblower policy, which was reviewed and strengthened during the 2019 financial year. The policy applies to all employees and contractors of the Group and all employees of the Investment Manager, among others. The policy provides information on the process to follow if any employee feels it appropriate to raise a concern confidentially in respect of a relevant wrongdoing which includes, for example, non-compliance with a legal obligation, health and safety threats, damage to the environment, theft, misappropriation of assets or unacceptable behaviour towards colleagues or the public. All concerns raised are considered by the Chair of the Audit Committee or a nominated third party.

The Audit Committee is satisfied that the process is effective, confidential and ensures the protection of employees from harassment or other detrimental treatment as a result of raising a concern. No incidences of concern were uncovered in 2019.

Internal Audit

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

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

Key Priorities of the Audit Committee for 2020

Looking ahead to the 2020 financial year, the Audit Committee will remain focused on the audit and assurance processes within the business, and maintain its oversight of financial and evolving regulatory requirements. The action plan for the 2020 financial year will include:

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

Report of the Remuneration Committee

Introductory Statement from the Remuneration Committee Chair

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Report of the Remuneration Committee for the year ended 31 December 2019.

You will see that this year we have refreshed the format of the report, with the introduction of the new UK Code and the EU Shareholders' Rights Directive in mind. We hope you find this format a clear explanation of our approach to remuneration and how we applied this during 2019.

2019 has been a year of exceptional activity for the Company with a 36.8% increase in the number of residential units we own and a 22.8% increase in Net Rental Income, a very significant restructuring of our borrowings and a market capitalisation in excess of €800 million as at 31 December 2019. The Remuneration Committee's decisions in relation to remuneration arrangements for the CEO were made in this context.

CEO Remuneration in 2019

Margaret Sweeney, our CEO, was appointed in 2017 on contract terms which broadly replicated those in the contract with her predecessor David Ehrlich, who stepped down as CEO on his appointment as CEO of CAPREIT. Her basic salary under her initial contract was €330,000. With effect from 1 January 2019, the Remuneration Committee increased the salary level to €400,000. In setting this level, the Remuneration Committee took into account a comparison with salary levels in a comparable group of Irish and UK REITs and the constituents of the ISEQ 20, as well as the performance of the Company since Ms. Sweeney's appointment and significant increase in its scale over this time.

For 2019, the CEO's annual bonus maximum opportunity level was increased from 100% to 150% of salary. Alongside the increase in opportunity level, we introduced a bonus deferral arrangement such that 20% of any bonus paid will be paid as restricted company shares to promote sustainable performance and provide additional alignment of the CEO with shareholder interests. The performance measures and targets which were applicable for 2019, as well as performance achieved, are fully set out on page 64. Based on this strong performance, circa 92% of the maximum opportunity level was payable.

On 18 June and 10 July 2019 a total of 2,596,499 share options were granted to Ms. Sweeney in connection with the successful completion of a placing of 86,550,000 new Ordinary Shares in the Company, raising gross proceeds of approximately €134.2 million (before commissions, fees and expenses). Further details of these awards are included on page 65. As described below, it is intended that these share option awards will be the last share option awards granted to Ms. Sweeney under this arrangement, with a new performance share arrangement replacing options in our Remuneration Policy to apply from 2020.

Looking Ahead

During the course of 2019, the main activities of the Remuneration Committee involved a review of our remuneration arrangements, to ensure that they continue to support the Company's business strategy as well as taking into account developments such as the updated UK Code and market practice. In the next section, we have set out our new Remuneration Policy, which we propose to apply from 2020.

The key change in the Remuneration Policy compared to previous arrangements is that we propose replacing the share option arrangement under which awards were made to the CEO with annual awards of performance shares, which will vest subject to the achievement of stretching three-year EPS (earnings per share) and TSR (relative total shareholder return) performance conditions. Vested shares will also be subject to an additional two-year holding period.

We have introduced a shareholding requirement under which the CEO will be required to build and maintain a share-holding of 200% of salary. A post-employment shareholding requirement will also apply, with the CEO required to hold 200% of salary (or actual shareholding on exit if lower) for a period of two years after leaving employment.

The Remuneration Committee and the Board believe that these revised arrangements represent a fair and competitive remuneration package for the CEO and one that both drives performance and aligns with shareholders' interests. We also believe this to be a package which will encourage retention of a CEO who has demonstrated a very strong level of performance for the Company to date. With increasing levels of competitors entering the PRS market in Ireland, we believe it to be highly desirable that our CEO is well motivated and rewarded in a form which aligns with shareholders' longer-term interests.

Aidan O'Hogan
Chair of the Remuneration Committee

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

The Remuneration Committee is chaired by Aidan O'Hogan. All members of the Remuneration Committee were independent non-executive directors when appointed by the Board and continue to be independent. Accordingly, the Remuneration Committee is constituted in compliance with the Codes and the Articles of Association regarding the composition of the Remuneration Committee. No member of the Remuneration Committee has any conflicts of interest, nor do they have any personal financial interest other than as shareholders (where relevant).

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

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

As highlighted in the biographies of each member of the Remuneration Committee on pages 42 to 44, the members of the Remuneration Committee bring a range of different experience and skills to the Remuneration Committee relating to small, medium and large organisations and public companies, including experience in the area of senior executive remuneration, which the Board is satisfied enables the Remuneration Committee to fulfil its role.

Meetings of the Remuneration Committee

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

The Remuneration Committee met nine (9) times during the period from 1 January 2019 to 31 December 2019. The Remuneration Committee members' attendance at each meeting is set out on page 47.

Terms of Reference and Principal Duties

The terms of reference for the Remuneration Committee were approved and adopted by the Board on 31 March 2014 and are regularly reviewed and updated for best practice and compliance with the codes (most recently on 1 January 2019 to reflect, amongst other things, legislative changes and best practice). The roles and responsibilities delegated to the Remuneration Committee under the terms of reference can be accessed electronically at http://investorrelations.iresreit.ie/corporate-governance.aspx.

The Remuneration Committee reviews its terms of reference on an annual basis and if necessary, proposes for formal Board adoption amendments to the Remuneration Committee's terms of reference. The Remuneration Committee evaluates its own performance relative to its terms of reference. Following the 2019 annual review, it was concluded that the Remuneration Committee was operating effectively.

The Remuneration Committee's principal duties include:

- to determine and agree to with the Board the framework or broad policy for the remuneration of all executive directors and the chairman, including pension rights and any compensation payments, and to recommend and monitor the level and structure of remuneration for senior management (if any);
- to take into account all factors which it deems necessary in determining any such remuneration policy;
- to liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy;
- to determine the policy for and scope of pension arrangements, service agreements, termination payments and compensation commitments for the executive directors;
- to approve the design of, and determine targets for, any performance-related pay schemes operated by the Company, approving the total annual payments made under such schemes and asking the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements; and
- to review the design of all share incentive plans for approval by the Board and shareholders and, for any such plans, to determine each year whether awards will be made and, if so, the overall amounts of such awards, the individual awards to eligible individuals as it so determines and the performance targets to be set.

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

Remuneration Policy

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

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

The following section sets out the Company's Remuneration Policy for Executive and Non-Executive Directors, which will apply from 1 January 2020. The Remuneration Policy will be put forth for shareholder approval on an advisory basis at the Company's 2020 annual general meeting.

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

Clarity and Simplicity: The Committee has aimed to incorporate simplicity and transparency into the design and delivery of our Remuneration Policy. The remuneration structure is simple to understand for both participants and shareholders and is aligned to the strategic priorities of the business.

Risk: The Remuneration Policy includes a number of points to mitigate potential risk:

- Defined limits on the maximum opportunity levels under incentive plans
- Provisions to allow malus and clawback to be applied where appropriate
- Performance targets calibrated at appropriately stretching but sustainable levels
- Bonus deferral, LTIP holding periods, in-employment and post-employment shareholding requirements ensuring alignment of interests between Executive Directors and shareholders and encouraging sustainable performance

Predictability: We aim for our disclosure to be clear to allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements.

Proportionality: A significant part of an Executive's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value.

Alignment to culture: The incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's purpose, values and strategy. Please see page 28 of this Report for more information on the Company's strategy and key performance indicators.

The Company's strategy of growth in both NOI and NAV, with secure and favourable leverage, alongside quality standards of accommodation and customer service, is well aligned with the substantially deferred rewards available to the CEO through both the bonus and the LTIP share awards if and when certain benchmarks are achieved. Moreover, the significant deferral combined with the malus and clawback provisions minimises the risk of any exceptional short-term focus.

Element	Operation	Opportunity	Performance Metrics
Basic Salary To provide a fixed level of compensation reflecting the individual's skills and experience	The Remuneration Committee will consider the salary level from time to time during the policy period, having regard to any significant changes in the size and scope of the role and the business, material changes in comparative market data for similar roles and reward for individual development.	No maximum level	Not applicable
Benefits To provide benefits which are competitive with market practice	An annual taxable cash allowance towards car, health cover and risk benefits such as death in service critical illness and disability cover contributions.	No maximum level Benefits allowance from 1 January 2019: €25,000 p.a.	Not applicable
Pension To provide competitive post-retirement benefits	Fixed contributions into an approved Company defined contribution executive pension scheme or an equivalent cash supplement is proposed.	15% of basic salary	Not applicable

Element	Operation	Opportunity	Performance Metrics
Annual Bonus To support the delivery of the Company's business strategy and KPIs and reward annually for contribution to financial and non-financial performance	Annual bonus based on stretching performance conditions set by the Remuneration Committee at the start of each year. 20% of any bonus paid will be paid as restricted Company shares to promote sustainable performance and provide additional alignment of the CEO with shareholder interests. Dividends will be paid as they arise. Any bonus payments will be subject to withholding (malus) or requirement of repayment (clawback) provisions in the event of the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Company's Consolidated financial statements; engagement in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement, as finally determined (beyond any right of appeal) by a court of competent jurisdiction, and the bonus payment received would have been lower had the financial results been properly reported. The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so and, in such circumstances, the basis for the exercise of any such discretion will be disclosed in the Annual Report. The cash portion of bonus may be payable (in whole or in part) as an employer pension contribution if agreed between the individual and Remuneration Committee.	Maximum opportunity of 150% of basic salary For the achievement of Target performance, 50% of the Maximum opportunity (75% of basic salary) would be expected to be payable.	The Remuneration Committee will determine the performance measures, their weightings and the calibration of targets each year and will clearly disclose these in the Remuneration Report. 2019 performance measure and targets are set out on page 64.
Long-Term Incentives To align the interests of the CEO with those of shareholders and reward the delivery of long-term strategic performance objectives and the creation of shareholder value	On her appointment as CEO, a share option award was granted to Margaret Sweeney and she was entitled to be awarded options to acquire 3% of the number of shares issued by the Company from time to time pursuant to any equity raise (private or public) of the Company. From 2020, this share option arrangement for the CEO will be replaced with annual awards of shares, subject to stretching three-year performance conditions. Following the three-year performance period, there will be a further two-year holding period to further promote sustainable performance and shareholder alignment. Dividend equivalents (as a cash amount or additional shares) will be paid at the end of the vesting period. All LTIP awards will be subject to malus and clawback provisions. The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so and in such circumstances, the basis for the exercise of any such discretion will be disclosed in the Annual Report. In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of share and share option awards by adjusting the number and kind of shares which have been granted. Outstanding LTIP awards would normally vest and become exercisable on a change of control, subject to plan rules, and taking account of the degree to which performance conditions have been satisfied. The Remuneration Committee may exercise its discretion to vary the level of vesting having regard to the circumstances and reasons for the events giving rise to the change of control or determine that it would be appropriate for the LTIP awards to be exchanged for equivalent awards in the purchaser's shares where such an award would be substantially equivalent, in value and in terms and conditions, to the award in the Company. The LTIP limit cannot exceed 10% of the Company's issued ordinary share capital (adjusted for share issuance and cancellation) during the 10-year period prior to that date.	Awards of face value up to 135% of salary	The vesting of these shares will be determined by performance against earnings per share ("**EPS**") and relative total shareholder return ("**TSR**") conditions set by the Remuneration Committee at the time of each grant. The performance targets for each award will be clearly disclosed in the relevant year's Remuneration Report.

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

The Remuneration Committee considers that these revised arrangements are in practice more closely aligned with the Company's long-term strategy than the previous arrangements.

Service Contracts

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

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

Policy for Recruitment of New Executive Directors

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

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

Relocation benefits may be provided if necessary.

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

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

Non-Executive Director Fees

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

Levels of remuneration for non-executive directors reflect the time commitment and responsibilities of the role. The fees paid to non-executive directors are therefore set at a level which aims to attract individuals with the necessary experience and ability to make a significant contribution to the Company and to compensate them appropriately for their role. Levels of fees may be reviewed from time to time during the policy period, having regard to any significant changes in the size and scope of the role and the business, and material changes in comparative market data for similar roles.

Potential Derogation from the Remuneration Policy

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

Total Remuneration of Directors

The table below sets forth the total remuneration received by each director in 2018 and 2019.

		Fixed Remuneration			Variable Remuneration						
Name	Year	Basic Salary (€'000)	Fees (€'000)	Benefits (€'000) Note 2	Annual Bonus (€'000)	Deferred Bonus (€'000)	Long-Term Incentives (€'000) Note 3	Extraordinary Items (€'000) Note 4	Pension (€'000)	Total Remuneration (€'000)	Proportion of Fixed and Variable Remuneration Note 5
Margaret Sweeney	2019	400	–	25	442	110	–	–	60	1,037	47%/53%
	2018	330	–	20	330	–	–	–	50	730	55%/45%
Phillip Burns	2019	–	50	–	–	–	–	–	–	50	100%/0%
	2018	–	50	–	–	–	–	–	–	50	100%/0%
Joan Garahy	2019	–	75	–	–	–	–	–	–	75	100%/0%
	2018	–	75	–	–	–	–	–	–	75	100%/0%
Tom Kavanagh	2019	–	50	–	–	–	–	–	–	50	100%/0%
	2018	–	29	–	–	–	–	–	–	29	100%/0%
Mark Kenney	2019	–	–	–	–	–	–	–	–	–	N/A
	2018	–	N/A	–	–	–	–	–	–	N/A	N/A
Declan Moylan	2019	–	134	–	–	–	–	–	–	134	100%/0%
	2018	–	100	–	–	–	–	–	–	100	100%/0%
Aidan O'Hogan	2019	–	75	–	–	–	–	–	–	75	100%/0%
	2018	–	75	–	–	–	–	–	–	75	100%/0%

Explanatory notes:

1. The table includes all emoluments paid to or receivable by directors in respect of qualifying services during the review period.
2. Non-executive directors do not receive any benefits.
3. For more information on options granted to the directors, please refer to the section below titled "Long-term Incentives".
4. No compensation for loss of office, payments for breach of contract or other termination payments were paid to any current or former director in the period under review.
5. These proportions have been calculated based on the figures in this table. Note that, as share options awarded in 2019 were market priced, their intrinsic value at the date of grant (and therefore the value included in this table) was zero. Full details of the awards made in 2019 and in previous years are included in the tables below under "Long-term Incentives".

Basic Salary

With effect from 1 January 2019, the basic salary of the CEO was increased from €330,000 to €400,000. In determining this level, the Committee took into account a comparison with levels in a comparable group of Irish and UK REITs and the constituents of the ISEQ 20, as well as the performance of the Company since Margaret Sweeney's appointment in 2017 and significant increase in its scale over this time.

Benefits

The CEO receives an annual taxable cash allowance towards car, health cover and risk benefits such as death in service critical illness and disability cover contributions. With effect from 1 January 2019, the allowance was increased from €20,000 to €25,000 p.a.

Pension

The CEO participates in a defined contribution pension arrangement and received contributions equivalent to 15% of basic salary during 2019.

Annual Bonus

From 2019, the CEO's annual bonus maximum opportunity level was increased from 100% to 150% of basic salary. Alongside the increase in opportunity level, a bonus deferral arrangement was introduced such that 20% of any bonus paid will be deferred into Company shares to promote sustainable performance and provide additional alignment of the CEO with shareholder interests.

For 2019, 80% of annual bonus for the CEO was determined by financial performance measures and 20% was based on strategic objectives. The weightings, targets and performance against each are summarised in the tables below:

2019 Quantitative Financial Measures (Note 1)

	Weighting	Threshold Performance	Target Performance	Stretch Performance	Performance Achieved	Maximum Payout	Actual Payout
Measure	(% of Maximum Bonus)	(25% of Maximum Payout)	(50% of Maximum Payout)	(100% of Maximum Payout)			(% of salary)
EPRA earnings	50%	€28,863,066	€30,382,175	€33,420,393	€33,070,000	€300,000	€282,000
EPRA EPS	10%	6.65 cents	7.00 cents	7.7 cents	6.90 cents	€60,000	€29,790
Dividend (Note 2)	10%	–	–	€26,723,386	€26,839,000	€60,000	€60,000
EPRA NAV (Note 2)	10%	–	–	€681,601,000	€810,957,000	€60,000	€60,000
Total						€480,000	€431,790

Note 1: Between Threshold and Target and Target and Stretch performance levels, payouts were determined on a straight-line basis.
Note 2: The Remuneration Committee used a 10% benchmark above 2018 performance as the relevant measure for the Maximum payout.

2019 Qualitative Measures

	Weighting		
Measure	(% of Maximum Bonus)	Commentary on Performance Achieved	Rating (Note 1)
1. Putting in place and implementing a proactive investor relations plan with existing and prospective investors	3%	Fully achieved as reflected by the exceptional level of support from existing and new shareholders in the capital raise for the Marathon Portfolio acquisition.	Green
2. Managing strong relationship with existing and new bank lenders including the execution of a new and increased credit facilities	3%	2019 was a most successful year for the Company with very strong support from its bankers enabling the addition of 987 additional residential units.	Green
3. Advance growth in assets in line with approved Board strategy in conjunction with the Investment Manager	4%	The growth in the number and value of assets during 2019 was beyond that foreseen at the outset of 2019.	Green
4. Progression of Investment Management Agreement with Board and CAPREIT	4%	Discussions were commenced and a Board subcommittee appointed during 2019 and the groundwork laid for the necessary advice and negotiations scheduled review of the Investment Management Agreement to take place during 2020.	Green
5. Develop ESG strategy and benchmarking against relevant standards in conjunction with the Investment Manager	2%	Development of the Company's ESG strategy was progressed during the course of the year. For more details of this strategy, please see the ESG report on page 149 of this Report.	Green
6. Successfully overseeing the Risk Management Strategy and execution to ensure that there is no material avoidable and within our control risk events	4%	There were no material risk events encountered during 2019.	Green

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

All the qualitative objectives for 2019 were fully achieved.

The total bonus payable to the CEO in respect of the financial year ended 2019 was therefore 137.9% of basic salary (maximum opportunity: 150% of basic salary). In line with this, on 19 February 2020, the Remuneration Committee awarded the CEO a performance-related bonus of €551,790 in respect of the Company's financial year ended on 31 December 2019 (the "**2019 Bonus**"). Of this, €441,432 (representing 80% of the 2019 Bonus) was paid to the CEO in cash. The remainder of the 2019 Bonus, representing €110,358, was settled as a restricted entitlement, to the beneficial interest in 92,393 ordinary shares in the capital of the Company (the "**Restricted Bonus Shares**"). The Restricted Bonus Shares were acquired on-market and are being held on trust for the CEO for three years.

Long-Term Incentives

Share Options Awarded During 2019

Director	Grant Date	Exercise Price (€)	No. of Options 01-Jan-19	Options Granted During the Period	Options Vested During the Period	Options Exercised During the Period	Options Cancelled/ Forfeited During the Period	No. of Options 31-Dec-19	Exercise Date	Market Price on Exercise Date	Vesting Date(s)	Latest Date for Exercise
Margaret Sweeney	18-Jun-19	1.710	–	1,302,461	–	–	–	1,302,461			One third in each year starting 18-Jun-2020	17-Jun-26
Margaret Sweeney	10-Jul-19	1.682	–	1,294,038	–	–	–	1,294,038			One third in each year starting 10-Jul-2020	9-Jul-26

Share Options Awarded in Years Prior to 2019

Director	Grant Date[(1)]	Exercise Price (€)	No. of Options 01-Jan-19	Options Granted During the Period	Options Vested During the Period	Options Exercised During the Period	Options Cancelled/ Forfeited During the Period	No. of Options 31-Dec-19	Exercise Date	Market Price on Exercise Date	Vesting Date(s)	Latest Date for Exercise
Margaret Sweeney	16-Nov-17	1.489	2,000,000	–	666,667	–	–	2,000,000			One third in each year starting 16-Nov-2018	15-Nov-24
Mark Kenney	16-Apr-14	1.040	1,000,000	–	–	–	–	1,000,000			One third in each year starting 16-Apr-2015	15-Apr-21
Mark Kenney[(2)]	26-Mar-15	1.005	500,000	–	–	–	–	500,000			One third in each year starting 26-Mar-2016	25-Mar-22

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

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

Interests of Directors and the Secretary in the Share Capital

The interests of directors and the Secretary in the share capital of the Company set out in page 72 of the Report of the Directors is incorporated by reference in this Remuneration Report.

As of 2 April 2020, the CEO maintained a 'shareholding interest' of approximately 251% of basic salary based on a market price of €1.10 being the closing price of the Company's shares on 2 April 2020.

Implementation of Remuneration Policy in 2020

Following the adjustment to the basic salary of the CEO in 2019, the Remuneration Committee does not anticipate making a further adjustment in 2020.

The CEO's opportunity under the annual bonus for 2020 will be 150% of basic salary, with 20% of any bonus payment deferred into shares for three years. The table below sets out the measures and weightings that will apply for 2020. The full details of targets and performance against each will be set out on a retrospective basis on next year's Remuneration Report.

Measure	Weighting (% of Maximum Bonus)
EPRA earnings (Note 1)	50%
EPRA Basic EPS (Note 1)	10%
Dividend per share	10%
Net Asset Value	10%
Qualitative strategic objectives	20%

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

On 27 March 2020, the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 437,601 ordinary shares (equivalent to 135% of basic salary) in the capital of the Company (the "**2023 Restricted Shares**") as Restricted Shares under the terms of the LTIP. In order for the CEO to receive the 2023 Restricted Shares, she must continue to be employed by the Company up to the vesting date in 2023 and meet the applicable performance conditions set out in the table below. The 2023 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2023.

Performance Level	Vesting Level	EPS Portion (50% weighting) Percentage growth in EPS: 2022 compared to base year of 2019 (Note 1)	TSR Portion (50% weighting) TSR relative to the 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

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

Non-Executive Director Fees

The Company reviewed the level of fees for non-executive directors. Following the review, the Remuneration Committee (with Declan Moylan recused) recommended to the Board that the fees of the Company Chairman should be increased from €100,000 to €140,000 p.a. with effect from 21 February 2019. The Board adopted that recommendation. No other changes were made to Non-Executive Director ("**NED**") fees. In determining this level, the Remuneration Committee took into account a comparison with levels in a comparable group of Irish and UK REITs and the constituents of the ISEQ 20 and the significant increase in the Company's scale since the fees were last reviewed. The Remuneration Committee noted and had regard to the fact that the Chairman had materially more day-to-day engagement with the business than would be commonly the case, by virtue of the Company being externally managed and as a consequence it was essential that there be an unusually high level of engagement and support between the CEO and Chairman.

Executives' External Appointments

The executive director (and any future executive director(s) that might be appointed) are permitted to take on external appointments with another publicly listed company with the prior approval of the Board. The Board recognises that there are benefits to both the Company and the executive director, for the executive director to serve as a non-executive board member of other companies. The executive director is permitted to retain any payments received in respect of such appointments.

On 27 February 2014, Margaret Sweeney was appointed as a non-executive director of Dalata Hotel Group plc, for which she received an annual fee in 2019 of €85,000.

Payment for Loss of Office/Exit Payments

No payments were made in the year in relation to loss of office.

External Services

The Remuneration Committee has engaged remuneration consultants, Willis Towers Watson, which have no other relationship with the Group or any individual director, to provide advice in relation to executive remuneration and to advise in relation to the remuneration policy and remuneration report. Willis Towers Watson's fees for advice during 2019 were €38,858.

Key Priorities of the Remuneration Committee for 2020

1. To establish and finalise a revised long-term incentive scheme for the CEO applicable for 2020.

2. To set suitable targets for the bonus scheme and for any long-term incentive scheme for 2020.

3. To monitor comparator performance and their reward schemes to ensure a high level of awareness at Board level of the relative performance of our Remuneration Policy.

4. To ensure alignment of our Remuneration Policy with current governance recommendations.

Report of the Nomination Committee

Introductory Statement from the Nomination Committee Chair

Dear Shareholder,

On behalf of the Nomination Committee, I am pleased to present the Report of the Nomination Committee for the year ended 31 December 2019.

This year we welcomed Mark Kenney, President and Chief Executive Officer of CAPREIT, to the Board effective 1 January 2019. Mr. Kenney is the Investment Manager's nominee on the Board and has over 28 years of experience in the multi-family real estate sector.

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

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

Looking Ahead

With two directors, including myself, entering their third three-year term as directors on the Board, the Nomination Committee will continue to focus on Board succession planning. In terms of director development, as noted in our Risk Report a principal risk for the Company is the dynamic regulatory and political environment in which the Company operates. We will continue to focus on ensuring that our directors receive timely information and presentations from experts and advisors on regulatory developments, so that the Board is well positioned to assess the impact of such changes to the Company and respond appropriately.

Declan Moylan
Chair of the Nomination Committee

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

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

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

Meetings of the Nomination Committee

The Nomination Committee meets at least once per year and as otherwise required. The Nomination Committee met four (4) times during the period from 1 January 2019 to 31 December 2019. The Nomination Committee members' attendance is set out on page 47.

Terms of Reference and Principal Duties

The terms of reference for the Nomination Committee were approved and adopted by the Board on 31 March 2014 and are regularly reviewed and updated for best practice and compliance with the Codes (most recently on 1 January 2019 to reflect, amongst other things, legislative changes and best practice). The roles and responsibilities delegated to the Nomination Committee under the terms of reference can be accessed electronically at http://investorrelations.iresreit.ie/corporate-governance.aspx.

The Nomination Committee reviews its terms of reference on an annual basis and, if necessary, proposes for formal Board adoption amendments to the Nomination Committee's terms of reference. The Nomination Committee evaluates its own performance relative to its terms of reference. Following the 2019 annual review, it was concluded that the Nomination Committee was operating effectively.

The Nomination Committee leads the process for considering appointments to the Board and its Committees.

The Nomination Committee's principal duties include:

(a) to regularly review the structure, size and composition of the Board and the Board committees, evaluate the balance of skills, knowledge and experience on the Board and the Board committees, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
(b) to be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise, ensuring that the procedures followed are formal, rigorous and transparent; and
(c) to satisfy itself with regard to succession planning that processes and plans are in place with regard to both Board and senior appointments.

Key Activities During 2019

The Nomination Committee undertook the following key activities during the 2019 financial year:

- developed a work plan for 2019;
- reviewed the Nomination Committee's terms of reference;
- considered and recommended to the Board that the appointment of Phillip Burns as a director of the Company be extended for an additional term of approximately three years expiring at the end of the 2022 AGM;
- considered and recommended to the Board a new Division of Responsibilities Statement and Diversity Policy;
- considered and recommended to the Board amendments to the Company's position descriptions for the Chief Executive Officer, Chairman, Senior Independent Director and Non-Executive Director, having regard to the new UK Code requirements;
- reviewed the time commitments of the Chairman, Senior Independent Director and Non-Executive Directors;
- considered the scale of other appointments the Chair of the Board and other non-executive directors may take on without compromising their effectiveness;
- reviewed ongoing succession planning;
- adopted an updated skills matrix for Board members in line with the Company's strategy to aid future succession planning and talent management, as well as ensure that an appropriate balance of skills and expertise exists;
- approved a more comprehensive induction plan for new directors and discussed the director education programme;
- reviewed the findings of the Board evaluation with respect to composition of the Board and its Committees;
- assessed the balance of skills, experience, independence, diversity and knowledge of each director and across the Board and subsequently recommended that each of them be elected or re-elected at the Company's AGM; and
- discussed and reviewed any new corporate governance requirements and any new or forthcoming amendments to relevant laws or regulations that will, or are likely to, impact the roles and duties of the Nomination Committee.

Succession Planning

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

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

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

The Board has had a stable year with no directors leaving or joining other than Mr. Kenney joining as a director effective as of 1 January 2019. Mr. Moylan and Mr. O'Hogan will complete their second three-year term contracts and Ms. Garahy will complete her first three-year term contract at the end of the Company's 2020 annual general meeting. The Nomination Committee considered and approved the renewal of their appointments to the Board for an additional term of approximately three years. In addition, the Nomination Committee considered and approved the renewal of their appointments to the Remuneration Committee and Audit Committee (as relevant), which appointments expired on 30 March 2020 in the case of Mr. Moylan and Mr. O'Hogan and are due to expire on 17 April 2020 in the case of Ms. Garahy, for an additional term of approximately three years. None of Mr. Moylan, Mr. O'Hogan or Ms. Garahy participated in the discussion or vote with respect to his or her re-appointment to Board and/or Committee positions with respect to him or herself.

