hibernia reit plc

Report and Consolidated Financial Statements

For the period from 13 August 2013 (date of incorporation) to 31 March 2014

creating sustainable value

Directors and Other Information

Directors
Daniel Kitchen (Chairman)
Colm Barrington (Senior Independent Director)
Stewart Harrington
William Nowlan
Terence O'Rourke

Secretary
Castlewood Corporate Services Limited
(t/a Chartered Corporate Services)
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14, Ireland

Registered Office
Marine House
Clanwilliam Place
Dublin 2, Ireland

Company Number
531267

Independent Auditor
Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Hardwicke House
Hatch Street
Dublin 2, Ireland

Investment Manager
WK Nowlan REIT Management Limited
Marine House
Clanwilliam Place
Dublin 2, Ireland

Bankers
Bank of Ireland
50-55 Baggot Street Lower
Dublin 2, Ireland

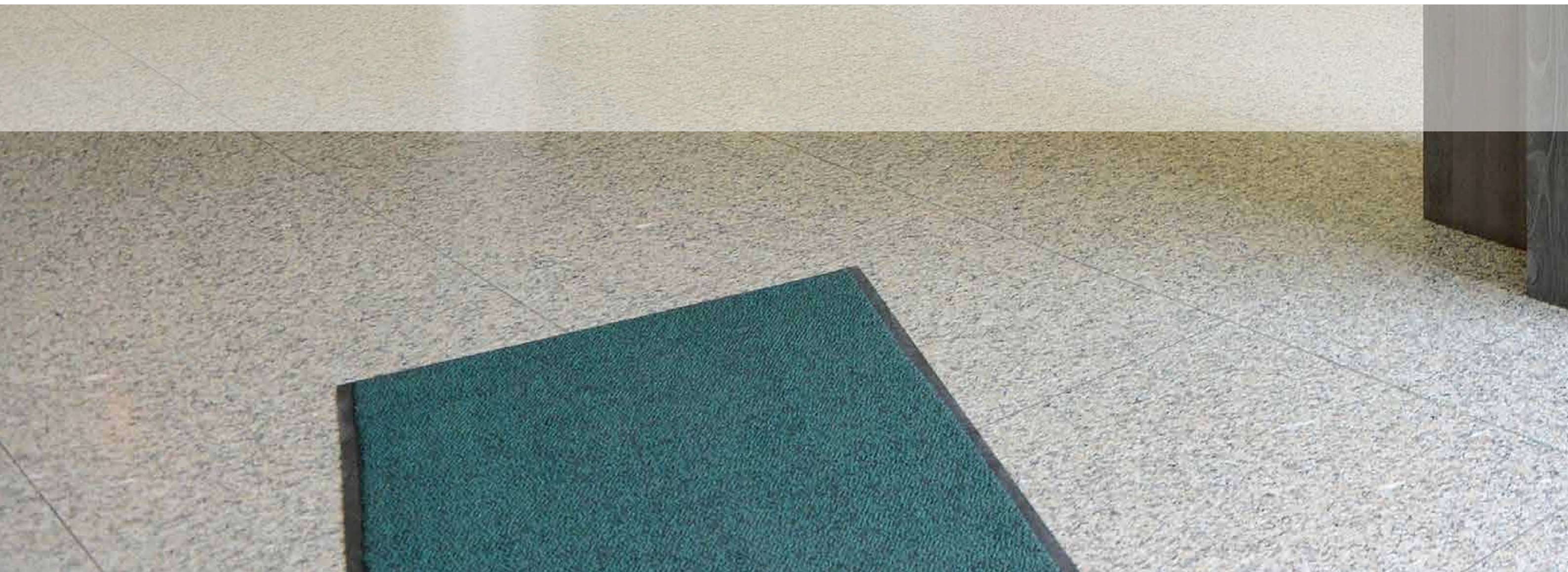
Depository
Credit Suisse International,
Dublin Branch
Kilmore House
Park Lane
Spencer Dock
Dublin 1, Ireland

Registrar
Capita Registrars (Ireland) Limited
(t/a Capita Asset Services)
2 Grand Canal Square
Dublin 2, Ireland

Legal Advisors
A&L Goodbody
28 North Wall Quay
IFSC
Dublin 1, Ireland

Brokers
Goodbody
Ballsbridge Park
Ballsbridge
Dublin 4, Ireland

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom



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Financial Highlights

€385m **raised** (€372m net of expenses) in successful initial public offering (IPO) on the Irish and London Stock Exchanges in December 2013

€223m **of equity invested and committed to date in 5 acquisitions,** representing 60% of net IPO proceeds

