IRISH RESIDENTIAL PROPERTIES REIT PLC

INTERIM REPORT AND CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD
1 JANUARY 2018 TO 30 JUNE 2018
(UNAUDITED)

Contents

3 August 2018
LATEST RESULTS

IRISH RESIDENTIAL PROPERTIES REIT PLC
INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2018

Irish Residential Properties REIT plc ("**I-RES**" or the "**Company**"), an Irish real estate company focused on residential rental accommodation, today issues its Group[1] interim results for the period from 1 January 2018 to 30 June 2018.

Key Financial Highlights

Strong financial performance:

- 13% increase in Net Rental Income to €19.3 million (30 June 2017: € 17.1million)
- Increase in EPRA Earnings for the period ended 30 June 2018 of 9.8% to €13.0 million (June 2017: €11.8 million) and EPRA EPS up 10.7% to 3.1 cents.
- EPRA NAV per share up 12.2% to 133.0 cents (December 31, 2017: 118.5 cents), post payment of a 2.7 cent per share dividend (€11.3 million) on 23 March 2018.
- A 7.8% increase in the fair value of investment properties (excluding Hampton Woods and Hansfield Wood development)
- As a result, profit for the period of €69.5 million (30 June 2017: €31.0 million) and EPS has increased to 16.5 cents (30 June 2017: 7.4 cents)
- Intention to declare an interim dividend of 2.6 cents per share for the period ended 30 June 2018
- Group gearing of 33.1%, well within LTV policy of 45.0%

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

"I-RES has delivered another strong set of results for the six months period to 30 June 2018 achieving excellent operating metrics, underpinned by active property management and asset management, as well as further portfolio valuation uplift. By leveraging the expertise and technology platform of CAPREIT LP and IRES Fund Management, together with a talented team delivering an excellent service to our tenants, we can deliver strong returns for our shareholders. We continue to invest in the supply of apartments and houses for rent through a combination of acquisitions and build to let. Rental demand remains strong and the supply of residential accommodation remains constrained resulting in a combination of attractive yields and rental growth. The prospects for growth in the Irish market remain good and the structural drivers of demand for private rental residential accommodation (population growth, strong inward investment and economic growth and urbanization) are likely to underpin demand for some time to come and coupled with our modern well located existing asset portfolio and our current development opportunities, offer significant opportunities for future growth.''

[1] This report ("**Report**") incorporates the financial information of the Company and its wholly-owned subsidiary, I-RES Residential Properties Limited, together referred to as the "**Group**", for the period from 1 January 2018 to 30 June 2018.

Financial and Operating Highlights

For the six months ended	30 June 2018	30 June 2017
Operating Performance		
Revenue from Investment Properties (€ millions)	24.1	21.7
Net Rental Income (€ millions)	19.3	17.1
Profit (€ millions)	69.5	31.0
Basic EPS (cents)	16.5	7.4
EPRA Earnings per share (cents)(2)	3.1	2.8
Portfolio Performance		
Total Number of Apartments	2,608	2,381
Overall Portfolio Occupancy Rate(2)	98.7%	98.8%
Overall Portfolio Average Monthly Rent (€)(2)	1,539	1,459
Gross Yield at Fair Value(1)(2)	6.2%	6.6%

As at	30 June 2018	31 December 2017
Liquidity and Leverage		
Total Property Value (€ millions)	868.5	750.9
Net Asset Value (€ millions)	575.8	504.0
EPRA Net Asset Value (€ millions)	576.5	504.2
Basic NAV per share (cents)	133.8	120.8
EPRA NAV per share (cents)(2)	133.0	118.5
Group Total Gearing(3)	33.1%	33.0%
Other		
Market Capitalisation (€ millions)	594.3	625.9
Weighted Average Number of Shares – Basic	420,696,540	417,292,006

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

(2) For definitions, method of calculation and other details, refer to pages 18 to 19 of Business Performance Measures under the Business Review section of the Investment Manager's Review.

(3) For definitions, method of calculation and other details, refer to page 17 of Liquidity and Financial Condition under the Operational and Financial Review.

Operational excellence and strong market fundamentals delivering profitable growth

- Continued growth in our revenue from investment properties to €24.1 million for the period and net rental income (**"NRI"**) was driven by consistently high occupancies and higher average monthly rents compared to the same period last year.
- The Group has achieved residential occupancy levels of 98.7% as at 30 June 2018 period end and continues to generate strong rental rate growth across the portfolio from renewals and turnovers.
- NRI margin of 80.3% for the period ended 30 June 2018, an increase compared to 79.1% for the period ended 30 June 2017.
- Our professional property and asset management is supported by the strong economic fundamentals of the Irish economy and continued strong demand arising from population growth and increasing foreign direct investment creating value added jobs.

Disciplined Capital Allocation and Continued growth of Asset portfolio

- Investment during the period of €61 million in acquisitions, development and maintenance of asset portfolio.
- Continue to add high quality assets to the portfolio through acquisition and development. Ongoing development projects and existing sites are capable of delivering an additional 25% increase in portfolio unit count in the future.
  - On 15 November 2017, I-RES acquired a 4.5 acre development site and entered into a development agreement for the development of 99 residential units in Hansfield Wood, Dublin 15 for a total consideration of €30m (including VAT, but excluding other transaction costs), generating an estimated gross yield of c. 7.00%. The 99 residential units on this site will be handed over to the Company on a phased basis during 2018, 29 of which were received by 30 June 2018.
  - On 21 May 2018, I-RES acquired Hampton Wood, Finglas, Dublin for a consideration of €40 million (including VAT, but excluding other transaction costs). This newly built apartment building of 128 apartments and 128 car parking spaces is anticipated to generate gross yields of c. 6.25% based on lease up of all apartments at current annualised market rents.
  - The company received planning permission for intensification and conversion to deliver 20 additional apartment units at Tallaght Cross West.
  - Progressing with planning applications for the development of approximately 600 apartments with significant infrastructure already in place. In particular, the Company is progressing a new application seeking approximately 450 apartments at Rockbrook, Sandyford, Dublin .
- The Company continues to evaluate new acquisition opportunities and has development and acquisition capacity of €160 million at 30 June 2018 based on a target gearing of 45%.

Dividends

- It is intended to declare an interim dividend of 2.6 cents per share for the period ended 30 June 2018 following the filing of the relevant financial statements for the Company with the Companies Registration Office in Dublin, Ireland on or about 3 August 2018.

Chairmans' Statement

I-RES REIT's ongoing strategy of growth continues to provide shareholders with sustainable, long-term and growing dividends. In the early stage of its growth, during which the asset base grew primarily through acquisitions, I-RES changed the residential rental market in Ireland. As the country's first professional residential landlord, I-RES has applied the advanced property and asset management techniques of our Investment Manager to ensure high levels of tenant satisfaction and retention, which generate consistent returns for I-RES shareholders.

As at 30 June 2018, the Group had invested approximately €683 million (including VAT and other transaction costs) in 2,608 apartments across 22 locations in the Dublin area, funded through a combination of equity and debt. In addition, the Group has adjoining development sites which it is progressing through planning stages.

Financial Results

The Group has generated strong growth in revenues and profits for the 6 months to 30 June 2018 due to rental growth and strong occupancy across the portfolio.

Basic EPS and EPRA EPS increased to 16.5 cents (123%) and 3.1 cents (10.7%), respectively, for the period ended 30 June 2018, compared to 7.4 cents and 2.8 cents for the period ended 30 June 2017.

Basic NAV per share and EPRA NAV per share increased by 10.8% and 12.2%, respectively, for the period ended 30 June 2018 compared to 30 June 2017. This growth is driven by increases in property valuation of investment properties and NRI, partially offset by dividends paid in March 2018.

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 ("**IRES Fund Management**" or the "**Investment Manager**"), and senior management (as well as the other staff) of CAPREIT Limited Partnership ("**CAPREIT LP**") have made. Through the services agreements between I-RES, CAPREIT LP and IRES Fund Management, CAPREIT LP provides significant support, including senior and other personnel, an advanced SAP systems platform and other important contributions supporting the Investment Manager and therefore, I-RES.

Auditors

The European Union ("**EU**") audit reform measures introduce prohibitions on the provision of certain non-audit services by a statutory auditor. As a result of these measures and to ensure that there are no restrictions on the Group's procurements of professional services, the Group has officially appointed KPMG as its Group external auditor, with effect from the 2018 financial year. The new appointment comes after a formal recommendation from the Board to shareholders at the 2018 annual general meeting of the Company. The appointment follows a competitive tender process overseen by management and the audit committee.

Outlook

In summary, the Board is pleased with the Group's performance. The Board believes the positive economic outlook for Ireland and the property market will lead to increased demand in the residential rental sector, along with increases in development and intensification opportunities, both of which the Board believes should result in continued growth in the performance of the Group on a sustainable and long-term basis.

Declan Moylan
Chairman

Chief Executive Officer’s Statement

Results

Market conditions and the strategic positioning of I-RES in the Irish residential rental sector continue to deliver excellent returns for investors. The combination of an existing portfolio of 2,608 modern, high-quality assets and industry-leading investment management services is attracting and retaining excellent tenants, enabling I-RES to build on the solid and growing demand for rental accommodation.

As well as continuing to ensure successful management of the existing rental operations, I-RES has turned its attention to the next phase of growth, which will be guided by continued evaluation of new acquisition opportunities and exploring new development and intensification opportunities.

On 21 May 2018, I-RES completed the acquisition of a newly built block of 128 apartments, with 128 car parking spaces, located at Hampton Wood, Finglas, Dublin 11, for a total purchase price of €40 million (including VAT, but excluding other transaction costs). As at 30 June 2018, 104 units at Hampton Woods were leased up.

I-RES continued to make progress at its Hansfield Wood development site with 29 of the 99 residential units under development completed as at 30 June 2018, of which 26 were leased up. This development agreement with a local residential developer provides for the delivery of 99 homes for a total consideration of € 23 million (including VAT and excluding other transaction costs and land), on a phased basis during 2018 with phased payment based on stage of completion.

As at 30 June 2018, the portfolio consisted of 2,608 high-quality, well-located apartments, at a total investment of €868.5 million (including VAT and other acquisition costs). All of 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 by strong organic growth resulting from high occupancies and solid increases in monthly rents on renewals and turnovers.

