

11 August 2022

Latest Results



Irish Residential Properties REIT Plc

Results for the Six Months Ended 30 June 2022

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 interim results for the period from 1 January 2022 to 30 June 2022.

Key Financial and Operational Highlights

- Continued revenue growth of 6.7% to €42.1 million for the period, driven by the acquisition of Ashbrook, organic rental growth and improved occupancy.
- Occupancy levels remained very strong and increased to 99.3%, up from 98.6% in the prior period and represents full occupancy when allowing for short term vacancies due to turnovers.
- Net Rental Income increased to €32.6 million up 4.1% from the same period last year, driven by the same factors driving revenue growth and moderated due to increased cost associated with property taxes, utilities and repairs and maintenance costs.
- Significant portfolio growth due to the acquisition of Ashbrook (108 units delivered) and the completed development of School Yard (61 units). We expect to close on our acquisition of the Tara View development of 69 units shortly. We have also entered into a contract to sell 128 units at Hampton Wood.
- Our Net Asset Value grew to €888.7 million representing a stable portfolio valuation with Group gearing at period end of 42.6%.
- It is intended to declare a dividend of 2.30 cents per share for the period ended 30 June 2022

Successful delivery of growth

I-RES is delighted to announce the completion of our new accretive development at The School Yard (formerly ‘Bakers Yard’). We have completed the development of 61 new apartments with the building designed and delivered to LEED gold standard. The acquisition of 69 new apartments and townhouses at Tara View (formerly ‘Project Merrion’), Merrion Road, Dublin 4 under the forward purchase contract executed in November 2018 is also expected to close shortly. This growth builds on the acquisition of 152 units in Ashbrook earlier this year, 108 of which have been delivered.

The School Yard, North Portland Street, Dublin City Centre

I-RES was granted planning permission in 2018 for 61 residential units, three commercial units and associated car parking on an existing site owned by the Company at its Bakers Yard property. Site clearance and preparation works were carried out and construction commenced in February 2020. The property was completed and handed over by the contractor in July 2022. The total cost for completion was €21.8 million, reflecting a moderate increase of €1.8 million on the initial contract due to costs associated with the implementation of Covid-19 measurements and associated delays. This is a high-quality asset, Ireland’s first residential property designed to LEED Gold Standard certification with all units BER rated A’. It serves as an important blueprint for future schemes. The School Yard is situated within walking distance of the City Centre and major transportation nodes. All residential units are now fully leased and income producing effective from early August 2022. Based on current annualised passing rents, the asset is expected to generate a gross yield on cost of 6.9%.

Ashbrook, Clontarf, Dublin 3

In January 2022 IRES announced the execution of two contracts for the acquisition of, in aggregate, 152 residential units located in Ashbrook, Clontarf, Dublin 3 in two phases for a total purchase price of approximately €66 million (including VAT but excluding other transaction costs). Ashbrook is located in a mature sought-after Dublin suburb approx. 5km from Dublin City Centre. It has excellent access to transportation nodes, schools and employment. The acquisition includes 108 completed apartments already delivered as well as a fixed forward commitment element to purchase an additional phase of 44 units currently under construction and due for delivery in 2023. The remaining consideration due in 2023 is €24.1 million.

Tara View, Merrion Road, Dublin 4

IRES entered into a contract for the forward purchase of 69 residential units at Merrion Road in 2018, a transaction valued at €47.1 million (including VAT but excluding other transaction costs). The acquisition of the 69 town houses, apartments and car park spaces is expected to close shortly. The property, named Tara View, is a very high-quality development and is located in a highly desirable seafront location, with outstanding amenity space at ground floor and roof top levels. Based on the projected annualised market rents, the asset is expected to generate a gross yield on cost of 5.6%.

Financial Highlights

For the six months ended	30 June 2022	30 June 2021	% change
Operating Performance			
Revenue from Investment Properties (€ millions)	42.1	39.4	6.7%
Net Rental Income (€ millions)	32.6	31.3	4.1%
Adjusted EPRA Earnings before non-recurring costs (€ millions) ⁽¹⁾	19.2	19.0	1.0%
Deduct: Non-recurring costs ⁽²⁾	(5.7)	(1.2)	
EPRA Earnings (€ millions) ⁽¹⁾	13.5	17.8	
Add: Increase in fair value of investment properties (€ millions)	9.4	8.7	
Add: Gain on disposal of investment property (€ millions)	-	0.8	
Add: Gain on derivative financial instruments (€ millions)	-	0.1	
Profit (€ millions)	22.9	27.4	
Basic EPS (cents)	4.3	5.2	
EPRA EPS (cent)	2.5	3.4	
Adjusted EPRA EPS for non-recurring costs per share (cents) ⁽¹⁾	3.6	3.6	-
Proposed Interim Dividend per share (cents)	2.30	2.91	
Portfolio Performance			
Total Number of Residential Units	3,998	3,836	4.2%
Overall Portfolio Occupancy Rate ⁽¹⁾	99.3%	98.6%	0.7%
Overall Portfolio Average Monthly Rent (€) ⁽¹⁾	1,688	1,641	2.9%

(1) For definitions, method of calculation and other details, refer to pages 15 to 18 of Business Performance Measures under the Operational and Financial Results section of the Business Review.

(2) The non-recurring costs of €5.7 million (30 June 2021: €1.2 million) and general and administrative expenses of €5.6 million (30 June 2021: €5.0 million) incurred in the first six months of 2022 totals the general and administrative expense costs of €11.3 million reflected in the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2022 (30 June 2021: €6.2 million).

Financial Highlights

As at	30 June 2022	31 December 2021	% change
Assets and Funding			
Total Property Value (€ millions)	1,552.7	1,493.5	4.0 %
Net Asset Value (€ millions)	888.7	881.4	0.8 %
IFRS Basic NAV per share (cents)	167.8	166.5	0.8 %
Group Total Gearing ⁽³⁾	42.6 %	40.7 %	1.9 %
Gross Yield at Fair Value ⁽¹⁾⁽²⁾	5.6 %	5.6 %	
Other			
Market Capitalisation (€ millions)	683.2	887.4	
Total Number of Shares Outstanding	529,578,946	529,453,946	
Weighted Average Number of Shares – Basic	529,542,344	527,412,302	

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

(2) For definitions, method of calculation and other details, refer to pages 15 to 18 of Business Performance Measures under the Operational and Financial Results section of the Business Review.

(3) For definitions, method of calculation and other details, refer to page 14 to 15 of Liquidity and Financial Condition under the Operational and Financial Results.

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

“Against a challenging macroeconomic backdrop, we delivered a strong performance across all parts of the business in the first half of 2022. Occupancy grew to 99.3%, demonstrating strong market demand for our high-quality professionally managed apartments. Increased occupancy, acquisition of new units and organic rental growth, delivered overall revenue growth of 6.7% to €42.1 million for the period. As a result, our net rental income grew by 4.1% to €32.6 million for the period and adjusted EPRA earnings increased by 1.0% to €19.2 million

Housing in Ireland remains challenging, primarily due to a significant lack of supply, and so we are pleased to be adding much-needed new homes to the market. This year we have grown our portfolio through the investment in 152 homes in Ashbrook in Clontarf (44 of which will be delivered in 2023), and the delivery of 61 units in our new development - The School Yard. We also expect to close on a further 69 new homes in the Tara View development shortly. We are delighted to add to the supply of high-quality private rental accommodation with these exceptional schemes, which have strong sustainability credentials and are in excellent city locations close to employment, amenities and transport.

Central to achieving these strong results was our continued investment in our people and technology. We successfully completed the internalisation process to establish us as a fully integrated Irish company with 100 people employed locally. We now have a unique local operating platform in the Irish market, which will enable us to grow the business and enhance our resident experience.

We are acutely aware that the year ahead will be impacted by inflation and rising cost pressures. Despite these headwinds, we are strongly positioned to meet these challenges and remain confident that we will continue to execute on our vision of building great communities by providing full-service, high-quality, energy-efficient homes to our residents. We look forward to continuing to play an important role in delivering sustainable housing solutions to the Irish market.”

Chairman's Statement

Despite operating in a challenging macro environment, we have delivered a solid performance along with the completion of the internalisation process in the first half of 2022. With an experienced team, strengthened by internalisation and recent appointments, coupled with our robust balance sheet the Group is strongly positioned to navigate changing market circumstances.

Completion of Internalisation of Investment Manager

As detailed in our Annual Report 2021, we internalised the management of the Company with the acquisition of the Management Company, IRES Fund Management Limited, from CAPREIT and termination of the Investment Management and Services Agreements effective from 31 January 2022. The Company entered into a Transitional Services Agreement with CAPREIT for a period of three months thereafter, which terminated on 30 April 2022, to facilitate the transition of functions and data and implementation of new IT systems in the Company.

We now have a fully integrated business which has the ability to deliver enhanced operating leverage as we continue to scale over the medium-term, in addition to allowing us to provide enhanced operational capability across our professionally managed portfolio of high-quality residential units. This operational capability will be further supported by deployment of market leading technology, improving our connectivity with our residents and enhancing their overall experience. Internalisation also supports a simplified organisational structure with more transparent corporate governance and overall alignment of interests whilst also positioning I-RES for its next phase of growth.

Building a sustainable and responsible business

Environmental, social, and governance ("ESG") considerations continue to take a high priority across our business, positively influencing our operations and investment decision making. We continue our engagement across all our stakeholders to ensure that as their focus on ESG and in particular climate change matters grows, I-RES continues to respond to their evolving expectations. As one of Ireland's leading residential providers, we continue to invest to increase the availability of professionally managed homes for rent in the market, ensuring we positively contribute by delivering high-quality rental accommodation to the Irish market.

The focus of our investment strategy is on family-friendly urban locations which feature community facilities, delivered to high standards, good public transportation links, well developed educational and social infrastructure, and sustainable employment opportunities where people want to live, work and build their lives. We have extended this focus to planning for new developments on our owned sites, as well as our investments in new supply.

Sustainability is at the heart of all our activities. We have made significant progress across a variety of our ESG objectives including sourcing more sustainable materials, operating homes >94% above C BER rating, evaluating overall carbon emissions, amongst many other initiatives underway across the company. We are in the process of developing our carbon reduction roadmap which can show what pathways are available to practically meet the carbon emission reduction targets that we will set for the business. We remain focused on our ESG objectives and, ensuring that our ESG strategy is embedded in every decision-making process and integrated throughout the business from Board level to on-site maintenance and operational teams. This will help support further successful and sustainable growth and continuing high levels of service to our residents

Capital allocation and balance sheet strength

I-RES has continued delivering on its growth strategy supported by a robust balance sheet. We have strong liquidity as well as having well structured debt maturities ranging across the period from 2026 to 2032 with hedging for approximately 30% of our debt at fixed interest costs for the future. The Board remains focused on capital allocation and adopts a range of measures including capital recycling in its financial policies and risk management.

We continued to grow our portfolio during 2022 focusing on accretive investment in acquisitions and new developments. At the beginning of the year, we acquired 152 residential units at Ashbrook in Clontarf, and have already taken delivery of 108 units and expect 44 new build units to be delivered in Q4 2023.

We are also delighted to have delivered our new School Yard (formerly Bakers Yard) property of 61 units into a rental market in much need of additional supply. We were pleased to achieve a very effective marketing and leasing strategy for School Yard,

with it fully leased and occupied within four weeks of delivery from the contractor and in line with investment yields. We also look forward to launching Merrion Road to the market shortly.

