

IRISH RESIDENTIAL PROPERTIES REIT PLC



**INTERIM REPORT AND CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD
1 JANUARY 2016 TO 30 JUNE 2016
(UNAUDITED)**

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IRISH RESIDENTIAL PROPERTIES REIT PLC RESULTS TO 30 JUNE 2016

8 August 2016

Irish Residential Properties REIT plc (“I-RES” or the “Company”), an Irish investment company focused on residential rental accommodations, today issues its interim results for the period from 1 January 2016 to 30 June 2016.

FINANCIAL HIGHLIGHTS

For the period ended	30 June 2016	30 June 2015
Portfolio Performance		
Overall Portfolio Occupancy Rate	98.3% ⁽¹⁾	99.5% ⁽¹⁾
Overall Portfolio Average Monthly Rent (€)	1,399 ⁽¹⁾⁽³⁾	1,364 ⁽¹⁾
Gross Yield at Fair Value	6.5% ⁽¹⁾⁽²⁾	6.3% ⁽¹⁾⁽²⁾
Operating Revenue (€ millions)	17.9	11.2
Net Rental Income Margin	78.4%	80.6%
Operating Performance		
Basic EPS (cents)	5.9	4.7
Basic EPRA EPS (cents)	2.2	1.5
Weighted Average Number of Shares - Basic	417,000,000	317,220,994
Number of Apartments Acquired	674	362
As at		
	30 June 2016	31 December 2015
Liquidity and Leverage		
Net Asset Value (€ millions)	446.9	435.0
Basic NAV per share (cents)	107.2	104.3
Basic EPRA NAV per share (cents)	107.2	104.3
Group Total Gearing	30.2%	8.6%

(1) As at 30 June

(2) Excluding fair value of development land.

(3) Average monthly rents on stabilised residential properties¹ up 6.8% as compared to 31 December 2015, with strong occupancy of 98.3%.

Active period with strategic high quality acquisitions and development

- On 14 January 2016, the Company signed a new five year revolving and accordion credit facility (amended on 4 May 2016) of up to €250 million with a reduced margin, which can be extended to €350 million subject to certain terms and conditions
- Further strengthening of the portfolio through the strategic acquisitions of 674 high quality apartments for a total cost of €153.6 million
- Commenced construction of 68 apartments at Block B2B at Beacon South Quarter in Sandyford at an expected cost of approximately €22.7 million (including allocation to development land costs)
- I-RES was admitted to the FTSE EPRA/NAREIT Global Real Estate Index Series, EMEA region effective 21 March 2016

Strong operating results supported by strong market fundamentals

- Organic growth for operating revenues, net rental income (“NRI”), and earnings per share compared to the same period last year was driven by strong occupancies, increased same property average monthly rents and acquisitions
- Maintaining a high occupancy of 98.3% at 30 June 2016 (99.5% as at 30 June 2015)

¹ Stabilised residential properties are defined as properties owned by the Company as of 31 December 2015, which consisted of 1,614 apartments

IRISH RESIDENTIAL PROPERTIES REIT PLC RESULTS TO 30 JUNE 2016

- Strong rental growth during the 2016 period arising from renewals and turnovers of residential apartments within its overall property portfolio. However, due to the new rent legislation that allows for rental increases every two years (instead of annually), a substantial portion of the portfolio is only up for rental increases on renewals in 2017
- Portfolio Gross Yield at fair value is 6.5% as at 30 June 2016, compared to 6.3% as at 30 June 2015, after deducting fair value of development land
- NRI margin of 78.4% compared to 80.6% for the 6 months ended 30 Jun 2015

Delivering shareholder value

- Basic EPS and Basic EPRA EPS were 5.9 and 2.2 cents respectively for the six months ended 30 June 2016, up 25.5% and 46.7% respectively compared to the six months ended 30 June 2015
- Basic NAV per share and Basic EPRA NAV per share of 107.2 cents up 2.8% from 31 December 2015

Dividends

- Paid dividends of 3.15 cents per share for the year ended 31 December 2015 on 21 March 2016.

Positive outlook

- Strong market demand and continued shortage of housing helps support the rental market
- Continued support of experienced investment manager with track record of growth and value creation in the residential sector
- Intensification opportunity to add approximately 600 to 650 apartments (including 68 apartments under construction at Block B2B at Beacon South Quarter) with significant infrastructure (eg. garages) in place, in particular approximately 450 apartments at Rockbrook, subject to required planning and other necessary approvals
- Strong pipeline of future acquisitions available through NAMA and private market opportunities
- Acquisition (including development) capacity in excess of c. €150 million at 30 June 2016 based on a target gearing of 45%

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

"Since 1 January 2016, I-RES has continued to expand its portfolio, with significant acquisitions such as Elmpark (201 apartments), Tallaght Cross West (442 apartments, and 18,344 square feet of retail, which is partially rented) and our exciting first development (68 apartments) at Beacon South Quarter. We are the largest non-governmental landlord in Ireland with 2,288 apartments. We continue to grow our bottom line and expect growing and secure dividends going forward, derived from professional management and the quality of the portfolio. Many investors have commented that the portfolio is the best they have seen anywhere. We are also excited about our development opportunities. All of this bodes well for the continued growth of I-RES."

CHAIRMAN'S STATEMENT

It is now just over 2 years since I-RES commenced operations in the Irish market and progress to-date has been very positive. Our objective is twofold, we want to bring a highly professional landlord rental product to Irish tenants and provide them with a new and positive experience, and we want to grow shareholder value in an attractive market. The Irish property market is highly challenged at the moment, largely resulting from a lack of supply, and I believe that we can make a very positive contribution in addressing this challenge. In a relatively short period I-RES has become the largest non-governmental landlord in Ireland, and we have a clear plan to grow our presence through a combination of organic growth, further acquisitions and developments.

During the six month period to 30 June 2016, the Group² acquired a further 674 apartments for a total acquisition cost of €153.6 million (including VAT and other transaction costs), bringing its total number of apartments to 2,288 as at 30 June 2016. As at 30 June 2016, the Group had invested approximately €595 million (including VAT and other transaction costs) across 17 locations in the Dublin area, funded through a combination of equity and debt.

The significant growth in our property portfolio, combined with property management programs that are second to none in the industry, resulted in a strong performance in the first six months of 2016.

Financial Results

The Group has generated strong rental growth and increased occupancy across the portfolio since 2015 year end, despite only 8.7% of the apartments that renewed during the period had rental increases in the first six months of 2016 as the new rent legislation allows for rental increases every two years (instead of annually). A substantial portion of the portfolio will be up for renewal in 2017 and should provide an opportunity for rental increases. As at 30 June 2016, the total property portfolio had an annualised passing rent of €40.8 million, representing a Gross Yield at fair value of approximately 6.5% (excluding the fair value for development land), compared to €21.8 million and approximately 6.3% respectively as at 30 June 2015 (excluding the fair value for development land).

Basic EPS and Basic EPRA EPS for the period increased to 5.9 cents and 2.2 cents, respectively, for the period ended 30 June 2016, compared to 4.7 cents and 1.5 cents for the same period ended 30 June 2015. The increase was driven by organic NRI growth and acquisitions.

NAV and EPRA NAV was €446.9 million, with Basic NAV per share and Basic EPRA NAV per share of 107.2 cents as at 30 June 2016. Basic NAV per share and Basic EPRA NAV per share increased by 2.8% for the period ended 30 June 2016, compared to 31 December 2015, driven by property valuation increases and NRI, partially offset by dividends paid in March 2016, which reduced NAV per share by 3.2 cents.

Dividends

On 9 February 2016, the Company's board of Directors (the "**Board**") declared an interim dividend of €13.1 million (dividends per share of 3.15 cents) for the year ended 31 December 2015, which was paid on 21 March 2016 to shareholders on record on 19 February 2016.

