23 February 2022

Latest Results

Irish Residential Properties REIT Plc

Results for the Year Ended 31 December 2021

Irish Residential Properties REIT plc ("**I-RES**" or the "**Company**"), an Irish real estate investment company focused on residential rental accommodation, today issues its Group(1) annual results for the year from 1 January 2021 to 31 December 2021.

Key Financial and Operational Highlights

The Group delivered a strong performance for the year ended 31 December 2021 despite the ongoing coronavirus pandemic ("**Covid-19**"):

Financial Highlights

For the year	2021	2020	% change
Operating Performance			
Revenue from Investment Properties (€ millions)	**79.7**	74.7	6.7%
Net Rental Income (€ millions)	**63.0**	59.8	5.4%
Adjusted EPRA Earnings before non-recurring costs (€ millions)(2)	**37.0**	36.3	1.9%
Deduct: Non-recurring costs(3)	**(5.4)**	(2.3)	
EPRA Earnings (€ millions)(2)	**31.6**	34.0	
Add: Increase in fair value of investment properties (€ millions)	**34.9**	19.1	
Add: Gain on disposal of investment property (€ millions)	**0.9**	4.5	
Add: Gain on derivative financial instruments (€ millions)	**0.1**	0.7	
Profit (€ millions)	**67.5**	58.3	
Basic EPS (cents)	**12.8**	11.2	
EPRA EPS (cent)	**6.0**	6.5	
Adjusted EPRA EPS for non-recurring costs per share (cents)(2)	**7.0**	7.0	
Interim Dividend per share (cents)	**2.91**	2.75	
Proposed Dividend per share (cents)	**3.08**	3.22	
Portfolio Performance			
Total Number of Residential Units	**3,829**	3,688	
Overall Portfolio Occupancy Rate(2)	**99.1%**	98.4%	
Overall Portfolio Average Monthly Rent (€)(2)	**1,678**	1,624	

(1) This announcement incorporates the financial information of the Company and its wholly-owned subsidiary, IRES Residential Properties Limited, together referred to as the "Group", for the year from 1 January 2021 to 31 December 2021.

(2) For definitions, method of calculation and other details, refer to pages 21 to 25 of Business Performance Measures under the Operational and Financial Results section of the Business Review.

(3) The non-recurring costs of €5.4 million (31 December 2020: €2.3 million) and general and administrative expenses of €6.3 million (31 December 2020: €5.1 million) incurred in 2021 totals the general and administrative expense costs of €11.7 million (31 December 2020: €7.4 million).

Financial Highlights

As at	31 December 2021	31 December 2020	% change
Assets and Funding			
Total Property Value (€ millions)	**1,493.4**	1,380.4	8.2 %
Net Asset Value (€ millions)	**881.4**	841.7	4.7 %
IFRS Basic NAV per share (cents)	**166.5**	160.3	3.9 %
Group Total Gearing[4]	**40.7 %**	39.2 %	3.8 %
Gross Yield at Fair Value[1][2]	**5.6 %**	5.5 %	
EPRA Net Initial Yield	**4.2 %**	4.2 %	
Other			
Market Capitalisation (€ millions)	**887.4**	785.5	
Total Number of Shares Outstanding	**529,453,946**	525,078,946	
Weighted Average Number of Shares – Basic	**527,412,302**	522,069,110	

(1) Excluding fair value of development land and investment properties under development.
(2) For definitions, method of calculation and other details, refer to pages 21 to 25 of Business Performance Measures under the Operational and Financial Results section of the Business Review.
(3) The non-recurring costs of €5.4 million (31 December 2020: €2.3 million) and general and administrative expenses of €6.3 million (31 December 2020: €5.1 million) incurred in 2021 totals the general and administrative expense costs of €11.7 million (31 December 2020: €7.4 million) presented in the Consolidated Financial Statements for the year ended 31 December 2021.
(4) For definitions, method of calculation and other details, refer to page 20 to 21 of Liquidity and Financial Condition under the Operational and Financial Results.

Investment and operational platform delivering resilient results despite Covid-19 impact

- Continued growth in our revenue from investment properties by 6.7% to €79.7 million for the year was due to continuing growth in the portfolio from acquisitions, organic rental growth and increased occupancy levels.
- Maintained high residential occupancy levels of 99.1% as at 31 December 2021 (31 December 2020: 98.4%).
- Total rent collections (including commercial rent collections) were 99.2% (31 December 2020: 98.9%). This represents a very strong outturn under the current exceptional Covid-19 conditions.
- NRI margin decreased to 79.1% during 2021 compared with 80.0% for the year ended 31 December 2020. The Company did not apply any rent increases on existing resident leases for the period from April 2020 to October 2021 in recognition of the societal challenges presented by the Covid-19 pandemic. The decrease was also due to higher property operating costs, mainly repairs and maintenance.
- This resulted in Adjusted EPRA Earnings (before non-recurring costs) increasing by 1.9%% to €37.0 million. EPRA Earnings decreased by 7.1% to €31.6 million.
- Including property revaluation, profit for the year increased by 15.8% to €67.5 million.

Robust balance sheet with strong liquidity

- The Company has a Revolving Credit Facility (“RCF”) of €600 million (with an uncommitted accordion facility of €50 million). The facility has a fixed interest margin of 1.75%, plus the one-month EURIBOR rate. The Company also has private placement debt of circa €200 million with maturities from 2027 to 2032.
- On 11 February 2022, the Company exercised an option for an extension with all five banks (Ulster Bank Ireland DAC, Bank of Ireland, Allied Irish Bank, Barclays Bank plc and HSBC Bank plc) for the entire €600 million facility with the new maturity date of 18 April 2026.
- As at 31 December 2021, the Company has €10.3 million of cash and €180 million of committed undrawn debt under its RCF.
- I-RES’s Group Total Gearing was 40.7% as at 31 December 2021 (31 December 2020: 39.2%), below the 50% maximum allowed under the Irish REIT rules and the financial covenants under the Group’s debt facilities. The Company also maintains significant headroom on its interest coverage ratio.

Continuing Value Creation and Growth

- I-RES continued to deliver on its strategy for growth during the period through the acquisition and development of new assets.
- In January 2021, I-RES took ownership of 146 residential units located in the Phoenix Park Racecourse, Castleknock, Dublin 15. The total purchase price was €60 million (including VAT but excluding other transaction costs).
- In January 2020, the Company entered into a development contract to develop 61 residential units at Bakers Yard. Despite a number of closures in 2020 and 2021 due to Covid-19 restrictions, construction work is continuing with completion now expected in H1 2022.
- Ongoing development under a forward purchase contract for 69 residential units at Merrion Road, Dublin 4 with delivery now expected in H1 2022 following delays due to Covid-19 regulations.
- Throughout 2021, the Company continued to focus on value creation and growth;
  - In May 2021, the Company disposed of a commercial unit and the food court at Tallaght Cross West for net proceeds of €1.6 million.
  - In August 2021, the Company executed an index linked 25-year lease for 128 units at Hampton Wood to Tuath Housing Association.
- In January 2022, the Company announced the execution of two contracts for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin 3 in two phases. The Company completed the handover of 86 units on 20 January 2022 and a further 22 units will complete in H1 2022. The Company has further committed to acquire 44 apartments under a forward purchase contract, with delivery anticipated for H2 2023. The total purchase price is approximately €66 million (including VAT but excluding other transaction costs). The acquisition will be funded from the Company's existing credit facilities.
- At 31 December 2021 the Portfolio value was €1,493.4 million due to investments and a revaluation gain of €34.9 million.
- IFRS Basic NAV per share increased 3.9 % to 166.5 cents (31 December 2020: 160.3 cents), due to fair value gain on investment properties and profits from operations, net of dividends paid in 2021.
- EPRA Net Tangible Assets increased 4.1% to €881.4 million at 31 December 2021 (€841.8 million at 31 December 2020) due to a higher portfolio value and income generated during the year.

Dividends

- It is intended to declare a dividend of 3.08 cents per share for the year ended 31 December 2021 on or about 23 February 2022.
- Paid a dividend of 2.91 cents per share during September 2021 for the period 1 January 2021 to 30 June 2021.
- Paid a dividend of 3.22 cents per share during April 2021 for the year ended 31 December 2020.

Internalisation of Management of the Company

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

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

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

In anticipation of internalising its management, the Company had undertaken extensive feasibility and planning exercises, upscaled the resources of the Company and has taken significant steps to establish appropriate systems, technology and services infrastructure to replace the services currently provided to the Company and the Investment Manager by CAPREIT pursuant to the Services Agreement. The company has recruited necessary experienced employees over the last 6 months to assist with the transition of the services provided by CAPREIT.

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

As previously noted by the Company, there are additional one-off costs associated with Internalisation. In total, one-off costs are now estimated to be in the order of approximately €6m. These include costs associated with the acquisition of the Investment Manager, the transition of corporate support functions and, in particular, the complex and extensive process of significant data transfers from CAPREIT systems and implementing company-wide IT systems. An amount of €4.2m is included in non-recurring costs above for 2021 associated with Internalisation. As previously guided, annual management costs incurred by the Company on a stabilised full year basis post the Completion of Internalisation are estimated to be approximately €1.3m per annum lower than those payable under the existing IMA and Services Agreement, which amounted to €7.2m in 2021, in addition to direct recharge of site office employee costs of €2.5m.

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

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

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

The business continued to perform strongly during 2021 with revenue growth of circa 6.7% over the last year due mainly to continued investment in new properties. These results, demonstrate the strong resilience of the business during this uncertain and challenging time with net rental income margin achieved of 79.1% and continued strong occupancy across the portfolio of 99.1%. In this context it is important to highlight that the Company did not apply any rent increases on existing resident leases for the period from April 2020 to October 2021 in recognition of the societal challenges presented by the Covid-19 pandemic.

We have continued to deliver on our growth strategy with investment in 148 new homes since December 2020, bringing our overall portfolio of homes for rental to 3,829 as at 31 December 2021. We closed the acquisition of a portfolio of 146 high quality residential units at the Phoenix Park Racecourse on 28 January 2021. We continue to invest in line with our growth strategy with ongoing development of 130 new apartments and town houses due for delivery in 2022 at Bakers Yard and through the forward purchase contract for Merrion Road, Dublin. We entered into a 25-year social housing lease for 128 units at Hampton Wood in August 2021.

Since the year end, we announced the acquisition of 152 residential units located in Ashbrook. Clontarf on 5 January 2022. This acquisition presents the opportunity for I-RES to invest in an attractive residential property as well as adding further supply of new apartments, in the sought after residential location of Clontarf. The property and development site are located close to a host of employment, amenity and transport routes as well as being a short commute to the city centre.

As outlined above the Company exercised its right to internalise its management, with the Internalisation and acquisition of IRES Fund Management, taking effect on 31 January 2022. I am confident that, as an internalised and fully integrated business, together with an experienced team and investment in market leading technology, the Company can build its operational capability and scalability to deliver long-term value for shareholders. The Company has added further new employment in the Company as a result of Internalisation and transfer of services previously provided by CAPREIT.

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

The economic growth outlook for Ireland and the fundamentals of our business remain strong with a young growing population, reducing household sizes, and continuing strong international investment supporting continued requirements for good quality professionally managed private rental accommodation. As we enter 2022, headwinds in relation to inflation and interest rates, which have not been a significant factor over the last 10 years, will put necessary focus on operational costs and efficiencies from operational scalability and enabling technology. The Company is fortunate to have significant head room in its debt facilities as well as extended maturities, to minimise the impact of future interest rate increases.

Taking account of the opportunities and challenges for the business, I am confident that with a strong experienced I-RES team, we can continue to execute on our strategy and deliver strong operating performance and value for shareholders.’’

Chairman's Statement

I am delighted that we are reporting a strong performance for 2021. During the period, we continued to meet the needs of our residents, delivering strong returns for our shareholders and progressed with the Internalisation of the Investment Manager.

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

Delivering on our Growth Strategy

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

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

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

Financial Results

Against a challenging market backdrop, the Group generated continued strong performance in 2021 with revenue and NRI growth during the year. Our continued investment in new properties helped deliver rental income growth for the year, while also maintaining a consistently high occupancy rate across our portfolio. As of 31 December 2021, our adjusted EPRA EPS (before non-recurring costs) is 7.0 cents, consistent with 2020, while our IFRS Basic NAV per share grew by 3.9 % to 166.5 cents. As a result of this strong performance, we declared an additional dividend of 3.08 cents per share for the twelve months ended 31 December 2021.

Internalisation of Management and Termination of Investment Management Agreement

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

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

Governance & Shareholder Engagement

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

Continuing to develop strong relationships with our shareholders is a vital aspect of building a sustainable business. As a Company, we benefit from understanding their needs and concerns. As part of our efforts to further develop productive dialogue with our shareholders, we carried out shareholder engagement on Governance and Sustainability in 2021. The Company appreciates the significant response we received and will incorporate shareholder feedback into our governance frameworks and report key themes of the engagement in the Sustainability Report on page 26. The Board will continue to proactively engage with shareholders on governance and sustainability matters in carrying out its function.

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

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

ESG

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

Outlook

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

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

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

Our priority will continue to be the health and well-being of our employees, residents, partners and suppliers. I would like to thank my fellow Board members, our CEO, Margaret Sweeney, as well as the management and staff of I-RES, IRES Fund Management and CAPREIT LP for their hard work, focus and dedication during the year, which ensured that the business continued to perform strongly during these uncertain and challenging times.

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

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

Declan Moylan

Chairman

Chief Executive's Statement

Overview

I am pleased to report the Group has performed well in 2021 and enters 2022 in a position of strength as we look to deliver future growth. I-RES' diverse portfolio, resilient business model, and our teams' commitment to fulfilling the changing needs of our residents and communities has enabled us to deliver a robust performance for the year, as well as continuing to deliver on our growth plans and value enhancing opportunities. Occupancy has remained consistently strong at 99.1% and margins have been resilient at 79.1%, supported by our mid-market residential sector positioning where there is strong demand for our unique portfolio of high-quality homes in attractive, well serviced locations where people want to live and work. We completed the internalisation of the management of the Company on 31 January 2022 and are investing in new technology to underpin our strong operating platform and enhanced service to residents.