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 market and our business over the long term. The Board believe that I-RES is uniquely positioned to support the provision of rental housing and as a leading provider and professional manager of private rented residential homes in Ireland, we will continue to evaluate further investment and growth opportunities.

As part of our strategy to create value from our existing asset base we are also pleased to announce we have entered into contract to sell our Hampton Wood development of 128 apartments in Finglas for €54.5 million. This represents a strong return on our investment and the asset management of this development.

Outlook

Looking ahead, the ever-evolving situation presented by inflation and rising interest rates may have an impact on the Group's business which may not be visible at this time. Despite this uncertainty, the Group continues to be well-positioned to take advantage of further growth opportunities. The recent internalisation will allow us to manage costs more effectively and drive economies of scale in this period of high inflation. With a robust balance sheet, the Group is well placed to navigate the changing market backdrop.

The Board is confident that I-RES has the right strategy and business model to meet evolving occupier and wider stakeholder requirements and capitalise on strong market fundamentals to continue to deliver long-term returns for shareholders.



Declan Moylan

Chairman

Chief Executive's Statement

Continuing strong performance, focus on sustainability and unique fully integrated operating and service platform in the Irish market

I-RES is pleased to have continued to deliver a solid operational and financial performance in H1 2022. We completed the internalisation and now have a fully integrated business and team, which enables us to exploit our competitive strengths in active management and sustainable operations thereby adding value for our shareholders, while continuing to deliver our high standards of service for our residents.

Our experienced team and portfolio of high-quality residential accommodation ensures that we meet the needs of our residents and consistently maintained a high occupancy rate of 99.3% (at 30 June 2022) across our property portfolio.

Thanks to the dedication of our employees and partners, we continue to reinforce the importance of our culture, diversity and inclusion, environmental sustainability efforts and giving back to the communities in which we operate as the foundations for a sustainable business.

Operating and Financial Review

Our net rental income grew by 4.1% to €32.6 million for the period and adjusted EPRA earnings increased by 1.0% to €19.2 million (30 June 2021: €19.0 million), which excludes the impact of non-recurring items relating to internalisation and other one-off costs. On a per share basis, adjusted EPRA EPS remained consistent at 3.6 cents per share (30 June 2021: 3.6 cents per share).

We have successfully completed the Internalisation and now have a fully integrated business. We incurred non-recurring costs of €5.7 million in the period. This was higher than anticipated due to the complex data migration and IT transition. Our underlying performance remains robust and well placed to deal with the potential headwinds in the market.

The Group's NAV increased by 0.8% in the six months ended 30 June 2022, to €888.7 million from €881.4 million at 31 December 2021, or to 167.8 cents per share from 166.5 cents per share.

We maintain good long-term relationships with our financing partners across the capital markets and have medium to long term maturities on our existing debt profile with approximately 30% fully fixed against interest rate increases. On 11 February 2022, we exercised an option for an extension of our €600 million Revolving Credit Facility on the same terms with a new maturity date of 18 April 2026. We also have €200 million equivalent of Private Placement Notes at an overall fixed cost of 1.92% with maturities from 2027 to 2032. Our LTV at 30 June 2022 was 42.6% and the weighted average cost of our debt is 2.25%

We recognise rising inflation is resulting in cost pressures for businesses and I-RES is no different. We believe that our fully integrated business model together with leveraging market leading technology and our young modern portfolio of assets with high energy ratings, provides opportunity to manage the cost challenges facing the business.

With a solid operational performance, the company continues to deliver dividends to our shareholders and to distribute at least 85% of the earnings for each financial year to shareholders. The Board intends to declare an interim dividend of 2.30 cents per share for the six months ended 30 June 2022. This has reduced versus the interim dividend in 2021 due to impact of the costs associated with internalisation. We expect to return to our stable and progressive dividend policy at year end.

Despite the challenges posed by COVID-19 over the last year, we continued to successfully grow our assets portfolio in line with our strategy adding 6% growth in the number of units in the portfolio year to date. During the period we acquired 108 units at Ashbrook in Clontarf with a further 44 due for delivery under a fixed price agreement in Q4 2023. We have taken delivery in July of our development of a new apartment block at our School Yard and expect to complete the acquisition of new apartments at Tara View shortly. These two investments will provide a combined 130 new homes in the Irish market.

As at 30 June 2022, the valuation of our assets was €1,552.7 million, at a gross yield at fair value of 5.6% and stable relative to 31 December 2021 valuation. This was an increase of €59 million for the 6 months due to new investment and capital expenditure on the existing portfolio. There was a c.€9 million uplift in the fair value of the total asset base with a significant element of this driven by our new School Yard development.

We strategically continue to source value from our existing assets. Today we announce that we have agreed to sell our Hampton Wood development of 128 units for €54.5 million representing a significant return on our investment. On a pro-forma basis and taking into consideration the completion of Tara View (Merrion Road) and disposal of Hampton Wood our LTV will be 41.8%.

Long term Sustainability and Value Creation

As the climate crisis deepens, sustainability and in particular environmental sustainability is of increasing importance for all stakeholders, and our goal is to ensure that we run our business with sustainability central to our strategy, asset management and operations so that we can meet and exceed our carbon commitments.

As we continue to build a sustainable and responsible business we are committed to integrity, transparency and ongoing improvement. These values create a culture that, over time, has shaped the ways in which we engage with one another, our residents, customers, supply chain, partners, shareholders, and the communities in which we do business. We recognise the housing challenges in Ireland and have supported the Red Cross in providing accommodation to families from Ukraine. We also work closely with the community structures in which we operate and our employees contribute significantly to improving placemaking and building community engagement for our residents.

We have strategically invested in a modern young portfolio of assets with an average age of 13.1 years and 53.5% of our assets hold BER ratings of A and B and 94% of our assets have BER coverage at minimum C rating. This will assist both the Company and its residents as we all navigate this challenging energy crisis with increasing costs and likely future supply/usage management requirements to be met.

In the first half of 2022, we achieved some significant milestones. This included our second submission to Global Real Estate Sustainability Benchmark (“GRESB”), an industry leading global assessor of the ESG performance of real estate assets and their managers. We report under several ESG ratings, including ‘GRESB’, to provide an overview of our progress and activities and to allow comparison with our peers and other companies. Our ambition is to continue to improve these scores on an annual basis, ensuring that ESG performance is tracked and assessed. It also provides stakeholders with confidence that we are turning our commitments and targets into action and that we are delivering on our ambition to be a sustainability leader in our sector.

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

Regulation and Legislation

Housing in Ireland remains a challenge, due to a significant lack of supply. In 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 and enhanced cooperation with the private sector including investment to deliver this objective.

In 2021, legislation was introduced which capped rent increases at 2% per annum, where Harmonised Index of Consumer Prices (‘HICP’) inflation is higher, in all Rent Pressure Zones. The regulatory period continues to 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.. Our rental growth of 6.7% in H1 2022 is driven by two sources – renewals which are capped per legislation and delivery of new schemes with rents in line with current market. Our average rents across our portfolio are estimated at 10% below market rents and in Dublin where most of our properties are located our average rents are c.16% below the recent RTB quarterly index.

I-RES’ vision is to build great communities where people want to enjoy living and working and we take our responsibility to continue to invest in them seriously as well as to champion an inclusive and diverse culture that attracts, retains, and provides growth opportunities for residents as well as our employees.

Outlook

We are acutely aware that the year ahead will be impacted by heightened macroeconomic and geo-political uncertainty. However, I-RES is well positioned and has the right strategy and business model to meet the challenges of rising inflation, increased cost of living and interest rate rises as well as energy challenges that may arise. We continue to see strong fundamentals due to low availability and strong demand for high quality rental accommodation in the Irish market driven by a rising population and strong employment. I-RES will continue to play a key role in delivering housing solutions to the Irish market on a sustainable basis for the long term.

We are alert to the challenges our residents may face with inflation and cost of living increasing, and we are focused on ensuring our residential units with full service represent value-for-money in energy-efficient properties. The security and longevity of our income are important drivers of our predictable income stream and underpin our progressive dividend policy.

A handwritten signature in black ink that reads "Margaret Sweeney". The signature is written in a cursive, flowing style.

Margaret Sweeney

Chief Executive Officer

Investment Manager's Statement

On 31 January 2022 I-RES acquired the Manager (IRES Fund Management Limited) from CAPREIT under the terms of the Investment Management Agreement in place thus internalising the management. 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 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 Alternative Investment Fund.

Following the acquisition, I-RES and the Manager both entered into a Transitional Services Agreement with CAPREIT pursuant to which CAPREIT continued to provide technological and other support services for a period of 3 months to 30 April 2022. I-RES implemented new technology infrastructure and systems and together with CAPREIT, we worked to assist the transition of the Manager, various services and I-RES' information to these new processes and systems. We are pleased to announce that the transition was effective and we look forward to the expected synergies of being a wholly owned subsidiary of I-RES.

In the first half of 2022, the Manager performed strongly, solidifying our ability to deliver consistent yields for investors. In particular, we enhanced our capacity to deliver high-quality accommodation while continuing to pursue our strategy for growth. Our highly qualified and talented operations and asset management team leads the way in professional management of residential rental accommodation nationally. Our team builds close relationships with residents and ensures that our reputation for quality assets is sustained through proactive management.

Michael Boyce

Chairman of IRES Fund Management

Business Review

The underlying business performed strongly during the first half of 2022 reflected in growing revenues and stable adjusted earnings. This was due to strong operational performance and continued growth in our portfolio of properties for rent. Our experienced team and portfolio of high-quality residential accommodation sets us apart from the market and ensures that we meet the needs of our residents, which has contributed to a consistently high occupancy rate of 99.3% (30 June 2022) supported by our mid-market residential sector positioning where demand remains strong. Our average monthly rent increased to €1,688 at 30 June 2022 and our portfolio is currently estimated to be 10.6% below market rent.

Our NRI Margin moderated to 77.5% (30 June 2021: 79.5%) due to increases in property taxes, whilst we also incurred some increased employee, utilities and repairs and maintenance costs during the period. As part of our ongoing commitment to the communities we support, we have partnered with the Irish Red Cross to provide 10 homes rent free across our portfolio to Ukrainian families to assist them with integrating into our community.

On 31 January 2022, I-RES acquired IRES Fund Management Limited (the 'Manager') and internalised its management team. We have successfully implemented our new property management and financial reporting system 'Yardi' after an extensive and complex data migration process. We continue to invest in the platform to increase efficiencies across the business, with a view to reducing costs and improving our residents experience. We incurred non-recurring expenses of €5.7 million in the period relating to the internalisation process and other one-off third-party advisory services – see further details in the *Operational and Financial Results* section. However, as a result of internalisation we are now well positioned to achieve efficiencies through a simplified organisation structure that will allow us to control costs in the future assisted by the new IT platform we have deployed and continue to enhance.

Portfolio Growth and Funding

The acquisition of Ashbrook and development of School Yard has grown our portfolio size to 3,998 homes at 30 June 2022.

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

During 2022 an additional 108 residential units were acquired and we continued the development of 61 residential units at Bakers Yard, with the completed apartment block now named the School Yard. This new development is fully let and tenants have moved into the units over the course of July and early August. As part of the Ashbrook acquisition, we entered into a fixed price forward purchase contract for an additional 44 residential units, due for delivery in Q4 2023.