²The Company and its wholly-owned subsidiary, IRES Residential Properties Limited, are together referred to as the "**Group**".

CHAIRMAN'S STATEMENT

Investment Manager

The Board continues to be very satisfied with the significant contribution that IRES Fund Management Limited, the company's alternative investment fund manager (the "**Investment Manager**"), and senior management (as well as the other staff) of CAPREIT Limited Partnership ("**CAPREIT LP**") have made. The Investment Manager is supported by CAPREIT LP (for details, please refer to the IRES Fund Management, Investment Manager's Statement). As of 30 June 2016, there were 32 staff located in Dublin providing dedicated and experienced support to the I-RES portfolio.

Outlook

In summary, the Board is pleased with the Group's performance. We believe the positive economic outlook for Ireland and its property market will lead to increased demand in the residential rental sector, which should result in continued improvement in the performance of the Company over a sustainable and long-term basis.



Colm Ó Nualláin
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

The first six months of 2016 was a busy and productive period for I-RES due to acquisitions and commencement of development. As the most active consolidator in the Irish residential rental sector, I-RES completed the accretive acquisition of 674 apartments and 18,401 sq. m. (198,073 sq. ft.) of ancillary commercial space during the period. This increased our apartment count by 42% to 2,288 extremely high-quality, well-located apartments, at a total investment of €595 million (including VAT and other acquisition costs), as at 30 June 2016. All the apartments are in the Dublin area near important transportation links and employment centres. Operationally, we generated solid increases in our key operational performance benchmarks, driven primarily by strong organic growth resulting from high occupancies and solid increases in monthly rents on renewals and turnovers, keeping in mind that a substantial portion of the portfolio is only up for rental increases in 2017.

	(Unaudited) As at	(Audited) As at
Statement of Financial Position:	30 June 2016	31 December 2015
Total Property Value (€ millions)	644.4	472.2
Basic and Basic EPRA Net Asset Value (€ millions)	446.9	435.0
Basic and Basic EPRA NAV per Share (cents)	107.2	104.3
Number of Apartments	2,288	1,614
Bank Indebtedness (€ millions)	195.2	41.5
Group Total Gearing	30.2%	8.6%
Statement of Profit or Loss and Other Comprehensive Income:	For the period ended 30 June 2016	For the period ended 30 June 2015
Revenue from Investment Properties (€ millions)	17.9	11.2
Net Rental Income (€ millions)	14.0	9.0
Profit (€ millions)	24.7	14.8
Basic EPS (cents)	5.9	4.7
Diluted EPS (cents)	5.9	4.6
Basic EPRA EPS (cents)	2.2	1.5

We continue to maintain a strong statement of financial position.

For the six months ended 30 June 2016, there was a 4.6% increase in values for the properties held as at 31 December 2015. The main drivers of the valuation movement in the period were primarily due to continued rental growth achieved as a result of effective property management programs, together with the continued increasing demand for high-quality rental accommodation partially offset by slight yield expansion.

Basic NAV per share and Basic EPRA NAV per share were 107.2 cents as at 30 June 2016, up 2.8% from 104.3 cents as at 31 December 2015. The main drivers of the net value increase in the period were primarily due to continued property valuation and NRI increases, partially offset by the dividends paid in March 2016.

As at 30 June 2016, the total Group gearing was 30.2%, and the Company had an acquisition (including development) capacity in excess of approximately €150 million based on a target gearing of 45%.

On 14 January 2016, the Company signed a new revolving and accordion credit facility of up to €250 million, which can be extended to €350 million subject to certain terms and conditions (the “**Credit Facility**”). This new Credit Facility replaces the €60 million revolving credit facility which was due to mature in August 2016. The new Credit Facility has a reduced margin and a five-year term. The amendment on 4 May 2016 did not materially change the terms.

Average monthly rent for the total portfolio increased to €1,399 per apartment as at 30 June 2016, up from €1,364 at 30 June 2015. The average monthly rent increased due to rental growth on renewals and turnovers, offset by impact of acquisitions.

CHIEF EXECUTIVE OFFICER'S STATEMENT

In the first six months of 2016, approximately 8.7% of the apartments renewed had rental increases, compared to approximately 50% of the apartments renewed had rental increases in the same period last year. This is due to the new rent legislation that allows for rental increases every two years (instead of annually). Furthermore, approximately 12.3% of the apartments turned over in the first six months of 2016. We noted strong rental growth arising from these renewals and turnovers.

As a result of strong property management programs and strong market fundamentals in the Irish residential rental sector, we were able to bring the occupancy level to 98.3% as at 30 June 2016, compared to 96% as at 31 December 2015. Occupancy was managed towards the end of 2015 to maximise revenue in 2015 while creating opportunities for market rental increases in 2016, considering that the new rent legislation allows for rental increases every two years (instead of annually).

For the six months ended 30 June 2016, NRI for the total portfolio increased by 55.5% compared to the same period last year, and the NRI margin remained stable at 78.4% compared to NRI margin of approximately 80.8% for same period last year mainly due to higher vacancy in the first few months of 2016.

With the increase in operating revenues, NRI from our stabilised portfolio³ rose 6.6% for the period ended 30 June 2016, compared to same period last year. The stabilised portfolio represented 52.6% of our total portfolio as at 30 June 2016.

Our key performance benchmark, Basic EPRA EPS, increased 46.7% compared to same period last year resulting in strong accretive growth. Basic EPRA EPS rose to 2.2 cents for the period ended 30 June 2016 compared to 1.5 cents for the same period last year.

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, on 9 February 2016, the Directors declared an interim dividend of €13.1 million (dividends per share of 3.15 cents) for the year ended 31 December 2015, which was paid on 21 March 2016 to shareholders on record on 19 February 2016.

Investment Manager

We continue to be very satisfied with the significant contribution that the Investment Manager and senior management (as well as the other staff) of CAPREIT LP have made. The Investment Manager is supported by CAPREIT LP. As of 30 June 2016, the Investment Manager had 32 staff located in Dublin providing dedicated and experienced support to the I-RES portfolio.

Outlook

Brexit

While we appreciate that Brexit introduces a degree of uncertainty into the European Union, we don't believe it will have a material or negative impact on our business. The supply issues in Ireland remain in place, regardless of Brexit, and Ireland's economic recovery and growth outlook remain strong. Once the terms of Brexit have been negotiated, the new situation may also offer further growth opportunities for our Irish business. As the only other English speaking country on the continent, offering a business friendly environment, Ireland may well be a location of choice for more international businesses. This would bring some challenges to the Irish property market in terms of meeting the demand for both commercial and residential property, but would also strengthen the I-RES proposition.

³ Stabilised portfolio represents properties held as at 31 December 2014

CHIEF EXECUTIVE OFFICER'S STATEMENT

Strong Market Fundamentals

Ireland's GNP is improving, unemployment is falling and the overall population is growing. As labour market conditions continue to tighten, upward pressure is being applied on employee compensation, which, together with a range of tax cuts introduced in last year's budget, should boost disposable incomes. Ireland's economy is expected to continue to grow for the remaining half of 2016, with consumer demand, trade and investment expected to increase going forward as consumer confidence remains solid. In addition, there is little new supply of residential housing coming to market, and new housing starts are expected to remain well under forecasted requirements over the next number of years. As a result, we continue to see strengthening fundamentals in the residential rental business.

Acquisition and Development Opportunities

We continue to evaluate a significant pipeline of future acquisition opportunities available through property sales by NAMA as well as off-market sources. As at 30 June 2016, the Company has an acquisition (including development) capacity in excess of c. €150 million based on a target gearing of 45%.

The current planning guidelines and the high cost of new construction will make it difficult for the severe shortage of accommodation to be rectified, at least over the medium term. The Company will benefit in two ways; firstly, it helps it to continue to build on its strong operational performance, and secondly, the Company has capacity at its existing properties to build between approximately 600 to 650 apartments (including 68 apartments under construction at Block B2B at Beacon South Quarter), subject to required planning and other necessary approvals. With respect to the Rockbrook Portfolio⁴, approximately 450 apartments can be built. The planning process was postponed while we awaited the introduction of the new building regulations.

