

IRISH RESIDENTIAL PROPERTIES REIT PLC



**INTERIM REPORT AND CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD
1 JANUARY 2015 TO 30 JUNE 2015
(UNAUDITED)**

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IRISH RESIDENTIAL PROPERTIES REIT PLC INTERIM RESULTS TO 30 JUNE 2015

10 August 2015

Irish Residential Properties REIT plc (“I•RES” or the “Company”), an Irish multi-unit residential property investment company, today issues its interim results for the period from 1 January 2015 to 30 June 2015.

Active period with the significant transactions in the first half of 2015

- Issued 215,000,000 ordinary shares raising gross proceeds of €215 million (net proceeds of approximately €204 million)
- Strategic acquisitions of the Rockbrook portfolio and Tyrone Court consisting of 270 and 92 apartments, respectively
- Net repayment of €97.2 million in borrowings under the credit facility as of 30 June 2015, mainly through the net proceeds of the capital raise

Strong growth in all key performance metrics for the six months ended 30 June 2015

- Basic and EPRA NAV per share of 100.6 cent as at 30 June 2015, up 1.1% and 2.4% from 31 December 2014 and 30 June 2014 respectively, with net assets of €419.5 million as at 30 June 2015 (31 December 2014 net assets of €200.9 million)
- The Basic and EPRA Pro-forma NAV per share is 103.3 cent as at 30 June 2015, adjusted for the acquisition transaction costs incurred since 30 June 2014
- On a same property basis, fair values have increased by 4.3% as at 30 June 2015 compared to 31 December 2014

Dividends

- Maiden interim dividend of €969,600 declared and paid on 31 March 2015 (DPS of 0.48 cent) relating to the 2014 accounting period
- Second interim dividend of €833,609 declared for the 2014 accounting period, to be paid on 4 September 2015 to shareholders on record as of 21 August 2015 (DPS of approximately 0.2 cent)

Solid organic growth supported by strong market fundamentals

- Occupancy levels close to 100% as at 30 June 2015
- Strong rental growth with 10% to 15% rental increases for the six months ended 30 June 2015 arising from renewals and turnovers of residential apartments within its overall property portfolio
- Strong net rental income (“NRI”) margin of 80.6% for the first six months ended 30 June 2015
- Portfolio Net Initial Yield at Cost of approximately 5.5% as at 30 June 2015, adjusted for estimated cost of development land
- Portfolio Current Yield at Fair Value 5.1% as at 30 June 2015, adjusted for fair value of development land

Positive Outlook

- Accretive development opportunity to add approximately 600 to 650 apartments as significant infrastructure already in place
- Significant acquisition capacity of approximately €305 million to €385 million based on target gearing of 45% to 50% respectively
- Significant pipeline of future acquisitions available through NAMA and private off market opportunities

David Ehrlich, the Company's Chief Executive Officer commented:

"Our very high quality portfolio continues to perform extremely well, with 10 to 15% rental growth on renewals and turnover, virtual full occupancy, and net operating margins over 80 percent. For multi-residential real estate, given the long term stability of rents, the fundamentals could hardly be stronger.

Given current planning guidelines and the expense of new construction, the costs of building housing makes it difficult for the severe shortage of accommodation to be rectified over the next several years at least. This will benefit the Company in two ways. First, it helps us to continue our strong operational performance. Second, we have existing properties with between 600 to 650 apartments to be built, which we anticipate being developed in the near future. Because infrastructure, particularly multi-story garages, has largely been completed, we believe these sites can be developed and leased on an accretive basis. Without such costs having already been expended, the development economics make it difficult for significant competitive development to occur.

Finally, the costs of financing remain at historically low levels. Through debt financing, the Company can acquire in excess of €300 million of assets, within the target of 45% to 50% gearing, based upon market interest rates which we believe will be accretive to the bottom line. Although we have grown rapidly in the short time since our initial offering in April 2014, we have built a solid platform, thanks to the continuing operational experience of our external manager, to provide long term, secure and growing returns to our shareholders. With potential acquisitions in the pipeline, our strong organic growth will only be enhanced as we acquire assets through debt financing. All of this, particularly in the context of the strongly improving Irish economy, makes us highly optimistic about the future of the Company."

CHAIRMAN'S STATEMENT

I am pleased to present the Group's¹ results for the six month period ended 30 June 2015. In March 2015 the Company raised gross proceeds of €215 million through the issuance of 215,000,000 ordinary shares pursuant to a firm placing and placing and open offer at €1.00 each per share (the "Capital Raise"). Together with the €200 million raised at the initial offering in April 2014, the Company has raised total gross proceeds of €415 million.

Pursuant to the terms of the Company's credit agreement, on 27 March 2015 the Company repaid the entire borrowings of €70.0 million under the bridge facility out of the net proceeds from the Capital Raise and repaid €43.0 million of borrowings drawn down under the revolving facility.

During the six month period to 30 June 2015, I•RES has acquired a further 362 apartments for a total purchase price of 110.6 million (including VAT and other transaction costs), bringing its total number of apartments to 1,566 as at 30 June 2015. I•RES continues to be one of the largest non-governmental residential landlords in Ireland. As at 30 June 2015, the Group had invested a total of approximately €426 million (including VAT and other transaction costs) across 12 locations in the Dublin area, funded through a combination of the net proceeds from the initial offering, the Capital Raise and debt drawn from the credit facility.

Pursuant to the terms of the pipeline agreement (the "Pipeline Agreement") between CAPREIT Limited Partnership ("CAPREIT LP") and I•RES dated 21 November 2014 (as amended on 9 February 2015 with effect from 21 November 2014), the Company acquired Rockbrook Grande Central and Rockbrook South Central, consisting of 81 and 189 apartments, respectively (the "Rockbrook Portfolio") via the acquisition of IRES Residential Properties Limited on 31 March 2015. The Rockbrook Portfolio represents a strategic acquisition consisting of the 270 aforementioned apartments, some of which are in neighbourhoods where the Company already has a number of properties. The acquisition price of €0.9 million (including VAT but excluding other transaction costs) and repayment of the loan of approximately €89.7 million owed by IRES Residential Properties Limited to CAPREIT LP was funded out of the net proceeds of the Company's Capital Raise.

On 5 June 2015 the Company completed the acquisition of 92 apartments across four residential apartment blocks and a three story detached building extending to approximately 310 square meters (3,336 square feet) at Tyrone Court located in Inchicore, Dublin 8. The purchase price of €19.45 million (including VAT but excluding other transaction costs) was funded by the Company's revolving credit facility.

Financial Results of the Group

Balance Sheet:	30 June 2015	31 December 2014
	€'000	€'000
Total Property Value	447,190	323,580
Basic and EPRA Net Assets	419,452	200,918
Basic and EPRA NAV per Share (cent per share)	100.6	99.5
Cash and Cash Equivalents	6,361	6,146
Group Total Gearing	6.1%	37.6%

Income Statement:	6 month period to	6 month period to
	30 June 2015	30 June 2014
	€'000	€'000
Gross Rental Income	11,198	2,187
Net Rental Income	9,026	1,700
Profit before Tax	14,824	5,853
Basic EPS (cent per share)	4.7	5.3
Diluted EPS (cent per share)	4.6	5.3

¹ This interim report ("Report") incorporates the financial information of the Company and its wholly-owned subsidiary, IRES Residential Properties Limited, together referred to as the "Group" for the period from 1 January 2015 to 30 June 2015.

CHAIRMAN'S STATEMENT

The six month period to 30 June 2015 has been a very active one for the Company.

The Group's property portfolio was valued at €447.2 million at 30 June 2015 with total net borrowings of €27.8 million. The Group's loan to value ratio was 6.1%.

The Basic and EPRA NAV was €419.5 million, with Basic and EPRA NAV per share of 100.6 cent as at 30 June 2015. The Company continues to generate solid financial performance while substantially recovering the expenses incurred in connection with its equity offerings and the cost of acquisition of properties through fair value appreciation. As acquisition activity has been relatively significant since 30 June 2014, adjusting for acquisition transaction costs, the Group's Pro-forma NAV per share as at 30 June 2015 would have been 103.3 cent. This demonstrates the value generated by the Group's growth and the continued strength we are seeing in the underlying rental market.

The increase in NAV in the six months to 30 June 2015 was driven mainly by property valuation increases by 4.3% and also by rental profit in the period, from the Company's portfolio offset by the equity transaction costs of the Capital Raise. The main drivers of the valuation movement in the period were lower investment yields and continued rental growth as a result of improving economic conditions in Ireland.

As at 30 June 2015, the Group had cash on hand of €6.4 million, €27.8 million of borrowings drawn down and has an undrawn revolving credit facility of €32.2 million. Assuming gearing at 45% to 50%, the Company has the capacity to take on up to approximately €305 million to €385 million of bank debt respectively to be used to further grow its portfolio.

The Group has generated strong growth in all key performance metrics during the period with occupancy levels close to 100% and strong rental growth across the portfolio with 10% to 15% increases in monthly rents on renewal and turnover, mirroring the strong market fundamentals in the Irish residential rental sector.

Basic EPS and EPRA Basic EPS for the period were 4.7 cent and 1.5 cent, respectively, for the six months to 30 June 2015.

Dividend

An interim dividend of €969,000 (DPS of 0.48 cent) was paid on 31 March 2015 to shareholders on record as at 20 February 2015.

Investment Advisor and Property Manager and Alternative Investment Fund Manager

The Company's board of directors (the "Board") remains pleased with the significant contribution that the Group's investment advisor and property manager, IRES Fund Management Limited ("IRES Fund Management"), as well as senior management and other staff of Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") and its affiliates, have made to the Group. IRES Fund Management as well as senior management and other staff at CAPREIT and its affiliates have brought a wealth of professional experience in the management of multi-unit residential properties to the Group. We believe that IRES Fund Management and CAPREIT's contributions will continue to generate further improvement in the Group's operating results. CAPREIT remains fully aligned with all IRES shareholders through CAPREIT's indirect 15.7% beneficial interest in the Company as at 30 June 2015.