Commitment to Long-term Sustainability

Sustainability is a fundamental focus in how we do business at I-RES. Our commitment remains on building a sustainable and responsible business which is aligned with the long-term approach we take to investing in new supply, building and maintaining our properties, supporting and servicing our residents, employees, our vendor partners and the wider community in which we operate. We actively work towards aligning our business strategy and objectives with ESG measures that are important to growing a long-term sustainable business and to meet the needs of our investors and stakeholders.

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

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

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

2021 saw the establishment of a Board Sustainability Committee which will support the implementation of the Company's multi-year ESG strategy. Importantly, we undertook and completed a materiality assessment which saw widespread stakeholder engagement, and which will help inform our ESG strategy going forward. The outcome of the assessment can be found on page 27 of this report.

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

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

Continuing to support our people through the Covid-19 pandemic

From the beginning of 2021, the Covid-19 pandemic continued to have a negative impact on our communities and Ireland was put into a lockdown for most of the first half of the year, when only essential businesses could operate, and the public was advised to 'stay home'. Against that backdrop, we paused any rental increases across our existing tenancies during the period from April 2020 to October 2021, and agreed payment deferral plans with a number of our commercial tenants. We maintain an active dialogue with all tenants and continue to support those most impacted by the pandemic. We continued to carry out essential maintenance on our properties and also prioritised the wellbeing of our employees during a challenging time for many.

The country has returned to a near full reopening following a recent period of restrictions from 7 December 2021 to 22 January 2022. We remain alert to prioritising the safety and well-being of our residents, tenants, employees, and other stakeholders as we see how Covid-19 evolves during the coming months.

Growth Strategy and Portfolio Development

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

Our residential homes are modern (average age of portfolio is c.12 years) and principally located in the Dublin area, with one property in Cork. Every location has excellent transport connections, vibrant community spaces and strong local employment opportunities from indigenous and international employers.

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

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

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

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

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

In addition, our development pipeline includes 543 residential apartments with planning permission on existing sites, enabling us to grow our portfolio and deliver attractive risk adjusted returns for our shareholders, while also adding high-quality, modern and sustainable homes in line with market demand. This provides overall portfolio pipeline growth of c.21.5% as at 31 December 2021.

Results

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

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

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

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

Property assets at 31 December 2021 increased by €113 million to €1,493.4 million. The main driver of the increase in value of our assets were the acquisitions of the Phoenix Park property and the revaluation gain to market value. Based on the recent valuations, the portfolio is approximately 9.4% below market rent indicating further opportunity in the medium term. The Group's IFRS NAV increased by 4.7% in the year ended 31 December 2021, to €881.4 million from €841.7 million at 31 December 2020, or to 166.5 cents per share from 160.3 cents per share.

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

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

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

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

Regulation and Legislation

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

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

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

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

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

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

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

Outlook

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

It is forecast that Irish GDP grew by 16.1% in 2021[1], underpinned by strong inward Foreign Direct Investment ('FDI') across key sectors, particularly in ICT, Pharma and Financial Services. The growth is forecasted to continue, with the Central Bank of Ireland ('CBI') forecasting that Irish GDP will grow by 8.7% in 2022 and 5.0% in 2023. Modified domestic demand, a more appropriate gauge of the domestic economy that strips out distortions caused by the multinational sector, is projected to grow by 7.1% in 2022 and 5.2% in 2023. There have been significant improvements in the Irish labour market, with the standard measure of monthly unemployment of 4.8% in January 2022, while the Covid-19 adjusted measure of unemployment was 7.8%, compared to 27.1% in January 2021. Despite the positive indicator we are cognisant that the recovery will be gradual if slightly uneven for those sectors most severely impacted by the pandemic.

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

(1) Central Bank of Ireland – Quarterly Bulletin / January 2022

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

As we progress with the full internalisation of management of the Company and transition of services, I would like to thank the senior management and staff of CAPREIT, for their contribution to the business for the last 8 years. Further details on the Internalisation can be found in the Business Review on page 15.

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

Margaret Sweeney

Chief Executive Officer

Investment Manager's Statement

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

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

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

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

Building on our platform, which features open and regular communication with residents, best practices in employee development, and strategies for attracting and retaining residents, we continually improve our offerings to residents with the objective to ensure that the services we provide exceeds residents' expectations.

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

Michael Boyce

Chairman of IRES Fund Management

Business Review

The business performed strongly during 2021 due to strong operational performance and continued investment and growth in our portfolio of properties for rent.

Strategy for Growth

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

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

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

Acquisitions

Phoenix Park Racecourse, Dublin 15 (146 Residential Units)

I-RES completed the acquisition of 146 residential units located in The Phoenix Park Racecourse, Castleknock, Dublin 15 in January 2021. The total purchase price was €60 million (including VAT but excluding other transaction costs).

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

Richmond Gardens, Fairview (One Residential Unit)

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

Bakers Yard, City Centre (One Residential Unit)

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

Disposals

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

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

Elm Park, South Dublin (Seven Residential Units)

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

Future Growth Pipeline

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

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

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

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

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

Development and Intensification of Existing Assets

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

Location	No. of Residential Units at Completion	Status
Bakers Yard	**61**	Under Construction
Priorsgate (Bruce House)	**31**	Planning Permission Granted
Beacon Square South (B4)	**84**	Planning Permission Granted
Rockbrook	**428**	Planning Permission Granted
	604	

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

In September 2018, planning permission for the proposed 61 residential unit development was granted. Demolition and clearance of the site was completed in Q2 2019. The Company entered into a contract to commence construction of the 61 units in Q1 2020. Construction work commenced in January and was halted in March due to the Covid-19 pandemic. Construction work restarted in May 2020 but closed again on 8 January 2021 due to further government restrictions, reopening again on the 12 April 2021. I-RES expects that the 61 new apartments will be completed in H1 2022.

Value creation from existing assets

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

Internalisation and Termination of Investment Management Agreement

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

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

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

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

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

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

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

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

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

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

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

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

Operational and Financial Results

Net Rental Income and Profit for the Year Ended

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

(1) Vacancy loss of €1.5 million (31 December 2020: €3.2 million) for the year ended 31 December 2021. The residential vacancy was 1.0% (31 December 2020: 2.5%) of the total gross rental revenue for the twelve months ended 31 December 2021.
(2) The non-recurring costs of €5.4 million and general and administrative expenses of €6.3 million incurred in 2021 totals the general and administrative expense costs of €11.7 million reflected on the Consolidated Financial Statements for the year ended 31 December 2021.
(3) Adjusted EBITDA represents earnings before lease interest, financing costs, depreciation of property, plant and equipment, gain or loss on disposal of investment property, net movement in fair value of investment properties, gain or loss on derivative financial instruments and non-recurring expenses to show the underlying operating performance of the Group.

Operating Revenue

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

Net Rental Income

The NRI margin has been presented as the Company believes this measure is indicative of the Group's operating performance. For the year ended 31 December 2021, NRI increased by 5.4% primarily due to investment in new apartments and organic rental growth across the portfolio. The NRI margin for the current year decreased to 79.1% compared to 80.0% for last year because the Company did not apply any rent increases on existing resident leases for the period from April 2020 to October 2021 in recognition of the societal challenges presented by the Covid-19 pandemic. Further, the decrease was due to higher repairs and maintenance costs.

General and Administrative ("G&A") Expenses

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

Asset and Property Management Fees

Pursuant to the Investment Management Agreement between I-RES, IRES Residential Properties Limited and IRES Fund Management, effective on 1 November 2015, as amended and restated from time to time, I-RES pays 3.0% per annum of its gross rental income as property management fees and included under "property operating costs" above; and 0.5% per annum of its net asset value to the Manager as an asset management fee. The asset management fee for the year ended 31 December 2021 was €4.8 million compared to €4.4 million for the year ended 31 December 2020. It is higher due to an increase in net asset value compared to the same period last year. See note 22 of the Consolidated Financial Statements for further details of the Investment Management Agreement. Property management fees included in Property Operating Expenses amounted to €2.4 million (2020: €2.2 million). In addition, there is a recharge to IRES for the costs of site office employees amounting to €2.5 million (2020: €2.3 million).

Non-recurring costs

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

Share-based Compensation Expenses

Under the Company's long term incentive plan, in 2017 and 2019, options were granted to the Company's CEO and in 2020, restricted shares were awarded to the CEO. In 2021 restricted shares were awarded to the CEO and a small number of employees in line with the Remuneration Policy. See note 12 of the Consolidated Financial Statements.

Net movement in fair value of Investment Properties

I-RES recognises its investment properties at fair value at each reporting period, with any unrealised gain or loss on remeasurement recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value gain on investment properties is mainly due to yield compression offset by an increase in transaction costs related to stamp duty on houses, giving a net increase in value of €34.9 million for the period.

Gain on disposal of investment property

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

Gain on Derivative Financial Instruments

On 12 February 2020, I-RES entered into a cross-currency swap to (i) hedge the US-based loan of USD $75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the US-based loan to a fixed Euro interest rate, maturing in 10 March 2027 and 10 March 2030. Hedge accounting has been applied for the cross-currency swap. For the year ended 31 December 2021, there was a fair value gain of circa €4.74 million and a cost of hedging of circa €378,000 recorded in the cashflow reserve in the statement of changes of equity and a reclassification of €5.39 million gain to consolidated statement of profit or loss and other comprehensive income.

Financing Costs

Financing costs, which include the amortisation of certain financing expenses, interest and commitment costs, increased for the year ended 31 December 2021 to €13.9 million from €12.8 million for the year ended 31 December 2020. The financing costs have increased by €1.1 million in 2021 compared to 2020 due to a higher debt level, arising from investment in new assets. See notes 10 and 11 of the Consolidated Financial Statements.

Property Portfolio Overview

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

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

(1) As at 31 December 2021.
(2) Based on residential units.
(3) AMR is calculated as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of residential units owned in the property. Actual monthly residential rents, net of vacancies, as at 31 December 2021 was €6,425,062 divided by 3,829 units (which is the total units available for lease as at 31 December 2021) resulting in AMR of €1,678.
(4) Refer to page 22 for further discussion on average monthly rent per apt. and occupancy.
(5) I-RES's external valuers indicated that I-RES's current rents (on a weighted average basis for the portfolio) as at 31 December 2021 are estimated to be approximately below market by 9.4%.

Property Capital Investments

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

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. In 2017, fire remedial levies were approved by the members of the Beacon South Quarter owners' management company in relation to these water ingress and fire remedial works. I-RES' portion of these fire remedial levies as at 31 December 2021 is circa €0.5 million. There is also an active insurance claim with respect to the water ingress and related damage.

Liquidity and Financial Condition

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

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

Group Total Gearing

At 31 December 2021, capital consists of equity and debt, with Group Total Gearing of 40.7%, which is below the 50% maximum allowed by the Irish REIT Regime, and its debt financial leverage ratio. I-RES seeks to use gearing to enhance shareholder returns over the long term.

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

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

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

The Revolving Credit Facility of €600 million has an initial five-year term with an effective date of 18 April 2019 and is secured by a floating charge over assets of the Company and IRES Residential Properties Limited, its subsidiary, and a fixed charge over the shares held by the Company in IRES Residential Properties Limited on a pari passu basis.

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

In March 2020, I-RES successfully closed the issue of €130 million Notes and IRES Residential Properties Limited, its subsidiary closed the issue of USD $75 million notes on a private placement basis (collectively, the “Notes”), together circa of €200 million (Euro equivalent), with a weighted average fixed interest rate of 1.92% inclusive of swap costs and excluding transaction costs. The Notes have a weighted average maturity of 7.9 years as at 31 December 2021, laddered over circa six, nine and eleven-year maturities, with the first repayment due in March 2027. The net proceeds of the Notes were used to pay down the RCF. This issuance of Notes strengthened I-RES’ balance sheet by creating more liquidity and flexibility, while keeping the interest rates at attractive low levels, and attracting high quality investors for this transaction. In addition, it also enhanced I-RES’ funding alternatives.

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

Business Performance Measures

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

Average Monthly Rent (“AMR”)

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

Occupancy

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

Gross Yield at Fair Value

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

European Public Real Estate Association ("EPRA") Net Initial Yield and EPRA 'topped up' Net Initial Yield

EPRA Net Initial Yield (EPRA NIY) is calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA "topped-up" Net Initial Yield (EPRA "topped-up" NIY) is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA Earnings per Share

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

EPRA Net Asset Value

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

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

AMR and Occupancy

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

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

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

Gross Yield at Fair Value

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

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

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

EPRA Net Initial Yield

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

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

EPRA Earnings per Share

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

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

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

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

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

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

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

(2) Deferred tax is assumed as per the IFRS balance sheet. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 31 December 2021 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

(3) This is the purchaser costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred, and which are deducted from the gross value in arriving at the fair value of investment for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial, 4.46% for residential apartment units, and 12.46% for houses and duplexes.

Sustainability

Climate risk and environmental, social, and governance ('ESG') considerations continue to take priority across our business, influencing how we operate and our investment decision making. We are committed to playing our part in supporting the transition to a low carbon economy, while building communities and delivering sustainable living solutions.

In a country with an undersupply of housing, we are firm believers, that by providing high-quality homes and increasing availability, we are positively contributing to an improving rental market. and raising the living standard.

As one of Ireland's leading providers of rental homes, we recognise that it is incumbent on us to ensure that our portfolio and development pipeline incorporates environmentally sustainable building management practices and resilience mitigation measures to combat climate change.

Underpinned by our multi-year ESG strategy in 2019, we have achieved some key milestones, including implementing measures that align with the UN Sustainable Development Goals ('SDG'), building robust cross-departmental frameworks, conducting active engagement with key stakeholders, setting targets, tracking progress and enhancing reporting. This robust strategy will ensure the development of a long-term sustainable business which meets the needs of all our stakeholders.