Below is a table summarising the Group’s financial position as at 30 June 2018 and profit or loss results for the period ended 30 June 2018:

Statement of Financial Position:	**As at 30 June 2018**	**As at 31 December 2017**
Total Property Value (€ millions)	868.5	750.9
Net Asset Value (€ millions)	575.8	504.0
EPRA Net Asset Value (€ millions)	576.5	504.2
Basic NAV per Share (cents)	133.8	120.8
EPRA NAV per share (cents)	133.0	118.5
Bank Indebtedness (€ millions)	285.8	245.4
Group Total Gearing	33.1%	33.0%
Statement of Profit or Loss and Other Comprehensive Income:	**For the period ended 30 June 2018**	**For the period ended 30 June 2017**
Revenue from Investment Properties (€ millions)	24.1	21.7
Net Rental Income (€ millions)	19.3	17.1
Profit (€ millions)	69.5	31.0
Basic EPS (cents)	16.5	7.4
Diluted EPS (cents)	16.3	7.3
EPRA EPS (cents)	3.1	2.8

We continue to maintain a strong financial position.

For the period ended 30 June 2018, there was a 7.8% increase in the fair value of the investment properties held as at 31 December 2017 (excluding Hampton Woods and Hansfield Wood development). The main drivers of this valuation increase in the period were continued rental growth, capitalisation rate compression and higher values for undeveloped sites.

Basic NAV per share and EPRA NAV per share were 133.8 cents and 133.0 cents, respectively, as at 30 June 2018, having increased by 10.8% and 12.2% from 120.8 cents and 118.5 cents, respectively, as at 31 December 2017. The main drivers of the net asset value change in the period were the increase in the fair value of investment assets and NRI increases, partially offset by the dividends paid in March 2018.

As at 30 June 2018, the Group Total Gearing was 33.1%, and had an acquisition (including development) capacity of approximately €160 million based on a target gearing of 45%.

Average Monthly Rent (**"AMR"**) for the total portfolio increased by €80 per month from €1,459 per apartment as at 30 June 2017 to €1,539 per apartment as at 30 June 2018, an increase of 5.5%. On a stabilised basis, properties owned as of 30 June 2017 had an AMR of €1,525 as at 30 June 2018, up by 4.2% compared to the same date last year. The average monthly rent increased due to rental growth on renewals and turnovers.

As a result of strong property management programmes and strong market fundamentals in the Irish residential rental sector, the residential occupancy level remains strong at 98.7% at 30 June 2018 compared to 98.8% as at 30 June 2017.

For the period ended 30 June 2018, NRI for the total portfolio increased by 12.9% compared to the same period last year, and the NRI margin also increased to 80.3% compared to an NRI margin of 79.1% for the same period last year.

EPRA EPS grew strongly to 3.1 cents for the period ended 30 June 2018 compared to 2.8 cents for the same period last year, up by 10.7%.

Development Update

During the first half of 2018, I-RES has made progress with several development projects.

Firstly, full planning permission was granted in March 2018 for the conversion of commercial spaces at Tallaght Cross West to 19 residential apartments and conversion of crèche to 1 apartment. Planning permission was further granted for change of use of vacant retail/foodcourt elements to educational, gym and medical uses. Construction for these c.20 units will commence during the second half of 2018.

The company owns a 0.18 hectare (0.45 acre) development site at Bakers Yard scheme. The planning application for c.61 apartments, three commercial units and 33 surface level car spaces is awaiting a decision of the Planning Authority.

A planning application was submitted in July 2018 for the development of an infill site at Priorsgate scheme in Tallaght (Bruce House) for c.31 apartments and one ground floor commercial unit.

Planning and design teams are progressing with the detailed design and preparation of planning applications for Rockbrook and B4 BSQ development sites in Sandyford including consultation with the planning authority with a view to submission of applications in the second half of 2018 for c. 500 units.

Dividends

Under the Irish REIT regime, subject to having sufficient distributable reserves, the Company is required to distribute to shareholders at least 85% of the Property Income of its Property Rental Business for each financial year. The Company paid an additional dividend of 2.7 cent per share (€11.3 million) on 23 March 2018 in respect of the year ended 31 December 2017.

It is the intention of the Board to declare an interim dividend of 2.6 cents per share for the six months ended 30 June 2018 following the filing of the relevant financial statements for the Company in Dublin, Ireland on or about 3 August 2018.

Strategy for Future Growth

While continuing to pursue accretive acquisitions, I-RES is increasing its focus on development and intensification opportunities. Opportunities have been identified to add an estimated 600 apartments on properties currently-owned, at costs that are lower than comparable properties on the market as there is significant infrastructure in place at these sites. We are actively pursuing planning applications for these potential units on existing development sites.

Additionally, there are opportunities for in-fill and residential conversion, subject to planning approval at some of I-RES' commercial units.

Going forward, I-RES will continue to consider acquisition opportunities. The Company will also refine its portfolio to also include development and acquisitions in commuter markets outside of Central Dublin that meet the three following criteria.

1) Strong local employment
2) Good transportation connections
3) Family-friendly neighborhoods with nearby schools and good infrastructure

Positive Outlook

Despite continued improvement in output, a severe shortage of accommodation remains the most pressing issue within the housing market. Supply is extremely limited due to a lack of construction and private landlords are exiting the market due to increased regulation. This macro environment coupled with our continued investment and professional property management, provides significant opportunities for I-RES to continue to grow as the leading private residential company in Ireland.

I-RES is actively expanding its development and investment in response to the significant supply and demand imbalance in the Dublin area. Housing completions in Ireland for 2017 were 14,446 units, against a requirement for between 30,000 and 50,000 units per annum. We are initiating and continuing planning processes with respect to a number of our existing development sites, including a number of intensification opportunities. We continue to evaluate new acquisition and development opportunities located in main urban centres in Ireland.

On the demand side, the Irish economy remains one of the fastest-growing in the European Union with 66,800 new jobs created in 2017 and 7.8% GDP growth, both of which continue to support residential demand. Ireland's GDP growth is leading the European Union and unemployment is at 5.9% with continuing population growth.

We continue to monitor the impact and potential risks and opportunities for the Group from market events such as Brexit and US policy on Foreign Direct Investment in Ireland. We believe, however, that it is too early to definitively gauge the likely impact of these events for Ireland and potentially for the Irish residential real estate market.

We have a high-quality property portfolio with steadily growing rental income, an historically low interest rate environment, a strong balance sheet and further lands for future development, all of which continue to support building a leading residential rental business generating strong shareholder returns.

I would like to take this opportunity to thank the excellent team in IRES Fund Management here in Dublin, our partners and colleagues in CAPREIT and the Board of Directors of the Company for their support and invaluable guidance and advice as we continue to grow I-RES together.

Margaret Sweeney

Margaret Sweeney
Chief Executive Officer

Investment Manager's Statement

As one of the fastest growing economies in the European Union, Ireland is an ideal location for the I-RES model of long-term commitment to a residential market.

I-RES' strategy is to acquire and develop high-quality assets in attractive neighbourhoods and deliver exceptional service that exceeds tenant expectations.

As the first professional residential property management company in Ireland, IRES Fund Management, a wholly-owned company of CAPREIT, is changing the rental experience for I-RES tenants. CAPREIT, a Canadian leader in the professional property management of rental accommodation, owns interest in 48,272 residential units in Canada as well as 2,088 residential units in Europe on sites in or near major urban centres. CAPREIT is fully aligned with I-RES shareholders through an indirect beneficial ownership interest in I-RES of approximately 18%, including purchase of additional 11,793,333 shares during the current period. The increase in shareholding in I-RES demonstrates CAPREIT's continued confidence in, and commitment to, the success of I-RES.

By leveraging the global expertise, systems and technology platforms of CAPREIT, IRES Fund Management delivers a superior tenant experience through a hands-on approach, 24/7 service, an experienced team of 46 staff in Dublin, and offices located near I-RES properties. We also apply the CAPREIT model by delivering open and regular communication with residents, best practices in employee development, and innovative strategies for attracting and retaining tenants.

Additionally, the track record for growth and value creation of our veteran leadership team is being applied to expand our asset base. Leading up to 2017, we were very active in accretive acquisitions of new properties, and I-RES now owns a portfolio of properties with the potential to develop up to 600 more residential units on existing properties. Going forward, we will follow the strategic direction of I-RES to pursue local development partnerships, and utilize our development expertise to develop existing properties, while continuing to pursue accretive acquisitions. The Maple and Hansfield Wood projects are both examples of these strategies in action.

I am so proud of everything our team has accomplished to date. It is a privilege to work on behalf of I-RES and to serve the tenants who occupy I-RES' properties. We are excited about the opportunities that lie ahead and are committed to continuing to raise the bar for Irish residential property and asset management. We are confident that through our proven property management programmes, we can continue to maintain high residential 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 development, and we will continue to build on this success going forward.

Scott Cryer
Director of IRES Fund Management

Property Valuation and Overview

The following tables provide the Group's property portfolio valuation as at 30 June 2018 compared to 31 December 2017.

	Property Location	Location	Year Built	Date Acquired	Commercial Space Owned (sq.m.)(1)	# of Apts. Owned(1)	Total # of Apts.(1)	Purchase Price(3)(5)	Value as at 31 December 2017(5)	Value as at 30 June 2018(1)(5)
Sandyford										
1	Beacon South Quarter	Sandyford	2007 /2008	07-Oct-14	2,395	225	880	84.1	82.2	90.6
2	Grande Central(2)	Sandyford	2007	10-Sep-13	-	65	195	11.4	22.4	24.0
3	Rockbrook Grande Central(2)(4)	Sandyford	2007	31-Mar-15	3,529	81	195	24.8	30.2	32.4
4	Rockbrook South Central(4)	Sandyford	2007	31-Mar-15	1,136	189	224	62.5	78.0	85.3
5	The Forum	Sandyford	2007	17-Feb-16	-	8	127	2.3	2.4	2.7
6	The Maple	Sandyford	2017	12-Jul-17	-	68	68	17.4	27.7	28.5
Total Sandyford					**7,060**	**636**		**202.5**	**242.9**	**263.5**
Dublin City Centre										
7	Kings Court	Smithfield	2006	10-Sep-13	566	83	83	12.5	21.3	21.8
8	The Marker(6)	Docklands	2012	18-Jul-14	1,218	85	105	50.1	63.1	68.1
9	Bakers Yard	Portland Street North	2007 /2008	07-Oct-14	792	85	132	17.3	22.5	23.7
10	City Square	Gloucester Street	2006	07-Apr-16	57	23	27	5.9	6.1	6.6
Total Dublin City Centre					**2,633**	**276**		**85.8**	**113.0**	**120.2**
Tallaght										
11	Priorsgate	Tallaght	2007	10-Sep-13	2,538	103	199	9.0	21.2	23.5
12	The Laurels	Tallaght	2007	27-Jun-14	190	19	19	2.1	3.5	4.0
13	Tallaght Cross West	Tallaght	2008	15-Jan-16	18,344	442	507	83.0	91.0	102.6
Total Tallaght					**21,072**	**564**		**94.1**	**115.7**	**130.1**
Inchicore/Drimnagh										
14	Camac Crescent	Inchicore	2008	10-Sep-13	-	90	110	9.9	20.4	21.0
15	Lansdowne Gate	Drimnagh	2005	07-Oct-14	-	224	280	60.4	66.1	68.3
16	Tyrone Court	Inchicore	2014	05-Jun-15	-	95	131	19.5	24.3	25.7
Total Inchicore/Drimnagh					-	**409**		**89.8**	**110.8**	**115.0**
Finglas										
17	Charlestown	Finglas	2007	07-Oct-14	-	235	285	51.1	59.9	65.2
Finglas Total					-	**235**		**51.1**	**59.9**	**65.2**
Other										
18	Bessboro	Terenure	2008	11-Dec-15	-	40	40	12.2	13.2	14.4
19	Elmpark Green	Merrion	2006	25-May-16	-	201	332	59.0	63.7	67.8
20	Coldcut Park	Clondalkin	2012	31-Aug-16	-	90	93	18.5	20.1	20.6
Total Other						**331**		**89.7**	**97.0**	**102.8**
Total owned portfolio as at 31 December 2017					**30,765**	**2,451**		**613.0**	**739.3**	**796.8**
21	Hansfield Wood(7)	Ongar	2018	25-May-18	-	29	99	28.2	11.6	29.8
22	Hampton Woods	Finglas	2018	21-May-18	-	128	128	39.9	n/a	41.9
Total investment properties owned as at 30 June 2018					**30,765**	**2,608**		**681.1**	**750.9**	**868.5**