The Company's Board also remains pleased with Gandon Alternative Fund Management Limited, who was appointed by the Company as its alternative investment fund manager (the "AIFM") in accordance with the European Union (Alternative Investment Fund Managers) Regulation, 2013 (the "AIFM Regulations"), until such time as IRES Fund Management becomes authorised by the Central Bank as an alternative investment fund manager under the AIFM Regulations.

Events Subsequent to 30 June 2015

On 7 August 2015, the Directors resolved to pay a second interim dividend of €833,609 for the 2014 accounting period, to be paid on 4 September 2015 to shareholders on record as of 21 August 2015 (DPS of approximately 0.2 cent).

CHAIRMAN'S STATEMENT

Outlook

The Board is pleased with the Group's progress and performance and in particular the timely execution of its stated investment strategy.

We also believe the positive economic outlook for Ireland and its property market will lead to increased demand in the residential rental sector and an increase in the value of the Company's property portfolio.

The Board believes that the Group is well positioned to become one of the leading consolidators of multi-unit residential rental properties in Ireland. As the Group's portfolio increases in size and scale, we are confident this external growth will be augmented by organic growth in cash flows through the implementation of IRES Fund Management's property and asset management programmes. We look forward to continued progress going forward.



Colm Ó Nualláin
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

It has been a busy and productive period for the first six months ended 30 June 2015, during which we have acquired an additional 362 apartments, increasing the total number of apartments in our property portfolio to 1,566. As at 30 June 2015, our independently appraised portfolio also included approximately 12,364 square meters of commercial space. The total property portfolio had a current asset value of approximately €447.2 million as at 30 June 2015.

Operational and Financial Results of the Group

The Group's results for the six month period ended 30 June 2015 clearly demonstrate that I*RES' growth strategies are working. Our property portfolio continues to expand as we become the main consolidator in the Irish residential rental sector, and our organic growth continues through stable high occupancy levels and increasing monthly rents.

The average monthly rent for the Group increased to €1,364 per apartment as at 30 June 2015, up from €1,250 per apartment as at 31 December 2014 and €1,070 per apartment as at 30 June 2014. This is largely due to the acquisition of properties where average monthly rents are higher compared to the other properties in the Group's property portfolio, and increases in monthly rental rates on renewals and turnovers.

The Group has generated strong growth in all key performance metrics during the period with occupancy levels close to 100% as at 30 June 2015 and strong rental growth across the portfolio from 10% to 15% on turnovers and renewals for the six months ended 30 June 2015, mirroring the strong market fundamentals in the Irish residential rental sector.

As at 30 June 2015, the Group's property portfolio had an annualised passing rent of €27.2 million representing a Net Initial Yield at Cost of approximately 5.5%, with the NRI margin for the six months to 30 June 2015 being approximately 80.6%.

The Group's property portfolio was valued at €447.2 million at 30 June 2015 with total net borrowings of €27.8 million. The Group's loan to value ratio was 6.1%.

The Basic and EPRA NAV were €419.5 million, with NAV and EPRA NAV per share of 100.6 cent, as at 30 June 2015. This is a positive outcome as we have substantially recovered the expenses incurred with our Capital Raise and the cost of acquiring properties through fair value appreciation. The increase in fair value reflects a combination of the increased rents achieved on the Group's property portfolio together with the continued increasing demand for high quality rental accommodation in our chosen markets. As acquisition activity has been relatively significant since 30 June 2014, adjusting for these acquisition transaction costs, the Group's Pro-forma NAV per share as at 30 June 2015 would have been 103.3 cent, which demonstrates the value generated by the Group's growth and continued strength we are seeing in the underlying rental market.

Basic EPS was 4.7 cent, and EPRA Basic EPS was 1.5 cent for the six month period ended 30 June 2015.

Acquisition and Development opportunities

There is significant pipeline of future acquisitions available through NAMA and private off market opportunities. Assuming gearing of 45% to 50%, the Group has the capacity to take on up to approximately €305 million to €385 million of bank debt respectively to be used to further grow its portfolio.

In addition, the Company has potential planning permissions for the addition of a number of new apartments within our current portfolio. With significant infrastructure in place, such as garages and resident parks, the Company intends to pursue joint venture intensification projects on an accretive basis to add further value to the property portfolio. Currently, we have an accretive intensification opportunity to add approximately 600 to 650 apartments.

Dividends

Under the Irish REIT regime, subject to having sufficient distributable reserves, the Company is required to distribute to shareholders at least 85% of the property income of its property rental business for each financial year. Accordingly, in February 2015, the Board resolved to pay a maiden dividend of 0.48 cent per share for the year ended 31 December

CHIEF EXECUTIVE OFFICER'S STATEMENT

2014 in the form of an interim dividend which was paid on 31 March 2015 to shareholders on record as at 20 February 2015.

On 7 August 2015, the Directors resolved to pay a second interim dividend of €833,609 for the 2014 accounting period, to be paid on 4 September 2015 to shareholders on record as of 21 August 2015 (DPS of approximately 0.2 cent).

Investment Advisor and Property Manager

The Group's investment advisor and property manager, IRES Fund Management, an indirect wholly-owned subsidiary of CAPREIT, has already built a solid operating platform in Dublin with 23 property professionals as at 30 June 2015 led by Charles Coyle as Vice President, Acquisitions and Daniel Mack as Associate Vice President, Operations, both of whom bring a significant level of industry expertise to the Group. The team is supported by a number of CAPREIT's Canadian staff who are also frequently in Ireland.

Market Overview

Ireland's economy is expected to continue to grow in 2015, with consumer demand, trade and investment expected to increase during the year. Consumer confidence is recovering and is now at its highest level since the economic crisis, a positive factor for the Irish real estate market as improvements in consumer confidence are likely to lead to increased demand for property leading to increases in residential property prices. A contributing factor to the increase in prices is the lack of supply of quality property coming onto the market which is leading to competitive bidding taking place for such properties in Dublin.

We continue to see strengthening fundamentals in the Irish and Dublin multi-unit rental residential business. Ireland's GNP is improving, unemployment is falling and the population is growing. Most importantly, the Company is benefitting from rising rental rates and high occupancy levels as demand continues to significantly outpace supply in the Irish housing market with new housing starts expected to remain well under forecasted requirements over the next few years. We are well-positioned to capitalise on what we are confident will continue to be increasing demands for high quality rental accommodation in our chosen markets.

Outlook

We have significantly expanded the size and scope of our property portfolio and proven that we can effectively and accretively act on acquisition opportunities. Our fully-integrated management platform is driving solid increases in organic growth, and we are confident this progress will continue going forward as our property portfolio continues to build. Finally, economic fundamentals in Ireland continue to improve with a rising GNP, falling unemployment and increasing population. As a result, demand is significantly outpacing new supply in the Irish housing market, benefiting the Company through higher monthly rents and increasing demand for the quality rental accommodation we provide.

Looking ahead, we believe there are significant acquisition and development opportunities to continue building our business on an accretive basis, and increasing long term shareholder value. Rates in the debt market have decreased further and are at extremely attractive levels. As opportunities arise, the Company can acquire in excess of €300 million of assets, and assuming 45% to 50% gearing, thereby increasing the Company's yield.

We are excited about our future and look forward to keeping you apprised of our progress.



David Ehrlich
Chief Executive Officer

IRES FUND MANAGEMENT, INVESTMENT ADVISOR AND PROPERTY MANAGER'S STATEMENT

We are pleased with our progress to date in growing I•RES' portfolio and enhancing its property operations. The strengthening fundamentals in the Irish multi-unit rental residential market are compelling, and we believe there are significant opportunities going forward to continue increasing the size and scale of the Company's property portfolio and generating solid organic growth across all of its properties.

On completion of the I•RES initial offering, CAPREIT, our indirect parent, acquired an indirect 20.8% beneficial interest in the Company, fully aligning CAPREIT's interest with that of all I•RES shareholders. In connection with the completion of the Company's Capital Raise on 26 March 2015, CAPREIT indirectly made a further investment of €23.5 million.

Pursuant to the Pipeline Agreement, on 31 March 2015, I•RES purchased the Rockbrook Portfolio from CAPREIT LP via the acquisition of IRES Residential Properties Limited, comprising 270 apartments, 4,665 square meters of commercial space, and 1.13 hectares of development land centrally located in Dublin, strategically located in the same development as other currently held I•RES apartments.

Property Management and Investment Strategy

Our goal, which is consistent with the Company's objectives, is to make I•RES the residential landlord of choice in Ireland through the application of the following approach to property management:

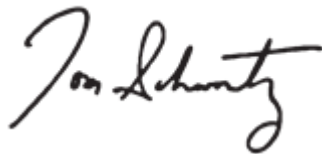
- (i) professional property management,
- (ii) a rigorous focus on maintaining our properties,
- (iii) building and maintaining good relations with our residents,
- (iv) responding quickly and efficiently to resident needs, and
- (v) attracting, retaining, and training the best operating team.

We are bringing a dedicated professionalism to the rental residential sector that has not previously existed in the Irish market, with 23 staff as at 30 June 2015 providing support to the I•RES portfolio. The Company's property management programmes follow those which have been developed and successfully implemented in Canada by CAPREIT over the past eighteen years.

We are confident that through our attention to detail, we can continue to maintain high occupancy levels and achieve ongoing rental growth which will generate strong cash flows and improve shareholder value over the long term.

We have proven that we can source and complete accretive acquisitions and we will continue to build on this success going forward as we capitalise on numerous accretive acquisition opportunities in our targeted markets.

We look forward to working with the Board and I•RES' management team to further grow and enhance the Company's property portfolio while generating industry-leading operating performance.



Thomas Schwartz
Director

PROPERTY PORTFOLIO OVERVIEW

The following table provides an overview of the Group's property portfolio as at 30 June 2015.

