IRISH RESIDENTIAL PROPERTIES REIT PLC

INTERIM REPORT AND
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD
1 JANUARY 2020 TO 30 JUNE 2020
(UNAUDITED)

Contents

7 August 2020
LATEST RESULTS

IRISH RESIDENTIAL PROPERTIES REIT PLC
RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Irish Residential Properties REIT plc ("**I-RES**" or the "**Company**"), an Irish real estate investment company focused on residential rental accommodation, today issues its Group[1] interim results for the period from 1 January 2020 to 30 June 2020.

Key Financial Highlights

The Group delivered strong financial performance for the period ended 30 June 2020:

- 35% growth in the scale of the portfolio to 3,739 units for rental (30 June 2019: 2,771 units), across 42 properties in Dublin and Cork.
- 30.2% increase in Net Rental Income ("**NRI**") to €29.6 million (30 June 2019: €22.7 million), due to acquisitions in the 12 months from July 2019 and organic rental growth.
- Strong NRI margin of 79.2% for H1 2020 (30 June 2019 : 81.6%). The slight decrease in margin is due to higher bad debt and vacancy expenses compared to previous years, mainly resulting from the Coronavirus ("**Covid-19**") pandemic.
- An increase in EPRA Earnings of 4.3% to €15.9 million (30 June 2019: €15.3 million) and basic EPRA EPS of 3.1 cents compared to 3.5 cents at 30 June 2019.
- Basic NAV per share of 150.4 cents (31 December 2019: 155.3 cents), post payment of dividend in March 2020, and reflecting fair value losses on investment properties on revaluation, offset by profits generated in H1 2020.
- Intention to declare an interim dividend of 2.75 cents per share for the six months ended 30 June 2020, which is an increase of 1.8% compared to interim dividend declared of 2.7 cents per share for the same period last year.
- Group total gearing at 30 June 2020 was 42.9%, within the REIT's limit of 50% and debt financial covenant.

Covid-19 update

The Covid-19 pandemic has caused unprecedented disruption to the Irish economy and economic forecasts continue to evolve as the country responds to Covid-19. While the economic and social outlook remains unclear, we are confident that the quality of the property portfolio, the strength of the balance sheet and the platform provided by IRES Fund Management Limited (the **"Manager"** or **"IRES Fund Management"**), positions the Company well to navigate this challenging period. The defensive, counter-cyclical characteristics of the multi-family real estate sector in the Irish market have become clear during this pandemic.

The first signs of Covid-19 in Ireland were seen at the end of February. The Company and the Manager swiftly initiated the business continuity and crisis management plans. We have implemented 'working from home' for all staff other than frontline site staff. We have enhanced our cleaning and disinfecting at all properties as well as introducing an ongoing program of communications with residents in relation to Covid-19. The Company is conscious of the immense pressures facing the medical frontline staff at this time and has looked to provide practical assistance where possible. The Company has several properties and car spaces located close to hospitals which we have made available for frontline workers during this period.

Operations and Rent Collection

In line with measures introduced by the Irish Government in relation to the rental sector, we implemented a temporary moratorium on rent increases and termination notices. The emergency legislation was initially due to run for 90 days until 27 June 2020 but was subsequently extended until 1 August 2020. On 1 August 2020, new legislation was introduced to provide for a moratorium on rent increases in line with the continuation of income supports due to Covid-19 to January 2021.

The Manager has a strong operating platform and the technology has enabled the Company to communicate and stay in touch with its all its stakeholders, especially with our tenants. We have put in place additional processes to communicate and work with our residents on an ongoing basis during this period in relation to payment of monthly rents and have invited residents to discuss any issues that they may have in meeting their monthly rent payments. We look to provide solutions on a case-by-case basis for those residents facing financial hardship due to Covid-19. We are also looking to ensure that residents experiencing financial challenges are aware of the various Government supports available to help them. While we limited our repairs and maintenance on existing properties to essential works during the early stage of the pandemic to maintain the safety of our residents, we have now returned to a full service.

Post the Covid-19 pandemic declaration by the WHO on 11 March, 2020, our adjusted occupancy rate has remained strong at approximately 98.9%[(1)]; Monthly rent collections have also remained resilient post Covid-19 at 98.4% for the residential portfolio while this is marginally lower compared to the rent collections in previous years it represents a very strong outturn under the current exceptional conditions. Rental demand has remained strong and we continue to see demand levels in line with pre-Covid-19 levels.

Our overriding priority remains the welfare of our colleagues, tenants and communities, and we are following all of the Irish Health Service Executive ("**HSE**") guidelines in that regard.

Development Activity

The closure of non-essential construction sites for 7 weeks until 18 May 2020 and continued social distancing requirements pertaining after this date resulted in construction activity on the Company's active development sites and forward purchase contracts being temporarily suspended. While work has recommenced on all sites as a result of these suspensions we expect delays to completion of our developments at Hansfield Wood (95 units), Merrion Road (69 units), and Bakers Yard (61 unit).

Government response

In order to mitigate the spread of Covid-19 the Irish Government introduced extensive restrictions on public movement and economic activity. In tandem with this the government put in place a range of supports to alleviate financial stress on individuals and businesses, many of which continue to run, these include:

- Significant income supports for workers experiencing job disruption due to Covid-19, which provides some assistance to tenants during these challenging times to maintain their rental payments. The government has extended the Pandemic Unemployment Payment ("**PUP**") which was due to expire on 10 August 2020 until 1 April 2021; however, a two level payment structure has been introduced to link the PUP level to prior earnings.

- A suspension on evictions and rent increases introduced for the duration of the Covid-19 emergency period, this was originally for 3 months from 27 March 2020 and was extended until 1 August 2020. On 1 August 2020, new legislation was introduced to provide for a moratorium on rent increases in line with the continuation of income supports due to Covid-19 to January 2021.

- Closure of non-essential construction sites was implemented for a period of 7 weeks until 18 May 2020 and since their re-opening, social distancing and other requirements are in effect on sites. This resulted in construction activity on the Company's active development sites and forward purchase contracts being temporarily suspended, but work has now recommenced across all of our sites since 18 May 2020.

- In relation to business, the Irish government has put in place a range of measures and funding supports to provide loans and capital to Small and Mid-sized Enterprise ("**SME's**"). Most recently, the government announced the "July Jobs Stimulus" package on 23 July 2020, a €7.4 billion package of measures designed to stimulate a jobs-led recovery and build economic confidence while continuing to manage the impact of Covid-19. Measures for SMEs included, inter alia, 0% interest rates for the first year of SME loans, restart grant programmes for enterprises being extended and expanded and the introduction of a €2 billion Covid-19 Credit Guarantee Scheme.

Resilient rental portfolio in a downturn

I-RES has a diversified, high-quality portfolio located close to transport hubs, schools and major employers. Key highlights include:

- Modern portfolio, with an average age of circa 11 years.
- 3,739 apartments and houses, spread across 41 properties throughout Dublin and 1 property in Cork.
- Focused on the mid-tier affordable market, which tends to be more resilient in times of economic downturn.
- Diversified tenant base, with no significant large scale letting to any one tenant. Majority of the portfolio (over 60%) is spacious two-bedroom apartments.

[1] As at 30 June 2020. Excluding 2020 Acquisitions and units temporarily provided to healthcare service providers during Covid-19

The portfolio had a 1.95% fair value decrease at 30 June 2020 arising from an independent valuation with the adjustment principally due to lower forecasted rental income in the short term impacted by vacancy and bad debt due to the Covid-19 pandemic, and decreases in developmental land values and commercial components of the portfolio.

Robust and flexible balance sheet

I-RES has a strong balance sheet with sufficient liquidity and flexibility in place to manage through this period of uncertainty. In addition to the ongoing stable cash flow from its operating business, the Company has available cash and undrawn committed facilities to cover costs and capital commitments over the medium term.

- The Company's revolving credit facility was refinanced during 2019, increasing the committed facility to €600 million (with an uncommitted accordion facility of €50 million), lowering the interest fixed margin to 1.75% and extending the maturity to 2024, with the option to extend further to 2026 (subject to certain conditions).
- The Group completed a private placement of notes of circa €200 million equivalent in March 2020, with a weighted average interest rate of 1.92% inclusive of swap costs. The notes have a weighted average maturity of 9.7 years, laddered over seven, ten and twelve-year maturities, with the first repayment due in 2027.
- As of the 30 June 2020, the Company has €14.1 million of cash and €212 million of committed undrawn debt under its revolving credit facility.
- The Group's loan to value ratio was 42.9% as at 30 June 2020, below the 50% maximum allowed under the Irish REIT rules and the financial covenants under the Group's debt facilities. The Company also maintains significant headroom on its interest coverage ratio. The interest coverage was 4.5x EBITDA for H1 2020 (compared to 6.1x EBITDA for H1 2019), compared to the required threshold covenant of 2x EBITDA under the Group's debt facilities.

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

"This has been a period of unprecedented social and economic challenge due to the Covid-19 global pandemic. The Company together with our Manager and CAPREIT, have focused first and foremost on ensuring the health and wellbeing of our employees, partners, residents, tenants and suppliers. We have worked together very effectively to navigate the business successfully through the uncertainty and challenges of this environment. We acknowledge the significant ongoing support provided by the Government and the health services to support people, communities and businesses during this crisis period.

The results of the Company for the 6 months period to 30 June 2020 reflect the significant increase in the portfolio, with revenue growth of circa 34% over the same period last year. These results, which reflect approximately 4 months of the impact of the Covid-19 pandemic, also demonstrate the strong resilience of the business with net rental income margin achieved of 79.2% and continued strong occupancy across the portfolio of 97.9%. We incurred some non recurring general and administrative ("**G&A**") costs in this period and accounted for a slight decrease in fair value of our investment properties on revaluations.

We have continued to deliver on our growth and investment strategy with 73 new homes added during the period to 30 June, bringing our overall portfolio of homes for rental to 3,739, up 35% on the same period last year. Since the period-end, we have taken delivery of 95 homes at Hansfield Wood, further increasing the portfolio size to 3,834 units. We continue to invest in line with our growth strategy with ongoing developments at Bakers Yard and the forward purchase contract for Merrion Road. To deliver operational and asset management efficiencies, we have recently engaged in a disposal process for 151 units of small holdings across 9 properties.

We continuously assess our funding options to support the Company's growth strategy and, during the period, we were pleased to complete a successful circa €200 million equivalent Notes placement in March 2020 which strengthened the balance sheet by creating additional liquidity and funding sources while keeping interest rates at attractive levels.

Looking forward, while social and economic uncertainty is likely to continue due to Covid-19, I believe the ongoing supply constraints and resilient demand drivers for housing in Ireland will underpin the performance of the Company for the remainder of the financial year and beyond. I believe that the multi-residential sector is highly defensive and counter cyclical and with our balanced portfolio of modern assets, together with the operational excellence of the Manager, we are well positioned to continue to deliver strong performance and value going forward."

(1) This report ("**Report**") incorporates the financial information of the Company and its wholly-owned subsidiary, IRES Residential Properties Limited, together referred to as the "**Group**", for the period from 1 January 2020 to 30 June 2020.

For the six months ended	30 June 2020	30 June 2019
Operating Performance		
Revenue from Investment Properties (€ millions)	**37.4**	27.8
Net Rental Income (€ millions)	**29.6**	22.7
(Loss)/Profit (€ millions)	**(10.9)**	34.1
Add: Net movement in fair value of investment properties (€ millions)	**27.2**	(22.5)
Add: Costs associated with early close out of debt instrument (€ millions)	**—**	3.2
Less: Gain/(Loss) on derivative financial instruments (€ millions)	**(0.5)**	0.5
Profit before fair value changes in investment properties - EPRA Earnings (€ millions)	**15.9**	15.3
Non recurring costs (€ millions)(4)	**(2.3)**	—
EPRA Earnings adjusted for non recurring costs (€ millions)	**18.2**	**15.3**
EPRA Earnings per share (cents)(2)	**3.1**	3.5
Basic EPS (cents)	**(2.1)**	7.8
Portfolio Performance		
Total Number of Residential Units	**3,739**	2,771
Overall Portfolio Occupancy Rate(2)	**97.9** %	98.3 %
Overall Portfolio Average Monthly Rent (€)(2)	**1,599**	1,598

As at	30 June 2020	31 December 2019
Liquidity and Leverage		
Total Property Value (€ millions)	**1,362.6**	1,359.2
Net Asset Value (€ millions)	**784.5**	810.2
Basic NAV per share (cents)	**150.4**	155.3
Group Total Gearing(3)	**42.9** %	40.8 %
Gross Yield at Fair Value(1)(2)	**5.7** %	5.6%
Other		
Market Capitalisation (€ millions)	**737.7**	829.5
Weighted Average Number of Shares – Basic	**521,678,946**	478,563,272

(1) Excluding fair value of development land and investment properties under development.
(2) For definitions, method of calculation and other details, refer to pages 18 to 20 of Business Performance Measures under the Business Review section of the Manager's Review.
(3) For definitions, method of calculation and other details, refer to page 18 of Liquidity and Financial Condition under the Operational and Financial Review.
(4) Refer to page 16 for further details on non recurring costs.

H1 2020 Results supported by operational excellence and strong real estate market fundamentals

- Continued growth in our revenue from investment properties to €37.4 million for the six months was driven by acquisitions of new units, and organic rental growth despite the impacts of the Covid-19 pandemic.
- The Group maintained residential occupancy levels of 97.9% as at 30 June 2020 (30 June 2019: 98.3%).
- "**NRI**" margin of 79.2% for the six months ended 30 June 2020, compared to 81.6% for the six months ended 30 June 2019. The decline is due to higher bad debts and vacancy post declaration of Covid-19 pandemic, compared

to prior periods. I-RES also has a limited number of commercial parking and commercial leases (in total less than 3.5% of total Revenues), which have been more negatively impacted.

- Our growth in the long term will be supported by the strong economic fundamentals of the Irish economy as well as the continued strong demand arising from population growth and the ongoing supply and demand imbalance in the Irish residential property market. The multi-family real-estate market has proven to be a highly defensive and countercyclical asset class that can bear broader market swings.