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

Board and Committee Evaluation

The Nomination Committee reviewed those elements of the Board evaluation that related to the composition of the Board and its committees, and the time commitment required from Non-Executive Directors. These were rated positively, and the Nomination Committee continues to monitor the skills and experience requirements throughout the year.

The Nomination Committee believes that each Non-Executive Director brings a distinct range of skills and experience that complements those brought by the other Non-Executive Directors. The Nomination Committee recommended to the Board, which in turn confirmed, that all serving directors be put forward for re-election at the 2020 AGM.

Diversity

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

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

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

The Nomination Committee in the context of its Board evaluation processes, regularly reviews the structure, size and composition of the Board, taking diversity and the considerations noted above in particular into account, in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Nomination Committee also considers diversity in the context of Board appointments and succession planning. Each of these processes will take account of and address the Board's diversity at that time and consider needs for enhancement of diversity on the Board. In implementing the Diversity Policy during 2019, the Nomination Committee considered diversity in evaluating the optimum composition of the Board and in evaluating the effectiveness of its Board. Based on the skills matrix that is completed by each director as part of the Board evaluation, the directors have diverse skills, including in relation to enterprise leadership, management experience, board experience, legal, tax, general real estate experience, development, human resources, stakeholder engagement, corporate governance, financial acumen, government relations and capital markets.

Where outside-of-Board appointments (which did not arise in 2019 given there was no change in Board members during the year) and having regard to the fact that the Company has only three employees, the Board recognises the challenges in fully implementing its Diversity Policy across a relatively small pool of individuals in order to achieve true diversity within each of the characteristics listed above. In addition, where using recruitment consultants, the Nomination Committee seeks, and will continue to seek, to work with consultants who have made a commitment to promote diversity. All Board appointments, with the exception of the Investment Manager's nominee who is nominated by the Investment Manager, are based on a transparent selection process using objective criteria, including consideration of diversity (including gender), necessary experience, characteristics, skillsets and other attributes necessary to ensure effective oversight of the Company's business and to guide the Company towards its strategic objectives.

The Company meets board gender diversity best practice in Ireland by having over 25% female Board representation by 2020. Currently, 28.6% of the directors on the Board are female, which includes the Company's Chief Executive Officer and the Chair of the Audit Committee. Both roles demonstrate the Board's commitment to ensuring appropriate gender diversity on the Board.

Given the composition of the Board and the development stage of the Company, the Board and the Nomination Committee do not currently consider it appropriate at this time to set any measurable objectives, including gender quotas, in respect of Board or employee representation. The Nomination Committee will consider annually whether measurable objectives such as quantitative targets and timeframes for achieving diversity are appropriate and, if thought fit, will recommend such measurable objectives to the Board for adoption. The Board is committed to having an appropriate balance of skills and perspectives, including gender balance on the Board.

Key Priorities of the Nomination Committee for 2020

The Nomination Committee's plan for the 2020 financial year includes:

- implement actions from the 2019 Board Evaluation (see page 48);
- continue to assess what enhancements should be made to Board and Committee composition;
- continue to undertake our work in relation to succession planning for the Board;
- review the Board's overall contribution to strategy;
- review the time commitment and effectiveness of each non-executive director's contribution; and
- consider the skills, availability and performance of each Board member.

Report of the Directors

The directors of the Company present their report and the audited financial statements for the financial period from 1 January 2019 to 31 December 2019.

Principal Activity

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

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

The Chairman's Statement on pages 12 to 13, the Chief Executive Officer's Statement on pages 13 to 17, the Investment Manager's Statement on page 18, and the Business Review section of the Investment Manager's Review on pages 19 to 26 contain a review of the development and performance of the business during the year, the state of affairs of the business at 31 December 2019, recent events and likely future developments. Information in respect of events since the year end as required by the Companies Act, 2014 is included in these sections and in note 26 of the Group financial statements on page 117.

The Corporate Governance Statement on pages 45 to 51, the Report of the Audit Committee on pages 52 to 57, the Report of the Remuneration Committee on pages 58 to 67, the Report of the Nomination Committee on pages 68 to 70 and the Review on pages 12 to 40 are deemed to be included in this Report of the Directors for the purposes of the Companies Act, 2014.

This Report, the documents referred to therein, which include a description of the principal risks and uncertainties facing the Company, the Chairman's Statement on pages 12 to 13, the Chief Executive Officer's Statement on pages 13 to 17, the Investment Manager's Statement on page 18, the Business Review on pages 19 to 26 and the Risk Report on pages 31 to 40 are deemed to be the management report as required by the Transparency (Directive 2004/109/EC) Regulations 2007 (the "**Transparency Regulations**").

Revenue for the financial period amounted to €62.10 million (€50.61 million for the 2018 year). The profit for the year attributable to shareholders amounted to €86.28 million (€119.79 million for the 2018 year). Basic Earnings per Share and Diluted Earnings per Share amounted to 18.0 cents and 17.9 cents, respectively (28.0 cents and 27.8 cents for the 2018 year). EPRA Earnings per Share were 6.9 cents (6.5 cents for the 2018 year), and EPRA NAV per share was 155.3 cents (142.0 cents as at 31 December 2018). Further details of the results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 88.

REIT Status

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

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

The directors confirm that the Group complied with all the above REIT requirements for the period from 1 January 2019 to 31 December 2019.

Dividends

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

Accordingly, in 2019, the Board paid dividends of approximately €24.3 million for the 2018 accounting period and approximately €14 million in respect of the period from 1 January 2019 to 30 June 2019. On 20 February 2020, the directors announced an additional dividend of €16.2 million (dividends per share of 3.1 cents) for the year ended 31 December 2019, to be paid on 23 March 2020 to shareholders on record as of 28 February 2020. This dividend was made up of a Property Income Distribution ("**PID**"), as defined in the Irish REIT Legislation.

Share Capital

The authorised share capital of the Company is 1,000,000,000 ordinary shares of €0.10 each, of which 521,678,946 shares were in issue at 31 December 2019. All of these shares are of the same class. They all carry equal voting rights and rank equally for dividends. No shares in the Company were acquired or redeemed by the Company during the financial period ended 31 December 2019 or made subject to charge or lien. There are no securities holding special rights with regard to control of the Company. Particulars of the authorised and issued share capital of the Company as at 31 December 2019 are set out in note 12 of the Group financial statements on page 105.

During the financial period ended 31 December 2019 and as at 2 April 2020, the Company held no shares in treasury, and no subsidiary undertaking of the Company held shares in the Company.

There are no restrictions on the transfer of shares in the Company and no requirements to obtain approval of the Company, or of other holders of securities in the Company, for a transfer of shares in the Company, save that the directors may decline to register any transfer of a share:

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

Interests of Directors and Secretary in Share Capital

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

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

Name	Ordinary Shares as at 1 January 2019	Ordinary Shares as at 31 December 2019	% of Company at 31 December 2019	Outstanding Option Awards at 1 January 2019	Outstanding Option Awards at 31 December 2019	Ordinary Shares as at 2 April 2020
Phillip Burns	–	–	–	–	–	–
Joan Garahy	34,850	34,850	0.01%	–	–	34,850
Tom Kavanagh	65,000	81,129	0.02%	–	–	81,129
Mark Kenney	–	–	–	1,500,000	1,500,000	–
Declan Moylan	100,000	150,000	0.03%	–	–	150,000
Aidan O'Hogan	90,000	186,774	0.04%	–	–	186,774
Margaret Sweeney	124,680	154,680	0.03%	2,000,000	4,596,499	247,073
Elise Lenser	–	–	–	250,000	250,000	–
Totals	**414,530**	**607,433**	**0.13%**	**2,250,000**	**6,346,499**	**699,826**

In accordance with the disclosure requirements prescribed by Euronext Listing Rule 6.1.82(1), the interests disclosed above include both direct and indirect legal and beneficial interests in shares. Other than as noted below, there were no movements in directors' shareholdings or outstanding option awards between 31 December 2019 and the date of this Report.

CEO 2019 Bonus Award

On 19 February 2020, the Remuneration Committee awarded the CEO a performance-related bonus of €551,790 in respect of the Company's financial year ended on 31 December 2019. Of this, €441,432 (representing 80% of the 2019 Bonus) was paid to the CEO in cash. The remainder of the 2019 Bonus, representing €110,358, was settled as a restricted entitlement, subject to certain conditions, to the beneficial interest in 92,393 ordinary shares in the capital of the Company. The Restricted Bonus Shares were acquired on-market and are being held on trust for the CEO for three years. The Restricted Bonus Shares are reflected in the table above for the CEO under "Ordinary Shares as at 2 April 2020".

CEO 2020 LTIP award

On 27 March 2020, the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 437,601 ordinary shares in the capital of the Company as Restricted Shares under the terms of the LTIP. In order for the CEO to receive the 2023 Restricted Shares, she must continue to be employed by the Company up to the vesting date in 2023 and meet the applicable performance conditions (as disclosed on page 66 of the Report of the Remuneration Committee). The 2023 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2023. The 2023 Restricted Shares are in addition to the interests reflected in the table above for the CEO.

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

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

Employee Share Schemes

Options are issuable pursuant to I-RES' share-based compensation plan, namely, the LTIP. Eligible participants include employees or executive directors of the Company and certain trustees and employees of CAPREIT and its affiliates. Further details on the LTIP are included in note 11 of the Group financial statements.

Powers of the Board

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

The directors' powers to allot, issue, repurchase and reissue ordinary shares are dependent on the terms of the resolutions from time to time in force so empowering the directors. At the Company's 2019 annual general meeting, the directors were given the power to:

- issue new shares up to a nominal amount of €21,707,697.30, representing half (50%) of the nominal value of the Company's issued share capital as at 9 April 2019;
- disapply statutory pre-emption rights in connection with issues of ordinary shares for a nominal cash value equivalent to up to 10% of the nominal value of the issued share capital (5% of which, in line with the Pre-emption Group's Statement of Principles, is to be exercised solely in connection with an acquisition or specified capital investment);
- make market purchases of the Company's ordinary shares up to 15% of the issued ordinary shares in the Company and to reissue those shares; and
- reissue repurchased shares and set a reissue price range.

The authorities described above are due to expire at the conclusion of the 2020 annual general meeting of the Company or 15 months from the passing of the resolution.

Details of the resolutions to be considered at the next annual general meeting of the Company will be sent to shareholders in advance of the 2020 annual general meeting.

Rules Concerning the Appointment and Removal of Directors of the Company

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

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

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

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

- is restricted or disqualified from acting as a director of any company under the provisions of Part 14 of the Companies Act, 2014;
- becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
- in the opinion of a majority of his co-directors, becomes incapable by reason of mental disorder of discharging his or her duties as a director;
- (not being a director holding for a fixed term an executive office in his or her capacity as a director) the director resigns office by notice to the Company;
- holds any executive office or employment with the Company or any subsidiary, and that office or employment is terminated for any reason and his or her co-directors resolve that office as a director be vacated;
- is convicted of an indictable offence, unless the directors otherwise determine;

- shall have been absent for more than six (6) consecutive months without permission of the directors from meetings of the directors held during that period and his or her alternate director (if any) shall not have attended any such meeting in his or her place during such period, and the directors pass a resolution that by reason of such absence he or she has vacated office; or
- is removed from office by notice in writing (whether in electronic form or otherwise) by all his or her co-directors.

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

Directors

As at the date of this Report, there are seven (7) Directors on the Board. The Chief Executive Officer, Margaret Sweeney, is an executive director. Declan Moylan (the Chairman), Phillip Burns, Joan Garahy, Tom Kavanagh, Mark Kenney and Aidan O'Hogan (Senior Independent Director) are non-executive directors. A short biographical note on each director appears on pages 42 to 44.

In accordance with Provision 18 of the UK Code and the Company's Constitution, all directors of the Company are subject to election by shareholders at the first annual general meeting after their appointment, and to annual re-election thereafter. In accordance with this, each of Phillip Burns, Joan Garahy, Tom Kavanagh, Mark Kenney, Declan Moylan, Aidan O'Hogan and Margaret Sweeney will retire and, being eligible, will offer himself/herself for re-election at the Company's 2020 annual general meeting.

Non-Executive Directors Agreements for Service

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

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

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

Upon the expiry of an initial three-year term on 31 March 2017, the appointment of each of Declan Moylan and Aidan O'Hogan as a non-executive director of the Company was extended for a second three-year term expiring at the end of the 2020 AGM. The Board has approved their respective appointments for a third term of approximately three years commencing at the conclusion of the 2020 annual general meeting and expiring at the conclusion of the annual general meeting in 2023, unless terminated earlier in accordance with the terms of their letters of appointment (and subject to re-election at each of the Company's annual general meetings in accordance with the UK Code and the Company's Articles of Association).

Phillip Burns was appointed as a non-executive director effective 23 March 2016 for an initial three-year term expiring at the end of the 2019 annual general meeting. The appointment of Phillip Burns as a director of the Company was extended for a second three-year term expiring at the conclusion of the annual general meeting in 2022, unless terminated earlier in accordance with the terms of his letter of appointment (and subject to re-election at each of the Company's annual general meetings in accordance with the UK Code and the Company's Articles of Association).

Joan Garahy was appointed as a non-executive director effective 18 April 2017 for an initial three-year term expiring at the end of the 2020 annual general meeting. The Board has approved Ms. Garahy's appointment for a second term of approximately three years commencing at the conclusion of the 2020 annual general meeting and expiring at the conclusion of the annual general meeting in 2023, unless terminated earlier in accordance with the terms of her letter of appointment (and subject to re-election at each of the Company's annual general meetings in accordance with the UK code and the Company's Articles of Association).

Tom Kavanagh was appointed as a non-executive director effective 1 June 2018 for a term of approximately three years commencing on 1 June 2018 and expiring at the conclusion of the annual general meeting in 2021, unless terminated earlier in accordance with the terms of his letter of appointment (and subject to re-election at each of the Company's annual general meetings in accordance with the UK Code and the Company's Articles of Association).

Mark Kenney was appointed as a non-executive director of the Company (and the Investment Manager's nominee) effective 1 January 2019 for a term of approximately three years and expiring at the end of the 2022 annual general meeting, unless terminated earlier in accordance with the terms of his letter of appointment (and subject to re-election at each of the Company's annual general meetings in accordance with the UK Code and the Company's Articles of Association). With over 28 years of experience in the real estate sector and serving as chief executive officer of CAPREIT, one of Canada's largest real estate investment trusts, the Board believes Mr. Kenney brings valuable skills, experience and insight to the Board. Further details on the skills and experience of Mr. Kenney are set out in biographies of the Directors on pages 42 to 44.

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

With effect from 1 November 2017, Margaret Sweeney has served on the Board of the Company as an executive director. The terms of Ms. Sweeney's contract of employment are summarised on pages 63 to 65 of this Report.

Copies of the terms and conditions of appointment for each Director are available for inspection by any person at the offices of McCann FitzGerald, Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576 Ireland during normal business hours and at the Company's annual general meeting for 15 minutes prior to the meeting and during the meeting.

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

Key Management Personnel

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

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

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

Conflicts of Interest – Directors

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

Subject to certain exceptions, the Articles of Association generally prohibit directors from voting at board meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which is material to, or a duty which conflicts or may conflict with the interests of, the Company.

Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote.

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

Conflicts of Interest – Investment Management Agreement and Services Agreement

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

Corporate Governance

The Company has complied, from 1 January 2019 to 31 December 2019, with the provisions set out in the UK Code and in the Irish Annex, which applied to the Company for the financial period ended 31 December 2019, except as disclosed on page 51 under Compliance with Relevant Codes.

The Corporate Governance Statement on pages 45 to 51 sets out the Company's application of the principles and compliance with the provisions of the UK Code and the Irish Annex and the Company's system of risk management and internal control.

Principal Risks and Uncertainties

A description of the principal risks and uncertainties facing the Group is set out on pages 34 to 40.

Substantial Shareholdings

The Company has been notified of the following interests of 3% or more of the voting rights over the share capital of the Company as at 31 December 2019 and 2 April 2020:

Holder	31 December 2019		2 April 2020	
	Number of Shares	%	Number of Shares	%
CAPREIT Limited Partnership	95,510,000	18.13	95,510,000	18.13
Setanta Asset Management Limited	33,096,744	6.93	33,096,744	6.93
Aviva plc & its Subsidiaries	26,881,654	6.19	37,672,249	7.22
Timbercreek Asset Management Inc.	31,158,461	5.98	31,158,461	5.98
Lansdowne Partners International Limited	30,669,544	5.98	21,008,449	4.03
Irish Life Investment Managers Limited	20,838,363	4.99	20,838,363	4.99
FMR LLC	25,524,965	4.90	21,051,947	4.03
APG Asset Management N.V.	19,209,053	4.02	19,209,053	4.02
GLG Partners LP	13,207,986	3.17	13,207,986	3.17

Except as disclosed above, the Company has not been notified as at 2 April 2020 of any other interest of 3% or more of the voting rights in its share capital nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The table above summarises the various notifications that the Company has received for shareholders with 3% or more of the voting rights. The percentage ownership is based on the number of shares outstanding at the time the Company was notified. As the total number of shares outstanding as at 31 December 2019 and 2 April 2020 was 521,678,946 and 521,678,946, respectively, the actual percentage ownership may differ from above.

Information Required to Be Disclosed by LR 6.1.77, ISE Listing Rules

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

Section	Topic	Location
(1)	Interest capitalised	Financial Statements, Note 5
(2)	Publication of unaudited financial information in a circular or prospectus	Not applicable
(3)	Small related party transactions	Not applicable
(4)	Details of long-term incentive schemes	Report of the Remuneration Committee
(5)	Waiver of emoluments by a director	Not applicable
(6)	Waiver of future emoluments by a director	Not applicable
(7)	Non-pre-emptive issues of equity for cash	Business Review
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Financial Statements, Note 19
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Not applicable
(13)	Shareholder waivers of future dividends	Not applicable
(14)	Agreement with controlling shareholders	Not applicable

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

Principal Subsidiaries and Joint Ventures

Details of the Company's principal subsidiaries as at 31 December 2019, which include IRES Residential Properties Limited (acquired on 31 March 2015 in connection with the acquisition of the Rockbrook Portfolio and holds the Rockbrook Portfolio), and certain owner management companies in which the Company holds a majority of the voting rights, are set out in note 19 of the Group financial statements on pages 111 to 114. All of the Company's principal subsidiaries are incorporated in Ireland.

Financial Instruments

Financial instruments are set out in note 15 of the Group financial statements on pages 106 to 109.

Financial Risk Management

The financial risks include market risk, liquidity risk, credit risk and capital management risk. The financial risk management objectives and policies of the Group are set out in note 15 of the Group financial statements on pages 106 to 109.

Subsequent Events

Information in respect of events since the year end is contained in Note 26 to the Group financial statements on page 117.

Political Contributions

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

Accounting Records

The directors are responsible for ensuring accounting records, as required by Sections 281 to 285 of the Companies Act, 2014, are kept by the Company. The directors believe that they have complied with this requirement by providing adequate resources to maintain adequate accounting records throughout the Company, including the appointment of personnel with appropriate qualifications, experience and expertise. The accounting records of the Company are maintained at its registered office located at South Dock House, Hanover Quay, Dublin.

Relevant Audit Information

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

Directors' Compliance Statement

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

The directors confirm that:

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

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

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

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

For the purposes of Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, the information on Directors on pages 42 to 44 and the disclosures on Directors' Remuneration on page 63 of this Report cover the information required and are deemed to be incorporated in the Report of the Directors.

Auditor

KPMG, Chartered Accountants, were appointed statutory auditor on 17 July 2018 and have been re-appointed annually since that date, and pursuant to section 383(2) will continue in office. A resolution authorising the directors to set their remuneration will be proposed at the Company's 2020 annual general meeting.

Audit Committee

The Board has established an Audit Committee in compliance with the Codes to assist with certain responsibilities relating to internal controls, risk management and reporting. Refer to the Report of the Audit Committee on page 53 for the procedures established by the Audit Committee to discharge these responsibilities.

General Meetings

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

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Except as provided in relation to an adjourned meeting, three (3) persons entitled to vote upon the business to be transacted, each being a member or proxy for a member or a duly authorised representative of a corporate member, shall be a quorum.

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

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

Constitution

The Company's Constitution sets out the objects and powers of the Company. The Articles of Association detail the rights attaching to shares, the method by which the Company's shares can be purchased or re-issued, the provisions which apply to the holding and voting at general meetings and the rules relating to directors, including their appointment, retirement, re-election, duties and powers. The Articles of Association may be amended by special resolution of the shareholders, being a resolution proposed on not less than 21 days' notice as a special resolution and passed by more than 75% majority of those voting on the resolution.

The Directors' Report was approved by the Board of Directors on 3 April 2020 and is signed on their behalf by:

Directors
3 April 2020

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

In accordance with applicable law and the Euronext Dublin Listing Rules, the directors are also required to prepare a Report of the Directors and reports relating to directors' remuneration and corporate governance. The directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (the "**Transparency Regulations**") to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group. The Report of the Directors, on pages 71 to 78, the Chairman's Statement on pages 12 to 13, the Chief Executive Officer's Statement on pages 14 to 17, the Investment Manager's Statement on page 18, the Business Review on pages 19 to 26 and the Risk Report on pages 31 to 40 are deemed to be the management report as required by the Transparency Regulations.

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

The directors have contracted with the Investment Manager to ensure that those requirements are met. The books and accounting records of the Group and the Company are maintained at the Company's registered office located at South Dock House, Hanover Quay, Grand Canal Square, Dublin 2, Ireland. The directors have delegated investment management and administration functions, including risk management, to the Investment Manager without abrogating their overall responsibility. The directors have in place mechanisms for monitoring the exercise of such delegated functions, which are always subject to the supervision and direction of the Board. These delegations of functions and the appointment of regulated third party entities are set out in the Corporate Governance Statement on pages 45 to 51.

Each of the directors, whose names and functions are listed on pages 42 to 44, confirms that, to the best of each director's knowledge and belief:

As required by the Transparency Regulations:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Group and the Company as at 31 December 2019 and of the results of the Group, taken as a whole, for the period 1 January 2019 to 31 December 2019;
- the management report, comprising the Report of the Directors, the Chairman's Statement, the Chief Executive Officer's Statement, the Investment Manager's Statement, the Business Review and the Risk Report, include a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole as at 31 December 2019, together with a description of the principal risks and uncertainties that the Company and the Group faces; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

As required by the UK Corporate Governance Code:

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

Signed on behalf of the Board
3 April 2020

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

Financial Statements

Independent Auditor's Report to the Members of Irish Residential Properties REIT PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Irish Residential Properties REIT plc ("**the Group**") for the year ended 31 December 2019 set out on pages 87 to 128, which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the summary of significant accounting policies set out in notes 2 and 3. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Irish Law and FRS 101 *Reduced Disclosure Framework.*

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2019 and of the Group's profit for the year then ended;
- the Consolidated financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with *FRS 101 Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

We were appointed as auditor by the directors on 17 July 2018. The period of total uninterrupted engagement is 2 years ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Key audit matters: our assessment of risks of material misstatement

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

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Valuation of Investment Property: Consolidated €1,359 million (2018 – €921 million), Company €1,225 million (2018 – €799 million)

Refer to pages 52 to 57 (Audit and Risk Committee Report), pages 92 to 93 (accounting policy) and pages 100 to 102 (financial disclosures)

The key audit matter	*How the matter was addressed in our audit*
The Groups' investment property portfolio (including properties under development and development land) comprises a portfolio of mainly residential property assets located in Dublin. The investment property portfolio is valued at €1,359 million at 31 December 2019 and represents 98% of the Group's total assets and 91% of the Company's total assets. The valuation of the Group's investment property portfolio is inherently subjective, as it requires, amongst other factors, consideration of the specific characteristics of each property, the location and nature of each property, consideration of prevailing property market conditions and, in respect of income generating properties, estimation of future rentals beyond the current lease terms. In respect of properties under development, further factors include estimated costs to completion and timing of practical completion of each development. The directors engage external valuers to value the Group's investment property portfolio in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuation experts used by the Group have considerable experience of the markets in which the Group operates. In determining the valuation of the Group's investment properties, the valuers take into account the above considerations and rely on the accuracy of the underlying lease and related information provided to the valuers by the Group. We regard this area as a key audit matter due to the significance of the estimates and judgements involved in the valuation of the Group's investment property portfolio.	In this area our audit procedures included, among others, the following: • We evaluated the design and implementation of key controls over the investment property valuation process. • We performed testing over the accuracy and completeness of lease information provided by the Group to the external valuers for income generating properties. • We inspected the valuation reports and confirmed that the valuation approach was in accordance with RICS standards and suitable for the purposes of the Group's financial statements. • We assessed the external valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised. • We met with the external valuers to understand the valuation of the portfolio. These discussions included gaining an understanding of the external valuers process; the critical assumptions employed in estimating future rental incomes and future capital expenditure requirements for income generating properties; costs for completion of development properties; and the judgements in the selection of appropriate capitalisation rates for each property. • We considered the capitalisation rate assumptions used by the valuers in performing their valuations and compared them to relevant market evidence, benchmarking against specific property sales, comparables and other external data. • For properties under development, we agreed the construction and other costs used in the external valuations to the Group's records, including signed construction contracts. We also obtained support for the actual construction and other costs incurred to date. • We agreed the value of all investment properties included in the financial statements to the valuation reports prepared by the external valuers. • We assessed the adequacy of the disclosures in relation to the valuation of investment properties and found them to be appropriate. On the basis of the work performed, we found the assumptions used in the valuations to be appropriate.

Transactions with related parties

Refer to pages 52 to 57 (Audit and Risk Committee Report), and pages 111 to 114 (financial disclosures)

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

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

The materiality for the Group financial statements as a whole was set at €7.9 million (2018: €6.2 million). This has been calculated with reference to a benchmark of net assets which we consider to be one of the principal considerations for members of the Group in assessing the financial performance of the Group. Materiality represents approximately 1% of this benchmark, consistent with the prior year. In addition, we applied a materiality of €1.5 million (2018: €1.2 million) for testing profit or loss items excluding the net movement in fair value of investment properties (representing 3.7% of profit for the year before the net movement in fair value of investment properties). In our judgement, the application of this specific materiality is appropriate due to key performance indicators of the Group driven by profit or loss items.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.3 million.

Materiality for the company financial statements as a whole was set at €7.7 million (2018: €5.9 million). This was determined with reference to a benchmark of net assets. We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €0.3 million.

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

We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Euronext Dublin Listing Rules set out on page 77 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

Other information

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

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

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

Based solely on our work on the other information we report that:

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

Disclosures of principal risks and longer-term viability

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

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the director's confirmation within the viability statement on page 33 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

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

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

We have nothing to report in these respects.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 45 to 51, that:

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

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

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

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

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

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

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Companies Act are not made.

