

IRISH RESIDENTIAL PROPERTIES REIT plc



# 2016 Preliminary Results **CONFERENCE CALL**

15 FEBRUARY 2017





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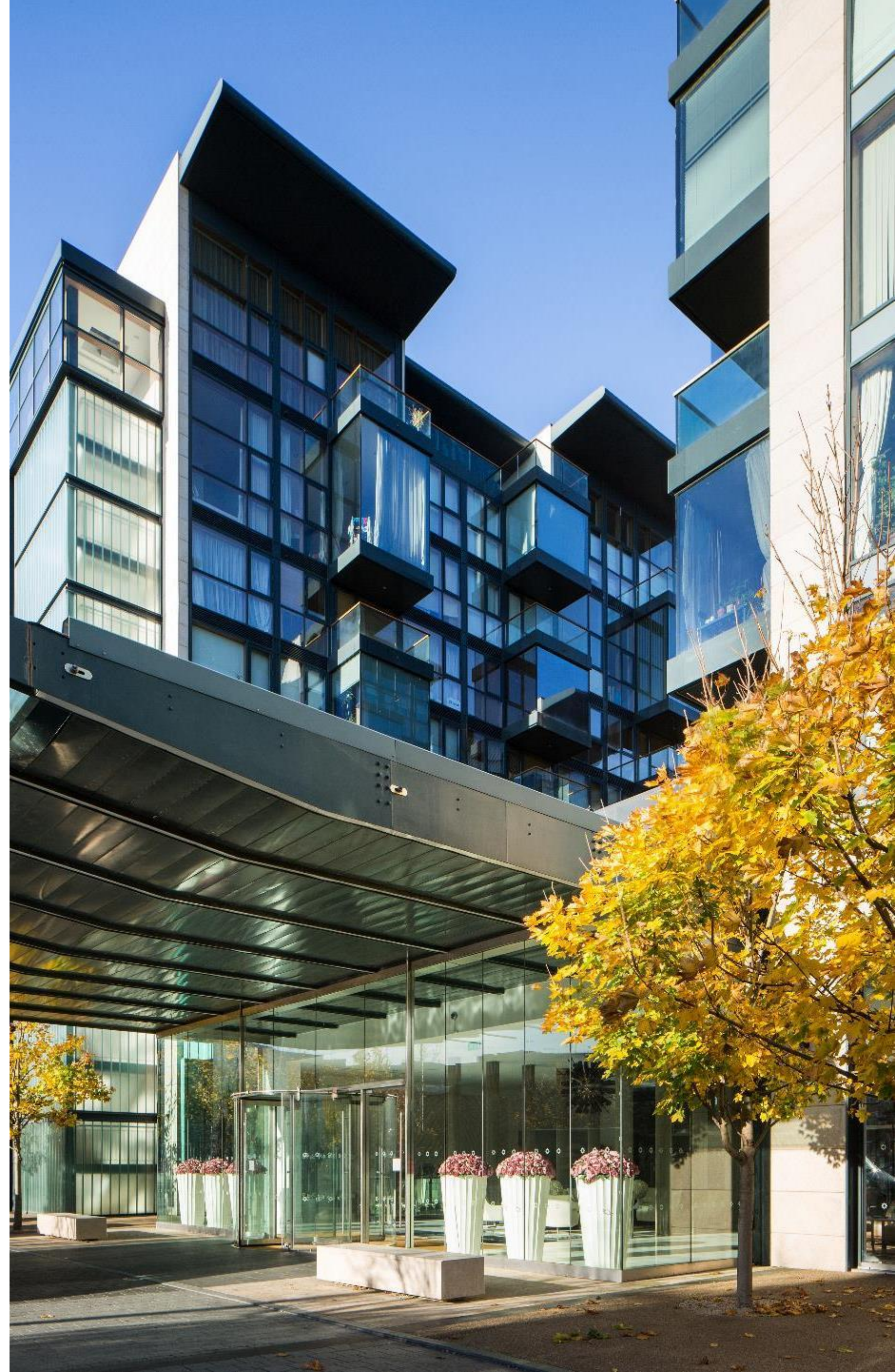
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# Agenda

- ✓ Profile
- ✓ Highlights
- ✓ Reasons to invest in I•RES
- ✓ Performance Review
- ✓ Outlook
- ✓ Appendix 1