	Property Location	Location	Year Built	Date Acquired	# Apts. Owned ⁽¹⁾	Total # of Apts. ⁽¹⁾	Value as at 30 June 2015 ⁽¹⁾	Commercial Space Owned (sqm) ⁽¹⁾	Average Monthly Rent Per Apt. ⁽¹⁾⁽³⁾	Occupancy ⁽¹⁾⁽³⁾
1	Kings Court	Smithfield	2006	10 Sep 2013	83	83	€ 17.0m	566	€ 1,264	100.0%
2	Grande Central ⁽²⁾⁽⁵⁾	Sandyford	2007	10 Sep 2013	65 ⁽²⁾	195	€ 19.3m	-	€ 1,493	100.0%
3	Priorsgate	Tallaught	2007	10 Sep 2013	102	198	€ 17.3m	2,538	€ 1,017	100.0%
4	Camac Crescent	Inchicore	2008	10 Sep 2013	90	110	€ 16.6m	-	€ 1,202	100.0%
5	The Laurels	Tallaught	2007	27 Jun 2014	19	19	€ 2.8m	190	€ 1,099	100.0%
6	The Marker	Docklands	2012	18 Jul 2014	84	105	€ 55.4m	1,218	€ 2,283	97.6%
7	Beacon South Quarter	Sandyford	2007/ 2008	07 Oct 2014	217	850	€ 77.8m	2,395	€ 1,559	99.1%
8	Charlestown	Finglas	2007	07 Oct 2014	235	285	€ 52.8m	-	€ 1,177	100.0%
9	Bakers Yard	Dublin	2007/ 2008	07 Oct 2014	85	132	€ 19.4m	792	€ 1,229	100.0%
10	Lansdowne Gate	Drimnagh	2005	07 Oct 2014	224	280	€ 59.0m	-	€ 1,297	100.0%
11	Rockbrook Grande Central ⁽⁵⁾	Sandyford	2007	31 Mar 2015	81	195	€ 25.8m	3,529	€ 1,367	97.5%
12	Rockbrook South Central	Sandyford	2007	31 Mar 2015	189	224	€ 64.5m	1,136	€ 1,416	99.5%
13	Tyrone Court	Inchicore	2014	05 Jun 2015	92	128	€ 19.5m	-	€ 1,314	98.9%
Total own portfolio as at 30 June 2015					1,566		€ 447.2m	12,364	€ 1,364⁽⁴⁾	99.5%⁽⁴⁾

(1) As at 30 June 2015

(2) Includes two additional apartments purchased in Grande Central in August and October 2014 respectively for a total acquisition cost of €0.4m.

(3) Based on residential apartments

(4) Weighted average, by number of apartments owned.

(5) Total owned apartments of Grande Central as of 30 June 2015 is 146.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of the Company set out below the principal risks and uncertainties that the Group is exposed to and that may impact performance in the coming 6 months. The Group proactively monitors and manages these risks using the services of its third party AIFM and the combined expertise of its Board. The principal risks and uncertainties are summarised as follows:

Risks	Potential Exposure	Mitigation Measures
Investment Strategy	The Group could significantly underperform due to inappropriate or poor execution of the Group's investment strategy. This could impact the valuation of the properties and a resultant reduction in return to shareholders may occur.	<p>IRES Fund Management is made up of a well-regarded multi-disciplinary team of property and finance professionals experienced in the selection, financing and management of property investments.</p> <p>The AIFM and the Board carry out a detailed evaluation of every investment opportunity presented by IRES Fund Management to determine its fit with the Group's stated investment policy and to ensure that it enhances the firm's risk return goals as articulated in the investment strategy. The AIFM and the Board undertake a rigorous review of all investment propositions to ensure that each one approved is a good strategic fit.</p>
Competition	The Group faces competition from other property investors for suitable properties, which could impact its ability to purchase suitable properties for renting at satisfactory rates and to successfully deploy the funds from future equity offerings.	<p>IRES Fund Management has made a concerted effort to develop relationships and contacts in Ireland to seek out suitable properties for its portfolio.</p> <p>IRES Fund Management has appointed Charles Coyle as Vice President of Acquisitions. Mr Coyle, who has 12 years of experience operating in the Irish real estate sector and five years of experience operating in the United Kingdom real estate sector, is responsible for on-the-ground investment sourcing, whether it be finding and participating in auctions, identifying opportunities or evaluating and making recommendations on opportunities.</p>
Development Risk	<p>The Group undertakes routine capital works and will in the short to medium term be redeveloping and/or refurbishing a number of its properties in order to optimise the return to shareholders.</p> <p>Property development comes with planning risk, construction risk, additional cost exposure and overrun risk, engineering risk and, given that it takes some time to complete developments, it may not be completed on a timely basis to take advantage of a positive letting cycle.</p>	<p>IRES Fund Management is very experienced in property development. In addition, it undertakes detailed planning and cost review and budgeting exercises around all capital expenditure.</p> <p>IRES Fund Management uses competitive tendering procedures and fixed price contracts negotiated with reputable and experienced building contractors to minimise delivery risks. Board approval is required for all projects for capital expenditure in excess of budgeted amounts.</p>
Occupier Demand and Income Sustainability	Occupancy levels are currently very strong; however, there is a risk that due to a lack of occupier demand resulting from possible weakness in the macro economy, this could fall, thereby impacting the Group's income and capital performance.	<p>The Group's strategy is to acquire prime and good secondary residential property with a Dublin focus, which is where all of its existing apartments are located.</p> <p>IRES Fund Management monitors its exposure to the letting market and deals with any lease expiries well in advance of their expiry dates to ensure that the income from the portfolio is managed proactively to minimise any interruptions and vacancies.</p>

PRINCIPAL RISKS AND UNCERTAINTIES

<p>Tenant Default</p>	<p>Tenant default may adversely impact the Group's income and the capital performance of the portfolio. This may result in a reduction of rental income.</p>	<p>IRES Fund Management closely monitors the rental payments of occupiers to identify any weaknesses in their ability to meet their ongoing obligations to the Group. In addition, no individual tenant would have a material impact on the total rental revenue.</p>
<p>Investment Advisor and Property Manager's Performance</p>	<p>The Group is reliant on IRES Fund Management and CAPREIT LP for its property investment, asset management and development expertise, in particular, which drives the financial performance of the Group.</p> <p>The Group is reliant on the skills and the ability of IRES Fund Management and CAPREIT LP to retain the management team and key staff. It may be difficult to find replacements with the same expertise, resulting in financial or business reputation loss to the Group.</p>	<p>The AIFM and the Board oversee the work of IRES Fund Management and there is a close working relationship between the Board, the AIFM, IRES Fund Management and CAPREIT LP.</p> <p>Key management of IRES Fund Management, CAPREIT LP and its affiliates are financially incentivised through the long-term incentive plan.</p>
<p>Regulatory Risk</p>	<p>The Company operates in a very challenging and increasingly complex corporate governance environment with significantly more compliance rules, for which any failure to meet or to adhere to could result in a financial and reputation loss to the Company.</p> <p>The AIFM was authorised as an alternative investment fund manager in March 2014 by the Central Bank of Ireland under recently adopted EU regulations. Should the AIFM cease to be authorised, the Company would then be required to appoint a replacement AIFM and could suffer losses arising from the transition from its current AIFM to another.</p> <p>IRES Fund Management has submitted an application to the Central Bank of Ireland for authorisation as an AIFM and there is no guarantee that it will achieve this.</p>	<p>The Board, the AIFM and IRES Fund Management monitor compliance by the Company with the regulations so that should any issues arise the Company is forewarned and can deal with any potential disruption that might result.</p> <p>The AIFM has been regulated by the Central Bank of Ireland for almost five years and has firmly embedded policies and operating procedures in place.</p> <p>The current AIFM agreement expires on 31 October 2015, giving sufficient time for renegotiation should IRES Fund Management not be successful in its application.</p> <p>The Company has appointed a depositary, BNP Paribas Securities Services. The depositary has a number of roles relating to the oversight of certain activities of the Company including, but not limited to, overseeing the safekeeping of the assets owned by the Company (including cash), verification duties regarding the assets of the Company and the depositing of cash not yet invested by the Company. In addition, the depositary also has custody duties in respect of any assets acquired by the Company and monitoring duties regarding the Company's cash flows.</p>

PRINCIPAL RISKS AND UNCERTAINTIES

<p>Tax Risks - Failure to Abide by REIT Rules</p>	<p>The Group operates under the Irish REIT regime which amongst other benefits means that the Group does not pay corporation tax or capital gains tax on income from its property rental business so long as the Group is in compliance with these rules. Failure to comply with the rules may result in the Group losing its REIT status, which could result in the Company having to pay corporation tax and capital gains tax. This in turn would result in a financial loss to the Group.</p>	<p>IRES Fund Management monitors and tests the Group's compliance with the REIT rules and regularly reviews and considers how the Group's planned operations will ensure compliance with these rules. IRES Fund Management has received independent legal advice in relation to the issues it needs to monitor and manage and therefore is alert and vigilant in regard to these matters. Additionally, the Company has also obtained independent legal advice.</p>
<p>General Economic Conditions</p>	<p>The Group's investments are concentrated in Ireland. Although there are clear signs of a general economic recovery in Ireland, this recovery is nascent and there can be no assurance that current growth levels will be sustained. Poor economic conditions could impact the Company's income and capital performance.</p>	<p>The Company deployed the capital raised from shareholders in an efficient manner.</p> <p>In addition, the Company's focus is on Dublin, which has been more resilient economically than other areas of Ireland in the past.</p>
<p>Availability of Bank Financing</p>	<p>The Company may not be able to source debt financing at attractive rates, which could thereby impact the Company's future growth through acquisitions.</p> <p>There is also a limited number of banks providing financing against property in Ireland.</p>	<p>IRES Fund Management has made a concerted effort to develop relationships with lenders both in Ireland and abroad. The quality of the Company's property portfolio and the conservative gearing target of 45% to 50% on total assets are attractive credit characteristics for potential lenders, which to date have facilitated the raising of debt financing.</p>
<p>Interest Rate and Credit Risk</p>	<p>The Company is exposed to risks associated with movements in interest rates on its floating rate bank debt and on the cash it holds.</p>	<p>The Company's current debt has been secured from Barclays and TD Securities at a rate of EURIBOR +2.5%. The €60 million revolving facility will be available for drawdown if required until August 2016.</p> <p>With regard to floating rate bank debt which the Company intends to raise, IRES Fund Management consults on a regular basis with TD Securities with regard to interest rate exposure and whether hedging should be put in place, which would be approved by the AIFM and the Board. The Company does not have a substantial amount of cash on deposit.</p>

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 ("Interim Financial Reporting") as adopted by the European Union ("EU"). The unaudited condensed consolidated interim financial statements are effective for financial periods beginning after 1 January 2015, and the interim management report herein includes a fair review of the information required by Disclosure and Transparency Rules of the Central Bank of Ireland, namely:

- Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the period 1 January 2015 to 30 June 2015 and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place during the period from 1 January 2015 to 30 June 2015 and that have materially affected the financial position or performance of the entity during the period.