As part of our ongoing funding strategy, on 11 February 2022, the Company exercised an option for an extension with all five banks on the same terms for the entire €600 million RCF facility with a new maturity date of 18 April 2026. In addition, our fixed private placement notes have maturities laddering 2027 to 2032 giving I-RES a weighted average maturity of debt of 4.7 years. Our weighted average cost of debt for the period was 2.25% (30 June 2021: 2.33%). Our LTV at 30 June was 42.6%, well below our regulatory and financial covenants of 50%.

Acquisition and Developments

Ashbrook, Clontarf, Dublin 3 (146 Residential Units)

I-RES entered into two contracts in December 2021 for the acquisition of 152 residential units located in Ashbrook, Clontarf, Dublin. 86 units were acquired on closing in January 2022 with a further 22 units acquired in May 2022. The Company has committed to acquire 44 new apartments under a fixed price forward purchase contract, with delivery anticipated in Q4, 2023.

The property is located in the north Dublin suburb of Clontarf. The scheme occupies an attractive position close to Dublin City Centre (circa 4km), with easy access to the M50 motorway. There are excellent public transport links to the City Centre, with Clontarf and Killester train stations within walking distance and high frequency bus services at the entrance to the property. Clontarf is a much sought after and mature residential location, providing some of Dublin's finest amenities, including schools, sporting facilities, parks, local shopping and employment.

School Yard, Portland Street North, Dublin 1 (61 Residential Units)

This development of 61 residential units at a site adjacent to Bakers Yard has been completed for a total consideration of €21.8 million (including VAT but excluding other transaction costs). All units in the development have now been leased with residents moving in from the end of July. School Yard has been delivered to LEED Gold certification, with all units BER rated A and serve as an important blueprint for future schemes. This specification will help drive down energy consumption, improve efficiency, and create healthier living places for our residents. The property is located within 20 minutes walk of Dublin city centre and has easy access to the IFSC and Docklands areas as well as universities. It is well serviced by bus networks.

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 €47.1 million (including VAT, but excluding other transaction costs). Construction commenced in 2019 and we expect to close the acquisition shortly.

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 excellent amenities including schools, universities and numerous hospitals (St. Vincent's University Hospital 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.

Forward Purchase Contract for 44 homes at Ashbrook, Clontarf

As previously noted, as part of the total purchase price of €66 million (including VAT but excluding other transaction costs), the Company has further committed to acquire 44 new apartments under a forward purchase contract, with delivery anticipated in Q4, 2023. The remaining consideration is €24.1 million.

Value creation from existing assets

We continue to identify opportunities to create value from our existing asset base. Today we have announced that we have entered into contract to dispose of our Hampton Wood development of 128 units in Finglas for €54.5 million. This represents a significant return on our investment and highlights the returns we can create from our asset management strategy.

Operational and Financial Results

Net Rental Income and Profit for the Six Months Ended

	30 June 2022	30 June 2021
	€'000	€'000
Operating Revenue		
Revenue from investment properties ⁽¹⁾	42,076	39,427
Operating Expenses		
Property taxes	(519)	(306)
Property operating costs	(8,931)	(7,788)
	(9,450)	(8,094)
Net Rental Income ("NRI")	32,626	31,333
NRI margin	77.5%	79.5%
Adjusted general and administrative expenses ⁽²⁾	(5,556)	(5,015)
Share-based compensation expense	(240)	(84)
Adjusted EBITDA⁽³⁾	26,830	26,234
Non-recurring costs ⁽²⁾	(5,748)	(1,207)
Depreciation of property, plant and equipment	(259)	(259)
Lease interest	(112)	(117)
Financing costs	(7,247)	(6,827)
EPRA Earnings	13,464	17,824
Gain on disposal of investment property	-	870
Net movement in fair value of investment properties	9,383	8,668
Gain on derivative financial instruments	29	59
Profit for the Year	22,876	27,421

(1) Vacancy loss of €0.4 million (30 June 2021: €0.8 million) for the six months ended 30 June 2022.

(2) The non-recurring costs of €5.7 million and general and administrative expenses of €5.6 million incurred in 2022 totals the general and administrative expense costs of €11.3 million reflected on the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2022.

(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 six months ended 30 June 2022, total operating revenue increased by 6.7% compared to the six months ended 30 June 2021, due to higher unit count driven by the acquisition of 108 units at Ashbrook, Clontarf, Dublin 3, increased occupancy and organic rental growth.

Net Rental Income

The NRI margin has been presented as the Company believes this measure is indicative of the Group's operating performance. For the six months ended 30 June 2022, NRI decreased by 2.0% to 77.5%. One component of this reduction is increased property taxes incurred by the Group due to additional units being brought into scope for property tax after the Irish Government amended the property tax bill. Post-acquisition of the 'Manager', the external Property Management Fee (PMF) terminated and was replaced by employee and IT costs. We have also seen some moderation in the margin due to increased employee, utilities and repairs and maintenance costs.

General and Administrative (“G&A”) Expenses

G&A expenses include costs such as employees' salaries, director fees, professional fees for audit, legal and advisory services, depository fees, property valuation fees, insurance costs and other general and administrative expenses. G&A has increased in the period due to costs associated with building up the corporate team ahead of internalisation and ongoing IT costs.

Non-recurring costs

Non-recurring G&A costs total €5.7 million for the first 6 months of 2022. These costs are primarily legal, IT programme, consulting and investment bank advisory fees that relate to the termination of the Investment Management Agreement and other one off third-party advisory services. As noted in the 2021 annual report we estimated €1.8 million of non-recurring costs for 2022 associated with Internalisation (not including the Transitional Services Agreement fees (TSA)). In the period we have recorded €4.4 million in relation to termination of the Investment Management Agreement. This expense item has increased from our earlier estimates due to higher than anticipated legal costs and additional IT costs associated with the complex nature of the internalisation and IT projects. These costs include: costs associated with CBI approval for the acquisition of IRES Fund Management Limited, costs associated with this acquisition, legal and investment bank advisory fees, implementation of our new property management and financial reporting system and a complex data migration from CAPREIT IT systems. In addition, the transitional services agreement with CAPREIT totalled €1.3 million. The €1.2 million recorded in the prior period related to an aborted transaction due to Covid-19 and costs associated with the termination notice issued by the Manager and the decision of the Group to acquire the Manager.

Share-based Compensation Expenses

Under the Company's long term incentive plan, in 2017 and 2019, options were granted to the Company's CEO. Since 2020 the Company has operated a restricted stock awards program. Restricted stocks are awarded in line with the Remuneration Policy. See note 13 of the Condensed Consolidated Interim Financial Statements.

Net movement in fair value of Investment Properties

I-RES recognises its investment properties at fair value at each reporting period, with any unrealised gain or loss on remeasurement recognised in the profit or loss account. The fair value gain on investment properties is mainly due to fair value gains upon transferring School Yard from a development property to an investment property and marginal yield compression, giving a net increase in value of €9.4 million for the period.

Financing Costs

Financing costs, which include the amortisation of certain financing expenses, interest and commitment fees, increased for the six months ended 30 June 2022 to €7.3 million from €6.8 million for the six months ended 30 June 2021. The financing costs have increased by €0.5 million in the first six months of 2022 compared to 2021, as a result of higher borrowings in 2022, driven by drawdowns to fund the Ashbrook acquisition. See note 10 of the Condensed Consolidated Interim Financial Statements.

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. Hedge accounting has been applied for the cross-currency swap. For the six months ended 30 June 2022, there was a fair value gain of circa €7.0 million and a cost of hedging of circa €0.4 million recorded in the cashflow hedge reserve in the statement of changes in equity and a reclassification of €6.2 million to the consolidated statement of profit or loss and other comprehensive income.

Property Portfolio Overview

The following table provides the details of the Group's property portfolio as at 30 June 2022.

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	€ 1,842	€ 22.6	98.9%
Total City Centre	6	419	2,544	€ 1,821 ⁽⁴⁾	€ 23.8	99.0% ⁽⁴⁾
Total West City	3	409	—	€ 1,668	€ 21.9	99.8%
Total North Dublin	10	1,005	—	€ 1,566 ⁽⁴⁾	€ 20.8	99.3% ⁽⁴⁾
Total West Dublin	6	999	14,753	€ 1,619 ⁽⁴⁾	€ 20.2	99.7% ⁽⁴⁾
Cork	1	50	—	€ 1,312	€ 16.4	96.0%
Total Portfolio (Stabilised)	37	3,937	24,148	€1,688⁽⁴⁾⁽⁵⁾	€ 22.4⁽⁴⁾	99.3%⁽⁴⁾
School Yard	1	61	518			
Total Portfolio	38	3,998	24,666			

(1) As at 30 June 2022.

(2) Based on residential units.

(3) AMR is calculated as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of residential units owned in the property. Actual monthly residential rents, net of vacancies, as at 30 June 2022 was €6,117,668 divided by 3,921 units (which is the total units available for lease as at 30 June 2022) resulting in AMR of €1,688. Refer to pages 15 to 16 for further discussion on average monthly rent per apt. and occupancy.

(4) Refer to pages 15 to 16 for further discussion on average monthly rent per apt. and occupancy. The calculations exclude 10 units provided to house Ukrainian refugees and 6 units at Bakers Yard that were not available for rent from total properties owned.

(5) I-RES's external valuers indicated that I-RES's current rents (on a weighted average basis for the portfolio) as at 30 June 2022 is estimated to be approximately below market by 10.64%.

Property Capital Investments

The Group capitalises investments related to the improvement of its properties. For the six months ended 30 June 2022, the Group made property capital investments of €2.8 million, a decrease from €5.0 million for the six months ended 30 June 2021.

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. There is also an active insurance claim with respect to the water ingress and related damage.

Liquidity and Financial Condition

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

The Group is in compliance with its financial covenants contained in its facility agreement with Barclays Bank Ireland PLC, Ulster Bank Ireland DAC, The Governor and Company of the Bank of Ireland, Allied Irish Banks, P.L.C and HSBC Bank PLC and its Notes. On 18 July, Ulster Bank Ireland DAC assigned its portion of the facility agreement to Allied Irish Banks PLC as part of its exit from the Irish market.

Group Total Gearing

At 30 June 2022, capital consists of equity and debt, with Group Total Gearing of 42.6%, 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 borrowings are as follows:

	As at	30 June 2022	30 June 2021
		(€'000)	(€'000)
RCF Committed Facility		600,000	600,000
Less: Drawdowns		477,020	412,520
Available RCF Borrowing Capacity		122,980	187,480
Euro denominated Private Placement notes		130,000	130,000
USD denominated Private Placement notes ⁽¹⁾		71,551	63,243
Weighted Average Cost of Debt ⁽²⁾		2.25%	2.33 %

(1) The principal amount of USD notes is \$75 million. The movement relates to foreign exchange movements. I-RES has entered into cross currency swap to fix this at €68.8 million.