I•RES became a REIT and completed an initial offering of €200 million in April 2014, followed by an offering of €215 million completed in March 2015



## Mission

Provide shareholders with sustainable, long-term and growing dividends.  
Grow income and net asset value



## Management

Professionally managed by CAPREIT's Irish subsidiary, IRES Fund Management Limited, I•RES has brought professional apartment management to Ireland



## Focus

The focus of I•RES is the Irish residential rental sector



## Portfolio

Current portfolio of **2,378 apartments**  
High quality, well-maintained, wtd. avg. age 8.8 years<sup>(1)</sup>

Note: (1) As at 31 December 2016



# Highlights

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Active period with strategic high quality acquisitions and development

- Since initial offering, acquired 2,039 apartments, including 763 in 2016
- Arranged new credit facility with a reduced margin and 5-year term
- Commenced construction of 68 apartments at Beacon South Quarter

Strong operating results supported by strong market fundamentals

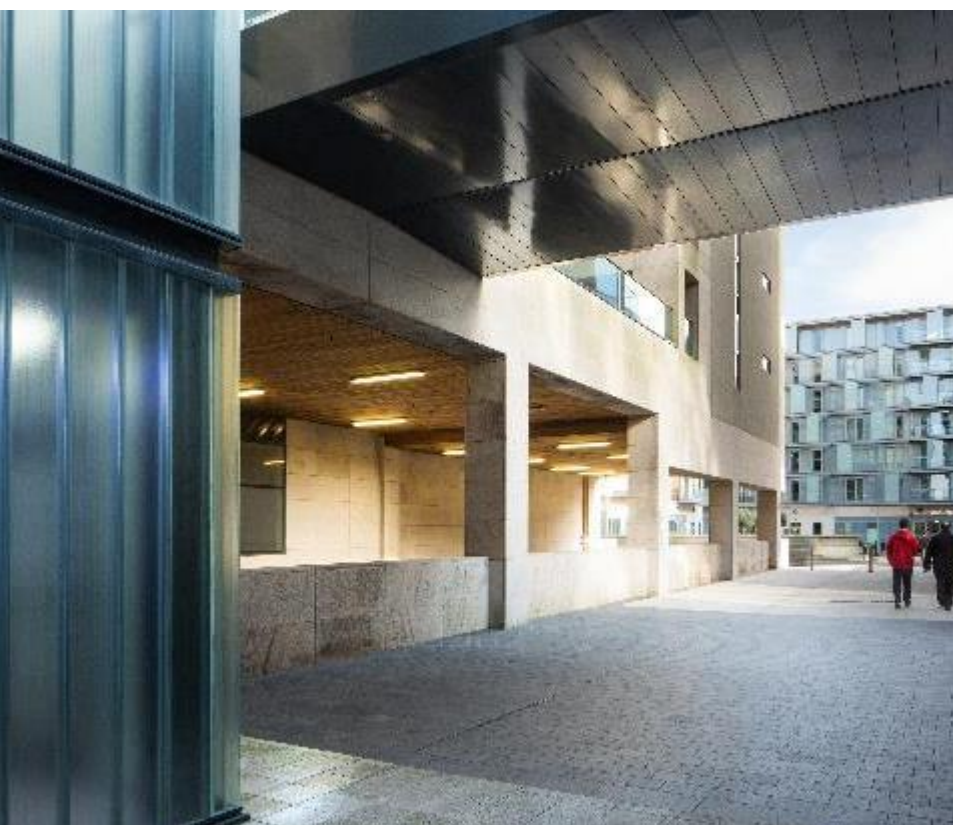
- Strong occupancies
- Strong same property rental growth
- Strong organic growth

Delivering shareholder value through stable growing dividends



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# Reasons to Invest in I·RES



Sustainable  
Growing  
Yields



Strong  
Real Estate  
Fundamentals

Proven  
Investment  
Manager



Accretive  
Acquisitions  
and Developments





REASONS TO INVEST IN I-RES

# Proven Investment Manager

I-RES Fund Management, an Irish subsidiary of CAPREIT, is the company's investment manager.