Delivering on our Investment Strategy

I-RES continued to deliver on its three pronged strategy for growth from acquisition and development of new assets

- Took delivery of the forward purchase of 55 apartments and duplexes at Waterside, Malahide, Co Dublin for a total purchase price of €18.5 million (including VAT, but excluding other transaction costs). The scheme was handed over on a phased basis by the end of March 2020.

- 95 residential units in Hansfield Wood, Dublin 15 for a total consideration of circa €30 million (including VAT, but excluding other transaction costs) was completed and delivered on 31 July 2020.

- In January 2020, entered into a development contract to develop 61 residential units for a total consideration of circa €16 million at Bakers Yard. Construction work commenced in January and was halted in March due to the Covid-19 pandemic. Construction work has restarted and the expected handover of the residential units is anticipated to be at the end of 2021.

- Ongoing development by Dalata Hotel Group of 69 units at Merrion Road and a forward purchase contract with delivery expected in 2022, impacted by restrictions on construction activity during the Covid-19 pandemic.

- Completion of 18 conversion units at Tallaght Cross West in March 2020 which are currently temporarily being provided for the use of health care staff during this pandemic.

Funding

- On 11 March 2020, I-RES successfully closed the issue of €130 million notes and IRES Residential Properties Limited, its subsidiary closed the issue of USD $75 million notes on a private placement basis (collectively, the "**Notes**") which is circa of €200 million (Euro equivalent). The Notes have a weighted average fixed interest rate of 1.92% inclusive of a USD Euro swap and an average maturity of 9.7 years.

Dividends

It is intended that the declaration of an interim dividend of 2.75 cents per share (€14.3 million) million for the six months ended 30 June 2020 be announced by the Company and such interim dividend be paid on a subsequent date as notified in such announcement following the filing of the relevant financial statements for the Company with the Companies Registration Office in Dublin, Ireland.

Chairman's Statement

The Coronavirus ("Covid-19") pandemic has created significant uncertainty in every aspect of life, and the Company's utmost priority as we navigate this difficult period remains the health, safety and wellbeing of our officers, employees, residents, shareholders and our business partners. The evolving situation presented by the Covid-19 pandemic, and Government restrictions introduced in order to mitigate its spread, could have impacts on the Company's business which we cannot foresee at this time. However, we are confident that the quality of our property portfolio and the strength of our balance sheet provides great resilience during this period and together with the experience of our Board, CEO and IRES Fund Management, position the Company well to navigate this challenging future period.

The Group has generated strong growth in revenue for the six months ended 30 June 2020 due to continued investment in new properties and consistently high occupancy across the portfolio.

EPRA EPS is 3.1 cents for the six months ended 30 June 2020, a decrease of (11.4%), compared to the same period last year (30 June 2019: 3.5 cents). The Company continues with its dividend policy in accordance with the REIT legislation in Ireland.

Basic NAV per share decreased by 3.2% to 150.4 cents, for the six months ended 30 June 2020 compared to 31 December 2019. This decrease was driven mainly by dividends paid in March 2020, and fair value losses on investment property on revaluation, offset by profits generated in H1 2020.

As at 30 June 2020, the Group has invested in a portfolio of 3,739 residential units across 41 properties in the Dublin area and one property in Cork. The Company continues to deliver on its growth strategy with a continuing pipeline of growth opportunities. The Board will continue to evaluate further growth opportunities with disciplined capital allocation to ensure value for shareholders.

The Board continues to be very satisfied with the significant contributions made by IRES Fund Management, the Company's Manager, together with senior management and staff of CAPREIT Limited Partnership ("**CAPREIT LP**").

We are very appreciative of our shareholders (including CAPREIT) and of our banking syndicate which strongly supported the Company in its financing during the last 12 months. Particularly noteworthy during the last 6 months is the successful placement in March 2020 of Notes of circa €200 million equivalent, with high quality institutions at attractive interest rates and lengthening significantly the maturity of our debt profile.

Recent economic forecasts suggest that the Covid-19 pandemic will have significant implications for global economic growth forecasts for the remainder of 2020 and into 2021. Similarly, in Ireland most forecasters envisage a sharp contraction in GDP in 2020, with forecasts ranging from 6.8% to 12% contraction. A prolonged crisis, including increasing unemployment levels, may have an impact on the Group's bad debts and level of arrears of rents.

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. The Board and the Manager will continue to review as appropriate its business strategy taking into account increasing risks as well as opportunities.

The Company remains well-positioned financially and operationally to meet the challenges and opportunities ahead, and the Board is confident that the Company's long-term prospects are undiminished. The Board believes in the Group's ability to navigate the uncertainty caused by Covid-19 pandemic. The quality of the property portfolio, the strength of the balance sheet and the experience of the Board, CEO and the Manager, positions I-RES well to navigate this challenging period.

I would like to thank my fellow Board members, our CEO, Margaret Sweeney as well as the management and staff of IRES Fund Management and CAPREIT LP for their very significant and diligent focus on the business, its strategy and operations during these uncertain and challenging times.

Declan Moylan
Chairman

Chief Executive Officer's Statement

This has been a period of unprecedented social and economic challenge due to the Covid-19 global pandemic. The Company together with our Manager and CAPREIT, have focused first and foremost on ensuring the health and wellbeing of our employees, partners, residents, tenants and suppliers. We have worked together very effectively to navigate the business successfully through the uncertainty and challenges of this environment. We acknowledge the significant ongoing support provided by the Government and the health services to support people, communities and businesses during this crisis period.

I am pleased to report that despite the ongoing challenging and unprecedented times our business has remained resilient, highlighting the defensive and counter-cyclical characteristics of the multi-family real estate sector. Our high quality, diverse portfolio of assets, robust financial position and highly experienced Manager has ensured the underlying strength and performance of the business.

Post declaration of the Covid-19 pandemic, monthly rent collections have been consistent at about 98% and occupancy has remained stable at around 97.9% for the residential portfolio. Our residents base is diversified and currently the underlying demand for good quality rental accommodation, professionally managed and in the mid-tier range, remains strong. We have continued to support our commercial tenants whose businesses have been significantly impacted due to closure under Government and health regulations. We continue to monitor the development of the pandemic and assess how I-RES will respond to the changing economic environment. The various stimulus and income support measures provided by the Irish Government have assisted some of our residents during these last few months. We believe that continued Government support and policy stability in Ireland will assist both individuals and companies to successfully come through this very uncertain and unpredictable environment.

The results of the Company for the six month period to 30 June 2020 reflect the significant increase in scale of the portfolio, with revenue growth of circa 34% over the same period last year. These results, which reflect approximately 4 months of the impact of the Covid-19 pandemic, also demonstrate the strong resilience of the business with net rental income margin achieved of 79.2% and continued strong occupancy across the residential portfolio of 97.9%. We incurred some non recurring G&A costs in this period and slight decreases in fair value of our investment properties on revaluation.

We continue to deliver on our strategy with investment in the supply of apartments and houses for rent , through a combination of acquisitions and new developments. We added 73 residential units in the first six months of 2020, and entered into a development contract to develop 61 residential units at our Baker's Yard location. As at 30 June 2020, the portfolio consisted of 3,739 high-quality, well-located residential units along with associated commercial space and owned development sites (31 December 2019: 3,666 residential units), at a total value of €1,362.6 million. All of our residential units are in the Dublin and Cork area near important transportation links and employment centres. Since the period end, we have taken delivery of 95 homes at Hansfield Wood, further increasing the portfolio size to 3,834 units. To deliver operational and asset management efficiencies, we have recently engaged in a disposal process for 151 units of small holdings across 9 properties.

I-RES has a strong balance sheet with sufficient liquidity to manage through this period. In March 2020 the Group successfully completed a private placement of Notes of circa €200 million (Euro equivalent), with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 9.7 years, laddered over seven, ten and twelve-year maturities, with the first repayment due in 2027.

Results

Below is a table summarising the Group's financial position as at 30 June 2020 and profit or loss results for the six months ended 30 June 2020:

Statement of Financial Position:	**As at 30 June 2020**	**As at 31 December 2019**
Investment Property Value (€ millions)	**1,362.6**	1,359.2
Net Asset Value (€ millions)	**784.5**	810.2
Basic NAV per Share (cents)	**150.4**	155.3
Bank Indebtedness and private placement debt (€ millions)	**577.6**	549.9
Group Total Gearing	**42.9** %	**40.8** %
Statement of Profit or Loss and Other Comprehensive Income:	**For the six months ended 30 June 2020**	**For the six months ended 30 June 2019**
Revenue from Investment Properties (€ millions)	**37.4**	27.8
Net Rental Income (€ millions)	**29.6**	22.7
Profit before fair value changes in investment properties - EPRA Earnings (€ millions)	**15.9**	15.3
Non recurring costs (€ millions)(1)	**(2.3)**	—
EPRA Earnings adjusted for Non recurring costs (€ millions)	**18.2**	**15.3**
Basic EPS (cents)	**(2.1)**	7.8
Diluted EPS (cents)	**(2.1)**	7.7
EPRA EPS (cents)	**3.1**	3.5
EPRA EPS adjusted for non recurring costs (cents)	**3.5**	3.5

(1) Refer to page 16 for further details on non recurring costs.

The property assets at 30 June 2020 increased by €30.7 million relating to acquisitions, development and maintenance of the asset portfolio offset by €27.2 million fair value loss on the investment properties held as at 30 June 2020. The fair value decline of 1.95% in investment properties as at 30 June 2020 compared to 31 December 2019 was due to lower forecasted rental income in the short term impacted by vacancy and bad debt due to the Covid-19 pandemic, and decreases in developmental land values and commercial components of the portfolio.

Basic NAV per share was 150.4 cents as at 30 June 2020, a decrease of 3.2% from 155.3 cents as at 31 December 2019, post payment of a 3.1 cents dividend per share (€16.2 million) on 23 March 2020, and fair value losses on investment properties on revaluations, offset by profits generated in H1 2020.

The Group increased its Group Total Gearing to 42.9% at 30 June 2020, up from 40.8% at 31 December 2019, to support additional acquisitions and development. This remains within the Group's REIT limit of 50%, and debt financial covenant.

Average Monthly Rent ("**AMR**") for all properties was €1,599 as at 30 June 2020 (30 June 2019: €1,598).

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. This regulation continues on these terms to December 2021. In March 2020, Emergency legislation was introduced due to the Covid 19 pandemic, which provided for a three month rent moratorium on renewals and evictions from 27 March 2020, which was subsequently extended to 1 August 2020. On 1 August 2020, new legislation was introduced to provide for a moratorium on rent increases in line with the continuation of income supports due to Covid-19 to January 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 97.9% at 30 June 2020 (30 June 2019: 98.3%).

We are delighted to continue to provide strong returns with EPRA EPS at 3.1 cents for the six months ended 30 June 2020 compared to 3.5 cents for the same period last year. The decrease was due to higher bad debts and vacancies resulting from the Covid-19 pandemic.

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 3.1 cents per share (€16.2 million) on 23 March 2020 in respect of the year ended 31 December 2019.

It is the intention of the Board that the declaration of an interim dividend of 2.75 cents per share (€14.3 million) for the six months ended 30 June 2020 be announced by the Company following the filing of the relevant financial statements of the Company with the Companies Registration Office in Dublin, Ireland and such interim dividend be paid on a subsequent date as noted in such announcement.

Environmental, Social and Governance (ESG) Strategy

The current public health crisis with Covid-19, and the growing social consciousness of investors and corporates of their responsibility to ensure a better quality of life for all, from an environmental, economic, social and equality perspectives, creates continuing and increasing change and opportunity as well as risks for our business and our key stakeholders going forward. As such, we must continue to act to support our employees both in the Company and IRES Fund Management, our residents, our communities, our vendor partners and our investors during these turbulent times.

The Company and our Manager have in place 'work from home' arrangements for the majority of employees and the leasing and maintenance staff have been supporting our residents in line with health authority and Government guidance. The Investment Manager has supported the wellbeing of all employees, by promoting online resources to facilitate their remote working.

In line with our social responsibility to the communities we live and work in, we provided residential homes at a number of our properties at Waterside, Tallaght Cross West and Elm Park for the temporary use of doctors and nurses at nearby hospitals including car parking to support their vital and hard work during this crisis period. The employees of the Company and Manager engaged in various initiatives to support charities, including raising funds in support of the Dublin Neurological Institute to help people with Parkinson's, multiple sclerosis, dementia and other neurological diseases, during the restricted period.

Our integrated ESG strategy approach continues to be complementary to our vision to be the landlord, partner and investment of choice. We remain committed to incorporating ESG factors across our business, including our day-to-day operations, asset management, acquisitions and developments, financial and non financial reporting.
During this period, we initiated our inaugural Global Real Estate Sustainability Benchmark (GRESB)-submission process, the results of which will underpin the development of our ESG strategy going forward.

In addition, we switched to 100% renewable electricity for all I-RES owned common areas, resulting in an estimated annual savings of over €35,200 and 218,712 kg in carbon emissions, which is the equivalent to the annual energy use of 25 average homes. Transitioning to 100% renewable energy is anticipated to save close to 21% in total yearly electricity costs.

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 and is further impacted by current regulations due to Covid-19. Demand drivers for quality, well located and professionally managed accommodation remain strong, in addition to continued population growth and strong inward investment in key sectors.

We continue to monitor the impact and potential risks and opportunities for the Group from the recently evolving Covid-19 pandemic, market events such as Brexit and US policy on Foreign Direct Investment in Ireland as well as taxation and increased regulation risks. The ongoing housing shortage is a key focus of government as well as increasing regulation to protect residents' interests. Covid-19 could give rise to increases in bad debts and vacancy levels, however it is too early to ascertain the extent of this impact.

To date rent collections across our residential portfolio remain strong, but this may not be indicative of the rate of rent collection in the upcoming months given the ongoing uncertainty related to the Covid-19 pandemic, including uncertainty surrounding governmental measures taken to mitigate the economic impacts.

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.

Looking forward, while social and economic uncertainty is likely to continue due to Covid-19, I believe the ongoing supply constraints and resilient demand drivers for housing in Ireland will underpin the performance of the Company for the remainder of the financial year and beyond. I believe that the multi-residential sector is highly defensive and counter cyclical and with our balanced portfolio of modern assets, together with the operational excellence of our Manager, we are well positioned to continue to deliver a strong performance and value going forward.