(2) Includes commitment fee of 0.7% per annum charged on the undrawn portion of the RCF 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 a 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 €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 7.4 years as at 30 June 2022, 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 additional 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 4.7 years and no debt maturities before April 2026. The weighted average cost of debt is 2.25% for 2022 including deferred financing costs (30 June 2021: 2.33%). I-RES also has undrawn facilities of €123 million available for investment and €15.2 million of cash as at 30 June 2022 before the following future commitments. Beyond the committed development costs of €1.1 million for 2022, the remaining €24.1 million for the forward purchase of 44 residential units at Ashbrook and the completion of Merrion Road at a cost of €47.1 million (including VAT, but excluding other transaction costs) with €4.1m previously paid on deposit, there is no other current exposure.

Business Performance Measures

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

Average Monthly Rent ("AMR")

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

Occupancy

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

AMR and Occupancy

As at 30 June	Total Portfolio					Properties owned prior to 30 June 2021 (Like for Like properties)					Properties Acquired After 30 June 2021	
	2022		2021			2022		2021			AMR	Occ.
	AMR	Occ. %	AMR	Occ. %	AMR change %	AMR	Occ. %	AMR	Occ. %	AMR change %		
Residential	€1,688	99.3%	€1,641	98.6%	2.9%	€1,687	99.3%	€1,641	98.6%	2.8%	€1,706	99.1%

The Group's AMR increased 2.9% at 30 June 2022 to €1,688, while residential occupancy remained high at 99.3%, indicative of the strong market fundamentals in the Irish residential rental sector. For like for like properties, the AMR increased to €1,687 per residential unit as at 30 June 2022, up 2.8% from €1,641 at 30 June 2021. The increase is due to the increase in occupancy from 98.6% to 99.3% and organic rental growth due to turnover and renewals. AMR is used as a measure for the sustainable year over year changes in revenue.

During the period, circa 7.1% of the portfolio units were turned and where applicable we applied rental increases in line with regulations.

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.

Gross Yield at Fair Value

As at	30 June 2022 (€'000)	30 June 2021 (€'000)
Annualised Passing Rent ⁽¹⁾	85,221	78,315
Aggregate fair market value as at reporting date	1,528,075	1,421,545
Gross Yield at Fair Value	5.6%	5.5%

(1) 30 June 2022 Annualised Passing rent consist of residential annualised passing rent of €80.9 million and commercial annualised passing rent of €4.3 million.

The portfolio Gross Yield at Fair Value was 5.6% as at 30 June 2022 compared to 5.5% as at 30 June 2021, excluding the fair value of development land and investment properties under development. The current Gross Yield at Fair Value of 5.6% is consistent with the last valuation date of 31 December 2021.

EPRA Earnings per Share

EPRA Earnings represents the earnings from the core operational activities 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 Earnings per Share

For the six months ended	30 June 2022	30 June 2021
Profit for the year (€'000)	22,876	27,421
Adjustments to calculate EPRA Earnings exclude:		
Gain on disposition of investment properties (€'000)	—	(870)
Changes in fair value on investment properties (€'000)	(9,383)	(8,668)
Changes in fair value of derivative financial instruments (€'000)	(29)	(59)
EPRA Earnings (€'000)	13,464	17,824
Non-recurring costs (€'000)	5,748	1,207
Adjusted EPRA Earnings for non-recurring costs (€'000)	19,212	19,031
Basic weighted average number of shares	529,542,344	526,309,195
Diluted weighted average number of shares	529,554,035	527,369,734
EPRA Earnings per share (cents)	2.5	3.4
Adjusted EPRA EPS for non-recurring costs per share (cents)	3.6	3.6
EPRA Diluted Earnings per share (cents)	2.5	3.4

A decrease in EPRA Earnings to €13.5 million (30 June 2021: €17.8 million) is principally due to higher costs as a result of the non-recurring items.

Adjusted EPRA EPS was 3.6 cents for the six months ended 30 June 2022 compared to 3.6 cents for the same period last year.

EPRA Net Asset Value

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

EPRA NAV per Share

As at	30 June 2022		
	EPRA NRV	EPRA NTA ⁽¹⁾	EPRA NDV ⁽²⁾
Net assets (€'000)	888,724	888,724	888,724
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	—	—	31,714
Fair value of fixed interest rate debt (€'000)	—	—	—
Real estate transfer costs (€'000) ⁽³⁾	80,154	—	—
EPRA net assets (€'000)	968,878	888,724	920,438
Number of shares outstanding	529,578,946	529,578,946	529,578,946
Diluted number of shares outstanding	529,578,946	529,578,946	529,578,946
Basic Net Asset Value per share (cents)	167.8	167.8	167.8
EPRA Net Asset Value per share (cents)	183.0	167.8	173.8

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

(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, subject to having sufficient distributable reserves; (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. 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 assets were undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets were sold at 30 June 2022 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.

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

Sustainability

Climate change remains a major global challenge, and we are mindful of the impact that our business has on the environment. We are committed to playing our part in supporting the transition to a low carbon economy, while building communities and delivering sustainable living solutions. To ensure we keep pace and in light of the recent internalisation, we are currently undertaking a review and refinement of our sustainability strategy.

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.

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

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 have strategically invested in a portfolio of modern assets, with a weighted average age of 13.1 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.

Our two new developments, which have now both reached completion, have achieved high sustainability credentials. At School Yard (Bakers Yard) we have delivered 61 homes, which marks the delivery of Ireland's first LEED-certified residential building. Project Merrion, a forward purchase contract for 69 residential units, is also expected to close shortly. The development is built to be nZEB compliant with BER A ratings and a highly sustainable fitout.

The like-for-like energy consumption in 2021 decreased by 11% year on year, this is attributable to the many efforts of our employees and the initiatives undertaken to reduce consumption. We adopted a 100% renewable energy procurement strategy in 2021 which results in a neutral market-based carbon emission total for the Company. Our scope 2 indirect greenhouse gas emissions for 2021 were 84 metric tons of CO₂, an 8.6% reduction on an absolute basis (2020: 92 metric tons of CO₂).

We are committed to continuing to enhance our sustainability reporting, ensuring that all our investors and key stakeholders have the right information to make informed decisions. We report our performance measures and metrics in line with the EPRA Sustainability Best Practices Recommendations ("sBPR"), complementing the existing and well established EPRA Financial BPR. We also continue to support and recognise the Sustainable Development Goals ('SDG'), which are recognised as a blueprint for a prosperous and more sustainable future for all. Additionally, we made our second public submission to Global Real Estate Sustainability Benchmark ('GRESB'), an industry-leading global assessor of the ESG performance of real estate assets and their managers, and we hope to build and improve upon the score we achieved last year. GRESB will publish the results in September 2022. We continuously review ratings and benchmarks to ensure transparency to all stakeholders, thus we have committed to completing our first submission to CDP this year along with a number of other rating agencies.

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. Additionally, the Irish Centre for Diversity recognised I-RES with Investors in Diversity Silver Award. As reported in our ESG Report 2021, we currently have 55% female employees across the Company and our people come from a broad range of nationalities and possess a wide range of cross-sectoral skills and expertise. We want to ensure I-RES is a great place to work, and it is our responsibility to continue to invest in our employees and to champion an inclusive and diverse culture that attracts, retains, and provides growth opportunities to employees.

As part of I-RES' ongoing effort to support communities in which it operates, we are pleased to support the Red Cross Ukraine Emergency Appeal by providing homes to Ukrainian refugees with full service. We are also supporters of the Dragons at the Docks fundraising programme for homeless and other charities with €1.1 million raised by the charity within five years. 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

The first half of 2022 sees the Irish economy recovering well, as a result of the easing of pandemic related restrictions in the third and fourth quarters of 2021. However, there is growing macro-economic pressure as the year has progressed, tempering the strong post pandemic recovery that had been underway. The ongoing effects of the war in Ukraine, high inflation, increasing interest rates and heightened uncertainty are reducing consumer and business confidence with signs that this is having a negative effect on the pace of increase in spending by households and firms. This weakening is reflected in the CBI's reduced, but still firmly positive Modified Domestic Demand (MDD) projections, which are now reported as 4.3% for 2022 and 4.2% for 2023 (Source: CBI). Meanwhile CPI has increased to 9.1% in June 2022 with the most notable increases coming from Housing, Water, Electricity, Gas & Other Fuels (+22.5%), Transport (+20.4%) (Source: CSO).

On a positive note, and with the end of public health restrictions and the phasing out of all COVID-related employment supports, the labour force has rebounded exceptionally well. May 2022 marked the first month in which the unemployment rate (4.7%) has fallen below its pre-pandemic rate (4.8% in February 2020). The economy is likely to be operating close to or at full employment over the coming period. Most notably, high-wage and high-tech sectors have experienced increases in employment throughout the pandemic. The unemployment rate is set to fall to 4.3% by Q4 2022 and average 5.0% for the year. The number of persons employed increased by just over 7% from Q4 2019 to Q1 2022 (2.35 million persons in 2019 compared with 2.53 million in 2022).

Preliminary estimates of Census 2022, conducted in early April, show the Irish population at 5.124 million. This represents an increase of 362,000 (8%) from Census 2016, with the population now at its highest level since 1841. This is more than 100,000 higher than the most recent estimate for April 2021. Ireland's population growth is among the fastest in the EU.

FDI continues to drive growth

Although there are clear headwinds and downside risks have increased, economic growth is still expected. Key export sectors, labour market and tax revenue have continued to perform strongly in the first half of the year driven mostly by the pharmaceutical and ICT sectors. IDA Ireland ('IDA'), the state agency responsible for attracting Foreign Direct Investment ('FDI') into Ireland, reported significant investment growth in the first half of 2022, with FDI employment creation plans outperforming 2019 record levels. The agency reported the expected creation of 18,000 new jobs and 9% growth in investment in IDA supported companies in H1 2022.

Housing output

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 and delays to new construction projects due for delivery. The Government's 'Housing for All' plan forecasts demand for housing at 33,000 units annually, driven by our young and growing population; however, supply has been consistently below this. New housing completions in Ireland reached an estimated 20,400 units in 2021, just below the 2020 level. There was a strong start to completions in Q1 2022 where we saw the highest level of first quarter completions since the first time the data was recorded in 2011 (Source: CSO). The Central Bank of Ireland has lowered its forecasts for total units delivered from 2022-2024 by 5,000 (Source: CBI). The revised forecasts would see 23,000 houses delivered this year and 27,000 and 31,000 in 2023 and 2024 respectively. This is still significantly behind the current demand levels, and the current economic environment introduces problems in relation to viability, breadth of activity, and affordability.

The Irish Residential Property Price Index ('RPPI') increased by 14.4% nationally in the year to May 2022, compared to an increase of 5.4% in the 12 months to May 2021. Overall, the national index is 1.1% lower than its highest level in 2007. In Dublin, residential property prices saw an increase of 11.7% in the year to May, while property prices outside Dublin were 16.6% higher than a year earlier.

Residential rental market

The Residential Tenancies Board ('RTB') reported annual rent inflation of 9.2% nationally in the 12 months to Q1 2021. Year-on-year price inflation in rents for new tenancies was 8.9% for Dublin in Q1 2022. The level of standardised average monthly rents for Q1 2022 was €1,460 nationally and €2,015 for Dublin (Source: RTB).

Fundamentally, there is still a significant undersupply of homes, with the number of properties listed for rent at the beginning of May 2022 at 851 homes nationwide – down 77% year-on-year and an unprecedented number in a series extending back to the start of 2006 (Source: Daft). The average number of homes available to rent nationwide at any point in time over the fifteen-year period 2006-2021 was nearly 9,200 – over ten times the supply available currently. Market rents in Dublin rose by over 10% in the year to March 2022, the first double-digit increase in rents since mid-2018.