4 of the 5 **acquisitions undertaken to date off-market,** with 3 of the 5 acquisitions made through loan purchases

Investment Manager team built out with four new hires, bringing permanent headcount to **10**

3 **further hires in pipeline:** CFO appointment imminent

HIGHLIGHTS TO 31 MARCH 2014

Successful listing on the Irish and London Stock Exchanges in December 2013

Feb 2014: acquired €67m (excluding transactions costs) loan portfolio of predominantly Dublin residential assets from Ulster Bank in an off-market transaction

Mar 2014: contracted to acquire New Century House, an office building in the IFSC, for €47m (excluding transactions costs) in an off-market transaction completed in April 2014

Mar 2014: contracted to acquire Gateway site, an industrial / logistics facility at Newlands Cross, Dublin 22 for €10m (excluding transactions costs) in a transaction which closed in May 2014

€79m of cash invested by 31 March 2014, with a further €67m committed

€292m of cash as at 31 March 2014

HIGHLIGHTS SINCE 31 MARCH 2014

May 2014: acquisition of Montague House and Hardwicke House, two office buildings in Dublin 2 in partially deferred off-market transaction of €60m. Initial investment of €18.25m in loans, with right to pay incremental €41.75m to take full ownership at any time in next 2 years

May 2014: acquisition of Chancery office building and apartments in Dublin 8 for €16m via a loan transaction

€148m of cash invested at 19 May 2014, with a further €75m committed

	March 2014
Net assets	€371.0m
EPRA and Basic NAV per share	96.35 cents
Group LTV	0%
Net cash & cash equivalents	€291.7m
Net loss	€(0.85)m
Basic and diluted EPS	(0.22) cents

Daniel Kitchen, Chairman of Hibernia REIT said:

"Hibernia has made a strong and active start to life as a publicly traded REIT since the successful IPO in December 2013. We have now invested 60% of the net funds received from shareholders in 5 acquisitions in Dublin despite intense competition for assets. Our focus has been, and will continue to be, on spending our shareholders' money well rather than on prioritising speed of deployment."

Kevin Nowlan, Chief Executive Officer, WK Nowlan REIT Management Ltd, said:

"We are delighted with the progress we have made in our first 140 days of operation. All of the acquisitions we have made either have significant rental reversion to come or value-add / development angles. Our focus is on maximising returns for shareholders and we have been, and will remain, disciplined regarding the prices we are willing to pay for assets. All but one of our acquisitions was concluded off-market, in a number of cases buying loans to secure an interest in properties we wouldn't otherwise have been able to. Looking ahead, we expect continued growth in rents and capital values in our target markets. Given our contacts and knowledge of the Dublin market, we are confident in our ability to continue to find attractive investment opportunities."

Chairman's Statement

I am pleased to present the first Report and Financial Statements of Hibernia REIT plc (the "Company" or "Hibernia") and its subsidiary, Hibernia REIT Finance Limited ("the Group").

The Company was listed in December 2013 on the Irish and London stock exchanges. We raised gross funds of €385m through the initial public offering.

After allowing for the costs of fundraising we had net proceeds of €372m to invest. I am delighted to report that 60% of these funds have now been either deployed or committed.

Since the commencement of operations in January 2014, WK Nowlan REIT Management Limited (the "Investment Manager"), has identified and assessed numerous investment opportunities. All investment opportunities are subject to rigorous review. Our focus has been, and will continue to be, on spending our shareholders money well rather than prioritising speed of deployment.

A number of the opportunities we have assessed failed to meet the criteria that the Board has established for investments. In addition we did not secure a number of opportunities which were identified as suitable investments as their transaction or asking prices went above our assessment of their value. This is a reflection of the intense competition in the marketplace to secure quality assets and in some instances the excessive expectations of vendors.

Considerable progress has been made by the Investment Manager in the short time since flotation in further strengthening the team of property and financial professionals and in setting up our administration systems.

Results

The period from 13 August 2013 (date of incorporation) to 31 March 2014 shows a loss of €846,149. This is a reflection of the short period of operation since flotation and the very early stage we are at in the assembly of our portfolio. As the Group had not completed the acquisition of any investment property by the year end no rental income has been recognised. Our costs for this period have been in line with our budgets.

We did acquire a loan portfolio from Ulster Bank at a cost of €67m (excluding transaction costs) which represents a substantial discount to its par value. This approach was adopted in order to provide us with an opportunity to convert our loan holding into direct interests in a number of the key assets which provide the collateral for these loans. The Investment Manager was requested to formulate for Board approval a comprehensive and robust business plan to maximise the return for the Company from the realisation of the value of these loans. At 31 March 2014 this process was in progress and this investment continued to be recognised as Loans and Receivables in the financial statements. The security underlying these loans includes a substantially complete 213 unit apartment complex in Dundrum, Wyckham Point, a 9,000 Sq.Ft Grade A let office development in the regenerated and vibrant Grand Canal Dock area and a high quality residential multi-family scheme in Ballsbridge, Dublin 4.