(1) As at 30 June 2018.

(2) Total number of owned apartments at Grande Central as of 30 June 2018 is 146.

(3) Purchase price includes VAT but excludes transaction costs.

(4) Purchase price for Rockbrook properties allocated based on number of apartments and commercial space square metres.

(5) In millions of euros.

(6) Additional apartment acquired March 2018.

(7) Purchase price includes apartments under development that are valued at €18.8 million as at 30 June 2018

Property Overview

	Property Location	Location	# of Apts. Owned[(1)]	Annualised Passing Rent[(1)(4)] (€'000s)	Average Monthly Rent Per Apt.[(1)(2)(3)]	Occupancy[(1) (2)]	Gross Yield at Fair Value
1	Kings Court	Smithfield	83	€ 1,510	€ 1,421	98.8%	6.9%
2	Grande Central	Sandyford	65	€ 1,319	€ 1,691	100.0%	5.5%
3	Priorsgate	Tallaght	103	€ 1,631	€ 1,178	100.0%	7.1%
4	Camac Crescent	Inchicore	90	€ 1,469	€ 1,361	100.0%	7.0%
5	The Laurels	Tallaght	19	€ 335	€ 1,252	100.0%	8.5%
6	The Marker	Docklands	85	€ 3,187	€ 2,779	98.8%	4.7%
7	Beacon South Quarter	Sandyford	225	€ 5,657	€ 1,800	99.1%	6.6%
8	Charlestown	Finglas	235	€ 3,833	€ 1,359	100.0%	5.9%
9	Bakers Yard	Portland Street North	85	€ 1,548	€ 1,426	98.8%	7.1%
10	Lansdowne Gate	Drimnagh	224	€ 4,220	€ 1,570	99.6%	6.2%
11	Rockbrook Grande Central	Sandyford	81	€ 1,849	€ 1,631	100.0%	5.7%
12	Rockbrook South Central	Sandyford	189	€ 3,771	€ 1,647	100.0%	5.6%
13	Tyrone Court	Inchicore	95	€ 1,734	€ 1,521	98.9%	6.8%
14	Bessboro	Terenure	40	€ 786	€ 1,637	100.0%	5.4%
15	Tallaght Cross West	Tallaght	442	€ 7,362	€ 1,267	99.8%	7.2%
16	The Forum	Sandyford	8	€ 167	€ 1,737	100.0%	6.3%
17	City Square	Gloucester Street	23	€ 439	€ 1,527	95.7%	6.6%
18	Elmpark Green	Merrion	201	€ 3,759	€ 1,558	99.5%	5.5%
19	Coldcut Park	Clondalkin	90	€ 1,549	€ 1,434	100.0%	7.6%
20	The Maple	Sandyford	68	€ 1,650	€ 2,022	100.0%	5.8%
Total owned portfolio as at 31 December 2017[(5)]			2,451	€ 47,775	€ 1,539	99.6%	6.2%
21	Hansfield Wood	Ongar	29	€ 686	€ 1,972	89.7%	n/a
22	Hampton Wood[(6)]	Finglas	128	€ 2,233	€ 1,454	83.6%	n/a
Total owned portfolio as at 30 June 2018			**2,608**	**€ 50,694**	**€ 1,539**	**98.7%**	**6.2%**

(1) As at 30 June 2018.

(2) Based on residential units.

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

(4) Annualised Passing Rent is the annualised cash rental income being received as at the stated date, which is then used to calculate the Gross Yield.

(5) Total owned portfolio as at 31 December 2017 is 2,450. In 2018, an additional unit was acquired at the Marker.

(6) Investment anticipated to generate gross yields of c. 6.25% based on lease up of all apartments at current annualised market rents.

Business Review
Acquisitions and Developments

Acquisition in the period ended 30 June 2018

The Marker (Docklands, Dublin 2)
Completed the acquisition of one additional apartment at The Marker, for a total purchase price of €465,000 (including VAT, but excluding other transaction costs) on 12 March 2018. The acquisition brings total apartments owned at The Marker to 85.

Hampton Wood (Finglas, Dublin 11)
Completed the acquisition of a new block of 128 apartments with 128 car parking spaces with a going in gross yield at fair value of c. 6.25% based on lease up of all apartments, for a total purchase price of €40 million (including VAT, but excluding other transaction costs) on 21 May 2018. 28 of the 128 apartments were leased prior to acquisition, with a total of 104 apartments leased up by 30 June 2018.

Development Activity

Hansfield Wood (Ongar, Dublin 15)
I-RES acquired a 1.8-ha (4.5-acre) development site in Hansfield Wood for a total purchase price of €7 million (including VAT, but excluding other transaction costs). The Company also entered into a development agreement with Garlandbrook Limited, as developer, and Newline Homes Limited, as building contractor, to develop 99 residential units on the Hansfield Wood site for a total consideration of €23 million (including VAT, but excluding other transaction costs). Construction costs for the 99 residential units will be paid in stages. By residential unit type, the residential units will comprise two four-bedroom houses, 71 three-bedroom houses, eight two-bedroom apartments, 12 three-bedroom duplexes and six two-bedroom duplexes.

Construction of all 99 residential units will be handed over to the Company on a phased basis. As at 30 June 2018, I-RES had received 29 residential units and let 26. Subsequent to 30 June 2018, I-RES received an additional 26 units to bring the total to 55.

The Hansfield Wood site is surrounded by excellent infrastructure and amenities including road and rail transport, schools, hospital, retail and leisure facilities. The Hansfield Train Station, which sits next to the development, offers a quick and regular rail link to Dublin City Centre (Dockland Station), a journey time of c. 30 minutes. Significant employers in the immediate locality include eBay, Paypal, Xerox, Amazon and the Connolly Memorial Hospital.

The Hansfield Wood transaction represents the first step in the Company's strategy to develop the asset base through joint arrangements with local residential developers to deliver homes at accretive yields. Based on management's expectations of rents at the time of letting and the fixed price cost of the units, the asset is expected to deliver a gross yield of c. 7%. Hansfield Wood reflects this growth strategy to build the portfolio with a focus on houses and apartments in commuter markets as well as Central Dublin.

Accretive Development

The Group has the capacity on development sites beside its existing properties to build approximately 600 additional apartments.

Tallaght Cross West
Full planning permission was granted in March 2018 for the conversion of commercial spaces at Tallaght Cross West to 19 residential apartments and conversion of a crèche to 1 apartment. Construction of these 20 units will commence during the second half of 2018.

Rockbrook Development: The Company owns a development site of approximately 1.13 ha (2.8-acres) at the Rockbrook scheme in Sandyford. On acquisition of the site the Company inherited significant in-place infrastructure, in particular a partially completed three-level basement car park.

Following a refusal by An Bord Pleanala (the planning appeals board) for the development of 456 apartments in October 2017, the Company appointed a new design team and is in the process of preparing a new planning application for this site for submission in late 2018 to the Planning Board.

Bakers Yard: The Company owns a 0.18-ha (0.45-acre) development site at the Bakers Yard scheme. The planning application for 61 apartments, three commercial units and 33 surface-level car spaces is awaiting decision from the Planning Authority.

Beacon South Quarter: The Company owns two development sites at Beacon South Quarter, known as sites B4 and B3.

Site B4
Site B4 is strategically located at the entrance to the Sandyford Business District between the Beacon Private Hospital and the recently completed Maple apartments.

The Company is preparing a new planning application to be submitted in the second half of 2018 which provides for c. 85 apartments and above ground floor commercial units.

Site B3
The Company is currently exploring options for the development of this site subject to a satisfactory grant of planning permission.

Priorsgate
The Company owns a development site at the Priorsgate scheme in Tallaght. The planning application was submitted for a scheme of 31 residential apartments and one ground floor commercial unit in July 2018.

Operational and Financial Results

Net Rental Income and Profit for Six Months Ended

	30 June 2018	30 June 2017
	€'000	€'000
Operating Revenues		
Revenue from investment properties	**24,058**	21,666
Operating Expenses		
Property taxes	**(316)**	(245)
Property operating costs	**(4,421)**	(4,287)
	(4,737)	(4,532)
Net Rental Income ("NRI")	**19,321**	17,134
General and administrative expenses	**(1,545)**	(1,472)
Asset management fee	**(1,478)**	(1,412)
Share-based compensation expense	**(125)**	(119)
Net movement in fair value of investment properties	**57,017**	19,329
(Loss) on derivative financial instruments	**(486)**	(141)
Depreciation of property, plant and equipment	**(3)**	(5)
Financing costs on credit facility	**(3,172)**	(2,290)
Profit for the Period	**69,529**	31,024

Operating Revenues

For the period ended 30 June 2018, total operating revenues increased by 11% compared to the period ended 30 June 2017, due to the full year of contributions from prior year acquisitions, completed developments, increased average monthly rents and consistent occupancy levels.

Net Rental Income

The NRI margin has been presented as the Company believes this measure is indicative of the Group's operating performance. For the period ended 30 June 2018, NRI increased by 12.9% primarily due to acquisitions completed in the prior year having a full-year impact, and organic rental growth. The NRI margin for the current period increased to 80.3% compared to 79.1% for last year.