We have begun development of the first phase of 68 apartments at Block B2B, Beacon South Quarter, Sandyford, Dublin 18, which will be available for rent mid-2017. Based on management's expectations of rents at the time of letting and the fixed price cost of completion, the apartments are expected to have a gross yield in the range of 8.5% to 9%. We believe these sites can be developed and leased on a highly accretive basis as infrastructure, particularly multi-storey parking, has largely been completed and paid for as part of the acquisition of those sites.

Industry-Leading Property Management

Our fully-integrated management platform, between the Dublin office of IRES Fund Management and the CAPREIT LP head office resources, both of which are subsidiaries of CAPREIT, is driving solid increases in organic growth, and we are confident this progress will continue. We believe we have one of the highest quality rental property portfolios in any market, characterised by quite new, well-built, well-maintained buildings, large, attractive and modern apartments, and property management programmes aimed at ensuring our residents' needs are met quickly and efficiently. We are confident that the quality of the portfolio and market fundamentals will provide the steady and increasing dividends that apartment properties are known for.

I wish to thank the Board for all of their support during this period under review. We are excited about our future and look forward to keeping you apprised of our progress.



David Ehrlich
Chief Executive Officer

⁴ Consists of 81 apartments at Rockbrook Grande Central and 189 apartments at Rockbrook South Central, mixed-use commercial space of approximately 4,665 sq. m., a development site of approximately 1.13 hectares and associated basement car parking.

IRES FUND MANAGEMENT, INVESTMENT MANAGER'S STATEMENT

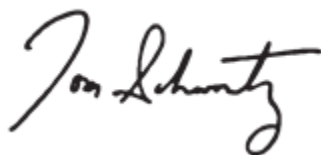
Our goal is to build I-RES into the residential landlord of choice in Ireland through professional property management, a rigorous focus on property maintenance, building and maintaining good relations with residents and responding quickly and efficiently to their needs, and attracting, retaining and training the best operating team in Dublin. We are bringing a dedicated professionalism to the Irish residential rental sector with proven property management programmes. I-RES has the benefit of CAPREIT LP's team of senior executives (including myself). CAPREIT LP's resources available to I-RES include management, due diligence, finance, training, risk management, marketing, legal, information technology and other expertise provided by a significant number of specialists. In addition, I-RES benefits from CAPREIT LP's infrastructure, including an industry-leading IT platform, and its practices that have been developed and successfully implemented in Canada over the past 18 years. As of 30 June 2016, we had 32 staff located in Dublin taking advantage of CAPREIT LP's systems and working seamlessly with its resources in Toronto, including the number of senior people who are also in Ireland on a regular basis.

We are pleased with our progress in growing I-RES' portfolio and enhancing its property operations. The strong fundamentals in the Irish residential rental accommodations market are compelling, and we believe there continues to be significant opportunities to further increase the size and scale of the Company's property portfolio and generate continued solid organic growth.

On 28 October 2015, IRES Fund Management became authorised by the Central Bank as an alternative investment fund manager under the AIFM Regulations. On 1 November 2015, IRES Fund Management was appointed by the Company as its alternative investment fund manager in accordance with the AIFM Regulations. IRES Fund Management is supported by CAPREIT LP.

CAPREIT's ownership interest at 30 June 2016 was 15.7% (total invested €63.5 million) through an indirect investment. CAPREIT continues to be well aligned with all I-RES shareholders.

We are confident that through our attention to detail, we can continue to maintain high occupancy levels and achieve ongoing rental growth to generate strong cash flows over the long term. We have proven we can source and complete acquisitions, and we will continue to build on this success going forward.



Thomas Schwartz
Director of IRES Fund Management

PORTFOLIO OVERVIEW

Portfolio Overview

The following table provides an overview of the Group's property portfolio as at 30 June 2016.

Property Location	Location	Year Built	Date Acquired	# of Apts. Owned ⁽¹⁾	Total # of Apts. ⁽¹⁾⁽⁷⁾	Value as at 30 June 2016 ⁽¹⁾	Commercial Space Owned (sq.m.) ⁽¹⁾	Average Monthly Rent Per Apt. ^{(1) (2)(3)}	Occupancy ^{(1) (2)}
1 Kings Court	Smithfield	2006	10 Sep 2013	83	83	€ 18.7m	566	€ 1,315	98.8%
2 Grande Central ⁽⁴⁾	Sandyford	2007	10 Sep 2013	65	195	€ 20.4m	-	€ 1,507	96.9%
3 Priorsgate	Tallaght	2007	10 Sep 2013	102	198	€ 18.4m	2,538	€ 1,093	100.0%
4 Camac Crescent	Inchicore	2008	10 Sep 2013	90	110	€ 18.9m	-	€ 1,256	98.9%
5 The Laurels	Tallaght	2007	27 Jun 2014	19	19	€ 3.1m	190	€ 1,197	100.0%
6 The Marker	Docklands	2012	18 Jul 2014	84	105	€ 56.9m	1,218	€ 2,638	97.6%
7 Beacon South Quarter ⁽⁵⁾	Sandyford	2007/2008	07 Oct 2014	225 ⁽⁵⁾	850	€ 82.6m	2,395	€ 1,620	96.4%
8 Charlestown	Finglas	2007	07 Oct 2014	235	285	€ 57.6m	-	€ 1,268	99.1%
9 Bakers Yard	Portland Street North	2007/2008	07 Oct 2014	85	132	€ 20.0m	792	€ 1,343	100.0%
10 Lansdowne Gate	Drimmagh	2005	07 Oct 2014	224	280	€ 63.0m	-	€ 1,423	99.6%
11 Rockbrook Grande Central ⁽⁴⁾	Sandyford	2007	31 Mar 2015	81	195	€ 27.4m	3,529	€ 1,485	97.5%
12 Rockbrook South Central	Sandyford	2007	31 Mar 2015	189	224	€ 69.0m	1,136	€ 1,530	98.4%
13 Tyrone Court	Inchicore	2014	05 Jun 2015	92	128	€ 21.5m	-	€ 1,399	96.7%
14 Bessboro	Terenure	2008	11 Dec 2015	40	40	€ 12.3m	-	€ 1,368	97.5%
Total owned portfolio as at 31 December 2015				1,614		€ 489.8m	12,364	€ 1,465⁽⁶⁾	98.4%⁽⁶⁾
15 Tallaght Cross West	Tallaght	2008	15 Jan 2016	442	507	€ 83.1m	18,344	€ 1,171	99.3%
16 Forum	Sandyford	2007	17 Feb 2016	8	127	€ 2.2m	-	€ 1,506	100.0%
17 City Square	Gloucester Street	2006	07 Apr 2016	23	27	€ 5.5m	57	€ 1,366	100.0%
18 Elmpark	Merrion	2006	25 May 2016	201	332	€ 59.5m	-	€ 1,367	95.0%
Total owned portfolio as at 30 June 2016				2,288		€ 640.1m	30,765	€ 1,399⁽⁶⁾	98.3%⁽⁶⁾
19 B2B Development ⁽⁸⁾	Sandyford	N/A	N/A	N/A	N/A	€ 4.3m	-	N/A	N/A
Total investment properties owned as at the date of this Report				2,288		€ 644.4m	30,765	€ 1,399⁽⁶⁾	98.3%⁽⁶⁾

(1)As at 30 June 2016.

(2)Based on residential apartments.

(3)Average monthly rent (AMR) is defined as actual residential rents, net of vacancies, divided by the total number of apartments owned in the property.

(4)Total number of owned apartments at Grande Central as of 30 June 2016 is 146.

(5)Includes eight apartments purchased on 6 November 2015.

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

(7)Total number of apartments in the development.