Prior to year-end we entered into contracts to acquire, at a cost of €10m, "Gateway" a strategically located industrial/logistics facility on a 14 acre site in south west Dublin close to the intersection of the N7/M7 and M50 motorways. We also contracted to acquire, at a cost of €47m, New Century House, an 80,000 Sq.Ft. prime Grade A office building let to Bank of Ireland and located in the heart of Dublin's International Financial Services Centre.

The upturn in the Irish property markets which we predicted prior to flotation has progressed more quickly than we anticipated. The competition to acquire high quality assets has been intense. Two of the three transactions to 31 March 2014 have been achieved off-market and are testament to the Investment Manager's in-depth knowledge of the Irish property industry and its markets. The Board is cognisant of the Investment Manager's proven ability in an extremely competitive market to identify and acquire quality assets which offer our shareholders both sustainable income and the real prospect of capital growth. In times like this, the temptation to acquire the wrong assets or wrongly priced assets is strong, particularly in auction processes. The Board and the Investment Manager are absolutely committed to judicious and careful asset selection.

Considerable progress has been made by the Investment Manager in the short time since flotation in further strengthening the team of property and financial professionals and in setting up our administration systems.

Post Balance Sheet Events

The completion of the acquisitions of Gateway and New Century House since the period-end are very welcome developments. In addition, since the period-end the Investment Manager has successfully negotiated the acquisition of two properties at a total cost of €76m.

Of particular note is the recent acquisition in an off-market transaction of Hardwicke House and Montague House for total consideration €60m with the bulk (€42m) of the acquisition cost deferred. These are top grade office buildings, with significant reversionary potential, in a prime central business district ("CBD") location.

We also very recently acquired for €16m by way of a loan note purchase, again off-market, the Chancery Building, a mixed-use predominantly office development with a small residential element located adjacent to Dublin Castle.

Outlook

As our setup phase comes to its end I look forward with a high degree of optimism to our first full year of active operations.

In 2014 the Irish economy is continuing its gradual recovery. Our national finances are stabilising, domestic demand is growing, numbers in work are increasing and inward foreign direct investment (FDI) flows remain strong. In our key target markets occupational demand is increasing while supply remains, and in the short term will continue to be, constrained. All these factors augur well for further growth in rental levels and capital values in the coming years.

The Investment Manager continues to actively pursue a number of investment opportunities with a particular focus on prime office accommodation and on active asset management value-adding opportunities. The current pipeline of potential opportunities is substantial, reflecting the continuing and accelerating deleveraging efforts of the banks and the National Asset Management Agency (NAMA). Notwithstanding the competitive nature of the market I am confident about the prospects of further successful high-quality acquisitions in the coming year. The Board and the Investment Manager will maintain their commitment to careful asset selection and ensure that acquisition opportunities offering sustainable value to shareholders are preferred over those which address shorter term income and deployment concerns.

Finally I would like to pay particular tribute to my fellow director Mr Bill Nowlan for his enormous contribution to the introduction of REITs in Ireland by his founding and chairing of the REITs Forum. It was this group that was primarily responsible for making the case and persuading the government to introduce REITs to Ireland. With three REITs now up and running and over €1bn of funds raised for investment in Irish property, the introduction of REITs to Ireland has clearly been a success.

Daniel Kitchen
Chairman
19 May 2014

Investment Manager's Report

Gateway Site,
Newlands Cross,
Naas Road,
Dublin 22

more information on page 10

The Chancery,
3 – 10 Chancery Lane,
Dublin 8

more information on page 11

Blanchardstown
Clonsilla
Lucan
Santry
Howth
Drumcondra
Fairview
Clontarf
Ballybough
Dublin Harbour
IFSC
Heuston South Quarter
City Centre
Parkwest Business Park
Stephen's Green
Ballsbridge
Rathmines
Crumlin
Walkinstown Cross
Dublin Bay
Elm Park
Donnybrook
Blackrock
Citywest Business Campus
Dun Laoghaire
Tallaght
Dundrum

New Century House,
Mayor Street,
IFSC,
Dublin 1

more information on page 9

Wyckham Point,
Dundrum,
Dublin 16

more information on page 9

Flotation

Hibernia was admitted to the Irish and London Stock Exchanges in December 2013 and successfully raised €385m through its IPO.