## ABOUT CAPREIT

Founded in **1997**, one of first Canadian REITs

High returns in rent controlled environment

**48,190** apartments and land lease sites coast-to-coast in Canada<sup>(1)</sup>

**988 employees**<sup>(1)</sup>

Available and experienced support for I-RES

**10** Regional offices in Canada<sup>(1)</sup>

**38** experienced staff in Dublin office<sup>(2)</sup>

Strong systems and personnel support

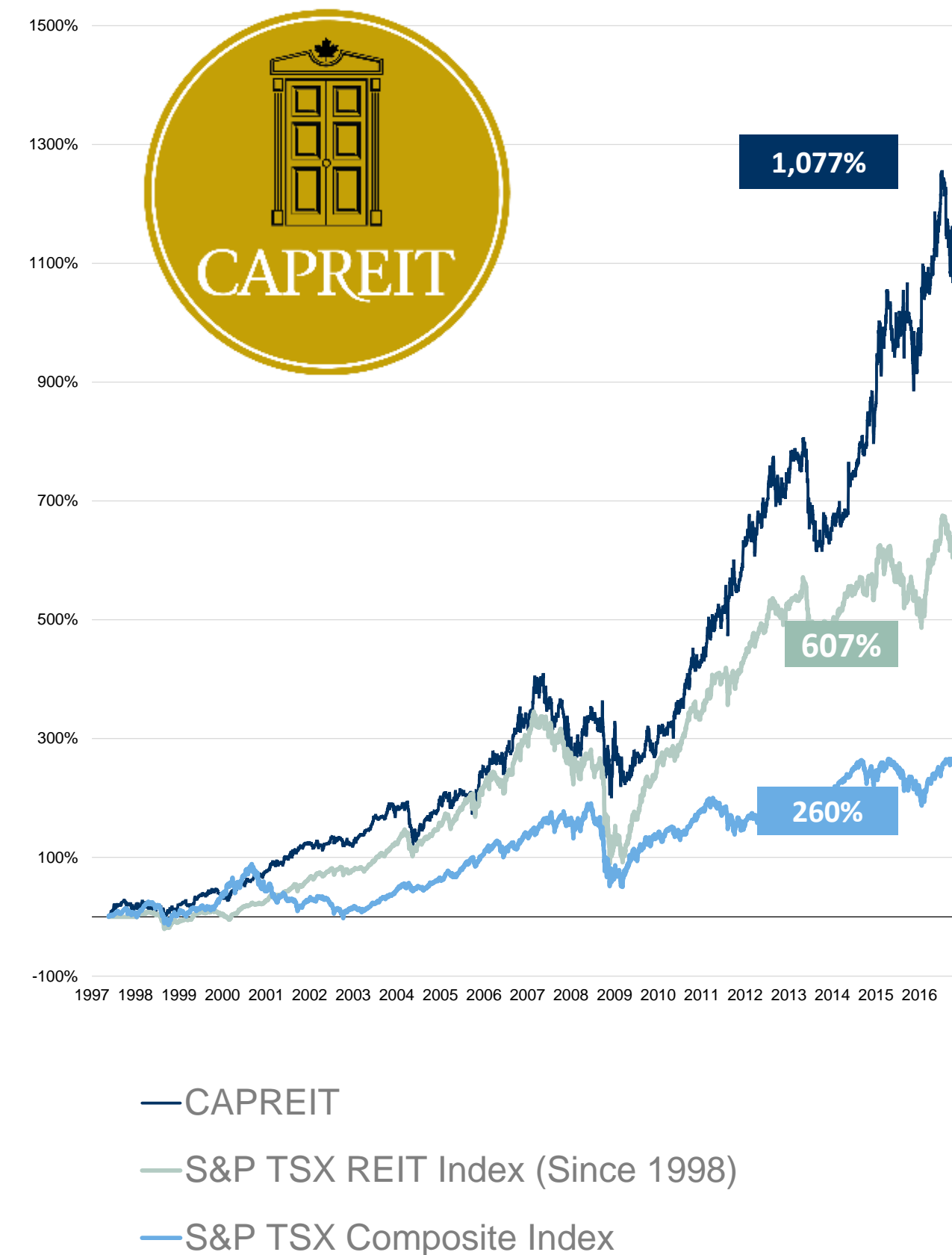
Fully aligned with I-RES shareholders

**15.7%** ownership interest

Management fees of **3%** of gross rents and **0.5%** of NAV (full summary in Appendix 2)

Note: (1) As at 30 September 2016  
(2) As at 31 December 2016

S&P/TSX Index & CAPREIT total return



# Sustainable Growing Yields



Residential sector with high quality assets give long-term, sustainable and steady returns