(8)Commenced first phase development of 68 apartments in February 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of the Company do not consider that the principal risks and uncertainties that the Group is exposed to and that may impact performance in the coming 6 months have changed since the publication of the Annual Report 2015 except as set out below. The Group proactively monitors and manages these risks using the services of its third party AIFM and the combined expertise of its Board.

Risks	Potential Exposure	Mitigation Measures
Brexit	On 23 June 2016, the UK voted to leave the European Union (“EU”). There will be a protracted period of negotiation, and many months of uncertainty as the detailed political and legal issues are worked out and the real impact of leaving unfolds. It will be at least two years, and probably longer, until the UK actually leaves the EU. This uncertainty will likely impact all UK and Irish businesses in some way or another.	The board and management are considering the impact on the company’s business and will monitor the developments as they arise.
Regulatory risk	There is a possibility that the government authorities could change the rental housing regime in a way that is adverse to the Group (including rent stabilisation controls).	The Investment Manager monitors and reports to the Board quarterly on regulatory factors that may affect performance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of the Company confirm to the best of their knowledge that the unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 ("**Interim Financial Reporting**") as adopted by the European Union. The unaudited condensed consolidated interim financial statements give a true and fair view of the profit for the period ended 30 June 2016, as well as the assets, liabilities, and financial position of the company as at 30 June 2016. 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 2016 to 30 June 2016 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 2016 to 30 June 2016 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
Chairman



David Ehrlich
Executive Director

INDEPENDENT REVIEW REPORT TO IRISH RESIDENTIAL PROPERTIES REIT PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim Report and Condensed Consolidated Financial Statements of Irish Residential Properties REIT plc for the six months ended 30 June 2016. 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 2016;
- the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for the period then ended;
- the Condensed Consolidated Interim Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Interim Statement of Changes in Shareholders Equity for the period then ended; and
- the 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 Interim Report and Condensed Consolidated Financial Statements 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.

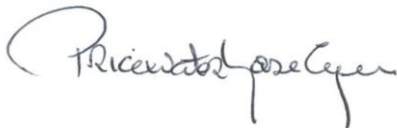
We have read the other information contained in the Interim Report and Condensed Consolidated Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report and Condensed Consolidated Financial Statements, 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 Interim Report and Condensed Consolidated Financial Statements 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 Interim Report and Condensed Consolidated Financial Statements 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
5 August 2016
Dublin

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 2016

	Note	(Unaudited) 30 June 2016 €'000	(Audited) 31 December 2015 €'000
Assets			
Non-Current Assets			
Investment properties	5	644,445	472,230
Other non-current assets	6	28	322
		644,473	472,552
Current Assets			
Other current assets	6	2,932	9,494
Cash and cash equivalents		5,565	3,563
		8,497	13,057
Total Assets		652,970	485,609
Liabilities			
Non-Current Liabilities			
Non-current portion of bank indebtedness	8	195,198	–
		195,198	–
Current Liabilities			
Current portion of bank indebtedness	8	–	41,529
Accounts payable and accrued liabilities	7	7,853	6,960
Security deposits		3,007	2,100
		10,860	50,589
Total Liabilities		206,058	50,589
Shareholders' Equity			
Share capital	10	41,700	41,700
Share premium	10	354,978	354,978
Other reserve		1,880	1,553
Retained earnings		48,354	36,789
Total Shareholders' Equity		446,912	435,020
Total Shareholders' Equity and Liabilities		652,970	485,609

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

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

For the Six Months Ended 30 June 2016

		(Unaudited) 30 June 2016	(Unaudited) 30 June 2015
	Note	€'000	€'000
Operating Revenues			
Revenue from investment properties		17,890	11,198
Operating Expenses			
Property taxes		(288)	(172)
Property operating costs		(3,572)	(2,000)
		(3,860)	(2,172)
Net Rental Income ("NRI")			
General and administrative expenses		(1,325)	(1,730)
Asset management fee		(1,324)	(793)
Share-based compensation expense	9	(327)	(576)
Net movement in fair value of investment properties	5	15,634	10,098
Depreciation of property, plant and equipment		(6)	(6)
Operating Profit			
Financing costs on credit facility	8	(1,982)	(1,195)
Profit for the Period			
		24,700	14,824
Total Comprehensive Income for the Period			
Attributable to Shareholders		24,700	14,824
Basic Earnings per Share (cents)			
	18	5.9	4.7
Diluted Earnings per Share (cents)			
	18	5.9	4.6

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 2016		41,700	354,978	36,789	1,553	435,020
Total comprehensive income for the period						
Profit for the period		–	–	24,700	–	24,700
Total comprehensive income for the period		–	–	24,700	–	24,700
Transactions with owners, recognised directly in equity						
Long-term incentive plan	9	–	–	–	327	327
Transactions with owners, recognised directly in equity		–	–	–	327	327
Dividends of ordinary shares						
Dividends paid	13	–	–	(13,135)	–	(13,135)
Dividends of ordinary shares		–	–	(13,135)	–	(13,135)
Shareholders' Equity at 30 June 2016		41,700	354,978	48,354	1,880	446,912
(Unaudited)	Note	Share Capital	Share Premium	Retained Earnings	Other Reserve	Total
		€'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
Total comprehensive income for the period		–	–	14,824	–	14,824
Transactions with owners, recognised directly in equity						
Issue of ordinary shares for cash	10	21,500	193,500	–	–	215,000
Share issue costs	10	–	(10,896)	–	–	(10,896)
Long-term incentive plan	9	–	–	–	576	576
Transactions with owners, recognised directly in equity		21,500	182,604	–	576	204,680
Dividends of ordinary shares						
Dividends paid	13	–	–	(970)	–	(970)
Dividends of ordinary shares		–	–	(970)	–	(970)
Shareholders' Equity at 30 June 2015		41,700	354,978	21,624	1,150	419,452

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2016

		(Unaudited)	(Unaudited)
		30 June 2016	30 June 2015
	Note	€'000	€'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit before taxes		24,700	14,824
Adjustments for non-cash items:			
Fair value adjustment - investment properties		(15,634)	(10,098)
Depreciation of property, plant and equipment		6	6
Amortisation of other financing costs		413	209
Share-based compensation expense	9	327	576
Straight-line rent adjustment		(12)	(158)
		9,800	5,359
Financing costs on credit facility		1,569	986
Changes in operating assets and liabilities	14	1,006	2,276
Net Cash Generated from Operating Activities		12,375	8,621
Cash Flows from Investing Activities			
Acquisition of investment properties		(146,286)	(110,571)
Development of investment properties	5	(1,547)	-
Investment property enhancement expenditure	5	(1,380)	(2,783)
Net Cash Used in Investing Activities		(149,213)	(113,354)
Cash Flows from Financing Activities			
Financing fees on Credit Facility	8	(2,227)	-
Interest paid on loan drawn down		(1,569)	(986)
Credit facility drawdown/(repayment)	8	155,771	(97,200)
Proceeds on issuance of shares		-	204,104
Dividends paid to shareholders	13	(13,135)	(970)
Net Cash Generated from Financing Activities		138,840	104,948
Changes in Cash and Cash Equivalents during the Period		2,002	215
Cash and Cash Equivalents, Beginning of the Period		3,563	6,146
Cash and Cash Equivalents, End of the Period		5,565	6,361

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

I-RES was previously a wholly-owned subsidiary of CAPREIT Limited Partnership (“CAPREIT LP”), prior to the Initial Offering (as defined in note 10) on 16 April 2014. As a result of the Initial Offering, CAPREIT LP’s interest in I-RES was diluted to 20.792%. As of 26 March 2015, as a result of the Capital Raise (as defined in note 10), CAPREIT LP’s interest in I-RES was diluted to 15.7%.