Investment Markets

The total Real Estate investment spend in the first half of 2022 was €3.08 billion, including the notable €1.1 billion Hibernia REIT sale to Brookfield, which compares to the €5.5 billion full year investment in 2021 (Source: CBRE). CBRE has indicated that prime yields in PRS, Office and Industrial markets remain stable. Sources of capital continue to diversify geographically, with demand from the US and Europe (excluding UK) representing 60% of the total spend. Investment into the Residential Sector accounted for €946.3 million (30% of the total) in H1 2022 (Source: CBRE). Increasing financing costs have led to a decline in interest in certain assets as well as some softening in pricing. Core investors are encouraged by the fact that yield spreads are considerably wider than in many other European markets and that many sectors of the Irish market are severely undersupplied, which in turn is helping to sustain rental cashflows and returns (Source: CBRE).

Principal risks and uncertainties

The 2021 Annual Report for Irish Residential Properties REIT plc ("Annual Report") approved on 23 March 2022, outlined the Group's principal risks and uncertainties in the Risk Report at that time. The directors of the Company have set out below, those principal risks and uncertainties that have required updates or changes since 23 March 2022. The principal risks and uncertainties below should be read in conjunction with the Group's Risk Report set out in the Annual Report to understand the Group's risk management and internal control systems, as well as, the directors' processes surrounding identification and measurement of principal risks and uncertainties, and to understand those principal risks and uncertainties that have remained unchanged since issuance of the Annual Report, including risks relating to, Prolonged Pandemic, Regulation & Legislation, Opportunity to Acquire and Develop Assets, Construction, Political, Environmental Sustainability, Cyber Security and Data Protection, Access to Capital, Concentration Risk, Acquisition Risk, Tax Compliance Risk, Planning, and Staff Recruitment and Retention. Since the Investment Management Agreement and the associated Services Agreement terminated on 31 January 2022, the risk associated with this is no longer present and has been removed.

Risk	Economy and Inflation A general weakening of the Irish or global economic outlook.
Strategic Impact	Medium Reduced economic activity could have a negative impact on business performance, asset values and net rental income, which could affect cash flows going forward. In addition, growing costs 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 Management monitor 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 23 March 2022	Increasing In spite of modified domestic demand, growth has been revised down to 4.3% in 2022 and 4.2% in 2023 from 7.1% and 5.0% respectively (Source: The Central Bank of Ireland – Quarterly Bulletin No.2 2022). This still demonstrates a strong growth forecast and Ireland remains one of the fastest growing economies in the European Union. We are alert to the challenges our customers face with the rise in cost of living and therefore affordability of accommodation. As we target the mid-market and our portfolio is currently estimated at 10.6% below market rent, we are confident our residential units represent value-for-money. 94% of our portfolio are A-C BER rated, and we continue to invest in making our portfolio energy-efficient which supports our customers cost of living.

Risk	Cost of Capital, Interest Rate Increases and Loan to Value Ratio Interest rates increase, and/or property valuations decrease, resulting in higher debt service costs and restrictiveness of future leveraging opportunities. Investors' expected rate of return increases, resulting in pressure to increase dividend yields.
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 comprises a €600 million committed tranche (with an uncommitted accordion facility of €50 million). The facility is priced at Euribor (with a floor of 0%) plus a fixed margin of 1.75%. After the recent ECB rate increase of 50 basis points, the one-month Euribor is trading at minus 0.1%. In February 2022 the maturity of this facility was extended to April 2026 on existing terms.

The Group has issued private placement Notes of circa €200 million equivalent, with a weighted average fixed interest rate of 1.92% inclusive of swap costs. The Notes have a weighted average maturity of 7.4 years, laddered over seven, ten and twelve-year maturities, with the first repayment due in 2027. As of 30 June 2022, the Company has €15.2 million of cash and €123 million of committed undrawn debt under its RCF. The Group has €1.1 million in current committed capital and development expenditure and c.€72 million for the acquisitions of Project Merrion and Phase 2 of Ashbrook.

The Group Total Gearing was 42.6% as at 30 June 2022, 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 maintains an active programme of engagement with its debt and equity providers including an ongoing Investor Relations programme. The Group has a proven track record of strong results. Strong results, combined with being in a residential industry with strong real estate fundamentals, help manage shareholders' expectations.

Risk Trending Since 23 March 2021

Central Banks across the globe have commenced increasing interest rates and the position of the European Central Bank was to implement a 50bps increase during July 2022. The Group is exposed to ECB interest rate increases as the RCF has a fixed margin plus Euribor, at present 1 month Euribor is negative insulating the Group from the interest rate increases. The Group has fixed the cost of its Private Placement Notes with a hedging strategy and maturity periods from 2027 to 2032.

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

The Manager is I-RES' authorised Alternative Investment Fund Manager (AIFM). In January 2022, the Central Bank of Ireland ("CBI") approved I-RES' acquisition of the entire issued share capital in the Manager and I-RES completed that acquisition on 31 January 2022. The existing Investment Management Agreement and associated Services Agreement terminated with effect from 31 January 2022 also.

The CBI consent included a condition, that an application is to be submitted to the CBI for I-RES to become authorised as an internally managed AIF and the Manager's business is to be transferred to I-RES once authorised. I-RES is in process with the CBI in respect of its application to become an internally managed AIF. Upon I-RES authorisation, the Manager will transfer its business to I-RES and apply for approval of withdrawal of its own authorisation as an AIFM. As part of this process the personnel of the Manager will transfer to I-RES in accordance with the requirements of the European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003 (TUPE).

In the interim the Manager remains I-RES AIFM and, through its asset management and property management functions, continues to play an integral part in the day-to-day operations and management of the Group's assets. As a result, it is still the case that 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.

Mitigation Strategy

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 new intragroup Investment Management Agreement.

The Manager is made up of a well-regarded, multi-disciplinary team of qualified property and finance professionals experienced in the investment and management of property investments. All of this team will transfer to I-RES upon its authorisation as an internally managed AIF.

I-RES has itself recruited a team of finance, compliance and corporate governance professionals to work with the Manager and replace the services previously provided through the Services Agreement.

The Manager's compliance and financial professionals, now working together with the compliance and financial professionals in I-RES, 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. I-RES and the Manager's policies and procedures are reviewed regularly to incorporate any changes in legislation or procedure.

Additionally, I-RES and the Manager continue to engage some third party advisors and firms to assist it in complying with AIFMD and carrying out associated functions.

The Board of the Manager (including two independent non-executive Directors) continue to oversee compliance with the AIFMD to ensure that the Manager meets its regulatory obligations at all times. In addition, the Manager formally reports on its compliance activities relating to AIFMD to the Board of the Company.

**Risk Trending Since
31 December 2020****Decreasing**

On 31 January 2022, I-RES completed the acquisition of the Manager. Post-acquisition the Manager continues to be I-RES' AIFM and the Manager has continued to have strong performance as evidenced by the returns being generated on the Group's assets and the continuity of service through the transition process. While I-RES is in the process of applying to the CBI to be an internally managed AIF, because a team of finance, compliance and corporate governance professionals have been recruited in I-RES to manage the corporate support activities previously carried out through the Services Agreement and all of the staff of the Manager will transfer to I-RES on its authorisation, the Group does not anticipate any material changes in the Group's ability to continue this performance or its ability to comply with AIFMD regulations. In fact, the Group are of the view that its ability to perform and carry out its duties have been enhanced by the internalisation.

Statement of Directors' Responsibilities

For the six months ended 30 June 2022:

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

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

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

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

We confirm that to the best of our knowledge:

1. the condensed set of financial statements in the half-yearly financial report of Irish Residential Properties REIT plc ("the Company") for the six months ended 30 June 2022 ("the interim financial information") which comprises the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related explanatory notes, have been presented and prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.
2. The interim financial information presented, as required by the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2017, includes:
 - A. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of financial statements;
 - B. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
 - C. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
 - D. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

Signed on behalf of the Board 10 August 2022



Declan Moylan
Chairman



Margaret Sweeney
Executive Director



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

Independent Review Report to Irish Residential Properties REIT plc (“the Entity”)

Conclusion

We have been engaged by the Entity to review the Entity’s condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises Condensed Consolidated Interim Statement of Financial Position, Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Interim Statement of Changes in Equity, Condensed Consolidated Interim Statement of Cash Flows, a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 (“Transparency Directive”), and the Central Bank (Investment Market Conduct) Rules 2019 (“Transparency Rules of the Central Bank of Ireland).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (“ISRE (Ireland) 2410”) issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.



Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 2, the annual financial statements of the Entity for the year ended 31 December 2021 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Our responsibility

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

Our conclusion, including our conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

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

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

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

10 August 2022

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2022	Note	(Unaudited) 30 June 2022 €'000	(Audited) 31 December 2021 €'000
Assets			
Non-Current Assets			
Investment properties	5	1,552,695	1,493,405
Property, plant and equipment	7	8,960	9,212
Derivative financial instruments	19	1,985	—
		1,563,640	1,502,617
Current Assets			
Other current assets	8	13,611	14,168
Derivative financial instruments	19	1,099	931
Cash and cash equivalents	15	15,170	10,347
		29,880	25,446
Total Assets		1,593,520	1,528,063
Liabilities			
Non-Current Liabilities			
Bank indebtedness	10	472,851	416,622
Private placement note	11	199,546	193,740
Lease liability	6	8,477	8,684
Derivative financial instruments	19	—	3,961
		680,874	623,008
Current Liabilities			
Accounts payable and accrued liabilities	9	15,503	15,414
Security deposits		8,008	7,796
Lease liability	6	411	406
		23,922	23,616
Total Liabilities		704,796	646,623
Shareholders' Equity			
Share capital	14	52,958	52,945
Share premium	14	504,583	504,470
Share-based payment reserve		1,324	1,093
Cashflow hedge reserve	19	5	(348)
Retained earnings		329,854	323,280
Total Shareholders' Equity		888,724	881,440
Total Shareholders' Equity and Liabilities		1,593,520	1,528,063
IFRS Basic NAV per share	28	167.8	166.5

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

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022	Note	(Unaudited) 30 June 2022 €'000	(Audited) 30 June 2021 €'000
Operating Revenue			
Revenue from investment properties	16	42,076	39,427
Operating Expenses			
Property taxes		(519)	(306)
Property operating costs		(8,931)	(7,788)
		(9,450)	(8,094)
Net Rental Income ("NRI")		32,626	31,333
General and administrative expenses	17	(11,304)	(6,222)
Share-based compensation expense	13	(240)	(84)
Net movement in fair value of investment properties	5	9,383	8,668
Gain on disposal of investment property	5	—	870
Gain on derivative financial instruments	19	29	59
Depreciation of property, plant and equipment	7	(259)	(259)
Lease interest	6	(112)	(117)
Financing costs	18	(7,247)	(6,827)
Profit for the Period		22,876	27,421
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		7,006	1,535
Cash flow hedges - cost of hedging deferred		(413)	374
Cash flow hedges - reclassified to profit or loss		(6,240)	(2,293)
Other Comprehensive (loss) for the period		353	(384)
Total Comprehensive Income for the Period Attributable to Shareholders		23,229	27,037
Basic Earnings per Share (cents)	27	4.3	5.2
Diluted Earnings per Share (cents)	27	4.3	5.2