Finally, I would also like to convey the gratitude of myself and the Board to each and every employee in the Company and the Manager as well as our partners and service providers. They have been working relentlessly through this challenging time in continuing to manage the portfolio and offer an exceptional service to our residents who have been living and working under significant restrictions over the last 4 months as the country deals with the Covid-19 pandemic. 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.

Margaret Sweeney

Margaret Sweeney
Chief Executive Officer

Investment Manager's Statement

As the Manager, we continue to monitor the evolving situation for Covid-19 with a focus on protecting the health and safety of our employees, IRES's tenants and implementing appropriate cautionary measures to address potential risks.

The Manager performed strongly in 2019 and the first half of 2020 despite these uncertain times. 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 ensures that people simply love to live in our buildings, which leads to the consistently high occupancy rates we have delivered year after year.

Our local capabilities are amplified by our access to the global expertise, systems and technology platforms of CAPREIT LP, a Canadian leader in the professional property management of rental accommodation. Building on the CAPREIT LP 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. 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.

Scott Cryer
Director of IRES Fund Management

Business Review

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.

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

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

Forward Purchase and Development Contracts

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 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.

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 handover of the apartments to I-RES was completed on 31 July 2020. This later than anticipated hand over was as a result of restrictions on construction activity during the Covid-19 pandemic.

Contracts entered in 2018 which are expected to be delivered in 2022

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 in 2022 and made available for leasing. This date may be impacted by restrictions on construction activity during the Covid-19 pandemic.

Development and Intensification of Existing Assets

During the past two years, I-RES submitted planning applications to build circa 678 residential units across 8 existing sites and has now successfully received planning permissions for all of these developments.

Developments in 2020

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, and the units were completed in March 2020 and are currently awaiting final certificate for lease up.

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. Construction work commenced in January and was halted in March due to the Covid-19 pandemic. Construction work has restarted in May and the expected handover of the residential units is anticipated to be at the end of 2021. This date may be impacted by restrictions on construction activity during the Covid-19 crisis.

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

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 planning application has been submitted for 51 residential units in June 2020.

Property Portfolio Overview

The following tables provides the Group's property portfolio valuation as at 30 June 2020. There were no disposals during the period.

Property Location	# of Buildings	# of Apts. Owned(1)	Commerical Space Owned (sq.m.)(1)	Average Monthly Rent Per Apt. as at 30 June 2020 (1)(2)(3)	Rent (/sqm/ month)	Occupancy (1)(2)
Total South Dublin	11	**1,074**	**6,854**	**€1,761**	**€22.6**	**98.0%**
Total City Centre	9	**455**	**2,734**	**€1,565**	**€21.2**	**91.0%(4)**
Total West City	3	**409**	**—**	**€1,626**	**€21.4**	**99.5%**
Total North Dublin	10	**926**	**—**	**€1,528**	**€19.9**	**98.7%**
Total West Dublin	8	**825**	**17,759**	**€1,489**	**€18.3**	**99.9%**
Cork	1	**50**	—	**€1,268**	**€15.9**	**98.0%**
Total Portfolio	**42**	**3,739**	**27,347**	**€1,599**	**€20.6**	**97.9%**

(1) As at 30 June 2020.
(2) Based on residential units.
(3) Average monthly rent (AMR) is defined as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property. Actual monthly residential rents, net of vacancies, as at 30 June 2020 was €5,920,111 divided by 3,739 units (which are the total units owned as at 30 June 2020) resulting in AMR of €1,599.
(4) The Weighted Average Occupancy, for all the Group properties located in the City Centre, includes one luxury property. Excluding this one luxury property, the occupancy rate for the properties located in City Centre was 98.9%, as at 30 June 2020.

Operational and Financial Results

Net Rental Income and Profit for the Six Months Ended

	30 June 2020	30 June 2019
	€'000	€'000
Operating Revenues		
Revenue from investment properties[1]	**37,362**	27,844
Operating Expenses		
Property taxes	**(385)**	(300)
Property operating costs	**(7,384)**	(4,822)
	(7,769)	(5,122)
Net Rental Income ("NRI")	**29,593**	22,722
NRI margin	**79.2** %	81.6 %
General and administrative expenses[2]	**(2,593)**	(1,961)
Non recurring costs[2]	**(2,287)**	—
Asset management fee	**(2,263)**	(1,775)
Share-based compensation expense	**(186)**	(55)
Net movement in fair value of investment properties	**(27,246)**	22,531
Gain/(Loss) on derivative financial instruments	**481**	(526)
Depreciation of property, plant and equipment	**(252)**	(1)
Lease interest	**(122)**	—
Financing costs	**(5,976)**	(6,824)
(Loss)/Profit for the Period	**(10,851)**	34,111

(1) Includes rent vacancy loss of €1.3 million for H1 2020 (€0.6 million for six months ended 30 June 2019).
(2) The non-recurring costs of €2.3 million and general and administrative expenses of €2.59 million incurred in the first half of 2020 total the general and administrative expense costs of €4.87 million reflected on the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2020.

Operating Revenues
For the six months ended 30 June 2020, total operating revenues increased by 34.2% compared to the six months ended 30 June 2019, due to a full-year of contributions from prior year acquisitions and completed forward purchases during 2020.

Net Rental Income
The NRI margin has been presented as the Company believes this measure is indicative of the Group's operating performance. For the six months ended 30 June 2020, NRI increased by 30.2% primarily due to acquisitions completed in the prior period having a full-year impact, and completed forward purchases during 2020. The NRI margin for the current period decreased to 79.2% compared to 81.6% for last period due to higher bad debts and vacancy costs as a result of Covid-19 pandemic. The bad debt expenses increased to € 0.6 million (1.6% of total operating revenues) in H1 2020 due to Covid-19, compared to € 2,000 in H1 2019. The increase is also due to a higher allowance for bad debt expense recognized with respect to the commercial portion of the I-RES's mixed-used properties, as a result of the Covid-19 pandemic. Given the economic uncertainty resulting from the Covid-19 pandemic, I-RES is paying close attention to the allowance provided for bad debt expenses and has been monitoring tenant receivables on a daily basis to ascertain whether it is subject to any increased risk that tenants who are experiencing financial difficulty due to the Covid-19 pandemic will be unable to pay their rents as they come due.

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.

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

Asset Management Fee
Pursuant to the investment management agreement between I-RES, IRES Residential Properties Limited and IRES Fund Management effective on 1 November 2015, as amended and restated from time to time (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 to the Manager. The asset management fee for the six months ended 30 June 2020 was €2.3 million compared to €1.8 million for the six months ended 30 June 2019. It is higher due to higher net asset value compared to the same period last year. See note 20 of the Condensed Consolidated Interim 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. In 2020, new restricted shares were awarded to the Company's Chief Executive Officer. See note 12 of the Condensed Consolidated Interim Financial Statements.

Net movement in fair value of Investment Properties
I-RES recognises its investment properties at fair value at each reporting period, with any unrealised gain or loss on remeasurement recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value decline of 1.95% in investment properties as at 30 June 2020 compared to 31 December 2019 was due to lower forecasted rental income in the short term impacted by vacancy and bad debts due to the Covid-19 pandemic. The decline in fair value was higher for development lands and the commercial component of the portfolio compared to residential.

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 six months ended 30 June 2020, there was a fair value gain of circa €0.2 million recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income compared to a fair value loss of circa €0.5 million for 2019.

On 12 February 2020, IRES entered into a cross-currency swap to (i) hedge the US-based loan of USD $ 75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the US-based loan to a fixed Euro interest rate, maturing in 10 March, 2027 and 10 March 2030. For the six months ended 30 June 2020, there was a fair value gain of circa €0.3 million recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Financing Costs on Credit Facility
Financing costs, which include the amortisation of certain financing expenses, interest and commitment costs, decreased for the six months ended 30 June 2020 to €6.0 million from €6.8 million for the six months ended 30 June 2019. The decrease is mainly due to a prepayment cost of circa €3.1 million incurred relating to the termination of the previous facility of €350 million in 2019. The financings costs has increased by €2 million in H1 2020 compared to H1 2019 (after adjusting for non-recurring financings costs incurred in H1 2019) mainly due to higher leverage, and commitment fees on the undrawn balance of the Revolving Credit Facility.

Property Portfolio Overview

Property Capital Investments
The Group capitalises all capital investments related to the improvement of its properties. For the six months ended 30 June 2020, the Group made property capital investments of €8.0 million, an increase from €2.6 million for the six months

ended 30 June 2019. The capital investments for H1 2020 includes intensification costs for a commercial tenant at Tallaght Cross West for €4.9 million.

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 30 June 2020 is circa €1.2 million. There is also an active insurance claim with respect to the water ingress and related damage.

Liquidity and Financial Condition

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

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

Group Total Gearing

At 30 June 2020, capital consists of equity and debt, with Group Total Gearing of 42.9%, which is below the 50% maximum allowed by the Irish REIT Regime, and its debt financial leverage ratio. I-RES seeks to use gearing to enhance shareholder returns over the long term.

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

As at	30 June 2020 (€'000)	30 June 2019 (€'000)
Committed Facility	**600,000**	600,000
Less: Drawdowns	**388,020**	382,020
Available Borrowing Capacity[(1)]	**211,980**	217,980
Weighted Average Interest Rate	**1.71 %**	1.90 %

(1) A commitment fee of 0.7% per annum is charged on the undrawn portion of the facility.

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.

In March 2020, I-RES successfully closed the issue of €130 million Notes and IRES Residential Properties Limited, its subsidiary closed the issue of USD $75 million notes on a private placement basis (collectively, the "Notes"), together circa of €200 million (Euro equivalent), with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 9.7 years, laddered over seven, ten and twelve-year maturities, with the first repayment due in 2027. The net proceeds of the Notes were used to pay down the Revolving Credit Facility. This issuance of Notes strengthened I-RES' balance sheet by creating more liquidity and flexibility, while keeping the interest rates at attractive low levels, and attracting high quality investors for this transaction. In addition, it also enhanced I-RES' funding alternatives.

The Group have a weighted average debt maturity of 5.7 years and no debt maturities before January 2024. I-RES also have undrawn facilities of €96 million (at 50% LTV) as at 30 June 2020, and are maintaining a minimum cash balance of €10 million for liquidity purposes. Beyond the committed capex expense of €3.1 million and development expense of €15.8 million for 2020, there is no other current exposure.

Business Performance Measures

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

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

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

Gross Yield at Fair Value
Gross Yield is calculated as the Annualised Passing Rents as at the stated date, divided by the fair market value of the investment properties as at the reporting date, excluding the fair value of development land and investment properties under development. Through generating higher 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.

Net Asset Value

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

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

AMR and Occupancy

	Total Portfolio					Properties owned prior to 30 June 2019 (Like to Like properties)					Properties Acquired After 30 June 2019	
	2020		2019			2020		2019				
As at 30 June	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR change %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR change %**	**AMR**	**Occ. %**
Residential	**€1,599**	**97.9%**	€1,598	98.3%	0.1%	**€1,622**	**97.8%**	€1,598	98.3%	1.5%	**€1,531**	**98.1%**

The Group has generated strong rental growth and maintained a high level of residential occupancy during the period, indicative of the strong market fundamentals in the Irish residential rental sector. For like for like properties, AMR increased to €1,622 per residential unit as at 30 June 2020, up 1.5% from €1,598 at 30 June 2019. For Like to Like properties as at 30 June 2020, excluding one luxury property, the AMR increased 3.23% from €1,559 as at 30 June 2019 to €1,609 as at 30 June 2020. As detailed on page 16, this one luxury property has a reduced occupancy rate compared to its historical trending in prior years.

The Government of Ireland declared temporary rent legislation for rent moratorium on rental renewals for residential units as a response to the Covid-19 pandemic. I-RES has not served rent renewal notices with rental increases since April 2020 to date. 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	**30 June 2020**	**30 June 2019**
	(€'000)	(€'000)
Annualised Passing Rent(1)	**74,089**	55,899
Aggregate fair market value as at reporting date	**1,304,658**	933,361
Gross Yield	**5.7** %	6.0 %

(1) 30 June 2020 Annualised Passing rent consist of residential annualised passing rent of €71 million and commercial annualised passing rent of €2.7 million.

The portfolio Gross Yield at fair value was 5.7% as at 30 June 2020 compared to 6.0% as at 30 June 2019, excluding the fair value of development land and investment properties under development. The NRI margin was approximately 79.2% for the six months ended 30 June 2020 (81.6% for the six months ended 30 June 2019).

EPRA Earnings per Share

For the six months ended	**30 June 2020**	**30 June 2019**
(Loss)/ Profit for the period	**(10,851)**	34,111
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)	**27,246**	(22,531)
Changes in fair value of derivative financial instruments (€'000)	**(481)**	526
EPRA Earnings (€'000)	**15,914**	15,259
Non recurring costs (€'000)	**2,287**	—
EPRA Earnings adjusted for Non recurring costs (€'000)	**18,201**	15,259
Basic weighted average number of shares	**521,678,946**	437,512,043
Diluted weighted average number of shares	**524,009,290**	440,513,572
EPRA Earnings per share (cents)	**3.1**	3.5
EPRA EPS adjusted for Non recurring costs per share (cents)	**3.5**	3.5
EPRA Diluted Earnings per share (cents)	**3.0**	3.5

An increase in EPRA Earnings of 4.3% to €15.9 million (30 June 2019: €15.3 million).

EPRA EPS for the period was 3.1 cents for the six months ended 30 June 2020 compared to 3.5 cents for the same period last year. The decline in EPRA EPS is primarily due the non-recurring G&A costs, lower commercial parking revenue, higher bad debt and vacancy post Covid-19 declaration compared to their historical trending and higher commitment fees expense charged on the undrawn loan amount of the Credit Facility. The bad debt increases is also due to a higher allowance for bad debt expense recognized with respect to the commercial portion of the I-RES's mixed-used properties, as a result of the Covid-19 pandemic.