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 properties. 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 residential rental accommodations located in and near major urban centres in Dublin, Ireland. Specifically, IRES Residential Properties Limited owns an interest in the “Rockbrook Portfolio”, which consists of 81 apartments at Rockbrook Grande Central and 189 apartments at Rockbrook South Central, mixed-use commercial space of approximately 4,665 sq. m., a development site of approximately 1.13 hectares and associated basement car parking.

2. Significant Accounting Policies

a) Basis of preparation

These condensed consolidated interim financial statements of the Group have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and in accordance with International Accounting Standards 34 (“Interim Financial Reporting”) as adopted by the European Union (“EU”). This interim report (“Report”) should be read in conjunction with the annual financial statements for the period 1 January 2015 to 31 December 2015, 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 2014 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 year ended 31 December 2015, approved by the board of directors (“the Board”) on 21 March 2016, contained an unqualified audit report and delivered to the Registrar of Companies on 6 July 2016.

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 Company’s functional currency.

The condensed consolidated interim financial statements of the Group cover the six month period 1 January 2016 to 30 June 2016.

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period, except for the policy on investment properties under development (see 2(c)).

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as result of adopting those standards. The potential impact of any future changes have not changed from the assessment listed in the annual report for the year ended 31 December 2015.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 of the Company ("**the Directors**") consider it appropriate that the Group adopts the going concern basis in the preparation of the condensed consolidated interim financial statements.

b) Basis of consolidation

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

Subsidiaries

Subsidiaries are entities controlled by I-RES. I-RES controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries (except owner management companies) is included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases. I-RES does not consolidate owner management companies in which it holds majority voting rights. For further details, please refer to note 15.

c) Investment properties under development

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

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

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

Properties under development are also adjusted to fair value at each condensed consolidated interim statement of financial position date with fair value adjustments recognised in net earnings. In the case of investment property under development, the approach applied is the "residual method" of valuation, with a deduction for the costs necessary to complete the development together with an allowance for the remaining risk.

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. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and conditions.

The valuation estimate of investment properties is deemed to be more significant. 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 2016, which have contributed to the operating results effective from the acquisition date:

For the period 1 January 2016 to 30 June 2016

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs €'000
Tallaght Cross West ⁽¹⁾	15 January 2016	442	Dublin, Ireland	84,883
Forum ⁽²⁾	17 February 2016	8	Dublin, Ireland	2,349
City Square ⁽³⁾	7 April 2016	23	Dublin, Ireland	6,063
Elmpark ⁽¹⁾	25 May 2016	201	Dublin, Ireland	60,321
		674		153,616

(1) The acquisition was funded from I-RES' Credit Facility (as defined in note 8).

(2) The acquisition was funded from the Group's cash reserves.

(3) The acquisition was funded from the Group's cash reserves and I-RES' Credit Facility.

For the period 1 January 2015 to 31 December 2015

Property	Acquisition Date	Apartment Count	Region	Total Acquisition Costs €'000
Rockbrook Portfolio ⁽¹⁾	31 March 2015	270	Dublin, Ireland	90,603
Tyrone Court ⁽²⁾	5 June 2015	92	Dublin, Ireland	19,968
Beacon South Quarter ⁽³⁾	6 November 2015	8	Dublin, Ireland	2,283
Bessboro ⁽²⁾	11 December 2015	40	Dublin, Ireland	12,626
		410		125,480

(1) The acquisition was funded from equity proceeds raised on 26 March 2015.

The acquisition of IRES Residential Properties Limited, which owns the Rockbrook Portfolio, is considered an asset acquisition. Upon acquisition, I-RES undertook the day-to-day property management services of IRES Residential Properties Limited. In addition, no processes or existing employees of IRES 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' previous €60 million revolving credit facility (discussed in note 8).

(3) The acquisition was funded from the Group's cash reserves.

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, 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 profit or loss and other comprehensive income for the period.

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. Valuations are prepared on a bi-annual basis at the interim reporting date and the annual reporting date.

Investment Property producing income

For investment property, the income approach / yield methodology involves applying market derived Capitalisation Rates to current and projected future income streams. These Capitalisation Rates and future income streams are derived from comparable property transactions and are considered to be the key inputs in the valuation. Other factors that are taken

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

into account include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

Investment Property under development

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

Development Land

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

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

The Group tests the reasonableness of all significant unobservable inputs, Capitalisation Rates and stabilised net rental income (“**Stabilised NRI**”), used in the valuation, and reviews the results with the external appraiser for all independent valuations. The Stabilised NRI represents property revenue less property operating expenses, adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance.

At 30 June 2016, the Group considers that all of its investment properties fall within Level 3 fair value as defined by IFRS 13. As outlined in IFRS 13, a Level 3 fair value recognises that not all of the inputs and considerations made in determining the fair value of property investments can be derived from publicly available data, as the valuation methodology in respect of a property has also to rely on a number of unobservable inputs including technical reports, legal data, build costs, rental analysis, professional opinion on profile, lot size, layout and presentation of accommodation. In addition, the valuers also utilise proprietary databases maintained in respect of similar properties to the assets being valued.

Sensitivity analysis

Estimated Stabilised NRI and market-observed Capitalisation Rates are key inputs into the valuation model used. For example, completed properties are valued mainly using a term and reversion model: i.e., the present values of future cash flows from expected rental receipts are calculated. For the existing rental contract or “term” this is the expected net rents from tenants over the period to the next lease break option or expiry. After this period, the “reversion”, estimated Stabilised NRI is used to calculate cash flows based on expectations from current market conditions. Thus a decrease in the estimated Stabilised NRI will decrease the fair value, and an increase in the estimated Stabilised NRI will increase the fair value.

The Capitalisation Rates magnify the effect of a change in Stabilised NRI, with a lower Capitalisation Rate resulting in a greater effect on the fair value of investment properties than a higher Capitalisation Rate.

Across the entire portfolio of investment properties, a 1% increase in the Equivalent Capitalisation Rate would have an impact of an €101.5 million reduction in fair value while a 1% decrease in the Equivalent Capitalisation Rate would result in a fair value increase of €151.5 million.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the Group is €3.9 million for the period ended 30 June 2016, arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the Group is €nil for the period ended 30 June 2016, 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 were specifically allocated to these components noted above.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Quantitative information

A summary of the Equivalent Capitalisation Rates and ranges along with the fair value of the total portfolio of the Group as at 30 June 2016 is presented below:

As at 30 June 2016

Type of Interest	Fair Value €'000	WA NRI ¹ €'000	Rate Type ³	Max. %	Min. %	Weighted Average %
Investment properties	625,395	2,853	Equivalent Capitalisation Rate	6.81	4.34	5.25
Properties Under Development	4,300					
Development land ²	14,750					
Total investment properties	644,445					

(1) Weighted average ("WA")

(2) Development land is fair-valued based on the value of the undeveloped site per acre.

(3) The Equivalent Capitalisation Rate disclosed above is based on the Stabilised NRI divided by the fair value of the investment property.

As at 31 December 2015

Type of Interest	Fair Value €'000	WA NRI ¹ €'000	Rate Type ³	Max. %	Min. %	Weighted Average %
Investment properties	456,180	2,315	Equivalent Capitalisation Rate	7.14	3.52	5.02
Development land ²	16,050					
Total investment properties	472,230					

(1) Weighted average ("WA")

(2) Development land is fair-valued based on the value of the undeveloped site per acre.

(3) The Equivalent Capitalisation Rate disclosed above is based on the Stabilised NRI divided by the fair value of the investment property.

Reconciliation of carrying amounts of investment properties

For the Six Months Ended

	30 June 2016				31 December 2015
	Income Properties €'000	Properties Under Development €'000	Development Land €'000	Total €'000	Investment Properties €'000
	Balance at the beginning of the period	456,180	-	16,050	472,230
Additions:					
Acquisitions	153,616	-	-	153,616	14,909
Development expenditures	-	1,547	-	1,547	-
Reclassification ⁽¹⁾	-	1,300	(1,300)	-	-
Property capital investments	1,380	-	-	1,380	1,543
Capitalised leasing costs ⁽²⁾	12	-	-	12	38
Direct leasing costs	26	-	-	26	9
Unrealised fair value movements	14,181	1,453	-	15,634	8,541
Balance at the end of the period	625,395	4,300	14,750	644,445	472,230

(1) Reclassed from development land to properties under development.