General and Administrative ("G&A") Expenses

G&A expenses include costs directly attributable to head office, such as executives' salary, director fees, professional fees for audit, legal and advisory services, depository, and other general and administrative expenses.

Asset Management Fee Expenses

Pursuant to the investment management agreement between IRES Fund Management and I-RES, effective on 1 November 2015, as amended or may be amended from time to time (the "**Investment Management 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, together with relevant reimbursements, as asset management fees to the Investment Manager. 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. Asset management fee expenses for the period ended 30 June 2018 were €1.5 million compared to €1.4 million for period ended 30 June 2017.

Share-based Compensation Expenses

Options are issuable pursuant to I-RES' share-based compensation plan, namely, the long-term incentive plan ("**LTIP**"). Options were granted on 26 March 2015 and 16 April 2014 by I-RES to certain trustees and employees of CAPREIT and its affiliates and David Ehrlich, former Chief Executive Officer of I-RES. In addition, on 16 November 2017, options were granted to Margaret Sweeney, Chief Executive Officer 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 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. The fair value of options has been determined as at the grant date using the Black-Scholes model. The share compensation amortisation is the highest in the first year of the grant and decreases over the vesting term.

Unrealised Gain on Remeasurement of Investment Properties
I-RES recognises its investment properties at fair value at each reporting period, with any unrealised gain or loss on remeasurement recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the period ended 30 June 2018. The fair value gain on investment properties is mainly due to (i) the continued rental growth from income properties, (ii) increased values of undeveloped sites, and (iii) capitalisation rate compression, which has led to an increase in value of €57 million for the period ended 30 June 2018.

Financing Costs on Credit Facility
Financing costs, which include the amortisation of certain financing expenses, interest and commitment costs, increased for the period ended 30 June 2018 to €3.2 million from €2.3 million for the period ended 30 June 2017. The increase is mainly due to a higher weighted average loan balance due to acquisitions in the period and the amortisation of arrangement fees paid in connection to the additional €100 million commitment on the Increased Credit Facility.

Property Capital Investments

The Group capitalises all capital investments related to the improvement of its properties. For the period ended 30 June 2018, the Group made property capital investments of €2.0 million compared to €5.0 million for the period ended 30 June 2017, including building and in-suite improvements.

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress and fire remediation works were identified in 2016, and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. In 2017, in relation to these water ingress and fire remedial works, levies were approved by the members of the Beacon South Quarter owners' management company. I-RES' portion of these levies is c. €2.0 million. There is also an active insurance claim with respect to the water ingress and related damage.

Liquidity and Financial Condition

Liquidity and Capital Resources
The Company ensures there is adequate overall liquidity by maintaining an available credit facility sufficient to fund maintenance and property capital investment commitments and distributions to shareholders, and to provide for future growth in the business. The Group's business continues to be stable and is expected to generate sufficient cash flow from operating activities to fund the current level of distributions.

I-RES takes a proactive approach to ensure the Group's overall leverage ratios and interest and debt service coverage ratios are maintained at a sustainable level. In addition, the Group focuses on maintaining capital adequacy by complying with its investment and debt restrictions and financial covenants in its credit facility agreement.

The Group is in compliance with all of its investment and debt restrictions and financial covenants contained in the facility agreement amended and restated on 15 September 2017 with Barclays Bank Ireland PLC, Ulster Bank Ireland DAC and Bank of Ireland (formerly known as The Governor and Company of the Bank of Ireland).

Group Total Gearing

At 30 June 2018, capital consists of equity and debt, with Group Total Gearing of 33.1%, which is well below the Board's target of 45% and the 50% maximum allowed by the Irish REIT Regime. As a result, the Group has significant capacity of c. €160 million to acquire and/or develop additional properties. I-RES seeks to use gearing to enhance shareholder returns over the long term.

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

As at	**30 June 2018**	**30 June 2017**
	(€'000)	(€'000)
Facility[(1)]	350,000	250,000
Less: Euro LIBOR Borrowings	287,850	230,100
Available Borrowing Capacity	62,150	19,900
Weighted Average Interest Rate	2.05%	1.60%

(1) On 15 September 2017, the credit facility was increased from €250 million to €350 million.

Effective 15 September 2017, interest rate on the Credit Facility is set at the annual rate of 2%, plus the one-month or three-month EURIBOR rate (at the option of I-RES), with a floor rate of 0% for the EURIBOR if it is negative.

Business Performance Measures

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

*Average Monthly Rent ("**AMR**")*

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

Occupancy

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

Gross Yield at Fair Value

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

*European Public Real Estate Association ("**EPRA**") Earnings per Share*

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

EPRA NAV per Share

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 mark-to-market 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. EPRA NAV is then divided by the diluted weighted average number of ordinary shares outstanding during the reporting period. To optimise this measure, I-RES focuses on growing asset value and maximising shareholder value through active and efficient asset and property management. It has been presented as the Company believes this measure is indicative of the Group's operating performance and value growth.

Average Monthly Rents and Occupancy

	Total Portfolio				Properties Owned as at 30 June 2017				Properties Acquired After 30 June 2017	
As at 30 June	**2018**		**2017**		**2018**		**2017**			
	AMR	**Occ. %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**
Residential	**€1,539**	**98.7%**	€1,459	98.8%	**€1,525**	**99.6%**	€1,463	98.8%	**€1,692**	**89.3%**

The Group has generated strong rental growth and maintained a high level of residential occupancy across the portfolio during the period, indicative of the strong market fundamentals in the Irish residential rental sector. Stabilised AMR increased to €1,525 per apartment as at 30 June 2018, up 4.2% from €1,463 at 30 June 2017, largely due to strong increases in monthly rental rates on renewals and turnovers during the period and consistent occupancy rates compared to last year. Stabilised AMR is used as a measure for sustainable year over year changes in revenues.

Gross Yield at Fair Value

As at	**30 June 2018**	**30 June 2017**
	(€'000)	(€'000)
Annualised Passing Rent	**47,774**	44,184
Aggregate fair market value as at reporting date	**770,160**	671,280
Gross Yield	**6.2%**	6.6%

The portfolio Gross Yield at fair value was 6.2% as at 30 June 2018 compared to 6.6% as at 30 June 2017, excluding the fair value of development land, investment properties under development and acquisitions. The NRI margin was approximately 80.3% for the six months ended 30 June 2018 (79.1% for the six months ended 30 June 2017).

EPRA Earnings per Share

For the six months ended	30 June 2018	30 June 2017
Total comprehensive income for the year attributable to shareholders (€'000)	**69,529**	31,024
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	**(57,017)**	(19,329)
Changes in fair value of derivative financial instruments (€'000)	**486**	141
EPRA Earnings (€'000)	**12,998**	11,836
Basic weighted average number of shares	**420,696,540**	417,292,006
Diluted weighted average number of shares	**426,743,195**	422,133,448
EPRA Earnings per share (cents)	**3.1**	2.8
EPRA Diluted Earnings per share (cents)	**3.0**	2.8

EPRA NAV per Share

As at	30 June 2018	31 December 2017
Net assets (€'000)	**575,763**	503,984
Adjustments to calculate EPRA net assets exclude:		
Fair value of derivative financial instruments (€'000)	**736**	249
EPRA net assets (€'000)	**576,499**	504,233
Number of shares outstanding	**430,377,225**	417,292,006
Diluted number of shares outstanding	**433,337,404**	425,453,830
Basic Net Asset Value per share (cents)	**133.8**	120.8
EPRA Net Asset Value per share (cents)	**133.0**	118.5

EPRA EPS for the period was 3.1 cents for the period ended 30 June 2018.

EPRA NAV was c. €576 million, with EPRA NAV per share of 133.0 cents as at 30 June 2018. EPRA NAV per share increased by 12.2% for the period ended 30 June 2018 compared to 31 December 2017, as a result of property valuation increases and rental profit in the period, offset by dividends paid in March 2018.

Market Update

Economic strengthening and (not unrelated) demographics continue to underpin the demand for housing in Ireland. The latest national accounts data show that the Irish economy grew by 9.1% y/y in GDP terms in Q118, which follows the 7.2% growth recorded in 2017 (the strongest pace of expansion across the EU28). High frequency indicators suggest that the pace of expansion has picked up since then, with the latest (June) Investec Manufacturing and Services PMI readings both registering five-month highs.

The headline economic improvements are translating into tangible benefits for consumers, with total employment (which now stands at an all-time high of 2.1m) +2.4% y/y in Q218 while the unemployment rate has fallen to a 10 year low of 5.1%. Average weekly earnings grew 2.4% y/y in Q118, while disposable incomes will have been further boosted by the modest income tax reductions unveiled in each of the past four Budgets in Ireland. Demand for residential property will have been further supported by reductions in mortgage lending rates. The latest Central Bank of Ireland data show that fixed and standard variable mortgage rates for new owner-occupied loans fell by 15bps (to 3.15%) and 11bps (to 3.33%) respectively in the 12 months to May 2018.

The most striking feature of the Irish housing market remains a chronic lack of supply, which continues to put upward pressure on both residential prices and rents.

Last year's completions of 14,446 dwellings (Central Statistics Office) is less than half of the low end of the range of estimates of new household formation in Ireland (30,000 – 50,000 per annum).

There has been some progress on improving supply, however completions troughed at 4,575 units in 2013 and have been increasing in every year since then. The latest (Q1,18) data shows that 3,526 dwellings were completed in the first three months of this year, representing growth of 26.9% y/y. Were that growth rate to be sustained over the course of 2018, it would imply completions of 18,329 units this year, a step in the right direction but clearly still well adrift of the 'flow' of new household formation, while also failing to address the 'stock' of unmet housing.

Lead indicators suggest that growth in new housing supply is set to continue. Planning permissions in the 12 months to end-Q1,18 were granted for 24,531 units, the strongest outturn (on a four quarter moving sum basis) since Q1,10. It should, however, be noted that within the data the Q1,18 outturn (8,405 units granted permission) was likely inflated by the fact that it was the first quarter where applications made through the new 'fast track' system, which allows scale (100 or more units) developments to go straight to the State planning board, were included. Nonetheless, this data points to ongoing growth in housing output to the end of this decade at least.

Other indicators support this contention. Production in Building and Construction data for the residential sector show six successive quarters of growth, with production volumes +32% y/y in Q118. Housing commencements came in at 6,300 units in the first four months of 2018, which compares to 5,480 units in the same period last year.