The Listing Rules of the Euronext Dublin require us to review:

- the Directors' Statement on page 33 in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 45 to 51 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on pages 79 to 80, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

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

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

Sean O'Keefe

3 April 2020

Sean O'Keefe
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

Consolidated Statement of Financial Position

As at 31 December 2019	Note	31 December 2019 €'000	31 December 2018 €'000
Assets			
Non-Current Assets			
Investment properties	5	**1,359,201**	921,316
Property, plant and equipment	7	**10,088**	6
		1,369,289	921,322
Current Assets			
Other current assets	8	**11,786**	12,633
Cash and cash equivalents		**6,979**	7,626
		18,765	20,259
Total Assets		**1,388,054**	941,581
Liabilities			
Non-Current Liabilities			
Bank indebtedness	10	**549,851**	307,494
Lease liability	18	**9,872**	–
Derivative financial instruments	14	**788**	913
		560,511	308,407
Current Liabilities			
Accounts payable and accrued liabilities	9	**10,216**	9,156
Security deposits		**7,158**	5,294
		17,374	14,450
Total Liabilities		**577,885**	322,857
Shareholders' Equity			
Share capital	12	**52,167**	43,414
Share premium	12	**497,244**	370,855
Other reserve		**1,147**	988
Retained earnings		**259,611**	203,467
Total Shareholders' Equity		**810,169**	618,724
Total Shareholders' Equity and Liabilities		**1,388,054**	941,581
IFRS NAV per share	23	**155.3**	142.5
EPRA NAV per share	23	**154.6**	142.0

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

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019	Note	31 December 2019 €'000	31 December 2018 €'000
Operating Revenues			
Revenue from investment properties	13	**62,097**	50,608
Operating Expenses			
Property taxes		**(669)**	(536)
Property operating costs		**(10,891)**	(8,914)
		(11,560)	(9,450)
Net Rental Income ("NRI")		**50,537**	41,158
General and administrative expenses		**(4,288)**	(3,258)
Asset management fee	19	**(4,024)**	(3,178)
Share-based compensation expense	11	**(236)**	(228)
Net movement in fair value of investment properties	5	**56,234**	92,664
Gain/(loss) on derivative financial instruments	14	**131**	(659)
Depreciation of property, plant and equipment	7	**(32)**	(8)
Lease interest	6	**(4)**	–
Financing costs on credit facility	18	**(12,036)**	(6,706)
Profit for the Year		**86,282**	119,785
Total Comprehensive Income for the Year			
Attributable to Shareholders		**86,282**	119,785
Basic Earnings per share (cents)	22	**18.0**	28.0
Diluted Earnings per share (cents)	22	**17.9**	27.8

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Other Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2019		**43,414**	**370,855**	**203,467**	**988**	**618,724**
Total comprehensive income for the year						
Profit for the year		–	–	86,282	–	86,282
Total comprehensive income for the year		–	–	86,282	–	86,282
Transactions with owners, recognised directly in equity						
Long-term incentive plan	11	–	–	–	236	236
Share issuance	12	8,753	126,389	(3,052)	(77)	132,013
Dividends paid	17	–	–	(27,086)	–	(27,086)
Transactions with owners, recognised directly in equity		8,753	126,389	(30,138)	159	105,163
Shareholders' Equity at 31 December 2019		**52,167**	**497,244**	**259,611**	**1,147**	**810,169**

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Other Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2018		**42,027**	**354,978**	**104,844**	**2,135**	**503,984**
Total comprehensive income for the year						
Profit for the year		–	–	119,785	–	119,785
Total comprehensive income for the year		–	–	119,785	–	119,785
Transactions with owners, recognised directly in equity						
Long-term incentive plan	11	–	–	–	228	228
Share premium allocation		(298)	298	–	–	–
Share issuance	12	1,685	15,579	1,375	(1,375)	17,264
Dividends paid	17	–	–	(22,537)	–	(22,537)
Transactions with owners, recognised directly in equity		1,387	15,877	(21,162)	(1,147)	(5,045)
Shareholders' Equity at 31 December 2018		**43,414**	**370,855**	**203,467**	**988**	**618,724**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2019	Note	31 December 2019 €'000	31 December 2018 €'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit before taxes		**86,282**	119,785
Adjustments for non-cash items:			
Fair value adjustment – investment properties	5	**(56,234)**	(92,664)
Depreciation of property, plant and equipment		**32**	8
Amortisation of other financing costs		**2,486**	835
Share-based compensation expense	11	**236**	228
(Gain)/Loss on derivative financial instruments	14	**(131)**	659
Straight-line rent adjustment		**21**	(22)
Interest accrual relating to derivatives		**6**	5
		32,698	28,834
Interest cost on credit facility		**9,239**	6,089
Changes in operating assets and liabilities	18	**1,958**	(6,321)
Net Cash Generated from Operating Activities		**43,895**	28,602
Cash Flows from Investing Activities			
Deposits on acquisitions		**(2,284)**	–
Acquisition of investment properties		**(344,684)**	(41,361)
Development of investment properties		**(24,768)**	(31,129)
Investment property enhancement expenditure		**(7,633)**	(4,987)
Direct leasing cost		**(47)**	(218)
Net Cash Used in Investing Activities		**(379,416)**	(77,695)
Cash Flows from Financing Activities			
Financing fees on credit facility		**(5,990)**	(20)
Interest paid on loan drawn down	18	**(9,677)**	(6,089)
Credit Facility drawdown	18	**637,451**	78,309
Credit Facility repayment	18	**(391,590)**	(17,000)
Lease payment	6	**(247)**	
Proceeds on issuance of shares	18	**135,142**	17,264
Share issuance costs		**(3,129)**	
Dividends paid to shareholders	17	**(27,086)**	(22,537)
Net Cash Generated from/(Used in) Financing Activities		**334,874**	49,927
Changes in Cash and Cash Equivalents during the Year		**(647)**	834
Cash and Cash Equivalents, Beginning of the Year		**7,626**	6,792
Cash and Cash Equivalents, End of the Year		**6,979**	7,626

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

Notes to Consolidated Financial Statements

1. General Information

Irish Residential Properties REIT plc ("**I-RES**" or the "**Company**") was incorporated in Ireland on 2 July 2013 as Shoreglade Limited (formerly known as CAPREIT Ireland Limited, Irish Residential Apartments REIT Limited and Irish Residential Properties REIT Limited). On 16 April 2014, I-RES obtained admission of its ordinary shares to the primary listing segment of the Official List of Euronext Dublin for trading on the regulated market for listed securities of Euronext Dublin. Its registered office is South Dock House, Hanover Quay, Dublin, Ireland. Ordinary shares of I-RES are listed on the Main Securities Market of Euronext Dublin under the symbol "IRES".

I-RES was previously a wholly owned subsidiary of CAPREIT Limited Partnership ("**CAPREIT LP**"). As at 1 January 2019, CAPREIT LP's interest in I-RES was 18.0%. In 2019, CAPREIT LP acquired an additional 17,500,000 shares, raising CAPREIT LP's interest in I-RES to 18.3%.

IRES Residential Properties Limited of South Dock House, Hanover Quay, Dublin 2 is a wholly owned consolidated subsidiary of I-RES, acquired on 31 March 2015, and owns directly the beneficial interest of its properties. I-RES and IRES Residential Properties Limited together are referred to as the "**Group**" in this financial information. The Group owns interests in residential rental accommodations, as well as commercial and development sites, the majority of which are located in and near major urban centres in Dublin, Ireland. Specifically, IRES Residential Properties Limited owns an interest in the "Rockbrook Portfolio", which consists of 81 apartments at Rockbrook Grande Central and 189 apartments at Rockbrook South Central, mixed-use commercial space of approximately 4,665 sq. m., a development site of approximately 1.13 hectares and associated basement car parking.

2. Significant Accounting Policies

a) Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards ("**IFRS**") as adopted by the European Union ("**EU**"), IFRS Interpretations Committee ("**IFRIC**") interpretations and those parts of the Companies Act, 2014, applicable to companies reporting under IFRS.

The consolidated 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 through profit or loss in the consolidated statement of profit or loss and other comprehensive income. The consolidated financial statements of the Group have been presented in euros, which is the Company's functional currency.

The consolidated financial statements of the Group cover the 12-month period from 1 January 2019 to 31 December 2019.

The Group has not early adopted any forthcoming International Accounting Standards Board ("**IASB**") standards. Note 2(s) sets out details of such upcoming standards.

Going concern

The Group meets its day-to-day working capital requirements through its cash and deposit balances. The Group's plans indicate that it should have adequate resources to continue operating for the foreseeable future. Accordingly, the directors consider it appropriate that the Group adopts the going concern basis of accounting in the preparation of the consolidated financial statements.

b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of I-RES and its subsidiary, IRES Residential Properties Limited. I-RES controls IRES Residential Properties Limited by virtue of its 100% shareholding in that company. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are entities controlled by I-RES. I-RES controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries (except owner management companies) is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. I-RES does not consolidate owner management companies in which it holds majority voting rights. For further details, please refer to note 19.

c) Investment properties and investment properties under development

Investment properties

The Group considers its income properties to be investment properties under IAS 40, Investment Property ("**IAS 40**"), and has chosen the fair value model to account for its investment properties in the consolidated financial statements. Under IFRS 13, Fair Value Measurement ("**IFRS 13**"), this IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment properties are treated as acquired at the time when the Group assumes the significant risks and returns of ownership, which normally occurs when the conveyancing contract has been performed by both buyer and seller and the contract has been deemed to have become unconditional and completed. Investment properties are deemed to have been acquired when the buyer has assumed control of ownership and the contract has been completed.

Investment properties comprise investment interests held in land and buildings (including integral equipment) held for the purpose of producing rental income, capital appreciation or both, but not for sale in the ordinary course of business.

All investment properties are initially recorded at cost, which includes transaction and other acquisition costs, at their respective acquisition dates, and are subsequently stated at fair value at each reporting date, with any gain or loss arising from a change in fair value recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income for the period. Gains and losses incurred on the disposal of investment properties are also recognised in the profit or loss in the consolidated statement of profit or loss and other comprehensive income.

The fair value of investment properties is determined by a qualified independent valuer at each reporting date, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards ("**RICS**") and IFRS 13. The independent valuer holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. At each reporting date, management undertakes a review of its investment property valuations to assess the continuing validity of the underlying assumptions, such as future income streams and Capitalisation Rates used in the independent valuation report, as well as property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer.

Investment properties under development

Investment properties under development include those properties, or components thereof, that will undergo activities that will take a substantial period of time to prepare the properties for their intended use as income properties.

The cost of a development property that is an asset acquisition comprises the amount of cash, or the fair value of other consideration, paid to acquire the property, including transaction costs. Subsequent to the acquisition, the cost of a development property includes costs that are directly attributable to these assets, including development costs, and borrowing costs. These costs are capitalised when the activities necessary to prepare an asset for development or redevelopment begin and continue until the date that construction is substantially complete, and all necessary occupancy and related permits have been received, whether or not the space is leased.

Interest capitalised is calculated using the Company's weighted average cost of borrowing.

Properties under development are valued at fair value by a qualified independent valuer at each reporting date with fair value adjustments recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income. In the case of investment property under development, the valuation approach applied is the "residual method", with a deduction for the costs necessary to complete the development together with an allowance for the remaining risk.

Development land

Development land is also stated at fair value by a qualified independent valuer at each reporting date with fair value adjustments recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income. In the case of development land, the valuation approach applied is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets. Land values are estimated using either a per acre or per buildable square foot basis based on highest and best use. Such values are applied to the Group's properties after adjusting for factors specific to the site, including its location, highest and best use, zoning, servicing and configuration.

Key estimations of inherent uncertainty in investment property valuations

The fair values derived are based on anticipated market values for the properties, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants. The valuation of the Group's investment property portfolio is inherently subjective as it requires, among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income in the future, an assessment of a property's ability to remain an attractive technical configuration to existing and prospective tenants in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment. While these and other similar matters are market-standard considerations in determining the fair value of a property in accordance with the RICS methodology, they are all subjective assessments of future outturns and macroeconomic factors, which are outside of the Group's control or influence and therefore may prove to be inaccurate long-term forecasts. As a result of all these factors, the ultimate valuation the Group places on its investment properties is subject to some uncertainty, and may not turn out to be accurate, particularly in times of macroeconomic volatility. The RICS property valuation methodology is considered by the Board to be the valuation technique most suited to the measurement of the fair value of property investments. It is also the primary measurement of fair value that all major and reputable property market participants use when valuing a property investment. See note 5 for a detailed discussion of the significant assumptions, estimates and valuation methods used.

d) Property asset acquisition

At the time of acquisition of a property or a portfolio of investment properties, the Group evaluates whether the acquisition is a business combination or asset acquisition. IFRS 3, Business Combinations is applicable only if it is considered that a business has been acquired. A business, under IFRS 3, is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors, or to lower costs or provide other economic benefits directly and proportionately to investors.

When determining whether the acquisition of an investment property or a portfolio of investment properties is a business combination or an asset acquisition, the Group applies judgement when determining whether an integrated set of activities is acquired in addition to the property or portfolio of properties. Activities can include whether employees were assumed in the acquisition and whether an operating platform has been acquired.

When an acquisition does not represent a business as defined under IFRS 3, the Group classifies these properties, or portfolio of properties, as an asset acquisition. Identifiable assets acquired, and liabilities assumed in an asset acquisition are measured initially at their fair values at the acquisition date. Acquisition-related transaction costs are capitalised to the property.

e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation, and mainly comprise head office, head office fixtures and fittings, and information technology hardware. These items are depreciated on a straight-line basis over their estimated useful lives: The building has a useful life of 20 years and the fixtures and fittings have a useful life ranging from three to five years.

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

Financial assets and financial liabilities

Under IFRS 9, financial assets and financial liabilities are initially recognised at fair value and are subsequently accounted for based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and I-RES' designation of such instruments. The standards require that all financial assets and financial liabilities be classified as fair value through profit or loss ("**FVTPL**"), amortised cost or fair value through other comprehensive income ("**FVOCI**").

Classification of financial instruments

The following summarises the classification and measurement I-RES has elected to apply to each of its significant categories of financial instruments:

Type	Classification	Measurement
Financial assets		
Cash and cash equivalents	Held to Collect	Amortised cost
Other receivables	Held to Collect	Amortised cost
Deposits on acquisition	Held to Collect	Amortised cost
Financial liabilities		
Bank indebtedness	Other financial liabilities	Amortised cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortised cost
Security deposits	Other financial liabilities	Amortised cost
Derivative financial instruments	FVTPL	Fair value through profit or loss

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less. Interest earned or accrued on these financial assets is included in other income.

Loans and other receivables

Such receivables arise when I-RES provides services to a third party, such as a tenant, and are included in current assets, except for those with maturities more than 12 months after the consolidated balance sheet date, which are classified as non-current assets. Loans and other receivables are included in other assets on the consolidated balance sheet and are accounted for at amortised cost.

Other liabilities

Such financial liabilities are recorded at amortised cost and include all liabilities other than derivatives, which are designated to be accounted for at fair value, through profit and loss.

FVTPL

Financial instruments in this category are recognised initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented within net income in the consolidated statement of income and comprehensive income in the period in which they arise. Financial assets and liabilities at FVTPL are classified as current, except for the portion expected to be realised or paid more than 12 months after the consolidated balance sheet date, which is classified as non-current. Derivatives are also categorised as FVTPL unless designated as hedges.

g) IFRS 16, Leases

The Group has applied IFRS 16 from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

I-RES was not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessee, as at 31 December 2019; I-RES did not have any arrangements where it is considered the lessee.

I-RES was not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for the evaluation of lease and non-lease components of its rental revenue, which required the reclassification of certain incomes within what was previously treated as Rental Income as revenue to be accounted for under IFRS 15.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee
When the Group acts as a lessee, at commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Lease liability' in the statement of financial position.

As a lessor
When I-RES acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, I-RES makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of the assessment, I-RES considers certain indicators such as whether the lease is for the major part of the economic life of the asset, the present value of lease payments and any option included in the lease. I-RES has determined that all its leases are operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

I-RES has applied the approach to contracts in place on 1 January 2019 or subsequently entered into.

On modification of a contract that contains a lease component and a non-lease component, I-RES allocates the consideration in the contract to each of the components on the basis of their relative stand-alone prices.

Policy applicable before 1 January 2019

The Group recognises rental revenue using the straight-line method, whereby the total amount of rental revenue to be received from all leases is accounted for on a straight-line basis over the term of the related leases. The difference between the rental revenue recognised and the amounts contractually due under the lease agreements is accrued as other receivable.

Tenant inducements

Incentives such as cash, rent-free periods and move-in allowances may be provided to lessees who enter into a lease. The incentives are written off on a straight-line basis over the term of the lease as a reduction of rental revenue.

Early termination of leases

When the Group receives rent loss payments from a tenant for the early termination of a lease, it is reflected in the accounting period in which the rent loss payment occurred.

Bad debt

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.

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

I-RES retains substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rent represents lease revenue earned from the conveyance of the right to use the property, including access to common areas, to a lessee for an agreed period of time. The contract also contains a performance obligation that requires I-RES to maintain the common areas to an agreed standard. This right of use and performance obligation is governed by a single rental contract with the tenant. In accordance with the adoption of IFRS 16, Leases, I-RES has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income as Revenue under IFRS 15 Revenue from Contracts with Customers.

Rental revenue includes amounts earned from tenants under the rental contract which are allocated to the lease and non-lease components based on relative stand-alone selling prices. The stand-alone selling prices of the lease components are determined using an adjusted market assessment approach and the stand-alone selling prices of the service components are determined using the input method based on the expected costs plus an estimated market-based margin for similar services.

Rental income from the operating lease component is recognised on a straight-line basis over the lease term in accordance with IFRS 16, Leases. When I-RES provides incentives to its tenants, the cost of such incentives is recognised over the lease term, on a straight-line basis, as a reduction of revenue.

Revenue from maintenance services represents the service component of the REIT's rental contracts and is accounted for in accordance with IFRS 15, Revenue from Contracts with Customers ("**IFRS 15**"). These services consist primarily of the recovery of utility, property and other common area maintenance and amenity costs where I-RES has determined it is acting as a principal.

These services constitute a single non-lease component, which is accounted for as one performance obligation under IFRS 15 as the individual activities that comprise these services are not distinct in the context of the contract. The individual activities undertaken to meet the performance obligation may vary from time to time but cumulatively the activities undertaken to meet the performance obligation are relatively consistent over time. The tenant simultaneously receives and consumes the benefits provided under the performance obligation as I-RES performs and consequently revenue is recognised over time, typically on a monthly basis, as the services are provided.

i) Bank indebtedness, borrowing costs and interest on credit facility

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

j) Operating segments

The Group operates and is managed as one business segment, namely property investment, with all investment properties located in Ireland. The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, which has been identified as the I-RES Board.

k) Statement of cash flows

Cash and cash equivalents consist of cash on hand and balances with banks. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the consolidated statement of cash flows and are disclosed separately in the notes to the consolidated financial statements. Interest expense is classified as financing activities.

l) Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

I-RES elected for REIT status on 31 March 2014. As a result, from that date I-RES does not pay Irish corporation tax on the profits and gains from its qualifying rental business in Ireland, provided it meets certain conditions.

Going forward, corporation tax is still payable in the normal way in respect of income and gains from any residual business (generally including any property trading business) not included in the Property Rental Business. I-RES would also be liable to pay other taxes such as VAT, stamp duty, land tax, local property tax and payroll taxes in the normal way.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

m) Equity and share issue costs

The equity of I-RES consists of ordinary shares issued. Shares issued are recorded at the date of issuance. Direct issue costs in respect of the issue of shares are accounted for as a deduction from retained earnings.

n) Net asset value ("NAV") and EPRA NAV

The NAV is calculated as the value of the Group's assets less the value of its liabilities, measured in accordance with IFRS as adopted in the EU, and in particular will include the Group's property assets at their most recent independently assessed market values.

EPRA NAV is calculated in accordance with the European Public Real Estate Association ("**EPRA**") Best Practice Recommendations, November 2016. EPRA NAV excludes the net marked-to-market movement in the value of financial instruments used for hedging purposes and where a company has the intention to keep the hedge position until the end of the contractual duration, and deferred tax in respect of any difference between the fair value and the book value of the investment properties.

o) Share-based payments
I-RES has determined that the options issued to senior executives qualify as "equity-settled share-based payment transactions" as per IFRS 2. In addition, any options issued to the directors have also been based on equity-settled share-based payment transactions. The fair value of the options measured on the grant date will be expensed over the vesting term with a corresponding increase in equity. The fair value for all options granted is measured using the Black-Scholes model.

p) Property taxes
Property taxes are paid annually and recognised as an expense evenly throughout the year.

q) Security deposits
Security deposits are amounts received from tenants at the beginning of a tenancy. When a tenant is no longer in possession of the property, the Group will assess whether there were damages to the property above normal wear and tear for which deductions may be made to their deposit. Once the inspections and repairs are calculated, the remaining security deposit is returned to the tenant.

r) Pension
The Company operates a defined contribution plan for its employees (as at the date of this Report, the CEO and her assistant). A defined contribution plan is a pension plan under which a company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further obligations. The contributions are recognised as an expense when they are due. The amounts that are not paid are shown as accruals in the balance sheet. The assets of the plan are held separately from those of the Company in an independently administered fund.

s) Impact expected from new or amended standards
The following standards and amendments are not expected to have a significant impact on reported results or disclosures of the Group, and were not effective at the financial year end 31 December 2019 and have not been applied in preparing these consolidated financial statements. The Group's current view of the impact of these accounting changes is outlined below:

IFRIC 23 Uncertainty over Income Tax Treatments
This IFRS addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It is currently not expected to be applicable to the Group's financial statements. It is applicable to annual reporting periods beginning on or after 1 January 2019.

Annual Improvements to IFRS Standards 2015–2017 cycle:
IFRS 3, Business Combinations – A company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11, Joint Arrangements – A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12, Income Taxes – A company accounts for all income tax consequences of dividend payments in the same way.

IAS 23, Borrowing Costs – A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

These amendments are not expected to have a significant impact on the Group.

IFRS 17, Insurance Contracts
This new IFRS interpretation clarifies the accounting treatment of insurance contracts and is effective for years beginning on or after 1 January 2021 and is not yet EU endorsed. It requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. The Company does not currently envisage any impact from the introduction of this standard. IFRS 17 supersedes IFRS 4, Insurance Contracts as of 1 January 2021.

Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
The amendments clarify the definition of "material" and are effective for annual reporting periods that commence on or after 1 January 2020. These amendments are not expected to have a significant impact on the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments provide new guidance to hedging relationship with LIBOR rates. It is applicable to annual reporting periods beginning on or after 1 January 2020. The Group is currently in the process of assessing the effects of the amendments.

3. Critical Accounting Estimates, Assumptions and Judgements

The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates, assumptions and judgements that in some cases relate to matters that are inherently uncertain, and which affect the amounts reported in the consolidated financial statements and accompanying notes. Areas of such estimation include, but are not limited to, valuation of investment properties. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and conditions.

The valuation estimate of investment properties is deemed to be more significant. See notes 2(c) and 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used. Determination of the lease term for the office lease is also deemed to be more significant. See notes 2(g) and 6 for the determination of the lease term.

4. Recent Investment Property Acquisitions and Developments

For the year 1 January 2019 to 31 December 2019

Investment property acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs
				€'000
The Coast	20 February 2019	52	Dublin, Ireland	14,316
Taylor Hill	2019[1]	78	Dublin, Ireland	22,830
Semple Woods	2019[1]	40	Dublin, Ireland	15,812
City Square	29 April 2019	1	Dublin, Ireland	428
Marathon Portfolio	1 August 2019	815	Dublin/Cork, Ireland	291,298
		986		**344,684**

Developments

Property	Development Contract Date	Apartment Count	Region	Total Costs Spent in 2019	Total Development Cost Spent to Date
				€'000	€'000
Hansfield Phase II Development[2]	16 November 2018	95	Dublin, Ireland	19,902	30,444
Coldcut Park	2 July 2019	1	Dublin, Ireland	184	184
Tallaght Cross West[3]	4 April 2019	18	Dublin, Ireland	5,259	5,259
				25,345	**35,887**

(1) Taylor Hill and Semple Woods were forward purchases that I-RES entered into. The units were delivered to I-RES on a phased basis throughout the 2019 fiscal year.

(2) On 16 November 2018, I-RES acquired a 1.3 acre development site at Hansfield Wood Phase II Development for €30 million and entered into a development agreement to develop 95 apartments. The cost to complete is estimated at circa €930,000. The additional cost is due to financial contributions paid to Fingal as part of its planning permissions.

(3) On 4 April 2019, I-RES started converting part of its commercial space in Tallaght Cross West into 18 residential units. The cost to complete is estimated at circa €100,000.

For the year 1 January 2018 to 31 December 2018

Property	Acquisition or Development Contract Date	Apartment Count	Region	Total Costs Spent in 2018	Total Acquisition or Development Costs Spent to Date
				€'000	€'000
Hampton Wood	21 May 2018	128	Dublin, Ireland	40,888	40,888
The Marker	12 March 2018	1	Dublin, Ireland	473	473
Hansfield Wood Development[1]	25 May 2018	99	Dublin, Ireland	20,587	31,560
Hansfield Phase II Development[2]	16 November 2018	95	Dublin, Ireland	10,542	10,542
		323		**72,490**	**83,463**

(1) Expenditures during the period relate to development of 99 units at Hansfield Wood. As at 31 December 2018, I-RES received all 99 completed apartments. The total fixed price contract included €7.8 million related to land.

(2) On 16 November 2018, I-RES acquired a 1.3 acre development site at Hansfield Wood Phase II Development for €30 million and entered into a development agreement to develop 95 apartments.

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 in profit or loss in the condensed consolidated interim statement of profit or loss and other comprehensive income for the period.

80.7% of the fair values of all of the Group's investment properties as at 31 December 2019 are determined by Coldwell-Banker Richard Ellis (CBRE) and remaining by Savills, the Company's external independent valuers. The valuers employ qualified valuation professionals who have recent experience in the location and category of the respective property. Valuations are prepared on a bi-annual basis at the interim reporting date and the annual reporting date.

The information provided to the valuers, and the assumptions and valuation methodologies and models used by the valuers, are reviewed by management. The valuers meet with the Audit Committee and 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 capitalisation rates to current and projected future income streams. These capitalisation rates 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 2019, the Company incurred development costs of €25.3 million (2018: €31.1 million) relating to the properties under development, which includes allocation of development land related to residential development. At the reporting date, the properties under development are Tallaght Cross West and Hansfield Phase II.

Borrowing costs of €660,102 (€218,000 as at 31 December 2018) are included in capitalised development expenditures. The weighted average interest rate used to capitalise the borrowing costs was 1.86% (2018: 1.93%).

Development land

In the case of development land, the approach applied is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets. Land values are estimated using either a per acre or per buildable square foot basis based on highest and best use. Such values are applied to the Group's properties after adjusting for factors specific to the site, including its location, zoning, servicing and configuration.

Information about fair value measurements using unobservable inputs (Level 3)

At 31 December 2019, 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, 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 Capitalisation Rates 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 property revenue less property operating expenses, adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance.

Sensitivity analysis

Stabilised NRI and market-observed Capitalisation Rates are key inputs in the valuation model used. For example, completed properties are valued mainly using a term and reversion model: i.e., the present values of future cash flows from expected rental receipts are calculated. For the existing rental contract or term, this is the expected net rents from tenants over the period to the next lease break option or expiry. After this period, the reversion, estimated Stabilised NRI is used to calculate cash flows 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 Capitalisation Rates magnify the effect of a change in Stabilised NRI, with a lower Capitalisation Rate resulting in a greater effect on the fair value of investment properties than a higher Capitalisation Rate.

For investment properties producing income and investment properties under development, an increase of 1% in the Equivalent Capitalisation Rate would have the impact of a €227.8 million reduction in fair value while a decrease of 1% in the Equivalent Capitalisation Rate would result in a fair value increase of €349.2 million. An increase of 1% to 4% in Stabilised NRI would have the impact ranging from €13.3 million to €53.2 million in fair value, while a decrease of 1% to 4% in Stabilised NRI would have the impact ranging from €-13.3 million to €-53.2 million. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next 12 months based on expected changes in Stabilised NRI.

The direct operating expenses recognised in the consolidated statement of profit or loss and other comprehensive income for the Group is €11.6 million for the year ended 31 December 2019 (2018: €9.5 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the consolidated statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the period ended 31 December 2019 and 31 December 2018 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 Capitalisation Rates and ranges along with the fair value of the total portfolio of the Group as at 31 December 2019 is presented below:

As at 31 December 2019

Type of Interest	Fair Value	WA NRI[1]	Rate Type[2]	Max.	Min.	Weighted Average
	€'000	€'000				
Investment properties	1,293,241	2,751	Equivalent Capitalisation Rate	6.19%	4.16%	4.90%
Properties under development	36,000	N/A	Average Development Cost (per sq. ft.)	€ 379.0	€ 319.2	€ 370.2
		1,259	Equivalent Capitalisation Rate	5.93%	4.75%	4.94%
Development land[3]	29,960	N/A	Market Comparable (per sq. ft.)	€ 158.5	€ 35.6	€ 134.1
Total investment properties	1,359,201					

(1) Calculated as the Stabilised NRI of each property weighted by its fair value over the total fair value of the investment properties ("**WA NRI**").
(2) The Equivalent Capitalisation Rate disclosed above is based on the Stabilised NRI divided by the fair value of the investment property.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

As at 31 December 2018

Type of Interest	Fair Value	WA NRI[1]	Rate Type[2]	Max.	Min.	Weighted Average
	€'000	€'000				
Investment properties	882,416	2,970	Equivalent Capitalisation Rate	6.27%	4.14%	4.97%
Properties under development	10,500	N/A	Average Development Cost (per sq. ft.)	€ 383.1	€ 383.1	€ 383.1
		1,577	Equivalent Capitalisation Rate	4.65%	4.65%	4.65%
Development land[3]	28,400	N/A	Market Comparable (per sq. ft.)	€ 154.7	€ 35.6	€ 125.1
Total investment properties	921,316					

(1) Calculated as the Stabilised NRI of each property weighted by its fair value over the total fair value of the investment properties ("**WA NRI**").
(2) The Equivalent Capitalisation Rate disclosed above is based on the Stabilised NRI divided by the fair value of the investment property.
(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 year ended	31 December 2019			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	**882,416**	**10,500**	**28,400**	**921,316**
Acquisitions	**344,684**	**–**	**–**	**344,684**
Development expenditures	**–**	**25,345**	**3,613**	**28,958**
Reclassification[(1)]	**184**	**266**	**(450)**	**–**
Property capital investments and intensification	**7,983**	**–**	**–**	**7,983**
Capitalised leasing costs[(2)]	**(21)**	**–**	**–**	**(21)**
Direct leasing costs[(3)]	**47**	**–**	**–**	**47**
Unrealised fair value movements	**57,948**	**(111)**	**(1,603)**	**56,234**
Balance at the end of the year	**1,293,241**	**36,000**	**29,960**	**1,359,201**

For the year ended	31 December 2018			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	716,785	11,600	22,550	750,935
Acquisitions	41,361	–	–	41,361
Development expenditures	–	31,129	–	31,129
Reclassification[(4)]	32,849	(33,449)	600	–
Property capital investments and intensification	4,987	–	–	4,987
Capitalised leasing costs	22	–	–	22
Direct leasing costs	218	–	–	218
Unrealised fair value movements	86,194	1,220	5,250	92,664
Balance at the end of the year	882,416	10,500	28,400	921,316

(1) Reclassified Tallaght Cross West from development site to properties under development and reclassified Coldcut park from properties under development to income properties.
(2) Straight-line rent adjustment.
(3) Includes cash outlays for new tenants.
(4) Reclassified Hansfield Wood Phase I from properties under development to income properties, and development site from income properties to development land.