Signed on behalf of the Board



Colm Ó Nualláin
Director



David Ehrlich
Executive Director

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half year 2015 results report of Irish Residential Properties REIT plc for the six months ended 30 June 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Irish Residential Properties REIT plc, comprise:

- the condensed consolidated interim statement of financial position as at 30 June 2015;
- the condensed consolidated interim statement of comprehensive income for the period then ended;
- the condensed consolidated interim statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in shareholders' equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half year 2015 results report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

What a review of condensed consolidated interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom and 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.

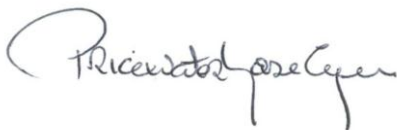
A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we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

We have read the other information contained in the half year 2015 results report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Our responsibilities and those of the directors

The half year 2015 results report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year 2015 results report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half year 2015 results report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers
Chartered Accountants
Dublin
Ireland
7 August 2015

Notes:

- (a) The maintenance and integrity of the Irish Residential Properties REIT plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		(Unaudited) 30 June 2015 €'000	(Audited) 31 December 2014 €'000
	Note		
Assets			
Non-Current Assets			
Investment properties	5	447,190	323,580
Other non-current assets	6	403	618
		447,593	324,198
Current Assets			
Other current assets	6	1,625	2,004
Cash and cash equivalents		6,361	6,146
		7,986	8,150
Total Assets		455,579	332,348
Liabilities			
Non-Current Liabilities			
Bank indebtedness	9	27,800	125,000
		27,800	125,000
Current Liabilities			
Accounts payable and accrued liabilities	7	6,274	4,911
Security deposits		2,053	1,519
		8,327	6,430
Total Liabilities		36,127	131,430
Shareholders' Equity			
Share capital	11	41,700	20,200
Share premium	11	354,978	172,374
Other reserve		1,150	574
Retained earnings		21,624	7,770
Total Shareholders' Equity		419,452	200,918
Total Shareholders' Equity and Liabilities		455,579	332,348

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period 1 January 2015 to 30 June 2015

		(Unaudited) 1 January 2015 to 30 June 2015 €'000	(Unaudited) 1 January 2014 to 30 June 2014 €'000
Operating Revenues			
Revenue from investment properties		11,198	2,187
Operating Expenses			
Property taxes		(172)	(38)
Property operating costs		(2,000)	(449)
		(2,172)	(488)
Net Rental Income		9,026	1,700
General and administrative expenses		(2,523)	(998)
Share-based compensation expense	10	(576)	(187)
Fair value gain on investment properties	5	10,098	6,016
Depreciation of property, plant and equipment		(6)	(1)
Operating Profit		16,019	6,530
Financing costs on credit facility	9	(1,195)	–
Interest on intercompany loan	8	–	(696)
Investment income		–	19
Profit Before Taxes		14,824	5,853
Current income tax expense	13	–	(445)
Profit for the Period		14,824	5,408
Total Comprehensive Income for the Period			
Attributable to Shareholders		14,824	5,408
Basic Earnings Per Share (cent)	18	4.7	5.3
Dilutive Earnings Per Share (cent)	18	4.6	5.3

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Share Capital	Share Premium	Retained Earnings	Other Reserve	Total
(Unaudited)	Note	€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2015		20,200	172,374	7,770	574	200,918
Total comprehensive income for the period						
Profit for the period		–	–	14,824	–	14,824
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the period		–	–	14,824	–	14,824
Transactions with owners, recognised directly in equity						
Issue of ordinary shares for cash	11	21,500	193,500	–	–	215,000
Share issue costs	11	–	(10,896)	–	–	(10,896)
Long-term incentive plan	10	–	–	–	576	576
Transactions with owners, recognised directly in equity		21,500	182,604	–	576	204,680
Dividends of Ordinary Shares						
Dividends declared and paid	14	–	–	(970)	–	(970)
Dividends of Ordinary Shares		–	–	(970)	–	(970)
Shareholders' Equity at 30 June 2015		41,700	354,978	21,624	1,150	419,452

		Share Capital	Share Premium	Retained Earnings	Other Reserve	Total
(Unaudited)	Note	€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2014		–	–	799	–	–
Total comprehensive income for the period						
Profit for the period		–	–	5,408	–	5,408
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the period		–	–	5,408	–	5,408
Transactions with owners, recognised directly in equity						
Issue of ordinary shares for cash	11	20,040	180,000	–	–	200,040
Share issue costs	11	–	(8,000)	–	–	(8,000)
Capitalisation of bonus shares ⁽¹⁾	11	160	–	(160)	–	–
Long-term incentive plan	10	–	–	–	187	187
Transactions with owners, recognised directly in equity		20,200	172,000	(160)	187	192,227
Shareholders' Equity at 30 June 2014		20,200	172,000	6,047	187	197,635

(1) €1.6 million of the retained earnings as at 30 June 2014 arose prior to the Company registering as an Irish REIT with effect from 31 March 2014. €160,000 was transferred to ordinary share capital, being the total par value of the bonus issue of 1,600,000 Ordinary Shares on 11 April 2014 (see note 11). The €1.6 million has been designated an undistributable reserve within the meaning of the Companies Act 2014.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months period 1 January 2015 to 30 June 2015

		(Unaudited) 1 January 2015 to 30 June 2015 €'000	(Unaudited) 1 January 2014 to 30 June 2014 €'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit before taxes		14,824	5,853
Items related to operating activities not affecting cash:			
Fair value adjustment - investment properties		(10,098)	(6,016)
Depreciation of property, plant and equipment		6	1
Amortisation of other financing costs	9	209	-
Share-based compensation expense	10	576	187
Straight-line rent adjustment		(158)	
		5,359	25
Taxes paid		-	(445)
Operating income items related to financing and investing activities	15	986	677
Changes in operating assets and liabilities	15	2,276	(2,619)
Net Cash Generated from/(Absorbed by) Operating Activities		8,621	(2,362)
Cash Flows from Investing Activities			
Acquisition of investment properties		(110,571)	(2,172)
Investment property enhancement expenditure		(2,783)	(92)
Investment income		-	19
Net Cash Used in Investing Activities		(113,354)	(2,245)
Cash Flows from Financing Activities			
Mortgages repaid on maturity	8	-	(45,000)
Interest paid on bank indebtedness		(986)	-
Credit facility repayment	9	(97,200)	-
Interest paid on intercompany loan	8	-	(696)
Net proceeds on issuance of shares	15	204,104	192,040
Dividends paid to shareholders		(970)	-
Net Cash Generated from Financing Activities		104,948	146,344
Changes in Cash and Cash Equivalents during the Period		215	141,737
Cash and Cash Equivalents, Beginning of the Period		6,146	783
Cash and Cash Equivalents, End of the Period		6,361	142,520

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

Irish Residential Properties REIT plc (“I•RES”) was incorporated in Ireland on 2 July 2013 as Shoreglade Limited (formerly known as CAPREIT Ireland Limited, Irish Residential Apartments REIT Limited and Irish Residential Properties REIT Limited). On 16 April 2014, I•RES obtained admission of its ordinary shares to the primary listing segment of the Official List of the Irish Stock Exchange for trading on the regulated market for listed securities of the Irish Stock Exchange. Its registered office is Lazer Lane, Unit 4B, Grand Canal Square, Dublin 2, Ireland. Ordinary shares of I•RES are listed on the Irish Stock Exchange under the symbol “IRES”.

Prior to the initial offering on 16 April 2014, I•RES was previously a wholly-owned subsidiary of CAPREIT Limited Partnership (“CAPREIT LP”). On 16 April 2014 as a result of the initial offering on the Irish Stock, CAPREIT LP’s interest in I•RES was 20.792%. As of 26 March 2015 as a result of a secondary capital raise (“Capital Raise”) on the Irish Stock, CAPREIT LP’s interest diluted to 15.707%.

IRES Residential Properties Limited is a wholly-owned consolidated subsidiary of I•RES, acquired on 31 March 2015, and owns directly the beneficial interest of its property. I•RES and IRES Residential Properties Limited together are referred to as “the Group” in these condensed consolidated interim financial statements. The Group owns interests in multi-unit residential rental apartment properties located in and near major urban centres in Dublin, Ireland. Specifically, IRES Residential Properties Limited owns an interest in the “Rockbrook Portfolio,” which consists of 81 apartments at Rockbrook Grande Central and 189 apartments at Rockbrook South Central. The Group’s net assets and operating results are derived from real estate located in Ireland where it is also domiciled. On 10 September 2013, I•RES purchased its first investment interests in investment properties (see note 4 for details).

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 statement for the period 2 July 2013 (date of incorporation) to 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations as adopted by the EU and with those parts of the Companies Act 1963 to 2013 applicable to companies reporting under IFRS.

These condensed consolidated interim financial statements of the Group do not comprise statutory accounts within the meaning of the Companies Act 2014. The statutory accounts were prepared for the period 2 July 2013 (date of incorporation) to 31 December 2014, approved by the board of directors (“the Board”) on 2 April 2015, contained an unqualified audit report and delivered to the Registrar of Companies on 20 July 2015.

The condensed consolidated interim financial statements of the Group are prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of investment properties at fair value through profit or loss. The condensed consolidated interim financial statements of the Group have been presented in euros which is the Group’s functional currency.