Sustained rental growth being achieved in the Dublin residential lettings market

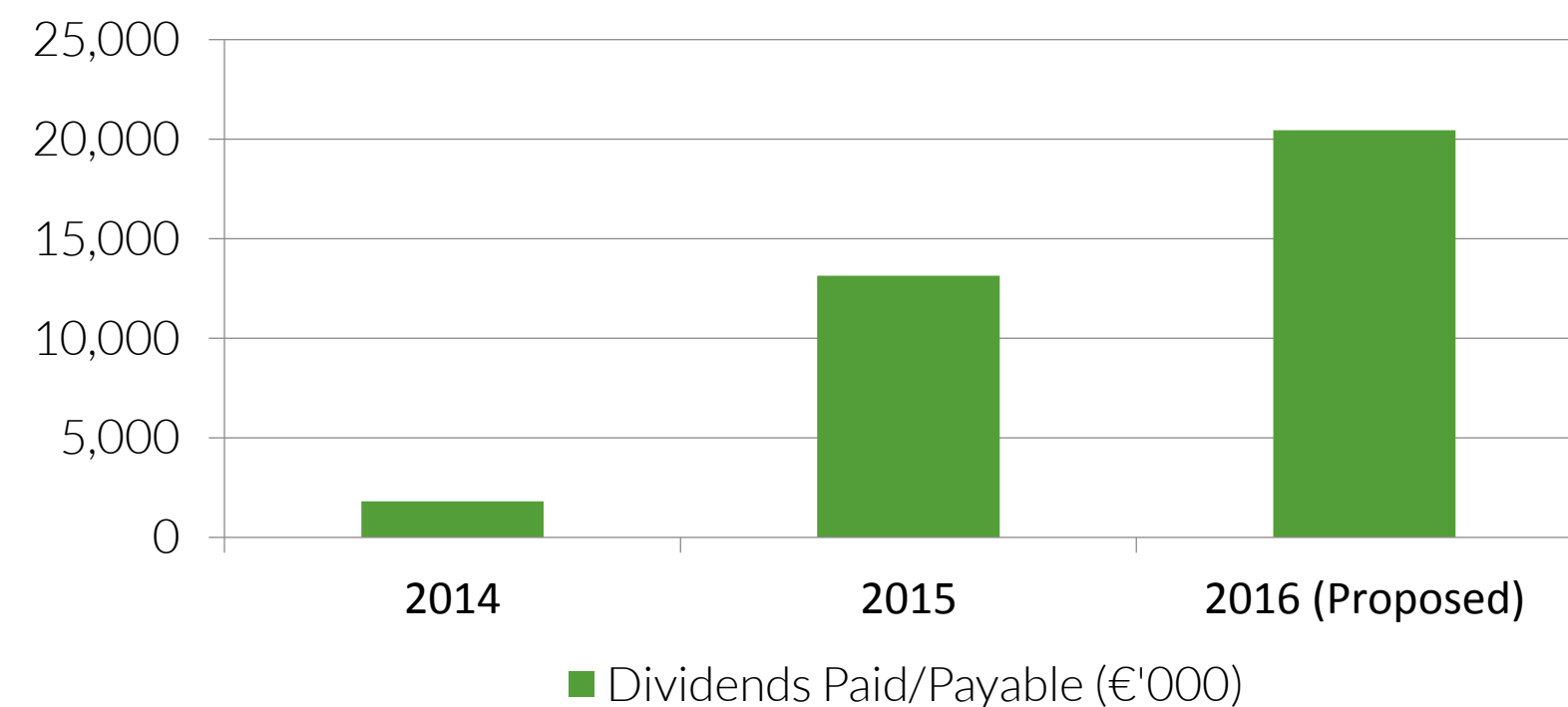
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Strong development pipeline for I•RES

=

Growing dividends for I•RES

Dividends Paid





REASONS TO INVEST IN I-RES

# Highly Accretive Acquisitions

Modern property portfolio with weighted average of 8.8 years



## Excellent locations in Dublin

Convenient transportation,  
with most properties located  
near the LUAS rail system



## Superior Neighbourhood Features

In close proximity to many retail  
offerings as well as large employers  
such as Microsoft and Amazon



## Amazing Amenities

Playgrounds and beautiful  
gardens are in abundance

# Accretive Planned Development

Opportunity to add approximately 600<sup>(1)</sup> apartments at currently-owned I-RES properties