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

The carrying value of the Group investment properties of €1,359.2 million for the investment properties at 31 December 2019 (€921.3 million at 31 December 2018) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2017 (Red Book) and IFRS 13.

6. Leases

Leases as lessee (IFRS 16)

On 9 December 2019, the Group entered into an agreement to lease office space at South Dock House. The lease is for a period of 20 years, with options for the Group to terminate the lease on the 10th and 15th anniversaries of the lease. Lease payments are renegotiated every five years to reflect market rentals.

A portion of the office space is sub-let to a tenant. The sub-lease expires in 2020, and is classified as an operating lease.

The Group has assessed at the lease commencement date whether it is reasonably certain to exercise the lease termination option and has determined that the lease term is 20 years. As well, the Group has used an incremental borrowing rate of 2.48% to determine the lease liability.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

2019	Land and buildings (in €'000)
Balance at 1 January	–
Additions to right-of-use assets	10,114
Depreciation charge for the year	(31)
Balance at 31 December	10,083

Amounts recognised in profit or loss

During 2019, I-RES recognised interest on lease liabilities of circa €4,000.

Amounts recognised in statement of cash flows

During 2019, I-RES' total cash outflow for leases was circa €247,000.

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 13 for an analysis of the Group's rental income.

7. Property, Plant and Equipment

	Land and Buildings	Furniture and Fixture	Total
	€'000	€'000	€'000
At cost			
As at 1 January 2019	–	59	59
Additions	10,114	–	10,114
As at 31 December 2019	10,114	59	10,173
Accumulated amortisation			
As at 1 January 2019	–	53	53
Additions	31	1	32
As at 31 December 2019	31	54	85
As at 31 December 2019	10,083	5	10,088

8. Other Assets

As at	**31 December 2019**	31 December 2018
	€'000	€'000
Other Current Assets		
Prepayments[(1)]	**2,301**	4,254
Deposits on acquisitions	**6,945**	4,661
Other receivables[(2)]	**577**	1,595
Trade receivables	**1,963**	2,123
Total	**11,786**	12,638

(1) Includes specific costs relating to preparing planning applications of development lands.
(2) Relates to levies received in respect of services to be incurred.

9. Accounts Payable and Accrued Liabilities

As at	**31 December 2019**	31 December 2018
	€'000	€'000
Accounts Payable and Accrued Liabilities[(1)]		
Rent – early payments	**2,662**	1,605
Trade creditors	**446**	2,369
Accruals[(2)]	**6,914**	5,080
Value added tax	**194**	102
Total	**10,216**	9,156

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

10. Credit Facility

As at	31 December 2019	31 December 2018
	€'000	€'000
Bank Indebtedness		
Loan drawn down	555,020	309,159
Deferred loan costs	(5,169)	(1,665)
Total	549,851	307,494

On 18 April 2019, I-RES entered into a new accordion credit facility of up to €450 million with a syndicate of five banks, which can be extended to €600 million (subject to certain terms and conditions) (the "**New Revolving Credit Facility**"), replacing the existing €350 million revolving and accordion credit facility which was due to mature January 2021 (the "**Previous Revolving Credit Facility**"). There was a cancellation fee of €1.7 million associated with paydown of the Previous Revolving Credit Facility and a write off of €1.4 million of unamortised deferred financing cost.

The New Revolving Credit Facility has a five-year term, which can be extended to seven years (subject to certain conditions) and is secured by a floating charge over assets of the Company and IRES Residential Properties Limited, its subsidiary, and a fixed charge over the shares held by the Company in IRES Residential Properties Limited. It has reduced margin compared to the Previous Revolving Credit Facility. This facility is being provided by Barclays Bank Ireland PLC, Ulster Bank Ireland DAC, The Governor and Company of the Bank of Ireland, Allied Irish Banks, P.L.C. and HSBC Bank PLC.

On 12 June 2019, the Company exercised its option under the New Revolving Credit Facility and restated on 12 June 2019 to extend its committed facilities from €450 million to €600 million and amended the New Revolving Credit Facility to include a new uncommitted accordion facility in the amount of €50 million. The New Revolving Credit Facility (as amended and restated on 12 June 2019) matures on 11 June 2024. The interest on the New Revolving Credit Facility (as amended and restated on 12 June 2019) is set at the annual rate of 1.75%, plus the one-month or three-month EURIBOR rate (at the option of I-RES).

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to €160 million. The agreements have an effective date of 23 March 2017 and a maturity date of January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of January 2021.

The interest rate swap agreements effectively convert the hedged portion of the Credit Facility (€204.8 million) from a variable rate to a fixed rate facility up to the maturity date (see note 14 for further details).

I-RES has complied with all externally imposed capital requirements to which it was subject during the year.

11. Share-Based Compensation

Options are issuable pursuant to I-RES' share-based compensation plan, namely, the long-term incentive plan ("**LTIP**"). Options were granted on 26 March 2015 and 16 April 2014 by I-RES to certain trustees and employees of Canadian Apartment Properties Real Estate Investment Trust ("**CAPREIT**") and its affiliates and to the former Chief Executive Officer of I-RES.

On 16 November 2017, 2,000,000 options were granted to Margaret Sweeney, Chief Executive Officer of I-RES.

On 18 June 2019, 1,302,461 options were granted to the Chief Executive Officer. The Chief Executive Officer received options, calculated as 3% of the new Ordinary Shares issued, at an exercise price of €1.71 per share, in accordance with her employment agreement.

On 10 July 2019, an additional 1,294,038 options were granted to the Chief Executive Officer in connection with the second tranche placing of the new ordinary shares.

All options have a maximum life of seven years less a day and will vest over three years from the date of grant on the basis of one third per completed year the recipient of the option completes in respect of the relevant service which has qualified him or her for an option grant. The LTIP limit cannot exceed 10% of I-RES' issued ordinary share capital (adjusted for share issuance and cancellation) during the 10-year period prior to that date. As at 31 December 2019, the maximum number of additional options issuable under the LTIP is 21,542,450 (31 December 2018: 38,696,396).

LTIP For the year ended	WA exercise price	**31 December 2019**	31 December 2018
Share Options outstanding as at 1 January	1.11	**10,875,000**	27,736,940
Issued, cancelled or granted during the period:			
Issued or granted	1.70	**2,596,499**	–
Exercised or settled	1.02	**(975,000)**	(16,861,940)
Share Options outstanding as at 31 December 2019[2]	**1.24**	**12,496,499**	**10,875,000**

(1) Cancelled/forfeited – the unvested shares resulting from the departure of certain CAPREIT employees.
(2) Of the Share Options outstanding above, 9,233,333 were exercisable at 31 December 2019 (31 December 2018: 9,541,667).

The fair value of options has been determined as at the grant date using the Black-Scholes model. The assumptions utilised in the model to arrive at the estimated fair value for the outstanding grants at the respective periods are listed below.

LTIP Issuance date	10 July 2019	18 June 2019	16 November 2017	26 March 2015	16 April 2014
Number of shares	1,294,038	1,302,461	2,000,000	11,900,000	17,080,000
Share price on date of grant (€)	1.682	1.710	1.489	1.005	1.040
Award grant price (€)	1.682	1.710	1.489	1.005	1.040
Risk-free rate (%)	2.0	1.9	2.2	0.4	1.2
Distribution yield (%)	3.8	3.6	3.9	5.0	5.0
Expected years	7.0	7.0	7.0	7.0	7.0
Volatility (%)	16.6	16.6	19.6	20.2	20.3
Award option value (€)	0.16	0.17	0.18	0.07	0.08

The expected volatility is based on historic market volatility prior to the issuance. The volatility of the 18 June 2019 and 10 July 2019 issue is based over the prior seven years. 16 November 2017 issue's volatility is based over the prior four years, 26 March 2015 issue's volatility is based over the prior five years and 16 April 2014 issue's volatility is based over the prior four years. The risk-free rate is based on Irish Government bonds with a term consistent with the assumed option life.

The share-based compensation expense during the year ended 31 December 2019 was €236,000 (31 December 2018: €228,000).

Following the financial period under review, on 27 March 2020 the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 437,601 ordinary shares (equivalent to 135% of basic salary) in the capital of the Company (the "**2023 Restricted Shares**") as Restricted Shares under the terms of the LTIP. In order for the CEO to receive the 2023 Restricted Shares, she must continue to be employed by the Company up to the vesting date in 2023 and meet certain performance conditions. The 2023 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2023.

12. Shareholders' Equity

All equity shares outstanding are fully paid and are voting shares. Equity shares represent a shareholder's proportionate undivided beneficial interest in I-RES. No equity share has any preference or priority over another. No shareholder has or is deemed to have any right of ownership in any of the assets of I-RES. Each share confers the right to cast one vote at any meeting of shareholders and to participate pro rata in any distributions by I-RES and, in the event of termination of I-RES, in the net assets of I-RES remaining after satisfaction of all liabilities. Shares will be issued in registered form and are transferable.

The number of shares authorised is as follows:

For the year ended	31 December 2019	31 December 2018
Authorised Share Capital	**1,000,000,000**	1,000,000,000
Ordinary shares of €0.10 each		

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

For the year ended	31 December 2019	31 December 2018
Ordinary shares outstanding, beginning of year	**434,153,946**	417,292,006
New shares issued(1)(2)	**87,525,000**	16,861,940
Ordinary shares outstanding, end of year	**521,678,946**	434,153,946

(1) On 12 June 2019 and 9 July 2019, I-RES successfully completed a placing of 86,550,000 new Ordinary Shares at a price of €1.55 per share raising gross proceeds of approximately €134.2 million (before commissions, fees and expenses). The additional 975,000 shares were new shares issued for options issued under the LTIP.

(2) For the year ended 31 December 2018, all shares were issued pursuant to exercise of share options by the former CEO of I-RES and certain employees of CAPREIT at weighted average exercise prices of €1.02 per share.

13. 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. In accordance with the adoption of IFRS 16, Leases, I-RES has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income.

	31 December 2019 €'000	31 December 2018 €'000
Rental Income	**53,946**	44,565
Revenue from services	**7,055**	5,464
Car park income	**1,096**	579
Revenue from contracts with customers	**8,151**	6,043
Total Revenue	**62,097**	50,608

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

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to €160 million. The agreements have an effective date of 23 March 2017 and a maturity date of January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of January 2021. The interest rate swap agreements effectively convert the hedged portion of the Credit Facility (€204.8 million) from a variable rate to a fixed rate facility to maturity date (see note 10 for further details), the fixed interest rate is at 1.66% (1.75% less 0.09%) on the total €204.8 million interest rate swap.

In 2019, a fair value gain of €131,000 (2018: loss of €659,000) has been recorded in the consolidated statement of profit or loss and other comprehensive income and the fair value of the interest rate swaps was a liability of €788,000 at 31 December 2019 (31 December 2018: liability of €913,000).

15. Financial Instruments, Investment Properties and Risk Management

a) Fair value of financial instruments and investment properties

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

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

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

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

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

The following table presents the Group's estimates of fair value on a recurring basis based on information available as at 31 December 2019, aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 31 December 2019

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs[1]	Total
	€'000	**€'000**	**€'000**	**€'000**
Recurring Measurements – Assets				
Investment properties	**–**	**–**	**1,359,201**	**1,359,201**
Derivative financial instruments[2]	**–**	**788**	**–**	**788**
Total	**–**	**788**	**1,359,201**	**1,359,989**

As at 31 December 2018

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs[1]	Total
	€'000	€'000	€'000	€'000
Recurring Measurements – Assets				
Investment properties	–	–	921,316	921,316
Derivative financial instruments[2]	–	913	–	913
Total	–	913	921,316	922,229

(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 expected cash flow of the derivatives. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rates. If the total mark-to-market value is positive, I-RES will consider a current value adjustment to reflect the credit risk of the counterparty, and if the total mark-to-market value is negative, I-RES will consider a current value adjustment to reflect I-RES' own credit risk in the fair value measurement of the interest rate swap agreements.

b) Risk management

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

Market risk

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

The Group's financial assets currently comprise short-term bank deposits and trade receivables.

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.

Interest rate risk

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

As at 31 December 2019, I-RES' Credit Facility was drawn for €555.0 million. On 28 February 2017 and 15 September 2017, I-RES entered into interest rate swap agreements aggregating to €204.8 million. The interest rate swap agreements effectively convert the hedged portion of the Credit Facility from a variable rate to a fixed rate facility to maturity date. The fixed interest rate is at 1.66% (1.75% less 0.09%). The agreements effectively convert borrowings on a EURIBOR-based floating rate credit facility to a fixed rate facility. As of 15 September 2017, interest on the remaining portion of the Credit Facility 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 zero. For the year ended 31 December 2019, a 100-basis point change in interest rates would have the following effect on the unhedged portion:

As at 31 December 2019

	Change in interest rates	Increase (decrease) in net income 2019
	Basis Points	**€'000**
EURIBOR rate debt[(1)]	+100	**(1,849)**
EURIBOR rate debt[(2)]	-100	–

(1) Based on the fixed margin of 1.75% plus the one-month EURIBOR rate as at 31 December 2019 of -0.472% on the unswapped portion of the Credit Facility.
(2) Based on the fixed margin of 1.75% plus the floor of zero on the unswapped portion of the Credit Facility.

As at 31 December 2018

	Change in interest rates	Increase (decrease) in net income 2018
	Basis Points	€'000
EURIBOR rate debt[(1)]	+100	(660)
EURIBOR rate debt[(2)]	-100	–

(1) Based on the fixed margin of 2.0% plus the one-month EURIBOR rate as at 31 December 2019 of -0.368% on the unswapped portion of the Credit Facility.
(2) Based on the fixed margin of 2.0% plus the floor of zero on the unswapped portion of the Credit Facility.

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.

As at 31 December 2019	6 months or less[(1)]	6 to 12 months[(1)]	1 to 2 years[(1)]	2 to 5 years[(1)]	More than 5 years[(1)]
	€'000	€'000	€'000	€'000	€'000
Loan drawn down	–	–	–	555,020	–
Bank indebtedness interest[(2)]	4,757	4,809	9,540	23,340	–
Derivative financial instruments	–	–	788	–	–
Lease liability	314	314	628	1,883	9,414
Other liabilities	10,022	–	–	–	–
Security deposits	7,158	–	–	–	–
	22,251	5,123	10,956	580,243	9,414

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

As at 31 December 2018	6 months or less[(1)]	6 to 12 months[(1)]	1 to 2 years[(1)]	2 to 5 years[(1)]	More than 5 years[(1)]
	€'000	€'000	€'000	€'000	€'000
Loan drawn down	–	–	–	309,159	–
Bank indebtedness interest[(2)]	2,980	3,030	6,027	231	–
Other liabilities	9,054	–	–	–	–
Derivative financial instruments	–	–	–	913	–
Security deposits	5,294	–	–	–	–
	17,328	3,030	6,027	310,303	–

(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 impairment loss allowance for trade receivables amounted to €581,000 for the year ended 31 December 2019 (2018: €217,000).

Cash and cash equivalents are held by major Irish and European institutions with credit ratings of AA and AAA, respectively. The Company deposits cash with individual institutions to avoid concentration of risk with any one counterparty. The Group has also engaged the services of a depository to ensure the security of the cash assets.

Risk of counterparty default arising on cash and cash equivalents and 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.

Capital management
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, I-RES may issue new shares or consider the sale of assets to reduce debt. I-RES, through the Irish REIT Regime, is restricted in its use of capital to making investments in real estate property in Ireland. I-RES intends to make distributions if its results of operations and cash flows permit in the future.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. At 31 December 2019, capital consists of equity and debt, and Group Total Gearing was 40.8%. 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.

16. Taxation

I-RES elected for REIT status on 31 March 2014. As a result, from this date the Group is exempt from paying Irish corporation tax on the profits and gains from qualifying rental business in Ireland provided it meets certain conditions.

Instead, dividends paid to shareholders in respect of the Property Rental Business are treated for Irish tax purposes as income in the hands of shareholders. Corporation tax is still payable in the normal way in respect of income and gains from any residual business (generally including any property trading business) not included in the Property Rental Business. I-RES is also liable to pay other taxes such as VAT, stamp duty, land tax, local property tax and payroll taxes in the normal way.

Within the Irish REIT Regime, for corporation tax purposes the Property Rental Business is treated as a separate business from the residual business. A loss incurred by the Property Rental Business cannot be offset against profits of the residual business.

An Irish REIT is required, subject to having sufficient distributable reserves, to distribute to its shareholders (by way of dividend), on or before the filing date for its tax return for the accounting period in question, at least 85% of the Property Income of the Property Rental Business arising in each accounting period. Failure to meet this requirement would result in a tax charge calculated by reference to the extent of the shortfall in the dividend paid. A dividend paid by an Irish REIT from its Property Rental Business is referred to as a property income distribution. Any normal dividend paid from the residual business by the Irish REIT is referred to as a non-property income distribution dividend.

The directors confirm that the Group has remained in compliance with the Irish REIT Regime up to and including the date of this Report and that there has been no profit arising from residual business activities.

17. 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 9 August 2019, the directors resolved to pay an interim dividend of €14.1 million for the period ended 30 June 2019. The dividend of 2.7 cents per share was paid on 13 September 2019 to shareholders on record as at 23 August 2019.

On 22 February 2019, the directors resolved to pay an additional dividend of €13.0 million for the year ended 31 December 2018. The dividend of 3.0 cents per share was paid on 29 March 2019 to shareholders on record as of 8 March 2019.

On 3 August 2018, the directors declared an interim dividend of €11.3 million for the period ended 30 June 2018. The dividend of 2.6 cents per share was paid on 7 September 2018 to shareholders on record as at 17 August 2018.

On 22 February 2018, the directors resolved to pay an additional dividend of €11.3 million for the year ended 31 December 2017. The dividend of 2.7 cents per share was paid on 23 March 2018 to shareholders on record as of 2 March 2018.

	31 December 2019 €'000	31 December 2018 €'000
Profit for the year	**86,282**	119,785
Less: Unrealised gain in net movement in fair value of investment properties	**(56,234)**	(92,664)
Property Income of the Property Rental Business	**30,048**	27,121
Add back:		
Share-based compensation expense	**236**	228
Unrealised change in fair value of derivatives	**(131)**	659
Distributable Reserves	**30,153**	28,008

18. Supplemental Cash Flow Information

For the year ended	**31 December 2019 €'000**	31 December 2018 €'000
Financing costs on credit facility as per the consolidated statement of profit or loss and other comprehensive income	**12,036**	6,706
Interest expense accrual	**(315)**	–
Capitalised interest	**442**	218
Less: Amortisation of financing fees	**(2,486)**	(835)
Interest paid on loan drawn down	**9,677**	6,089

Changes in operating assets and liabilities

For the year ended	**31 December 2019 €'000**	31 December 2018 €'000
Prepayments	**(1,358)**	(3,391)
Trade receivables	**160**	(746)
Other receivables	**1,018**	1,359
Deposits	**–**	(4,617)
Accounts payable and other liabilities	**274**	(224)
Security deposits	**1,864**	1,298
Changes in operating assets and liabilities	**1,958**	(6,321)

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Issuance of shares	**135,142**	17,264
Issuance costs	**(3,129)**	–
Net proceeds	**132,013**	17,264

		Changes from Financing Cash Flows					Non-Cash Changes			
Liabilities	2018	Credit Facility Drawdown	Credit Facility Repayment	Financing Fees on Credit Facility	Financing Fees on Credit Facility	Amortisation of Other Financing Costs	Lease Liability Payable	Loss on Derivative Financial Instruments	Interest Accrual Relating to Derivatives	2019
Bank indebtedness	309,159	637,451	(391,590)	–	–	–	–	–	–	555,020
Deferred loan costs, net	(1,665)	–	–	–	(5,990)	2,486	–	–	–	(5,169)
Derivative financial instruments	913	–	–	–	–	–	–	(131)	6	788
Lease liability	–	–	–	(247)	–	–	10,118	–	–	9,872
Total liabilities from financing activities	**308,407**	**637,451**	**(391,590)**	**(247)**	**(5,990)**	**2,486**	**10,118**	**(131)**	**6**	**560,511**

19. Related Party Transactions

CAPREIT LP has an indirect 18.3% 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 ("**Investment Manager**") 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 Investment Manager. The Investment Management Agreement governs the provision of portfolio management, risk management and other related services to the Company by the Investment Manager on a day-to-day basis. It has an initial term of five years, unless it is duly terminated pursuant to a provision of the Investment Management Agreement, and thereafter shall continue in force for consecutive five-year periods.

The Investment Manager has the ability to terminate the Investment Management Agreement by serving 12 months' notice of termination at any time after 1 November 2019. The Investment Manager may also terminate the Investment Management Agreement at any time if required to do so by any competent regulatory authority, if the Company commits a material breach of the agreement which remains unremedied for 30 days, or if the Company enters an event of insolvency.

The Company may terminate the Investment Management Agreement if the Investment Manager commits a material breach of the agreement which remains unremedied for 30 days, enters an event of insolvency, is no longer authorised to carry out the services under the Investment Management Agreement or if CAPREIT LP (or one of its affiliate) ceases to beneficially own 5% of the Company or ceases to control the Investment Manager. The Company may also terminate the Investment Management Agreement on or after 1 November 2020 if it determines that internalisation of the management of the Company, subject to relevant regulatory approval, is in the Company's best interests. In such circumstances, the Company is required to purchase the issued shares of the Investment Manager on a liability free/cash free basis for €1.

Certain transitional provisions apply under the Investment Management Agreement upon its termination in order to effect an orderly transition of the services to the Company. Other than fees or other monies accrued up to the point of termination, the Investment Manager is not entitled to compensation on termination of the agreement.

In providing its services to the Company under the Investment Management Agreement, the Investment 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 Investment Manager (as amended from time to time), which covers the performance of property and asset management services by CAPREIT LP. Among other standard 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 Investment Manager.

For the year ended 31 December 2019, I-RES incurred €4.0 million in asset management fees. In addition, €1.9 million in property management fees were incurred and recorded under operating expenses. For the year ended 31 December 2018, €3.2 million in asset management fees and €1.5 million in property management fees were recorded. For the year ended 31 December 2019, CAPREIT charged back €1.36 million (2018: €1.21 million) relating to salaries.

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €2.0 million as at 31 December 2019 (€0.9 million as at 31 December 2018) related to asset management fees, property management fees, payroll-related costs and other miscellaneous expenses incurred by CAPREIT LP on behalf of the Group. All charges from CAPREIT LP are benchmarked at normal commercial terms and on an arm's length basis. The amount receivable from CAPREIT LP (including IRES Fund Management) totalled €0.1 million as at 31 December 2019 (€0.1 million as at 31 December 2018) related to the leasing of office space and other miscellaneous expenses incurred by I-RES on behalf of CAPREIT LP.

IRES Fund Management Limited has multiple leases for office space with I-RES. The rental income for the office space for the year ended 31 December 2019 was €116,000 (€116,000 for the year ended 31 December 2018). The leases expire on 1 March 2020, 1 December 2020 and 1 December 2021. Minimum annual rental payments from IRES Fund Management for the next two years are as follows:

	2020 €'000	2021 €'000
Minimum annual rent payments from I-RES Fund Management	61	34

Directors

At the time of appointment as a director, Phillip Burns was regarded as an independent non-executive director. Following a decision of the Board on 29 March 2019, Phillip Burns was no longer considered to be independent, having regard to certain cross-directorships concerning the Company and European Residential Real Estate Investment Trust ("**ERES**"), a Canadian company that is a subsidiary of CAPREIT and has its shares listed on the TSX Venture Exchange and in respect of which Phillip Burns is Chief Executive Officer, a director and a shareholder. While such cross-directorships no longer exist following the retirement of David Ehrlich, Phillip Burns is still considered to be non-independent having regard to Euronext Dublin Listing Rule 2.10.11 and the provisions of the UK Corporate Governance Code given that, (i) in connection with a transaction entered into between ERES and CAPREIT, pursuant to which CAPREIT indirectly acquired control of ERES, Phillip Burns was appointed as a senior employee of CAPREIT LP, which has a material business relationship with the Company as it is the parent company of the Investment Manager and (ii) this appointment together with the transaction completed between ERES and CAPREIT gives rise to a significant link with another director on the Board of the Company, Mark Kenney, President and Chief Executive Officer of CAPREIT.

As such, Phillip Burns has been appointed as a senior employee of CAPREIT (or its affiliate) and the Chief Executive Officer of ERES, which in turn has a material business relationship with the Company, which is the parent company of the Investment Manager and this appointment gives rise to a significant link with another director on the Board of the Company, Mark Kenney, President and Chief Executive Officer of CAPREIT.

Executive members

The only executive member of the Board is Margaret Sweeney, who was appointed as the Chief Executive Officer of the Company on 1 November 2017. All other members of the Board are non-executive directors. Ms. Sweeney's basic salary as at 31 December 2019 was €400,000 and she is entitled to a bonus of up to 150% of her annual basic salary, subject to approval by the Board. Ms. Sweeney does not receive any additional fees for her role as executive director of the Company.

Ms. Sweeney is eligible to participate in the LTIP and, under her employment contract, in 2019 she was entitled to be awarded options to acquire 3% of the number of shares issued by the Company from time to time pursuant to any equity raise. On 18 June and 10 July 2019, a total of 2,596,499 share options were granted to Ms. Sweeney in connection with the successful completion of a placing of 86,550,000 new Ordinary Shares in the Company.

In December 2018, the Company announced the appointment of Mark Kenney to the Board as a non-independent non-executive director with effect from 1 January 2019. Mr. Kenney succeeds Mr. Ehrlich as IRES Fund Management Limited's nominee on the Board. Mark Kenney is the President and Chief Executive Officer of CAPREIT.

Purchase of I-RES shares

On 18 June 2019, CAPREIT LP indirectly purchased 8,778,387 shares of I-RES. On 10 July 2019, CAPREIT LP indirectly purchased an additional 8,721,613 shares of I-RES. As at 31 December 2019, CAPREIT LP's beneficial interest in I-RES increased to 18.3% (2018: 18.0%) due to the share purchases.

Expenses

Total remuneration is comprised of remuneration of the non-executive directors of €384,333 for the year ended 31 December 2019 and €329,167 for the year ended 31 December 2018, excluding remuneration related to the Chief Executive Officer.

Owners' management companies not consolidated

As a result of the acquisition by the Group of apartments or commercial space in certain residential rental properties, the Group holds voting rights in the relevant owners' management companies associated with those developments. Where the Group holds the majority of those voting rights, this entitles it, inter alia, to control the composition of such owners' management companies' boards of directors. However, as each of those owners' management companies is incorporated as a company limited by guarantee for the purpose of owning the common areas in residential or mixed-use developments, they are not intended to be traded for gains. For these reasons, I-RES does not consider these owners' management companies to be material for consolidation as the total asset of the owner's management companies is less than 0.3%, either individually or collectively. I-RES has considered the latest available financial statements of these owners' management companies in making this assessment.