(2) Comprised of straight-line rent.

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

The carrying value for the Group of €644.4 million for the investment properties at 30 June 2016 (and €472.2 million at 31 December 2015) 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).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Other Assets

As at	30 June 2016 €'000	31 December 2015 €'000
Other Non-Current Assets		
Property, plant and equipment ⁽¹⁾		
At cost	58	58
Accumulated amortisation	(30)	(24)
Net property, plant and equipment	28	34
Deferred loan costs, net	-	288
Total	28	322
Other Current Assets		
Prepaid expenses	851	303
Other receivables	1,309	1,089
Deposits ⁽²⁾	772	8,102
Total	2,932	9,494

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

(2) As at 31 December 2015, includes €7.4 million paid as a deposit on an acquisition that closed subsequent to the 2015 year end.

7. Accounts Payable and Accrued Liabilities

As at	30 June 2016 €'000	31 December 2015 €'000
Accounts Payable and Accrued Liabilities		
Rent deposits and early payments	1,369	1,010
Trade creditors	1,545	414
Accruals	4,842	5,254
Value added tax	97	282
Total	7,853	6,960

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Credit Facility

As at	30 June 2016 €'000	31 December 2015 €'000
Bank Indebtedness		
Loan drawn down	197,300	41,529
Deferred loan costs, net	(2,102)	–
Total	195,198	41,529

I-RES entered into a facility agreement on 14 January 2016 (as amended on 4 May 2016) with Barclays Bank Ireland PLC and Ulster Bank, which provides for a credit facility of up to €250 million, which can be extended to €350 million subject to certain terms and conditions (the “**Credit Facility**”). This revolving Credit Facility has a five-year term from the date of the agreement. The Credit Facility is subject to compliance with various provisions of the facility agreement (including certain financial covenants and commitments and limitations on indebtedness). The interest on the Credit Facility is at an annual rate of 2%, 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 relating to the Credit Facility.

This Credit Facility replaces the €60 million revolving credit facility which was due to mature in August 2016.

9. Share-based Compensation

Options are issuable pursuant to I-RES’ share-based compensation plan, namely, the long-term incentive plan (“**LTIP**”). Options were granted on 26 March 2015 and 16 April 2014 by I-RES to certain trustees and employees of Canadian Apartment Properties Real Estate Investment Trust (“**CAPREIT**”) and its affiliates and to David Ehrlich, CEO of I-RES. The options will have a maximum life of seven years less a day and will vest over three years from the date of grant on the basis of one third per completed year the recipient of the option completes in respect of the relevant service which has qualified him or her for an option grant. The LTIP limit cannot exceed 10% of I-RES’ issued ordinary share capital (adjusted for share issuance and cancellation) during the 10-year period prior to that date. As at 30 June 2016, the maximum number of additional options issuable under the LTIP is 14,885,070 (31 December 2015 – 14,885,070).

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.

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.

The share based compensation expensed during the period ended 30 June 2016 was €327,000 (30 June 2015 - €576,000). The total number of LTIP options outstanding and exercisable as at 30 June 2016 was 26,814,930 (31 December 2015 - 26,814,930).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Shareholders'

Equity

On 26 March 2015, I-RES raised gross proceeds of €215.0 million through the issuance of an aggregate of 215,000,000 new ordinary shares at an issue price of €1.00 per share, nominal value of €0.10 per share (the “**Capital Raise**”).

The funds raised from all the ordinary shares issued during the period were used for the purchase of investment properties and to pay down the Credit Facility.

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

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

For the Six Months Ended	30 June 2016	30 June 2015
Ordinary shares outstanding, beginning of period	417,000,000	202,000,000
New shares issued	–	215,000,000
Ordinary shares outstanding, end of period	417,000,000	417,000,000

a) New shares issued on Capital Raise

	Shares Issued	Price per Share	Gross Proceeds	Transaction Costs	Net Proceeds
	Number	€	€'000	€'000	€'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 Offering¹

	Shares Issued	Price per Share	Gross Proceeds	Transaction Costs	Net Proceeds
	Number	€	€'000	€'000	€'000
16 April 2014	200,000,000	1.00	200,000	7,626	192,374
Total	200,000,000		200,000	7,626	192,374

¹ On 16 April 2014, I-RES raised gross proceeds of €200.0 million through the issue of an aggregate of 200,000,000 ordinary shares at an issue price of €1.00 per share, nominal value of €0.10 per share (the “**Initial Offering**”).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Financial Instruments, Investment Properties and Risk Management

a) Fair value of financial instruments and investment properties

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

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

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

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

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

The following table presents the Group's estimates of the fair value on a recurring basis based on information available as at 30 June 2016, 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	–	–	644,445 ⁽¹⁾	644,445

(1) Fair values for investment properties are calculated using the income approach / yield methodology 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.

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

Interest rate risk

As at 30 June 2016, I-RES' Credit Facility was drawn for €197.3 million. Interest on this Credit Facility was paid at a rate of 2.0% per annum plus the one-month or three-month EURIBOR rate (at the option of I-RES). For the period ended 30 June 2016, a 100 basis point change in interest rates would have the following effect:

	Change in interest rates Basis Points	Increase (decrease) in net income 2016 €'000
EURIBOR rate debt ¹	+100	(1,973)
EURIBOR rate debt	–100	1,973

(1) Based on the fixed margin of 2.0% plus the one-month EURIBOR rate as at 30 June 2016 of -0.364%.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Liquidity risk

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

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

As at 30 June 2016	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
Loan drawn down	–	–	–	197,300	–
Bank indebtedness interest ⁽¹⁾	1,650	1,623	3,273	8,321	–
Other liabilities	7,853	–	–	–	–
Security deposits	3,007	–	–	–	–
	12,510	1,623	3,273	205,621	–

(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; or (ii) the possibility that the Group's tenants may experience financial difficulty and be unable to meet their rental obligations.

The Group monitors its risk exposure regarding obligations with counterparties through the regular assessment of counterparties' credit positions 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 condensed consolidated interim statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited in the condensed consolidated interim statement of profit or loss and other comprehensive income.

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

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 2016, capital consists of equity and debt, with the total Group gearing of 30.2%. 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 residential rental accommodations sector, 45% gearing is currently considered prudent by the Board.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

12. Taxation

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

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

Within the Irish REIT regime, for corporation tax purposes the Property Rental Business is treated as a separate business from the residual business. A loss incurred by the Property Rental Business cannot be 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 would result in a tax charge calculated by reference to the extent of the shortfall in the dividend paid. A dividend paid by an Irish REIT from its Property Rental Business is referred to as a property income distribution. Any normal dividend paid from the residual business by the Irish REIT is referred to as a non-property income distribution dividend.

The Directors confirm that the Group has remained in compliance with the Irish REIT regime up to and including the date of this Report.

13. Dividends

Under the Irish REIT regime, subject to having sufficient distributable reserves, I-RES is required to distribute to shareholders at least 85% of the Property Income of its Property Rental Business for each accounting period, provided it has sufficient distributable reserves. On 9 February 2016, the Directors declared an interim dividend of €13.1 million for the 2015 accounting period, and paid on 21 March 2016 to the shareholders on record as of 19 February 2016 (3.15 cents per share).