- ✓ New apartments can be built at lower cost than market
  - Significant infrastructure already built (parking, etc.)
- ✓ Submitted a revised planning application for approximately 460 apartments at Rockbrook, Dublin 18

Note: (1) Subject to planning and any other approvals



# First Intensification Development



68 apartments at block B2B (Beacon South Quarter), Sandyford Dublin 18

- Direct access via tram to Dublin City Centre in 20 minutes
- Home to high profile employers

General contractor on a fixed price basis

Expected Gross Yield in the range of 8.5%-9.0%

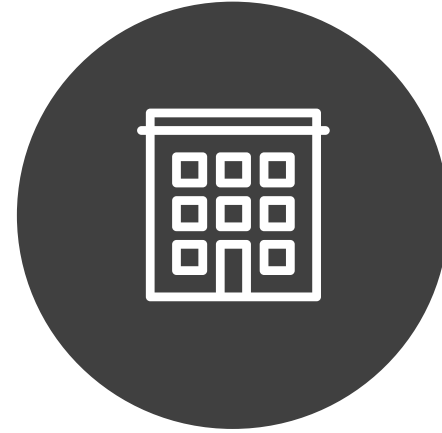
Available for let by approximately mid 2017

# Strong Real Estate Fundamentals



## Growing Irish Economy

Upward pressure is being applied on employee compensation



## Significant Supply/Demand Imbalance

Brexit uncertainty will affect Irish economic growth to some extent, which should be positive for the rental sector