To facilitate a greater understanding of the impact of ESG associated with our activities, we report our performance measures and metrics in line with the EPRA Sustainability Best Practices Recommendations ('SBPR'). In 2021, we achieved the gold level award and Most Improved Company award for compliance with the SBPR and have received the BPR silver award for four years running, reflecting the progress we have made in implementing our ESG strategies across our business. We also continue to support and recognise the SDG, which are seen as a blueprint for a prosperous and more sustainable future for all. Additionally, our efforts have been assessed by the Global Real Estate Sustainability Benchmark ('GRESB'), an industry-leading global assessor of the ESG performance of real estate assets and their managers, awarding us with one-star award. Our first GRESB public submission results are promising and provide a baseline to build upon over the coming years. Specifically, we are focused on improving performance on energy management, waste and biodiversity.

The Company recognises the importance of, and is committed to supporting, diversity and inclusion across all levels of the business, and equality of opportunity across the business community and wider society. We are delighted to disclose our recent Diversity and Inclusion Award as a 'Best Practice Leader in European Women on Boards Gender Equality Index'. We have exceeded the target of 33% gender diversity on the Board which we set for the end of 2023, in line with Irish and UK best practice. Our most recent appointment Stefanie Frensch brings additional residential real estate expertise to the Board as well as broadening both gender and cultural/background diversity.

ESG Oversight

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

The oversight of all ESG matters is critical to the Company. Accordingly, the Board of the Company has established a sustainability committee (the 'Board Sustainability Committee') which, among other duties, is responsible for developing and recommending to the Board the Company's ESG strategy, policies, risks, targets, and investment required to achieve our multi-year ESG strategy.

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

Incorporating ESG in the development process and existing portfolio

As we continue to deliver on our growth strategy, incorporating ESG into our development process is a critical aspect of its delivery. We have two developments in progress – Baker's Yard, which consists of 61 residential units and will be delivered to LEED Gold certification in 2022; and a forward purchase contract for 69 residential units at Merrion Road, Dublin. On the standing portfolio, building on the strong progress we have made to improve the energy efficiency of our assets, we are focused on developing initiatives with the residents and Owners' Management Companies ('OMC') to improve energy consumption. Currently 94% of our modern diverse portfolio have BER ratings of C or higher, a good base but we are striving to continually improve.

I-RES places resident and community engagement at the centre of our operations. Stakeholder engagement has never been more critical in these challenging times, and we remain committed and focused on supporting our residents and the communities in which we operate. Our 2021 Annual Resident Survey incorporated environmental and social sustainability related questions to ascertain the residential community's views and desires in relation to waste and energy management, community activities, and other elements of sustainability.

We continue to work in close collaboration to deliver a cohesive and agile response to the challenges posed by Covid-19. In managing our response to the pandemic, we believe it is our responsibility to prioritise the safety and well-being of our employees, residents, vendors, and other personnel supporting the business. As we emerge from the pandemic, we recognise that many companies have embraced hybrid work arrangements; and as an employer and a provider of living space, we are adapting to these changes with an aim to deliver work lives that are more purposeful and productive for our employees and residents.

In 2022, we will rollout Yardi software solution for investment and property management. Yardi has a robust, integrated cloud-based platform which gives us the opportunity to streamline operations and the tools we need to scale the business while delivering excellent service to our residents. The solution will enable end to end management of the resident lifecycle and report on KPIs as we grow as well as improving on resident satisfaction and retention.

Developing our sustainability roadmap

We continue to have widespread engagement with our stakeholders, and this provided valuable input to our first materiality assessment completed this year. This assists the Company in identifying key priorities and refinement of our sustainability strategy as well as the impact on our business success. Building on the materiality matrix, we have developed a sustainability roadmap and prioritised actions with set targets and milestones over a short, medium and long-term time horizon across the 11 sustainability areas, set out below:

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

Our ambition is to build a sustainable and responsible business that is aligned with the long-term approach we take to investing, building, and maintaining our properties, supporting, and servicing our residents, employees, our vendor partners and the wider community in which we operate. We will continue working with key stakeholders to target the sustainability matters and opportunities where we can make the greatest impact.

Market Update

Irish Economic Outlook

Despite a severe lockdown in place for the first half of 2021, Irish economic performance has remained resilient, with Modified Domestic Demand growing by 5.5% in 2021 and projected to grow by 7.1% in 2022[2].

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

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

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

Housing

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

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

The supply and demand imbalance is expected to put further pressure on prices. The Irish Residential Property Price Index ('RPPI') increased by 14.0% nationally in the year to November 2021 (CSO). Overall, the national index is now just 5.9% below 2007 levels (CSO). The average mortgage approval rose to €269,000 in November 2021, up 8% on 2020. The average mover drawdown was €284,000 in Q3 2021, rising above Celtic Tiger levels for the first time. Given the CBI rules, the higher mortgage levels are being driven by savings and income growth and lack of supply in the market, rather than leverage. Average pay growth is now running at 5.4%, contributing to house price inflation and stronger demand for housing. (MyHome /Davy Q4 Report)

The Residential Tenancies Board ('RTB') reported annual rent inflation nationally of 8.3% in Q3 2021, marking a return to pre-pandemic levels of rental price inflation. The annual growth rate for Dublin was 6% in Q3 2021. Standardised average monthly rents for Q3 2021 were €1,397 nationally and €1,916 for Dublin (Source: RTB Q3 Report).

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

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

Investment

The total real estate investment spend in 2021 reached €5.5 billion (CBRE). Investment into the Private Residential Sector ('PRS') accounted for €2.2 billion (40% of the total) in 2021.

PRS remains an attractive asset class for investors, providing stable and attractive yields, resilience, and long-term value. International interest rates and bond yields remain at very low levels despite some recent price moves. International buyers are predominantly focused on prime assets of sizeable scale in good locations that are close to transport links. Activity is picking up with the economic reopening and international travel restrictions being lifted, so we expect an increase in transaction activity during 2022.

Investment Policy

Focus Activity

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

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

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

Gearing

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

Investment Structures

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

Warehousing / Pipeline Agreements

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

Restrictions

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

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

Changes to the Investment Policy

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

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

I-RES has invested in accordance with the investment policy. Please refer to the property portfolio overview table on page 20 for further details.

Principal risks and uncertainties

The Directors of the Company set out below the principal risks and uncertainties that the Group is exposed to and that may impact performance in the coming financial year. The Group proactively identifies, assesses, monitors and manages these risks with the assistance of the Manager, as well as the combined expertise of its Board. The principal risks and uncertainties, along with their strategic impact on the business and mitigating factors, have been outlined below. The Group has also provided its belief on how the risk has trended (remained stable, is increasing or is decreasing) from the year ended 31 December 2020.

Risk	**Prolonged Pandemic** A widespread and prolonged pandemic will have a negative effect on Ireland's economy, and in turn have an adverse impact on the performance of the Group.
Strategic Impact	**High** The global spread of Covid-19 has resulted in major disruptions to both businesses and personal lives. The Group, its Manager, and its key vendors and service providers have experienced disruptions to day-to-day operations. The Group's growth strategy will be affected if government restrictions impacting construction sites, in-suite works, and physical viewing of properties are re-imposed. There is uncertainty as to what the overall economic impact will be and how long a recovery will take. This could result in a negative impact to the Group's cash flows due to increased unemployment, reduced business activity, increased costs and further government measures related to the property rental industry taken to ease the economic impact of the Covid-19 pandemic.
Mitigation Strategy	The Group and its Manager actively monitor and manage the evolving risks and measures being implemented by government in relation to the pandemic, and their effect on the business and macroeconomic environment. The Group holds regular senior leadership meetings and provides regular updates to the Board. The Group and Manager continue to adhere to guidance by the Health Services Executive. The Group is taking steps to ensure the safety, health and well-being of all employees, residents in our properties, business partners, shareholders, and other stakeholders to ensure the ongoing operation and performance of the business, including increased sanitisation, communications programmes, increased use of technology, ensuring adherence to public health guidelines and government regulations, as well as providing ongoing support to tenants and employees. Given the difficult environment for tenants, the Group continues to work with tenants, and housing authorities to minimise the impact of the Covid-19 virus on tenants and their homes.
Risk Trending Since 31 December 2020	**Stable** While governments around the world, and health authorities are taking measures to slow the spread of the Covid-19 virus and roll out vaccines there has been an economic and health impact through 2021. The Irish Government is currently providing support measures for workers, and business affected by the Covid-19 pandemic. It is anticipated that it will take a prolonged period of time for businesses to return to normal operations.

Risk	**Economy and Inflation** A general weakening of the Irish economy and increasing inflation.
Strategic Impact	**Medium** Reduced economic activity could have a negative impact on business performance, asset values and net rental income, which could affect cash flows going forward. In addition, growing cost and payroll inflation in excess of rent inflation would put downward pressure on NRI and earnings.

Mitigation Strategy	The Group's business is primarily focused on Dublin, which has been more resilient economically than other areas of Ireland in the past. On an ongoing basis, the CEO and the Manager monitors business performance, economic and macro environment reviews and residential sector developments, and reports to the Board on a regular basis. The Board regularly considers the impact of the wider economic and macro-outlook and its impact on the Group's strategy and budgetary processes.
Risk Trending Since 31 December 2020	**Increasing** The Covid-19 pandemic had a significant impact on employment and economic activity in Ireland during 2021. The Irish Government is currently providing support measures for workers, and business affected by the Covid-19 pandemic as the majority of restrictions have been eased. The long-term economic impact of Covid-19 is yet to be determined however Ireland's economic resilience was also shown during 2021 when the Government announced record tax receipts of €68.4 billion, driven by corporation tax receipts.

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

Mitigation Strategy	The Group takes account of the current regulations, rent legislation as well as the economic environment, in considering the Group's strategy, its investment decisions, expectations of financial performance and growth. The Group and its Manager also monitor and manage costs keeping in mind any limitations on revenue growth. This is assisted by the Internalisation of the Manager on 31 January 2022. If any new legislation is enacted, relevant staff will receive training and education in order to ensure compliance with regulations and legislation.
Risk Trending Since 31 December 2020	**Increasing** There continues to be a significant supply constraint in the Irish housing market, coupled with increasing demand due to population growth and other demographic factors. This has been further exacerbated due to the pandemic with supply of new housing constrained as a result of restrictions on construction activity. Housing as a result is a significant political issue and features as a key policy measure in the Programme for Government as well as regulation changes during 2021. The Government has announced measures to increase direct supply of social and affordable housing including in partnership with the private sector. In September 2021, the Government introduced a new housing policy to 2030, 'Housing for All – a New Housing Plan for Ireland', which is a multi-annual, multi-billion euro plan to "improve Ireland's housing system and deliver more homes of all types for people with different housing needs".

Risk	**Investment Management Agreement Termination** On 31 March 2021, IRES Fund Management Limited (the "Manager"), served 12 months' notice of termination of the IMA. In August 2021 the Company served notice to the Manager terminating the IMA and internalising management, and exercised its right to acquire the shares of the Manager with the internalisation taking effect on 31 January 2022.
Strategic Impact	**Medium** On 29 January 2022, the Company and CAPREIT entered into binding legal agreements pursuant to which the Company exercised its right under the IMA and purchased the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1, effective from 31 January 2022 ("Completion"). As the Investment Manager serves as the Company's alternative investment fund manager ("AIFM") under the Alternative Investment Fund Managers Regulations 2013 ("AIFM Regulations"), the Company has also received the necessary approvals from the CBI to acquire the shares in the Investment Manager, subject to a requirement that all aspects of the Investment Manager's business be transferred to the Company and an application be submitted to the CBI for the Company to become authorised as an internally managed AIF within five months after the date of Completion of the acquisition of the Investment Manager. The Investment Management Agreement and Services Agreement terminates therefore effective 31 January 2022.
Mitigation Strategy	A Board Committee (the "Related Party Committee") is overseeing the transition from the existing external management arrangements and is assisted by advice from Rothschild, Grant Thornton, Davy and legal advisers (collectively, the "Transition Advisors"). The Company has contracted with Microsoft and Yardi to provide systems support to the Company and the Manager to replace the IT systems provided by CAPREIT on termination of the Transitional Services Agreement. The Company has recruited and expanded its management team and personnel and is in the process of transitioning the corporate functions supported by CAPREIT personnel in Canada. Post completion of the acquisition of the Manager, the employees of the Manager have been successfully transitioned to the IRES REIT network. The Company has entered into a transitional services agreement with CAPREIT (the "Transitional Services Agreement") with effect from 31 January 2022, pursuant to which CAPREIT will continue to

provide certain transitional assistance to the Company for a period of three months to facilitate the migration of data and implementation of new IT systems in the company.

Risk Trending Since 31 December 2020	**Stable** The Company has been working with CAPREIT and the Manager in planning and implementation of (i) a plan for internalisation including transition of functions, and data migration of the Company's data, books and records and systems and (ii) execution of a share purchase agreement in relation to the acquisition of IRES Fund Management Limited, including transition arrangements and data migration from the CAPREIT systems. In order to augment management, the Company has made two key appointments to its own management team. Mr. Brian Fagan has joined the Company as Finance Director with effect from 26 April 2021, and Ms. Anna-Marie Curry has joined as Company Secretary and General Counsel with effect from 1 July 2021. Additional personnel have been recruited to support the transition and future business of the Company.

Risk	**Cost of Capital, Interest Rate Increases and Loan to Value Ratio** Interest rate increases, and/or property valuation decreases, resulting in higher debt service costs and restrictiveness of future leveraging opportunities. Investors' expected rate of return increases, resulting in pressure to increase dividend yields.
Strategic Impact	**Medium** The Group is exposed to risks associated with movements in interest rates on its floating rate bank debt, as well as movements in property valuations. Significant increases in interest rates, and the cost of equity, could affect the Group's cash flow and its ability to meet growth objectives or preserve the value of its existing assets. Additionally, property valuations are inherently subjective but also driven by market forces. A contraction in property values could make the Group too highly geared, which would result in higher interest costs and covenant breaches.
Mitigation Strategy	The Company's revolving credit facility is €600 million with the interest margin fixed at 1.75%, plus the one-month EURIBOR rate. On 11 February 2022, the Company exercised an option for an extension with all five banks (Ulster Bank Ireland DAC, Bank of Ireland, Allied Irish Bank, Barclays Bank plc and HSBC Bank plc) for the entire €600 million facility with the new maturity date of 18 April 2026. The Group completed a private placement of Notes of circa €200 million equivalent in March 2020, with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 7.9 years, laddered over six, nine, and eleven year maturities, with the first repayment due in 2027. As of 31 December 2021, the Company has €10.3 million of cash and €180 million of committed undrawn debt under its Revolving Credit Facility. The Group has €4.9 million in current committed capital and development expenditure. The Group maintains an active programme of engagement with its debt and equity providers, including an ongoing Investor Relations programme. The Group's loan to value ratio was 40.7% as at 31 December 2021, below the 50% maximum allowed under the Irish REIT rules and the financial covenants under the Group's debt agreements. The Company also maintains significant headroom on its interest coverage ratio. The Group has a proven track record of strong results. Strong results, combined with being in a residential industry with strong real estate fundamentals, helps manage shareholders' expectations and thus, the cost of equity. The Group closely monitors property values by updating its property valuations twice annually through the use of two property valuation firms.