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

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2022	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 2022		52,945	504,470	323,280	1,093	(348)	881,440
Total comprehensive income for the year							
Profit for the period		—	—	22,876	—	—	22,876
Other comprehensive loss for the period		—	—	—	—	353	353
Total comprehensive income for the period		—	—	22,876	—	353	23,229
Transactions with owners, recognised directly in equity							
Long-term incentive plan	13	—	—	—	240	—	240
Share issuance	14	13	113	9	(9)	—	126
Dividends paid	22	—	—	(16,311)	—	—	(16,311)
Transactions with owners, recognised directly in equity		13	113	(16,302)	231	—	(15,945)
Shareholders' Equity at 30 June 2022		52,958	504,583	329,854	1,324	5	888,724

For the six months ended 30 June 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 period		—	—	27,421	—	—	27,421
Other comprehensive loss for the period		—	—	—	—	(384)	(384)
Total comprehensive income for the period		—	—	27,421	—	(384)	27,037
Transactions with owners, recognised directly in equity							
Long-term incentive plan	13	—	—	—	84	—	84
Share issuance	14	298	2,763	248	(248)	—	3,061
Dividends paid	22	—	—	(16,908)	—	—	(16,908)
Transactions with owners, recognised directly in equity		298	2,763	(16,660)	(164)	—	(13,763)
Shareholders' Equity at 30 June 2021		52,805	503,203	298,417	1,005	(461)	854,969

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

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2022	Note	(Unaudited) 30 June 2022 €'000	(Unaudited) 30 June 2021 €'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit for the Year		22,876	27,421
Adjustments for non-cash items:			
Fair value adjustment - investment properties	5	(9,383)	(8,668)
Gain on disposal of investment property	5	—	(870)
Depreciation of property, plant and equipment	7	259	259
Amortisation of other financing costs	23	974	783
Share-based compensation expense	13	240	84
Gain on derivative financial instruments	19	(29)	(59)
Allowance for expected credit loss		526	439
Straight-line rent adjustment	5	144	716
Total adjustments for non-cash items		15,606	20,105
Net income items relating to financing and investing activities		6,385	6,161
Changes in operating assets and liabilities	23	(2,598)	820
Net Cash Generated from Operating Activities		19,394	27,086
Cash Flows from Investing Activities			
Net proceeds from disposal of investment property	5	—	1,598
Deposits on acquisitions		(3,855)	113
Acquisition of investment properties		(37,161)	(56,442)
Development of investment properties	5	(4,632)	(1,998)
Investment property enhancement expenditure	5	(2,813)	(4,398)
Direct leasing cost	5	(4)	(24)
Purchase of property, plant and equipment	7	(7)	(7)
Acquisition of subsidiary, net of cash acquired	12	1,328	—
Net Cash Used in Investing Activities		(47,144)	(61,158)
Cash Flows from Financing Activities			
Financing fees	23	(1,610)	(830)
Interest paid	23	(6,430)	(6,365)
Credit Facility drawdown	23	57,000	74,000
Credit Facility repayment	23	—	(15,500)
Lease payment	6	(202)	(197)
Proceeds on issuance of shares	23	126	3,061
Dividends paid to shareholders	22	(16,311)	(16,908)
Net Cash Generated from/(Used in) Financing Activities		32,573	37,261
Changes in Cash and Cash Equivalents during the Year		4,823	3,189
Cash and Cash Equivalents, Beginning of the Year		10,347	11,193
Cash and Cash Equivalents, End of the Year		15,170	14,382

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”) is a company located in Ireland. The address of the Company’s registered office is South Dock House, Hanover Quay, Grand Canal Square, Dublin 2.

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

These unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2022 encompass the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’). I-RES does not consolidate owners’ management companies in which it holds majority voting rights on the basis of materiality. For further details please refer to note 24.

2. Significant Accounting Policies

a) Basis of preparation

These condensed consolidated interim financial statements of the Group have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and in accordance with International Accounting Standards 34 (“Interim Financial Reporting”) as adopted by the European Union (“EU”). This interim report (“Report”) should be read in conjunction with the annual financial statements for the period 1 January 2021 to 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations as adopted by the EU.

These condensed consolidated interim financial statements of the Group do not comprise statutory financial statements within the meaning of the Companies Act 2014. The statutory financial statements were prepared for the year ended 31 December 2021, approved by the board of directors (“the Board”) on 23 March 2022, accompanied by an unqualified audit report and were released to market on 14 April 2022.

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

The condensed consolidated interim financial statements of the Group cover the six months period 1 January 2022 to 30 June 2022. These statements are unaudited but reviewed by our auditor KPMG Ireland.

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

Business Combinations

Business combinations are accounted for 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. The identifiable assets and liabilities are measured and recorded at fair value at the date of acquisition. The cost of acquisition is measured as the total amount of consideration transferred, measured at the acquisition date. Acquisition costs are expensed as incurred.

Goodwill is recognised when the aggregate of the consideration transferred and any non-controlling interest is greater than the fair value of the net identifiable assets at the acquisition date. If the consideration transferred is lower than the fair value of the net assets of the subsidiary acquired, it is recognised as a bargain purchase and the difference is recognised in the Statement of Profit or Loss.

New and amended standards adopted by the group

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

Future Accounting Changes

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

Going concern

The Group meets its day-to-day working capital requirements through its cash and deposit balances. The Group's plans indicate that it should have adequate resources to continue operating for the foreseeable future. The Group's occupancy rate remained strong at 99.3%. The Group also has a strong statement of financial position with sufficient liquidity and flexibility in place. The Group has undrawn facilities of €123 million as at 30 June 2022. The Group continues to generate a positive cashflow from operations and profit for the six months ended 30 June 2022. Accordingly, the directors of the Company consider it appropriate that the Group adopts the going concern basis of accounting in the preparation of the condensed consolidated interim financial statements.

b) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of I-RES and its subsidiaries, IRES Residential Properties Limited and IRES Fund Management Limited. I-RES controls IRES Residential Properties Limited and IRES Fund Management Limited by virtue of its 100% shareholding in both companies. IRES Fund Management Limited was acquired by I-RES on 31 January 2022. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are entities controlled by I-RES. I-RES controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries (except owners' management companies) is included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases. I-RES does not consolidate owners' management companies in which it holds majority voting rights. For further details, please refer to note 24.

3. Critical Accounting Estimates, Assumptions and Judgements

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

The valuation estimate of investment properties is deemed to be significant. See note 20(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 2022 to 30 June 2022

Investment property acquisitions

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs €'000
Ashbrook	January/May 2022 ⁽¹⁾	108	North Dublin	42,610
		108		42,610

(1) 86 units

(2) were acquired in January 2022, a further 22 units were acquired in May 2022.

Completed development

Property	Apartment Count	Region	Total Costs Spent in 2020 €'000	Total Development Cost spent to date €'000
School Yard	61	City Centre	4,632	19,091 ⁽¹⁾

(1) Total development costs spent to date exclude costs spent prior to the construction phase and any unrealised fair value movement recognised as part of the bi-annual valuation process.

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	January 2021	146	West Dublin	61,559
Richmond Gardens	March 2021	1	City Centre	506
Bakers Yard	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
School Yard	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

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.

The Group uses Savills and CBRE as external independent valuers. The Groups investment property is rotated between these valuers on a periodic basis. The valuer's fair valued all of the Group's investment properties as at 30 June 2022. The valuers employ qualified valuation professionals who have recent experience in the location and category of the respective properties. 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, valuation methodologies and models used by the valuers, are reviewed by management. The valuers meet with the Audit Committee and discuss directly the valuation results as at 30 June and 31 December. 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. At 30 June 2022, all investment property under development was completed and reclassified to investment property producing income.

During the six months ended 30 June 2022, the Company incurred development costs of €4.6 million (30 June 2021: €2.5 million) relating to the properties under development.

Cumulative borrowing costs of €300,000 (€206,000 as at 31 December 2021) were included in capitalised development expenditures prior to their reclassification. The weighted average interest rate used to capitalise the borrowing costs was 1.80% (31 December 2021: 1.80%).

Development land

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

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

At 30 June 2022, 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, bad debts, management fees, and 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 €278 million reduction in fair value while a decrease of 1% in the Equivalent Yield would result in a fair value increase of €440 million. An increase between 1% - 4% in Stabilised NRI would result in a fair value increase from €15 million to €61 million respectively in fair value, while a decrease between 1% - 4% in Stabilised NRI would have the impact ranging from €15 million to €61 million reduction respectively. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next six months based on expected changes in net rental income.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the Group is €9.5 million for the six months ended 30 June 2022 (30 June 2021: €8.1 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and IT costs.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the six months ended 30 June 2022 and 30 June 2021 was not material.

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

Quantitative information

A summary of the Equivalent Yields and ranges along with the fair value of the total portfolio of the Group as at 30 June 2022 is presented below:

As at 30 June 2022

Type of Interest	Fair Value €'000	WA Stabilised NRI ⁽¹⁾ €'000	Rate Type ⁽²⁾	Max.	Min.	Weighted Average
Income properties	1,528,075	2,836	Equivalent Yield	5.41%	3.90%	4.52%
Development land ⁽³⁾	24,620	n/a	Market Comparable (per sq ft.)	€140.9	€32.3	€132.9
Total investment properties	1,552,695					

(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 WA Stabilised 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 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 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	30 June 2022			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	1,450,635	18,000	24,770	1,493,405
Acquisitions	42,610	—	—	42,610
Development expenditures	—	4,632	—	4,632
Reclassification ⁽¹⁾	22,632	(22,632)	—	—
Property capital investments	2,813	—	—	2,813
Capitalised leasing costs ⁽²⁾	(144)	—	—	(144)
Direct leasing costs ⁽³⁾	(4)	—	—	(4)
Disposal	—	—	—	—
Unrealised fair value movements	9,533	—	(150)	9,383
Balance at the end of the year	1,528,075	—	24,620	1,552,695

For the year ended	31 December 2021			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'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 ⁽²⁾	(1,113)	—	—	(1,113)
Direct leasing costs ⁽³⁾	149	—	—	149
Disposal	(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

(1) The development at School Yard was reclassified from properties under development to income properties upon completion in 2022.

(2) Straight-line rent adjustment for commercial leasing.

(3) Includes cash outlays for leasing.

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

The carrying value of the Group investment properties of €1,552.7 million at 30 June 2022 (€1,493.4 million at 31 December 2021) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2020 (Red Book) and IFRS 13.