## Favourable Interest Rate Environment



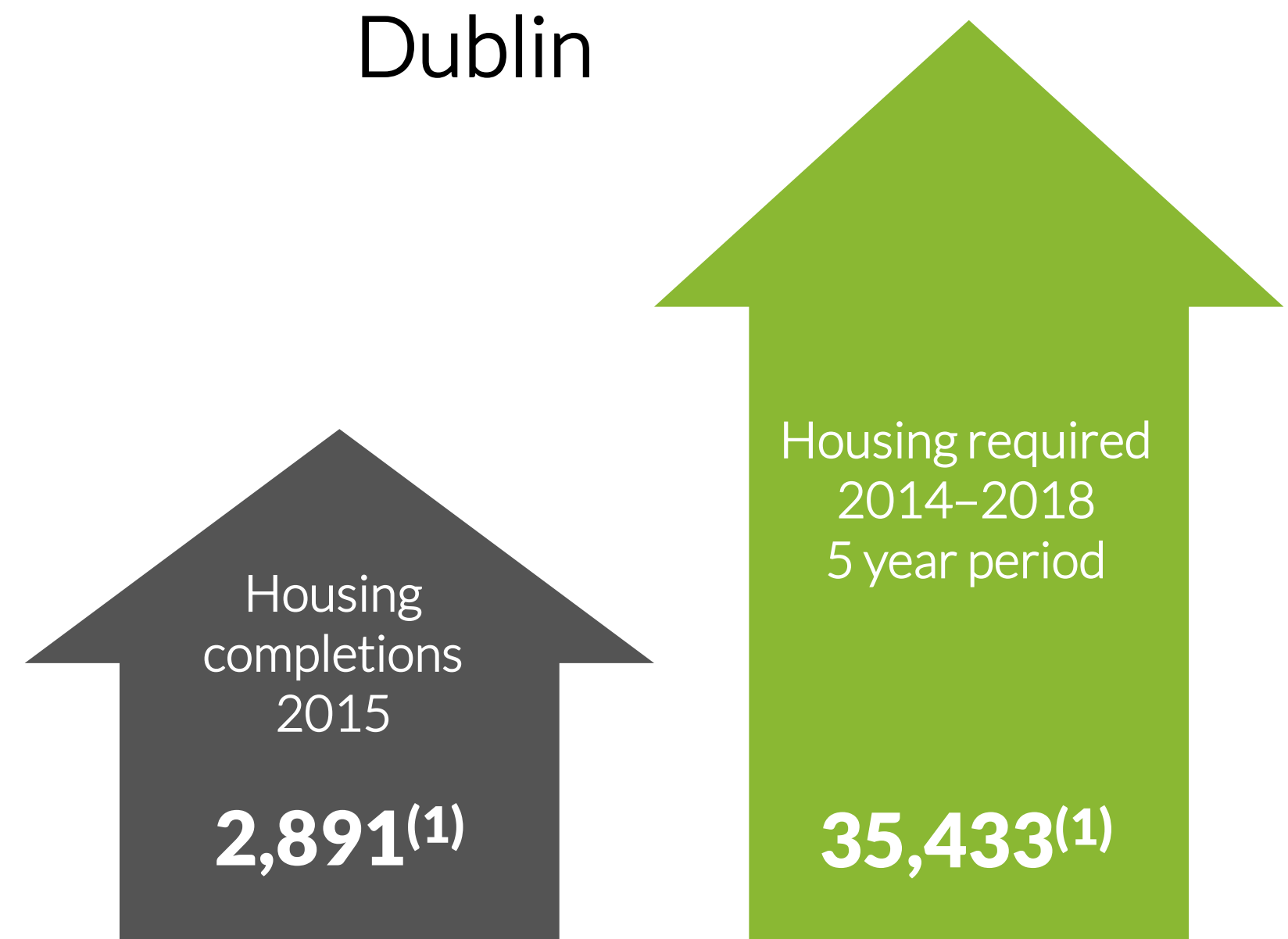
## Strong Rental Growth Opportunities

- New legislation with 4% rental increases annually, for a period of 3 years, or up to 12% rental increase over 3 years
- New construction and substantial refurbishment exempt
- The two year rental increase legislation will cease to apply in a rent pressure zone when the next two year review takes place, thereafter annual rent review will apply

# Supply and Demand Imbalance



- ✓ Significant supply / demand imbalance
- ✓ Increasing apartment sector
  - Encouraged by government policy
  - Central bank mortgage limits
  - Immigrants natural apartment dwellers
  - Strong foreign direct investment base for employers
  - Growing young population as renters (highest birth rate in Europe)
  - Housing completions for the first ten months of 2016 is 3,402



Note: (1) Source: Economic and Social Research Institute, Construction Industry Federation



**GRAND CENTRAL - SANDYFORD, DUBLIN 18**

## **Performance Review**

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# Portfolio Performance



As at	31 Dec 2016	31 Dec 2015
Occupancy	98.7%	96.0%
Average Monthly Rent <sup>(1)</sup>	€1,427	€1,372
Gross Yield	6.6%	6.2%
NRI Margin <sup>(2)</sup>	78.8%	80.8%

(1) Average monthly rent for stabilised residential properties owned by the Company as of 31 December 2015 up 8.6% as at 31 December 2016 compared to 31 December 2015

(2) For the period 1 January 2016 to 31 December 2016

# Strong Operating Performance



Year Ended	31 Dec 2016	31 Dec 2015
Gross Rental Income (€,000)	38,754	24,721
Net Rental Income (€,000)	30,555	19,968
Basic Earnings Per Share (cents)	11.3	8.4
EPRA Earnings Per Share (cents)	4.9	3.3
Weighted Average Number of Shares	417,135,631	367,520,548

# Strong Financial Position



As At	31 Dec 2016	31 Dec 2015
Net Assets & EPRA Net Assets	€469.6M	€435.0M
Basic & EPRA NAV per share (cents per share) <sup>(1)</sup>	112.5	104.3
Group Total Gearing	31.3%	8.8%

As At	31 Dec 2016
Acquisition / Development Capacity <sup>(2)</sup>	c. €150.0M

(1) Dividends paid in March 2016 relating to the 2015 accounting period reduced NAV per share by 3.1 cents

(2) Based on a target gearing of 45%

# Outlook

- ✓ Growth Strategies
  - Strong Acquisitions
  - Strong Developments
- ✓ Growing Stable Dividends





OUTLOOK

# Strong Acquisition and Development Pipeline

## Development

600<sup>(1)</sup> apartments and other opportunities / in place infrastructure (garages)

## NAMA

Significant remaining apartment portfolio



## Off-Market Transactions

Private off-market opportunities

## Private Equity Investors

Private equity investors have acquired large asset and debt portfolios and are beginning to recycle