Relating to the I-RES accounting period from 31 March 2014 to 31 December 2014, the Directors paid a maiden dividend of €969,600 (0.48 cents per share) in the form of an interim dividend on 31 March 2015 to shareholders on record as at 20 February 2015, and paid a second interim dividend of €833,609 (0.20 cents per share) on 4 September 2015 to shareholders on record as at 21 August 2015.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Supplemental Cash Flow Information

Changes in operating assets and liabilities

For the Six Months Ended	30 June 2016	30 June 2015
	€'000	€'000
(Increase) Prepaid expenses	(548)	(173)
(Decrease) Direct leasing costs	(26)	–
(Increase) Other receivables	(220)	(19)
Decrease Deposits and other assets	–	571
Increase Accounts payable and other liabilities	893	1,363
Increase Security deposits	907	534
Changes in operating assets and liabilities	1,006	2,276

Issuance of shares

For the Six Months Ended	30 June 2016	30 June 2015
	€'000	€'000
Issuance of shares	–	215,000
Issuance costs	–	(10,896)
Net proceeds	–	204,104

15. Related Party Transactions

CAPREIT LP has an indirect 15.7% beneficial interest in I-RES and has determined that it has significant influence over I-RES. The beneficial interest is held through a qualifying investor alternative investment fund, Irish Residential Properties Fund, CAPREIT LP's wholly-owned subsidiary. In addition, effective 11 April 2014, CAPREIT LP's wholly-owned subsidiary, IRES Fund Management Limited (“**IRES Fund Management**”), 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.

On 28 October 2015, IRES Fund Management became authorised by the Central Bank as an alternative investment fund manager under the European Union (Alternative Investment Fund Managers) Regulations, 2013 (the “**AIFM Regulations**”). On 1 November 2015, IRES Fund Management was appointed by the Company as its alternative investment fund manager in accordance with the AIFM Regulations and replaced the third-party regulated fund manager. On this date, the investment management agreement between IRES Fund Management and I-RES as amended from time to time, the “**Investment Management Agreement**”, came into effect, pursuant to which I-RES pays 3.0% per annum of its gross rental income as property management fees and 0.5% per annum of its net asset value as asset management fees to IRES Fund Management. The Investment Management Agreement governs the provision of portfolio management, risk management and other related services to the Company by the Investment Manager. It has an initial term of five years, unless it is duly terminated pursuant to a provision of the Investment Management Agreement, and thereafter shall continue in force for consecutive five-year periods.

For the period ended 30 June 2016, I-RES incurred €1.3 million in asset management fees. In addition, €0.7 million in property management fees were incurred and recorded under operating expenses. For the six month period to 30 June 2015, €0.8 million in asset management fees and €0.4 million in property management fees were recorded.

The amount payable to CAPREIT LP (including IRES Fund Management), totalling €3.2 million as at 30 June 2016 (€2.1 million as at 30 June 2015), related to asset management fees, property management fees, payroll-related costs and other miscellaneous expenses incurred by CAPREIT LP on behalf of the Group. All charges from CAPREIT LP are at an arm's length basis.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

IRES Fund Management has a lease for office space with I-RES. The rental income for the office space for the period ended 30 June 2016 was €26,000 (€9,000 for the six month period to 30 June 2015.) The lease expires on 1 March 2020. Minimum annual rental payments from IRES Fund Management for the next three years are as follows:

	2016	2017	2018
	€'000	€'000	€'000
Minimum annual rent payments from IRES Fund Management	52	52	52

David Ehrlich is the CEO and a director of I-RES. He is also a trustee of CAPREIT. Thomas Schwartz is a director (non-executive) of I-RES. He is also a trustee of CAPREIT and a trustee or director of each of CAPREIT's subsidiaries, including IRES Fund Management. He is also the President and CEO of CAPREIT and each of its Canadian subsidiaries.

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 the number of shares issued by the Company pursuant to an equity offering. 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 ended 30 June 2016 was €338,000 (C\$500,000). Mr Ehrlich's total remuneration for the period from 1 January 2015 to 30 June 2015 was €405,000 (C\$527,000).

Certain trustees and employees of CAPREIT and its affiliates were granted options of I-RES in the Initial Offering and the Capital Raise.

Total expenses, which is comprised of remuneration of the non-executive Directors, is €127,000 for the period ended 30 June 2016, and €100,000 for the six month period to 30 June 2015, excluding expenses related to David Ehrlich, CEO and director. There were two new directors appointed on 23 March 2016. No loans or quasi-loans were made to the Directors in either period.

Owner management companies not consolidated

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Details of the owner management companies in which the Group had an interest during the period ended 30 June 2016, along with the relevant service fees paid by I-RES to them, are as follows:

Owner Management Entity	Registered Official Address	Development Managed	Percentage of Voting Rights Held % of total ⁽¹⁾	Service Fees Incurred in the Period €'000	Payable by I-RES €'000
<i>Majority voting rights held</i>					
Priorsgate Estate Management Company Limited	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Priorsgate	52.40	70.76	-
GC Square (Residential) Management Company Limited	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Marker Residences	80.00	100.12	-
Lansdowne Valley Management Limited	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Lansdowne	78.60	217.40	36.23
Charlestown Apartments Management Company Limited	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Charlestown	82.46	213.38	-
Bakers Yard Management Company Limited	Ulysses House, Foley Street, Dublin 1	Bakers Yard	66.19	63.63	-
Rockbrook Grande Central Management Company Limited	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Grande Central	76.92	153.12	15.39
Rockbrook South Central Management Company Limited	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	South Central	83.84	180.18	1.93
Rockbrook Estate Management Company Limited	Unit 4B Lazer Lane, Grand Canal Square, Dublin 2	Rockbrook Commercial	64.29 ⁽²⁾	12.00	-
TC West Estate Management Company Ltd	Charter House 5 Pembroke Row, Dublin 2 D02 FW61	Tallaght Commercial	75.00	236.71	45.8
TC West Residential Owners Management Company Ltd	Charter House 5 Pembroke Row, Dublin 2 D02 FW62	Tallaght Residential	87.18	284.06	-
Gloucester Maple Management Company Limited	Ti Phuirseil Freeport, Barna, Galway H91 W90P	City Square	85.19	13.49	-
Elm Park Ballsbridge Enterprises Properties Limited	2 Lansdowne Shelbourne Ballsbridge Dublin 4	Elmpark	60.54	67.96	-
<i>Other</i>					
BSQ Management Company Limited	5th Floor, St. Stephen's Green House, Earlsfort Terrace, St. Stephens Green, Dublin 2	Beacon South Quarter	11.28	297.64	13.20
GC Square Management Company Limited	39 Lower Leeson Street, Dublin 2	Marker Commercial	48.00 ⁽¹⁾	-	-
Sandyford Forum Management Company Limited	28/30 Burlington Road Dublin 4	The Forum	6.30	3.71	5.96

(1) For residential apartments the voting rights are calculated based on one vote per apartment regardless of the size of that apartment. For commercial, it is based on square footage of the units or the memorandum and articles of the particular management company.

(2) Includes voting rights controlled directly and indirectly.

All of these owner management companies are incorporated in Ireland and are property management companies. As noted above, as at 30 June 2016, €119,000 is payable by the Group to the owner management companies for services till 30 June 2016. As at 31 December 2015, €94,300 was payable by I-RES to the owner management companies.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Pursuant to a management agreement between IRES Fund Management and GC Square (Residential) Management Company Limited, commencing 11 March 2015, IRES Fund Management became the managing agent for the Marker Residences. For the period ended 30 June 2016, I-RES has incurred management agent expense for the Marker Residences in the amount of €12,300.

Pursuant to a management agreement between IRES Fund Management and GC Square Management Company Limited, commencing 11 August 2015, IRES Fund Management became the managing agent for the Marker Commercial. For the period ended 30 June 2016, I-RES has incurred management agent expense for the Marker Commercial in the amount of €1,600.

Pursuant to a management agreement between IRES Fund Management and Rockbrook South Central Management Company Limited, commencing 1 January 2016, IRES Fund Management became the managing agent for the Rockbrook South Central Residences. For the period ended 30 June 2016, I-RES has incurred management agent expense for the Rockbrook South Central Residences in the amount of €21,270.