Details of the owners' management companies in which the Group had an interest during the year ended 31 December 2019, along with the relevant service fees paid by the Group to them, are as follows:

Owners' Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held	Service Fees Incurred in the Period	Payable by I-RES	Prepaid by I-RES
			% of total[1]	€'000	€'000	€'000
Majority voting rights held						
Priorsgate Estate Owners' Management Company – Company Limited by Guarantee	South Dock House, Hanover Quay, Grand Canal Square, Dublin 2	Priorsgate	52.4	183.0	0.0	3.8
GC Square (Residential) Owners' Management Company Limited by Guarantee	South Dock House, Hanover Quay, Grand Canal Square, Dublin 2	The Marker Residences	81.0	233.1	0.0	0.0
Lansdowne Valley Owners' Management Company Limited by Guarantee[2]	South Dock House, Hanover Quay, Grand Canal Square, Dublin 2	Lansdowne Gate	78.6	447.9	0.0	0.0
Charlestown Apartments Owners' Management Company Limited by Guarantee[3]	South Dock House, Hanover Quay, Grand Canal Square, Dublin 2	Charlestown	82.5	477.1	0.0	39.9
Bakers Yard Owners' Management Company – Company Limited by Guarantee	Ulysses House, Foley Street, Dublin 1	Bakers Yard	66.2	162.7	3.1	1.0
Rockbrook Grande Central Owners' Management Company Limited by Guarantee	South Dock House, Hanover Quay, Grand Canal Square, Dublin 2	Grande Central	73.5	304.7	0.0	0.0
Rockbrook South Central Owners' Management Company Limited by Guarantee	South Dock House, Hanover Quay, Grand Canal Square, Dublin 2	South Central	80.0	432.8	0.0	0.0
Rockbrook Estate Management Company Limited by Guarantee	South Dock House, Hanover Quay, Grand Canal Square, Dublin 2	Rockbrook Commercial	92.9[4]	33.2	0.0	5.2
TC West Estate Management Company – Company Limited by Guarantee	Charter House, 5 Pembroke Row, Dublin 2 D02 FW61	Tallaght Commercial	75.0	393.0	41.8	0.0
TC West Residential Owners' Management Company Limited by Guarantee[5]	Charter House, 5 Pembroke Row, Dublin 2 D02 FW62	Tallaght Residential	87.2	844.9	0.0	0.0
Gloucester Maple Owners' Management Company Limited by Guarantee	Ti Phuirseil Freeport, Barna, Galway H91 W90P	City Square	89.3	45.5	0.0	23.7
Elmpark Green Residential Owners' Management Company Limited by Guarantee	2 Lansdowne, Shelbourne Ballsbridge, Dublin 4	Elmpark Green	60.5	542.5	0.0	6.8
Coldcut Owners' Management Company Limited by Guarantee	c/o Brehan Capital Partners Limited, 2nd Floor, Guild House, Guild Street, Dublin 1	Coldcut Park	97.7	199.1	0.0	4.5
Time Place Property Management Company Limited by Guarantee	RF Property Management Ground Floor Ulysses House 23/24 Foley Street, Dublin 1, D01 W2T2	Time Place Dublin 18	74.4	62.7	0.0	0.0
Burnell Green Management Company – Company Limited by Guarantee	City Junction Business Park, Northern Cross, Malahide Road, Dublin 17	Burnell Green Northern Cross Dublin 17	93.2	53.3	0.0	0.0
Feltrim Court Owners' Management Company – Company Limited by Guarantee	87 Forrest Walk, Swords, Co Dublin, K67 V022	Russell Court Swords Co Dublin	80.6	26.4	18.4	0.0

Owners' Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held	Service Fees Incurred in the Period	Payable by I-RES	Prepaid by I-RES
			% of total[1]	€'000	€'000	€'000
Minority voting rights held						
BSQ Owners' Management Company Limited by Guarantee[6]	5th Floor, St Stephen's Green House, Earlsfort Terrace St Stephens Green, Dublin 2	Beacon South Quarter	12.70	805.7	0.0	0.0
GC Square Management Company Limited by Guarantee	2nd Floor, Guild House Guild Street, Dublin 1	The Marker Commercial	48.00	0.0	0.0	0.0
Sandyford Forum Management Company Company Limited by Guarantee	28/30 Burlington Road, Dublin 4	The Forum	6.30	6.1	0.0	4.2
Stapolin Management Company Limited by Guarantee	15 Adelaide Street Dun Laoghaire, Co Dublin A96 D8Y9	Staploin	11.44	48.5	0.0	5.9
Red Arches Management Company Limited by Guarantee	16 Adelaide Street Dun Laoghaire, Co Dublin A96 D8Y9	Red Arches	4.73	16.2	16.4	0.0
Stillbeach Management Company Company Limited by Guarantee	Wyse 9 Lower Baggot Street Dublin 2 D02 XN82	Beechwood Court Stillorgan Co Dublin	32.0	75.2	0.0	11.3
Burnell Court Management Company Company Limited by Guarantee	City Junction Business Park, Northern Cross, Malahide Road, Dublin 17	Burnell Court Northern Cross Dublin 17	25.8	43.7	0.0	0.04
Carrington Park Residential Property Management Company Limited by Guarantee	Rfpm Ulysses House Foley Street, Dublin 1, D01 W2T2	Carrington Park Dublin 9	40.8	108.9	0.0	0.0
Heywood Court Management Company (Dublin) Company Limited by Guarantee	Lansdowne Partnership, 69 Mespil Road, Dublin 4	Heywood Court Dublin 9	43.3	37.2	0.0	25.8
Hartys Quay Management Company Limited by Guarantee	David O'Suillivan & Co, 1st Floor Red Abbey Bld, Unit 20, South Link Industrial Estate, Cork	Hartys Quay Co Cork	29.4	41.8	0.0	0.0
Belville Court Management Company Company Limited by Guarantee	1/2 Windsor Terrace, Dun Laoghaire, Co Dublin	Belville Dublin 18	47.5	23.0	0.0	32.1
Stag Management Company Limited by Guarantee	Rathgar House, 53a Rathgar Avenue, Rathgar, Dublin 6, D06 K5K2	Belleville Castleknock Dublin 15	18.2	9.6	0.0	0.0
The Mills Twelfth Lock Management Company Company Limited by Guarantee	11 The Mills, Castleknock, Dublin 15, D15 FC64	Twelfth Lock, Castleknock, Dublin 15	7.3	2.9	0.0	0.0
St Edmunds Management Company Limited by Guarantee	Smith Property Management Block 37/41, Dunboyne Business Park, Dunboune Co Meath A86 Xy27	Palmerstown Dublin 20	5.8	15.7	12.7	0.0
Custom House Square Management Company Limited by Guarantee	C/O Anne Brady McQuillain Dfk, Iveagh Court, Harcourt Road, Dublin 2	Custom House Square, IFSC, Dublin 1	2.0	11.5	0.0	0.0
Total				5,688.0	92.5	164.4

(1) For residential apartments the voting rights are calculated based on one vote per apartment regardless of the size of that apartment. For commercial, it is based on square footage of the units or the memorandum and articles of the particular management company.
(2) Formerly known as Lansdowne Valley Management Company Limited by Guarantee.
(3) Formerly known as Charlestown Apartments Management Company Limited by Guarantee.
(4) Includes voting rights controlled directly and indirectly.
(5) Formerly known as TC West Residential Owners Management Company Limited by Guarantee.
(6) Formerly known as BSQ Management Company Limited by Guarantee.

All of the owners' management companies are incorporated in Ireland and are property management companies. As noted above, as at 31 December 2019, €92,500 is payable and €164,400 is prepaid by the Group to the owners' management companies. As at 31 December 2018, €19,200 was payable and €125,100 was prepaid by I-RES to the owners' management companies.

20. Contingencies

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. In 2017, in relation to these water ingress and fire remedial works, levies were approved by the members of the Beacon South Quarter owners' management company. I-RES' portion of these levies as at 31 December 2019 is circa €0.6 million. There is also an active insurance claim with respect to the water ingress and related damage. The amount of potential costs relating to these structural remediation works cannot be currently measured with sufficient reliability.

21. Commitments

In March 2018, planning permission was granted for the conversion of 18 units at Tallaght Cross West. Total consideration for the project is expected to amount to €4.69 million (including VAT, but excluding other transaction costs), which is substantially completed in December 2019 and to be handed over to the Company in Q1 2020. The outstanding amount is circa €0.3 million.

In October 2018, the Company entered into a development agreement for 95 apartments for a total consideration of €26.7 million (including VAT but excluding other transaction costs). The project is currently still under construction as of 31 December 2019 and the amount outstanding is circa €0.9 million.

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 Q4 2020 with a long-stop date of Q4 2021.

In May 2019, the Company entered into contract for the forward purchase of 55 apartments and duplexes for a total purchase price of €18.5 million (including VAT, but excluding transaction costs). Practical completion of the units is expected to be on or around Q2 2020 and the payment of €18.5 million will be made upon practical completion.

In September 2019, the Company entered into a design and build contract to intensify the commercial space at Tallaght Cross West. The total consideration of the contract is circa €9.7 million and the amount outstanding as of 31 December 2019 is circa €8.5 million.

Total lease commitments are outlined in note 6.

22. Earnings per Share

Earnings per share amounts are calculated by dividing profit for the reporting period attributable to ordinary shareholders of I-RES by the weighted average number of ordinary shares outstanding during the reporting period.

For the year ended	31 December 2019	31 December 2018
Profit attributable to shareholders of I-RES (€'000)	**86,282**	119,785
Basic weighted average number of shares	**478,563,272**	427,164,632
Diluted weighted average number of shares(1)(2)	**481,508,009**	431,236,978
Basic Earnings per share (cents)	**18.0**	28.0
Diluted Earnings per share (cents)	**17.9**	27.8

(1) Diluted weighted average number of shares includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date.
(2) At 31 December 2019, 4,596,499 options (2018: 2,000,000) 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 November 2016, 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 year ended	31 December 2019	31 December 2018
Total comprehensive income for the year attributable to shareholders (€'000)	**86,282**	119,785
Adjustments to calculate EPRA Earnings exclude:		
Costs associated with early close out of debt instrument (€'000)	**3,153**	–
Changes in fair value on investment properties (€'000)	**(56,234)**	(92,664)
Changes in fair value of derivative financial instruments (€'000)	**(131)**	659
EPRA Earnings (€'000)	**33,070**	27,780
Basic weighted average number of shares	**478,563,272**	427,164,632
Diluted weighted average number of shares	**481,508,009**	431,236,978
EPRA Earnings per share (cents)	**6.9**	6.5
EPRA Diluted Earnings per share (cents)	**6.9**	6.4

23. Net Asset Value per Share

EPRA issued Best Practices Recommendations most recently in November 2016, which gives guidelines for performance matters.

EPRA NAV measures the fair value of net assets on an ongoing, long-term basis in accordance with guidelines issued by EPRA. EPRA NAV excludes the net mark-to-market to the value of financial instruments used for hedging purposes where a company has the intention to keep the hedge position until the end of the contractual duration, and deferred tax in respect of any difference between the fair value and the book value of the investment properties.

EPRA NAV per Share

As at	31 December 2019	31 December 2018
Net assets (€'000)	**810,169**	618,724
Adjustments to calculate EPRA net assets exclude:		
Fair value of derivative financial instruments (€'000)	**788**	913
EPRA net assets (€'000)	**810,957**	619,637
Number of shares outstanding	**521,678,946**	434,153,946
Diluted number of shares outstanding	**524,529,943**	436,272,927
Basic Net Asset Value per share (cents)	**155.3**	142.5
EPRA Net Asset Value per share (cents)	**154.6**	142.0

24. Directors' Remuneration, Employee Costs and Auditor Remuneration

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Directors' remuneration		
Short-term employee benefits	**1,361**	1,009
Pension costs	**60**	50
Other benefits(1)	**125**	84
Share-based payments(2)	**236**	207
Total	**1,782**	1,350

(1) Included in this amount is pay-related social insurance and benefits paid for the directors.
(2) Included in share-based payments are 4,596,499 stock options that were anti-dilutive as at 31 December 2019.

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Employees costs		
Salaries, benefits and bonus	**1,040**	722
Social insurance costs	**90**	48
Pension costs	**60**	50
Share-based payments	**236**	207
Total	**1,426**	1,027

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Auditor remuneration (including expenses)[(1)]		
Audit of the Group accounts	**127.5**	117
Other assurance services[(2)]	**22.5**	15
Tax advisory services	**–**	–
Total	**150**	132

(1) Included in the auditor remuneration for the Group is an amount of €125,000 (2018: €93,000) that relates to the audit of the Company's financial statements.
(2) Non-audit remuneration for 31 December 2019 and 31 December 2018 relates to review of interim financial statements.

25. 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.

26. Subsequent Events

On 10 January 2020, the Company entered into contract with a building contractor to construct 61 units on the development land located next to Bakers Yard.

On 15 January 2020, the Company received 26 residential units at Waterside and made a payment of circa €8.2 million. On 27 March 2020, the Company received the residual 29 residential units at Waterside and made an additional payment of circa €8.7 million.

On 11 March 2020, IRES entered into €200 million equivalent of secured private placement notes (the "**Notes**"). The proceeds from the Notes will be used to part pay down its credit facility. The notes have a tenor of 7 to 12 years with average maturity of 9.7 years.

On 12 February 2020, IRES entered into USD Euro cross currency, interest rate swaps for the US tranche of the Notes of $75 million USD. The Notes have a weighted average fixed interest rate of 1.92% inclusive of this swap.

On 19 February 2020, the Remuneration Committee awarded the CEO a performance-related bonus of €551,790 in respect of the Company's financial year ended on 31 December 2019 (the "**2019 Bonus**"). Of this, €441,432 (representing 80% of the 2019 Bonus) was paid to the CEO in cash. The remainder of the 2019 Bonus, representing €110,358, was settled as a restricted entitlement, subject to certain conditions, to the beneficial interest in 92,393 ordinary shares in the capital of the Company (the "**Restricted Bonus Shares**"). The Restricted Bonus Shares were acquired on-market and are being held on trust for the CEO for three years.

On 27 March 2020, the Remuneration Committee awarded the CEO, subject to certain conditions, a conditional share award of 437,601 ordinary shares in the capital of the Company (the "**2023 Restricted Shares**") as Restricted Shares under the terms of the LTIP. In order for the CEO to receive the 2023 Restricted Shares, she must continue to be employed by the Company up to the vesting date in 2023 and meet the applicable performance conditions (as disclosed on page 66 of the Report of the Remuneration Committee). The 2023 Restricted Shares are to be held on trust for the CEO for a further two-year period from the vesting date in 2023.

The long-term impact of CoViD19 is still uncertain at this time and may have a significant impact on economic forecasts heretofore for Irish and Global economic performance for the remainder of 2020. We will continue to monitor the development of the pandemic and assess how I-RES will respond to the changing economic environment. The directors believe that I-RES has a strong balance sheet with no near term debt maturities and has sufficient headroom on its Credit Facility, and that the multi-family real estate sector is a highly defensive and counter-cyclical asset class that can bear broader market swings, even in comparison to other property sectors.

27. Approval of Consolidated Financial Statements

These audited consolidated annual financial statements were approved by the Board on 3 April 2020.

Company Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 €'000	31 December 2018 €'000
Assets			
Non-Current Assets			
Investment properties	III	**1,224,787**	799,139
Investment in subsidiary	IV	**873**	873
Property, plant and equipment	V	**10,088**	6
		1,235,748	800,018
Current Assets			
Loan advances to the subsidiary	VI	**97,012**	93,602
Other current assets	VII	**11,631**	12,412
Cash and cash equivalents		**5,818**	7,395
		114,461	113,419
Total Assets		**1,350,209**	913,427
Liabilities			
Non-Current Liabilities			
Non-current portion of bank indebtedness	IX	**549,851**	307,494
Lease liability		**9,872**	–
Other liabilities		**788**	913
		560,511	308,407
Current Liabilities			
Accounts payable and accrued liabilities	VIII	**9,945**	8,739
Security deposits		**6,550**	4,767
		16,495	13,506
Total Liabilities		**577,006**	321,913
Shareholders' Equity			
Share capital	XI	**52,167**	43,414
Share premium	XI	**497,244**	370,855
Other reserve		**1,147**	988
Retained earnings		**222,645**	176,257
Total Shareholders' Equity		**773,203**	591,514
Total Shareholders' Equity and Liabilities		**1,350,209**	913,427

Company profit after tax for the financial period ended 31 December 2019 was €76.5 million (31 December 2018: €106.5 million).

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

Company Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	31 December 2019 €'000	31 December 2018 €'000
Operating Revenues			
Revenue from investment properties	XII	**56,114**	44,894
Operating Expenses			
Property taxes		**(600)**	(469)
Property operating costs		**(9,883)**	(8,070)
		(10,483)	(8,539)
Net Rental Income ("NRI")		**45,631**	36,355
General and administrative expenses		**(4,258)**	(3,235)
Asset management fee	XV	**(4,024)**	(3,178)
Share-based compensation expense	X	**(236)**	(228)
Net movement in fair value of investment properties	III	**46,704**	79,587
Gain/(Loss) on derivative financial instruments		**131**	(659)
Lease interest		**(4)**	–
Depreciation of property, plant and equipment		**(32)**	(39)
Operating Profit		**83,912**	108,603
Financing costs on credit facility	IX	**(12,036)**	(6,706)
Interest from intercompany loan	VI	**4,650**	4,600
Profit for the Period		**76,526**	106,497
Total Comprehensive Income for the Period			
Attributable to Shareholders		**76,526**	106,497
Basic Earnings per share (cents)	XX	**16.0**	24.9
Diluted Earnings per share (cents)	XX	**15.9**	24.7

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

Company Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Other Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2019		**43,414**	**370,855**	**176,257**	**988**	**591,514**
Total comprehensive income for the period						
Profit for the period		–	–	76,526	–	76,526
Total comprehensive income for the period		–	–	76,526	–	76,526
Transactions with owners, recognised directly in equity						
Long-term incentive plan	X	–	–	–	236	236
Share issuance	X	8,753	126,389	(3,052)	(77)	132,013
Dividends paid	XV	–	–	(27,086)	–	(27,086)
Transactions with owners, recognised directly in equity		8,753	126,389	(30,138)	159	105,163
Shareholders' Equity at 31 December 2019		**52,167**	**497,244**	**222,645**	**1,147**	**773,203**

	Note	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Other Reserve €'000	Total €'000
Shareholders' Equity at 1 January 2018		**42,027**	**354,978**	**90,891**	**2,135**	**490,031**
Total comprehensive income for the period						
Profit for the period		–	–	106,528	–	106,528
Total comprehensive income for the period		–	–	106,528	–	106,528
Transactions with owners, recognised directly in equity						
Long-term incentive plan	X	–	–	–	228	228
Share premium allocation		(298)	298	–	–	–
Share issuance	X	1,685	15,579	1,375	(1,375)	17,264
Dividends paid	XV	–	–	(22,537)	–	(22,537)
Transactions with owners, recognised directly in equity		1,387	15,877	(21,162)	(1,147)	(5,045)
Shareholders' Equity at 31 December 2018		**43,414**	**370,855**	**176,257**	**988**	**591,514**

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

Company Statement of Cash Flows

For the year ended 31 December 2019

	Note	31 December 2019 €'000	31 December 2018 €'000
Cash Flows from Operating Activities			
Operating Activities			
Profit before taxes		**76,526**	106,528
Adjustments for non-cash items:			
Fair value adjustment – investment properties		**(46,704)**	(79,587)
Depreciation of property, plant and equipment		**32**	8
Amortisation of other financing costs		**2,486**	835
Share-based compensation expense		**236**	228
Loss on derivative financial instruments		**(131)**	659
Straight-line rent adjustment	III	**14**	(28)
Interest accrual relating to derivatives		**6**	5
		32,465	28,648
Financing costs and interest received		**4,589**	1,489
Changes in operating assets and liabilities	XVI	**1,957**	(6,374)
Net Cash Generated from Operating Activities		**39,011**	23,763
Cash Flows from Investing Activities			
Deposit on acquisitions		**(2,284)**	–
Acquisition of investment properties		**(344,684)**	(41,361)
Development of investment properties		**(23,051)**	(31,129)
Investment property enhancement expenditure		**(6,631)**	(4,071)
Direct leasing cost	III	**(52)**	(218)
Interest receivable from subsidiary	V	**4,650**	4,600
Repayments from (advances to) subsidiary	V	**(3,410)**	1,468
Net Cash Used in Investing Activities		**(375,462)**	(70,711)
Cash Flows from Financing Activities			
Financing fees on Credit Facility		**(5,990)**	(20)
Interest paid on loan drawn down	XVI	**(9,677)**	(6,089)
Credit Facility drawdown	XVI	**637,451**	78,309
Credit Facility repayment	XVI	**(391,590)**	(17,000)
Lease payment		**(247)**	–
Proceeds on issuance of shares	XVI	**135,142**	17,264
Net proceeds on issuance of shares	XVI	**(3,129)**	–
Dividends paid to shareholders		**(27,086)**	(22,537)
Net Cash (Used in)/Generated from Financing Activities		**334,874**	49,927
Changes in Cash and Cash Equivalents during the Period		**(1,577)**	2,979
Cash and Cash Equivalents, Beginning of the Period		**7,395**	4,416
Cash and Cash Equivalents, End of the Period		**5,818**	7,395

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

Notes to Company Financial Statements

(I) Significant Accounting Policies

These Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("**FRS 101**").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("**EU IFRS**") but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements the Company has adopted FRS 101 for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The accounting policies set out in this note have been applied in preparing the financial statements for the year ended 31 December 2019, the comparative information presented in these financial statements for the year ended 31 December 2018 and in the preparation of an opening FRS 101 balance sheet at 1 January 2018 (the Company's date of transition).

The Company noted no differences in its preparation of the comparative information presented in these financial statements for the year ended 31 December 2019. In preparing its FRS 101 balance sheet as at 1 January 2018 and 31 December 2018, the Company made no adjustments to the amounts reported previously under IFRS. In preparing its FRS 101 profit and loss account for the year ended 31 December 2018, the Company made no adjustments to the amounts reported previously under IFRS.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements of the Company are prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of investment properties and derivatives at fair value through profit or loss and the measurement of share options at fair value at the date of grant. The financial statements of the Company have been presented in euros, which is the Company's functional currency.

For Company details, refer to note 25 of the consolidated financial statements.

The significant accounting policies of the Company are the same as those of the Group, which are set out in note 2 of the consolidated financial statements.

a) Investment in subsidiaries

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

b) Intercompany loan

An intercompany loan was recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs and discounts directly related to the intercompany loan were recognised within interest expense on intercompany loan in the statement of profit or loss and other comprehensive income over the expected term of the intercompany loan.

(II) Critical Accounting Estimates, Assumptions and Judgements

For further information on critical accounting estimates, assumptions and judgements, refer to note 3 of the consolidated financial statements.

(III) Investment Properties

For further information on investment properties, refer to note 5 of the consolidated financial statements.

For the Company, an increase of 1% in the Equivalent Capitalisation Rate would have the impact of a €206.2 million reduction in fair value whilst a decrease of 1% in the Equivalent Capitalisation Rate would result in a fair value increase of €314.8 million. An increase of 1% to 4% in Stabilised NRI would have an impact ranging from €48.6 million to €12.1 million increase while a decrease of 1% to 4% in Stabilised NRI would have an impact ranging from €-48.6 million to €-12.1 million in fair value. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next 12 months based on expected changes in Stabilised NRI.

A summary of the Equivalent Capitalisation Rates and ranges along with the fair value of the total portfolio of the Company as at 31 December 2019 and 2018 is presented below:

As at 31 December 2019

Type of Interest	Fair Value	WA NRI[1]	Rate Type[2]	Max.	Min.	Weighted Average
	€'000	€'000				
Investment properties	1,178,087	2,747	Equivalent Capitalisation Rate	6.19%	4.16%	4.94%
Properties under development	36,000	N/A	Average Development Cost (per sq. ft.)	€ 379.0	€ 319.2	€ 370.2
		1,259	Equivalent Capitalisation Rate	5.93%	4.75%	4.94%
Development land[3]	10,700	N/A	Market Comparable (per sq. ft.)	€ 153.0	€ 35.6	€ 105.0
Total fair value	1,224,787					

(1) Calculated as the Stabilised NRI of each property weighted by its fair value over the total fair value of the investment properties ("**WA NRI**").
(2) The Equivalent Capitalisation Rate disclosed above is based on the Stabilised NRI divided by the fair value of the investment property.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

As at 31 December 2018

Type of Interest	Fair Value	WA NRI[1]	Rate Type[2]	Max.	Min.	Weighted Average
	€'000	€'000				
Investment properties	779,039	3,009	Equivalent Capitalisation Rate	6.27%	4.14%	5.01%
Properties under development	10,500	N/A	Average Development Cost (per sq. ft.)	€ 383.1	€ 383.1	€ 383.1
		1,577	Equivalent Capitalisation Rate	4.65%	4.65%	4.65%
Development land[3]	9,600	N/A	Market Comparable (per sq. ft.)	€ 125.0	€ 35.6	€ 89.8
Total fair value	799,139					

(1) Calculated as the Stabilised NRI of each property weighted by its fair value over the total fair value of the investment properties ("**WA NRI**").
(2) The Equivalent Capitalisation Rate disclosed above is based on the Stabilised NRI divided by the fair value of the investment property.
(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:

For the year ended	**31 December 2019**			
	Income Properties	**Properties Under Development**	**Development Land**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Balance at the beginning of the year	**779,039**	**10,500**	**9,600**	**799,139**
Additions:				
Acquisitions	**344,684**	**–**	**–**	**344,684**
Development expenditures	**–**	**25,345**	**1,896**	**27,241**
Reclassification[1]	**184**	**266**	**(450)**	**–**
Property capital investments and intensification	**6,981**	**–**	**–**	**6,981**
Capitalised leasing costs[2]	**(14)**	**–**	**–**	**(14)**
Direct leasing costs[3]	**52**	**–**	**–**	**52**
Unrealised fair value gain adjustments	**47,161**	**(111)**	**(346)**	**46,704**
Balance at the end of the year	**1,178,087**	**36,000**	**10,700**	**1,224,787**

For the year ended	31 December 2018			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	623,295	11,600	7,850	642,745
Additions:				
Acquisitions	41,361	–	–	41,361
Development expenditures	–	31,129	–	31,129
Reclassification[4]	32,849	(33,449)	600	–
Property capital investments and intensification	4,071	–	–	4,071
Capitalised leasing costs	28	–	–	28
Direct leasing costs	218	–	–	218
Unrealised fair value gain adjustments	77,217	1,220	1,150	79,587
Balance at the end of the year	779,039	10,500	9,600	799,139

(1) Reclassified Tallaght Cross West from development site to properties under development and reclassified Coldcut park from properties under development to income properties.
(2) Straight-line rent adjustment.
(3) Includes cash outlays for new tenants.
(4) Reclassified Hansfield Wood Phase I from properties under development to income properties, and development site from income properties to development land.

The carrying value for the Company of €1,224.8 million for the investment properties at 31 December 2019 (€799.1 million at 31 December 2018) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2017 (Red Book) and IFRS 13.

(IV) Leases

For further information on the Leases, refer to note 6 of the consolidated financial statements.

(V) Property, Plant and Equipment

For further information on the Property, plant and equipment, refer to note 7 of the consolidated financial statements.

(VI) Loan Advances to the Subsidiary

As at	**31 December 2019**	31 December 2018
	€'000	€'000
Balance at the beginning of the period	**93,602**	95,070
Interest income	**4,650**	4,600
Interest received	**(4,650)**	(4,600)
Advances to (repayments from) subsidiary	**3,410**	(1,468)
Balance at the end of the period	**97,012**	93,602

On 31 March 2015, the Company acquired the entire issued share capital of IRES Residential Properties Limited for €873,000 and provided financing to IRES Residential Properties Limited to repay the loan on the Rockbrook Portfolio to CAPREIT LP. The total amount in aggregate receivable from its subsidiary amounted to €97.0 million as at 31 December 2019 (€93.6 million as at 31 December 2018), net of repayments. This receivable is interest bearing at 4.94% per annum fixed and repayable on demand. As this receivable is repayable on demand, its carrying value is considered to be materially in line with its fair value.

(VII) Other Assets

As at	**31 December 2019**	31 December 2018
	€'000	€'000
Prepayments[1]	**2,286**	4,224
Deposits on acquisitions	**6,945**	4,661
Other receivables[2]	**577**	1,595
Trade receivables	**1,823**	1,932
Total	**11,631**	12,412

(1) Includes specific costs relating to preparing planning applications of development lands.
(2) Relates to levies received in respect of services to be incurred.

(VIII) Accounts Payable and Accrued Liabilities

As at	31 December 2019	31 December 2018
	€'000	€'000
Accounts Payable and Accrued Liabilities[1]		
Rent – early payments	**2,479**	1,444
Trade creditors	**435**	2,311
Accruals[2]	**6,848**	4,891
Value added tax	**183**	93
Total	**9,945**	8,739

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

(IX) Credit Facility

For further information on the Credit Facility, refer to note 10 of the consolidated financial statements.

(X) Share-Based Compensation

For further information on share-based compensation, refer to note 11 of the consolidated financial statements.

(XI) Shareholders' Equity

For further information on shareholders' equity, refer to note 12 of the consolidated financial statements.

(XII) Revenue

The Company generates revenue primarily from the rental income from investment properties. Rental income represents lease revenue earned from the conveyance of the right to use the property, including access to common areas, to a lessee for an agreed period of time. The rental contract also contains an undertaking that common areas and amenities will be maintained to a certain standard. This right of use of the property and maintenance performance obligation is governed by a single rental contract with the tenant. In accordance with the adoption of IFRS 16, Leases, the Company has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income.