Total mortgage lending for house purchases rose 29% last year (in value terms) to €6.4bn, of which c. 63% is attributable to a greater volume of lending and the balance to growth in the average loan size (the latter being heavily influenced by house price inflation). Despite the very strong headline growth in new mortgage lending, total drawdowns (€7.3bn in 2018 including re-mortgage and top-up loans) remain well adrift of market estimates of what a normal level of annual lending looks like (€10-12bn) and the peak (€39.9bn of mortgages issued in 2006 alone).

Strong demand and muted new supply have had a predictable impact on both prices and rents. The CSO's Residential Property Price Index (RPPI) has increased by a cumulative 76% since the early 2013 trough. Notwithstanding this improvement, prices are still 21% below their 2007 peak. The latest RPPI data, for May 2018, show that prices were +12.4% y/y with the rate of increase in Dublin (+10.7% y/y) slightly lagging the rest of Ireland (+14.1% y/y), although the pace of growth is clearly substantial across the country.

Turning to the rental market, the latest data from the country's largest property website, Daft.ie, show that the average asking rent across Ireland was a record €1,261 in Q118. This is 70% above the trough reached during the recession. In Dublin, where all of I-RES' portfolio is currently located, average asking rents were €1,875 in Q118, also an all-time high, and 87% above the low point recorded during the downturn. The mismatch between demand and new build has severely constrained the availability of rental properties. Daft.ie data show that only 1,265 units were available to rent in Dublin in April 18 which is 62% below the average for the series (which dates back to January 2007). Outside of the capital, 1,821 units were available to rent in April, 79% below the series average.

In December 2016 the Irish government announced the imposition of a limit of 4% annual rental increases in designated 'rent pressure zones' (including all of Dublin) for an initial three year period. This ceiling does not apply to new build units or properties that had not been let out in the past two years within the rent pressure zones. The 'rent caps' have helped to cool the annual rate of growth in private rents from 9.7% in December 2016 to 6.1% in June 2018, as per the latest CPI data.

Taken together, the strong recovery in both prices and rents from their respective troughs means that residential rental yields remain quite elevated. Daft.ie estimates that the national average yield was 6.3% in Q118, within the range of 5.9%-6.4% that has been recorded since capital values troughed in Q1 2013. With the rental yield well above the cost of funding for retail and institutional buyers alike, the Irish residential market should continue to attract interest from buy-to-let investors. Indeed, investment market data compiled by JLL show that PRS transactions accounted for 38% of total sales volumes in Q218.

In summary, while the recovery in housing output has continued, activity remains well below the flow of new demand, contributing to ongoing growth in the stock of unmet housing need in Ireland. Until this gap is closed, it would seem that the path of least resistance for both prices and rents remains to the upside, with the only constraint on the latter being the rent inflation caps in the key urban markets.

Principal risks and uncertainties

The directors of the Company consider the principal risks and uncertainties that the Group is exposed to which may impact performance in the financial year and coming six months. The Group proactively identifies, assesses, monitors and manages these risks with the assistance of the Investment Manager and the combined expertise of its Board. The principal risks and uncertainties have not changed significantly since the publication of 2017 Annual Report.

Statement of Directors' Responsibilities

For the half year ended 30 June 2018

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

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

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

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

We confirm that to the best of our knowledge:

(1) the condensed set of financial statements in the half-yearly financial report of Irish Residential Properties REIT plc ("the Company") for the six months ended 30 June 2018 ("the interim financial information") which comprises the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related explanatory notes, have been presented and prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

(2) The interim financial information presented, as required by the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2017, includes:

A. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of financial statements;
B. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
C. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
D. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

Signed on behalf of the Board

Director | Director

KPMG

Independent Review Report to Irish Residential Properties REIT plc

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2017 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

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

Our responsibility

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

Scope of review

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

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

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

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

KPMG

KPMG 2 August 2018
Chartered Accountants
1 Stokes Place,
St Stephens Green
Dublin 2

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	(Unaudited) 30 June 2018 €'000	(Audited) 31 December 2017 €'000
Assets			
Non-Current Assets			
Investment properties	5	**868,540**	750,935
Other non-current assets	6	**11**	13
		868,551	750,948
Current Assets			
Other current assets	6	**6,780**	5,238
Cash and cash equivalents		**9,408**	6,792
		16,188	12,030
Total Assets		**884,739**	762,978
Liabilities			
Non-Current Liabilities			
Bank indebtedness	8	**285,767**	245,370
Derivative financial instruments	11	**736**	249
		286,503	245,619
Current Liabilities			
Accounts payable and accrued liabilities	7	**17,802**	9,379
Security deposits	7	**4,671**	3,996
		22,473	13,375
Total Liabilities		**308,976**	258,994
Shareholders' Equity			
Share capital	10	**43,038**	42,027
Share premium	10	**367,359**	354,978
Other reserve	10	**1,195**	2,135
Retained earnings		**164,171**	104,844
Total Shareholders' Equity		**575,763**	503,984
Total Shareholders' Equity and Liabilities		**884,739**	762,978
IFRS NAV per share	19	**133.8**	120.8
EPRA NAV per share	19	**133.0**	118.5

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

For the six months ended 30 June 2018

	Note	(Unaudited) 30 June 2018 €'000	(Unaudited) 30 June 2017 €'000
Operating Revenues			
Revenue from investment properties	2	**24,058**	21,666
Operating Expenses			
Property taxes		**(316)**	(245)
Property operating costs		**(4,421)**	(4,287)
		(4,737)	(4,532)
Net Rental Income ("NRI")		**19,321**	17,134
General and administrative expenses		**(1,545)**	(1,472)
Asset management fee	15	**(1,478)**	(1,412)
Share-based compensation expense	9	**(125)**	(119)
Net movement in fair value of investment properties	5	**57,017**	19,329
(Loss) on derivative financial instruments	11	**(486)**	(141)
Depreciation of property, plant and equipment		**(3)**	(5)
Financing costs on credit facility		**(3,172)**	(2,290)
Profit for the Period		**69,529**	31,024
Total Comprehensive Income for the Period			
Attributable to Shareholders		**69,529**	31,024
Basic Earnings per Share (cents)	18	**16.5**	7.4
Diluted Earnings per Share (cents)	18	**16.3**	7.3

The accompanying notes form an integral part of these financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

		Share Capital	Share Premium	Retained Earnings	Other Reserve	Total
(Unaudited)	Note	€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2018		**42,027**	**354,978**	**104,844**	**2,135**	**503,984**
Total comprehensive income for the period						
Profit for the period		-	-	69,529	-	69,529
Total comprehensive income for the period		-	-	69,529	-	69,529
Transactions with owners, recognised directly in equity						
Long-term incentive plan	9	-	-	-	125	125
Share Premium allocation		(298)	298	-	-	-
Share issuance	10	1,309	12,083	1,065	(1,065)	13,392
Dividends paid	13	-	-	(11,267)	-	(11,267)
Transactions with owners, recognised directly in equity		1,011	12,381	(10,202)	(940)	2,250
Shareholders' Equity at 30 June 2018		**43,038**	**367,359**	**164,171**	**1,195**	**575,763**

	Note	Share Capital	Share Premium	Retained Earnings	Other Reserve	Total
(Unaudited)		€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2017		**42,027**	**354,978**	**70,645**	**1,945**	**469,595**
Total comprehensive income for the period						
Profit for the period		-	-	31,024	-	31,024
Total comprehensive income for the period		-	-	31,024	-	31,024
Transactions with owners, recognised directly in equity						
Long-term incentive plan	9	-	-	-	119	119
Share issue costs	10	-	-	-	-	-
Dividends paid	13	-	-	(20,447)	-	(20,447)
Transactions with owners, recognised directly in equity		-	-	(20,447)	119	(20,328)
Shareholders' Equity at 30 June 2017		**42,027**	**354,978**	**81,222**	**2,064**	**480,291**

The accompanying notes form an integral part of these financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018	Note	(Unaudited) 30 June 2018 €'000	(Unaudited) 30 June 2017 €'000
Cash Flows from Operating Activities:			
Operating Activities			
Profit before taxes		**69,529**	31,024
Adjustments for non-cash items:			
Fair value adjustment - investment properties		**(57,017)**	(19,329)
Depreciation of property, plant and equipment		**3**	5
Amortisation of other financing costs		**417**	261
Share-based compensation expense	9	**125**	119
(Loss) on derivative financial instruments	11	**486**	141
Straight-line rent adjustment		**(72)**	-
Accrued interest cost on credit facility		**91**	-
		13,562	12,221
Interest cost on credit facility		**2,755**	2,029
Changes in operating assets and liabilities	14	**7,556**	5,666
Net Cash Generated from Operating Activities		**23,873**	19,916
Cash Flows from Investing Activities			
Acquisition of investment properties	5	**(41,310)**	-
Development of investment properties	5	**(17,189)**	(8,886)
Investment property enhancement expenditure	5	**(1,984)**	(2,929)
Direct leasing cost	5	**(33)**	(11)
Net Cash Used in Investing Activities		**(60,516)**	(11,826)
Cash Flows from Financing Activities			
Financing fees on credit facility	8	**(20)**	(79)
Interest paid on loan drawn down	14	**(2,846)**	(2,029)
Credit Facility drawdown	8	**40,000**	16,000
Proceeds on issuance of shares	14	**13,392**	-
Dividends paid to shareholders	13	**(11,267)**	(20,447)
Net Cash Generated/(Used) from Financing Activities		**39,259**	(6,555)
Changes in Cash and Cash Equivalents during the Period		**2,616**	1,535
Cash and Cash Equivalents, Beginning of the Period		**6,792**	5,877
Cash and Cash Equivalents, End of the Period		**9,408**	7,412

The accompanying notes form an integral part of these financial statements

Notes to Consolidated Financial Statements

1. General Information

Irish Residential Properties REIT plc ("I-RES" or the "Company") is a Company located in Ireland. The address of the Company's registered office is Unit 4B Lazer Lane, Grand Canal square, Dublin 2, Ireland.

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 (now Euronext Dublin).

These unaudited condensed consolidated interim consolidated financial statements as at and for the six months ended 30 June 2018 encompass the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). I-RES does not consolidate owner management companies in which it holds majority voting rights. For further details please refer to note 15.

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 2017 to 31 December 2017, 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 financial statements were prepared for the year ended 31 December 2017, approved by the board of directors (**"the Board")** on 22 March 2018, contained an unqualified audit report and delivered to the Registrar of Companies on 19 June 2018.

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 and derivatives 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 months period 1 January 2018 to 30 June 2018. These statements are unaudited but reviewed by our auditors; KPMG Ireland.