Pursuant to a management agreement between IRES Fund Management and Rockbrook Grande Central Management Company Limited, commencing 1 January 2016, IRES Fund Management became the managing agent for the Rockbrook Grande Central Residences. For the period ended 30 June 2016, I-RES has incurred management agent expense for the Rockbrook Grande Central Residences in the amount of €22,814.

Pursuant to a management agreement between IRES Fund Management and Rockbrook Estate Management Company Limited, commencing 1 January 2016, IRES Fund Management became the managing agent for the Rockbrook Commercial. For the period ended 30 June 2016, I-RES has incurred management agent expense for the Rockbrook Commercial in the amount of €15,315.

Pursuant to a management agreement between IRES Fund Management and Elm Park Ballsbridge Enterprises Properties Limited, commencing 1 June 2016, IRES Fund Management became the managing agent for the Elm Park Residences. For the period ended 30 June 2016, I-RES has incurred management agent expense for the Elm Park Residences in the amount of €3,333.

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, among 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, and related services agreement among I-RES, CAPREIT LP and IRES Fund Management, 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. 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Contingencies

The Group is not aware of any contingent liabilities that should be disclosed in these condensed consolidated interim financial statements.

17. Commitments

Commitments relate to a construction contract on a fixed price basis, with €18.3 million outstanding as at 30 June 2016.

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 Months Ended	30 June 2016	30 June 2015
Profit attributable to shareholders of I-RES (€'000)	24,700	14,824
Basic weighted average number of shares	417,000,000	317,220,994
Diluted weighted average number of shares ⁽¹⁾	419,093,400	318,901,374
Basic Earnings per share (cents)	5.9	4.7
Diluted Earnings per share (cents)	5.9	4.6

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

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.

For the Six Months Ended	30 June 2016	30 June 2015
Earnings per IFRS statement of profit or loss and other comprehensive income (€'000)	24,700	14,824
Adjustments to calculate EPRA Earnings, exclude:		
Changes in fair value on investment properties (€'000)	(15,634)	(10,098)
EPRA Earnings (€'000)	9,066	4,726
Basic weighted average number of shares	417,000,000	317,220,994
Diluted weighted average number of shares	419,093,400	318,901,374
EPRA Basic Earnings per share (cents)	2.2	1.5
EPRA Diluted Earnings per share (cents)	2.2	1.5

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.

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

As at	30 June 2016	31 December 2015
Net assets (€'000)	446,912	435,020
EPRA net assets (€'000)	446,912	435,020
Number of shares outstanding	417,000,000	417,000,000
Diluted number of shares outstanding	419,093,400	420,396,755
Basic NAV		
Net Asset Value per share (cents)	107.2	104.3
EPRA Net Asset Value per share (cents)	107.2	104.3
Diluted NAV		
Net Asset Value per share (cents)	106.6	103.5
EPRA Net Asset Value per share (cents)	106.6	103.5

20. Directors' Remuneration, Employee Costs and Auditor Remuneration

For the Six Months Ended	30 June 2016	30 June 2015
	€'000	€'000
Directors' remuneration⁽¹⁾		
Short-term employee benefits	465	505
Post-employment benefits	-	-
Other long-term benefits ⁽²⁾	31	27
Share-based payments	192	257
Termination benefits	-	-
Total	688	789

(1) None of these costs have been capitalised

(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 taxes paid for the CEO.

For the Six Months Ended	30 June 2016	30 June 2015
	€'000	€'000
Employment costs ¹		
Salaries and bonus	338	405
Social insurance costs	17	16
Pension costs	-	-
Share-based payments	157	202
Termination benefits	-	-
Other	-	-
Total	512	623

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended	30 June 2016	30 June 2015
	€'000	€'000
Auditor remuneration (including expenses)		
Audit of the group accounts	36	41
Other assurance services	18	–
Tax advisory services	42	110
Other non-audit services ¹	–	251
Total	96	402

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

21. Approval of Condensed Consolidated Interim Financial Statements

These unaudited Condensed Consolidated Interim Financial Statements were approved by the Board on 5 August 2016.

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.

“Aggregate Income”	As defined in section 705A of the Taxes Consolidation Act, 1997;
“Annualised Passing Rent”	Defined as the annualised cash rental income being received as at the reporting date;
“Average Monthly Rent (AMR)”	Actual residential rents, net of vacancies, divided by the total number of apartments owned in the property;
“Basic Earnings per share (Basic EPS)”	Calculated by dividing the profit for the reporting period attributable to ordinary shareholders of the Company in accordance with IFRS by the weighted average number of ordinary shares outstanding during the reporting period;
“Basic EPRA EPS”	Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings 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;
“Basic EPRA NAV per share”	Calculated by dividing EPRA NAV by the basic weighted average number of ordinary shares outstanding during the reporting period;
“Basic Net Asset Value per share”	Calculated by dividing NAV by the basic weighted average number of ordinary shares outstanding during the reporting period;
“Capitalisation Rate”	The rate of returns on a property investment based on current and projected future revenue streams that such property investment will generate;
“Companies Act, 2014”	The Irish Companies Act, 2014;
“Diluted Earnings per share (Diluted EPS)”	Calculated by dividing profit for the reporting period attributable to shareholders by the diluted weighted average number of ordinary shares outstanding during the reporting period;
“Diluted EPRA NAV per share”	Calculated by dividing EPRA NAV by the diluted weighted average number of ordinary shares outstanding during the reporting period;
“Diluted Net Asset Value per share”	Calculated by dividing NAV by the diluted weighted average number of ordinary shares outstanding during the reporting period;
“Diluted weighted average number of shares”	Includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date;

GLOSSARY OF TERMS

“EPRA”	The European Public Real Estate Association;
“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;
“Equivalent Capitalisation Rate”	The Equivalent Capitalisation Rate is calculated as the Stabilised NRI divided by the fair value of the investment property;
“Group Total Gearing”	Calculated by dividing the loan drawn down by total assets (previously referred to as ‘loan to value’);
“Gross Yield”	Calculated as the annualised residential and commercial rents passing as at the stated date, divided by the aggregate purchase price of the total portfolio (including VAT but excluding other acquisition costs) as at the date of acquisition, or divided by the fair market value as at the reporting date;
“Net Asset Value” or “NAV”	Calculated as the value of the Company’s assets less the value of its liabilities measured in accordance with IFRS;
“Net Rental Income (NRI)”	Measured as property revenue less property operating expenses;
“Net Rental Income Margin”	Calculated as the NRI over the revenue from investment properties;
“Occupancy Rate”	Calculated as the total number of apartments occupied over the total number of apartments owned as at the reporting date;
“Pro-forma NAV per share”	Calculated as NAV excluding one-off acquisition expenses incurred in relation to all property purchases subsequent to 31 December 2014. The pro-forma NAV per share has been calculated based on the number of ordinary shares outstanding as at 31 December 2015;
“Property Income”	As defined in section 705A of the Taxes Consolidation Act, 1997. It means in relation to a company or group, means the Property Profits of the company or group, as the case may be, calculated using accounting principles, as: (a) reduced by the Property Net Gains of the company or group, as the case may be, where Property Net Gains arise, or (b) increased by the Property Net Losses of the company or group, as the case may be, where Property Net Losses arise;
“Property Profits”	As defined in section 705A of the Taxes Consolidation Act, 1997;
“Property Net Gains”	As defined in section 705A of the Taxes Consolidation Act, 1997;

GLOSSARY OF TERMS

“Property Net Losses”	As defined in section 705A of the Taxes Consolidation Act, 1997;
“Property Rental Business”	As defined in section 705A of the Taxes Consolidation Act, 1997;
“Sq. ft.”	Square feet;
“Sq. m.”	Square metres;
“Stabilised NRI”	Measured as property revenue less property operating expenses adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance;

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".