Note: (1) Subject to planning and any other approvals



# Strong, Steady & Sustainable Growing Dividends



13.1M paid in 2016  
for the 2015  
accounting period



1.8M paid in 2015  
for the 2014  
accounting period

Stable, sustainable  
and growing dividends  
over long term



Focused on creating  
shareholder value





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# 2016 Preliminary Results

# **CONFERENCE CALL**

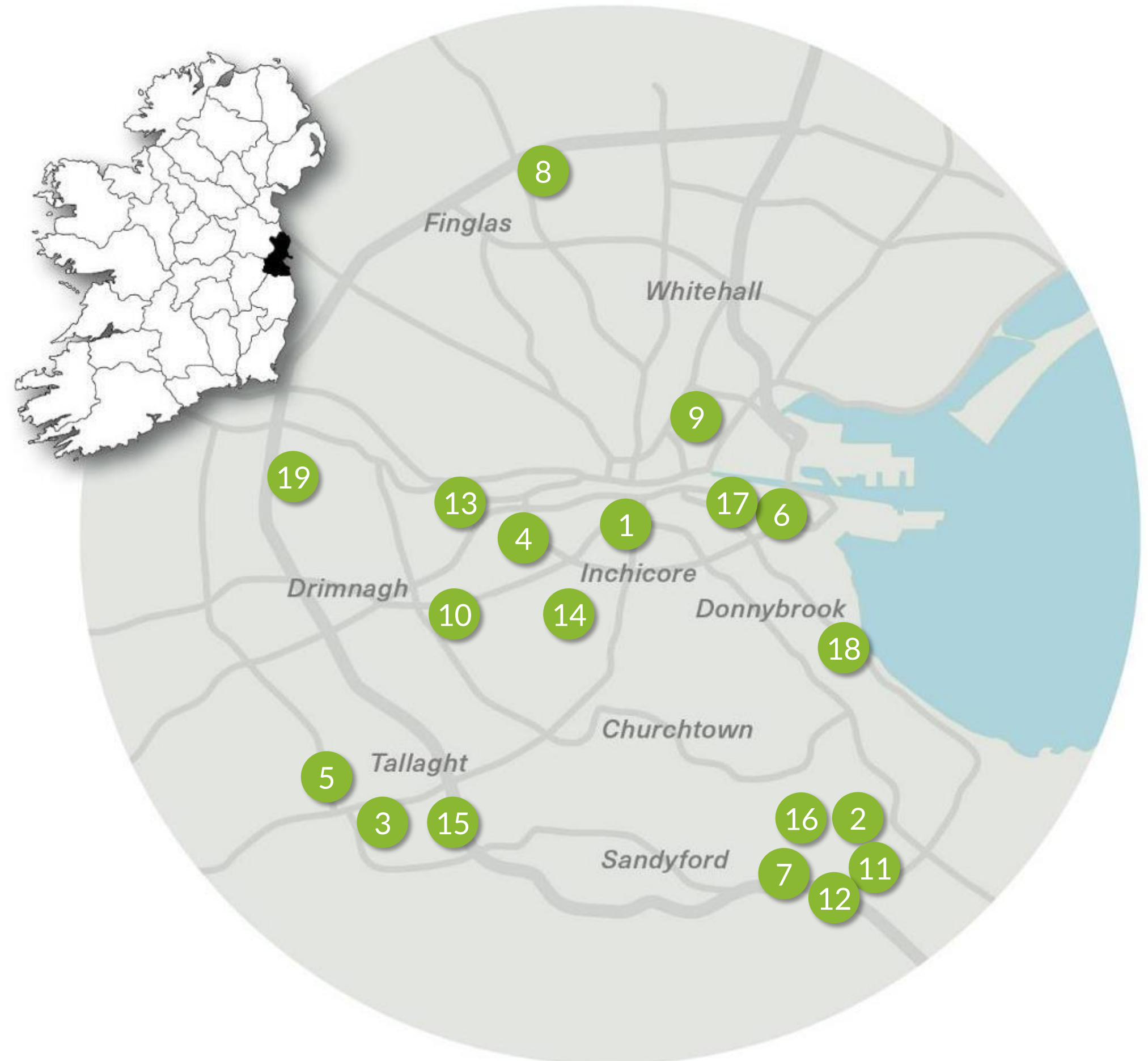
Appendix 1





# Property Locations

	Property	# of Apartments <sup>(1)</sup>
1	Kings Court	83
2	Grande Central	65
3	Priorsgate	103
4	Camac Crescent	90
5	The Laurels	19
6	The Marker	84
7	Beacon South Quarter	225
8	Charlestown	235
9	Bakers Yard	85
10	Lansdowne Gate	224
11	Rockbrook Grande Central	81
12	Rockbrook South Central	189
13	Tyrone Court	92
14	Bessboro	40
15	Tallaght Cross West	442
16	Forum	8
17	City Square	23
18	Elmpark Green	201
19	Coldcut	89