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

New and amended standards adopted by the group
A number of new and amended standards became applicable for the current reporting period. However, adoption of the new accounting standards did not result in any material changes from the groups existing accounting policies or result in retrospective adjustments. The potential impact of any future changes have not changed the assessment set out in the annual report for the year ended 31 December 2017.

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

b) Basis of consolidation

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

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

c) Accounting Policies Adopted Starting 1 January 2018

IFRS 9, Financial Instruments ("IFRS 9")

The revised IFRS 9 incorporates requirements for the classification and measurement of financial liabilities over the existing derecognition requirements of IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 also introduces new requirements for classifying and measuring financial assets; specifically investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss. IFRS 9 was further amended in November 2013 to: (i) include guidance on hedge accounting, (ii) allow entities to adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in OCI (without having to adopt the remainder of IFRS 9); and (iii) remove the previous mandatory effective date of 1 January 2015.

The final amendment of IFRS 9 as at July 2014 included: (i) a third measurement category for financial assets- fair value through other comprehensive income; (ii) a single, forward-looking "expected loss" impairment model; and (iii) a mandatory effective date for IFRS 9 for annual periods beginning on or after 1 January 2018. During 2017, I-RES performed an assessment of key areas within the scope of IFRS 9 which includes, but not limited to, additional disclosures required by IFRS 7, "Financial Instruments- Disclosure" upon initial adoption of IFRS 9. I-RES did not early adopt the new hedging requirement of IFRS 9 and the adoption does not require a restatement of comparative information.

IFRS 9- Financial Instruments- Accounting Policies

Hedging

IFRS 9 introduces a new hedge accounting model. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting. There is no impact on hedge accounting treatment from adoption of the new accounting standard as I-RES does not currently undertake hedges of such risk components

I-RES utilizes derivative financial instruments to hedge interest rate exposure. However, I-RES does not designate derivatives as hedges for accounting purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value change in the derivative is recognised before the operating profit in the consolidated statement of profit or loss and other comprehensive income.

Impairment of Financial Assets

Under IFRS 9, there is a new expected credit loss ("ECL") model resulting in the requirement to revise impairment methodology for account receivables for I-RES. Upon assessment, I-RES has determined that the ECL model did not have a material impact on I-RES account receivables.

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 condensed consolidated interim statement of profit or loss and other comprehensive income.

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)

I-RES has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018, which will be replacing many reporting standards commonly used in the real estate industry, including, IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and IFRIC 15 ‘Agreements for the Construction of Real Estate’. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The new standard provides a single, comprehensive revenue recognition model.

I-RES has assessed the impact of IFRS 15 and has concluded that the pattern of revenue recognition for those contracts falling within this standard will remain unchanged upon adoption and there will be no impact on note disclosure. I-RES has adopted the new standard on the required effective date on go forward basis and the adoption does not require a restatement of comparative information.

IFRS 16, Leases (“IFRS 16”)

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. It addresses the definition of a lease, recognition and measurement of leases, and establishes principles for reporting useful information to users of financial statements about leasing activities.

Under IAS 17, lessees were required to make a distinction between a finance lease (on the statement of financial position) and an operating lease (off-balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted only if it also applies IFRS 15, Revenue from Contracts with Customers. The EU has endorsed this standard. I-RES intends to adopt the new standard on the required effective date. I-RES is currently assessing the impact on its financial statements.

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 most significant. See note 2(a) and 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used.

4. Recent Investment Property Acquisitions and Completed Developments

For the year 1 January 2018 to 30 June 2018

Property	Acquisition, Intensification or Development Completion Date	Apartment Count	Region	Total Acquisition, Intensification or Development Costs
				€'000
Hampton Wood	21 May 2018	128	Dublin, Ireland	40,837
Hansfield Wood Development(1)	25 May 2018	29	Dublin, Ireland	17,189
The Marker	12 March 2018	1	Dublin, Ireland	473
		158		58,499

(1) Expenditure during the period relate to development of 99 units at Hansfield Wood site. As at 30 June 2018, I-RES REIT had received 29 completed apartments.

For the year 1 January 2017 to 31 December 2017

Property	Acquisition or Development Completion Date	Apartment Count	Region	Total Acquisition or Development Costs
				€'000
Tyrone Court(1)	1 June 2017	3	Dublin, Ireland	760
The Maple	12 July 2017	68	Dublin, Ireland	17,412
Coldcut Park	19 October 2017	1	Dublin, Ireland	209
Hansfield Wood(2)	15 November 2017	-	Dublin, Ireland	7,130
		72		25,511

(1) At Tyrone Court, a crèche was converted into three additional residential apartments and a management suite through intensification

(2) Acquired Hansfield Wood development site located in Ongar, Dublin 15 for € 7.1 million. The Company also entered into a development agreement with a third party to develop 99 residential units on the Hansfield Wood site for a total consideration of € 23 million (including VAT, but excluding other transaction costs)

5. Investment Properties

Valuation basis

Investment properties are carried at fair value, which is the amount at which the individual properties could be sold in an orderly transaction between market participants at the measurement date, considering the highest and best use of the asset, with any gain or loss arising from a change in fair value recognised in 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 Lisney, the Company's external independent valuer. The valuer employs qualified valuation professionals 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.

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

Investment property producing income

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

Investment property under development

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

As at the reporting date, the Company has capitalised a total of €28.2 million of costs, which includes allocation of development land related to residential developments. However, during 2018, the Company reclassified development costs of €9.3 million related to completed apartments at Hansfield Wood from properties under development to investment property. Consequently, the remaining €18.9 million of the capitalised costs relate to Hansfield Wood properties that are currently undergoing development.

Borrowing cost capitalized of €165,023 (€26,000 as at 31 December 2017) is included in capitalized costs. The weighted average interest rate used to capitalise the borrowing costs is 2.05% (2017: 1.6%).

Development land

In the case of development land, the approach applied is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets. Land values are estimated using either a per acre or per buildable square foot basis based on highest and best use. Such values are applied to the Group's properties after adjusting for factors specific to the site, including its location, 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 independent valuer 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 2018, the Group considers that all of its investment properties fall within Level 3 fair value as defined by IFRS 13. As outlined in IFRS 13, a Level 3 fair value recognises that the significant inputs and considerations made in determining the fair value of property investments cannot be derived from publicly available data, as the valuation methodology in respect of a property also has to rely on a number of unobservable inputs including technical reports, legal data, building costs, rental analysis, professional opinion on profile, lot size, layout and presentation of accommodation. In addition, the valuers utilise proprietary databases maintained in respect of properties similar to the assets being valued.

The Group's independent valuation experts have noted that "The full effect of 'Brexit' on property investment in Ireland, for example, remains unquantified at present and it is currently difficult to determine its future impact with public comment and debate highlighting positive and negative potential", which is consistent with current market practices.

Sensitivity analysis

Estimated Stabilised NRI and market-observed Capitalisation Rates are key inputs in the valuation model used. For example, completed properties are valued mainly using a term and reversion model: i.e., the present values of future cash flows from expected rental receipts are calculated. For the existing rental contract or "term" this is the expected net rents from 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, an increase of 1% in the Equivalent Capitalisation Rate would have the impact of a €138.7 million reduction in fair value while a decrease of 1% in the Equivalent Capitalisation Rate would result in a fair value increase of €210.3 million.

The Group's properties under development in 2018 have an ERV of c. €1.7 million. An increase in ERV of 5% would have the impact of a €1.2 million increase in fair value, whilst a decrease of 5% would have the impact of a €1.2 million decrease in fair value.

In 2017, the Group's properties under development had an ERV of c. €2.2 million. An increase in ERV of 5% would have the impact of a €1.8 million increase in fair value, whilst a decrease of 5% would have the impact of a €1.8 million decrease in fair value.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the Group is €4.7 million for the period ended 30 June 2018 (2017: €4.5 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and property management fees.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the period ended 30 June 2018 and 30 June 2017 was not material.

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

Quantitative information

A summary of the Equivalent Capitalisation Rates and ranges along with the fair value of the total portfolio of the Group as at 30 June 2018 is presented below:

As at 30 June 2018

Type of Interest	**Fair Value**	**WA NRI**[(1)]	**Rate Type**[(2)]			
	€'000	€'000		**Max.**	**Min.**	**Weighted Average**
Investment properties	823,195	2,893	Equivalent Capitalisation Rate	6.06%	4.31%	4.98%
Properties under development	18,750	1,689	Equivalent Capitalisation Rate	6.50%	6.50%	6.50%
Development land[(3)]	26,595	n/a	Market Comparable (per sq.ft.)	€ 144.0	€ 28.1	€ 112.1
Total investment properties	868,540					

(1) Calculated as the Stabilised NRI of each property weighted by its fair value over the total fair value of the investment properties ("WA NRI").

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

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

As at 31 December 2017

Type of Interest	Fair Value	WA NRI[1]	Rate Type[2]			
						Weighted
	€'000	€'000		Max.	Min.	Average
Investment properties	716,785	2,890	Equivalent Capitalisation Rate	6.48%	4.48%	5.23%
Properties under development	11,600					
Development land[3]	22,550					
Total investment properties	750,935					

(1) Calculated as the Stabilised NRI of each property weighted by its fair value over the total fair value of the investment properties ("WA NRI").

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

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

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

Reconciliation of carrying amounts of investment properties

For Period Ended	30 June 2018			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the period	**716,785**	**11,600**	**22,550**	**750,935**
Acquisitions	**41,310**	**-**	**-**	**41,310**
Development expenditures	**-**	**17,189**	**-**	**17,189**
Reclassification (1)	**10,560**	**(11,160)**	**600**	**-**
Property capital investments and intensification	**1,984**	**-**	**-**	**1,984**
Capitalised leasing costs (3)	**72**	**-**	**-**	**72**
Direct leasing costs	**33**	**-**	**-**	**33**
Unrealised fair value movements	**52,451**	**1,121**	**3,445**	**57,017**
Balance at the end of the period	**823,195**	**18,750**	**26,595**	**868,540**

For the year ended	31 December 2017			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the period	**657,665**	**11,365**	**16,050**	**685,080**
Acquisitions	**209**	**7,130**	**-**	**7,339**
Development expenditures	**-**	**10,974**	**2,121**	**13,095**
Reclassification (2)	**18,030**	**(18,480)**	**450**	**-**
Property capital investments and intensification	**4,965**	**-**	**-**	**4,965**
Capitalised leasing costs	**(31)**	**-**	**-**	**(31)**
Direct leasing costs	**37**	**-**	**-**	**37**
Unrealised fair value movements	**35,910**	**611**	**3,929**	**40,450**
Balance at the end of the period	**716,785**	**11,600**	**22,550**	**750,935**

(1) Reclassified Hansfield Wood from properties under development to income properties, and development site from income properties to development land.