EPRA NAV per Share

As at	30 June 2020 EPRA NRV	EPRA NTA[1]	EPRA NDV[2]
Net assets (€'000)	**784,462**	**784,462**	**784,462**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	**971**	**971**	**—**
Adjustments to calculate EPRA net assets include:			
Real estate transfer tax (€'000)[3]	**57,168**	—	—
EPRA net assets (€'000)	**842,601**	**785,433**	**784,462**
Number of shares outstanding	**521,678,946**	**521,678,946**	**521,678,946**
Diluted number of shares outstanding	**524,009,290**	**524,009,290**	**524,009,290**
Basic Net Asset Value per share (cents)	**150.4**	**150.4**	**150.4**
EPRA Net Asset Value per share (cents)	**160.8**	**149.9**	**149.7**

As at	31 December 2019 EPRA NRV	EPRA NTA[1]	EPRA NTA[2]
Net assets (€'000)	810,169	810,169	810,169
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	788	788	—
Adjustments to calculate EPRA net assets include:			
Real estate transfer tax (€'000)[3]	56,753	—	—
EPRA net assets (€'000)	867,710	810,957	810,169
Number of shares outstanding	521,678,946	521,678,946	521,678,946
Diluted number of shares outstanding	524,529,943	524,529,943	524,529,943
Basic Net Asset Value per share (cents)	155.3	155.3	155.3
EPRA Net Asset Value per share (cents)	165.4	154.6	154.5

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

(2) Deferred tax is assumed as per the IFRS balance sheet. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 30 June 2020 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

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

Market Update

The spread of the coronavirus in Ireland has caused unprecedented economic and social disruption. While economic forecasts continue to evolve as the country responds to Covid-19 most forecasters envisage a sharp contraction in Irish GDP in 2020, ranging from -7% to -12% followed by a rebound in 2021, assuming there is no second wave and associated business restrictions.

In order to mitigate the spread of Covid-19 the Irish Government introduced extensive restrictions on public movement and economic activity. At the same time the government put in place a range of supports to alleviate financial stress on individuals and businesses. On 1 May the Government announced a five-stage plan to reopen Ireland's economy and society in a phased manner. The economy began to re-open on May 18th, with the 2nd and 3rd phases implemented in June lifting further restrictions, particularly for cafes, hotels, restaurants and the retail sector. Working from home is still encouraged and there are restrictions on international travel, including a restriction of movement for those entering the country. Ireland is currently in Phase 3 of the re-opening plan; Phase 4, which will see a further easing of some restrictions, is due to come into effect on 10 August subject to government approval.

The formation of a new coalition government in late June, including Fianna Fail, Fine Gael and the Green party will provide political continuity and stability in Ireland. The agreed Programme for Government (PFG) included the introduction of the €7.4bn "July Jobs Stimulus", which was introduced on 23 July 2020, and an economic recovery plan to be unveiled in October's Budget. These packages provide supports for hard hit sectors such as retail and tourism, and also a longer-term re-orientation of public capital investment towards "Green" projects. Housing is a central tenet of the PGF with the government promoting home ownership by increasing the supply of public, social and affordable homes. Over the next 5 years the government plans to increase the social housing stock by more than 50,000 units. In relation to the rental market, the governments focus is improving the supply and affordability of rental accommodation and the security of tenure for renters. There was no change to current rent regulation, which provides for rent increases of up to 4% per year in rental pressure zones until 31 December 2021.

Irish GDP remained positive in Q12020, expanding by 1.2%. It was among only a handful of European countries to see positive GDP growth showing the defensiveness of the multinational sector. While consumer spending fell by 5% indicating that domestic demand was affected by Covid-19, FDI has remained resilient to date. On the FDI front, in the first half of 2020 132 investments were won, with 53 being new name investments and 44 expansions from existing companies with the combined employment potential of 9,600 jobs. However, Covid-19 is expected to significantly reduce global flows of FDI in the second half of 2020 and into 2021 and competition for FDI is likely is intensify as recovery gets underway.

The reopening of the economy has resulted in a sharp decline in unemployment claimants. The number of Pandemic Unemployment Payment (PUP) claimants fell from a peak of 598,000 in May to 286,900 on 27 July. While further job gains are likely as the economy re-opens, most forecasts expect the unemployment rate to still be in double-digit territory by end 2020.

There remains a significant supply and demand imbalance for housing in Ireland. Annual demand is estimated at 35,000 units while supply has been consistently below this. Due to Covid-19, the Central Bank of Ireland forecasts that house completions in 2020 could decrease to 15,000, significantly below their original estimate of 26,000 for 2020 and down sharply from over 21,000 unit completions in 2019.

Irish house prices have remained relatively stable so far despite the effects of Covid-19, with the Irish Residential Property Price Index (RPPI) up marginally at 0.3% in May 2020 compared to May 2019, but down by 0.1% on April 2020. The Government proposal to build 50,000 social units over the next 5 years are greatly needed but will take time to deliver. In the meantime, the supply/demand imbalance is likely to be a supporting influence on the rental market.

Residential rent price inflation has weakened recently. In May, the CPI private rents index was down -0.7% on the year while the official Residential Tenancies Board measure fell by 1.2% in Q4 2019 and was up 6.4% on the year. These rent indices have declined from levels that had exceeded growth permitted by the annual 4% rent caps. In addition, rents at higher price points have been more impacted as there is a limited pool of tenants. Rent collection and occupancy data have remained stable at high levels and are helped by the government's income support schemes. The stock of available units has increased over the first half of 2020, albeit from a very low base. As at 1 July there were 2,751 unit available for rent (Daft) representing c.2% vacancy level.

Irish banks have provided the option of payment breaks to their personal and business customers. Banking Payments Federation Ireland (BPFI) data show that 78,000 mortgages, equivalent to 9% of accounts, are now on a payment break. These are substantial numbers but are small relative to the fall in employment, and vis-à-vis comparisons with the UK.

Principal risks and uncertainties

The 2019 Annual Report for Irish Residential Properties REIT plc ("Annual Report) issued on 06 April 2020, outlined the Group's principal risks and uncertainties in the Risk Report at that time. The Covid-19 pandemic had recently begun to impact Ireland in March 2020 and has impacted certain principal risks and uncertainties. Additionally, the Irish general elections had been held in February 2020 and a coalition government had not yet been formed at the time of issuing the Annual Report. As a result of these events, which continue to evolve, the directors of the Company have set out below, those principal risks and uncertainties that have required updates or changes since 06 April 2020. The principal risks and uncertainties below should be read in conjunction with the Group's Risk Report set out in the Annual Report to understand the Group's risk management and internal control systems, as well as, the directors' processes surrounding identification and measurement of principal risks and uncertainties, and to understand those principal risks and uncertainties that have remained unchanged since issuance of the Annual Report, including risk relating to Access to Capital, Concentration Risk, Acquisition Risk, Tax Compliance Risk and Planning

Risk	**Prolonged Pandemic** A widespread and prolonged pandemic will have a negative effect on Ireland's economy, and in turn have an adverse impact on the performance of the Group.
Strategic Impact	**High** The global spread of Covid-19 has resulted in major disruptions to both businesses and personal lives. The Group, its Manager, and its key vendors 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. There is significant uncertainty as to what the overall economic impact will be and how long a recovery will take. 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 related to the property rental industry taken to ease the economic impact of the Covid-19 virus to the general public.
Mitigation Strategy	The Group and its Manager continue to monitor the circumstances and their effect on the operation and macroeconomic environment. The Manager activated its business continuity plan, requiring all head office employees to work from home, and reduced work at the properties to essential works only, while implementing social distancing protocols, and adhering to guidance by the Health Services Executive. The Group and its 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 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 Covid-19 virus on tenants and their homes.

Risk Trending Since 3 April 2020	**Increasing** The Covid-19 virus has evolved rapidly. While governments around the world, and health authorities are taking significant measures to slow the spread of the Covid-19 virus, it will take an extended period of time to understand the full impact of the virus. In line with the measures introduced by the Irish government, the Group has implemented a temporary moratorium on rent increases (to 10 January 2021) and longer notice periods for termination of tenancies based on rent arrears (90 days but no earlier than 11 January 2021) , for those tenants who are deemed "Relevant Persons" under the Residential Tenancies and Valuation Act 2020. Relevant Persons are, broadly, tenants who are in receipt of Government Covid-19 related payments and unable to pay their rents. Rent increases that would have applied were it not for the emergency period cannot be retrospectively claimed once the emergency period is over. While the Irish government is taking steps to reopen the economy, it will take a prolonged period of time for businesses to return to normal operations.

Risk	**Economy** A general weakening of the Irish economy.
Strategic Impact	**Medium** Reduced economic activity could have a negative impact on asset values and net rental income, which could affect cash flows.
Mitigation Strategy	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 CEO and the Manager monitors business performance and related economic factors and reports to the Board quarterly on the aforementioned.
Risk Trending Since 3 April 2020	**Increasing** **Covid-19** The Covid-19 pandemic has had a significant impact on employment and economic activity in Ireland. The Irish government is currently providing support measures for workers, and business affected by the Covid-19 pandemic until the end of March 2021 and is taking steps to re-open the economy. However, the long-term economic impact of Covid-19 is yet to be determined.

Risk	**Regulation and Legislation** The government may introduce legislation, including tax and rent legislation that has an adverse impact on the performance of the REIT.
Strategic Impact	**Medium** 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 include, amongst others, the 4% cap on rent increases applies to properties built after December; changes to termination rights and notice periods; an increase of the Residential Tenancies Board's investigations and sanctioning powers and an expansion of the rent control areas and changes to the rent control exemptions. On 27 June 2020, a new coalition government was formed. If the new government implements restrictive regulations, there may be a negative impact on revenues and asset values. The new government however, plans a multi-pronged approach to resolving issues in the housing market, including increasing the availability of affordable housing, as well as incentivizing home ownership. Additionally, as legislation changes, the Company and 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.

Mitigation Strategy	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 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 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.
Risk Trending Since **3 April 2020**	**Stable** 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. **Covid-19** In line with the measures introduced by the Irish government, the Group has implemented a temporary moratorium on rent increases (to 10 January 2021) and longer notice periods for termination of tenancies based on rent arrears (90 days but no earlier than 11 January 2021) , for those tenants who are deemed "Relevant Persons" under the Residential Tenancies and Valuation Act 2020. Relevant Persons are, broadly, tenants who are in receipt of Government Covid-19 related payments and unable to pay their rents. Rent increases that would have applied were it not for the emergency period cannot be retrospectively claimed once the emergency period is over.
Risk	**Political** Material changes to the political environment in areas significantly impacting the Group's operations
Strategic Impact	**Medium** In Ireland, a general election was held on 8 February 2020 and on 27 June 2020 a new coalition government was formed. Housing continues to be a significant topic of discussion amongst the political parties. 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. This bill however, does not feature in the Programme for Government, as set out by the newly formed government. 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 some uncertainty around potential effect of the withdrawal on the Irish economy as the UK is one of Ireland's largest trading partners. The withdrawal will also likely impact immigration, foreign investment, economic and fiscal policy, and regulatory practices.
Mitigation Strategy	The Manager, CEO 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.

Risk Trending Since 3 April 2020	**Stable** The formation of the new coalition government 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 Ireland's economy.

Risk	**<u>Opportunity to Acquire or Develop Assets</u>** Investment opportunities may become limited.
Strategic Impact	**Medium** The Group may not grow in number of apartments relative to the past if there is a lack of development and acquisition opportunities. Additionally, investment opportunities could be limited if they become overly costly or there is excess competition. If growth opportunities are limited, it will impact the Group's ability to generate growing returns for its shareholders.
Mitigation Strategy	The Group has become a sought-after investor for new investment opportunities that arise in the market. The Company and the Manager have deep market knowledge and has established strong industry relationships, which provide for new growth opportunities. Additionally, the Manager has dedicated staff focused on identifying and evaluating a pipeline of acquisition and development opportunities. The Group focuses on a three-pronged strategy for growth. This involves acquisitions, development opportunities within existing assets, and partnering with developers in relation to new development opportunities.
Risk Trending Since 3 April 2020	**Stable** Completed assets are in limited supply, and new supply is coming online more slowly than expected. Prior to the recent Covid-19 crisis, competition via new entrants and funds, though moderated, had continued to increase, leading to continued cap-rate compression and reduced opportunity for accretive acquisitions. **<u>Covid-19</u>** The Covid-19 pandemic has led to restrictions that are expected to slow activity in the real estate sector, including the buying and selling of assets, as well as construction. It is however, too early to establish the competitive environment post Covid-19.

Risk	**<u>Cost of Capital and Loan to Value Ratio</u>** Interest rates increase, and/or property valuations decrease, resulting in higher debt service costs and restrictiveness of future leveraging opportunities. Investors' expected rate of return increases, resulting in pressure to increase dividend yields.
Strategic Impact	**Medium** The Group is exposed to risks associated with movements in interest rates on its floating rate bank debt, as well as movements in property valuations. Significant Increases in interest rates, and the cost of equity, could, affect the Group's cash flow and its ability to meet growth objectives or preserve the value of its existing assets. Additionally, property valuations are inherently subjective but also driven by market forces. A contraction in property values could make the Group too highly geared, which would result in higher interest costs and covenant breaches.

Mitigation Strategy	The Company's revolving credit facility was refinanced during 2019, increasing the committed facility to €600 million (with an uncommitted accordion facility of €50 million), lowering the interest fixed margin to 1.75% and extending the maturity to 2024, with the option to extend further to 2026 (subject to certain conditions). The Group completed a private placement of Notes of circa €200 million equivalent in March 2020, with a weighted average interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 9.7 years, laddered over seven, ten and twelve-year maturities, with the first repayment due in 2027. As of the reporting date, the Company has €14.1 million of cash and €212 million of committed undrawn debt under its Revolving Credit Facility. The Group's loan to value ratio was 42.9% as at 30 June 2020, below the 50% maximum allowed under the Irish REIT rules and the financial covenants under the Group's debt agreements. The Company also maintains significant headroom on its interest coverage ratio. The Group has a proven track record of strong results. Strong results, combined with being in a residential industry with strong real estate fundamentals, helps manage shareholders' expectations and thus, the cost of equity.
Risk Trending Since 3 April 2020	**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. **Covid-19** The Covid-19 pandemic has resulted in a slight decrease in the valuations of the assets as at 30 June 2020, when compared to 2019 year end valuations. This has caused the loan to value ratio to increase. In addition, IRES has circa €19 million in current committed capital and development expenditures. The Covid-19 situation continues to evolve quickly and it remains early to determine the magnitude of the adverse impact on the valuation of the Group's investment properties. The Group's reasonable expectations is that the residential asset class should continue to perform well in the long term. In the interim, the Group is making prudent decisions about capital expenditures to ensure that the loan to value ratio remains under 50%.