	31 December 2019 €'000	31 December 2018 €'000
Rental Income	**48,872**	39,376
Revenue from services	**6,280**	4,939
Car park income	**962**	579
Revenue from contracts with customers	**7,242**	5,518
Total Revenue	**56,114**	44,894

(XIII) Financial Instruments, Investment Properties and Risk Management

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

For further information on the fair value of financial instruments and investment properties, refer to note 14(a) of the consolidated financial statements.

The following table presents the Company's estimates of the fair value on a recurring basis based on information available as at 31 December 2019, and aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 31 December 2019

	Level 1 Quoted prices in active markets for identical assets and liabilities	**Level 2** Significant other observable inputs	**Level 3** Significant unobservable inputs[1]	Total
	€'000	**€'000**	**€'000**	**€'000**
Recurring Measurements – Assets				
Investment properties	**–**	**–**	**1,224,787**	**1,224,787**
Derivative financial instruments – interest[2]	**–**	**788**	**–**	**788**
Total	**–**	**788**	**1,224,787**	**1,225,575**

As at 31 December 2018

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs[1]	Total
	€'000	€'000	€'000	€'000
Recurring Measurements – Assets				
Investment properties	–	–	799,139	799,139
Derivative financial instruments – interest[2]		913	–	913
Total	–	913	799,139	800,052

(1) See note 5 of the consolidated financial statements for detailed information on the valuation methodologies and fair value reconciliation.
(2) The valuation of the interest rate swap instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rates. If the total mark-to-market value is positive, I-RES will consider a current value adjustment to reflect the credit risk of the counterparty, and if the total mark-to-market value is negative, I-RES will consider a current value adjustment to reflect I-RES' own credit risk in the fair value measurement of the interest rate swap agreements.

b) Risk management

For further information on risk management, refer to note 14(b) of the consolidated financial statements.

As at 31 December 2019	6 months or less[1]	6 to 12 months[1]	1 to 2 years[1]	2 to 5 years[1]	More than 5 years[1]
	€'000	€'000	€'000	€'000	€'000
Loan drawn down	–	–	–	555,020	–
Bank indebtedness interest[2]	4,757	4,809	9,540	23,340	–
Other liabilities	9,820	–	–	–	–
Derivative financial instruments	–	–	788	–	–
Security deposits	6,550	–	–	–	–
	21,127	4,809	10,328	578,360	–

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

As at 31 December 2018	6 months or less[1]	6 to 12 months[1]	1 to 2 years[1]	2 to 5 years[1]	More than 5 years[1]
	€'000	€'000	€'000	€'000	€'000
Bank indebtedness	–	–	–	309,159	–
Bank indebtedness interest[2]	2,980	3,030	6,027	231	–
Other liabilities	8,739	–	–	–	–
Derivative financial instruments	–	–	–	913	–
Security deposits	4,767	–	–	–	–
	16,486	3,030	6,027	310,303	–

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

(XIV) Taxation

For further information on taxation, refer to note 16 of the consolidated financial statements.

(XV) Dividends

For further information on dividends, refer to note 17 of the consolidated financial statements.

(XVI) Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Financing costs on credit facility[1]	9,677	6,089
Capitalised interest	442	–
Lease interest	4	–
Interest from loan advance to subsidiary	(4,650)	(4,600)
	4,589	1,489

[1]For the year ended	31 December 2019 €'000	31 December 2018 €'000
Financing costs on credit facility	12,036	6,706
Capitalised interest	442	218
Interest expense accrual	(315)	–
Less: Amortisation of arrangement fee	(2,486)	(835)
	9,677	6,089

Changes in operating assets and liabilities

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Prepayments	(1,373)	(7,994)
Trade receivables	109	(769)
Other receivables	1,018	1,359
Accounts payable and other liabilities	420	(189)
Security deposits	1,783	1,219
Changes in operating assets and liabilities	**1,957**	(6,374)

Issuance of Shares

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Issuance of shares	135,142	17,624
Issuance costs	(3,129)	–
Net proceeds	132,013	17,624

Changes in liabilities due to financing cash flows

		Changes from Financing Cash Flows				Non-Cash Change				
Liabilities	2018	Credit Facility Drawdown	Credit Facility Repayment	Financing Fees on Credit Facility	Financing Fees on Credit Facility	Amortisation of Other Financing Costs	Lease Liability Payable	Loss on Derivative Financial Instruments	Interest Accrual Relating to Derivatives	2019
Bank indebtedness	309,159	637,451	(391,590)	–	–	–	–	–	–	555,020
Deferred loan costs, net	(1,665)	–	–	–	(5,990)	2,486	–	–	–	(5,169)
Derivative financial instruments	913	–	–	–	–	–	–	(131)	6	788
Lease liability	–	–	–	(247)	–	–	10,118	–	–	9,872
Total liabilities from financing activities	**308,407**	**637,451**	**(391,590)**	**(247)**	**(5,990)**	**2,486**	**10,118**	**(131)**	**6**	**560,511**

(XVII) Statement of Profit or Loss and Other Comprehensive Income

The Company has availed of the exemption to present an individual statement of profit or loss and other comprehensive income provided in the Companies Act, 2014.

(XVIII) Related Party Transactions

During 2015 the Company financed the purchase of the Rockbrook Portfolio on behalf of its subsidiary, IRES Residential Properties Limited. The total amount in aggregate receivable from its subsidiary amounted to €97.0 million as at

31 December 2019 (€93.6 million as at 31 December 2018), net of repayments. This receivable is interest bearing and repayable on demand.

For further information on related party transactions, refer to note 19 of the consolidated financial statements.

(XIX) Contingencies

For further information on contingent liabilities of the Company, refer to note 20 of the consolidated financial statements.

(XX) Earnings per Share

For further information on earnings per share, refer to note 22 of the consolidated financial statements.

For the year ended	31 December 2019	31 December 2018
Profit attributable to shareholders of I-RES (€'000)	**76,526**	106,530
Basic weighted average number of shares	**478,563,272**	427,164,632
Diluted weighted average number of shares	**481,508,009**	431,236,978
Basic Earnings per share (cents)	**16.0**	24.9
Diluted Earnings per share (cents)	**15.9**	24.7

For further information on EPRA Earnings per share, refer to note 22 of the consolidated financial statements.

For the year ended	31 December 2019	31 December 2018
Earnings per IFRS statement of profit or loss and other comprehensive income (€'000)	**76,526**	106,530
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	**(46,704)**	(79,587)
Costs associated with early close out of debt instrument (€'000)	**3,153**	–
Changes in fair value of financial instruments (€'000)	**(131)**	659
EPRA Earnings (€'000)	**32,844**	27,602
Basic weighted average number of shares	**478,563,272**	427,164,632
EPRA Earnings per share (cents)	**6.9**	6.5

(XXI) Net Asset Value per Share

For further information on net asset value per share, refer to note 23 of the consolidated financial statements.

As at	31 December 2019	31 December 2018
Net assets (€'000)	**773,203**	591,515
Adjustments to calculate EPRA NAV exclude:		
Fair value of financial instruments	**788**	913
EPRA net assets (€'000)	**773,991**	592,428
Number of shares outstanding	**521,678,946**	434,153,946
Diluted number of shares outstanding	**524,529,943**	436,272,927
Basic Net Asset Value per share (cents)	**148.4**	136.2
EPRA Net Asset Value per share (cents)	**147.6**	135.8

(XXII) Directors' Remuneration, Employee Costs and Auditor Remuneration

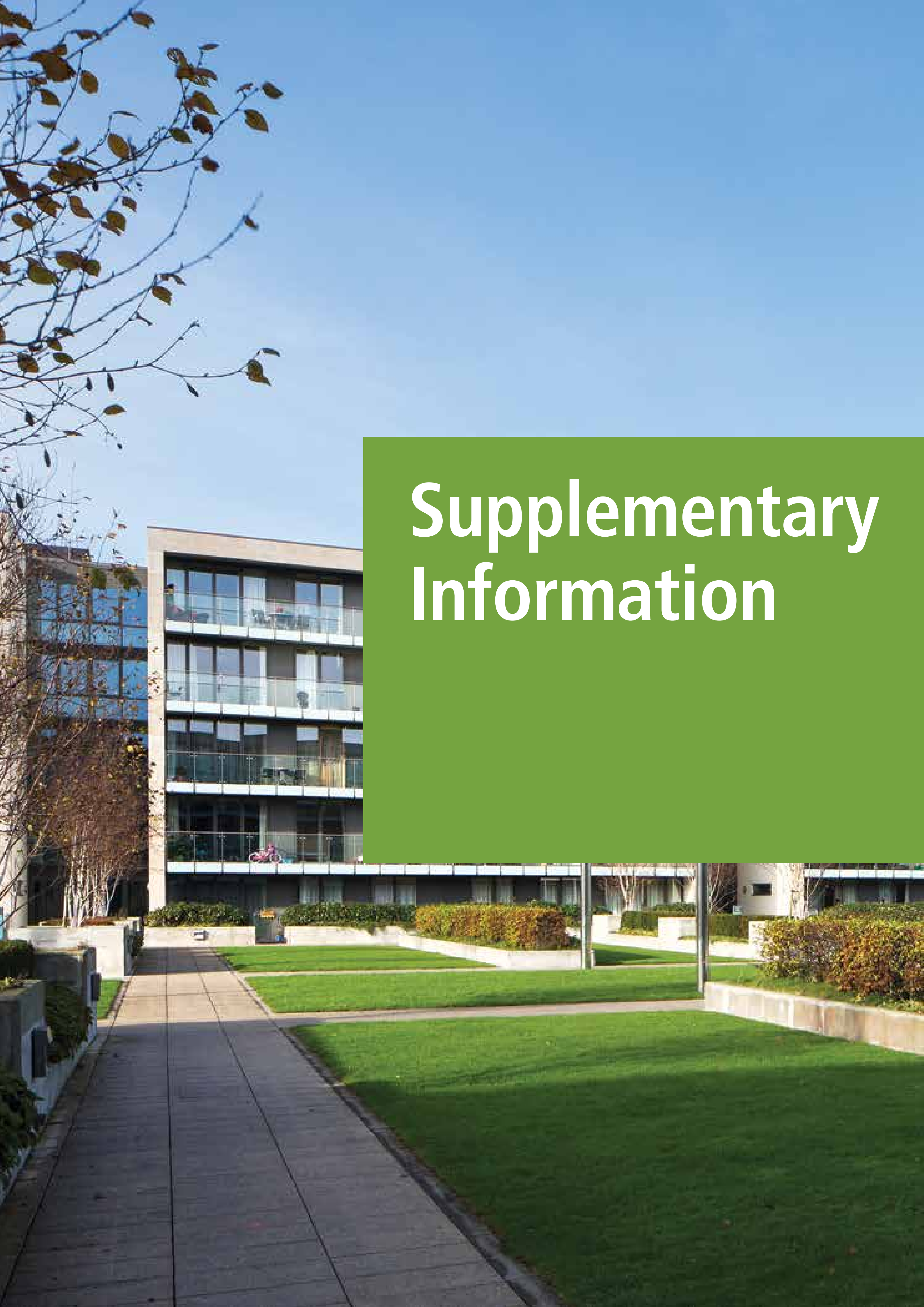
For further information on directors' remuneration and employee costs, refer to note 24 of the consolidated financial statements.

(XXIII) Commitments

For further information on Commitments, refer to note 21 of the consolidated financial statements.

(XXIV) Subsequent Events

For further information on subsequent events, refer to note 26 of the consolidated financial statements.



Supplementary Information

Supplementary Information

EPRA Performance Measures and Disclosures (Unaudited)

The following EPRA performance measures are presented to improve transparency, comparability and relevance across the European listed real estate industry.

EPRA Earnings per Share (EPS)

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

EPRA Diluted Earnings per Share

EPRA Diluted EPS is calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the diluted weighted average number of ordinary shares outstanding during the reporting period. It has been presented as the Company believes this measure is indicative of the performance of the Group's operations.

EPRA NAV per Share

EPRA NAV measures the fair value of net assets on an ongoing, long-term basis in accordance with guidelines issued by EPRA. The EPRA NAV excludes the net mark-to-market to the value of financial instruments used for hedging purposes and where a company has the intention to keep the hedge position until the end of the contractual duration, and deferred tax in respect of any difference between the fair value and the book value of the investment properties. The EPRA NAV is then divided by the diluted number of ordinary shares outstanding as at the end of the reporting period. To optimise this measure, I-RES focuses on growing asset value and maximising shareholder value through active and efficient asset and property management. It has been presented as the Company believes this measure is indicative of the Group's operating performance and value growth.

EPRA Triple Net Asset Value per Share (EPRA NNNAV)

EPRA NNNAV's purpose is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV. Generally, EPRA NAV is adjusted for the fair value of financial instruments, fair value of debt, and fair value of deferred tax to calculate EPRA NNNAV.

EPRA Net Initial Yield (EPRA NIY)

EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA "topped-up" Net Initial Yield (EPRA "topped-up" NIY)

EPRA "topped-up" NIY is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA Vacancy Rate

EPRA Vacancy Rate is calculated as the percentage of estimated residential rental value of vacant space divided by the estimated residential rental value of the whole portfolio as at the reporting date. The estimated rental value excludes properties under development, commercial properties and development land. It has been presented by the Company to improve comparability of the vacancy measure across the European real estate market.

EPRA Performance Measure

	Unit	**31 December 2019**	31 December 2018
EPRA Earnings	€'000	**33,070**	27,780
EPRA EPS	€ cents/share	**6.9**	6.5
Diluted EPRA EPS	€ cents/share	**6.9**	6.4
EPRA NAV	€'000	**810,957**	619,637
EPRA NAV per share	€ cents/share	**154.6**	142.0
EPRA NNNAV	€'000	**786,859**	618,724
EPRA NNNAV per share	€ cents/share	**150.0**	141.8
EPRA NIY	%	**4.4%**	4.6%
EPRA "topped-up" NIY	%	**4.4%**	4.6%
EPRA vacancy rate	%	**2.2%**	0.3%

EPRA Earnings per Share

For the year ended	**31 December 2019**	31 December 2018
Total comprehensive income for the year attributable to shareholders (€'000)	**86,282**	119,785
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	**(56,234)**	(92,664)
Costs associated with early close out of debt instrument (€'000)	**3,153**	–
Changes in fair value of derivative financial instruments (€'000)	**(131)**	659
EPRA Earnings (€'000)	**33,070**	27,780
Basic weighted average number of shares	**478,563,272**	427,164,632
Diluted weighted average number of shares	**481,508,009**	431,236,978
EPRA Earnings per share (cents)	**6.9**	6.5
EPRA Diluted Earnings per share (cents)	**6.9**	6.4

EPRA NAV per Share

As at	**31 December 2019**	31 December 2018
Net assets (€'000)	**810,169**	618,724
Adjustments to calculate EPRA net assets exclude:		
Fair value of derivative financial instruments (€'000)	**788**	913
EPRA net assets (€'000)	**810,957**	619,637
Number of shares outstanding	**521,678,946**	434,153,946
Diluted number of shares outstanding	**524,529,943**	436,272,927
Basic Net Asset Value per share (cents)	**155.3**	142.5
EPRA Net Asset Value per share (cents)	**154.6**	142.0

EPRA Triple Net Asset Value ("NNNAV")

As at	**31 December 2019**	31 December 2018
EPRA NAV	**810,957**	619,637
Adjustments to calculate EPRA net assets include:		
Fair value of financial instruments (€'000)	**(788)**	(913)
Fair value of debt	**–**	–
Deferred tax	**–**	–
EPRA triple net assets (€'000)	**810,169**	618,724
Diluted number of shares outstanding	**524,529,943**	436,272,927
EPRA NNNAV per share (cents)	**154.5**	141.8

EPRA Net Initial Yield ("NIY")

As at	31 December 2019 €'000	31 December 2018 €'000
Annualised passing rent	**72,798**	53,888
Less: Operating expenses[1] (property outgoings)	**(13,540)**	(11,263)
Annualised net rent	**59,258**	42,625
Notional rent expiration of rent-free periods[2]	**93**	48
Topped-up net annualised rent	**59,351**	42,673
Completed investment properties	**1,293,241**	882,416
Add: Allowance for estimated purchaser's cost	**56,260**	38,595
Gross up completed portfolio valuation	**1,349,501**	921,011
EPRA Net Initial Yield	**4.4%**	4.6%
EPRA topped-up Net Initial Yield	**4.4%**	4.6%

(1) Calculated based on the net rental income to operating revenue ratio of 81.4%.
(2) For the year ended 31 December 2019.

EPRA Vacancy Rate[3]

As at	31 December 2019 €'000	31 December 2018 €'000
Estimated rental value of vacant space	**1,569**	147
Estimated rental value of the portfolio	**71,788**	51,541
EPRA Vacancy Rate	**2.2%**	0.3%

(3) Based on the residential portfolio.

EPRA Capital Expenditure Disclosure

EPRA recommends that capital expenditures, as stated on the financial statements, be split into four components based on the nature of the assets the expenditures were on to allow for enhanced comparability. Namely, the categories are acquisitions, development, like-for-like portfolio and other items.

For the year ended	31 December 2019 €'000	31 December 2018 €'000
Acquisitions	**671**	336
Development	**28,958**	31,129
Like-for-like[4]	**7,312**	4,651
Total Capital Expenditure	**36,941**	36,116

(4) For 2019, Like-for-like is defined as properties held as of 31 December 2018.

Property Portfolio

Kings Court (83 residential apartments, Smithfield, Dublin 7)
The Company acquired Kings Court, located in Smithfield, Dublin 7, in September 2013. The development was constructed in 2006 and is a residential development consisting of 83 residential apartments dispersed over four blocks. The entire development is constructed over a common basement with 65 car park spaces. The Company's 83 residential apartments consist of 25 one-bedroom, 54 two-bedroom and 4 three-bedroom residential apartments.

This development also has 566 sq. m. (6,093 sq. ft.) of commercial space, all of which is owned by the Company.

Grande Central (65 residential apartments, Sandyford, Dublin 18)
The Company acquired Grande Central, located in Sandyford, Dublin 18, in September 2013. The development was constructed in 2007 and is a residential development located within the suburb of Sandyford, Dublin 18, approximately 8 km south of Dublin City Centre. The development is on a 0.5 ha (1.2 acre) site and consists of a purpose-built apartment block with 195 residential apartments, 65 of which are owned by the Company. The entire development is constructed over a common basement with a single car park space per residential apartment. The Company's 65 residential apartments consist of 10 one-bedroom, 34 two-bedroom and 21 three-bedroom residential apartments.

Priorsgate (103 residential apartments, Tallaght, Dublin 24)
The Company acquired Priorsgate, located in Tallaght, Dublin 24, in September 2013. The development was constructed in 2007 and is a residential development on a 1.1 ha (2.6 acre) site located approximately 10 km southwest of Dublin City Centre. The development consists of 199 residential apartments dispersed over three blocks, 103 of which are owned by the Company. The Company's 103 residential apartments, which are dispersed over the three blocks, consist of 49 one-bedroom, 48 two-bedroom, 5 three-bedroom and one four-bedroom residential apartments.

The Company also owns eight adjacent commercial units with a total of 2,538 sq. m. (27,316 sq. ft.) of space. The entire development is constructed over a common basement with a single car park space per residential apartment.

Included with the property is an adjoining detached building on a 0.18 ha (0.44 acre) site known as Bruce House Site.

Camac Crescent (90 residential apartments, Inchicore, Dublin 8)
The Company acquired Camac Crescent, located in Inchicore, Dublin 8, in September 2013. The development was constructed in 2008 and is a residential development on a 0.56 ha (1.4 acre) site located in Inchicore, Dublin 8, approximately 3 km west of Dublin City Centre. The development consists of 110 residential apartments dispersed over six blocks, 90 of which are owned by the Company. The entire development is constructed over a common basement with a single car park space per residential apartment. The Company's 90 residential apartments consist of 21 one-bedroom, 49 two-bedroom and 20 three-bedroom residential apartments.

The Laurels (19 residential apartments, Tallaght, Dublin 24)
The Company acquired The Laurels, located in Tallaght, Dublin 24, in June 2014. The development was constructed in 2007 and consists of 19 residential apartments, all of which are owned by the Company. The Laurels consists of 4 one-bedroom, 13 two-bedroom and 2 three-bedroom residential apartments.

The Company also owns 190 sq. m. (2,045 sq. ft.) of commercial space in the form of one large unit which could be split into two units.

The Marker Residences (85 residential apartments, Grand Canal Dock, Dublin 2)
The Company acquired the Marker Residences, located in the Grand Canal Dock area of Dublin 2, in July 2014. The development was constructed in 2012 and consists of 105 luxury residential apartments, 85 of which were acquired by the Company, and approximately 1,218 sq. m. (13,111 sq. ft.) of commercial space, all of which was acquired by the Company. The Company's 85 residential apartments are all two-bedroom residential apartments.

Beacon South Quarter (225 residential apartments Sandyford, Dublin 18)

The Company acquired Beacon South Quarter, located in Sandyford, Dublin 18, in October 2014. The development was constructed in 2007/2008 and is a landmark mixed-use development on 5.3 ha (13 acres). A number of major employers are located in the immediate neighbourhood, including Vodafone, Merrill Lynch and Microsoft, and the development is adjacent to the LUAS light rail line to the city centre. The Beacon South Quarter development includes many high-end occupiers, including private medical care, leisure and a selection of food and lifestyle shops. The development consists of 880 luxury residential apartments, 225 of which are owned by the Company. The Company's 225 residential apartments consist of 26 one-bedroom, 173 two-bedroom and 26 three-bedroom residential apartments.

The Company also owns approximately 2,395 sq. m. (25,777 sq. ft.) of ancillary commercial space within the development.

In addition, the Company owns two adjacent development sites and one former site that has now been developed into The Maple and 6,847 sq. m. (73,701 sq. ft.) of commercial space.

For the year ended 31 December 2017, the Company has made property capital investments in this property related primarily to in-suite improvements. In addition to the capital expenditure work that has already been completed, I-RES is working with Beacon South Quarter's owner management company to resolve water ingress and fire remediation works previously identified.

Charlestown (235 residential apartments, Finglas, Dublin 11)

The Company acquired Charlestown, a mixed-use development set on 16.2 ha (40 acres) in Finglas, Dublin 11, in October 2014. The development was constructed in 2007 and consists of 285 residential apartments, 235 of which are owned by the Company. The Company's 235 residential apartments consist of 36 one-bedroom, 164 two-bedroom and 35 three-bedroom residential apartments.

The overall development comprises facilities for tenants including a shopping centre, a medical centre, and a variety of leisure and restaurant facilities. The property is located approximately 9.5 km from Dublin City Centre and 8 km from Dublin airport, and is adjacent to the main M50 and M2 transportation corridors.

Bakers Yard (86 residential apartments, Portland Street North, Dublin 1)

The Company acquired Bakers Yard, an apartment development on 0.6 ha (1.4 acres) adjacent to Dublin City Centre in Dublin 1, in October 2014. The 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 transport infrastructure. The development consists of 132 residential apartments, 86 of which are owned by the Company. The Company's 86 residential apartments consist of 13 one-bedroom, 61 two-bedroom and 12 three-bedroom residential apartments.

The Company also owns approximately 700 sq. m. (7,534 sq. ft.) of ancillary commercial space within the development. In addition, the Company owns an adjoining 0.18 ha (0.45 acre) site with planning consent for a further 55 residential apartments and three ground-floor commercial units.

Lansdowne Gate (224 residential apartments, Drimnagh, Dublin 12)

The Company acquired Lansdowne Gate, a superior quality development on 2.2 ha (5.5 acres) in Drimnagh, Dublin 12, in October 2014. The development consists of 280 residential apartments, 224 of which are owned by the Company, set in 11 blocks over semi-basement car parking, with the benefit of a centralised district heating system, landscaped gardens and a children's playground. The Company's 224 residential apartments consist of 23 one-bedroom, 146 two-bedroom and 55 three-bedroom residential apartments.

The development was constructed in 2005 and is located adjacent to the LUAS light rail system, 5 km from the City Centre and within walking distance of numerous large employers, as well as shopping and leisure facilities.

Rockbrook Grande Central and Rockbrook South Central ("Rockbrook Portfolio") (270 residential apartments, Sandyford, Dublin 18)

The Company acquired the Rockbrook Portfolio, located in Sandyford, Dublin 18, in March 2015 via the acquisition of IRES Residential Properties Limited. The development consists of 270 residential apartments and approximately 4,665 sq. m. (50,214 sq. ft.) of mixed-use commercial space. The portfolio also includes a development site of approximately 1.13 ha (2.8 acres) and associated basement car parking. The property is located close to the Stillorgan LUAS light rail system stop, in an area serviced by numerous bus routes. Located nearby are the UPMC Beacon Hospital and large employers such as Microsoft, Vodafone, Volkswagen and the Clayton Hotel. The Company's 270 residential apartments consist of 46 one-bedroom, 203 two-bedroom and 21 three-bedroom residential apartments.

The portfolio also includes a development site of approximately 1.13 ha (2.8 acres) and associated basement car parking. The Company submitted a planning application in December 2018 to build 428 residential units on this site.

Tyrone Court (95 residential apartments, Inchicore, Dublin 8)

The Company acquired Tyrone Court, located in Inchicore, Dublin 8, in June 2015. The development was constructed in 2014 and consists of 131 apartments across four residential apartment blocks, 95 of which are owned by the Company. The Company's 95 residential apartments consist of 4 three-bedroom duplex units and 3 three-bedroom, 64 two-bedroom and 24 one-bedroom apartments.

The property is located in an established residential area close to Drimnagh Station, which is a 15-minute commute to City Centre. Located nearby are St. James's Hospital, Inchicore College, the Central Criminal Court and Heuston Station, all of which provide a strong employment centre and tenant market.

Bessboro (40 residential apartments, Terenure, Dublin 6)

The Company acquired Bessboro, located in Terenure, Dublin 6, in December 2015. The development was constructed in 2008 and consists of 40 residential apartments, all of which are owned by the Company. The Company's 40 residential apartments consist of 6 one-bedroom, 32 two-bedroom and 2 three-bedroom apartments.

Bessboro provides a strong suburban location only 7 km from Dublin City Centre and 4.6 km from the M50 motorway. The location provides a range of amenities including shops, schools, bars and restaurants, all within walking distance of Bessboro and also in close proximity to Bushy Park, golf and rugby clubs.

Tallaght Cross West (442 residential apartments, Tallaght, Dublin 24)

The Company acquired Tallaght Cross West, located in Tallaght, Dublin 24, in January 2016. The development was constructed in 2008 and consists of 507 residential apartments, 442 of which are owned by the Company. The Company's 442 residential apartments consist of 161 one-bedroom, 237 two-bedroom and 44 three-bedroom residential apartments.

The Company also owns 18,344 sq. m. (197,460 sq. ft.) of commercial space and associated underground car parking.

The Company has received a grant of planning permission for the conversion of unused commercial space to 18 residential apartments.

The Forum (8 residential apartments, Sandyford, Dublin 18)

The Company acquired The Forum, located in Sandyford, Dublin 18, in February 2016. The development was constructed in 2007 and consists of 127 residential apartments, eight of which, along with 11 basement car parking spaces, are owned by the Company. The Company's 8 residential apartments consist of one one-bedroom and 7 two-bedroom residential units.

The Forum is located on the LUAS tram line and next to the Royal College of Surgeons' Sandyford facility. The development is also adjacent to the Company's Rockbrook and Beacon South Quarter portfolios.

City Square (23 residential apartments, Gloucester Street, Dublin 2)
The Company acquired City Square, located on Gloucester Street, Dublin 2, in April 2016. The development was constructed in 2006 and consists of 27 apartments, 23 of which are owned by the Company. The Company's 23 residential units consist of 15 one-bedroom and 8 two-bedroom residential units.

The property is located near Trinity College and the River Liffey, and close to LUAS and DART lines.

Elmpark Green (201 residential apartments, Merrion Road, Dublin 4)
The Company acquired Elmpark Green, located in Merrion Road, Dublin 4, in May 2016. The Company's 201 residential apartments consist of 101 one-bedroom, 96 two-bedroom and 4 three-bedroom residential apartments.

The development was constructed in 2006, and consists of 332 apartments, 201 of which are owned by the Company. Elmpark Green is located near Merrion, Blackrock and Frascati Shopping Centres, and is also adjacent to the Elm Park Golf and Sports Club, as well as St. Vincent's University Hospital.

Coldcut Park (90 residential apartments, Clondalkin, Dublin 18)
The Company acquired Coldcut Park, located on Coldcut Road in Clondalkin, Dublin 18, in August 2016. The Company's 90 residential apartments consist of 18 one-bedroom, 22 two-bedroom, 33 three-bedroom and 17 four-bedroom residential apartments.