The condensed consolidated interim financial statements of the Group cover the six month period 1 January 2015 to 30 June 2015.

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

Going concern

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

b) Basis of consolidation

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

Subsidiaries

Subsidiaries are entities controlled by I•RES. I•RES controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries (except owner management companies) is included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases. I•RES does not consolidate owner management companies in which it holds majority voting rights. For further details, please refer to Note 16.

c) Investment properties

The Group considers its income properties to be investment properties under IAS 40, Investment Property (“IAS 40”), and has chosen the fair value model to account for its investment properties in the condensed consolidated interim financial statements. Fair value represents the amount at which the properties could be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arm’s-length transaction at the date of valuation.

Investment properties comprise investment interests held in land and buildings (including integral equipment) held for the purpose of producing rental income, capital appreciation, or both. The Group’s investment properties have been valued on a highest and best-use basis, but do not include any portfolio premium that may be associated with the economies of scale of owning a large portfolio of properties.

All investment properties are initially recorded at cost at their respective acquisition dates and are subsequently stated at fair value at each condensed consolidated interim statement of financial position date, with any gain or loss arising from a change in fair value recognised within operating income in the condensed consolidated interim statement of comprehensive income for the period.

The fair value of investment properties is determined by a qualified external appraiser. Management undertakes a review of its investment property valuations between external appraisal dates to assess the continuing validity of the underlying assumptions, such as cash flows and Capitalisation Rates. These assumptions may be modified based on market information obtained from the external appraiser. Where increases or decreases are warranted, the carrying values of I•RES’ investment properties are adjusted. See notes 3 and 5 for a detailed discussion of the significant assumptions, estimates and valuation methods used.

d) Property asset acquisition

Identifiable assets acquired and liabilities assumed in an asset acquisition are measured initially at their acquisition cost at the acquisition date. Acquisition-related transaction costs are capitalised to the property.

e) Property, plant and equipment

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

f) Tenant inducements

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

g) Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognised at fair value and are subsequently accounted for based on their classification, as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group’s designation of such instruments.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Classification of financial instruments

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

Type	Classification	Measurement
Financial assets		
Cash and cash equivalents	Cash and cash equivalents	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Financial liabilities		
Bank indebtedness	Other liabilities	Amortised cost
Accounts payable and accrued liabilities	Other liabilities	Amortised cost

Fair value through profit or loss ("FVTPL")

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

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less, and are accounted for at amortised cost. Interest earned or accrued on these financial assets is included in investment income on the condensed consolidated interim statement of comprehensive income.

Loans and receivables

Such receivables arise when the Group provides services to a third party, such as a tenant, and are included in current assets, except for those with maturities more than 12 months after the condensed consolidated interim statement of financial position date, which are classified as non-current assets. Loans and receivables are included in other assets in the condensed consolidated interim statement of financial position and are accounted for at amortised cost.

Other liabilities

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

Transaction costs

Transaction costs related to financial assets classified as FVTPL are expensed as incurred. Transaction costs related to loans and receivables and other liabilities are included in the initial fair value of such financial assets and liabilities. Transaction costs relating to available-for-sale financial assets are included in the cost of the asset on initial recognition.

Determination of fair value

The fair value of a financial instrument on initial recognition is generally the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of financial instruments is remeasured based on relevant market data. The Group classifies the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13, Fair Value Measurement ("IFRS 13"). The fair value hierarchy distinguishes between market value data obtained from independent sources and the Group's own assumptions about market value. See note 12 for a detailed discussion of valuation methods used for financial instruments with prices quoted in an active market and instruments valued using observable data.

h) Intercompany loan

An intercompany loan was recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs and discounts directly related to the intercompany loan were recognised within interest on intercompany loan in the condensed consolidated interim statement of comprehensive income over the expected term of the intercompany loan. The intercompany loan was repaid in full on 16 April 2014.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

i) Revenue recognition

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

j) Interest on intercompany loan

This amount includes interest and other financing costs payable on the intercompany loan, which is expensed at the stated interest rate specified by the terms of the intercompany loan agreement between I•RES and CAPREIT LP. The intercompany loan agreement terminated when I•RES repaid the intercompany loan in full on 16 April 2014.

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

Bank indebtedness is recognised at amortised cost. Interest and other financing costs includes interest on credit facility, which is expensed at the effective interest rate, and transaction costs incurred in connection with the revolving credit facilities, which are capitalised and presented as other non-current assets and amortised over the term of the facility to which they relate.

l) Operating segments

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

m) Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date.

n) Statement of cash flows

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments with an original term to maturity of three months or less at acquisition. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the condensed consolidated interim statement of cash flows and are disclosed separately in the notes to the condensed consolidated interim financial statements.

o) Income taxes

Current tax

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

For the period 2 July 2013 to 31 March 2014, I•RES is liable for corporation tax on any profits and gains which would have arisen prior to and upon election to REIT status.

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

Deferred tax

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

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

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

p) Equity and share issue costs

The equity of I•RES consists of ordinary shares issued. Shares issued are recorded at the date of issuance. Direct issue costs in respect of the issue of shares are accounted for as a deduction from equity. Direct issue costs include the costs of preparing the prospectus, accounting, tax and legal expenses, underwriting fees, and valuation fees in respect of the shares and other assets.

q) Net asset value (“NAV”)

The NAV is calculated as the value of the Group’s assets less the value of its liabilities measured in accordance with IFRS as adopted in the EU, and in particular will include the Group’s property assets at their most recent independently assessed market values and also the Group’s debt and hedging instruments at their most recent independent valuations. EPRA NAV is calculated in accordance with the European Public Real Estate Association (“EPRA”) Best Practice Recommendations, September 2011 and its additional guidance issued in December 2014.

r) Share-based payments

I•RES has determined that the options issued to senior executives qualify as an “equity settled share-based payment transaction” as per IFRS 2. In addition, any options issued to the directors have also been based on the “equity settled share-based payment transaction.” This implies the fair value of the options measured on the grant date will be expensed over the vesting term with a corresponding increase in equity. The fair value has been measured using the Black-Scholes model.

s) Future accounting changes

The following new or amended standards and interpretations have been issued by the International Accounting Standards Board (“IASB”) and are expected to apply to the Group for future financial reporting but does not expect them to have a material impact.

Standards, Amendments and Interpretations	Effective Date⁽¹⁾
IFRS 10 and IAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	1 January 2016
IAS 27 and IFRS 1 - Equity Method in Separate Financial Statements	1 January 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
New standard on revenue recognition superseding IAS 18, IAS 11, and related interpretations	1 January 2018
IFRS 9 - Financial Instruments (“IFRS 9”)	1 January 2018
IFRS 7 - Financial Instruments - Disclosure	1 January 2018

(1) The effective date is that applying to the EU endorsed IFRS if later than the IASB effective date and relates to periods beginning on or after this date.

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 condensed consolidated interim financial statements and accompanying notes. Areas of such estimation include, but are not limited to: valuation of investment properties, remeasurement at fair value of financial instruments, valuation of accounts receivable, capitalisation of costs, accounting accruals, the amortisation of certain assets, and valuation of options. 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could also differ from those estimates under different assumptions and conditions.

The valuation estimate of investment properties is deemed to be more significant, due to subjectivity and the potential risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities. See note 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Recent Investment Property Acquisitions

The Group has completed the following investment property acquisitions since 1 January 2014, which have contributed to the operating results effective from the acquisition date:

For the period 1 January 2015 to 30 June 2015

	Apartment Count	Region	Total Acquisition Costs €'000	Funding €'000	Interest Rate	Term to Maturity (Years)
31 March 2015	270	Dublin, Ireland	90,603	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
5 June 2015	92	Dublin, Ireland	19,968	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾
	362		110,571	—		

- (1) The acquisition was funded from equity proceeds raise on 26 March 2015. The acquired Irish Residential Properties Limited, which owns the Rockbrook Portfolio, is considered an asset acquisition. On acquisition, I*RES will undertake the day-to-day property management services of Irish Residential Properties Limited. In addition, no processes or existing employees of Irish Residential Properties Limited were acquired as part of the transaction. The purchase price is based on the value of the investment property acquired.
- (2) The acquisition was funded from I*RES' credit facility.

For the period from 1 January 2014 to 31 December 2014

	Apartment Count	Region	Total Acquisition Costs €'000	Funding €'000	Interest Rate	Term to Maturity (Years)
27 June 2014	19	Dublin, Ireland	2,172	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
18 July 2014	84	Dublin, Ireland	51,945	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
7 October 2014	763	Dublin, Ireland	217,394	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾
	866		271,511	—		

- (1) The acquisition was funded from equity proceeds raise on 16 April 2014.
- (2) The 761 residential apartment acquisition was funded from equity proceeds raised on 16 April 2014 and from I*RES' credit facility. Included are two residential apartments purchased in August and October 2014 relating to the initial portfolio aggregating to €424,000 which was funded from cash on hand.

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, based on current prices in an active market for similar properties in the same location, considering the highest and best use of the asset, with any gain or loss arising from a change in fair value recognised in the condensed consolidated interim statement of comprehensive income for the period. Valuations do not take into account any potential portfolio premium or transaction costs generally necessary to complete such transactions.

The fair values of all of the Group's investment properties are determined by a qualified external appraiser. The qualified external appraiser holds a recognised relevant professional qualification and has recent experience in the location and category of the respective property. Capitalisation Rates employed by the appraiser are based on recently closed transactions for similar properties. To the extent that the stabilised net rental income ("Stabilised NRI") of an investment property change significantly semi-annually, the fair value of the investment property would be re-assessed by the external appraiser and the fair value adjusted accordingly. Valuations are prepared on a bi-annual basis at the interim reporting date, and the annual reporting date.

Fair values for investment properties are classified as Level 3 in the fair value hierarchy, as disclosed in note 12. The Group verifies all significant unobservable inputs, Capitalisation Rates and Stabilised NRI, to the valuation and reviews the results with the external appraiser for all independent valuations.

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Discussion of the valuation process, the valuation methodology (as mentioned below), key inputs and results is held between the Group and the qualified external appraiser.