Risk	**<u>Manager Performance and Investment Management Agreement Termination</u>** A material decline in the Manager's performance, or if it is unable to carry out its duties under the Investment Management Agreement, or the Manager serves notice to terminate its services in accordance with the terms of the Investment Management Agreement. The Manager can serve 12 months' notice to terminate their services.
Strategic Impact	**Medium** The Manager, through its asset management and property management functions, plays an integral part in the day-to-day operations and management of the Group's assets. As a result, a significant decline in its performance or an inability to carry out its mandate or if it chooses to serve notice to terminate its services could lead to a decline in the Group's financial and operating performance, and significant disruption to the Group's operations. The Manager must comply with certain regulations including the Property Services (Regulation) Act and the Alternative Investment Fund Management Directive (AIFMD) of the European Union. Failure to do so, could result in it losing its ability to provide property management and/or asset management services under the Investment Management Agreement to the Group. If the Group had to select another investment manager, there would be significant interruptions to day-to-day operations given the Group's reliance on the Manager's personnel and processes, as well as IT systems.

Mitigation Strategy	The Manager is made up of a well-regarded multi-disciplinary team of qualified property and finance professionals experienced in the selection, financing and management of property investments. The Board oversees and evaluates the work of the Manager including monitoring key performance indicators such as occupancy, rental revenues, net rental income, collectability of rents and net asset values. Additionally, the Board periodically reviews actual revenues and expenditures against budgets. The Board also has a close working relationship with the Manager. Key personnel of the Manager and its parent company, CAPREIT LP and its affiliates, are financially incentivised through the Group's long-term incentive plan. The Manager's compliance and financial professionals spend a considerable amount of time ensuring compliance with the AIFMD requirements, as well as monitoring AIFMD regulations for any changes that impact compliance processes. The Manager's policies and procedures are reviewed regularly to incorporate any changes in legislation or procedure. Additionally, the Manager has engaged third party advisors and firms to assist it in complying with AIFMD and carrying out associated functions, as well as, making required filings to the Central Bank. The Manager regularly reports on its compliance activities relating to AIFMD to the Board of the Company, and the Board of the Manager oversees compliance with the AIFMD to ensure that the Manager meets its regulatory obligations at all time. The Company continues to be satisfied with the performance of the 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 Manager will provide transition services for a period of (3) months at the Company's cost.
Risk Trending Since 3 April 2020	**Stable** The Manager has continued to have strong performance as evidenced by the returns being generated on the Group's assets and ability to manage day-to-day operational matters. The Group does not anticipate any material changes in the Manager's ability to continue this performance or its ability to comply with AIFMD regulations. **Covid-19** The Manager activated its business continuity plan, requiring all head office employees to work from home, and reduced work at the properties to essential works only, while implementing social distancing protocols, and adhering to guidance by the Health Services Executive.

Risk	**Construction** Increasing construction costs, cost overruns or delays in completion of development projects or defects in construction or non-compliance with building standards.
Strategic Impact	**Medium** The Group may not meet its performance targets if there are material 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.
Mitigation Strategy **Risk Trending Since 3 April 2020**	In sourcing/reviewing potential development opportunities, the 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 material development opportunities prior to commencement. The 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 Manager performs adequate due diligence on its main contractors before recommending their engagement to the Board. Additionally, the Manager will make a recommendation in respect of the proposed form of contract and obtains performance bonds where possible. The 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 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 Manager 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 minimize risk on non-compliance with statutory requirements. The 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. **Covid-19** The addition of Covid-19 compliance requirements (including implementing health and safety procedures for the protection of construction workers on site) has added cost, and along with the lockdown experienced over the past few months, has increased timelines of construction projects. While this may cause a backlog of projects and increased cost to build, the long-term effects of Covid-19 on the construction industry and projects are uncertain.

Risk	**<u>Cybersecurity and Data Protection</u>** Failure to comply with data protection legislation or being subject to a cybersecurity attack.
Strategic Impact	**Medium** Failing to comply with data protection legislation and practices could lead to unauthorized access and fraudulent activities surrounding confidential/non-public business information or personal data, particularly that belonging to the Group's residents. This could result in direct losses to stakeholders, penalties to the Group and/or the Manager for non-compliance, potential liability to third parties and reputational damage to the Group.
Mitigation Strategy	The Manager is responsible for data privacy and protection on behalf of itself and the Group and remains adaptable to constant technological and legislative change. Employees receive regular awareness training on cybersecurity, privacy and data protection. Access to personal data is controlled through physical measures (e.g. locked offices and storage locations, alarm monitoring, cameras), administrative measures (e.g. data minimization, data retention policies, data destruction practices, and audits) and IT security measures (e.g. password protection, firewalls, antivirus, intrusion detection and encryption). The Manager also engages third party consultants/advisors, where required, to assist with assessing the IT environment and cyber risks. The Manager maintains cybersecurity insurance coverage on behalf of itself and the Group and continues to monitor and assess risks surrounding collection, processing, storage, disclosure, transfer, protection, and retention/destruction practices for personal data.
Risk Trending Since 3 April 2020	**Increasing** As technological change has occurred at a rapid pace, the inherent risks surrounding cybersecurity and data protection have also evolved and continue to evolve at an equally rapid pace. European Union Data Protection legislation (e.g. General Data Protection Regulation and ePrivacy) is increasing in prescriptiveness, obligation and administration. Additionally, issues such as cross border data transfers and vendor risk complexities, 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. **Covid-19** With Covid-19 and the requirement for companies to implement work from home measures, the business world has experienced a sizeable increase in cybersecurity attacks and threats, including phishing attempts. The Manager continues to employ the protective measures referenced in the mitigation strategy section of this risk. Additionally, they have increased the awareness and training to employees around cybersecurity risks and have also stepped up the monitoring of potential threats to the information technology landscape.

Statement of Directors' Responsibilities

For the six months ended 30 June 2020

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

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

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

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

We confirm that to the best of our knowledge:

(1) the condensed set of financial statements in the half-yearly financial report of Irish Residential Properties REIT plc ("**the Company**") for the six months ended 30 June 2020 ("**the interim financial information**") which comprises the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related explanatory notes, have been presented and prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

(2) The interim financial information presented, as required by the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2017, includes:
   A. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of financial statements;
   B. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
   C. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   D. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

Signed on behalf of the Board
6 August 2020

D Moylan

Margaret Sweeney

Declan Moylan
Chairman

Margaret Sweeney
Executive Director

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

Independent Review Report to Irish Residential Properties REIT plc

Introduction

We have been engaged by the Entity to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, the Condensed Consolidated Interim Statement of Changes in Equity, the Condensed Consolidated Interim Statement of Cash Flows and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Emphasis of matter: Investment property valuation subject to material valuation uncertainty

We draw attention to note 5 of the condensed consolidated financial statements concerning the material valuation uncertainty in respect of the assessed fair value of investment property, on the basis of uncertainties in the property market caused by the Coronavirus pandemic and the resultant impact on market activity. This results in a greater level of uncertainty in the determination of the estimated fair value of investment property of £1,362,608,000. Our conclusion is not modified in respect of this matter.

Directors' responsibilities

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

Our responsibility

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

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

Scope of review

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

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

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

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity for our review work, for this report, or for the conclusions we have reached.

KPMG

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

6 August 2020

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	(Unaudited) 30 June 2020 €'000	(Audited) 31 December 2019 €'000
Assets			
Non-Current Assets			
Investment properties	5	**1,362,608**	1,359,201
Property, plant and equipment	7	**10,003**	10,088
		1,372,611	1,369,289
Current Assets			
Other current assets	8	**9,447**	11,786
Derivative financial instruments	15	**957**	—
Cash and cash equivalents		**14,124**	6,979
		24,528	18,765
Total Assets		**1,397,139**	1,388,054
Liabilities			
Non-Current Liabilities			
Bank indebtedness	10	**383,450**	549,851
Private placement note	11	**194,151**	—
Lease liability	19	**9,680**	9,872
Derivative financial instruments	15	**1,392**	788
		588,673	560,511
Current Liabilities			
Accounts payable and accrued liabilities	9	**16,121**	10,216
Derivative financial instruments	15	**536**	—
Security deposits		**7,347**	7,158
		24,004	17,374
Total Liabilities		**612,677**	577,885
Shareholders' Equity			
Share capital	13	**52,167**	52,167
Share premium	13	**497,244**	497,244
Share-based payment reserve		**1,333**	1,147
Cashflow hedge reserve	15	**1,130**	—
Retained earnings		**232,588**	259,611
Total Shareholders' Equity		**784,462**	810,169
Total Shareholders' Equity and Liabilities		**1,397,139**	1,388,054
IFRS NAV per share	24	**150.4**	155.3

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

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

For the six months ended 30 June 2020

	Note	(Unaudited) 30 June 2020 €'000	(Unaudited) 30 June 2019 €'000
Operating Revenues			
Revenue from investment properties	14	**37,362**	27,844
Operating Expenses			
Property taxes		**(385)**	(300)
Property operating costs		**(7,384)**	(4,822)
		(7,769)	(5,122)
Net Rental Income ("NRI")		**29,593**	22,722
General and administrative expenses		**(4,880)**	(1,961)
Asset management fee	20	**(2,263)**	(1,775)
Share-based compensation expense	12	**(186)**	(55)
Net movement in fair value of investment properties	5	**(27,246)**	22,531
Gain/(loss) on derivative financial instruments	15	**481**	(526)
Depreciation of property, plant and equipment	7	**(252)**	(1)
Lease interest	6	**(122)**	—
Financing costs	19	**(5,976)**	(6,824)
(Loss)/Profit for the Period		**(10,851)**	34,111
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - effective portion of changes in fair value		**1,846**	—
Cash flow hedges - reclassified to profit or loss		**(716)**	—
Other Comprehensive income for the period		**1,130**	—
Total Comprehensive (Loss)/Income for the Period Attributable to Shareholders		**(9,721)**	34,111
Basic Earnings per Share (cents)	23	**(2.1)**	7.8
Diluted Earnings per Share (cents)	23	**(2.1)**	7.7

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Note	Share Capital	Share Premium	Retained Earnings	Share-based payments Reserve	Cashflow hedge Reserve	Total
(Unaudited)		€'000	€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2020		**52,167**	**497,244**	**259,611**	**1,147**	**—**	**810,169**
Total comprehensive loss for the period							
Loss for the period		—	—	(10,851)	—	—	(10,851)
Other comprehensive income for the period		—	—	—	—	1,130	1,130
Total comprehensive loss for the period		—	—	(10,851)	—	1,130	(9,721)
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	—	—	—	186	—	186
Dividends paid	18	—	—	(16,172)	—	—	(16,172)
Transactions with owners, recognised directly in equity		—	—	(16,172)	186	—	(15,986)
Shareholders' Equity at 30 June 2020		**52,167**	**497,244**	**232,588**	**1,333**	**1,130**	**784,462**

	Note	Share Capital	Share Premium	Retained Earnings	Share-based payments Reserve	Cashflow hedge Reserve	Total
(Unaudited)		€'000	€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2019		**43,414**	**370,855**	**203,467**	**988**	**—**	**618,724**
Total comprehensive income for year							
Profit for the year		—	—	34,111	—		34,111
Total comprehensive income for year		—	—	34,111	—	—	34,111
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	—	—	—	55	—	55
Share premium allocation		—	—	—	—	—	—
Share issuance	13	4,343	62,951	(1,623)	—	—	65,671
Dividends paid	18	—	—	(13,025)	—	—	(13,025)
Transactions with owners, recognised directly in equity		4,343	62,951	(14,648)	55	—	52,701
Shareholders' Equity at 30 June 2019		**47,757**	**433,806**	**222,930**	**1,043**	**—**	**705,536**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	(Unaudited) 30 June 2020 €'000	(Unaudited) 30 June 2019 €'000
Cash Flows from Operating Activities:			
Operating Activities			
(Loss)/Profit for the Period		**(10,851)**	34,111
Adjustments for non-cash items:			
Fair value adjustment - investment properties	5	**27,246**	(22,531)
Depreciation of property, plant and equipment	7	**252**	1
Amortisation of other financing costs	19	**677**	1,878
Share-based compensation expense	12	**186**	55
(Gain)/loss on derivative financial instruments	15	**(481)**	526
Straight-line rent adjustment		**27**	6
Interest accrual relating to derivatives		**—**	(1)
		17,056	14,045
Net income items relating to financing and investing activities		**5,421**	4,858
Changes in operating assets and liabilities	19	**3,634**	(900)
Net Cash Generated from Operating Activities		**26,111**	18,003
Cash Flows from Investing Activities			
Deposits on acquisitions		**359**	(37,583)
Acquisition of investment properties		**(17,542)**	(26,067)
Development of investment properties		**(3,081)**	(13,738)
Investment property enhancement expenditure		**(6,872)**	(2,630)
Direct leasing cost		**(13)**	(29)
Purchase of property, plant and equipment	7	**(167)**	—
Net Cash Used in Investing Activities		**(27,316)**	(80,047)
Cash Flows from Financing Activities			
Financing fees on private placement debt	19	**(2,688)**	(4,438)
Interest paid	19	**(4,451)**	(4,993)
Credit Facility drawdown	19	**4,000**	409,511
Credit Facility repayment	19	**(171,000)**	(336,650)
Proceeds from private placement debt	19	**196,342**	—
Hedge premiums received		**2,511**	—
Lease payment	6	**(192)**	—
Proceeds on issuance of shares	19	**—**	67,294
Share issuance costs		**—**	(1,623)
Dividends paid to shareholders	18	**(16,172)**	(13,025)
Net Cash Generated from Financing Activities		**8,350**	116,076
Changes in Cash and Cash Equivalents during the Period		**7,145**	54,032
Cash and Cash Equivalents, Beginning of the Period		**6,979**	7,626
Cash and Cash Equivalents, End of the Period		**14,124**	61,658

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

1. General Information

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

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

These unaudited condensed consolidated interim consolidated financial statements as at and for the six months ended 30 June 2020 encompass the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). I-RES does not consolidate owner management companies in which it holds majority voting rights on the basis of materiality. For further details please refer to note 20.