6. Leases

Leases as lessee (IFRS 16)

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

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

Right-of-use assets

For the six months ended 30 June 2022	
	Land and Buildings (€'000)
Balance at the beginning of the period	9,070
Depreciation charge for the period	(251)
Balance at the end of the year (Note 7)	8,819

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

Amounts recognised in profit or loss

For the six months ended 30 June 2022, I-RES recognised interest on lease liabilities of €112,000. (30 June 2021: €117,000)

Amounts recognised in statement of cash flows

For the six months ended 30 June 2022, I-RES's total cash outflow for leases was €202,000. (30 June 2021: €197,000)

Refer to note 23 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 16 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 2022	10,114	228	10,342
Additions	—	7	7
As at 30 June 2022	10,114	235	10,349
Accumulated amortisation			
As at 1 January 2022	(1,044)	(86)	(1,130)
Charge for the period	(251)	(8)	(259)
As at 30 June 2022	(1,295)	(94)	(1,389)
As at 30 June 2022	8,819	141	8,960

	Land and Buildings €'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)
Charge 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

8. Other Assets

As at	30 June 2022	31 December 2021
	€'000	€'000
Other Current Assets		
Prepayments ⁽¹⁾	5,367	2,242
Deposits on acquisitions ⁽²⁾	6,643	10,099
Other receivables ⁽³⁾	—	466
Trade receivables	1,601	1,361
Total	13,611	14,168

(1) Includes prepaid costs such as OMC Service charges, insurance and 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	30 June 2022	31 December 2021
	€'000	€'000
Accounts Payable and Accrued Liabilities⁽¹⁾		
Rent - early payments	2,900	3,411
Trade creditors	205	726
Accruals ⁽²⁾	12,083	10,799
Value Added Tax	315	478
Total	15,503	15,414

(1) The carrying value of all accounts payable and accrued liabilities approximates their fair value.

(2) Includes property related accruals, development accruals and professional fee accruals.

10. Credit Facility

As at	30 June 2022	31 December 2021
	€'000	€'000
Bank Indebtedness		
Loan drawn down	477,020	420,020
Deferred loan costs	(4,169)	(3,398)
Total	472,851	416,622

The Revolving Credit Facility of €600 million is secured by a floating charge over assets of the Company, IRES Residential Properties Limited and a fixed charge over the shares held by the Company in IRES Residential Properties Limited and IRES Fund Management Limited on a pari passu basis. This facility is being provided by Barclays Bank Ireland PLC, Ulster Bank Ireland DAC, The Governor and Company of the Bank of Ireland, Allied Irish Banks, P.L.C. and HSBC Bank PLC.

The interest on the RCF is set at the annual rate of 1.75%, plus the one-month or three-month EURIBOR rate (at the option of I-RES). There are commitment fees charged on the undrawn loan amount of the RCF. The effective interest rate for the RCF is 2.33%.

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 a new maturity date of 18 April 2026. The extension included an arrangement fee of €1.6 million which is the main driver of the increase in deferred loan costs in the period.

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

11. Private Placement Debt

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

The Notes have been placed in four tranches:

As at				30 June 2022	31 December 2021
	Maturity	Contractual interest rate	Derivative Rates	€'000	€'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%	47,701	43,922 ⁽¹⁾
USD Series B Senior Secured Notes	10 March 2030	3.63%	2.25%	23,850	21,960 ⁽²⁾
				201,551	195,882
Deferred financing costs, net				(2,005)	(2,142)
Total				199,546	193,740

(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. Business Combinations

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 and purchased 100% of the issued shares of IRES Fund Management Limited (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 acquisition was deemed to be in the best interests of I-RES to internalise its management. 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 cash acquired and a working capital adjustment, based on 31 January 2022 completion accounts. The below provides details on the consideration paid and/or payable as well as the provisional fair values of the net assets acquired as at 31 January 2022.

	Total €'000
Current Assets	
Prepaid expenses	8
Other receivables	1,044
Cash and cash equivalents	2,459
	3,511
Current Liabilities	
Accounts payable and accrued liabilities	(1,948)
Other payables	(198)
	(2,145)
Identifiable Net Assets acquired	1,366
Total Consideration	1,366

Satisfied by	Total €'000
Cash paid	1,131
Cash due on completion	235
Total Consideration	1,366

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis as the completion accounts await finalisation. Any amendments to provisional fair values within the twelve-month timeframe from the date of acquisition will be adjusted accordingly.

No goodwill is attributed to the transaction as the total consideration equates to the identifiable net assets of the acquired entity. Additionally, no intangible assets have been identified.

No contingent liabilities were recognised on the acquisition completed during the period. The gross contractual value of other receivables as at the date of acquisition equates to its fair value.

The acquisition costs associated with the transaction are included in the non-recurring costs recorded in 2021 and H1 2022.

The effect on the profit and loss of the Group post acquisition or as if the acquisition had taken place for the full period is not practical to disclose given the relationship and current and historic transactions between the two entities. Post completion of the acquisition, I-RES no longer incurs an external Property Management and Asset Management Fee. These costs were historically paid to IRES Fund Management Limited, the entity acquired and therefore the profit or loss of IRES Fund Management is materially affected by transactions with the acquirer, I-RES.

13. 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 six months ended	WA exercise price	30 June 2022	30 June 2021
Share Options outstanding as at 1 January	1.32	4,721,499	9,096,499
Issued, cancelled or granted during the period:			
Exercised or settled	1.01	(125,000)	(2,975,000) ⁽²⁾
Share Options outstanding as at 30 June⁽¹⁾	1.61	4,596,499	6,121,499

(1) Of the Share Options outstanding above, 4,584,692 were exercisable at 30 June 2022 (31 December 2021: 3,855,999).

(2) See note 24 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 23 February 2022, I-RES granted the Chief Executive Officer and certain employees 685,402 RSU awards. These awards have a vesting period of three years from 23 February 2022 and a holding period of from two to five years from the vesting date. The share price as at 23 February 2022 was €1.49. 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: 2024 compared to base year of 2021 ⁽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 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 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:

	2022 RSU Awards	2021 RSU Awards	2020 RSU Awards
Fair value per award (TSR tranche) (per share)	€0.73 to €0.75	€0.70 to €0.75	€0.57
Inputs			
Three year Risk free interest rate (%)	0.04%	(0.69%) to (0.85%)	(0.70%)
Three year Historical volatility	26.84%	25.68% to 25.80%	22.21%
Fair value per award (EPS tranche) (per share)	€1.34 to €1.36	€1.22 to €1.33	€1.05
Inputs			
Two year Risk free interest rate (%)	(0.17%)	(-0.70%) to (-0.79%)	(0.71%)
Two year Expected volatility	29.08%	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 six months ended 30 June 2022 was €24,000 (30 June 2021: €60,000) and total share-based compensation expense relating to restricted stock unit awards for the six months ended 30 June 2022 was €216,000 (30 June 2021: €24,000).

14. 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 issued in registered form and are transferable.

The number of shares authorised is as follows:

For the six months ended	30 June 2022	31 December 2021
Authorised Share Capital	1,000,000,000	1,000,000,000
Ordinary shares of €0.10 each		

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

For the six months ended	30 June 2022	31 December 2021
Ordinary shares outstanding, beginning of period	529,453,946	525,078,946
New shares issued	125,000	4,375,000
Ordinary shares outstanding, end of year	529,578,946	529,453,946

15. Cash and Cash Equivalents

For the six months ended	30 June 2022	31 December 2021
Cash and cash equivalents	15,170	10,347

Cash and cash equivalents includes cash at bank held in current accounts. The management of cash is discussed in note 20. The Group holds funds in excess of its regulatory minimum capital requirement at all times.

16. Revenue from Investment Properties

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

	30 June 2022 €'000	30 June 2021 €'000
Rental Income	36,003	34,242
Revenue from services	5,194	4,642
Car park income	879	543
Revenue from contracts with customers	6,073	5,185
Total Revenue	42,076	39,427

17. General and Administrative Costs

	30 June 2022 €'000	30 June 2021 €'000
General and administrative expenses	5,181	2,655
Asset Management fee	375	2,360
Total recurring general and administrative expenses	5,556	5,015
Non-recurring costs	5,748	1,207
Total General and administrative expenses	11,304	6,222

Recurring general and administrative expenses include costs such as director fees, executives' and employees' salaries, professional fees for audit, legal and advisory services, depositary fees, property valuation fees, insurance costs, asset management fee and other general and administrative expenses. Non-recurring G&A costs are primarily legal, consulting and advisory expenses that relate to the termination of the Investment Management Agreement, Internalisation of the Manager, Transitional Services fees and other one off third-party advisory services. The asset management fee terminated from 31 January 2022, the date IRES Fund Management Limited was acquired.

18. Financing costs

	30 June 2022 €'000	30 June 2021 €'000
Financing costs on RCF	5,336	4,894
Financing costs on private placement debt	2,576	2,393
Foreign exchange loss/ (gain) on private placement debt	5,669	1,858
Reclassified from OCI	(6,240)	(2,293)
Gross financing costs	7,341	6,852
Less: Capitalised interest	(94)	(25)
Total Financing costs	7,247	6,827

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

Cross-currency swap

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

For the six months ended 30 June 2022, the ineffective portion that has been recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income was €29,000 and the effective portion of €7,007,000 (31 December 2021: effective portion of €4,737,000) was included in the cash flow hedge reserve along with a cost of hedging of €413,000 (31 December 2021: cost of hedging of €163,000). The fair value of the cash flow hedge was an asset of €3,084,000 and a liability of €nil at 30 June 2022 (31 December 2021: asset of €931,000 and liability of €3,961,000).

Interest rate swap

I-RES settled its interest rate swap in January 2021. For the six months ended 30 June 2022, a fair value gain of €nil (30 June 2021: gain of €59,000) has been recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income and the fair value of the interest rate swaps entered in 2017 and expired in January 2021 was a liability of €nil at 30 June 2022 (31 December 2021: liability of €nil).

20. 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 2022, aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 30 June 2022, the fair value of the Group's private placement debt is estimated to be €167.8 million (31 December 2021: €203.7 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 €199.5 million (31 December 2021: €193.7 million).

As at 30 June 2022, the fair value of the Group's RCF approximates the carrying value as the interest rate of the RCF is on a 1 month or 3 month basis.

As at 30 June 2022	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	—	—	1,552,695	1,552,695
Derivative financial instruments	—	3,084	—	3,084
	—	3,084	1,552,695	1,555,779
Recurring Measurements – Liability				
Derivative financial instruments ⁽²⁾	—	—	—	—
Total	—	3,084	1,552,695	1,555,779

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

(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 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 €68.9 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 30 June 2022, the Group held the following instruments to hedge exposures to changes in foreign currency:

	As at	30 June 2022	30 June 2027	30 June 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	7,006	7,006

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

	Carrying amount		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 reclassified from hedging reserve to profit or loss (€'000)	Line items in profit or loss affected by reclassification
	Nominal amount (€'000)	Assets (€'000)					
Cross Currency Swaps	68,852	3,084	—	6,694	29	Gain on derivative financial instruments (6,240)	Financing costs

Master netting or similar agreements

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

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

30 June 2022	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	3,084	—	3,084
Financial liabilities				
Derivative financial instruments	17	—	—	—

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 30 June 2022, I-RES' RCF was drawn for €477 million. The interest on the RCF is paid at a rate of 1.75% per annum plus the higher of the one-month or three-month EURIBOR rate (at the option of I-RES) or at a floor of zero if EURIBOR is negative. The Company's private 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 30 June 2022, a 100-basis point change in interest rates would have the following effect:

As at 30 June 2022

	Change in interest rates	Increase (decrease) in net income
	Basis Points	€'000
EURIBOR rate debt ⁽¹⁾	+100	(2,347)
EURIBOR rate debt ⁽²⁾	-100	—

(1) Based on the fixed margin of 1.75% plus the one-month EURIBOR rate as at 30 June 2022 of -0.508% on the RCF.

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

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 2020 of -0.574% on the RCF.