Risk Trending Since 31 December 2020	**Stable** Various Central Banks have commenced increasing interest rates and the position of the European Central Bank to not increase interest rates over the short to medium term may change. The Group has fixed margin on its RCF facility with extended maturity to 2026 as well as fixing the cost of its Notes PP with hedging strategy and maturity periods from 2027 to 2032. As such, the Group does not anticipate a material increase in debt financing costs in the short term. The valuation of the portfolio as at 31 December 2021, when compared to year end 2020 has increased. This has positively impacted the loan to value ratio. The increase in valuation is due to continued demand for residential assets by investors and transactions continue to close with competitive yields.

Risk	**Access to Capital** The ability to access capital may become limited, which would impact the growth strategy of the Group.
Strategic Impact	**Medium** If the Group is unable to source debt financing at attractive rates or raise equity, it may not be able to meet its growth objectives through acquisitions and development or preserve its existing assets through maintenance or capital expenditures.
Mitigation Strategy	The CEO and CFO have developed relationships with lenders, both in Ireland and internationally, which provide ongoing financing possibilities for the Group. The quality of the Group's property portfolio and the gearing target of 45% on total assets (particularly apartments) are attractive credit characteristics for potential lenders, which to date have facilitated the raising of debt financing. The Group currently has a revolving and accordion credit facility of up to € 600 million and Private Placement Notes of €200 million. The Group invests in properties that generate a strong rate of return for its investors and, in turn, increases the attractiveness of its shares and dividends. The Group actively manages its liquidity needs and monitors capital availability.
Risk Trending Since 31 December 2020	**Stable** At 31 December 2021 the Group had drawn on its credit facility in the amount of €420 million and Notes Private Placement of €198.1 million. The Group continues to monitor liquidity needs to ensure that future capital requirements are anticipated and met within the limits of its leverage thresholds. Based on its financial position and performance, as well as its relationships with lenders and current and potential investors, the Group believes that it has the ability to obtain debt financing and to raise equity at the appropriate time.

Risk	**Political** Material changes to the political environment in areas significantly impacting the Group's operations.
Strategic Impact	**Medium** It is the Company's understanding that the Government plans a multi-pronged approach to resolving issues in the housing market, including increasing the availability of affordable housing, as well as incentivising home ownership. In 2021 several changes were made to tax and rent regulations impacting residential housing.

Mitigation Strategy	The Company engages a public affairs firm to advise in relation to these matters as well as actively participating in industry groups to ensure ongoing consultation and engagement with relevant authorities, regulators and government departments on significant policy and regulatory matters likely to impact on the Company's affairs
Risk Trending Since 31 December 2020	**Increasing** It is the Company's understanding that the coalition government in Ireland is focused on housing policy as well as increasing housing supply, however engagement with the industry on significant regulations and policy matters continues to be challenging.

Risk	**Opportunity to Acquire or Develop Assets** Investment opportunities may become limited.
Strategic Impact	**Medium** The Group may not grow its number of apartments relative to the past if there is a lack of development and acquisition opportunities. Additionally, investment opportunities could be limited if they become overly costly or there is excess competition. If growth opportunities are limited, it will impact the Group's ability to generate growing returns for its shareholders.
Mitigation Strategy	The Group has become a sought-after investor for new investment opportunities that arise in the market. The Company and its Manager have deep market knowledge and have established strong industry relationships, which provide for new growth opportunities. Additionally, the Manager has dedicated staff focused on identifying and evaluating a pipeline of acquisition and development opportunities. The Group focuses on a three-pronged strategy for growth. This involves acquisitions, development opportunities within existing assets, and partnering with developers in relation to new development opportunities.
Risk Trending Since 31 December 2020	**Stable** Completed assets are in limited supply, and new supply is coming online more slowly than expected. Prior to the recent Covid-19 crisis, competition via new entrants and funds, though moderated, had continued to increase, leading to continued cap-rate compression and reduced opportunity for accretive acquisitions. **Covid-19** The Covid-19 pandemic has led to restrictions that has slowed activity in the real estate sector, including the buying and selling of assets, as well as construction. It is however, too early to establish the competitive environment post Covid-19, however the Group continues to acquire and develop assets in 2021

Risk	**Construction** Increasing construction costs, cost overruns or delays in completion of development projects or defects in construction or non-compliance with building standards.
Strategic Impact	**Medium** The Group may not meet its performance targets if there are material cost overruns in excess of budget estimates for development or maintenance works, unanticipated delays in securing planning permissions or delays in timelines for construction works associated with new development or maintenance projects.

	Increasing costs of construction could also impact returns or the Group's ability to take on construction projects. Furthermore, post construction, structural deficiencies or non-compliance with building code may be discovered which could also impact returns.
Mitigation Strategy	In sourcing/reviewing potential development opportunities, in line with the Company's strategy, the Manager undertakes a detailed investment and viability analysis. This analysis is presented to the CEO and Board. The Board must approve material development opportunities prior to commencement. As part of this approval process, the Manager on behalf of the Company will complete an open tender process, including qualitative and quantitative analysis, thereby ensuring the chosen main contractor has the proven ability and capacity to complete the construction project. The Company retains legal advisers specialising in real estate in order to ensure all contracts for development are market standard. The Manager performs adequate due diligence in conjunction with 3rd party consultants on main contractors before recommending their engagement to the CEO or the Board. These consultants typically provide advice on the form of contract, additional warranties to be provided, historic performance on projects of a similar size and scale, insurance requirements and performance bonds, where necessary and applicable. A technical team, engaged by the Company is retained throughout the course of the project and this is actively managed by the Manager reviewing delivery of the project on specific items such as quality, health and safety and project timelines. The Company also engages an independent cost manager to ensure the contractor billings are in line with the actual work completed. The Group uses lump sum fixed price contracts to minimise cost inflation risk during the construction phase. To protect against structural defects and non-compliances with building standards, the Manager ensures that completion certificates and Opinions of Compliance (in respect of planning permissions and building regulations) and obtained from the main contractor. Where necessary, third party professionals are engaged by the Company to inspect the building during and upon completion of construction. This has been supplemented in the last number of years by the statutory requirements to engage an Assigned Certifier who manages and reviews the design team and contractor during the project for compliance with the building standards. The Company receives a suite of contracts and collateral warranties from the design team, main contractor, and specialised sub-contractors. Additionally, a defects liability period (typically 12 months) is part of the building contract, during which time a financial holdback will be retained as collateral for any defects that may have arisen 12 months post practical completion of the works. High value and high-risk works' consultant and contractor contracts are for a 12 year period and these can be called upon if design or build defects arise within this period.
Risk Trending Since 31 December 2020	**Stable** The Group will monitor for and adapt to impacts on the supply of construction labour and materials. **Covid-19** While many construction firms have been expanding their teams to accommodate increasing activity in the housing sector there remains pressure on the availability of construction labour and consultants. Additionally, there continues to be upward pressure on costs, coupled with global supply constraints and rising inflation levels.

Risk	**Material Decline in Manager Performance** A material decline in the Manager's performance, or if it is unable to carry out its duties under the Investment Management Agreement.
Strategic Impact	**Medium**

	The Manager, through its asset management and property management functions, plays an integral part in the day-to-day operations and management of the Group's assets. As a result, a significant decline in its performance or an inability to carry out its mandate could lead to a decline in the Group's financial and operating performance, and significant disruption to the Group's operations. The Company acquired the Manager on 31 January 2022. The Manager must comply with certain regulations including the Property Services (Regulation) Act and the Alternative Investment Fund Management Directive (AIFMD) of the European Union. Failure to do so, could result in it losing its ability to provide property management and/or asset management services under the Investment Management Agreement to the Group.
Mitigation Strategy	The Manager is made up of a well-regarded multi-disciplinary team of qualified property and finance professionals experienced in the selection, financing and management of property investments. On 31 January, the Company acquired the shares in the Manager as part of the Internalisation. This allows the Company to manage the operations and performance of the Manager directly. The Board oversees and evaluates the work of the Manager including monitoring key performance indicators such as occupancy, rental revenues, net rental income, collectability of rents and net asset values. Additionally, the Board periodically reviews actual revenues and expenditures against budgets. The Manager's compliance and financial professionals spend a considerable amount of time ensuring compliance with the AIFMD requirements, as well as monitoring AIFMD regulations for any changes that impact compliance processes. The Manager's policies and procedures are reviewed regularly to incorporate any changes in legislation or procedure. Additionally, the Manager has engaged third party advisors and firms to assist it in complying with AIFMD and carrying out associated functions, as well as, making required filings to the Central Bank.
Risk Trending Since 31 December 2020	**Stable** On 31 March 2021, IRES Fund Management Limited (the "Manager"), served 12 months' notice of termination of the IMA. In August 2021 the Company served notice to the Manager terminating the IMA and internalising management, and exercised its right to acquire the shares of the Manager with the internalisation taking effect on 31 January 2022 (See risk titled "Investment Management Agreement Termination"). The Manager has continued to have strong performance as evidenced by the returns being generated on the Group's assets and ability to manage day-to-day operational matters. The Group does not anticipate any material changes in the Manager's ability to continue this performance or its ability to comply with AIFMD regulations for the remainder of its term. **Covid-19** The Manager activated its business continuity plan and continues to adhere to guidance by the Health Services Executive.

Risk	**Cybersecurity and Data Protection** Failure to comply with data protection legislation by the Company, its Manager and service providers could result in the Company's data being subject to a cybersecurity attack.
Strategic Impact	**Medium** Failing to comply with data protection legislation and practices could lead to unauthorised access and fraudulent activities surrounding confidential/non-public business information or personal data, particularly that belonging to the Group's residents. This could result in direct losses to stakeholders, penalties to the Group and/or the Manager for non-compliance, potential liability to third parties and reputational damage to the Group. Inadequate security on systems by IT providers could result in cybersecurity breaches.
Mitigation Strategy	The Group is responsible for data privacy and protection as a data processor on behalf of itself and the Group and remains adaptable either itself or through its sub processors to constant technological

	and legislative change. Employees of the Company receive regular awareness training on cybersecurity, privacy and data protection. Access to personal data is controlled through physical measures (e.g. locked offices and storage locations, alarm monitoring, cameras), administrative measures (e.g. data minimisation, data retention policies, data destruction practices, and audits) and IT security measures (e.g. password protection, firewalls, antivirus, intrusion detection and encryption). Cyber security personnel and third-party consultants/advisors are engaged by the Company, the Manager and CAPREIT where required, to assist with assessing the IT environment and cyber risks. The Company maintains cybersecurity insurance coverage on behalf of itself and the Group and continues to monitor and assess risks surrounding collection, processing, storage, disclosure, transfer, protection, and retention/destruction practices for personal data.
Risk Trending Since 31 December 2020	**Increasing** As technological change has occurred at a rapid pace, the inherent risks surrounding cybersecurity and data protection have also evolved and continue to evolve at an equally rapid pace. European Union Data Protection legislation (e.g. General Data Protection Regulation and ePrivacy) is increasing in prescriptiveness, obligation and administration. Additionally, issues such as cross border data transfers and vendor risk complexities, pose increasing compliance challenges due to recent legal developments and particularly the Schrems II case, and phishing and social engineering attempts continue at an accelerating pace due to criminal online "business models" focusing on high volume/quick hit ransomware deployment and basic financial fraud via wire transfer. **Covid-19** With Covid-19 and the requirement for companies to implement work from home measures, the business world has experienced a sizeable increase in cybersecurity attacks and threats, including phishing attempts. The Manager and its sub processors continue to employ the protective measures referenced in the mitigation strategy section of this risk. Additionally, they have increased the awareness and training to employees around cybersecurity risks and have also stepped up the monitoring of potential threats to the information technology landscape.

Risk	**Environmental Sustainability**
	Failure to respond appropriately, and sufficiently to environmental sustainability risks or failure to benefit from the potential opportunities could lead to adverse impact on reputation, property values, and shareholder returns.
Strategic Impact	**Medium** There is an increasing exposure to environment and climate-related risks across the portfolio. The environmental risks/opportunities include, but are not limited to, management of resource use (energy, water), waste disposal, material sourcing and use, greenhouse gas emissions and other impacts from operating, maintaining, and renovating our properties. The climate-related risks/opportunities include, but are not limited to, more extreme and volatile weather events, changes in regulations or government policies, reputation management, market demand shifts, developing technology, and investor pressure and expectations.
Mitigation Strategy	The Board of the Company has established a sustainability committee (the "Board Sustainability Committee") which among other duties is responsible for developing and recommending to the Board the Company's ESG strategy, policies, risks, targets and investment required to achieve the Company's ESG strategy. Additional working groups have been established to drive management, and asset level ESG strategy and monitor environmental and sustainability metrics. There is active engagement between the working groups and the Board.

	The Company produces an ESG Report annually with key data and performance points which are externally assured and has recently completed a materiality assessment, a key tool to deliver on its multi-year ESG strategy.
Risk Trending Since 31 December 2020	**Stable** The Company and the Board continue to monitor the Company's environmental sustainability performance and mitigating actions, and will continue to monitor for changes to legislation, regulation, and policy impacting environmental and sustainability issues. Additionally, the Company benchmarks its environmental, social and governance (ESG) reporting against industry benchmarks.