The development was constructed in 2012 and consists of 93 apartments, 90 of which are owned by the Company. The property is located near Liffey Valley Shopping Centre, LUAS Red Line and Cherry Orchard Railway Station.

The Maple (68 residential apartments, Sandyford, Dublin 18)
The Company completed the construction of The Maple, located in Sandyford, Dublin 18, in July 2017. The development consists of 68 residential apartments, all of which are owned by the Company. By apartment type, The Maple comprises 4 one-bedroom, 55 two-bedroom and 9 three-bedroom apartments.

The development is conveniently located near UPMC Beacon Hospital, BSQ Shopping Centre and transportation links such as the Stillorgan LUAS stop.

2019 Completed Developments and Acquisitions

See Completed Developments and High-Quality Acquisitions under the Business Review section of the Investment Manager's Review on page 19 for details on the following properties.

The Coast (52 units, Baldoyle)

Taylor Hill + Semple Woods (118 units, Balbriggan and Donabate)

Marathon Acquisition (815 units, Dublin and Cork)

The Company acquired the following properties through the Marathon acquisition on 1 August 2019:

Carrington Park (142 residential apartments, Santry, Dublin 9)
Carrington Park is located in Santry in suburban north Dublin. The asset comprises 142 residential apartments (25 one-bedroom, 93 two-bedroom, 23 three-bedroom) in a mid-rise development which includes basement car parking. It is situated within the Northwood Campus, a large mixed-use development covering 220 acres. It benefits from excellent road infrastructure providing easy access to Dublin Airport (4 km), the City Centre (7 km) and a number of business parks located around north Dublin. It also benefits from good public transport links being adjacent to a main bus corridor. The locality is well established with a good mix of local employment and local amenities.

Beechwood Court (101 residential apartments, Stillorgan, Co Dublin)

Beechwood Court is located in Stillorgan, an affluent south Dublin suburb. The asset comprises 101 highly specified residential apartments in a mid-rise development which was designed by Reddy Architects and developed by Jackson Homes in 2006. There are 9 one-bedroom, 90 two-bedroom and 2 three-bedroom apartments. The development includes an underground car park and attractive landscaped gardens. The area is a well-established residential location with a good mix of local employment and amenities. It is close to UCD (4 km) Stillorgan Business Park (2 km) and Stillorgan Shopping Centre (1 km).

Northern Cross (128 residential apartments, Malahide Road, Dublin 13)

Northern Cross is located off the Malahide Road in suburban north Dublin. The asset comprises 128 residential apartments which are split 69:59 in two medium rise blocks. Northern Cross is comprised of 36 one-bedroom, 87 two-bedroom and 5 three-bedroom apartments. The development includes secure underground parking and landscaped internal courtyards. The Malahide Road connects the area to north county Dublin and the M1 & M50 interchange is also easily accessed being just 3 km to the west. The area benefits from good amenities with the commercial at ground floor level within the development serving as the local town centre. Recently the area has seen extensive new residential development with Cairn Homes building out a new housing development to the east. This development includes a new neighbourhood centre, a new primary school and a new public park.

Richmond Gardens (98 residential apartments, Richmond Avenue, Dublin 3)

Richmond Gardens is located in Drumcondra in Dublin City. The asset comprises 98 residential well presented apartments which are in a several low-rise blocks located around an attractive internal courtyard. There are 23 one-bedroom and 53 two-bedroom apartments. The development also includes 98 parking spaces in an underground car park. The asset is situated off Richmond Avenue 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. There are also a variety of local shops and bars within a short walk. It is close to both the Port Tunnel (2 km) and Clontarf Road station (2 km), which gives easy access to suburban Dublin and beyond.

Time Place (67 residential apartments, Sandyford, Dublin 18)

Time Place is located in Sandyford in suburban-south Dublin. The asset comprises 67 residential apartments which are in a mid-rise block built over a secure basement car park. There are 9 one-bedroom and 57 two-bedroom apartments. The total development comprises 90 units and is located off the Corrig Road immediately adjacent to the Beacon South Quarter. The area is an excellent suburban rental location being located close to the M50 and having several major employers (Microsoft, Vodafone, AIB) in the immediate vicinity in the Sandyford Business district. It benefits from excellent road links and public transport links with Sandyford Luas stop being 5 minutes away.

Xavier Court (41 residential apartments, Sherrard Street, Dublin 1)

Xavier Court is in Drumcondra in Dublin City Centre on Sherrard St Upper. The asset comprises 41 self-contained residential apartments which are set in two mid-rise blocks built around a landscaped internal courtyard. There are 18 one-bedroom, 21 two-bedroom and 2 three-bedroom apartments. The development abuts several period terraced buildings and is built over a secure underground car park. It is close to the city and benefits from its location in a trendy urban neighbourhood. Its location facilitates easy access to the key city centre locations. Dublin City University, the North Docks office district and Trinity college are all within a 20-minute walk. The Mater hospital is also close by being less than 1 km to the west. Drumcondra rail station is less than a five-minute walk which provides easy access to suburban Dublin.

Harty's Quay (50 residential apartments, Rochestown Road, Cork)

Harty's Quay is located in suburban south-east Cork. The area is generally considered one of the more attractive and affluent parts of Cork and is known for the many grand single family homes which often trade at prices in excess of €1m. The asset comprises 50 residential apartments set in two medium-rise blocks. There are 5 one-bedroom, 43 two-bedroom and 2 three-bedroom apartments. The development comprises seven blocks in total with parking at surface level. The scheme is situated off the Rochestown road on an old quay side which affords the scheme spectacular sea views. It benefits from good access to the M40, which is 2 km away, and is the main motorway servicing Cork.

Heywood Court (39 residential apartments, Santry, Dublin 9)

Heywood Court is located in Santry in suburban north Dublin. The asset comprises 39 residential apartments in a medium-rise development with parking at both surface and basement levels. There are 4 one-bedroom and 35 two-bedroom apartments. It benefits from excellent road infrastructure providing easy access to Dublin Airport (4 km), the City Centre (7 km) and a number of business parks located around north Dublin. It also benefits from good public transport links being adjacent to a main bus corridor. The locality is well established with a good mix of local employment and local amenities.

Belville Court (29 residential apartments, Cabinteely, Dublin 18)

Belville Court is located in Cabinteely in suburban south Dublin. The asset comprises 29 residential apartments in a medium-rise development with secure basement parking. There are 4 one-bedroom, 22 two-bedroom and 3 three-bedroom apartments. The development comprises two separate blocks with all of the subject units being situated in the same block. The development benefits from a good mix of local amenities with a neighbourhood retail centre just 1 km away.

Belleville, Ashtown and The Mills (21 residential apartments, Castleknock, Dublin 15)

Belleville and The Mills comprise two separate developments. They are considered together as they were built by the same developer and acquired together. The Mills is located in Castleknock in suburban west Dublin. Belleville comprises 18 residential apartments in two low-rise blocks and associated surface car parking. There are 16 two-bedroom and 5 three-bedroom apartments. The locality is a well-established residential area. Belleville is located just to the north of the Phoenix Park in Ashtown. It benefits from the amenity of the park while also having good road access to the city centre and the M50. It is a picturesque and well-established location.

St Edmunds (18 residential apartments, Palmerstown, Dublin 20)

St Edmunds is located in Palmerstown in suburban west Dublin. The asset comprises 18 residential apartments which are set in several mid-rise blocks. There are 12 two-bedroom apartments and 6 three-bedroom apartments. The development presents well and includes attractive open greenspace. Parking is provided in a secure private basement car park. There is a good provision of local amenities. The development is about 1 km from the Liffey Valley Shopping Centre, which is one of the largest shopping centres in Ireland. Fonthill Retail Park (<1 km), Clondalkin Industrial Estate (4 km) and the cluster of business parks around the Nass Road (8 km) are nearby and provide substantial employment.

Russell Court (29 residential apartments, Swords, Co Dublin)

Russell Court is in Swords in north county Dublin. The asset comprises 29 residential apartments (all two-bedroom) which are set in two low-rise blocks over a secure basement car park. It is located around 5 km to the north of Dublin Airport and is also close to a number of business parks including Airside Retail Park (2 km) and the Swords Business Park (2 km).

Spencer House (12 residential apartments, IFSC, North Docks, Dublin 1)

Spencer House is located off Mayor Street Lower in Dublin's city centre. It is situated adjacent to the IFSC in the heart of Dublin's central business district. The asset comprises 12 residential apartments (588 units in total) which are set in mid-rise blocks over a secure basement car park. There are 3 one-bedroom apartments and 9 two-bedroom apartments. The location offers a variety of inner-city amenities including shops, bars and restaurants. Its location benefits from its immediate proximity to the IFSC and Dublin's north docks office cluster which accommodates many major employers. The location benefits from excellent public transport links with a LUAS red line stop located immediately outside the development.

East Arran Street (12 residential apartments, Smithfield, Dublin 7)
East Arran Street is located off Ormond Key Upper in Dublin's city centre. The asset comprises a low-rise terrace of period houses that were fully converted and extended to accommodate 12 self contained apartments (2 one-bedroom and 10 two-bedroom). The apartments can avail of on street parking immediately outside the development. The apartments are well specified and spacious. It is a short distance from Dublin's main retail and centre being only 500 m from both Jervis Shopping Centre and Temple Bar. It benefits from a host of local city-centre amenities including bars, restaurants and shops. Local transport links are excellent with frequent bus services and a LUAS red line stop about 500 m away at the Jervis Centre.

The Oaks (14 residential apartments, Clonsilla, Dublin 15)
The Oaks is located in Clonsilla off Porterstown Road. The asset comprises a low-rise block of 14 apartments and associated surface car parking. There are 8 two-bedroom and 6 three-bedroom units. The area is part of the wider west Dublin/Blanchardstown urban area. The development is located 2 km to the south of Blanchardstown shopping centre and less than 1 km from the Coolmine industrial estate.

Coopers Court (14 residential apartments and 2 commercial units, Bond Street, Dublin 8)
Coopers Court is located in the Liberties area of Dublin 8. The asset comprises a mid-rise block of 14 two-bedroom apartments built over a secure basement car park. The area has become a location of choice for young working professionals in Dublin. The asset is situated near major employers such as St James's Hospital and Guinness.

CAPREIT and IRES Fund Management Senior Management

Mark Kenney

President and Chief Executive Officer of CAPREIT

See Board of Directors profiles for further detail.

Jodi Lieberman

Chief Human Resources Officer of CAPREIT

Jodi Lieberman joined CAPREIT in 2009 and has been instrumental in developing the human resources function at the company as well as at I-RES.

Jonathan Fleischer

Executive Vice President – Operations

Jonathan Fleischer joined CAPREIT in October 2015. Jonathan oversees the operation of I-RES.

Scott Cryer

Chief Financial Officer of CAPREIT

Scott Cryer joined CAPREIT in September 2009 and was appointed as the Chief Financial Officer of CAPREIT in 2011. Mr. Cryer is also currently a director of IRES Fund Management Limited and supports I-RES in all financial and reporting decisions.

Charles Coyle

Vice President, Acquisitions

With over 20 years of property investment and development experience, Charles Coyle was appointed by IRES Fund Management as Vice President, Acquisitions in December 2014. He supports I-RES with all acquisition and development decisions.

Priyanka Taneja

Chief Financial Officer of I-RES and Vice President Finance at CAPREIT

Priyanka Taneja joined CAPREIT in May 2008 and is currently the Vice President of Finance, and is responsible for overseeing Financial Reporting, Taxation, Valuations, Treasury and Financings. She also assists with Investor Relations and provides support for the finance and financial reporting functions for I-RES.

Corinne Pruzanski

General Counsel and Corporate Secretary of CAPREIT

Corinne Pruzanski joined CAPREIT as General Counsel and Corporate Secretary in 2011 with responsibility for all legal and governance matters relating to CAPREIT, including CAPREIT's acquisitions, dispositions, financing arrangements and compliance with laws. Ms. Pruzanski is also company secretary to IRES Fund Management Limited.

Glossary of Terms

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding terms used in this Report.

"Annualised Passing Rent"
Defined as the actual monthly residential and commercial rents under contract with tenants 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;

"Capitalisation Rate"
The rate of return on a property investment based on current and projected future revenue streams that such property investment will generate;

"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;

"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"
Measures the fair value of net assets on an ongoing, long-term basis in accordance with guidelines issued by EPRA, while taking into account dilutive effects of any options, convertibles or other financial instruments. The EPRA NAV excludes the net mark-to-market to the value of financial instruments used for hedging purposes and where a company has the intention to keep the hedge position until the end of the contractual duration, and deferred tax in respect of any difference between the fair value and the book value of the investment properties;

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

"Equivalent Capitalisation Rate"
The Equivalent Capitalisation Rate is calculated as the Stabilised NRI divided by the fair value of the investment property;

"Gearing"
Calculated by dividing the Group's aggregate borrowings by the market value of the Group's total assets;

"Group Total Gearing"
Calculated by dividing the loan drawn down by the market value of the Group's investment properties consistent with the financial covenant of the Group's Revolving Credit Facility;

"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 the Company 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. 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, new information or any change in the Company's expectations or otherwise except as required by law, regulation or by any appropriate regulatory authority.

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Chief Executive Officer

Declan Moylan
Chairman

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Stock Exchange Listing

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


2019 ESG Report

Building Communities. Investing in Sustainable Partnerships.

I·RES


Corporate Profile

Irish Residential Properties REIT plc (the "Company", "I-RES", "we", "our", together with IRES Residential Properties Limited, the "Group") is a growth oriented Real Estate Investment Trust that is focused on acquiring, holding, managing and developing investments primarily focused on private residential rental accommodations in Ireland. At 31 December 2019, the Group owns 3,666 apartments and houses for private rental in Dublin and Cork. The Company's shares are listed on the Main Securities Market of Euronext Dublin.

Reporting Boundaries

This environmental, social and governance report ("ESG Report") forms part of I-RES' 2019 Annual Report and presents the material issues and impacts of our activities during the fiscal year ended 31 December 2019.

The ESG Report encompasses all the assets owned by the Group and managed by IRES Fund Management Limited ("IRES Fund Management" or the "Investment Manager"). The ESG Report provides an overview of our priorities and highlights from 2019 on ESG matters relevant to the real estate investment industry in general and to I-RES in particular.

We follow the Euronext guidance on ESG reporting of January 2020.

For more information about I-RES and our activities, please read our other annual reports. This ESG Report should be read in conjunction with our 2019 Annual Report.

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The Maple, BSQ, Sandyford

In Conversation with Our Leadership

Our current economic and social environment presents several challenges and opportunities that drive our investor expectations. As part of the evolving investor expectation to deliver efforts and initiatives that support a sustainable future, I-RES recognises that environmental, social and governance ("ESG") disclosure is increasingly being associated with better business value. Margaret Sweeney, Chief Executive Officer ("CEO"), and Declan Moylan, Chair of the Board, sat down to discuss what ESG competency means for our organisation and its implications for our corporate strategy and expected performance.

How does I-RES define ESG strategy and what does it mean to our organisation?

I-RES understands that the transition toward sustainable finance requires effective capital allocation across all facets of our business decision-making. The integration of an ESG strategy can help proactively address associated transitional risks and create new value-add opportunities, thereby assuring investors not only that I-RES is effectively managing our operations but that we have the necessary governance structure in place to support a sustainable future. Our investments extend beyond managing our buildings to include the suppliers we partner with, the residents we house and the communities in which we operate. Through these strategic alignments, I-RES expects to generate positive and well-managed returns for our investors, while also making meaningful contributions to the communities we impact and the environment in which we operate.

How is ESG integrated into I-RES' corporate strategy?

Understanding roles and responsibilities and embedding accountability across all business partners are the foundational building blocks to an effective ESG strategy. I-RES' operational strategy is externally managed by our Investment Manager, a subsidiary of CAPREIT that is tasked with delivering superior customer service, enhanced resident experience and quality home living. Having that clear understanding of roles, responsibility and shared accountability on ESG-related deliverables ensures that

I-RES is well positioned to integrate ESG into its corporate strategy. For example, on page 9, you can read about how we have improved the operating efficiency of our managed buildings by delivering energy conservation efforts, such as conducting LED lighting retrofits across our portfolio. On page 15, you can read how our Investment Manager consistently invested in the development of its talent pool by delivering close to 77 hours of in-house training, which contributed to CAPREIT, its parent company, being recognised as an AON Best Employer for a seventh consecutive year. Page 4 details some of our notable ESG achievements in 2019, one of which includes building the in-house ESG subject matter expertise by providing support early in the year to CAPREIT's Director of ESG Strategy Integration, who is working closely with I-RES' CEO and the Investment Manager team to embed ESG into our corporate culture and decision-making. Leveraging CAPREIT's hands-on experience and proven operating philosophies, our Investment Manager applies over 20 years of proven sustainable practices throughout our operations. Seen as a natural evolution of how we conduct our business, the development and integration of an ESG strategy will help deliver better programmes and services to our stakeholders, and ultimately results to our residents and other stakeholders.

What can our stakeholders expect from I-RES on delivering our ESG strategy going forward?

As we continue to transform local resident expectations of landlords through our model of professional property management, high-quality assets and excellent service, our stakeholders can remain confident in our delivery of a strong ESG report in 2020 that supports our business growth strategy. By mid-2020, we will be submitting our inaugural application to Global Real Estate Sustainability Benchmark ("GRESB"), an industry-leading global assessor of the ESG performance of real estate assets and their managers. In 2020, we will also look to evolve our understanding and commitment to demonstrating alignment on matters such as climate-related risks and opportunities, which are increasingly important to residents, employees, investors and the communities we serve. Our Investment Manager remains committed to driving resident satisfaction to maintain our high occupancies and resident comfort. As we look ahead, we remain committed to advancing our ESG initiatives and reporting our progress. We are excited to showcase what I-RES' growth strategy entails and how our ESG strategy aligns with our corporate goals throughout our 2019 ESG Report.

– MARGARET SWEENEY,
CHIEF EXECUTIVE OFFICER

– DECLAN MOYLAN,
CHAIR OF THE BOARD

Integrating an ESG Strategy

A measure of the wider impact of our operations and long-term strategy.

In our inaugural year of formalising I-RES' ESG strategy, understanding our corporate narrative was essential to assuring an impactful performance disclosure. As Ireland's leading residential landlord, we recognise the impact our business operations will pose on attracting and retaining the best employees, assets and business partners, the value added to the lives of our residents and of the communities we operate in, and the resulting implications for our shareholders. The integration of our ESG strategy is our corporate commitment to make a positive contribution to the communities we serve, achieving sustainable growth in close collaboration with our Investment Manager and business partners and addressing the adverse environmental and social impacts related to our operations.

We are proud to have delivered some foundational building blocks in 2019 that will set the tone for an effective and collaborative ESG strategy integration going forward. Some of those initial key deliverables in 2019 include:

Building a Corporate-Wide ESG Competency

- One of our early ESG-related deliverables was to build a corporate-wide ESG competency, starting from the Board and I-RES' CEO, trickling through to our Investment Manager's various operational departments. In partnership with our Investment Manager, we conducted in-person presentations and leveraged virtual conference tools to socialise our ESG strategy for both I-RES and IRES Fund Management employees. Building our ESG competency ensures that ESG factors are integrated into our corporate strategy, organisational culture, and the operational practices managed by our Investment Manager.

Embedding a Culture of Collaboration and Partnership

- I-RES' CEO leads the understanding and communication of our ESG strategy and objectives with our shareholders, and with our Investment Manager through a multidisciplinary steering committee comprised of the CEO as Chair with senior management of CAPREIT and IRES Fund Management, including CAPREIT's Director of ESG Strategy Integration; the VP Acquisitions and Development and the Senior Director of Operations of IRES Fund Management; and the Company Secretary of I-RES. To ensure the effective integration of our ESG strategy into our day-to-day operations and decision-making, our Investment Manager established a Green Ambassadors committee, which oversees employee and partner engagement to facilitate stakeholder engagement and programme deployment. We believe our ESG strategy supports our innate corporate culture of collaboration and partnership with our Investment Manager in achieving long-term sustainable results.

Looking Ahead

Our first year of ESG formalisation delivered several achievements and provided added opportunities for consideration. Although we are proud of our achievements, we also understand that there is still a long journey ahead. As we look to further socialise the formalisation of our ESG strategy, additional key ESG-related deliverables for the coming years will include:

- Completing an inaugural **Global Real Estate Sustainability Benchmark ("GRESB")** submission in 2020, which will assess our ESG-related performance against industry peers and provide us with a blueprint to expand on our ESG strategy integration.
- Conducting a materiality assessment analysis to help identify and prioritise key measures to support our strategic integration and planning process with regard to ESG.
- Formalising ESG-related policies and standards to ensure strategy alignment with regulatory requirements and industry best practices.
- Developing a cross-departmental stakeholder engagement programme that will align our goals with supply chain partners, employees, residents and our investor base.

SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals ("SDGs") are a call to action designed to focus on fundamental environmental and social issues. Recognizing our responsibility in supporting the SDGs and building a more sustainable future, I-RES' corporate policies and program alignment with the SDGs are illustrated where applicable at the end of each section of the report.

Acquisitions and Development

Assessing ESG-related factors to address risks and capitalise on business opportunities.

As one of Ireland's largest residential property owners, we recognise the importance of integrating environmental and social considerations into our business strategy. With a combined pipeline of over 800 units, our acquisition and development strategy continues to focus on delivering high-quality residential homes for the Irish market. As a part of our growth strategy, we remain committed to evaluating the integration of ESG-related factors during both acquisitions and development processes and initiatives.

Embedding ESG Considerations into Our Investment Strategy

Our acquisition appraisal practices aim to review investment opportunities both at the neighbourhood selection level (macro) and at the property level (micro) to inform Board-level decision-making (see Figure 1). At the macro level, local amenities are evaluated taking into consideration public transport links, recreation amenities and a healthy walkable access to the surrounding neighbourhood and community. Following our neighbourhood assessment, micro-level factors are then evaluated. As a standard, all our acquisitions undergo a Phase I environmental audit, which includes a desktop assessment, followed by site assessment due diligence.

ESG-Related Considerations

In collaboration with our Investment Manager and partners, I-RES reviews environmental and social related factors for potential acquisitions and development sites to identify risks and improvement opportunities for the first five years of asset ownership. To further support the growth of a resilient portfolio, our Investment Manager incorporates life cycle considerations into capital investment decisions as asset improvement measures. Examples include the operational maintenance of existing units and budgets required for:

- HVAC systems
- Flooring
- Lift upgrades
- Lighting retrofits
- Waste management processes

Acquisitions Environmental Audit Scope	
Desktop Assessment	**Site Assessment**
• A review of historical area maps • Site sensitivity research (geology, hydrology and hydrogeology) • Pollution control and waste licence database review • Aerial photography research • Radon map review • Flood risk assessment • Pollution control and waste licence database review	• Visual inspection of the site setting and adjacent land use • Discussion with the site representative • Assessment of possible contamination sources

Members of our Investment Manager's Acquisitions and Development team

Figure 1: I-RES' Acquisition Due Diligence Process

I-RES Board Reviews and Approves

IRES Fund Management Board Reviews and Recommends

ESG Considerations Applied by the Investment Manager's Acquisitions Team

MACRO		MICRO
Local Amenities	**Due Diligence**	**Technical Review**
• Local services, such as shops, restaurants, etc. • Access to local employment opportunities • Public transport links • Schools • Healthcare facilities • Recreation • Safe outdoor space	• Phase One environmental audit • Building energy rating review • Structural review • Mechanical & electrical review • Compliance review, such as building regulations • Fire audit	• Identify options to improve asset performance overtime • Review life cycle cost of asset maintenance and identify improvement opportunities

Delivering High-Quality Homes: A Focus on Design Performance

Aligning with the national and European Union ("EU") energy efficiency and performance agenda, I-RES will continue to target energy A-rated homes within our forward purchase strategy. We believe delivering high-quality homes is key to ensuring the long-term performance potential of a property. Working closely with some of Ireland's leading developers, we will continue to seek investment opportunities among top tier energy rated homes and developments. Consideration is given to best practice design standards and green building certifications at the different stages of our developments.

CASE STUDY:

The School Yard Apartments, in Dublin 2 – Set to Be Ireland's First Registered LEED Gold-Certified Mid-rise Residential Development

Scheduled for construction breaking ground in Q1 2020, The School Yard Apartments is designed to meet LEED Gold standard requirements. Anticipated to be Ireland's first LEED Gold-certified mid-rise residential development, its key design features will include:

- Access to well-serviced public transportation
- Detailed ASHRAE 90.1 LEED Energy Modelling which will demonstrate ≥30% savings compared to ASHRAE baseline
- Potable water use reduction – targeting ≥35% savings compared to LEED baseline

In the next two years, an additional **219 units with energy ratings of A3 and above** will be delivered through forward purchase.

IGBC
IRISH GREEN BUILDING COUNCIL

An active Irish Green Building Council ("IGBC") member, I-RES leverages design applications from local and international best practices in the sustainable built environment.

CASE STUDY:

Delivering Community Needs – Rockbrook, Sandyford, Dublin 18

In response to community needs raised during our stakeholder engagement process with the Dun Laoghaire Rathdown County Council, the Rockbrook development is designed to include a creche – a communal multi-use space, including a green resident community space and soft play areas for children – and various retail units to support local amenities. Our Rockbrook development project will deliver over 400 apartments to help support a community feel.

Understanding Our Communities through Active Engagement

Large scale I-RES development projects begin by placing community engagement at the forefront. To understand local needs, we hold open community engagement meetings for all new developments above 30 units. Active community engagement is an opportunity for the development team to gain valuable insight on what matters to our communities, while ensuring residents have access to detailed information.

The Investment Manager's Acquisitions and Development team ensures that all new developments are designed to meet the requirements of our residents and maximize ongoing management efficiencies by working in close consultation with the Operations, Leasing and Maintenance teams.

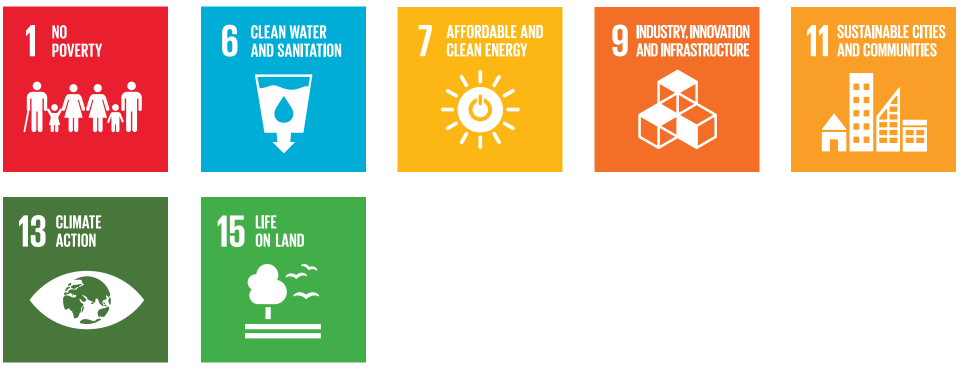
Social & Affordable Housing

I-RES is committed to complying with the Social & Affordable housing obligations as part of the Planning and Development Act. Ongoing discussions are taking place between the local authorities and I-RES to deliver the 10% social and affordable housing required for live developments.

Looking Ahead

I-RES will continue to review best practices within the industry for new developments. At each project stage, I-RES will continue to challenge standard design practice in an effort to attain LEED Gold-level certification for residential properties. It is the intention of I-RES to continue with the forward purchasing of energy A-rated units. Starting in 2020, I-RES will further assess our inclusion of ESG-related measures as part of our due diligence process and decision-making on all new acquisitions and development under the Board's review, particularly assessing climate-related resilience and adaptation factors.

Sustainable Development Goals Alignment



Operational Footprint Performance

Understanding the impacts directly associated with our operational footprint is key to effectively managing and optimising the performance of our managed assets. Our Investment Manager is actively working to develop clear targeted improvement objectives that will not only improve our operational performance but also maintain resident comfort through smart operations management. In 2019, I-RES' Investment Manager focused on solidifying the necessary ESG building blocks, including scoping our data coverage and identifying opportunities for supplier engagement, resident education and employee training to deliver on our operational footprint performance.

Energy Management

In collaboration with our Investment Manager and the Owners Management Companies ("OMCs"), I-RES is committed to managing the energy consumption and resulting carbon emissions from our operations over which we have direct control. Enhancing the coverage of our directly controlled energy performance data is key to understanding our current energy performance and developing improvement strategies. We continue to gather energy consumption data where it is available and actively engage with property management partners to expand our data coverage.

Due to our fractured ownership structure, I-RES has limited oversight and direct control over the purchase and management of utilities, which are fully resident controlled. The fractured ownership also poses a limited ability to introduce and implement operating policies to set and drive operational performance and management within the common shared spaces across our reported assets.

While I-RES holds limited oversight on the operational performance of our reported real estate assets, we do actively engage with our buildings' OMCs to uncover collaboration opportunities that will help expand on our data coverage and help develop operating policies and standards. Please refer to page 22 of our 2019 Annual Report for a detailed property portfolio ownership breakdown.