(2) Reclassified from development land to properties under development.

(3) Straight line rent adjustment

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

The carrying value of the Group investment properties of €868.5 million for the investment properties at 30 June 2018 (€750.9 million at 31 December 2017) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2017 (Red Book).

6. Other Assets

As at	30 June 2018	31 December 2017
	€'000	€'000
Other Non-Current Assets		
Property, plant and equipment[1]		
At cost	**59**	58
Accumulated amortisation	**(48)**	(45)
Net property, plant and equipment	**11**	13
Total	**11**	13

As at	30 June 2018	31 December 2017
	€'000	€'000
Other Current Assets		
Prepayments[2]	**3,437**	907
Other receivables[3]	**1,790**	2,954
Trade receivables	**1,553**	1,377
Total	**6,780**	5,238

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

(2) Includes specific costs relating to preparing planning applications of development lands

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

7. Accounts Payable and Accrued Liabilities

As at	30 June 2018	31 December 2017
	€'000	€'000
Accounts Payable and Accrued Liabilities		
Rent - early payments[1]	**1,861**	1,861
Trade creditors[1]	**4,057**	251
Accruals[1][2]	**7,101**	7,196
Value Added Tax[3]	**4,783**	71
Total	**17,802**	9,379

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

(2) Includes property related accruals, development accruals, as well as property management fees and asset management fees accruals.

(3) Includes a VAT liability related to an acquisition made during the period

Security deposits

As at	30 June 2018	30 June 2017
	€'000	€'000
Security Deposits		
Security deposits	**4,671**	3,996
Total	**4,671**	3,996

8. Credit Facility

As at	30 June 2018	31 December 2017
	€'000	€'000
Bank Indebtedness		
Loan drawn down	**287,850**	247,850
Deferred loan costs, net	**(2,083)**	(2,480)
Total	**285,767**	245,370

I-RES entered into a facility agreement on 14 January 2016 (as amended on 4 May 2016, 28 February 2017 and amended and restated on 15 September 2017) with Barclays Bank Ireland PLC and Ulster Bank Ireland DAC. The latest amended and restated facilities agreement on 15 September 2017 also added Bank of Ireland as a party. The agreement 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 starting from 14 January 2016. The Credit Facility is subject to compliance with various provisions of the facility agreement (including certain financial covenants and commitments, as well as limitations on indebtedness). The interest on the Credit Facility is set at the 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 assets of the Group and there was a one-time arrangement fee relating to the Credit Facility. On 15 September 2017, in agreement with Barclays Bank Ireland plc, Ulster Bank Ireland DAC and additionally The Bank of Ireland (formerly known as The Governor and Company of the Bank of Ireland), I-RES increased its Credit Facility to €350 million. Arrangement fees were paid in connection with the additional €100 million commitment.

I-RES has complied with all externally imposed capital requirements to which it was subject during the year.

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to €160 million. The agreements have an effective date of 23 March 2017 and a maturity date of January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of January 2021.

The interest rate swap agreements effectively convert the hedged portion of the Credit Facility (€204.8 million) from a variable rate to a fixed rate facility up to the maturity date (see note 11 for further details), the fixed interest rate is at 1.91% (2% less 0.09%). The weighted average EURIBOR rate is c. minus 0.09% per annum on the total €204.8 million interest rate swap.

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, former Chief Executive Officer of I-RES. On 16 November 2017, an additional 2,000,000 options with an exercise price of €1.489 per option were granted to Margaret Sweeney, Chief Executive Officer of I-RES. All options 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 2018, the maximum number of additional options issuable under the LTIP is 15,008,770 (30 June 2017 – 15,457,188).

The fair value of options has been determined as at the grant date using the Black-Scholes model. Further details on assumptions are consistent with the 31 December 2017 financial statements.

The share-based compensation expense during the period ended 30 June 2018 was €125,000 (30 June 2017 - €119,000). The total number of LTIP options outstanding as at 30 June 2018 was 14,651,721 (30 June 2017 - 25,980,000).

10. Shareholders' Equity

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

The number of shares authorised is as follows:

For the period ended	30 June 2018	30 June 2017
Authorised Share Capital	**1,000,000,000**	1,000,000,000
Ordinary shares of €0.10 each		

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

For the period ended	30 June 2018	30 June 2017
Ordinary shares outstanding, beginning of period	**417,292,006**	417,292,006
New Shares Issued(1)	**13,085,219**	-
Ordinary shares outstanding, end of period	**430,377,225**	417,292,006

(1) For the six months ended June 30, 2018, all shares were issued pursuant to exercise of share options of former CEO of I-RES and certain trustees and employees of CAPREIT at weighted average exercise prices of €1.02 per share (see note 15).

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

On 28 February 2017, I-RES entered into interest rate swap agreements aggregating to €160 million. The agreements have an effective date of 23 March 2017 and a maturity date of January 2021. On 15 September 2017, I-RES entered into a new interest rate swap agreement totalling €44.8 million. The new agreement has an effective date of 15 September 2017 and a maturity date of January 2021. The interest rate swap agreements effectively convert the hedged portion of the Credit Facility (€204.8 million) from a variable rate to a fixed rate facility to maturity date (see note 8 for further details), the fixed interest rate is at 1.91% (2% less 0.09%). The weighted average EURIBOR rate is c. minus 0.09% per annum on the total €204.8 million interest rate swap.

The 2018 mark-to-market loss of €486,000 has been recorded in the statement of profit or loss and the cumulative mark-to-market liability of €735,751 as at 30 June 2018.

12. Financial Instruments, Investment Properties and Risk Management

a) Fair value of financial instruments and investment properties

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

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

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

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

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

The following table presents the Group's estimates of fair value on a recurring basis based on information available as at 30 June 2018, 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.

As at 30 June 2018

	Level 1	**Level 2**	**Level 3**	
	Quoted prices in active markets for identical assets and liabilities	Significant other observable inputs	Significant unobservable inputs[1]	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Recurring Measurements - Assets				
Investment properties	**-**	**-**	**868,540**	**868,540**
Derivative financial instruments - interest[2]	**-**	**736**	**-**	**736**
Total	**-**	**736**	**868,540**	**869,276**

As at 31 December 2017

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs[1]	Total
	€'000	€'000	€'000	€'000
Recurring Measurements - Assets				
Investment properties	-	-	750,935	750,935
Derivative financial instruments-interest[2]	-	249	-	249

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

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

b) Risk management

The main risks arising from the Group's financial instruments are market risk, interest rate risk, liquidity risk and credit risk. The Group's approach to managing these risks is summarised in the 2017 Annual Report.

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.

	6 months or less[1]	6 to 12 months[1]	1 to 2 years [1]	2 to 5 years[1]	More than 5 years[1]
As at 30 June 2018	€'000	€'000	€'000	€'000	€'000
Loan drawn down	-	-	-	287,850	-
Bank indebtedness interest [2]	2,815	2,769	5,584	8,629	-
Other liabilities and derivatives	17,802	-	-	736	-
Security deposits	4,671	-	-	-	-
	25,288	2,769	5,584	297,215	-

(1) Based on carrying value at maturity dates.

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

As at 31 December 2017	6 months or less(1) €'000	6 to 12 months(1) €'000	1 to 2 years (1) €'000	2 to 5 years(1) €'000	More than 5 years(1) €'000
Loan drawn down	-	-	-	247,850	-
Bank indebtedness interest (2)	2,412	2,372	4,784	7,392	-
Other liabilities and derivatives	9,387	-	-	241	-
Security deposits	3,996	-	-	-	-
	15,795	2,372	4,784	255,483	-

(1) Based on carrying value at maturity dates.

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

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 February 22 2018, the Directors resolved to pay an additional dividend of €11.3 million (2.7 cents per share), which was paid on 23 March 2018 to shareholders on record as of 2 March 2018 for the year ended 31 December 2017.

On 9 August 2017, the Directors declared an interim dividend of €10.4 million for the period ended 30 June 2017. The dividend of 2.5 cents per share was paid on 18 September 2017 to shareholders on record as at 25 August 2017.

On 20 February 2017, the Directors declared an interim dividend of €20.4 million for the 2017 and 2016 accounting period. The dividend of 4.9 cents per share was paid on 24 March 2017 to shareholders on record as at 3 March 2017.

	30 June 2018 €'000	30 June 2017 €'000
Profit for the period	**69,529**	31,024
Less: net movement in fair value of investment properties	**(57,017)**	(19,329)
Property income of the Property Rental Business	**12,512**	11,695
Add back:		
Share-based compensation expense	**125**	119
Unrealised change in fair value of derivatives	**486**	141
Distributable reserves in respect of the period	**13,123**	11,955

14. Supplemental Cash Flow Information

For the period ended	30 June 2018 €'000	30 June 2017 €'000
Financing costs on credit facility as per the condensed consolidated interim statement of profit or loss and other comprehensive income	**3,172**	2,290
Less: amortisation of financing fees	**(417)**	(261)
Financing costs on credit facility	**2,755**	2,029

Changes in operating assets and liabilities

For the period ended	30 June 2018	30 June 2017
	€'000	€'000
(Increase/Decrease) Prepayments	**(2,530)**	(2,900)
(Increase/Decrease) Trade receivables	**(176)**	6
(Increase/Decrease) Other receivables	**1,164**	(2,656)
(Increase/Decrease) Deposits	**-**	1,589
(Increase/Decrease) Accounts payable and other liabilities	**8,423**	9,344
(Increase/Decrease) Security deposits	**675**	283
Changes in operating assets and liabilities	**7,556**	5,666

15. Related Party Transactions

CAPREIT LP has an indirect 18% beneficial interest in I-RES and has determined that it has significant influence over I-RES. The beneficial interest is held through a qualifying investor alternative investment fund, Irish Residential Properties Fund, CAPREIT LP's wholly-owned subsidiary.

Effective 1 November 2015, CAPREIT LP's wholly-owned subsidiary, IRES Fund Management Limited (**"IRES Fund Management"**) entered into the investment management agreement with I-RES (the **"Investment Management Agreement")**, as amended or restated or as may be amended or restated from time to time, pursuant to which I-RES pays 3.0% per annum of its gross rental income as property management fees and 0.5% per annum of its net asset value together with relevant reimbursements as asset management fees to IRES Fund Management. The Investment Management Agreement governs the provision of portfolio management, risk management and other related services to the Company by IRES Fund Management. 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 2018, I-RES incurred €1.5 million in asset management fees. In addition, €0.7 million in property management fees were incurred and recorded under operating expenses. For the period ended 30 June 2017, €1.4 million in asset management fees and €0.8 million in property management fees were recorded.