Changes in Level 3 fair values are analysed at each reporting date. To determine fair value, the Group first considers whether it can use current prices in an active market for a similar property in the same location and condition. The Group has concluded there is insufficient market evidence on which to base investment property valuation using this approach, and has therefore determined that using the Direct Income Capitalisation (“DC”) method is more appropriate.

The Group utilises the DC method. Under this method, Capitalisation Rates are applied to a Stabilised NRI representing market-based NRI assumptions (property revenue less property operating expenses adjusted for market based assumptions such as long-term vacancy rates, management fees, repairs and maintenance and general and administration costs). The most significant assumption is the Capitalisation Rate for each specific property. The Capitalisation Rate is based on the actual location, size and quality of the property, taking into account any available market data at the valuation date.

Generally, an increase in Stabilised NRI will result in an increase to the fair value of an investment property. An increase in the Capitalisation Rate will result in a decrease to the fair value of an investment property. The Capitalisation Rate magnifies the effect of a change in Stabilised NRI, with a lower Capitalisation Rate resulting in a greater effect on the fair value of investment properties than a higher Capitalisation Rate.

An increase in the Capitalisation Rate will decrease the fair value. Across the entire portfolio of investment properties, a 1% increase in Capitalisation Rate would have the impact of a €74.9 million reduction in fair value whilst a 1% decrease in Capitalisation Rate would result in a fair value increase of €115.3 million.

The direct operating expenses recognised in the condensed consolidated interim statement of comprehensive income are €2.172 million, for the six month period ended 30 June 2015, arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the condensed consolidated interim statement of comprehensive income are € nil, for the six month period ended 30 June 2015, arising from investment property that did not generate rental income during the period. There were no investment properties for the reporting period that did not generate rental income.

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

A summary of the market assumptions and ranges along with the fair value of the total portfolio as at 30 June 2015 is presented below:

As at 30 June 2015

Type of Interest	Fair Value €'000	WA NRI ¹ €'000	Rate Type	Max.	Min.	Weighted Average
Investment properties	433,005	2,490	Capitalisation Rate	6.71%	4.36%	4.85%
Development land	14,185					
Total fair value	447,190					

(1) Weighted average (“WA”) net rental income (“NRI”)

As at 31 December 2014

Type of Interest	Fair Value €'000	WA NRI ¹ €'000	Rate Type	Max.	Min.	Weighted Average
Investment properties	316,580	2,361	Capitalisation Rate	6.95%	4.56%	5.22%
Development land	7,000					
Total fair value	323,580					

(1) Weighted average (“WA”) net rental income (“NRI”)

The Capitalisation Rates disclosed above are based on the market value of the properties before the estimated purchasers’ costs. An additional matrix that is used by the external valuator is the net initial yield which is calculated as the annualised rental income based on the cash rents passing at the balance sheet date (but adjusted for market rents if required based on most recent lettings), less non-recoverable property operating expenses, divided by the market value of the property

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increased with estimated purchasers' costs. As per the external valuator's valuation report dated 30 June 2015, the weighted average residential net initial yield for the portfolio is 4.67%.

Reconciliation of carrying amounts of investment properties

For the six month period ended

	30 June 2015	31 December 2014
	€'000	€'000
Balance at inception	323,580	53,750
Additions:		
Acquisitions	110,571	269,339
Property capital investments	2,783	303
Capitalised leasing costs ⁽¹⁾	158	73
Unrealised fair value gain adjustments	10,098	115
Balance at the end of the period	447,190	323,580

(1) Comprised of straight-line rent.

The carrying value of €447.2 million for the investment properties at 30 June 2015 (and €323.6 million at 31 December 2014) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Professional Standards January 2014 (Red Book).

6. Other Assets

As at	30 June 2015	31 December 2014
	€'000	€'000
Other Non-Current Assets		
Property, plant and equipment: ⁽¹⁾		
At cost	58	58
Accumulated amortisation	(17)	(11)
Net property, plant and equipment	41	47
Deferred loan costs, net ⁽²⁾	362	571
Total	403	618
Other Current Assets		
Prepaid expenses	461	288
Other receivables	673	654
Deposits	491	1,062
Total	1,625	2,004

(1) Consists of head office fixtures and fittings and information technology hardware.

(2) Represents deferred loan costs related to the credit facility net of accumulated amortisation of €382,000 as at 30 June 2015 and €173,000 as at 31 December 2014.

The carrying value of all other receivables approximates their fair value.

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7. Accounts Payable and Accrued Liabilities

As at	30 June 2015	31 December 2014
	€'000	€'000
Accounts Payable and Accrued Liabilities		
Rent deposits and early payments	943	787
Trade creditors	605	32
Accruals	4,277	3,750
Value added tax	449	342
Total	6,274	4,911

The carrying value of all other trade and other payables approximates their fair value.

8. Intercompany Loan

On 16 April 2014, I•RES repaid an intercompany loan payable to CAPREIT LP, a related party, aggregating to €45.0 million with a stated interest rate of 5.3% per annum. The intercompany loan was repayable on demand, but in any event, no later than 29 August 2014, with interest on such amount at the stated interest rate.

9. Credit Facility

I•RES signed a credit facility agreement on 15 August 2014 ("Credit Facility") and amended it on 16 February 2015 with Barclays Bank Ireland PLC and TD Bank, which provides for a credit facility of up to €130.0 million comprising a revolving facility of €60.0 million and a bridge facility of €70.0 million. The revolving facility has a two-year term from the date of the agreement, and the bridge facility of €70.0 million is repayable at the earlier of: (i) an issue of shares by I•RES; and (ii) the termination date of the Bridge Facility, which was 15 May 2015. The Credit Facility is subject to compliance with various provisions of the Credit Facility (including certain financial covenants and commitments and limitations on indebtedness). The interest on the facility is at an annual rate of 2.5%, plus the one-month or three-month EURIBOR rate (at the option of I•RES). The debt is secured over the properties of I•RES and there was a one-time arrangement fee of €740,000 relating to the Credit Facility.

Pursuant to the terms of the Credit Facility, on 27 March 2015 I•RES repaid the entire €70.0 million of borrowings under the bridge facility out of the net proceeds from the completion of the I•RES Capital Raise on 26 March 2015. In addition, I•RES partly repaid the borrowings under the revolving facility. The revolving facility will remain available to the extent any amounts are undrawn or repaid, for borrowing under the credit agreement with a termination date of 15 August 2016.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Share-based Compensation

Options are issuable pursuant to I•RES' share-based compensation plan, namely, the long-term incentive plan ("LTIP"). Options were granted on 26 March 2015 and 16 April 2014 by I•RES to senior executives and trustees of CAPREIT and its affiliates and David Ehrlich, CEO of I•RES. The LTIP will have a maximum life of seven years less a day and will vest over three years from the date of grant. The LTIP limit cannot exceed 10% of I•RES' issued ordinary share capital (adjusted for share issuance and cancellation) during the 10-year period prior to that date. As at 30 June 2015, the maximum number of additional options issuable under the LTIP is 12,720,000.

The fair value of options has been determined as at the grant date using the Black-Scholes model. The assumptions utilised to arrive at the estimated fair value for the outstanding grants at the respective periods is shown below.

The expected volatility is based on historic market volatility over the past five years and four years for the options issued on 26 March 2015 and 16 April 2014, respectively. The risk free rate is based on Irish Government bonds with a term consistent with the assumed option life.

LTIP		
Issuance Date	26 March 2015	16 April 2014
Number of shares	11,900,000	17,080,000
Share price on date of grant (€)	1.005	1.040
Award grant price (€)	1.005	1.040
Risk free rate (%)	0.4	1.2
Distribution yield (%)	5.0	5.0
Expected years	7.0	7.0
Volatility (%)	20.2	20.3
Award option value (€)	0.07	0.08

Total number of LTIP shares outstanding as at 30 June 2015, 28,980,000, (30 June 2014 - 17,080,000).

11. Shareholders' Equity

On 13 March 2014, I•RES had an authorised share capital of €100.0 million divided into 1,000,000,000 ordinary shares of €0.10 each. On 20 March 2014, I•RES was converted to a public limited company.

On 11 April 2014, prior to the Initial Offering, I•RES issued 1,600,000 ordinary shares to CAPREIT LP by way of a capitalised issue. All equity shares outstanding are fully paid and are voting shares. Equity shares represent a shareholder's proportionate undivided beneficial interest in I•RES. No equity share has any preference or priority over another. No shareholder has or is deemed to have any right of ownership in any of the assets of I•RES. Each share confers the right to cast one vote at any meeting of shareholders and to participate pro rata in any distributions by I•RES and, in the event of termination of I•RES, in the net assets of I•RES remaining after satisfaction of all liabilities. Shares will be issued in registered form and are transferable.

On 16 April 2014, I•RES issued 200,000,000 ordinary shares pursuant to the initial offering ("Initial Offering") for €1.00 each including a share premium of €0.90 per share. CAPREIT LP's initial investment in I•RES' share capital (prior to the dilution of its beneficial interest) was €40,000 at a par value of €0.10 per share, resulting in 400,000 ordinary shares.

On 26 March 2015, I•RES raised gross proceeds of €215.0 million by the issue of an aggregate of 215,000,000 new ordinary shares at an issue price of €1.00 each, including a share premium of €0.90 per share.

The funds raised from all the ordinary shares issued during the period were used for the purchase of investment properties.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

For the six month period to 30 June,	2015	2014
Ordinary Shares outstanding, beginning of the period	202,000,000	–
CAPREIT LP's initial ownership	–	400,000
Shares issued to CAPREIT LP prior to Initial Offering	–	1,600,000
New units issued	215,000,000	200,000,000
Presented as equity	417,000,000	202,000,000

The shares issued to CAPREIT LP prior to the Initial Offering were issued at par.

a) New Shares issued on Capital Raise

	Shares Issued (number)	Price Per Share	Gross Proceeds €'000	Transaction Costs €'000	Net Proceeds €'000
26 March 2015	215,000,000	€ 1.00	215,000	10,896	204,104
Total	215,000,000		215,000	10,896	204,104

b) New Shares issued on Initial Offering

	Shares Issued (number)	Price Per Share	Gross Proceeds €'000	Transaction Costs €'000	Net Proceeds €'000
16 April 2014	200,000,000	€ 1.00	200,000	8,000	192,000
Total	200,000,000		200,000	8,000	192,000

12. 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The following table presents the Group's estimates of the fair value on a recurring basis based on information available as at 30 June 2015, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Group could ultimately realise.