In order to provide like-for-like comparison in our annual common area electricity consumption, assets held for the full 2018 and 2019 calendar years are reported below. In total, 24 assets were held for the two defined reporting periods ending December 31. I-RES' reported consumption below is reflective of 12 months of full common area electricity consumption data collected for 25% of our assets for both 2018 and 2019. We will continue to engage with our buildings' OMCs to attain added coverage of the full common area electricity consumption. The table below demonstrates the coverage breakdown of data reported:

I-RES' Operational Control Coverage Containing 12 Months of Full Common Area Electricity Consumption

I-RES Operational Control	Number of Assets	Data Coverage Reporting Portfolio for 2018 and 2019
Direct control	5	21%
Indirect control	1	4%
Total	6	25%

The table below displays a like-for-like comparison of the total annual full common area electricity consumption of 25% of our assets held between 2018 and 2019:

Like-for-Like Full Common Area Electricity Consumption (2018 and 2019)

2018 Total (kWh) Consumption	2019 Total (kWh) Consumption	2018–2019 Change (kWh)	2018–2019 Change (%)
627,082	610,738	-16,344	-3%

In 2019, I-RES assets with accessible electricity consumption data saved:

16,344 kWh of electricity

6,757 kg of CO_2e

That's the equivalent of:

Reducing the CO_2e of **26,983** kilometres covered in a medium-sized car

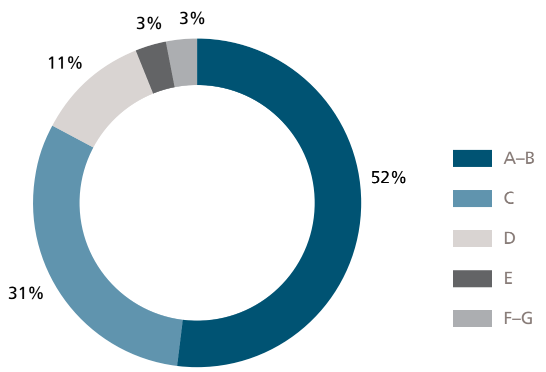
Charging **861,735** smartphones

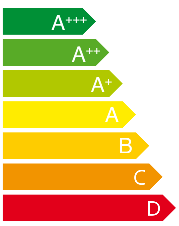
In 2019, our Investment Manager initiated a consultation to review energy supplier contracts to explore renewable electricity options. This resulted in successfully transferring our directly managed electricity contracts for nine properties in Dublin to a 100% renewable energy supply. Following the initial trial success, we will continue to implement renewable contracts where possible.

Over the course of four years, our Investment Manager completed LED lighting upgrades across our portfolio's common areas. In 2020, our Investment Manager intends to extend the LED lighting upgrade initiative to applicable existing properties where I-RES has full control. Our Investment Manager also regularly reviews opportunities to improve indirect energy consumption with our residents. In 2019, our Investment Manager initiated a third party survey to gather costs and potential savings opportunities for an in-suite LED lighting upgrade. Seventeen properties were surveyed, and options are currently being reviewed for a 2020 delivery.

Within our managed portfolio, we are conducting a multi-year phased boiler replacement programme of 660 gas-fired boilers. In 2019, our boiler replacement programme was assessed in response to the Irish Government's Climate Action Plan 2019. I-RES supports the ambitions of the new plan and in 2020 our focus is to explore viable replacement options in support of decarbonisation.

I-RES' Portfolio Building Energy Rating (BER) Breakdown





In line with our commitment to delivering high-quality homes, **over 50% of the I-RES portfolio** has BER A–B energy ratings.

CASE STUDY:

Photovoltaic Energy Production at Taylor Hill Ballbriggan

In 2019, I-RES delivered 78 new homes at Taylor Hill Ballbriggan through a forward purchase agreement with Glenveagh Homes. All houses within the development complex are fitted with Photovoltaic ("PV") panels for renewable energy generation. Utilising locational solar resource data, each PV panel installed has the capacity to generate 247 kWh per annum.

House Size	Number of PV Panels	Annual Electricity Output (kWh)
2 bedrooms	3	740
3 bedrooms	3	740
4 bedrooms	4	987

According to the Commission for Regulation of Utilities ("CRU"), the average annual electricity consumption for a household in Ireland is 4,200 kWh.

In one calendar year, the development complex containing 242 PV panels has the installed capacity to generate an estimated 59,725 kWh of renewable energy. Through this onsite production of energy, Taylor Hill will offset approximately 24,690 kg of carbon emissions*.

All homes at Taylor Hill are A rated for energy performance. The following features are in place across the development:

- High level of insulation is incorporated in all floors, walls and roofs
- All houses are constructed to provide a high level of airtightness
- All windows and paned doors are double glazed
- A-rated condensing gas boiler central heating system
- Thermostatically controlled heating system

* 0.4134 per kWh conversion rate applied for offset calculations.

In 2019, across I-RES' portfolio:

2,172 tonnes of waste were collected

100% was diverted from landfill

423 tonnes were recycled, re-used or composted

1,749 tonnes were diverted to energy from waste incineration

Waste Diversion – Engaging Residents and Suppliers

In 2019, our Investment Manager continued our work with residents and waste suppliers to improve waste performance through the delivery of education programmes and improved data coverage. Since 2018, 100% of waste under our control was diverted from landfill.

Water Conservation

Given that our portfolio's water consumption and management are not under our direct operational control, access to water-related data is currently unavailable. I-RES will investigate opportunities to engage with both residents and our property management partners to advocate for improved water conservation awareness and performance disclosure in 2020.

Waste Streams Provided to Residents

- General Waste
- Glass
- Dry Mixed Recycling
- Food
- Waste Electrical ("WEEE")

In 2019, the mixed recycling segregation rate under I-RES contracts was 15%. Recognising that this could be improved, our Investment Manager implemented measures to support residents and improve waste management. Resident information booklets issued to all I-RES residents now include guidance on waste management and recycling. Our Investment Manager also improved the waste storage facilities available at properties. Starting with the storage environment, all waste areas were cleaned, painted and provisioned with hand sanitiser and automatic air fresheners. To support segregation, a new colour coding system and upgraded signage was introduced to help residents identify the correct waste streams; tables were also installed to facilitate sorting if required. Through our Investment Manager, I-RES will continue to monitor waste segregation to understand the effectiveness of these measures.

CASE STUDY:

Keywaste – Enhancing Waste Tracking

Working collaboratively with Keywaste, IRES Fund Management implemented improved waste data tracking in 2019. On a monthly basis, data is utilised to monitor waste streams, waste volumes, segregation and bin contamination. Visibility of this data on a monthly basis supports performance monitoring and active response for targeted improvements. Including data covering a range of metrics such as bin contamination allows us to identify recurrences and develop appropriate solutions.

Team members of our Investment Manager's Green Ambassadors

Green Ambassadors – A Collaborative Mission

Our Investment Manager established a Green Ambassadors initiative in 2019 to lead the collective environmental efforts of our business. Green Ambassadors represent a wide range of IRES Fund Management departments, drawing on a diversity of experience and perspectives. Following an initial kick-off meeting, each team member has committed four hours per quarter to support ESG-related initiatives. To date, the team has focused on internal initiatives such as recycling education and tips for energy efficiency in the workplace.

Departments Represented

- Regional
- Procurement
- Regional Administration
- Operations
- ESG Strategy Integration
- Acquisitions and Development

Operational Risk Management and Environmental Health and Safety ("EHS")

I-RES has a Safety Statement which is reviewed annually by the Audit Committee, and on which the Board received training. On a quarterly basis, the Investment Manager, as part of its quarterly reporting on risk and internal controls, highlights to the Audit Committee and the Board any risks related to environmental conditions and health safety, including any related concerns identified as part of control testing. IRES Fund Management assumes overall responsibility for all health and safety within I-RES and this is reflected in the safety communications structure detailed in the Safety Statement effective July 2017.

The Investment Manager's policies and procedures are reviewed by an external third party consultant annually. Following this exercise, we receive feedback on performance and update recommendations to remain compliant with all local-level legislation and industry best practices. What is more, our Investment Manager's employees have access to detailed e-learning content dedicated to operational health and safety ("OHS") management, including micro learning videos. All policies, procedures and programmes listed below are reviewed and updated on a regular basis to meet applicable regulations as needed:

Policy
Incident & Injury Investigation and Reporting
Hazard Identification & Control
Confined Space
Contractor & Sub-Contractor
Fire Safety
First Aid
Health & Safety Committee
Hearing Loss Prevention
Hot Work
Lock-Out/Tag-Out
Corporate Occupational Health & Safety
WHMIS
Working Alone
Working at Heights
Workplace Inspections
Psychological Safety & Wellbeing
Environmental Risk Management Policy

Procedures
Incident & Injury Investigation
Incident & Injury Reporting
Hazard Identification & Control
Personal Protective Equipment
Workplace Inspections

Programmes
Emergency Response Plan

To be actioned in 2020:

Policies
Psychological Safety & Wellbeing
Environmental Risk Management Policy

Programmes
Emergency Response Plan

70% of IRES Fund Management's employees received incident report training in 2019.

Looking Ahead

I-RES will continue to investigate new technology opportunities at applicable building sites that will support our commitment to optimise our operational footprint performance. Starting in 2020, we will seek to formalise policies, standards and programmes to help drive our ESG performance across our directly managed portfolio, and assess the opportunity to develop and apply building-level targets where we have direct control, while continuing to prioritise the assessment and mitigation of environmental, health and safety risks to our key stakeholders.

Sustainable Development Goals Alignment

People, Partnerships and Communities

Our Investment Manager holds a commitment to help build a transformative workplace that attracts and cultivates collaboration.

As I-RES' Investment Manager, IRES Fund Management provides significant day-to-day management and strategy support, which is delivered through a number of personnel functions. As our Investment Manager, IRES Fund Management actively maintains a collaborative and engaging workplace for all employees by creating a supportive working environment focused on balancing professional development and personal wellbeing. Our Investment Manager's corporate values guide its professional internal and external engagements and interactions with stakeholders.

Attracting and Nurturing the Best and Most Diverse Talent

IRES Fund Management continues to prioritise attracting the best and brightest talent within the real estate sector. Our dedicated Human Resources ("HR") team focuses on strategic talent consultation, attraction and leadership development. To ensure it continues to attract top talent, IRES Fund Management offers a wide range of leadership development opportunities to all new recruits and existing employees. In 2019, our Investment Manager's team grew by 38%, adding 18 new team members in a number of departments and locations across Ireland in support of I-RES' operational footprint. IRES Fund Management undertakes several initiatives to foster a diverse and inclusive work environment, including celebrating International Women's Day and holding a diversity week where daily videos and education on diversity are shared with employees.

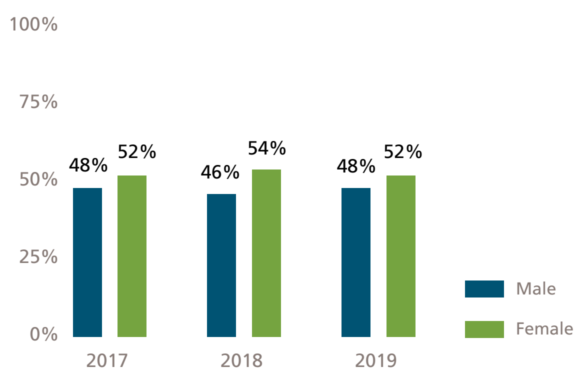
Of the 18 new staff members hired at IRES Fund Management since 2019, **44% were female.**

In 2019, IRES Fund Management held a **52/48% gender split** between self-identified women and men.

Business Person of the Month

Margaret Sweeney, CEO of I-RES, was named Business & Finance's Business Person of the Month in May 2019. Sweeney's noteworthy and ongoing business successes were recognized for contributing to the wider community in Ireland.

Investment Manager's Staff Gender Breakdown



Investment Manager's Corporate Values

- Service
- Excellence
- Pride
- Innovation
- Respect
- Integrity
- Fun
- Leadership & Teamwork
- Accountability

Our Investment Manager's Employee Benefits Include:

- Vhi Healthcare
- Death in Service
- Income Continuance
- Pension
- Annual Leave Entitlement
- Compassionate Leave
- Paternity Leave
- Maternity Leave
- Force Majeure Leave
- Bike to Work Scheme
- Travel Ticket Tax Saver

Investing in Employees: IRES Fund Management's Benefits and Compensation Approach

Our Investment Manager places its employees at the centre of its business culture and continues to improve available benefits to enhance the work-life balance of all team members. In April 2019, IRES Fund Management launched its first employee healthcare package in partnership with Ireland's most experienced health insurance provider, Vhi Healthcare. The package offers a wide range of coverage and support with healthcare, including general practitioner procedures, parental care, psychiatric coverage and much more.

Since its launch in April 2019, **34%** of our Investment Manager's employees have participated in the Vhi Healthcare Benefit Programme.

Health and Wellness in the Workplace

IRES Fund Management continually looks to enhance employee lifestyle and work-life balance through several initiatives:

Our Investment Manager's Wellbeing Initiatives

- Wellbeing portal – access to information to support mental health outside the workplace
- Wellbeing workshops
- Team social evenings
- Pension calculator
- Birthday (day off)
- Step challenge – a company-wide competition to promote wellness and encourage activity
- Employee anniversary gift
- Christmas and summer parties

CASE STUDY:

Wellbeing Workshop

In 2019, our Investment Manager held several wellbeing workshops to engage employees and identify initiatives they felt would contribute to improving their wellbeing in the workplace, including the remote regional offices supporting I-RES' portfolio. Rather than prescribing wellbeing initiatives, they chose to listen to their employees and create a meaningful feedback process to inform their collective decision-making. As a result, our Investment Manager implemented several office improvements, including:

- Weekly fresh fruit deliveries
- Access to smoothie blenders
- Gifting all employees with reusable water bottles and stress balls

New Dublin Office – Nurturing a culture of collaboration and partnership, I-RES recently underwent an office renovation to facilitate a shared workspace with our Investment Manager team. Our new office amenities include shower facilities, towel service and secure bike storage to encourage active travel; recycling pods to facilitate waste segregation; diverse plants and floor-to-ceiling windows to enhance biophilic design and daylight provision.

Training and Development

Lifelong Learning at IRES Fund Management

Our Investment Manager encourages and facilitates continual learning for all employees. The objective is to support lifelong learning while improving employee development, wellbeing and satisfaction. IRES Fund Management's HR team works diligently to provide a wide range of professional training and education opportunities. Their team understands the importance of a diverse approach to training and therefore offers general and specialised training, in addition to internal and external leadership and development programmes.

In 2019, IRES Fund Management introduced the Star Awards, a peer-based recognition programme. Each quarter, the effort of a team member is identified and acknowledged by peers, fostering a supportive working environment.

IRES Fund Management supports all of its employees' education goals and therefore does not impose any restrictions on programmes when they are related to professional growth and development.

Our Investment Manager's employees are entitled to a **€2,000** contribution each year for external education fees.

77 hours of training delivered in 2019.

CASE STUDY:

The Building Leaders Programme

BUILDING LEADERS

The Building Leaders programme is designed to strengthen the development of future leaders through experiential learning. CAPREIT has designed different Building Leaders programmes suited to different subsets of its workforce, including:

- BL Foundations for operations managers
- BL Core for senior managers within operations
- BL Partners for corporate managers
- BL Executive for executive staff

Through experiential learning opportunities and individually tailored coaching, the programme helps develop leadership skills over the course of two years and ensure appropriate succession planning within the CAPREIT organisation.

The Building Leaders programme is an international programme run by CAPREIT and as a result, employees of IRES Fund Management are eligible to participate and each participant has access to a wide range of international mentors.

Professional Memberships and Accreditations of IRES Fund Management Employees

- Property Services Regulatory Authority ("PSRA")
- Society of Chartered Surveyors (Ireland)
- Royal Institute of Chartered Surveyors (UK)
- Irish Institute of Professional Auctioneers
- Institute of Directors Ireland
- Engineers Ireland

Members of our Investment Manager's Operations team

Looking Ahead

Our Investment Manager remains committed to evolving its training and benefits programmes and to ensuring support and alignment with industry best practices.

Sustainable Development Goals Alignment

External Stakeholders

Resident Engagement

Enhancing the Resident Experience by Delivering Authentic Service That Builds Collaboration, Partnership and Trusting Relationships

In 2019, we engaged a third party service provider to perform a resident satisfaction survey. The objective of the survey is to measure resident satisfaction and explore ways to improve overall experience. To understand the resident experience, we focused on five key areas:

- Resident profile
- Overall satisfaction and loyalty
- General property amenities
- Maintenance and service
- Staff evaluation

Detailed results analysis per site is scheduled for completion in Q1 2020 and the results will be utilised to target key feedback themes and develop resident improvement programmes.

Top Three Positive Resident Feedback Points for I-RES Properties

1. Satisfaction with the common space and landscaping.
2. The quality of amenities, maintenance and repairs.
3. Respectful and professional staff.

Procurement – Building and Maintaining Strong Partnerships

I-RES partners with a wide range of vendors across Ireland, delivering an extensive array of high-quality services and products for our supply chain. I-RES believes employing an ESG lens to our procurement activities presents opportunities to manage our impacts, find innovation, and save costs and resources. I-RES is committed to working proactively with suppliers who share our ESG aspirations.

CASE STUDY:

An *Electrifying* Sustainable Procurement Process

With over €360,000 spent on electrical appliances in 2019, electrical goods remain a key supply chain focus for our business. Collaborating with our electrical appliance vendors, we focus on identifying the key impacts of the product life cycle. To address product life performance, our Investment Manager collaborated with our vendors to develop a standard product purchase list for electrical appliances. As a result, 90% of our standard purchase electrical appliances have an energy A-rated performance. Moving beyond product performance, our Investment Manager also engages with our vendors to manage the product's end of life. Partnering with DID Electrical, we responsibly recycled 44 tonnes of electrical waste in 2019.

Members of our Investment Manager's Procurement team

Electrical Waste Recycling	2017	2018	2019
	34 tonnes	36 tonnes	44 tonnes

A **23%** increase in electrical waste recycling in 3 years!

Leadership and Supporting Our Communities

I-RES has taken a leading role in the formation of a real estate association in Ireland, Irish Institutional Property ("IIP"), whose mission is "to promote the development of a sustainable world class real estate sector in Ireland which benefits members, the economy, communities and wider society". I-RES CEO Margaret Sweeney is Chair of the Board of IIP. I-RES is a member of European Real Estate Association ("EPRA") and Dublin Chamber of Commerce. The CEO and senior management in IRES Fund Management actively participate and contribute their experience and knowledge to other professional bodies including the Governing Council of Chartered Accountants Ireland, Society of Chartered Surveyors Ireland, and the Ireland Green Building Council.

I-RES, together with our Investment Manager, actively supported a wide range of annual charitable causes across Ireland. In 2019, we donated close to €70,000 through our participation in many charitable fundraisers, community improvement programmes, event support and sporting and music sponsorships.

Giving Back in 2019: Charitable Initiatives and Community Engagements I-RES Supported

- Tallafest Sponsor
- Better Homes Conference Sponsor
- BSQ Family Funday
- Darkness Into Light Fundraiser
- Dragons at the Docks Fundraiser
- Santa Dash Fundraiser
- Dublin Neurological Institute Fundraiser
- Elmpark Outdoor Gym
- Naomh Ólaf Football Club Sponsor

I-RES is proud to sponsor the Naomh Ólaf GAA club for three years running. A club with core values of diversity and respect, Naomh Ólaf GAA club is a cornerstone of the local community.

An annual summer community festival, Tallafest is a valued opportunity to meet our residents and foster a sense of community.

Alongside our real estate peers and Investment Manager, I-RES participated in the Dragons at the Docks Fundraiser in aid of the Dublin Simon Community. Collectively, the event raised €350,000 in 2019. All proceeds from the event go toward acquiring homes for families and individuals experiencing homelessness.

Looking Ahead

IRES Fund Management will continue to drive resident service and satisfaction by identifying new and innovative ways to engage I-RES' residents and enhance their experience at our properties. Future efforts will concentrate on broadening the scope of our resident engagement initiatives to address added social and environmental causes, as well as the importance of health and wellbeing.

In collaboration with our partners, I-RES will continue to manage third party risks that could result from our procurement activities. Our Investment Manager will continue to encourage our supply chain partners to remain accountable for their environmental and social performance by integrating adaptable ESG measures across the supply chain and socialising the adoption of these measures in coming years. Starting with the mapping of our supply chain, our Investment Manager will strive to establish and communicate our expectations through a formalised supplier code of conduct, an important step in involving our supply chain partners in integrating our ESG strategy.

Sustainable Development Goals Alignment

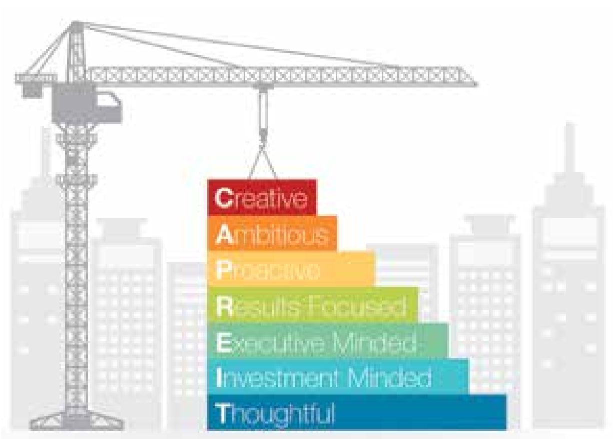
Corporate Governance and Integrity

A collaborative corporate culture supported by strong corporate governance.

Responsible corporate governance and integrity underpin our business and are integral to our corporate strategy and commitment to transforming local resident expectations of landlords through our high-quality assets and IRES Fund Management's model of professional property management and excellent service. Elected by our shareholders to oversee the management of the Company, I-RES' Board also ensures that the long-term interests of shareholders are advanced responsibly, while balancing the interests of our other stakeholders, including residents and our communities. Pursuant to the Codes, we aim to hold ourselves to high standards of ethical behaviour and transparency. Through our Code of Business Ethics and Conduct, we aim to deliver on our commitment of accountability to our stakeholders. The Board actively engages with I-RES and our Investment Manager to keep the protection and promotion of our stakeholders' interests top of mind. By advising on the right corporate strategy and applying effective governance measures and oversight, the Board helps identify principal risks associated with I-RES' business and ensures the implementation of appropriate systems to manage these risks, while identifying suitable opportunities for growth and the creation of continued long-term value.

Through our **Code of Business Ethics and Conduct,** we aim to deliver on our commitment of **accountability to our stakeholders.**

In developing a collaborative and partner-focused organisation that clearly defines how it intends to lead, the Board and CEO actively engage with the Investment Manager in building its cultural fluency by supporting I-RES' promotion of integrity, openness, diversity and active responsiveness to the views of shareholders and wider stakeholders. To ensure that our Investment Manager understands, supports and is aligned with our corporate purpose, values and strategy, the Chair of the Board along with I-RES' Chief Executive Officer visited certain of CAPREIT's site offices in Canada in 2019. To further affirm corporate culture alignment, the Investment Manager and CAPREIT's executive leadership team delivered a Board-level presentation on how CAPREIT's leadership style is adopted and integrated into the Investment Manager's policies, practices and behaviours through the following seven leadership competencies, commonly referred to as the "7Cs".



The "7Cs" developed by CAPREIT and adopted by the Investment Manager are aligned with the Company's growth strategy and culture.

- **Creative:** We are willing to challenge the status quo, value innovative ideas, listen to everyone, and collaborate and share ideas across the organisation.
- **Ambitious:** Achieving high performance, pushing for the best, remaining positive and overcoming challenges.
- **Proactive:** Taking the initiative, overlooking boundaries, leading teams and acting on opportunities will cultivate a positive, "can do" attitude.
- **Results Focused:** Achieving results, monitoring success, adjusting actions and giving feedback will ensure we are continuously improving.
- **Executive Minded:** Balancing the short- and long-term views of our business, maintaining our composure when faced with challenges, building strong teams and communicating a clear vision are ways in which we can be more executive minded.
- **Investment Minded:** When we make decisions to spend or invest, we balance the impact on short- and long-term growth. Improving financial returns is the goal, which we can achieve through the use of good judgement and the optimisation of capital.
- **Thoughtful:** By taking the time to value the common good, respecting others, winning support and earning trust, we can maximise team effectiveness.

Board Leadership: Assessing and Monitoring Our Corporate Culture

The Board has the opportunity to assess and monitor I-RES' corporate culture through ongoing and organic interactions between the Board, the Chief Executive Officer and the Investment Manager's team to ensure policies, practices and behaviours are aligned with the Company's purpose, values and strategy.

Listed below are examples of engagement measures taken in 2019:

- Fifth year anniversary celebration attended by the Directors, I-RES and the Investment Manager team, including senior and other personnel
- Ad-hoc department-level presentations delivered to the Board by the Investment Manager
- Property tour hosted by the IRES Fund Management Operations team for the Directors
- Joint dinners amongst the Directors and members of CAPREIT and the Investment Manager
- Annual community engagement initiatives and events
- I-RES' CEO meets with CAPREIT senior management in Canada several times each year

The Board of Directors – Promoting Responsible Conduct through Board-Level Oversight

I-RES remains committed to the highest standards of governance, consistent with regulatory expectations, evolving industry best practices, our corporate strategy and our risk appetite. As at the date of this report, the Board consists of seven directors. The Chief Executive Officer, Margaret Sweeney, is an executive director. Declan Moylan (the Chairman), Phillip Burns, Joan Garahy, Tom Kavanagh, Mark Kenney and Aidan O'Hogan (Senior Independent Director) are non-executive directors. The biographies of all the Directors appear in the Annual Report on pages 42 to 44. For added details on I-RES' corporate governance strategy and approach, please refer to page 45 of the Annual Report.

Governance-Related Policies	Description
Anti-Corruption Policy	Stipulates the Board's duties and responsibilities to avoid committing bribery and corruption and to provide guidance for the purpose of addressing potential problems appropriately. Applies globally to all persons acting for or on behalf of I-RES, including directors, officers and employees.
Code of Business Ethics and Conduct	Addresses the Board's commitment to maintaining high standards of integrity and accountability in conducting the business of the Company and its subsidiaries by providing a framework of guidelines and principles to govern and encourage ethical and professional behaviour in conducting our business.
Board Diversity Policy	Sets out the approach to diversity in respect of the Board of the Company to achieve the most appropriate blend and balance of diversity over time, ensure the inclusion of different perspectives to provide effective oversight, improve the quality of decision-making by reducing group-think, and support the development of a diverse pipeline of candidates in succession planning.
Dealing Code	The purpose of this code is to ensure that I-RES' directors, and certain employees of the Company and its subsidiaries, do not abuse, and do not place themselves under suspicion of abusing, inside information, and comply with their obligations under the Market Abuse Regulation.
Tenure Policy	Designates each non-executive director of the Company, including the Chairman of the Board of the Company, to serve until the end of the annual general meeting following the third anniversary of their appointment, unless their appointment is terminated earlier.
Division of Responsibilities Statement	States the Board's collective responsibility for I-RES' long-term sustainable success and the delivery of value for shareholders. The Board leads the development of I-RES' culture, purpose, value and strategy and aims to ensure that these are aligned.
Whistle-Blower Policy	Provides all of I-RES' workers, including the Board, officers and employees, with a process to raise genuine concerns safely and appropriately, and to disclose information which they believe shows malpractice or impropriety without fear of victimisation.

I-RES' Corporate Governance Performance as of December 31st for Each Reported Year			
Board Independence	2019	2018	2017
Independent (%)[1]	57%	57%	50%
Non-Independent (%)[2]	43%	43%	50%
Chair and CEO are separate	Yes	Yes	Yes
Board Meetings (No. of meetings for the 12-month calendar period beginning January)	2019	2018	2017
Full Board	11	14	14
Audit Committee	5	5	8
Remuneration Committee	9	4	6
Nomination Committee	4	6	5
Small Transactions Committee	N/A	N/A	1
Average annual Board attendance	99%[3]	95%[4]	99%[5]
Board Tenure	2019	2018	2017
Average board tenure (years)	3	3	2
Board Diversity	2019	2018	2017
% self-identified female directors	29%	29%	33%
Average age of all directors	59	61	60
Board Governance	2019	2018	2017
Board oversight of corporate responsibility	Yes	Yes	Yes

(1) "Independent" as defined and reported in our annual reports.
(2) "Non-Independent" as defined and reported in our annual reports.
(3) Please refer to page 47 of the Annual Report for added details on our annual Board attendance.
(4) Please refer to our 2018 Annual Report for added details on our annual Board attendance.
(5) Please refer to our 2017 Annual Report for added details on our annual Board attendance.

Concept and Design: THE WORKS DESIGN COMMUNICATIONS worksdesign.com

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