2. Significant Accounting Policies

a) Basis of preparation

These condensed consolidated interim financial statements of the Group have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and in accordance with International Accounting Standards 34 ("**Interim Financial Reporting**") as adopted by the European Union ("**EU**"). This interim report ("**Report**") should be read in conjunction with the annual financial statements for the period 1 January 2019 to 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and IFRS Interpretations Committee ("**IFRIC**") interpretations as adopted by the EU.

These condensed consolidated interim financial statements of the Group do not comprise statutory financial statements within the meaning of the Companies Act 2014. The statutory financial statements were prepared for the year ended 31 December 2019, approved by the board of directors ("**the Board**") on 19 February 2020, accompanied by an unqualified audit report and were delivered to the Registrar of Companies on 22 May 2020.

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

The condensed consolidated interim financial statements of the Group cover the six months period 1 January 2020 to 30 June 2020. These statements are unaudited but reviewed by our auditor KPMG Ireland.

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

New and amended standards adopted by the group

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

Future Accounting Changes

I-RES has assessed the new or amended IFRS issued by the IASB for annual reporting periods beginning after 31 December, 2020. None of the new or amended IFRS are expected to have a significant impact on I-RES.

Going concern
The Group meets its day-to-day working capital requirements through its cash and deposit balances. The Group's plans indicate that it should have adequate resources to continue operating for the foreseeable future. Post the Covid-19 pandemic declaration on 16 March 2020, the Group's occupancy rate remained strong at approximately 98%. The Group also has a strong balance sheet with sufficient liquidity and flexibility in place to manage through this period of uncertainty. The Group has undrawn facilities of €96 million (at 50% LTV) as at 30 June 2020, and are maintaining a minimum cash balance of €10 million for liquidity purposes. The Group Accordingly, the directors of the Company consider it appropriate that the Group adopts the going concern basis of accounting in the preparation of the condensed consolidated interim financial statements.

b) Basis of consolidation

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

Subsidiaries
Subsidiaries are entities controlled by I-RES. I-RES controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries (except owner management companies) is included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases. I-RES does not consolidate owner management companies in which it holds majority voting rights. For further details, please refer to note 20.

c) Accounting Policies Adopted Starting 1 January 2020

Derivative financial instruments and hedge accounting

The Group utilises derivative financial instruments to hedge foreign exchange risk and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

3. Critical Accounting Estimates, Assumptions and Judgements

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

The significant global uncertainty resulting from the novel coronavirus ("Covid-19") pandemic has the following impact on these critical accounting estimates, assumptions an judgements:

i) Valuation of Investment Properties

The availability of reliable market metrics to inform opinions of value is reduced, and therefore a higher degree of judgment must be applied. Consequently, fair values are subject to significant change. See notes 16(a) and 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used.

As at the valuation date, the valuers have stated that it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the Valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances– less certainty can be attached to the Valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the Valuation.

ii) Valuation of Financial Instruments

The fair value of I-RES's derivatives as reported may differ significantly from the amounts they are ultimately settled for due to volatility between the valuation date and settlement date. In response to the developing Covid-19 pandemic, there is increased volatility in the financial markets. I-RES is subject to these market fluctuations, impacting interest rates and foreign exchange rates upon which the fair values of I-RES' interest rate and interest rate cross currency swaps are derived, and expects to continue to experience significant volatility in interest and FX rates as the situation evolves.

4. Recent Investment Property Acquisitions and Developments

For the period 1 January 2020 to 30 June 2020

Investment property acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs
				€'000
Waterside	27 March 2020	55	Finglas	19,402
		55		**19,402**

Completed development

Property	Development Completion date	Apartment Count	Region	Total Costs Spent in 2020	Total Development Cost spent to date
				€'000	€'000
Tallaght Cross West	7 February 2020	18	Dublin, Ireland	247	5,506

Properties Under Developments

Property	Development Contract Date	Apartment Count(3)	Region	Total Costs Spent in 2020	Total Development Cost spent to date
				€'000	€'000
Hansfield Phase II Development(1)	16 November 2018	95	Dublin, Ireland	236	30,680
Bakers Yard(2)	10 January 2020	61	Dublin, Ireland	2,383	2,383
		156		**2,619**	**33,063**

(1) On 16 November 2018, I-RES acquired a 1.3 acre development site at Hansfield Wood Phase II Development and entered into a development agreement to develop 95 apartments for €30 million. The cost to complete is estimated at circa €0.6 million.

(2) On 10 January 2020, I-RES started developing 61 units at Bakers Yard. The cost to complete is estimated at circa €18.5 million.

(3) I-RES entered into contract for the forward purchase of 69 residential units at Merrion Road in a transaction for €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 in 2022 and made available for leasing. This date may be impacted by restrictions on construction activity during the Covid-19 pandemic.

For the period 1 January 2019 to 31 December 2019

Investment property acquisitions

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

Properties Under Developments

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	16 November 2018	95	Dublin, Ireland	19,902	30,444
Coldcut Park	2 July 2019	1	Dublin, Ireland	184	184
Tallaght Cross West	4 April 2019	18	Dublin, Ireland	5,259	5,259
		114		**25,345**	**35,887**

5. Investment Properties

Valuation basis

Investment properties are carried at fair value, which is the amount at which the individual properties could be sold in an orderly transaction between market participants at the measurement date, considering the highest and best use of the asset, with any gain or loss arising from a change in fair value recognised in profit or loss in the condensed consolidated interim statement of profit or loss and other comprehensive income for the period.

78.9% of the fair values of all of the Group's investment properties as at 30 June 2020 are determined by Coldwell-Banker Richard Ellis (CBRE) and the remaining by Savills, the Company's external independent valuers. The valuers employ qualified valuation professionals who have recent experience in the location and category of the respective property. Valuations are prepared on a bi-annual basis at the interim reporting date and the annual reporting date.

The information provided to the valuers, and the assumptions and valuation methodologies and models used by the valuers, are reviewed by management. The valuers meets with the Audit Committee and discusses the valuation results as at 31 December and 30 June directly. The Board determines the Group's valuation policies and procedures for property valuations. The Board decides which independent valuers to appoint for the external valuation of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, the valuers have stated that it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the Valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the Valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the Valuation.

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 the six months ended, the Company incurred development costs of €2.9 million (30 June 2019: €16.7 million) relating to the properties under development. At the reporting date, the properties under development are Bakers Yard and Hansfield Phase II.

Borrowing costs of €1.0 million (€660.1 thousand as at 31 December 2019) are included in capitalised development expenditures. The weighted average interest rate used to capitalise the borrowing costs was 1.75% (31 December 2019: 1.86%).

Development land

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

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

At 30 June 2020, the Group considers that all of its investment properties fall within Level 3 fair value as defined by IFRS 13. As outlined in IFRS 13, a Level 3 fair value recognises that the significant inputs and considerations made in determining the fair value of property investments cannot be derived from publicly available data, as the valuation methodology in respect of a property also has to rely on a number of unobservable inputs including technical reports, legal data, building costs, rental analysis (including rent moratorium), professional opinion on profile, lot size, layout and presentation of accommodation. In addition, the valuers utilise proprietary databases maintained in respect of properties similar to the assets being valued.

The Irish government implemented an emergency rent memorandum as a result of Covid-19 prohibiting increases in rents on renewals since April 2020.

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 short term and long-term vacancy rates and bad debts, 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 residents 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 €224.9 million reduction in fair value while a decrease of 1% in the Equivalent Capitalisation Rate would result in a fair value increase of €346.4 million. An increase between 1% - 4% in Stabilised NRI would have the impact ranging from €13.0 million to €52.2 million respectively in fair value, while a decrease between 1% - 4% in Stabilised NRI would have the impact ranging from (€13.0) million to (€52.2) million respectively. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next six months based on expected changes in stabilised NRI.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the Group is €7.8 million for the six months ended 30 June 2020 (30 June 2019: €5.1 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the six months ended 30 June 2020 and 30 June 2019 was not material.

An investment property is comprised of various components, including undeveloped land and vacant residential and commercial units; no direct operating costs were specifically allocated to the components noted above.

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 30 June 2020 is presented below:

As at 30 June 2020

Type of Interest	**Fair Value**	**WA NRI**(1)	**Rate Type**(2)	**Max.**	**Min.**	**Weighted Average**
	€'000	€'000				
Investment properties	1,304,658	2,776	Equivalent Capitalisation Rate	6.42 %	4.07 %	4.86 %
Properties under development	34,300	n/a	Average Development Cost (per sq ft.)	€389.3	€366.3	€380.1
		1,272	Equivalent Capitalisation Rate	5.97 %	4.75 %	4.91 %
Development land(3)	23,650	n/a	Market Comparable (per sq ft.)	€140.9	€2.7	€128.5
Total investment properties	**1,362,608**					

(1) WA NRI is 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 provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

As at 31 December 2019

Type of Interest	Fair Value €'000	WA NRI[1] €'000	Rate Type[2]	Max.	Min.	Weighted Average
Investment properties	1,293,241	2,751	Equivalent 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) WA NRI is 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 provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

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

Reconciliation of carrying amounts of investment properties

For the six months ended	**30 June 2020**			
	Income Properties	**Properties Under Development**	**Development Land**	**Total**
	€'000	€'000	€'000	€'000
Balance at the beginning of the period	**1,293,241**	**36,000**	**29,960**	**1,359,201**
Acquisitions	**19,402**	**—**	**—**	**19,402**
Development expenditures	**—**	**2,866**	**371**	**3,237**
Reclassification[1]	**6,500**	**(3,500)**	**(3,000)**	**—**
Property capital investments and intensification	**8,028**	**—**	**—**	**8,028**
Capitalised leasing costs[2]	**(27)**	**—**	**—**	**(27)**
Direct leasing costs[3]	**13**	**—**	**—**	**13**
Unrealised fair value movements	**(22,499)**	**(1,066)**	**(3,681)**	**(27,246)**
Balance at the end of the period	**1,304,658**	**34,300**	**23,650**	**1,362,608**

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[4]	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

(1) Reclassified Bakers yard from development site to properties under development. As well, 18 units development at TCW was reclassed to income properties.
(2) Straight-line rent adjustment.
(3) Includes cash outlays for new tenants.

(4) Reclassified Tallaght Cross West from development site to properties under development and reclassified Coldcut park from properties under development to income properties.

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

The carrying value of the Group investment properties of €1,362.6 million for the investment properties at 30 June 2020 (€1,359.2 million at 31 December 2019) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 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 anniversary of the lease. Lease payments are renegotiated every five years to reflect market rentals.

A portion of the office space is sub-let to a tenant. The sub-lease was extended in 2020 to 2022, and is classified as an operating lease.

The Group has assessed at the lease commencement date whether it is reasonably certain to exercise the lease termination option and has determined that the lease term is 20 years. As well, the Group has used an incremental borrowing rate of 2.48% to determine the lease liability.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

For the six months ended 30 June 2020	**Land and Buildings** (€'000)
Balance at the beginning of the period	**10,083**
Additions to right-of-use assets	—
Depreciation charge for the period	**(249)**
Balance at the end of the period	**9,834**

For the year ended 31 December 2019	**Land and Buildings** (€'000)
Balance at the beginning of the year	—
Additions to right-of-use assets	10,114
Depreciation charge for the year	(31)
Balance at the end of the year	10,083

Amounts recognised in profit or loss
For the six months ended 30 June 2020, I-RES recognized interest on lease liabilities of circa €122,000. (30 June 2019: € nil)

Amounts recognised in statement of cash flows
For the six months ended 30 June 2020, I-RES's total cash outflow for leases was circa €192,000. (30 June 2019: € nil)

Refer to note 19 for movements in the lease liability.

Lease as lessor

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

7. Property, Plant and Equipment

	Land and Buildings	Furniture and Fixtures	Total
	€'000	€'000	€'000
At cost			
As at 1 January 2020	10,114	59	10,173
Additions	—	167	167
As at 30 June 2020	**10,114**	**226**	**10,340**
Accumulated amortisation			
As at 1 January 2020	(31)	(54)	(85)
Additions	(249)	(3)	(252)
As at 30 June 2020	**(280)**	**(57)**	**(337)**
As at 30 June 2020	**9,834**	**169**	**10,003**

	Land and Buildings	Furniture and Fixtures	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	**30 June 2020**	**31 December 2019**
	€'000	€'000
Other Current Assets		
Prepayments(1)	**1,894**	2,301
Deposits on acquisitions	**4,726**	6,945
Other receivables(2)	**1,240**	577
Trade receivables	**1,587**	1,963
Total	**9,447**	11,786

(1) Includes specific costs relating to preparing planning applications of development lands and costs associated with ongoing transactions.

(2) Relates to levies received in respect of services to be incurred.

9. Accounts Payable and Accrued Liabilities

As at	30 June 2020	31 December 2019
	€'000	€'000
Accounts Payable and Accrued Liabilities(1)		
Rent - early payments	**2,924**	2,662
Trade creditors	**2,143**	446
Accruals(2)	**10,419**	6,914
Value Added Tax	**635**	194
Total	**16,121**	10,216

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

10. Credit Facility

As at	30 June 2020	31 December 2019
	€'000	€'000
Bank Indebtedness		
Loan drawn down	**388,020**	555,020
Deferred loan costs	**(4,570)**	(5,169)
Total	**383,450**	549,851

On 18 April 2019, I-RES entered into a new accordion credit facility of up to €450 million with a syndicate of five banks, which can be extended to €600 million, (subject to certain terms and conditions) (the "**New Revolving Credit Facility**") replacing the existing €350 million revolving and accordion credit facility which was due to mature January 2021 (the "**Previous Revolving Credit Facility**"). 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). There are commitment fees charged on the undrawn loan amount of the Credit Facility.