Risk	**Concentration Risk** The Dublin market experiences material circumstances that results in lower occupancy or demand for rental properties.
Strategic Impact	**Medium** A lack of geographical or asset diversification could lead to a material financial impact to the Group in the event of a decrease in occupancy or lower rents in the Dublin market.
Mitigation Strategy	Dublin has continued to be an economically resilient market. While the bulk of the existing portfolio is diversified across various districts within Dublin, the Company now owns property in Cork and continues to explore opportunities in other areas of Ireland with strong economic fundamentals. The CEO continuously reviews and updates the Board on economic, demographic, social, legal and policy changes or trends that could impact the Group's strategy and business performance. The Investment Manager monitors supply and demand for rental apartments in operating areas where the Group's investment properties are located. Additionally, the Investment Manager monitors and reports on certain key metrics around investment performance and risk, as well as compliance with the Group's stated investment policy, on a quarterly basis to the Board.
Risk Trending Since 31 December 2020	**Stable** Residential Real estate and economic fundamentals in key urban areas in Ireland continue to remain strong including continued population growth notwithstanding the impact of Covid-19. The level of concentration in Dublin market is within the Group's risk appetite given the diversity of locations across the city, and county as well as the ongoing growth in investment, population and economic activity in the Greater Dublin Area. Accretive opportunities still presented by being focused on the Dublin market although the remote working environment that has resulted from Covid-19 has opened opportunities for the Group to expand into other urban areas across Ireland.

Risk	**Acquisition Risk** Investment decisions may be made without consideration of all risks and conditions.
Strategic Impact	**Medium** Investment assets may decrease in value or result in material unanticipated expenditures subsequent to acquisition as a result of unknown risks and conditions at the time of purchase, including structural deficiencies or non-compliances with building code.
Mitigation Strategy	The Group engages consultants in carrying out financial, legal, operational, technical and environmental due diligence on every investment opportunity (both acquisitions and development projects) to determine its fit with the Group's stated investment policy. This includes all standard

	investigations, to evaluate the building structure and condition, compliance with planning and building regulations, and the likely magnitude of capital expenditures over a 3 to 5 year period. The Company has in place framework agreements with third-party experts to work with the Manager in carrying out technical and engineering studies and investigations on potential acquisitions, developments, or forward purchase contracts as well as engaging specialist property lawyers to carry out legal due diligence and to advise on purchase and development contracts. Additionally, a full review is completed in respect of the anticipated current and future income expectations and operational costs associated with managing the asset. The CEO and Board reviews and approves investment proposals for over €1m including consideration of risks identified by the Manager during the due diligence process. All material contracts are executed by the Board.
Risk Trending Since 31 December 2020	**Stable** The Group's due diligence practices have not changed substantially since last year as they continue to be consistent with industry norms and align with the Group's risk appetite. **Covid-19** Additional Covid-19 compliance measures have led to modification of due diligence practices leading to incremental delay and expense.

Risk	**Tax Compliance Risk** Failure to comply with tax legislation including REIT rules, VAT, and stamp duty.
Strategic Impact	**Low** If the Group fails to comply with REIT rules or there are changes to tax policies it could result in the loss of REIT status and/or change the tax treatment of the Group's income and thus, decrease the attractiveness of the Company as an investment to current or potential shareholders.
Mitigation Strategy	The Investment Manager proactively monitors and tests the Group's compliance with the rules and regulations affecting REIT status and regularly reviews and considers how the Group's planned operations may impact compliance with these rules. The results of these compliance reviews are reported to the Board on a quarterly basis, at a minimum. The Company and Manager also engage independent tax and legal advisors in relation to compliance monitoring, where needed. There is regular reporting to the Company's Audit Committee of compliance with REIT Rules, tax legislation and regulations as well as other relevant laws and regulations and likely future changes including impacts on the Group. The Manager has dedicated risk and compliance personnel are alert and vigilant regarding these matters and any impending or emerging changes in REIT rules and regulations or tax policies.
Risk Trending Since 31 December 2020	**Stable** The Group does not believe the risk of non-compliance has changed from last year and the Audit Committee and Manager continue their review and monitoring as well as taking expert advice when necessary.

Risk	**Planning** Delays in obtaining planning permissions in respect of the Group's development sites leading to delays in commencement and delivery of residential units, and failure to develop on sites with planning permissions may result in levies.
Strategic Impact	**Low**

	Planning permission is required from the relevant planning authority prior to the development of the Group's development sites. Delay in achieving planning permission may result in a slower level of portfolio growth and income generation from the development assets.
Mitigation Strategy	The Investment Manager appoints competent professional teams in respect of each development opportunity (including architectural and planning consultants) to advise on the preparation of planning applications. Additionally, the Investment Manager has dedicated resources to actively manage the development process on behalf of the Group. The appointed project management team continuously reviews project specific risks matrices for each project stage.
Risk Trending Since 31 December 2020	**Stable** While the Strategic Housing Development planning application process is currently in place for residential developments of over 100 units, the Irish government has indicated that it intends to terminate the process and plans to replace it with a process that restores decision making to local authorities. The Group will monitor for developments relating to the new process.

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

Consolidated Statement of Financial Position

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

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021	Note	Share Capital	Share Premium	Retained Earnings	Share-based payments Reserve	Cashflow hedge Reserve	Total
(Unaudited)		**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Shareholders' Equity at 1 January 2021		**52,507**	**500,440**	**287,656**	**1,169**	**(77)**	**841,695**
Total comprehensive income for the year							
Profit for the year		—	—	67,546	—	—	67,546
Other comprehensive loss for the year		—	—	—	—	(271)	(271)
Total comprehensive income for the year		—	—	67,546	—	(271)	67,275
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	—	—	—	276	—	276
Share issuance	13	438	4,030	352	(352)	—	4,468
Dividends paid	20	—	—	(32,274)	—	—	(32,274)
Transactions with owners, recognised directly in equity		438	4,030	(31,922)	(76)	—	(27,530)
Shareholders' Equity at 31 December 2021		**52,945**	**504,470**	**323,280**	**1,093**	**(348)**	**881,440**

For the year ended 31 December 2020	Note	Share Capital	Share Premium	Retained Earnings	Share-based payments Reserve	Cashflow hedge Reserve	Total
(Audited)		**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Shareholders' Equity at 1 January 2020		**52,167**	**497,244**	**259,611**	**1,147**	**—**	**810,169**
Total comprehensive income for the year							
Profit for the period		—	—	58,263	—	—	58,263
Other comprehensive loss for the year		—	—	—	—	(77)	(77)
Total comprehensive income for the year		—	—	58,263	—	(77)	58,186
Transactions with owners, recognised directly in equity							
Long-term incentive plan	12	—	—	—	322	—	322
Share issuance	13	340	3,196	300	(300)	—	3,536
Dividends paid	20	—	—	(30,518)	—	—	(30,518)
Transactions with owners, recognised directly in equity		340	3,196	(30,218)	22	—	(26,660)
Shareholders' Equity at 31 December 2020		**52,507**	**500,440**	**287,656**	**1,169**	**(77)**	**841,695**

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

Consolidated Statement of Cash Flows

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

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

Notes to Consolidated Financial Statements

1. General Information

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

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

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

2. Significant Accounting Policies

a) Basis of preparation

This financial information has been derived from the information to be used to prepare the Group's consolidated financial statements for the year ended 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), IFRS Interpretations Committee ("**IFRIC**") interpretations and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The financial information for the years ended 31 December 2021 and 31 December 2020 has been prepared under the historical cost convention, as modified by the fair value of investment properties, derivative financial instruments at fair value and share options at grant date through the profit or loss in the consolidated statement of profit or loss and other comprehensive income.

The financial information presented herein does not amount to statutory financial statements that are required by Section 347 of the Companies Act 2014 to be annexed to the annual return of the Group. The financial information does not include all the information and disclosures required in the annual financial statements. The purpose of this financial information is for the provision of information to shareholders. The statutory financial statements for the year ended 31 December 2020 have been attached to the annual return of the Company and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The statutory financial statements for the year ended 31 December 2021 will be annexed to the next annual return of the Group and filed with the Registrar of Companies.

This announcement has been prepared on the basis of the results and financial position that the Directors expect will be reflected in the audited statutory accounts when these are completed. The preliminary announcement has been approved by the Board of Directors. It is expected that the annual report and statutory consolidated financial statement for the year ended 31 December 2021 will be approved by the Directors and reported on by the auditors on 22 March 2022.

The consolidated financial statements of the Group are prepared on a going concern basis of accounting. The consolidated financial statements of the Group have been presented in euros, which is the Company's functional currency.

The consolidated financial statements of the Group cover the 12-month period from 1 January 2021 to 31 December 2021.

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

Going concern

The Group meets its day-to-day working capital requirements through its cash and deposit balances. The Group's plans indicate that it should have adequate resources to continue operating for the foreseeable future. Post the Covid-19 pandemic declaration on 16 March 2020, the Group's occupancy rate remained strong at approximately 99%. The Group also has a strong statement of financial position with sufficient liquidity and flexibility in place to manage through this period of uncertainty. The Group can draw an additional €115 million from its RCF (as defined below in note 10) while maintaining a maximum 50% Loan to value ratio as at 31 December 2021, as required by REIT legislation, and is maintaining a minimum cash balance of €10 million for liquidity purposes. As at 31 December 2021, the current undrawn RCF amount is €180 million. The Group generated a positive cashflow from operations and a profit for the year ended 31 December 2021. Accordingly, the Directors consider it appropriate that the Group adopts the going concern basis of accounting in the preparation of the consolidated financial statements.

b) Basis of consolidation

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

Subsidiaries

Subsidiaries are entities controlled by I-RES. I-RES controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries (except owners' management companies) is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. I-RES does not consolidate owners' management companies in which it holds majority voting rights. For further details, please refer to note 22.

c) Investment properties and investment properties under development

Investment properties

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

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

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

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

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

Investment properties under development

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

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

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

Development land

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

Key estimations of inherent uncertainty in investment property valuations

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

d) Property asset acquisition

At the time of acquisition of a property or a portfolio of investment properties, the Group evaluates whether the acquisition is a business combination or asset acquisition. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

e) Property, plant and equipment

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

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

Financial assets and financial liabilities

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

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
    - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
    - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

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

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial instruments

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

Type	Classification	Measurement
Financial assets		
Cash and cash equivalents	Held to Collect	Amortised cost
Other receivables	Held to Collect	Amortised cost
Derivative financial instruments	FVPL	Fair value through profit or loss
Financial liabilities		
Bank indebtedness	Other financial liabilities	Amortised cost
Private placement notes	Other financial liabilities	Amortised cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortised cost
Security deposits	Other financial liabilities	Amortised cost
Derivative financial instruments	FVTOCI	Fair value through other comprehensive income

Cash and cash equivalents

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

Loans and other receivables

Such receivables arise when I-RES provides services to a third party, such as a resident, and are included in current assets, except for those with maturities more than 12 months after the consolidated statement of financial position date, which are classified as non-current assets. Loans and other receivables are included in other assets initially at fair value on the consolidated statement of financial position and are subsequently accounted for at amortised cost.

Other liabilities

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

FVTPL

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

Derivative financial instruments and hedge accounting

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

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are remeasured at fair value, with changes generally recognised through profit or loss.

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

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

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, hedge accounting is used in line with IFRS 9. The effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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

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

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

g) IFRS 16, Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

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

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

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

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

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

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

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

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

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

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

As a lessor

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

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

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

Tenant inducements

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

Early termination of leases

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

Expected credit loss

The Group recognises a loss allowance for expected credit losses on trade receivables and other financial assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Loss allowances for trade receivables (including lease receivables) are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For individual residential customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 30 days past due based on historical experience of recoveries of similar assets. For individual commercial customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 60 days past due based on historical experience of recoveries of similar assets.

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

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

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

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

Revenue from maintenance services represents the service component of the REIT's rental contracts and is accounted for in accordance with IFRS 15, Revenue from Contracts with Customers ("IFRS15"). These services consist primarily of the recovery of utility, property and other common area maintenance and amenity costs where I-RES has determined it is acting as a principal.

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

i) Operating segments

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

j) Statement of cash flows

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

k) Income taxes

Current tax

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

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

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

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

Deferred tax

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

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

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

l) Equity and share issue costs

The equity of I-RES consists of ordinary shares issued. Shares issued are recorded at the date of issuance. Direct issue costs in respect of the issue of shares are accounted for as a deduction from retained earnings. The excess consideration for shares above nominal value is recorded as share premium.

m) Net asset value (“NAV”)

The NAV is calculated as the value of the Group’s assets less the value of its liabilities, measured in accordance with IFRS, and in particular will include the Group’s property assets at their fair value assessed independently by valuers.

n) Share-based payments

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

The grant-date fair value of restricted share units issued to senior executives is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The fair value for all restricted share units granted is measured using a Monte Carlo simulation. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

o) Property taxes

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

p) Security deposits

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

q) Pension

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which a company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further obligations. The contributions are recognised as an expense when they are due. The amounts that are not paid are shown as accruals in the consolidated statement of financial position. The assets of the plan are held separately from those of the Company in an independently administered fund.

r) Impact expected from new or amended standards

The following standards and amendments are not expected to have a significant impact on reported results or disclosures of the Group, and, were not effective at the financial year end 31 December 2021 and have not been applied in preparing these consolidated financial statements. The Group will apply the new standards from the effective date. The potential impact of these standards on the Group is under review:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37), IASB effective date 1 January 2022.

The amendments clarify that the 'costs of fulfilling a contract' comprise both: the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Rent Concessions – Lessee Relief Extended (Amendments to IFRS 16), IASB effective date 1 April 2022.

Covid-19 related rent concessions amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concession that are a direct consequence of Covid-19. The amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

Annual Improvements to IFRS Standards 2018-2020, IASB effective date 1 January 2022.

IFRS 1 First-time adoption of International Financial Reporting Standards - the amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent.

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

IFRS 9 Financial Instruments - This amendment clarifies that for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases - The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), IASB effective date 1 January 2022.

Under the amendments, proceeds from selling items before the related item of Property Plant and Equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1), IASB effective date 1 January 2023.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

Definition of Accounting Estimates (Amendments to IAS 8), IASB effective date: 1 January 2023.

The amendments make a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies much be applied retrospectively while changes in accounting estimates are accounted for prospectively.

IFRS 17 Replaces IFRS 4 Insurance Contracts, IASB effective date: 1 January 2023.

IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. It removes existing inconsistencies and enables investors, analysts and others to meaningfully compare companies, contracts and industries.

The Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), IASB effective date for IAS 1: 1 January 2023.

Under the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. To support the amendments, IASB has development guidance and examples to illustrate how the 'four-step materiality process' should be applied in IFRS Practice Statement 2.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), effective date 1 January 2023.

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

3. Critical Accounting Estimates, Assumptions and Judgements

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

The valuation estimate of investment properties is deemed to be significant. See note 18(a) and note 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used.

4. Recent Investment Property Acquisitions, Developments and Disposals

For the year 1 January 2021 to 31 December 2021

Investment property acquisitions

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

Properties under development

Property	Development Contract Date	Apartment Count	Region	Total Costs Spent in 2020 €'000	Total Development Cost spent to date €'000
Bakers Yard (1)	10 January 2020	61	City Centre	9,135	14,459

Disposals

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

For the year 1 January 2020 to 31 December 2020

Investment property acquisitions

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

Completed development

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

Properties under development

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

Disposals

Name	Apartment Count	Other Land and Property	Region	Net proceeds from disposition €'000
The Laurels	19	1 Commercial Unit, 190 Sq M	West Dublin	4,125
Beacon South Quarter(1)	12		South Dublin	4,761
Russell Court	29		North Dublin	7,197
Belville and the Mills	21		West Dublin	7,241
St Edmunds	18	1 Development site, 0.16 Ha	West Dublin	6,628
The Oaks	14		West Dublin	4,328
Spencer House	12		City Centre	5,382
East Arran Street	12		City Centre	4,322
Coopers Court	14	2 Commercial Units, 126 Sq M	City Centre	3,911
	151			**47,895**

(1) Of the 225 residential units at BSQ, only 12 were disposed in 2020.

5. Investment Properties

Valuation basis

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

Approximately 60% of the fair values of all of the Group's investment properties as at 31 December 2021 are determined by CBRE Unlimited Company ("CBRE") and the remaining by Savills, the Group's external independent valuers. The valuers employ qualified valuation professionals who have recent experience in the location and category of the respective property. Valuations are prepared on a bi-annual basis at the interim reporting date and the annual reporting date.

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

Investment property producing income

For investment property, the income approach/yield methodology involves applying market-derived yields to current and projected future income streams. These yields and future income streams are derived from comparable property transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account include the tenure of the lease, tenancy details, and planning, building and environmental factors that might affect the property.

Investment property under development

In the case of investment property under development, the approach applied is the "residual method" of valuation, which is the valuation method as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

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

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

Development land

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

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

At 31 December 2021, the Group considers that all of its investment properties fall within Level 3 fair value as defined by IFRS 13. As outlined in IFRS 13, a Level 3 fair value recognises that the significant inputs and considerations made in determining the fair value of property investments cannot be derived from publicly available data, as the valuation methodology in respect of a property also has to rely on a number of unobservable inputs including technical reports, legal data, building costs, rental analysis (including rent moratorium), professional opinion on profile, lot size, layout and presentation of accommodation. In addition, the valuers utilise proprietary databases maintained in respect of properties similar to the assets being valued.

The Group tests the reasonableness of all significant unobservable inputs, including yields and stabilised net rental income ("Stabilised NRI") used in the valuation and reviews the results with the independent valuers for all independent valuations. The Stabilised NRI represents cash flows from property revenue less property operating expenses, adjusted for market-based assumptions such as market rents, short term and long term vacancy rates and bad debts, management fees, repairs and maintenance. These cashflows are estimates for current and projected future income streams.

Sensitivity analysis

Stabilised NRI and "Equivalent Yields" are key inputs in the valuation model used.

Equivalent Yield is the rate of return on a property investment based on current and projected future income streams that such property investment will generate. This is derived by the external valuers and is used to set the term and reversionary yields.

For example, completed properties are valued mainly using a term and reversion model. For the existing rental contract or term, estimated Stabilised NRI is based on the expected rents from residents over the period to the next lease break option or expiry. After this period, the reversion, estimated Stabilised NRI is based on expectations from current market conditions. Thus, a decrease in the estimated Stabilised NRI will decrease the fair value, and an increase in the estimated Stabilised NRI will increase the fair value.

The Equivalent Yields magnify the effect of a change in Stabilised NRI, with a lower yield resulting in a greater effect on the fair value of investment properties than a higher Equivalent Yield.

For investment properties producing income and investment properties under development, an increase of 1% in the Equivalent Yield would have the impact of a €264.1 million reduction in fair value while a decrease of 1% in the Equivalent Yield would result in a fair value increase of €417.4 million. An increase between 1% - 4% in Stabilised NRI would result in a fair value increase from €14.5 million to €58.0 million respectively in fair value, while a decrease between 1% - 4% in Stabilised NRI would have the impact ranging from €14.5 million to €58.0 million reduction respectively. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next twelve months based on expected changes in net rental income.

The direct operating expenses recognised in the consolidated statement of profit or loss and other comprehensive income for the Group is €16.7 million for the year ended 31 December 2021 (31 December 2020: €15.0 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the consolidated statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the year ended 31 December 2021 and 31 December 2020 was not material.

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

Quantitative information

A summary of the Equivalent Yields and ranges along with the fair value of the total portfolio of the Group as at 31 December 2021 is presented below:

As at 31 December 2021

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

(1) WA Stabilised NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties ("WA NRI"). The NRI is an input to determine the fair value of the investment properties.

(2) The Equivalent Yield disclosed above is provided by the external valuers.

(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

As at 31 December 2020

Type of Interest	Fair Value €'000	WA Stabilised NRI[(1)] €'000	Rate Type[(2)]	Max.	Min.	Weighted Average
Income properties	1,346,683	2,892	Equivalent Yield	5.62%	3.75%	4.66%
Properties under development	8,901	1,004	Equivalent Yield	4.25%	4.25%	4.25%
			Average Development Cost (per sq ft.)	€361.8	€361.8	€361.8
Development land[(3)]	24,770	n/a	Market Comparable (per sq ft.)	€140.9	€27.5	€134.6
Total investment properties	**1,380,354**					

(1) WA Stabilised NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties ("**WA NRI**"). The NRI is input to determine the fair value of the investment properties.
(2) The Equivalent Yield disclosed above is provided by the external valuers.
(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

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

Reconciliation of carrying amounts of investment properties

For the year ended	31 December 2021			
	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000
Balance at the beginning of the year	**1,346,683**	**8,901**	**24,770**	**1,380,354**
Acquisitions	**62,342**	**—**	**—**	**62,342**
Development expenditures	**—**	**9,135**	**56**	**9,191**
Property capital investments	**11,002**	**—**	**—**	**11,002**
Capitalised leasing costs[(1)]	**(1,113)**	**—**	**—**	**(1,113)**
Direct leasing costs[(2)]	**149**	**—**	**—**	**149**
Disposition[(3)]	**(3,454)**	**—**	**—**	**(3,454)**
Unrealised fair value movements	**35,026**	**(36)**	**(56)**	**34,934**
Balance at the end of the year	**1,450,635**	**18,000**	**24,770**	**1,493,405**

For the year ended	31 December 2020			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	1,293,241	36,000	29,960	1,359,201
Acquisitions	19,330	—	—	19,330
Development expenditures	7,865	7,955	282	16,102
Reclassification(4)	38,631	(35,631)	(3,000)	—
Property capital investments	9,986	—	—	9,986
Capitalised leasing costs(1)	(44)	—	—	(44)
Direct leasing costs(2)	150	—	—	150
Disposition (5)	(43,463)	—	—	(43,463)
Unrealised fair value movements	20,987	577	(2,472)	19,092
Balance at the end of the year	1,346,683	8,901	24,770	1,380,354

(1) Straight-line rent adjustment for commercial leasing.
(2) Includes cash outlays for leasing.
(3) Food court and unit C4 at Tallaght Cross West were disposed of for net proceeds of €1.6 million resulting in a gain of €870,000. Furthermore, 7 units at Elm Park were disposed for net proceeds of €2.8 million resulting in a gain of €35,000.
(4) Reclassified Bakers Yard from development land to properties under development. Developments at Tallaght Cross West, Piper's Court and Priorsgate were reclassified from properties under development to income properties upon their completion in 2020.
(5) 151 residential units were disposed of for net proceeds of €47.9 million resulting in a gain of €4.4 million.

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

The carrying value of the Group's investment properties of €1,493.4 million at 31 December 2021 (€1,380.4 million at 31 December 2020) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2020 (Red Book) and IFRS 13.

6. Leases

Leases as lessee (IFRS 16)

The Group has used an incremental borrowing rate of 2.48% to determine the lease liability.

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

Right-of-use assets

For the year ended 31 December 2021	Land and Buildings (€'000)
Balance at the beginning of the year	9,576
Depreciation charge for the year	(506)
Balance at the end of the year (Note 7)	9,070

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

Amounts recognised in profit or loss

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

Amounts recognised in statement of cash flows

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

Refer to note 21 for movements in the lease liability.

Lease as lessor

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

7. Property, Plant and Equipment

	Land and Buildings (Note 6) €'000	Furniture and Fixtures €'000	Total €'000
At cost			
As at 1 January 2021	10,114	219	10,333
Additions	—	9	9
As at 31 December 2021	**10,114**	**228**	**10,342**
Accumulated amortisation			
As at 1 January 2021	(538)	(73)	(611)
Change for the year	(506)	(13)	(519)
As at 31 December 2021	**(1,044)**	**(86)**	**(1,130)**
As at 31 December 2021	**9,070**	**142**	**9,212**

	Land and Buildings €'000	Furniture and Fixtures €'000	Total €'000
At cost			
As at 1 January 2020	10,114	59	10,173
Additions	—	160	160
As at 31 December 2020	**10,114**	**219**	**10,333**
Accumulated amortisation			
As at 1 January 2020	(31)	(54)	(85)
Change for the year	(507)	(19)	(526)
As at 31 December 2020	**(538)**	**(73)**	**(611)**
As at 31 December 2020	**9,576**	**146**	**9,722**

8. Other Assets

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

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

9. Accounts Payable and Accrued Liabilities

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

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

10. Credit Facility

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

The Revolving Credit Facility of €600 million has a five year term with an effective date of 18 April 2019 and is secured by a floating charge over assets of the Company and IRES Residential Properties Limited, its subsidiary, and a fixed charge over the shares held by the Company in IRES Residential Properties Limited on a pari passu basis. This facility is being provided by Barclays Bank Ireland PLC, Ulster Bank Ireland DAC, The Governor and Company of the Bank of Ireland, Allied Irish Banks, P.L.C. and HSBC Bank PLC.

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

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

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to a notional amount of €160 million. The agreements had an effective date of 23 March 2017 and matured on 14 January 2021.

On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling a notional amount of €44.8 million. The new agreement had an effective date of 15 September 2017 and matured on 14 January 2021. I-RES has not entered into a new interest rate swap since the maturity of this arrangement.

The interest rate swap agreements effectively converted the hedged portion of the RCF (€204.8 million) from a variable rate to a fixed rate facility up to 14 January 2021 (see note 17 for further details).

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

11. Private Placement Debt

On 11 March 2020, I-RES successfully closed the issue of €130 million notes and IRES Residential Properties Limited, its subsidiary, closed the issue of USD $75 million notes on a private placement basis (collectively, the “Notes”). The Notes have a weighted average fixed interest rate of 1.92% inclusive of a USD/Euro swap and an effective interest rate of 2.07%. Interest is paid semi-annually on 10 March and 10 September.

The Notes have been placed in four tranches:

As at	Maturity	Contractual interest rate	Derivative Rates	31 December 2021 €'000	31 December 2020 €'000	
EUR Series A Senior Secured Notes	10 March 2030	1.83%	n/a	**90,000**	90,000	
EUR Series B Senior Secured Notes	10 March 2032	1.98%	n/a	**40,000**	40,000	
USD Series A Senior Secured Notes	10 March 2027	3.44%	1.87%	**43,922**	40,923	(1)
USD Series B Senior Secured Notes	10 March 2030	3.63%	2.25%	**21,960**	20,462	(2)
				195,882	191,385	
Deferred financing costs, net				**(2,142)**	(2,383)	
Total				**193,740**	189,002	

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

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

12. Share-based Compensation

a) Options

Options are issuable pursuant to I-RES’ share-based compensation plan, namely, the long-term incentive plan (“LTIP”). For details on options granted under the LTIP, please refer to the statutory financial statements prepared

for the year ended 31 December 2020. As at 31 December 2021, the maximum number of additional options, or Restricted Share Units (“RSU”) issuable under the LTIP is 21,325,010 (31 December 2020: 21,444,849).

LTIP

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

(1) Weighted average exercise price for share options outstanding as at 1 January 2020 was 1.24, 1.04 for options exercised or settled in 2020 and 1.32 for share options outstanding at 31 December 2020.

(2) Of the Share Options outstanding above, 3,855,999 were exercisable at 31 December 2021 (31 December 2020: 7,365,499).

(3) See note 22 for more details.

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

b) Restricted Stock Unit Awards

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		2021 RSU Award	2020 RSU Award
Fair value per award (TSR tranche) (per share)		**€0.70 to €0.75**	**€0.57**
Inputs	**Source**		
Three year Risk free interest rate (%)	European Central Bank	(0.69%) to (0.85%)	(0.70%)
Three year Historical volatility		25.68% to 25.80%	22.21%
Fair value per award (EPS tranche) (per share)		**€1.22 to €1.33**	**€1.05**
Inputs	**Source**		
Two year Risk free interest rate (%)	European Central Bank	(-0.70%) to (-0.79%)	(0.71%)
Two year Expected volatility		22.45% to 29.77%	24.06%

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

The total share-based compensation expense relating to options for the year ended 31 December 2021 was €87,000 (31 December 2020: €232,000) and total share-based compensation expense relating to restricted stock unit awards for the year ended 31 December 2021 was €189,000 (31 December 2020: €90,000).