Note: (1) As at 31 December 2016

# High Quality Portfolio



	Property Location	Location	Year Built	Date Acquired	# apartments owned <sup>(1)</sup>	Total # of apartments <sup>(1)(7)</sup>	Value as at 31 Dec 2016 <sup>(1)</sup>	Commercial space owned (sqm) <sup>(1)</sup>	Average mthly rent per apt. <sup>(1)(2)(3)</sup>	Occupancy <sup>(1)(2)</sup>
1	Kings Court	Smithfield	2006	10 Sep 2013	83	83	€ 19.9m	566	€ 1,354	100.0%
2	Grande Central <sup>(4)</sup>	Sandyford	2007	10 Sep 2013	65 <sup>(2)</sup>	195	€ 20.9m	-	€ 1,557	98.5%
3	Priorsgate	Tallaght	2007	10 Sep 2013	103	199	€ 19.2m	2,538	€ 1,120	100.0%
4	Camac Crescent	Inchicore	2008	10 Sep 2013	90	110	€ 19.6m	-	€ 1,298	100.0%
5	The Laurels	Tallaght	2007	27 Jun 2014	19	19	€ 3.2m	190	€ 1,197	100.0%
6	The Marker	Docklands	2012	18 Jul 2014	84	105	€ 58.1m	1,218	€ 2,554	94.0%
7	BSQ <sup>(5)</sup>	Sandyford	2007/2008	07 Oct 2014	225 <sup>(5)</sup>	850	€ 82.0m	2,395	€ 1,679	98.7%
8	Charlestown	Finglas	2007	07 Oct 2014	235	285	€ 57.8m	-	€ 1,279	99.1%
9	Bakers Yard	Dublin	2007/2008	07 Oct 2014	85	132	€ 21.0m	792	€ 1,359	100.0%
10	Lansdowne Gate	Drimnagh	2005	07 Oct 2014	224	280	€ 64.1m	-	€ 1,437	98.7%
11	Rockbrook Grande Central <sup>(4)</sup>	Sandyford	2007	31 Mar 2015	81	195	€ 28.0m	3,529	€ 1,528	98.8%
12	Rockbrook South Central	Sandyford	2007	31 Mar 2015	189	224	€ 71.1m	1,136	€ 1,563	99.5%
13	Tyrone Court	Inchicore	2014	05 Jun 2015	92	128	€ 23.5m	-	€ 1,419	96.7%
14	Bessboro	Terenure	2008	11 Dec 2015	40	40	€ 12.4m	-	€ 1,436	100.0%
15	Tallaght Cross West	Tallaght	2008	15 Jan 2016	442	507	€ 85.8m	18,344	€ 1,194	98.4%
16	Forum	Sandyford	2007	17 Feb 2016	8	127	€ 2.3m	-	€ 1,569	100.0%
17	City Square	Gloucester St	2006	7 Apr 2016	23	27	€ 5.7m	57	€ 1,527	100.0%
18	Elmpark Green	Merrion	2006	25 May 2016	201	332	€ 59.7m	-	€ 1,459	98.5%
19	Coldcut Park	Clondalkin	2012	31 Aug 2016	89	89	€ 19.4m	-	€ 1,342	97.8%
<b>Total properties owned as at 31 December 2016</b>					<b>2,378</b>		<b>€673.7m</b>	<b>30,765</b>	<b>€1,427<sup>(6)</sup></b>	<b>98.7%<sup>(6)</sup></b>
20	B2B Development <sup>(8)</sup>	Sandyford	N/A	N/A	N/A	N/A	€ 11.4m	-	N/A	N/A
<b>Total investment properties owned as at 31 December 2016</b>					<b>2,378</b>		<b>€685.1m</b>	<b>30,765</b>	<b>€1,427<sup>(6)</sup></b>	<b>98.7%<sup>(6)</sup></b>

Note: (1) As at 31 December 2016

(2) Based on residential apartments.

(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) Total number of owned apartments at Grande Central as of 31 December 2016 is 146.

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

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

(7) Total number of apartments in the development.

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