	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 €'000	Total €'000
Recurring Measurements				
Assets				
Investment Properties	–	–	447,190 ⁽¹⁾	447,190

(1) Fair values for investment properties are calculated using the direct income capitalisation method, which results in these measurements being classified as Level 3 in the fair value hierarchy. See note 5 for detailed information on the valuation methodologies and fair value reconciliation.

b) Risk management

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

Market risk

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

The Group's financial assets currently comprise short-term bank deposits and trade receivables.

The short-term bank deposits are used to invest cash 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's exposure to interest rates is limited to the exposure of €6.4 million as at 30 June 2015 of earnings from uninvested funds at the period end.

Interest rate risk

As at 30 June 2015, I*RES' Credit Facility was drawn for €27.8 million. Interest on this Credit Facility was paid at a rate of 2.5% per annum plus the one-month or three-month EURIBOR rate (at the option of I*RES). For the six month period to 30 June 2015, a 100 basis point change in interest rates would have the following effect:

Change in interest rates (basis points)	Increase (decrease) in net income 2015
EURIBOR rate debt ¹	(278,000)
EURIBOR rate debt ²	(17,792)

(1) Based on the fixed margin of 2.5% plus the 1-month EURIBOR rate as at 1 July 2015 of -0.064%

(2) Based on the floor rate of 0% plus the fixed margin of 2.5%

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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at 30 June 2015	6 months or less €'000	6 to 12 months €'000	1 to 2 years €'000	2 to 5 years €'000	More than 5 years €'000
Bank indebtedness	–	–	27,800	–	–
Bank indebtedness interest ⁽¹⁾	346	342	87	–	–
Other liabilities	6,274	–	–	–	–
Security deposits	2,053	–	–	–	–
	8,673	342	27,887	–	–

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

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

Credit risk

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; and (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 and will not be exposed to the creditworthiness or solvency of any one counterparty.

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

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 statement of income and comprehensive income. Subsequent recoveries of amounts previously written off are credited in the statement of income and comprehensive income.

Cash and cash equivalents are held with major Irish and European institutions. The Board has established a cash management policy for these funds, which it monitors regularly. This policy has investment thresholds, with a maximum limit of 20% of the overall gross assets, with individual institutions to avoid concentration of risk with any one counterparty. The Group has also engaged the services of a depository to ensure the security of the cash assets.

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 property in Ireland. I•RES intends to make distributions if 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 2015, capital consists of equity and debt, with the loan to value of 6.1%. I•RES seeks to use gearing to enhance shareholder returns over the long term. The level of gearing is monitored carefully by the Board in light of the cost of borrowing and I•RES may seek to use hedging where considered appropriate to mitigate interest rate risk. Given the stability of the multi-unit residential sector, a range of 45% to 50% gearing is currently considered prudent by the Board.

The Board monitors the return on capital as well as the level of dividends 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.

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13. Taxation

I•RES was incorporated on 2 July 2013 and was liable for corporate taxes up to 31 March 2014, following which it elected for REIT status. I•RES paid corporate taxes of €946,000 relating to the period 2 July 2013 to 31 March 2014.

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

Instead, dividends to shareholders in respect of the property rental business are treated for Irish tax purposes as income in the hands of shareholders. Corporation tax is still payable in the normal way in respect of income and gains from any residual business (generally including any property trading business) not included in the property rental business. I•RES is also liable to pay other taxes such as VAT, stamp duty land tax, 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 set off against profits of the residual business.

An Irish REIT is required, subject to having sufficient distributable reserve, 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 will 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.

14. Dividends

Under the Irish REIT regime, subject to having sufficient distributable reserves, I•RES is required to distribute to shareholders at least 85% of the property income of its property rental business for each accounting period, provided it has sufficient distributable reserves. The directors paid a maiden dividend of 0.48 cent per share in the form of interim dividend on 31 March 2015 to shareholders on record as at 20 February 2015 relating to the I•RES accounting period from 31 March 2014 to 31 December 2014. See Note 21 for dividends declared after 30 June 2015.

15. Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the six month period to 30 June,	2015	2014
Financing costs on credit facility ¹	986	-
Interest on intercompany loan	-	696
Investment income received	-	(19)
	986	677

Note 1:

For the six month period to 30 June,	2015	2014
Financing costs on credit facility as per the Income Statement	1,195	-
Less: Amortisation of arrangement fee	(209)	-
	986	-

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Changes in operating assets and liabilities

For the six month period to 30 June,	2015	2014
	€'000	€'000
Prepaid expenses	(173)	(16)
Other receivables	(19)	362
Deposits and other assets	571	(5,042)
Accounts payable and other liabilities	1,363	2,192
Corporate taxes payable	–	(483)
Security deposits	534	368
Changes in operating assets and liabilities	2,276	(2,619)

Issuance of Shares

For the six month period to 30 June,	2015	2014
	€'000	€'000
Issuance of shares	215,000	200,040
Issuance costs	(10,896)	(8,000)
Net proceeds	204,104	192,040

16. Related Party Transactions

CAPREIT LP has an indirect 15.7% beneficial interest in I•RES as of the date of this Report and has determined that it has significant influence over I•RES. The beneficial interest is held through a qualifying investor alternative investment fund, Irish Residential Properties Fund, CAPREIT LP's wholly-owned subsidiary. In addition, effective 11 April 2014, CAPREIT LP's wholly-owned subsidiary, I•RES Fund Management Limited, entered into an agreement to perform certain property and asset management services for the Group. As per the agreement, I•RES pays 3.0% per annum of its gross rental income as property management fees and 0.5% per annum of its net asset value as asset management fees net of fixed fees paid to the third-party regulated fund manager for I•RES.

Included in general and administrative expenses for the six months ended 30 June 2015 is €793,000 in asset management fees, while €410,000 in property management fees is recorded under operating expenses. The amount payable to CAPREIT LP (including I•RES Fund Management Limited) totalling €2.1 million as at 30 June 2015 relates to the asset management fees, property management fees, payroll related costs, and other miscellaneous expenses incurred by CAPREIT LP on behalf of the Group. For the six month period to 30 June 2014, €289,000 in asset management fees and €52,000 in property management fees were recorded.

David Ehrlich is the CEO and a Director of I•RES' Board. He is also a trustee of CAPREIT. Thomas Schwartz is a Director (non-executive) of I•RES' Board. He is also a trustee of CAPREIT and a trustee or director of each of CAPREIT's subsidiaries, including IRES Fund Management Limited. He is also the President and CEO of CAPREIT and each of its Canadian subsidiaries. Officers and key management of CAPREIT LP and its affiliates were granted options of I•RES at the Initial Offering. In addition, Mr Ehrlich will be entitled to participate in the LTIP and under his employment contract, he is entitled to be granted options in respect of 3% of all equity raised by I•RES. On 26 March 2015, Mr Ehrlich and Mr Schwartz were granted a further 6,450,000 and 1,075,000 options respectively, pursuant to I•RES' Capital Raise. On 16 April 2014, Mr Ehrlich and Mr Schwartz were granted 6,060,000 and 2,020,000 options, respectively, pursuant to I•RES' Initial Offering.

The only executive member of the Board is David Ehrlich, CEO, who was appointed as the CEO of I•RES on 16 April 2014; all other members are non-executive directors. Mr Ehrlich's total remuneration for the period from 1 January 2015 to 30 June 2015 was €405,000. Mr Ehrlich's total remuneration for the period from 1 January 2014 to 30 June 2014 was €221,000, of which C\$233,000 was paid for professional services provided to I•RES in connection with the Initial Offering prior to his appointment as CEO and such costs have been included in the issuance costs.

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Total expenses, which is comprised of remuneration of the Directors, is €100,000 for the six month period to 30 June 2015, and €42,000 for the six month period to 30 June 2014, excluding David Ehrlich, CEO and Director. The Directors were appointed to I•RES on 31 March 2014. No loans or quasi loans were made to the Directors in the period.

Owner management companies not consolidated

I•RES currently holds all of its assets directly. As a result of the acquisition by I•RES of apartments in certain multi-unit residential properties, I•RES holds voting rights in the relevant owner management companies associated with those developments. Where I•RES holds the majority of those voting rights, this entitles it, inter alia, to control the composition of such owner management companies' boards of directors. All shares held in owner management companies are ordinary shares. However, as each of those owner management companies is incorporated as a company limited by guarantee not having a share capital solely for the purpose of owning the common areas in those multi-unit developments, they are not intended to trade for gain. For these reasons, I•RES does not consider these owner management companies to be material for consolidation, either individually or collectively. I•RES has also considered the latest available financial statements of these owner management companies in making this assessment.

Details of the owner management companies in which I•RES had an interest during the period ended 30 June 2015, along with the relevant service fees paid by I•RES to them, is as follows:

Owner Management Entity	Registered official address	Development managed	Apartments held (% of total)	Service fees incurred in the period (€'000)	Payable by I•RES (€'000)
<i>Majority voting rights held</i>					
Priorsgate Estate Management Company Limited	Unit 4b Lazer Lane, Grand Canal Square, Dublin 2	Priorsgate	51.5%	70.8	-
GC Square (Residential) Management Company Limited	Unit 4b Lazer Lane, Grand Canal Square, Dublin 2	Marker Residences	80.0%	102.0	0.4
Lansdowne Valley Management Limited	Unit 4b Lazer Lane, Grand Canal Square, Dublin 2	Lansdowne	80.0%	219.5	126.6
Charlestown Apartments Management Company Limited	Unit 4b Lazer Lane, Grand Canal Square, Dublin 2	Charlestown	82.4%	205.7	69.0
Bakers Yard Management Company Limited	Ulysses House Foley Street Dublin 1	Bakers Yard	63.8%	62.3	-
Rockbrook Grande Central Management Company Limited	Unit 4b Lazer Lane, Grand Canal Square, Dublin 2	Grande Central	75.3%	152.6	152.6
Rockbrook South Central Management Company Limited	Unit 4b Lazer Lane, Grand Canal Square, Dublin 2	South Central	85.0%	175.9	175.9
Rockbrook Estate Management Company Limited	Unit 4b Lazer Lane, Grand Canal Square, Dublin 2	Rockbrook Commercial	73.6%	9.7	9.7
<i>Other</i>					
BSQ Management Company Limited	5th Floor St Stephen's Green House Earlsfort Terrace St Stephens Green Dublin 2	Beacon South Quarter	25.5%	258.3	30.7
GC Square Management Company Limited	39 Lower Leeson Street Dublin 2	The Marker Commercial	20.0%	1.5	1.5

All of these owner management companies are incorporated in Ireland and are property management companies. As noted above, as at 30 June 2015, €566,400 is payable by I•RES to the owner management companies. No amounts were owing to or from I•RES to any of the owner management companies at 30 June 2014.