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 15 for further details).

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

11. Private Placement Debt

On 11 March 2020, I-RES successfully closed the issue of €130 million notes and IRES Residential Properties Limited, its subsidiary closed the issue of USD $75 million notes (Euro equivalent of €66.8 million) on a private placement basis (collectively, the "**Notes**"). The Notes have a weighted average fixed interest rate of 1.92% inclusive of a USD Euro swap and an average maturity of 9.7 years. Interest is paid semi-annually on 10 March and 10 September.

The Notes have been placed in four tranches:

As at	Maturity	Contractual interest rate	Derivative Rates	30 June 2020 €'000	
EUR Series A Senior Secured Notes	10 March 2030	1.83 %	n/a	**90,000**	
EUR Series B Senior Secured Notes	10 March 2032	1.98 %	n/a	**40,000**	
USD Series A Senior Secured Notes	10 March 2027	3.44 %	1.87 %	**44,510**	(1)
USD Series B Senior Secured Notes	10 March 2030	3.63 %	2.25 %	**22,251**	(2)
				196,761	
Deferred financing costs, net				**(2,610)**	
Total				**194,151**	

(1) The principal amount of the USD Series A Senior Secured Notes is USD $50 million.
(2) The principal amount of the USD Series A Senior Secured Notes is USD $25 million.

The Notes are secured by a floating charge over the assets of the Group and a fixed charge over the shares held by the Company in IRES Residential Properties Limited.

12. Share-based Compensation

a) Options

Options are issuable pursuant to I-RES' share-based compensation plan, namely, the long-term incentive plan ("**LTIP**"). For details on options granted under the LTIP, please refer to the statutory financial statements prepared for the year ended 31 December 2019. As at 30 June 2020, the maximum number of additional options, or Restricted Share Units ("RSU") issuable under the LTIP is 21,104,849 (30 June 2019: 18,425,527).

LTIP

For the six months ended	WA exercise price	30 June 2020	30 June 2019
Share Options outstanding as at 1 January	1.24	**12,496,499**	10,875,000
Issued, cancelled or granted during the period:			
Issued or granted	—	**—**	1,302,461
Exercised or settled	—	**—**	—
Share Options outstanding as at 30 June(1)	**1.24**	**12,496,499**	12,177,461

(1) Of the Share Options outstanding above, 9,667,487 were exercisable at 30 June 2020 (31 December 2019: 9,233,333).

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

b) Long-Term Incentive Plan

On 27 March 2020, IRES granted the Chief Executive Officer 437,601RSU awards. These awards have a vesting period of three years from 27 March 2020 and a holding period of two years from the vesting date. The share price as at 27 March 2020 was €1.23. The ultimate payment of the RSU award is dependent on market and other conditions as illustrated below:

Restricted Shares Conditions	**Weighting**	**Performance condition type**
Total Shareholder Return (**"TSR"**)	50 %	Market
Earning Per Shares (**"EPS"**) Return	50 %	Non-market

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

(1) 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-market-based conditions: The fair value of the shares to be issued is determined using the grant date market price. The expected number of shares is calculated based on the expectations of the number of shares which may vest at the vesting date and amortised over the vesting period. At each reporting date, the calculation of the number of shares is revised according to current expectations or performance.

Market-based condition: The expected performance of I-RES shares over the vesting period is calculated using a Monte Carlo simulation. Inputs are share price volatility for IRES and the average growth rate. These inputs are calculated with reference to relevant historical data and financial models. It should be recognised that the assumption of an average growth rate is not a prediction of the actual level of returns that will be achieved. The volatility assumption in the distribution gives a measure of the range of outcomes that may occur on either side of this average value. This is used to amortise the fair value of an expected cost over the vesting period. On vesting, any difference in amounts accrued versus actual is amended through reserves.

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

Fair value per award (TSR tranche) (per share)		**€0.57**
Inputs	Source	
Risk free interest rate (%)	European Central Bank	(0.70%)
Expected volatility		22.21 %

The total share-based compensation expense during the six months ended 30 June 2020 was €186,000 (30 June 2019: €55,000).

13. Shareholders' Equity

All equity shares outstanding are fully paid and are voting shares. Equity shares represent a shareholder's proportionate undivided beneficial interest in I-RES. No equity share has any preference or priority over another.

No shareholder has or is deemed to have any right of ownership in any of the assets of I-RES. Each share confers the right to cast one vote at any meeting of shareholders and to participate pro rata in any distributions by I-RES and, in the event of termination of I-RES, in the net assets of I-RES remaining after satisfaction of all liabilities. Shares will be issued in registered form and are transferable.

The number of shares authorised is as follows:

For the six months ended	30 June 2020	30 June 2019
Authorised Share Capital	**1,000,000,000**	1,000,000,000
Ordinary shares of €0.10 each		

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

For the six months ended	30 June 2020	30 June 2019
Ordinary shares outstanding, beginning of period	**521,678,946**	434,153,946
New shares issued(1)	**—**	43,415,394
Ordinary shares outstanding, end of period	**521,678,946**	477,569,340

(1) On 12 June 2019, I-RES successfully completed a placing of 43,415,394 new Ordinary Shares at a price of €1.55 per share raising gross proceeds of approximately €67.3 million (before commissions, fees and expenses).

14. Revenue From Investment Properties

I-RES generates revenue primarily from the rental income from investment properties. Rental income represents lease revenue earned from the conveyance of the right to use the property, including access to common areas, to a lessee for an agreed period of time. The rental contract also contains an undertaking that common areas and amenities will be maintained to a certain standard. This right of use of the property and maintenance performance obligation is governed by a single rental contract with the tenant. I-RES has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income.

	30 June 2020	30 June 2019
	€'000	€'000
Rental Income	**32,519**	24,531
Revenue from services	**4,506**	3,053
Car park income	**337**	260
Revenue from contracts with customers	**4,843**	3,313
Total Revenue	**37,362**	27,844

15. 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.

For the six months ended 30 June 2020, a fair value gain of €252,000 (30 June 2019: loss of €526,000) has been recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income and the fair value of the interest rate swaps was a liability of €536,000 at 30 June 2020 (31 December 2019: liability of €788,000).

On 12 February 2020, IRES entered into a cross-currency swap to (i) hedge the US-based loan of USD $75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the US-based loan to a fixed Euro interest rate, maturing in 10 March, 2027 and 10 March 2030. (See note 11 for derivative fixed rates) This hedging agreement is accounted for as a cashflow hedge in accordance with the requirements of IFRS 9. Hedges are measured for effectiveness at each reporting date with the effective portion being recognized in equity in the hedging reserve, and the ineffective portion being recognized in profit or loss within financing costs.

For the six months ended 30 June 2020, the ineffective portion that has been recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income includes a gain of €229,000 and and effective portion of €1,846,000 included in the cash flow hedge reserve. The fair value of the interest rate swaps was an asset of €957,000 and a liability of €1,392,000 at 30 June 2020.

16. Financial Instruments, Investment Properties and Risk Management

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

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

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

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

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

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

The following table presents the Group's estimates of fair value on a recurring basis based on information available as at 30 June 2020, aggregated by the level in the fair value hierarchy within which those measurements fall.

<u>As at 30 June 2020</u>

	Level 1	**Level 2**	**Level 3**	
	Quoted prices in active markets for identical assets and liabilities	Significant other observable inputs	Significant unobservable inputs[1]	**Total**
	€'000	€'000	€'000	€'000
Recurring Measurements - Assets				
Investment properties	—	—	**1,362,608**	**1,362,608**
Derivative financial instruments	—	**957**	—	**957**
Total financial assets	—	**957**	**1,362,608**	**1,363,565**
Recurring Measurements - Liability				
Derivative financial instruments[2][3]	—	**(1,928)**	—	**(1,928)**
Total	—	**(971)**	**1,362,608**	**1,361,637**

As at 31 December 2019

	Level 1	Level 2	Level 3	
	Quoted prices in active markets for identical assets and liabilities	Significant other observable inputs	Significant unobservable inputs(1)	Total
	€'000	€'000	€'000	€'000
Recurring Measurements - Assets				
Investment properties	—	—	1,359,201	1,359,201
Recurring Measurements - Liability				
Derivative financial instruments(2)	—	(788)	—	(788)
Total	—	(788)	1,359,201	1,358,413

(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 of the derivatives. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rates. If the total mark-to-market value is positive, I-RES will include a current value adjustment to reflect the credit risk of the counterparty, and if the total mark-to-market value is negative, I-RES will include a current value adjustment to reflect I-RES' own credit risk in the fair value measurement of the interest rate swap agreements.

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

b) Risk management

The main risks arising from the Group's financial instruments are market risk, interest rate risk, liquidity risk and credit risk. The Group's approach to managing these risks is summarised in the 2019 Annual Report.

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.

The Group also has private placement note that is denoted in USD. The Group's risk management strategy is to mitigate foreign exchange variability to the extent that it is practicable and cost effective to do so. The Group utilizes cross currency swaps to hedge the foreign exchange risk associated with a portion of the Company's existing, fixed foreign-currency denominated Borrowings. The use of cross-currency interest rate swaps is consistent with the Group's risk management strategy to effectively eliminate variability in the Group's functional currency equivalent cash flows on a portion of its Borrowings due to variability in the USD-EUR exchange rate. The hedges protect the Group against adverse variability in foreign exchange rates and the effective portion is recognised in equity in the hedging reserve, with the ineffective portion being recognised in profit or loss within financing costs.

Derivatives designated as hedges against foreign exchange risks are accounted for as cash flow hedges. Hedges are measured for effectiveness at each accounting date and the accounting treatment of changes in fair value revised accordingly. Specifically, the Company is hedging (1) the foreign exchange risk on the

USD interest payments and (2) the foreign exchange risk on the USD principal repayment of the USD Borrowings at maturity. This hedging relationship qualifies for foreign currency cash flow hedge accounting.

On 12 February 2020, IRES entered into cross-currency swaps to (i) exchange the USD loan of USD $75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the USD loan to a fixed Euro interest rate, maturing in 10 March 2027 and 10 March 2030.

At the inception of the hedging relationship the Company has identified the following potential sources of hedge ineffectiveness:

1. Movements in the Company's and hedging counterparty's credit spread that would result in movements in fair value of the Hedging Instrument that would not be reflected in the movements in the value of the Hedged Transactions.

2. The possibility of changes to the critical terms (e.g. reset dates, index mismatches, payment dates) of the Hedged Transaction due to a refinancing or debt renegotiation such that they no longer match those of the Hedging Instrument. The company would reflect such mismatch when modelling of the hypothetical derivative and this could be a potential source of hedge ineffectiveness.

Whilst sources of ineffectiveness do exist in the hedging relationship, the Company expects changes in value of both the Hedging Instrument and the Hedged Transaction to offset and systematically move in opposite directions given the critical terms of the Hedging Instrument and the Hedged Transactions are closely aligned at inception as described above. Therefore, the Company has qualitatively concluded that there is an economic relationship between the Hedging Instrument and the Hedged Transaction in accordance with IFRS 9.]

Cash flow hedges

At 30 June 2020, the Group held the following instruments to hedge exposures to changes in foreign currency:

	30 June 2020	30 June 2027	30 June 2030
Cross Currency Swaps			
Net exposure (€'000)	68,852	22,951	—
Average Strike interest rate	1.96 %		

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

	Change in value used for calculating hedge ineffectiveness (€'000)	**Cashflow hedge reserve** (€'000)
Private placement debt	1,846	1,130

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

	Nominal amount (€'000)	Carrying amount Assets (€'000)	Carrying amount Liability (€'000)	Changes in the value of hedging instrument recognized in OCI (€'000)	Hedge ineffectiveness recognized in profit or loss (€'000)	Line items in profit or loss that includes hedge ineffectiveness	Amount reclassed from hedging reserve to profit or loss (€'000)	Line items in profit or loss affected by reclassification
Cross Currency Swaps	68,851	957	(1,392)	1,846	229	Gain/(loss) on derivative financial	(716)	Financing costs

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 30 June 2020	**Total**	**6 months or less(1)**	**6 to 12 months(1)**	**1 to 2 years(1)**	**2 to 5 years(1)**	**More than 5 years(1)**
	€'000	€'000	€'000	€'000	€'000	€'000
Non-derivative financial liabilities						
Loan drawn down	**388,020**	**—**	**—**	**—**	**388,020**	**—**
Bank indebtedness interest (2)	**26,145**	**3,336**	**3,282**	**6,618**	**12,909**	**—**
Private placement debt	**196,761**	**—**	**—**	**—**	**—**	**196,761**
Private placement debt interest	**40,008**	**2,390**	**2,390**	**4,780**	**14,340**	**16,108**
Lease liability	**12,082**	**314**	**314**	**628**	**1,883**	**8,943**
Other liabilities	**15,486**	**15,486**	**—**	**—**	**—**	**—**
Security deposits	**7,347**	**7,347**	**—**	**—**	**—**	**—**
	685,849	**28,873**	**5,986**	**12,026**	**417,152**	**221,812**
Derivative financial liabilities						
Interest rate swaps used for hedging	**536**	**536**	**—**	**—**	**—**	**—**
Forward exchange rate used for hedging:						
Outflow	**(80,022)**	**(687)**	**(687)**	**(1,374)**	**(4,121)**	**(73,153)**
Inflow	**79,535**	**1,168**	**1,162**	**2,310**	**6,801**	**68,094**
	49	**1,017**	**475**	**936**	**2,680**	**(5,059)**

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.

As at 31 December 2019	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.

The carrying value of bank indebtedness and trade and other payables (other liabilities) approximates their fair value.

Credit risk

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; or (ii) the possibility that the Group's tenants may experience financial difficulty and be unable to meet their rental obligations.

The Group monitors its risk exposure regarding obligations with counterparties through the regular assessment of counterparties' credit positions.

The Group mitigates the risk of credit loss with respect to tenants by evaluating the creditworthiness of new tenants and obtaining security deposits wherever permitted by legislation.