The amount payable to CAPREIT LP (including IRES Fund Management) totalled €0.1 million as at 30 June 2018 (€2.0 million as at 31 December 2017) 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 benchmarked at normal commercial terms and on an arm's length basis. The amount receivable from CAPREIT LP (including IRES Fund Management) totalled €nil as at 30 June 2018 (€0.2 million as at 31 December 2017) related to the leasing of office space and other miscellaneous expenses incurred by I-RES on behalf of CAPREIT LP).

IRES Fund Management has multiple leases for office space with I-RES. The rental income for the office space for the period ended 30 June 2018 was €110,000 (€46,000 for the six months ended 30 June 2017). The leases expire on 1 March 2020, 1 December 2020 and 1 December 2021. Minimum annual rental payments from IRES Fund Management for the next three years are as follows:

	2019	2020	2021
	€'000	€'000	€'000
Minimum annual rent payments from IRES Fund Management	116	61	34

Executive Members

Prior to 1 November 2017, the only executive member of the Board was David Ehrlich. David Ehrlich resigned as Chief Executive Officer of the Company effective 1 November 2017 to take up the role of President and Chief Executive Officer of CAPREIT, succeeding Thomas Schwartz. Mr. Ehrlich also continues to serve as a trustee of CAPREIT. Effective 1 November 2017, Mr. Ehrlich is not entitled to further remuneration under his employment agreement.

Mr. Ehrlich continues to serve on the Board of the Company as a non-executive director, as the Investment Manager's nominee. He does not receive any fees from the Company in this role.

Certain trustees and employees of CAPREIT, and its affiliates, including David Ehrlich, have also been granted options under the Company's LTIP. During the six months ended 30 June 2018, David Ehrlich had exercised 11,793,333 of 12,510,000 fully vested options in exchange for equivalent number of shares at nominal value of €0.10 per share and average exercise price of €1.02 per share.

Other trustees and employees of CAPREIT and its affiliates exercised 1,583,892 options in exchange for equity at average exercise price of €1.02 per share. I-RES received net proceeds of €11.3million in exchange of issuance of equity.

Effective 1 November 2017, the only executive member of the Board is Margaret Sweeney, who was appointed as the Chief Executive Officer of the Company on 1 November 2017. All other members of the Board are non-executive directors. Ms. Sweeney's total salaries and bonus as at 30 June 2018 were €220,000 and she is entitled to a bonus of up to 100% of her annual base salary, subject to approval by the Board. Ms. Sweeney does not receive any additional fees for her role as executive director of the Company.

In addition, Ms. Sweeney will be eligible to participate in the LTIP and, under her employment contract, she will be awarded options to acquire 3% of the number of shares issued by the Company from time to time pursuant to any equity raise. On 16 November 2017, Ms. Sweeney was granted 2,000,000 options. The Company also makes an employer contribution of an amount equivalent to 15% of Ms. Sweeney's base salary into a Revenue approved pension scheme. Benefit allowance equivalent to €20,000 per annum is payable by the Company to Ms. Sweeney to contribute towards the purchase of health insurance, car allowance and risk benefits.

Purchase of I-RES Shares

On 15 May 2018, CAPREIT LP indirectly purchased 11,793,333 million shares of I-RES. As at 30 June 2018 CAPREIT LP's indirect beneficial interest in I-RES had increased to approximately 18% (15.7% - December 31, 2017) due to the share purchase.

Expenses

Total expenses are comprised of remuneration of the non-executive Directors of €154,000 for the period ended 30 June 2018 and €154,000 for the period ended 30 June 2017, excluding expenses related to the Chief Executive Officer and Directors. One director retired on 31 March 2017, another director ceased to be a director effective 15 August 2017 and one new director was appointed on 18 April 2017. On 1 June 2018, an additional director was appointed to the board. No loans or quasi-loans were made to the Directors in either period.

Owners' management companies not consolidated

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

Details of the owners' management companies in which the Group had an interest, are included in notes to the 2017 annual report. The total service fees billed in the period by the owner's management companies were €2.3 million, of which €0.5 million was payable and €0.3 million was prepaid as at 30 June 2018.

16. Contingencies

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

17. Commitments

Commitments relate to a construction contract on a fixed price basis of €3.71 million and capital investments in investment properties of approximately €1 million outstanding as at 30 June 2018.

As at 31 December 2017, the Group's commitments comprised of a construction contract on a fixed price basis of €19.3 million and capital investments in investment properties of approximately €0.8 million.

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 2018**	**30 June 2017**
Profit attributable to shareholders of I-RES (€'000)	**69,529**	**31,024**
Basic weighted average number of shares	**420,696,540**	**417,292,006**
Diluted weighted average number of shares(1)	**426,743,195**	**422,133,448**
Basic Earnings per share (cents)	**16.5**	**7.4**
Diluted Earnings per share (cents)	**16.3**	**7.3**

(1) Diluted weighted average number of shares includes the additional shares resulting of € 6,020,632 (2017: € 4,841,442) from dilution of the long-term incentive plan options as of the reporting period date.

EPRA issued Best Practices Recommendations most recently in November 2016, which gives guidelines for performance matters.

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

EPRA Earnings per Share

For the six months ended	30 June 2018	30 June 2017
Total comprehensive income for the year attributable to shareholders (€'000)	**69,529**	31,024
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	**(57,017)**	(19,329)
Changes in fair value of derivative financial instruments (€'000)	**486**	141
EPRA Earnings (€'000)	**12,998**	11,836
Basic weighted average number of shares	**420,696,540**	417,292,006
Diluted weighted average number of shares	**426,743,195**	422,133,448
EPRA Earnings per share (cents)	**3.1**	2.8
EPRA Diluted Earnings per share (cents)	**3.0**	2.8

19. Net Asset Value per Share

EPRA issued Best Practices Recommendations most recently in September 2017, 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 mark-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.

EPRA NAV per Share

As at	30 June 2018	31 December 2017
Net assets (€'000)	**575,763**	503,984
Adjustments to calculate EPRA net assets exclude:		
Fair value of derivative financial instruments (€'000)	**736**	249
EPRA net assets (€'000)	**576,499**	504,233
Number of shares outstanding	**430,377,225**	417,292,006
Diluted number of shares outstanding	**433,337,404**	425,453,830
Basic Net Asset Value per share (cents)	**133.8**	120.8
EPRA Net Asset Value per share (cents)	**133.0**	118.5

20. Directors' Remuneration

For the six months ended	30 June 2018	30 June 2017
	€'000	€'000
Directors' remuneration		
Short-term employee benefits	**494**	500
Pension benefits	**33**	-
Other benefits(1)	**42**	27
Share based payments(2)	**125**	75
Total	**694**	602

(1) 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.

(2) Included in share-based payments are 2,000,000 stock options that were anti-dilutive as at 30 June 2018.

21. Approval of Condensed Consolidated Interim Financial Statements

These unaudited Condensed Consolidated Interim Financial Statements were approved by the Board on 2 August 2018.

Glossary of Terms

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

"Annualised Passing Rent"	Defined as the annualised cash rental income being received as at the stated date;
"Average Monthly Rent (AMR)"	Actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property;
"Basic Earnings per share (Basic EPS)"	Calculated by dividing the profit for the reporting period attributable to ordinary shareholders of the Company in accordance with IFRS by the weighted average number of ordinary shares outstanding during the reporting period;
"Capitalisation Rate"	The rate of return on a property investment based on current and projected future revenue streams that such property investment will generate;
"Companies Act, 2014"	The Irish Companies Act, 2014;
"Diluted weighted average number of shares"	Includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date;
"EPRA"	The European Public Real Estate Association;
"EPRA Diluted EPS"	Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the diluted weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio, while taking into account dilutive effects, and therefore excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;
"EPRA EPS"	Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio and therefore excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;

"EPRA NAV"	Measures the fair value of net assets on an ongoing, long-term basis in accordance with guidelines issued by EPRA while taking into account dilutive effects of any options, convertibles, or other financial instruments. The EPRA NAV excludes the net mark-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;
"EPRA NAV per share"	Calculated by dividing EPRA NAV by the diluted number of ordinary shares outstanding as at the end of the reporting period;
"Equivalent Capitalisation Rate"	The Equivalent Capitalisation Rate is calculated as the Stabilised NRI divided by the fair value of the investment property;
"Group Total Gearing"	Calculated by dividing the loan drawn down by the market value of the Group's investment properties;
"Gross Yield"	Calculated as the Annualised Passing Rent as at the stated date, divided by the fair value of the investment properties, excluding fair value of development land and investment properties under development as at the reporting date;
"Irish REIT Regime"	Means the provisions of the Irish laws and regulations establishing and governing real estate investment trusts, in particular but without limitation section 705A of the Taxes Consolidation Act, 1997 (as inserted by section 41(c) of the Finance Act, 2013), as amended from time to time;
"Market Capitalisation"	Calculated as the closing share price multiplied by the number of shares outstanding;
"Net Asset Value" or "NAV"	Calculated as the value of the Group's or Company's assets less the value of its liabilities measured in accordance with IFRS;
"Net Asset Value per share"	Calculated by dividing NAV by the basic number of ordinary shares outstanding as at the end of the reporting period;
"Net Rental Income (NRI)"	Measured as property revenue less property operating expenses;
"Net Rental Income Margin"	Calculated as the NRI over the revenue from investment properties;

"Occupancy Rate"	Calculated as the total number of apartments occupied over the total number of apartments owned as at the reporting date;
"Property Income"	As defined in section 705A of the Taxes Consolidation Act, 1997. It means, in relation to a company or group, the Property Profits of the company or group, as the case may be, calculated using accounting principles, as: (a) reduced by the Property Net Gains of the company or group, as the case may be, where Property Net Gains arise, or (b) increased by the Property Net Losses of the company or group, as the case may be, where Property Net Losses arise;
"Property Profits"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Property Net Gains"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Property Net Losses"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Property Rental Business"	As defined in section 705A of the Taxes Consolidation Act, 1997;
"Sq. ft."	Square feet;
"Sq. m."	Square metres;
"Stabilised NRI"	Measured as property revenue less property operating expenses adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance;
"Vacancy Costs"	Defined as the value of the rent on unoccupied residential apartments and commercial units for the specified period.

Forward-Looking Statements

I-RES Disclaimer

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

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

The forward-looking statements referred to in this Report speak only as at the date hereof. I-RES expressly disclaims any obligation or undertaking to release publicly any revision or updates to these forward-looking statements to reflect any change in (or any future) events, circumstances, conditions, new information or any change in the Company’s expectations or otherwise except as required by law, regulation or by any appropriate regulatory authority.

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STOCK EXCHANGE LISTING

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