13. Shareholders' Equity

All equity shares outstanding are fully paid and are voting shares. Equity shares represent a shareholder's proportionate undivided beneficial interest in I-RES. No equity share has any preference or priority over another. No shareholder has or is deemed to have any right of ownership in any of the assets of I-RES. Each share confers the right to cast one vote at any meeting of shareholders and to participate pro rata in any distributions by I-RES and, in the event of termination of I-RES, in the net assets of I-RES remaining after satisfaction of all liabilities. Shares are be issued in registered form and are transferable.

The number of shares authorised is as follows:

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

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

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

(1) In 2021, 4,375,000 shares were issued for options under the LTIP.

14. Revenue from Investment Properties

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

	31 December 2021 €'000	31 December 2020 €'000
Rental Income	**68,966**	66,055
Revenue from services	**9,626**	7,962
Car park income	**1,152**	727
Revenue from contracts with customers	**10,778**	8,689
Total Revenue	**79,744**	74,744

15. General and Administrative Costs

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

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

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

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

16. Financing costs

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

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

Interest rate swap

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

Cross-currency swap

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

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

18. Financial Instruments, Investment Properties and Risk Management

a) Fair Value of Financial Instruments and Investment Properties

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

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

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

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

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

The following table presents the Group’s estimates of fair value on a recurring basis based on information available as at 31 December 2021, aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 31 December 2021, the fair value of the Group’s private placement debt is estimated to be €203.7 million (31 December 2020: €197.4 million) due to changes in interest rates since the private placement debt was issued and the impact of the passage of time on the fixed rate of the private placement debt. The fair value of the private placement debt is based on discounted future cash flows using rates that reflect current rates for similar financial instruments with similar duration, terms and conditions, which are considered Level 2 inputs. The private placement debt is recorded at amortised cost of €193.7 million (31 December 2020: €189.0 million).

As at 31 December 2021, the fair value of the Group’s RCF approximates the carrying value as the interest rate of the RCF is on a 1 month or 3 month basis.

As at 31 December 2021	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs(1) €'000	Total €'000
Recurring Measurements – Assets				
Investment properties	**—**	**—**	**1,493,405**	**1,493,405**
Derivative financial instruments	**—**	**931**	**—**	**931**
	—	**931**	**1,493,405**	**1,494,336**
Recurring Measurements – Liability				
Derivative financial instruments(2)	**—**	**(3,961)**	**—**	**(3,961)**
Total	**—**	**(3,030)**	**1,493,405**	**1,490,375**

As at 31 December 2020	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs(1) €'000	Total €'000
Recurring Measurements – Assets				
Investment properties	—	—	1,380,354	1,380,354
	—	770	—	770
	—	770	1,380,354	1,381,124
Recurring Measurements – Liability				
Derivative financial instruments(2)(3)	—	(8,159)	—	(8,159)
Total	—	(7,389)	1,380,354	1,372,965

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

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

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

b) Risk Management

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

Market risk

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

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

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

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

Derivatives designated as hedges against foreign exchange risks are accounted for as cash flow hedges. Hedges are measured for effectiveness at each accounting date and the accounting treatment of changes in fair value revised accordingly. Specifically, the Company is hedging (1) the foreign exchange risk on the USD interest payments and (2) the foreign exchange risk on the USD principal repayment of the USD Borrowings at maturity. This hedging relationship qualifies for foreign currency cash flow hedge accounting.

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

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

1. Movements in the Company's and hedging counterparty's credit spread that would result in movements in fair value of the Hedging Instrument that would not be reflected in the movements in the value of the Hedged Transactions.
2. The possibility of changes to the critical terms (e.g. reset dates, index mismatches, payment dates) of the Hedged Transaction due to a refinancing or debt renegotiation such that they no longer match those of the Hedging Instrument. The company would reflect such mismatch when modelling the hypothetical derivative and this could be a potential source of hedge ineffectiveness.

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

Cash flow hedges

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

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

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

	Change in value used for calculating hedge ineffectiveness (€'000)	Cashflow hedge reserve (€'000)
Private placement debt	4,737	4,737

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

	Nominal amount (€'000)	Carrying amount Assets (€'000)	Carrying amount Liability (€'000)	Changes in the value of hedging instrument recognised in OCI (€'000)	Hedge ineffectiveness recognised in profit or loss (€'000)	Line items in profit or loss that includes hedge ineffectiveness	Amount reclassed from hedging reserve to profit or loss (€'000)	Line items in profit or loss affected by reclassification
Cross Currency Swaps	68,852	931	(3,961)	(5,115)	—	Gain on derivative financial instruments	(5,386)	Financing costs

Master netting or similar agreements

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

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

31 December 2021	Note	Gross amounts of financial instruments in the statement of financial position (€'000)	Related financial instruments that are not offset (€'000)	Net amount (€'000)
Financial assets				
Derivative financial instruments	17	931	(931)	—
Financial liabilities				
Derivative financial instruments	17	(3,961)	931	(3,030)

Managing interest rate benchmark reform and associated risks

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

Interest Rate Risk

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

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

As at 31 December 2021

	Change in interest rates	Increase (decrease) in net income
	Basis Points	€'000
EURIBOR rate debt(1)	+100	**(1,789)**
EURIBOR rate debt(2)	-100	**—**

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

As at 31 December 2020

	Change in interest rates	Increase (decrease) in net income
	Basis Points	€'000
EURIBOR rate debt(1)	+100	(782)
EURIBOR rate debt(2)	-100	—

(1) Based on the fixed margin of 1.75% plus the one-month EURIBOR rate as at 31 December 2020 of -0.578% on the RCF.
(2) Based on the fixed margin of 1.75% plus the floor of zero on the RCF.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in accessing capital markets and refinancing its financial obligations as they come due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors the level of expected cash inflows on trade and other receivables, together with expected cash outflows on trade and other payables and capital commitments.

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

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

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

As at 31 December 2020	Total	6 months or less[1]	6 to 12 months[1]	1 to 2 years[1]	2 to 5 years[1]	More than 5 years[1]
	€'000	€'000	€'000	€'000	€'000	€'000
Loan drawn down	354,020	—	—	—	354,020	—
Bank indebtedness interest [2]	21,352	3,072	3,123	6,195	8,962	—
Private placement debt[3]	191,385	—	—	—	—	191,385
Private placement debt	40,965	2,295	2,295	4,590	13,770	18,015
Lease liability	12,082	314	314	628	1,883	8,943
Other liabilities	8,139	8,139	—	—	—	—
Security deposits	7,562	7,562	—	—	—	—
	635,505	21,382	5,732	11,413	378,635	218,343
Derivative financial liabilities						
Interest rate swaps used for hedging	84	84	—	—	—	—
Forward exchange rate used for hedging:						
Outflow	(79,733)	(687)	(687)	(1,381)	(4,114)	(72,864)
Inflow	77,586	1,075	1,075	2,150	6,450	66,836
	(2,063)	472	388	769	2,336	(6,028)

(1) Based on carrying value at maturity dates.
(2) Based on current in-place interest rate for the remaining term to maturity.
(3) Based on forward foreign exchange rates as at 31 December 2020.

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

Credit risk

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

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

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

The Group monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. All residential accounts receivable balances exceeding 30 days are written off to bad debt expense and recognised in the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss and other comprehensive income. The Group's allowance for expected credit loss amounted to €626,000 for the year ended 31 December 2021 and is recorded as part of property operating costs in the consolidated statement of profit or loss and other comprehensive income (31 December 2020: €991,000).

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

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

Capital management

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

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

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. At 31 December 2021, capital consists of equity and debt, and Group Total Gearing was 40.7%. I-RES seeks to use gearing to enhance shareholder returns over the long term. The level of gearing is monitored carefully by the Board.

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

19. Taxation

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

Instead, dividends paid to shareholders in respect of the Property Rental Business are treated for Irish tax purposes as income in the hands of shareholders. Corporation tax is still payable in the normal way in respect of income and gains from any residual business (generally including any property trading business) not included in the Property Rental Business. I-RES is also liable to pay other taxes such as VAT, stamp duty, local property tax and payroll taxes in the normal way.

Within the Irish REIT Regime, for corporation tax purposes the Property Rental Business is treated as a separate business from the residual business. A loss incurred by the Property Rental Business cannot be offset against profits of the residual business.

An Irish REIT is required, subject to having sufficient distributable reserves, to distribute to its shareholders (by way of dividend), on or before the filing date for its tax return for the accounting period in question, at least 85% of the Property Income of the Property Rental Business arising in each accounting period. Failure to meet this requirement would result in a tax charge calculated by reference to the extent of the shortfall in the dividend paid. A dividend paid by an Irish REIT from its Property Rental Business is referred to as a property income distribution. Any normal dividend paid from the residual business by the Irish REIT is referred to as a non-property income distribution dividend.

The Directors confirm that the Group has remained in compliance with the Irish REIT Regime up to and including the date of this Report and that there has been no profit arising from residual business activities.

20. Dividends

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

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

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

On 07 August 2020, the Directors resolved to pay an additional dividend of €14.3 million for the six months ended 30 June 2020. The dividend of 2.75 cents per share was paid on 11 September 2020 to shareholders on record as at 21 August 2020.

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

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

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

21. Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

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

Net income items relating to financing and investing activities

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

Changes in operating assets and liabilities

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

Issuance of Shares

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

Changes in liabilities due to financing cash flows

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

		Changes from Financing Cash Flows					Non-cash Changes					
Liabilities	1 January 2020	Proceeds from private placement debt	Revolving Credit Facility drawdown	Revolving Credit Facility repayment	Lease payments	Financing fees on private placement debt	Amortisation of other financing costs	Foreign exchange	Gain on derivatives	Interest accrual relating to derivatives	New hedging instrument	31 December 2020
Bank indebtedness	555,020	—	17,000	(218,000)	—	—	—	—	—	—	—	354,020
Deferred loan costs, net	(5,169)	—	—	—	—	—	1,198	—	—	—	—	(3,971)
Private placement debt	—	196,342	—	—	—	—	—	(4,956)	—	—	—	191,386
Deferred loan costs, net	—	—	—	—	—	(2,595)	211	—	—	—	—	(2,384)
Derivative financial instruments	788	—	—	—	—	—	—	—	(709)	5	8,075	8,159
Lease liability	9,872	—	—	—	(386)	—	—	—	—	—	—	9,486
Total liabilities from financing activities	**560,511**	**196,342**	**17,000**	**(218,000)**	**(386)**	**(2,595)**	**1,409**	**(4,956)**	**(709)**	**5**	**8,075**	**556,696**

22. Related Party Transactions

CAPREIT LP has an indirect 18.7% beneficial interest in I-RES and has determined that it has significant influence over I-RES. The beneficial interest is held through a qualifying investor alternative investment fund, Irish Residential Properties Fund, CAPREIT LP's wholly-owned subsidiary.

Effective 1 November 2015, CAPREIT LP's wholly-owned subsidiary, IRES Fund Management Limited ("the Manager" or "IRES Fund Management") entered into the investment management agreement with I-RES (the "Investment Management Agreement"), as amended or restated or as may be amended or restated from time to time, pursuant to which I-RES pays 3.0% per annum of its gross rental income as property management fees and 0.5% per annum of its net asset value together with relevant reimbursements as asset management fees to the Manager. The Investment Management Agreement governs the provision of portfolio management, risk management and other related services to the Company by the Manager on a day-to-day basis. The Investment Management agreement had an initial term of five years and thereafter continues in force for consecutive five-year periods.

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

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

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

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

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

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €2.2 million as at 31 December 2021 (€1.4 million as at 31 December 2020) related to asset management fees, property management fees, and payroll-related costs. The amount receivable from CAPREIT LP (including IRES Fund Management) totalled €0.2 million as at 31 December 2021 (€0.2 million as at 31 December 2020) related to the leasing of office space.

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

Purchase of I-RES Shares

On 20 November 2020, certain employees of CAPREIT and CAPREIT LP, including Mark Kenney, (the "Participants") assigned I-RES options granted to them under the LTIP to a subsidiary of CAPREIT LP, Irish Residential Properties Fund (the "QIAIF"). Immediately following the assignment of these I-RES options, the QIAIF exercised these options and acquired an additional 3,400,000 Ordinary Shares in I-RES. The QIAIF paid each of the Participants the amount of €0.4770 per option, representing the difference between the exercise price (of €1.04 each) and the volume weighted average price of the underlying Ordinary Shares for the five business day period to close of business on 19 November 2020, being the business day immediately prior to the date of assignment. As CAPREIT is a related party of the Company under the Euronext Dublin Listing Rules, the allotment of the 3,400,000 shares to CAPREIT (through the QIAIF) immediately following the assignment constituted a smaller Related Party Transaction under LR 11.1.15 of the Listing Rules. As at 31 December 2021, CAPREIT LP's beneficial interest in I-RES is 18.7% (31 December 2020: 18.8%).

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

Options

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

Remuneration

Total remuneration is comprised of remuneration of the non-executive directors of €467,000 for the year ended 31 December 2021 and €433,000 for the year ended 31 December 2020, excluding remuneration related to the Chief Executive Officer.

Owners' management companies not consolidated

As a result of the acquisition by the Group of apartments or commercial space in certain residential rental properties, the Group holds voting rights in the relevant owners' management companies associated with those developments. Where the Group holds the majority of those voting rights, this entitles it, inter alia, to control the composition of such owners' management companies' boards of directors. However, as each of those owners' management companies is incorporated as a company limited by guarantee for the purpose of owning the common areas in residential or mixed-use developments, they are not intended to be traded for gains. For these reasons, I-RES does not consider these owners' management companies to be material for consolidation as the total asset of the owner's management companies is less than 0.3% of the Group's consolidated total assets, either individually or collectively. I-RES has considered the latest available financial statements of these owners' management companies in making this assessment.