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

Liquidity risk

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

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

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

As at 30 June 2022	Total €'000	6 months or less ⁽¹⁾ €'000	6 to 12 months ⁽¹⁾ €'000	1 to 2 years ⁽¹⁾ €'000	2 to 5 years ⁽¹⁾ €'000	More than 5 years ⁽¹⁾ €'000
Non-derivative financial liabilities						
Loan drawn down	477,020	—	—	—	477,020	—
Bank indebtedness interest ⁽²⁾	31,745	4,208	4,140	8,371	15,026	—
Private placement debt ⁽³⁾	201,551	—	—	—	47,701	153,850
Private placement debt interest ⁽³⁾	35,734	2,473	2,473	4,946	12,520	13,322
Lease liability	11,140	314	314	628	1,883	8,001
Other liabilities	15,503	15,503	—	—	—	—
Security deposits	8,008	8,008	—	—	—	—
	780,701	30,506	6,927	13,945	554,150	175,173
Derivative financial liabilities						
Forward exchange rate used for hedging:						
Outflow	(77,274)	(695)	(679)	(1,378)	(50,019)	(24,504)
Inflow ⁽³⁾	87,932	1,253	1,253	2,506	55,219	27,701
	10,658	558	574	1,128	5,200	3,197

(1) Based on carrying value at maturity dates.

(2) Based on current in-place interest rate for the remaining term to maturity.

(3) Based on forward foreign exchange rates as at 30 June 2022.

As at 31 December 2021	Total €'000	6 months or less ⁽¹⁾ €'000	6 to 12 months ⁽¹⁾ €'000	1 to 2 years ⁽¹⁾ €'000	2 to 5 years ⁽¹⁾ €'000	More than 5 years ⁽¹⁾ €'000
Non-derivative financial liabilities						
Loan drawn down	420,020	—	—	—	420,020	—
Bank indebtedness interest ⁽²⁾	21,734	3,645	3,705	7,350	7,034	—
Private placement debt ⁽³⁾	195,882	—	—	—	—	195,882
Private placement debt	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	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.

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 €526,000 for the six months ended 30 June 2022 and is recorded as part of property operating costs in the interim consolidated statement of profit or loss and other comprehensive income (30 June 2021: €439,000).

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 30 June 2022, capital consists of equity and debt, and Group Total Gearing was 42.6%. 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.

21. 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.

	30 June 2022 €'000	30 June 2021 €'000
Profit before tax	22,876	27,421
Tax charge on profit at standard rate of 12.5%	2,860	3,428
Non-taxable revaluation surplus	(1,173)	(1,084)
REIT tax-exempt profits	(1,687)	(2,344)
Other (including tax on residual income)	—	—
Income tax expense for the period	—	—

22. 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.

On 23 February 2022, the Directors resolved to pay an additional dividend of €16.3 million for the year ended 31 December 2021. The dividend of 3.08 cents per share was paid on 29 March 2022 to shareholders on record as at 04 March 2022.

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 7 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.

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

	30 June 2022	30 June 2021
	€'000	€'000
Profit for the year	22,876	27,421
Less: unrealised gain on net movement in fair value of investment properties	(9,383)	(8,668)
Property Income of the Property Rental Business	13,493	18,753
Add back:		
Share-based compensation expense	240	84
Unrealised change in fair value of derivatives	(29)	(59)
Distributable Reserves	13,704	18,778

23. Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the six months ended	30 June 2022	30 June 2021
	€'000	€'000
Financing costs as per the consolidated statement of profit or loss and other comprehensive income	7,247	6,827
Interest expense accrual	(49)	158
Hedging adjustment	-	21
Capitalised interest	94	25
Lease interest	112	117
Less: amortisation of financing fees	(974)	(783)
Interest Paid on Loan Drawn Down	6,430	6,365

Changes in operating assets and liabilities

For the six months ended	30 June 2022	30 June 2021
	€'000	€'000
Prepayments	(3,125)	(2,042)
Trade receivables	(240)	151
Other receivables	466	207)
Accounts payable and other liabilities	89	1,979
Security deposits	212	525
Changes in operating assets and liabilities	(2,598)	820

Issuance of Shares

For the six months ended	30 June 2022	30 June 2021
	€'000	€'000
Issuance of shares	126	3,061
Issuance costs	—	—
Net proceeds	126	3,061

Changes in liabilities due to financing cash flows

Liabilities	Changes from Financing Cash Flows						Non-cash Changes					30 June 2022
	1 January 2022	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		
Bank indebtedness	420,020	—	57,000	—	—	—	—	—	—	—	—	477,020
Deferred loan costs, net	(3,398)	—	—	—	—	(1,610)	839	—	—	—	—	(4,169)
Private placement debt	195,882	—	—	—	—	—	—	5,669	—	—	—	201,551
Deferred loan costs, net	(2,142)	—	—	—	—	—	136	—	—	—	—	(2,006)
Derivative financial instruments	3,961	—	—	—	—	—	—	—	—	—	(3,961)	—
Lease liability	9,090	—	—	—	(202)	—	—	—	—	—	—	8,888
Total liabilities from financing activities	623,413	—	57,000	—	(202)	(1,610)	974	5,669	—	(3,961)	(3,961)	681,284

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

24. Related Party Transactions

CAPREIT LP has an indirect 18.7% beneficial interest in I-RES. Previously it was determined that CAPREIT had significant influence over I-RES due to its beneficial interest and ownership of IRES Fund Management Limited (“the Manager”). On 31 January 2022 I-RES acquired the Manager from CAPREIT. Post completion of the acquisition, I-RES has determined that CAPREIT no longer has significant influence over I-RES. The below represent the transactions entered into with CAPREIT during the period whereby they demonstrated significant influence.

Effective 1 November 2015, CAPREIT LP’s wholly-owned subsidiary at the time, 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, pursuant to which I-RES paid 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 governed 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 would continue in force for consecutive five- year periods if not terminated.

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 would 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 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.

The Company agreed to enter into a transitional services agreement with CAPREIT (the “Transitional Services Agreement”) with effect from Completion, pursuant to which CAPREIT continued 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 were 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 with the AIFM on completion of its acquisition) which equated to c.€357k plus VAT per month. The total charge associated with the Transitional Services Agreement for the period were €1.3 million including VAT.

For the six months ended 30 June 2022, I-RES incurred €0.4 million in asset management fees. In addition, €0.2 million in property management fees were incurred and recorded under operating expenses. For the six months ended 30 June 2021, €2.4 million in asset management fees and €1.2 million in property management fees were recorded. For the six months ended 30 June 2022, CAPREIT LP charged back €0.2 million (30 June 2021: €1.2 million) relating to salaries.

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €0.2 million as at 30 June 2022 which relates to service chargeback costs, deferred consideration and IT expense recharges. The amount receivable from CAPREIT LP (including IRES Fund Management) was nil.

Transaction with Key Management Personnel

For the purposes of the disclosure requirements of IAS 24, the term 'key management personnel' is defined as those persons having authority for planning, directing and controlling the activities of the Company. I-RES has determined that the key management personnel comprise the Board of Directors. See note 29 for further details on remuneration.

Owners' management companies not consolidated

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

The total service fees billed in the period by the owners' management companies were €4.1 million, of which €1.2 million was payable and €2.4 million was prepaid as at 30 June 2022. As at 31 December 2021, €0.2 million was payable and €0.4 million was prepaid by I-RES to the owners' management companies.

25. Contingencies

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. 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.

26. Commitments

In November 2018, the Company entered into a share purchase agreement to acquire 69 residential units for a total consideration of €47.1 million (including VAT but excluding other transaction costs).

The Company has committed development costs of €1.1 million remaining for the development of School Yard.

In January 2022, the Company entered into a forward purchase agreement to acquire 44 residential units at Ashbrook, Clontarf. The transaction was part of the total purchase price of €66.0 million (including VAT but excluding other transaction costs) paid for a total of 152 units, with the Company taking ownership of 108 units during the period to date. Delivery of the additional 44 units is anticipated in Q4 of 2023. The remaining consideration is €24.1 million.

27. Earnings/(loss) per Share

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

For the six months ended	30 June 2022	30 June 2021
Profit attributable to shareholders of I-RES (€'000)	22,876	27,421
Basic weighted average number of shares	529,542,344	526,309,195
Diluted weighted average number of shares ⁽¹⁾⁽²⁾	529,554,035	527,369,734
Basic Earnings/(loss) per share (cents)	4.3	5.2
Diluted Earnings/(loss) per share (cents)	4.3	5.2

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

(2) At 30 June 2022, 4,596,499 options (30 June 2021: 4,596,499) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

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

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

EPRA Earnings per Share

For the six months ended	30 June 2022	30 June 2021
Profit for the period (€'000)	22,876	27,421
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	(9,383)	(8,668)
Profit or losses on disposal of investment property	-	(870)
Changes in fair value of derivative financial instruments (€'000)	(29)	(59)
EPRA Earnings (€'000)	13,464	17,824
Basic weighted average number of shares	529,542,344	526,309,195
Diluted weighted average number of shares	529,554,035	527,369,734
EPRA Earnings per share (cents)	2.5	3.4
EPRA Diluted Earnings per share (cents)	2.5	3.4

28. Net Asset Value per Share

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

EPRA NAV per Share

	30 June 2022		
As at	EPRA NRV	EPRA NTA ⁽¹⁾	EPRA NDV ⁽²⁾
Net assets (€'000)	888,724	888,724	888,724
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	—	—	—
Fair value of fixed interest rate debt (€'000)	—	—	31,714
Real estate transfer cost (€'000) ⁽³⁾	80,154	—	—
EPRA net assets (€'000)	968,878	888,724	920,438
Number of shares outstanding	529,578,946	529,578,946	529,578,946
Diluted number of shares outstanding	529,578,946	529,578,946	529,578,946
Basic Net Asset Value per share (cents)	167.8	167.8	167.8
EPRA Net Asset Value per share (cents)	183.0	167.8	173.8

	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

- (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 June 2022 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.

29. Directors' Remuneration and Employee Costs

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

For the six months ended	30 June 2022	30 June 2021
	€'000	€'000
Directors' remuneration⁽¹⁾		
Short-term employee benefits	951	715
Pension costs	37	30
Other benefits ⁽²⁾	81	58
Share-based payments	171	84
Total	1,240	887

(1) Brian Fagan was elected as a Director of I-RES on 11 April 2022, his remuneration is included from that date..

(2) Included in this amount is pay-related social insurance and benefits paid for the Directors.

For the six months ended	30 June 2022	30 June 2021
	€'000	€'000
Employees costs		
Salaries, benefits and bonus	3,212	588
Social insurance costs	381	43
Pension costs	84	28
Share-based payments	240	84
Total	3,917	743

The average number of employees in the period was 78 (June 2021: 3). The total number of employees at the reporting period was 90 (June 2021: 4).

30. 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.

31. Subsequent Events

On 5 August, I-RES entered into a contract for sale of our Hampton Wood Development of 128 units. The total consideration for the disposal is €54.5 million. We expect the transaction to close in the next number of weeks.

32. Approval of Condensed Consolidated Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the Board on 10 August 2022.

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 at Fair Value”

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;

“nZEB compliant”

nZEB stands for Nearly Zero Energy Building. The NZEB standard means that a building must have a very high energy performance. New dwellings will typically require a Building Energy Rating (BER) of A2.

“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 be 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".