The Group monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. All residential accounts receivable balances exceeding 30 days are written off to bad debt expense and recognised in the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss and other comprehensive income. The Group's allowance for expected credit loss amounted to €603,000 for the six months ended 30 June 2020 (30 June 2019: €2,000).

Cash and cash equivalents are held by major Irish and European institutions with credit ratings of A and AAA respectively. The Company deposits cash with individual institutions to avoid concentration of risk with any one counterparty. The Group has also engaged the services of a depository to ensure the security of the cash assets.

Risk of counterparty default arising on derivative financial instruments is controlled by dealing with high-quality institutions and by a policy limiting the amount of credit exposure to any one bank or institution. Derivative financial instrument counter parties have credit ratings in the range of A+ to BBB.

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, I-RES may issue new shares or consider the sale of assets to reduce debt. I-RES, through the Irish REIT Regime, is restricted in its use of capital to making investments in real estate property in Ireland. I-RES intends to make distributions if its results of operations and cash flows permit in the future.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. At 30 June 2020, capital consists of equity and debt, and Group Total Gearing was 42.9%. 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.

17. 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.

18. 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 20 February 2020, the Directors resolved to pay an additional dividend of €16.2 million for the year ended 31 December 2019. The dividend of 3.1 cents per share was paid on 23 March 2020 to shareholders on record as at 28 February 2020.

On 9 August 2019, the Directors resolved to pay an interim dividend of €14.1 million for the six months ended 30 June 2019. The dividend of 2.7 cents per share was paid on 13 September 2019 to shareholders on record as at 23 August 2019.

On 22 February 2019, the Directors resolved to pay an additional dividend of €13.0 million for the year ended 31 December 2018. The dividend of 3.0 cents per share was paid on 29 March 2019 to shareholders on record as of 8 March 2019.

	30 June 2020	30 June 2019
	€'000	€'000
(Loss)/profit for the period	**(10,851)**	34,111
Less: unrealized loss/(gain) in net movement in fair value of investment properties	**27,246**	(22,531)
Property Income of the Property Rental Business	**16,395**	11,580
Add back:		
Share-based compensation expense	**186**	55
Unrealised change in fair value of derivatives	**(481)**	526
Distributable Reserves	**16,100**	12,161

19. Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the six months ended	30 June 2020	30 June 2019
	€'000	€'000
Financing costs on credit facility as per the consolidated statement of profit or loss and other comprehensive income	**5,976**	6,824
Interest expense accrual	**(1,610)**	(88)
Hedging adjustment	**298**	—
Capitalised interest	**342**	135
Lease interest	**122**	—
Less: amortisation of financing fees	**(677)**	(1,878)
Interest Paid on Loan Drawn Down	**4,451**	4,993

Changes in operating assets and liabilities

For the six months ended	30 June 2020	30 June 2019
	€'000	€'000
Prepayments	**407**	(2,537)
Trade receivables	**376**	(16)
Other receivables	**(663)**	630
Accounts payable and other liabilities	**3,325**	712
Security deposits	**189**	311
Changes in operating assets and liabilities	**3,634**	(900)

Issuance of Shares

For the six months ended	30 June 2020	30 June 2019
	€'000	€'000
Issuance of shares	**—**	67,294
Issuance costs	**—**	(1,623)
Net proceeds	**—**	65,671

Changes in liabilities due to financing cash flows

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

20. 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 (**" the Manager" or "IRES Fund Management"**) entered into the investment management agreement with I-RES (the **"Investment Management Agreement")**, as amended or restated or as may be amended or restated from time to time, pursuant to which I-RES pays 3.0% per annum of its gross rental income as property management fees and 0.5% per annum of its net asset value together with relevant reimbursements as asset management fees to the Manager. The Investment Management Agreement governs the provision of portfolio management, risk management and other related services to the Company by the Manager on a day-to-day basis. 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 Manager has the ability to terminate the Investment Management Agreement by serving 12 months' notice of termination at any time after 1 November 2019. The Manager may also terminate the Investment Management Agreement at any time if required to do so by any competent regulatory authority, if the Company commits a material breach of the agreement which remains unremedied for 30 days, or if the Company enters an event of insolvency.

The Company may terminate the Investment Management Agreement if the Manager commits a material breach of the agreement which remains unremedied for 30 days, enters an event of insolvency, is no longer authorised to carry out the services under the Investment Management Agreement or if CAPREIT LP (or one of its affiliate) ceases to beneficially own 5% of the Company or ceases to control the Manager. The Company 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 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 Manager is not entitled to compensation on termination of the agreement.

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

For the six months ended 30 June 2020, I-RES incurred €2.3 million in asset management fees. In addition, €1.1 million in property management fees were incurred and recorded under operating expenses. For the six months ended 30 June 2019, €1.8 million in asset management fees and €0.8 million in property management fees were recorded. For the six months ended 30 June 2020, CAPREIT LP charged back €0.93 million (30 June 2019: €0.66 million) relating to salaries.

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €2.8 million as at 30 June 2020 (€2.0 million as at 31 December 2019) related to asset management fees, property management fees, payroll-related costs and other miscellaneous expenses incurred by CAPREIT LP on behalf of the Group. The amount receivable from CAPREIT LP (including IRES Fund Management) totalled €0.1 million as at 30 June 2020 (€0.1 million as at 31 December 2019) related to the leasing of office space and other miscellaneous expenses incurred by I-RES on behalf of CAPREIT LP.

IRES Fund Management has multiple leases for office space with I-RES. The rental income for the office space for the six months ended 30 June 2020 was €36,000 (€58,000 for the six months ended 30 June 2019). The leases expire on 1 December 2020 and 1 December 2021. Minimum annual rental payments from IRES Fund Management for the next two years are as follows:

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

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 30 June 2020 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 the successful completion of a placing of 86,550,000 new Ordinary Shares in the Company.

On 27 March 2020, Ms. Sweeney was granted a conditional share award of 437,601 ordinary shares of €0.10 each in the capital of the Company as restricted shares for the purpose of the LTIP. The Remuneration Committee has provided these deferred rewards which are available to the CEO through the LTIP shares awards if and when certain benchmarks are achieved. All LTIP awards will be subject to malus and clawback provisions. This replaces Ms. Sweeney's entitlement to be awarded options to acquire 3% of the number of shares issued by the Company.

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 30 June 2020, CAPREIT LP's beneficial interest in I-RES increased to 18.3% (30 June 2019: 18.2%) due to the share purchases.

Expenses

Total expenses are comprised of remuneration of the non-executive Directors of €217,000 for the six months ended 30 June 2020 and €210,000 for the six months ended 30 June 2019.

Owners' management companies not consolidated

As a result of the acquisition by the Group of apartments or commercial space in certain residential rental properties, the Group holds voting rights in the relevant owners' management companies associated with those developments. Where the Group holds the majority of those voting rights, this entitles it, inter alia, to control the composition of such owners' management companies' boards of directors. However, as each of those owners' management companies is incorporated as a company limited by guarantee for the purpose of owning the common areas in residential or mixed-use developments, they are not intended to be traded for gains. I-RES does not consider these owners' management companies to be material for consolidation as the total assets of the owners' management companies is less than 1% of the Group's total assets. I-RES has considered the latest available financial statements of these owners' management companies in making this assessment.

The total service fees billed in the period by the owner's management companies were €3.3 million, of which €0.2 million was payable and €0.9 million was prepaid as at 30 June 2020.

21. Contingencies

The Group has contingent liabilities related to an income generating property, in respect of potential costs relating to certain structural remediation works, the amount of which cannot be currently measured with sufficient reliability.

22. Commitments

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 30 June 2020 and the amount outstanding is circa €0.6 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 early 2022.

In September 2019, the Company enter into a design and build contract to fix out the commercial space at Tallaght Cross West for the use of an existing tenant. The total consideration of the contract is circa €9.7 million and the amount outstanding as of 30 June 2020 is circa €3.1 million.

In January 2020, the Company entered into a development contract to develop 61 units for a total consideration of circa €16 million and the amount outstanding as of 30 June 2020 is circa €15.2 million.

23. 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 six months ended	30 June 2020	30 June 2019
Profit attributable to shareholders of I-RES (€'000)	**(10,851)**	34,111
Basic weighted average number of shares	**521,678,946**	437,512,043
Diluted weighted average number of shares[(1)(2)]	**524,009,290**	440,513,572
Basic Earnings per share (cents)	**(2.1)**	7.8
Diluted Earnings per share (cents)	**(2.1)**	7.7

(1) Diluted weighted average number of shares includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date.
(2) At 30 June 2020, 4,596,499 options (30 June 2019: 3,302,461) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

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

EPRA Earnings represents the earnings from the core operational activities (recurring items for I-RES). It is intended to provide an indicator of the underlying performance of the property portfolio and therefore excludes all components not relevant to the underlying and recurring performance of the portfolio, including any revaluation results and results from the sale of properties. EPRA Earnings per share amounts are calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of I-RES by the weighted average number of ordinary shares outstanding during the reporting period.

EPRA Earnings per Share

For the six months ended	30 June 2020	30 June 2019
Total comprehensive income for the period attributable to shareholders (€'000)	**(10,851)**	34,111
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)	**27,246**	(22,531)
Changes in fair value of derivative financial instruments (€'000)	**(481)**	526
EPRA Earnings (€'000)	**15,914**	15,259
Basic weighted average number of shares	**521,678,946**	437,512,043
Diluted weighted average number of shares	**524,009,290**	440,513,572
EPRA Earnings per share (cents)	**3.1**	3.5
EPRA Diluted Earnings per share (cents)	**3.0**	3.5

24. Net Asset Value per Share

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

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

EPRA NAV per Share

	30 June 2020		
As at	**EPRA NRV**	**EPRA NTA**[(1)]	**EPRA NDV**[(2)]
Net assets (€'000)	**784,462**	**784,462**	**784,462**
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	**971**	**971**	**—**
Adjustments to calculate EPRA net assets include:			
Real estate transfer tax (€'000)[(3)]	**57,168**	—	—
EPRA net assets (€'000)	**842,601**	**785,433**	**784,462**
Number of shares outstanding	**521,678,946**	**521,678,946**	**521,678,946**
Diluted number of shares outstanding	**524,009,290**	**524,009,290**	**524,009,290**
Basic Net Asset Value per share (cents)	**150.4**	**150.4**	**150.4**
EPRA Net Asset Value per share (cents)	**160.8**	**149.9**	**149.7**

	31 December 2019		
As at	**EPRA NRV**	**EPRA NTA**[(1)]	**EPRA NTA**[(2)]
Net assets (€'000)	810,169	810,169	810,169
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	788	788	—
Adjustments to calculate EPRA net assets include:			
Real estate transfer tax (€'000)[(3)]	56,753	—	—
EPRA net assets (€'000)	867,710	810,957	810,169
Number of shares outstanding	521,678,946	521,678,946	521,678,946
Diluted number of shares outstanding	524,529,943	524,529,943	524,529,943
Basic Net Asset Value per share (cents)	155.3	155.3	155.3
EPRA Net Asset Value per share (cents)	165.4	154.6	154.5

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

(2) Deferred tax is assumed as per the IFRS balance sheet. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 30 June 2020 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

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

25. Directors' Remuneration, Employee Costs and Auditor Remuneration

For the six months ended	30 June 2020	30 June 2019
	€'000	€'000
Directors' remuneration		
Short-term employee benefits	**669**	561
Pension costs	**30**	25
Other benefits(1)	**94**	80
Share-based payments(2)	**186**	55
Total	**979**	721

(1) Included in this amount is pay-related social insurance and benefits paid for the Directors.
(2) Included in share-based payments are 4,596,499 stock options that were anti-dilutive as at 30 June 2020.

26. 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.

27. Subsequent Events

The long-term impact of Covid-19 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 that can bear broader market swings, even in comparison to other property sectors.

On 31 July 2020, I-RES completed the development of 95 units at Hansfield Phase II.

28. Approval of Condensed Consolidated Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the Board on 6 August 2020.

Glossary of Terms

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding terms used in this report.

"Annualised Passing Rent"	Defined as the actual monthly residential and commercial rents under contract with residents as at the stated date, multiplied by 12, to annualize the monthly rent;
"Average Monthly Rent (AMR)"	Actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property;
"Basic Earnings per share (Basic EPS)"	Calculated by dividing the profit for the reporting period attributable to ordinary shareholders of the Company in accordance with IFRS by the weighted average number of ordinary shares outstanding during the reporting period;
"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"	EPRA introduced three EPRA NAV metrics to replace the existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value ("**EPRA NRV**'), EPRA Net Tangible Asset ("**EPRA NTA**") and EPRA Net Disposal Value ("**EPRA NDV**"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Any gains arising from the sale of a property are expected either to be revinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments , and certain other adjustments are calculated to the full extent of their liabilities.
"EPRA NAV per share"	Calculated by dividing each of the EPRA NAV metric by the diluted number of ordinary shares outstanding as at the end of the reporting period;
"Equivalent 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 groups 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 I-RES nor any other person accepts responsibility for the accuracy of such statements.

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

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

Shareholder Information

HEAD OFFICE
South Dock House
Hanover Quay
Dublin 2, Ireland
Tel: +353 (0)1 557 0974
Website: www.iresreit.ie

OFFICERS

Margaret Sweeney
Chief Executive Officer

Declan Moylan
Chairman

INVESTOR INFORMATION
Analysts, shareholders and others seeking financial data should visit I-RES' website at www.iresreit.ie or contact:

CHIEF EXECUTIVE OFFICER
Margaret Sweeney
Tel: +353 (0)1 557 0974
E-mail: investors@iresreit.ie

COMPANY SECRETARY
Elise Lenser
Tel: +353 (0) 1 557 0974
E-mail: companysecretary@iresreit.ie

REGISTRAR AND TRANSFER AGENT
Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24, Ireland
Tel: +353 (0)1 447 5566

DEPOSITARY
BNP Paribas Securities Services, Dublin Branch
Trinity Point
10-11 Leinster Street South
Dublin 2, Ireland

AUDITOR
KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2, Ireland

LEGAL COUNSEL
McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2, D02 X576 Ireland

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