Details of the owners' management companies in which the Group had an interest during the year ended 31 December 2021, along with the relevant service fees paid by the Group to them, are as follows:

Owners' Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held % of total[1]	Service Fees Incurred in the Period €'000	Payable by I-RES €'000	Prepaid by I-RES €'000
Majority voting rights held						
Priorsgate Estate Owners' Management Company Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Priorsgate	52.4	191.8	—	—
GC Square (Residential) Owners' Management Company Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	The Marker Residences	81.0	301.3	—	—
Lansdowne Valley Owners' Management Company Limited by Guarantee[5]	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Lansdowne Gate	78.6	700.7	—	213.8
Charlestown Apartments Owners' Management Company Limited by Guarantee[3]	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Charlestown	82.5	478.9	—	39.9
Bakers Yard Owners' Management Company Limited By Guarantee	Ulysses House Foley Street Dublin 1	Bakers Yard	66.2	191.6	—	—

Rockbrook Grande Central Owners' Management Company Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Grande Central	73.5	363.9	—	—
Rockbrook South Central Owners' Management Company Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	South Central	80.0	555.2	—	—
Rockbrook Estate Management Company Limited by Guarantee	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Rockbrook Commercial	92.9(2)	23.7	—	—
TC West Estate Management Company Limited by Guarantee	Charter House, 5 Pembroke Row, Dublin 2 D02 FW61	Tallaght Commercial	75.0	636.7	—	—
TC West Residential Owners' Management Company Limited by Guarantee(4)	Charter House, 5 Pembroke Row, Dublin 2 D02 FW62	Tallaght Residential	87.2	1,133.7	—	—
Gloucester Maple Owners' Management Company Limited By Guarantee	Ti Phuirseil Freeport, Barna, Galway H91 W90P	City Square	89.3	86.6	—	—
Elmpark Green Residential Owners' Management Company Limited By Guarantee	2 Lansdowne, Shelbourne Ballsbridge Dublin 4	Elmpark Green	60.5	508.3	—	127.8
Coldcut Owners' Management Company Limited By Guarantee	c/o Brehan Capital Partners Limited, 2nd Floor, Guild House, Guild Street Dublin 1	Coldcut Park	97.7	256.6	—	—
Time Place Property Management Company Limited By Guarantee	RF Property Management Ground Floor Ulusses House 23/24 Foley Street, Dublin 1, D01 W2T2	Time Place Dublin 18	74.4	150.5	—	—
Burnell Green Management Company Limited By Guarantee	City Junction Business Park, Northern Cross, Malahide Road Dublin 17	Burnell Green Northern Cross Dublin 17	93.2	164.4	—	—
Minority voting rights held						
BSQ Owners' Management Company Limited by Guarantee(6)	5th Floor, St Stephen's Green House, Earlsfort Terrace St Stephens Green, Dublin 2	Beacon South Quarter	12.7	1,041.5	—	—
GC Square Management Company Limited by Guarantee	2nd Floor, Guild House Guild Street, Dublin 1	The Marker Commercial	48.0	3.2	3.2	—
Sandyford Forum Management Company Company Limited by Guarantee	28/30 Burlington Road Dublin 4	The Forum	6.3	15.3	—	6.1
Stapolin Management Company Limited By Guarantee	15 Adelaide Street Dun Laoghaire Co Dublin A96 D8Y9	Staploin	11.4	49.8	—	12.8
Red Arches Management Company Limited by Guarantee	16 Adelaide Street Dun Laoghaire Co Dublin A96 D8Y9	Red Arches	4.7	28.6	—	7.9
Stillbeach Management Company Company Limited By Guarantee	Wyse 9 Lower Baggot Street Dublin 2 D02 XN82	Beechwood Court Stillorgan Co Dublin	32.0	276.2	—	—
Burnell Court Management Company Company Limited By Guarantee	City Junction Business Park, Northern Cross, Malahide Road Dublin 17	Burnell Court Northern Cross Dublin 17	25.8	90.3	—	—
Carrington Park Residential Property Management Company Limited By Guarantee	Rfpm Ulysses House Foley Street Dublin 1, D01 W2T2	Carrington Park Dublin 9	40.8	287.8	—	—
Heywood Court Management Company	Lansdowne Partnership, 69 Mespil Road, Dublin 4	Heywood Court Dublin 9	43.3	84.7	22.1	—

(Dublin) Company Limited By Guarantee							
Hartys Quay Management Company Limited By Guarantee	David O'Suillivan & Co 1st Floor Red Abbey Bld, Unit 20 South Link Industrial Estate Cork	Hartys Quay Co Cork	29.4	105.0	—	—
Belville Court Management Company Company Limited By Guarantee	1/2 Windsor Terrace, Dun Laoghaire, Co Dublin	Belville Dublin 18	47.5	55.1	22.9	—
Malahide Waterside Management Company Limited By Guarantee	Office 3 The Eden Business Centre, Grange Road, Rathfarnham, Dublin 16, D16 T293	Waterside	9.6	15.5	—	5.2
PPRD Management Company CLG	Wyse Property Management Ltd., 94 Baggot Street Lower, Dublin 2,Dublin, D02 XN82	Phoenix Park 1	21.8	211.3	94.8	—
PPRD 2 Management Company CLG	21 Pembroke Road, Dublin 2, Dublin, D04k225, Ireland, D04 K225	Phoenix Park 2	30.2	41.7	18.7	—
Total				**8,049.9**	**161.7**	**413.5**

(1) For residential apartments the voting rights are calculated based on one vote per apartment regardless of the size of that apartment. For commercial, it is based on square footage of the units or the memorandum and articles of the particular management company.
(2) Includes voting rights controlled directly and indirectly.
(3) Formerly known as Charlestown Apartments Management Company Company Limited By Guarantee.
(4) Formerly known as TC West Residential Owners Management Company Company Limited by Guarantee.
(5) Formerly known as Lansdowne Valley Management Company Company Limited by Guarantee.
(6) Formerly known as BSQ Management Company Company Limited by Guarantee.

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

23. Contingencies

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners’ management company to resolve these matters. In 2017, in relation to these water ingress and fire remedial works, fire remedial levies were approved by the members of the Beacon South Quarter owners’ management company. I-RES’ portion of these fire remedial levies as at 31 December 2021 is circa €0.5 million. There is also an active insurance claim with respect to the water ingress and related damage. The amount of potential costs relating to these structural remediation works cannot be currently measured with sufficient reliability.

24. Commitments

In November 2018, the Company entered into a share purchase agreement to acquire 69 residential units for a total consideration of €47.16 million (including VAT but excluding other transaction costs). Practical completion of the units is expected to be on or around the first quarter of 2022 and the remaining consideration as at 31 December 2021 is circa €43.5 million.

In January 2020, the Company entered into a development contract to develop 61 units for a total consideration of circa €16 million and the amount outstanding as at 31 December 2021 is circa €3.8 million.

In June 2020, the Company entered into a contract for fire remedial works at 17 properties in its portfolio for a total of circa €4.5 million and the remaining amount as at 31 December 2021 is circa €0.4 million.

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

25. Earnings/(loss) per Share

Earnings per share amounts are calculated by dividing profit for the reporting period attributable to ordinary shareholders of I-RES by the weighted average number of ordinary shares outstanding during the reporting period.

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

(1) Diluted weighted average number of shares includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date.

(2) At 31 December 2021, 4,596,499 options (31 December 2020: 4,596,499) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

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

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

EPRA Earnings per Share

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

26. Net Asset Value per Share

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

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

EPRA NAV per Share

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

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

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

(2) Deferred tax is assumed as per the IFRS statement of financial position. To the extent that an orderly sale of the Group's assets was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 31 December 2021 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

(3) This is the purchaser costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred and which are deducted from the gross value in arriving at the fair value of investment for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial, 4.46% for residential apartment units and 12.46% for houses and duplexes. .

27. Directors’ Remuneration, Employee Costs and Auditor Remuneration

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

For the year ended	31 December 2021 €'000	31 December 2020 €'000
Directors' remuneration		
Short-term employee benefits	**1,355**	962
Pension costs	**60**	60
Other benefits(1)	**83**	139
Share-based payments(2)	**276**	322
Total	**1,774**	1,483

(1) Included in this amount is pay-related social insurance and benefits paid for the Directors.
(2) Included in share-based payments are 4,596,499 stock options that were anti-dilutive as at 31 December 2021.
(3) See note 22 for options exercised by one of the Directors.

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

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

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

28. Holding Company Details

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

29. Subsequent Events

On 5 January 2022, I-RES announced that it has executed two contracts for the acquisition of 152 residential units at Ashbrook, Clontarf for a purchase price of €66 million (including VAT but excluding other transaction costs). I-RES completed the handover of 86 units on 20 January 2022 and a further 22 units will complete in Q1 2022. The second is a forward purchase contract where I-RES has further committed to acquire 44 new build apartments on an adjoining development site with delivery anticipated for H2 2023. The acquisition will be funded from the Company's existing credit facilities.

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

On 29 January 2022, the Company and CAPREIT entered into binding legal agreements pursuant to which the Company exercised its right under the IMA and purchased the issued shares of the Investment Manager on a liability free (other than liabilities in the ordinary course of business)/cash free basis for €1, effective from 31 January 2022 ("Completion"). The consideration is subject to adjustment pursuant to a completion accounts process. This includes an initial payment by the Company on completion of approximately €1.1 million in respect of the net cash acquired and a working capital adjustment, based on 31 January 2022 closed accounts 60 business days post Completion.

Supplementary Information

EPRA Performance Measures and Disclosures (Unaudited)

The following EPRA performance measures are presented to improve transparency, comparability and relevance across the European listed real estate industry.

EPRA Earnings per Share (EPS)

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

EPRA Diluted Earnings per Share

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

EPRA NAV per Share

The three EPRA NAV metrics are EPRA Net Reinstatement Value ("EPRA NRV'), EPRA Net Tangible Asset ("EPRA NTA") and EPRA Net Disposal Value ("EPRA NDV"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. No deferred tax liability is calculated for I-RES as it is a REIT, and taxes are paid at the shareholder level on the distributions. Any gains arising from the sale of a property are expected either to be reinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated to the full extent of their liabilities. To optimise these measures, I-RES focuses on growing asset value and maximising shareholder value through active and efficient asset and property management. They have been presented as the Company believes these measures are indicative of the Group's operating performance and value growth.

EPRA Net Initial Yield (EPRA NIY)

EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA "topped-up" Net Initial Yield (EPRA "topped-up" NIY)

EPRA "topped-up" NIY is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents. It has been presented by the Company to improve comparability of yield measures across the European real estate market.

EPRA Vacancy Rate

EPRA Vacancy Rate is calculated as the percentage of estimated residential rental value of vacant space divided by the estimated residential rental value of the whole portfolio as at the reporting date. The estimated rental value excludes properties under development, commercial properties and development land. It has been presented by the Company to improve comparability of the vacancy measure across the European residential real estate market.

EPRA Performance Measure

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

EPRA Earnings per Share

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

EPRA NAV per Share

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

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

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

(2) Deferred tax is assumed as per the IFRS statement of financial position. To the extent that an orderly sale of the Group's asset was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 31 December 2021 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

(3) This is the purchaser costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred and which are deducted from the gross value in arriving at the fair value of investment for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial, 4.46% for residential apartment units and 12.46% for houses and duplexes.

EPRA Net Initial Yield (NIY)

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

(1) Calculated based on the net rental income to operating revenue ratio of 79.1%.

(2) For the year ended 31 December 2021.

EPRA Vacancy Rate[3]

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

(3) Based on the residential portfolio

EPRA Capital Expenditure Disclosure

EPRA recommends that capital expenditures, as stated on the financial statements, be split into four components based on the nature of the assets the expenditures were on to allow for enhanced comparability. Namely, the categories are acquisitions, development, like-for-like portfolio, and other items.

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

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

Glossary of Terms

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

"Annualised Passing Rent"

Defined as the actual monthly residential and commercial rents under contract with residents as at the stated date, multiplied by 12, to annualise the monthly rent;

"Average Monthly Rent (AMR)"

Actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property;

"Basic Earnings per share (Basic EPS)"

Calculated by dividing the profit for the reporting period attributable to ordinary shareholders of the Company in accordance with IFRS by the weighted average number of ordinary shares outstanding during the reporting period;

"Companies Act, 2014"

The Irish Companies Act, 2014;

"Diluted weighted average number of shares"

Includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date;

"Adjusted EBITDA"

Represents earnings before lease interest, financing costs, depreciation of property, plant and equipment, gain or loss on disposal of investment property, net movement in fair value of investment properties and gain or loss on derivative financial instruments to show the underlying operating performance of the Group.

"EPRA"

The European Public Real Estate Association;

"EPRA Diluted EPS"

Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the diluted weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio, while taking into account dilutive effects, and therefore excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;

"EPRA EPS"

Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio and therefore excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;

“EPRA NAV”

EPRA introduced three EPRA NAV metrics to replace the existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value (“EPRA NRV’), EPRA Net Tangible Asset (“EPRA NTA”) and EPRA Net Disposal Value (“EPRA NDV”). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Any gains arising from the sale of a property are expected either to be reinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated to the full extent of their liabilities.

“EPRA NAV per share”

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

“Equivalent Yields (formerly referred as Capitalisation Rate)”

The rate of return on a property investment based on current and projected future income streams that such property investment will generate. This is derived by the external valuers and is used to estimate the term and reversionary yields;

“Group Total Gearing”

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

“Gross Yield”

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

“Irish REIT Regime”

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

“Market Capitalisation”

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

“Net Asset Value” or “NAV”

Calculated as the value of the Group’s or Company’s assets less the value of its liabilities measured in accordance with IFRS;

“Net Asset Value per share”

Calculated by dividing NAV by the basic number of ordinary shares outstanding as at the end of the reporting period;

“Net Rental Income (NRI)”

Measured as property revenue less property operating expenses;

“Net Rental Income Margin”

Calculated as the NRI over the revenue from investment properties;

“Occupancy Rate”

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

“Property Income”

As defined in section 705A of the Taxes Consolidation Act, 1997. It means, in relation to a company or group, the Property Profits of the company or group, as the case may be, calculated using accounting principles, as: (a) reduced by the Property Net Gains of the company or group, as the case may be, where Property Net Gains arise, or (b) increased by the Property Net Losses of the company or group, as the case may be, where Property Net Losses arise;

“Property Profits”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Net Gains”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Net Losses”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Rental Business”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Sq. ft.”

Square feet;

“Sq. m.”

Square metres;

“Stabilised NRI”

Measured as property revenue less property operating expenses adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance;

“Vacancy Costs”

Defined as the value of the rent on unoccupied residential apartments and commercial units for the specified period.

Forward-Looking Statements

I-RES Disclaimer

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

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

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

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Stock Exchange Listing

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