Pursuant to a management agreement between IRES Fund Management Limited and GC Square (Residential) Management Company Limited commencing 11 March 2015, IRES Fund Management Limited is the managing agent for the Marker Residences. For the six months ended 30 June 2015, I•RES has incurred management agent expense for the Marker Residences in the amount of €7,000.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Pipeline agreement

CAPREIT LP entered into an agreement (the "Pipeline Agreement") dated 21 November 2014 (as amended on 9 February 2015 with effect from 21 November 2014) with I•RES to make available up to €150.0 million for a period of up to one year to acquire properties in Ireland, and to subsequently permit I•RES to acquire such properties from CAPREIT LP, subject amongst other things, to shareholder approval, once I•RES has sourced additional funding to do so. CAPREIT LP's obligation to make available up to €150.0 million terminates on the earlier of: (i) the completion of a Capital Raise by I•RES and (ii) one year from the date of the Pipeline Agreement (or such later date as may be agreed in writing by the parties).

The Pipeline Agreement was amended on 9 February 2015, with effect from 21 November 2014, to remove the proposed 2.5-year extension to be made to the investment management agreement between I•RES and IRES Fund Management dated 11 April 2014 and amended and restated with effect from 1 November 2014, and related services agreement among I•RES, CAPREIT LP and IRES Fund Management dated 11 April 2014, as amended and restated with effect from 1 November 2014, and to include an underwriting fee of 1% of the purchase price of each property investment acquired under the Pipeline Agreement as part of the purchase price payable by I•RES to CAPREIT LP for each such property investment under the Pipeline Agreement. The Pipeline Agreement was approved by shareholders on 25 March 2015.

The €150.0 million facility commitment provided by CAPREIT LP to I•RES under the Pipeline Agreement terminated on 26 March 2015 on completion of I•RES' Capital Raise.

17. Contingencies

The Group is contingently liable with respect to litigation and claims that arise in the ordinary course of business. Matters relating to litigation and claims are generally covered by insurance, or have been provided for in general and administrative expenses where appropriate.

18. Earnings per Share

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

For the six month period to 30 June,	2015	2014
Profit attributable to shareholders of I•RES (€'000)	14,824	5,408
Basic weighted average number of shares	317,220,994	101,558,011
Dilutive weighted average number of shares	318,901,374	102,099,545
Basic Earnings per Share (cent)	4.7	5.3
Dilutive Earnings per Share (cent)	4.6	5.3

EPRA issued Best Practices Recommendations most recently in August 2011 and additional guidance in December 2014, 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period to 30 June,	2015	2014
Earnings per IFRS income statement (€'000)	14,824	5,408
Adjustments to calculate EPRA Earnings, exclude:		
Changes in fair value on investment properties (€'000)	(10,098)	(6,016)
Tax on profits or losses on disposals (€'000)	-	445
EPRA Earnings (€'000)	4,726	(163)
Basic weighted average number of shares	317,220,994	101,558,011
Dilutive weighted average number of shares	318,901,374	102,099,545
EPRA Basic Earnings per Share (cent)	1.5	(0.2)
EPRA Dilutive Earnings per Share (cent)	1.5	(0.2)

19. Net Asset Value per Share

EPRA issued Best Practices Recommendations most recently in August 2011 and additional guidance in December 2014, which gives guidelines for performance matters.

The EPRA NAV measures the fair value of net assets on an ongoing, long-term basis in accordance with guidelines issued by EPRA. The EPRA NAV excludes the net marked-to-market to the value of financial instruments used for hedging purposes and where a company has the intention to keep the hedge position until the end of the contractual duration, and deferred tax in respect of any difference between the fair value and the book value of the investment properties.

As at	30 June 2015	31 December 2014
Net assets (€'000)	419,452	200,918
EPRA net assets (€'000)	419,452	200,918
Number of shares outstanding	417,000,000	202,000,000
Dilutive number of shares outstanding	419,202,793	202,169,109
Basic NAV		
Net Asset Value per Share (cent)	100.6	99.5
EPRA Net Asset Value per Share (cent)	100.6	99.5
Diluted NAV		
Net Asset Value per Share (cent)	100.1	99.4
EPRA Net Asset Value per Share (cent)	100.1	99.4

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. Directors' Remuneration, Employee Costs and Auditor Remuneration

For the six month period to 30 June,	2015 €'000	2014 €'000
Directors' Remuneration		
Short-term employee benefits ¹	505	263
Post-employment benefits	–	–
Other long-term benefits ²	27	4
Termination benefits	–	–
Share-based payment	257	88
Total³	789	355

(1) Included in this amount are Directors' fees, the CEO's salary and amounts paid to David Ehrlich prior to his appointment as CEO, for professional services provided to I*RES in connection with the Initial Offering. Such costs have been included in the issuance costs.

(2) Included in this amount is pay related social insurance paid for the Directors and Canadian pension plan, employment insurance, medical benefits, and employer health tax paid for the CEO.

(3) No amount of these costs have been capitalised except as noted above in note 2.

For the six month period to 30 June,	2015	2014
Employment costs ¹		
Salaries and bonus	405	68
Social insurance costs	16	–
Pension costs	–	–
Other ²	–	153
Total³	421	221

(1) David Ehrlich is the only permanent employee of I*RES.

(2) Paid to David Ehrlich prior to his appointment as CEO, for professional services provided to I*RES in connection with the Initial Offering. Such costs have been included in the issuance costs.

(3) No amount of these costs have been capitalised except as noted above in note 2.

For the six month period to 30 June,	2015 €'000	2014 €'000
Auditor remuneration (including expenses)		
Audit of the group accounts	41	31
Other assurance services	–	18
Tax advisory services	110	81
Other non-audit services ¹	251	331
Total	402	461

(1) Included in other non-audit services is services provided in relation to the share issuance at the Initial Offering. This amount has been charged to the share premium account as part of the cost of share issuances.

21. Subsequent Events

Dividends

In addition, on 7 August 2015, the Directors resolved to pay a second interim dividend of approximately 0.2 cent per share to be paid on 4 September 2015 to shareholders on record as at 21 August 2015 for I*RES' accounting period from 31 March 2014 to 31 December 2014.

22. Approval of Condensed Consolidated Interim Financial Statements

These unaudited Condensed Consolidated Interim Financial Statements were approved by the Board on 7 August 2015.

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.

“Basic Earnings per share (Basic EPS)”

Calculated by dividing profit for the reporting period attributable to ordinary shareholders of the Company in accordance with IFRS. Based on the weighted average number of shares of 317,220,994 over the period 1 January 2015 to 30 June 2015.

“Basic Net Asset Value” or “Basic NAV”

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

“Capitalisation Rates”

The rate of return on the properties calculated based on the expected income the properties will generate. The Capitalisation Rate is calculated as the annualised rental income based on the cash rents passing at the balance sheet date (but adjusted for market rents if required based on most recent lettings), less non-recoverable property operating expenses, divided by the market value of the property before the estimated purchasers’ cost.

“Current Yield at Fair Value”

Calculated as the annualised rents passing as at the stated date, multiplied by the net rental income margin of 80.6% for the last six months ended as at 30 June 2015, divided by the fair value of the total portfolio (excluding fair value related to development land).

“Diluted Earnings per share (Diluted EPS)”

Calculated by dividing profit for the reporting period attributable to shareholders by the dilutive weighted average number of ordinary shares outstanding during the reporting period;

“EPRA”

The European Public Real Estate Association

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

“EPRA NAV”

Measures the fair value of net assets on an ongoing, long-term basis in accordance with guidelines issued by the EPRA. The EPRA NAV excludes the net marked-to-market to the value of financial instruments used for hedging purposes and where a company has the intention to keep the hedge position until the end of the contractual duration, and deferred tax in respect of any difference between the fair value and the book value of the investment properties.

“Net Initial Yield at Cost”

Calculated as the annualised rents passing as at the stated date, multiplied by the net rental income margin of 80.6% for the last six months ended as at 30 June 2015, divided by the aggregate purchase price of the total portfolio (including VAT but excluding other acquisition costs, and excluding estimated purchase price related to development land). The estimated purchase price related to development land does not take into consideration the future profits that can be generated on the development land and the infrastructure.

GLOSSARY OF TERMS

“Pro-forma NAV per share”

Calculated as NAV excluding one-off acquisition expenses incurred in relation to all the properties purchases subsequent to 30 June 2015. The Pro-forma NAV per share has been calculated based on the number of ordinary shares outstanding as at 30 June 2015.

FORWARD-LOOKING STATEMENTS

This Report may contain forward-looking statements, which are subject to risks and uncertainties because they relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of I*RES 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. The forward-looking statements referred to in this paragraph speak only as at the date of this Report. I*RES does not undertake any obligation to release publicly any revision or updates to these forward-looking statements to reflect future events, circumstances, unanticipated events, new information or otherwise except as required by law or by any appropriate regulatory authority.

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STOCK EXCHANGE LISTING

Shares of I•RES are listed on the Irish Stock Exchange under the trading symbol "IRES."