Investment Management Role

WK Nowlan REIT Management Limited provides a range of services to Hibernia, which has no employees. The services we provide include property acquisition and management services, accounting and administration services and regulatory services. We are authorised by the Central Bank of Ireland as an Authorised Investment Fund Manager ("AIFM") under the AIFM Directive Regulations.

Our strategy

As set out in the prospectus at the time of the IPO, the strategy Hibernia has adopted is to build a portfolio of attractively located, institutional quality, income-producing properties primarily in the Greater Dublin area. We intend to concentrate on the office sector, but will consider industrial, retail, warehousing and distribution, recreational, residential and other Irish property assets.

Montague House,
Adelaide Road,
Dublin 2

more information on page 10

Hardwicke House,
Upper Hatch Street,
Dublin 2

more information on page 10

Investment Manager's Report continued

Review of Hibernia's operations

Since flotation our principal focus has been on the identification, assessment and negotiation of investment acquisition opportunities. As the Irish economy has recovered, property markets, particularly Dublin's, have enjoyed a period of consistently positive and accelerating growth. The positive fundamental supply and demand characteristics in our main target market of the Greater Dublin area have driven increases in rental and capital values in both commercial and residential property and fuelled competition among purchasers keen to acquire high quality property assets.

Our mandate from Hibernia's Board is that, in addition to compliance with Hibernia's investment policy, we must apply absolute rigour to our asset selection to ensure that we source investment opportunities of quality assets at the right price. Our emphasis is to acquire assets that will offer shareholders sustainable income and significant capital appreciation.

Notwithstanding this extremely competitive market environment and our highly disciplined approach to value, in the short period from the commencement of operations in January to the period-end, we agreed and contracted three significant acquisitions. At the period-end the combined value of these transactions and related anticipated capital expenditure is €148m which represented 40% of the €372m of net IPO proceeds which we had available for deployment. In our prospectus we indicated that we expected that it would take 18 to 24 months to fully deploy these funds. We are pleased to report that we are running well ahead of this target.

New Century House Mayor Street, IFSC, Dublin 1

South Dock House
1st Floor Offices,
Hanover Quay, Dublin 2

It is envisaged that Hibernia may acquire certain core assets and the others, non-core, will be disposed of in a phased manner.

Wyckham Point Dundrum, Dublin 16

Loan Portfolio Acquisition
On 28 February 2014 we acquired from Ulster Bank for €67m a portfolio of loans secured on predominantly residential, and overwhelmingly Dublin located, real estate assets. It is envisaged that Hibernia may acquire certain core assets and the others, non-core, will be disposed of in a phased manner.

Since the period end we have formulated and submitted for Hibernia's Board's approval a comprehensive and robust business plan to maximise the return for Hibernia from the realisation of its interest in these loans. In this plan we propose that Hibernia acquire Block 3 Wyckham Point Dundrum, a high quality substantially complete 213 unit apartment complex and that this scheme be completed and income-producing as soon as practicable. In an improving residential rental market we are confident that we can achieve occupancy and rental levels ahead of the attractive levels which we initially estimated this property would achieve.

Our current projection is that, if acquired, this property would generate gross annual rents of €4m (net €3m) which we project would represent gross yield of 7.00% to 7.25% (net yield 5.75% to 6.00%) on costs. We also propose that Hibernia acquire South Dock House a 9,000 Sq.Ft 3rd generation office suite in a mixed use waterfront scheme located in the vibrant Grand Canal Dock area and Canon Place, a high quality 12 unit multi-family residential scheme in Ballsbridge Dublin 4. We propose that the remaining, non-core, assets which comprise 79 residential units, 12 commercial units and 3 residential development sites are sold off on a phased basis to maximise the return to Hibernia. The positive movement to date, and projected further increases, in residential rents and values have resulted in us revising upwards the projected returns from this disposal programme.

New Century House
On 10 March 2014 Hibernia contracted to acquire for €47m New Century House an 80,167 Sq.Ft 3rd generation office building located in the heart of Dublin's financial district, let to Bank of Ireland on a FRI (full repairing and insuring) lease expiring in 2024. The initial rent of €1.85m will increase to €2.85m once a rent abatement period expires in October 2015. There is a rent review due in 2019, a passing rental level of €32 per Sq.Ft. (post expiration of abatement) and real prospects for further rental growth in office market rents in the intervening years. We are confident that there is real potential for a substantial increase in the income return from this property. This acquisition was completed in April 2014.

Investment Manager's Report continued

The combined value of all five of these transactions, acquisition costs and related anticipated capital expenditure is €223m which represents 60% of the net proceeds of the IPO.

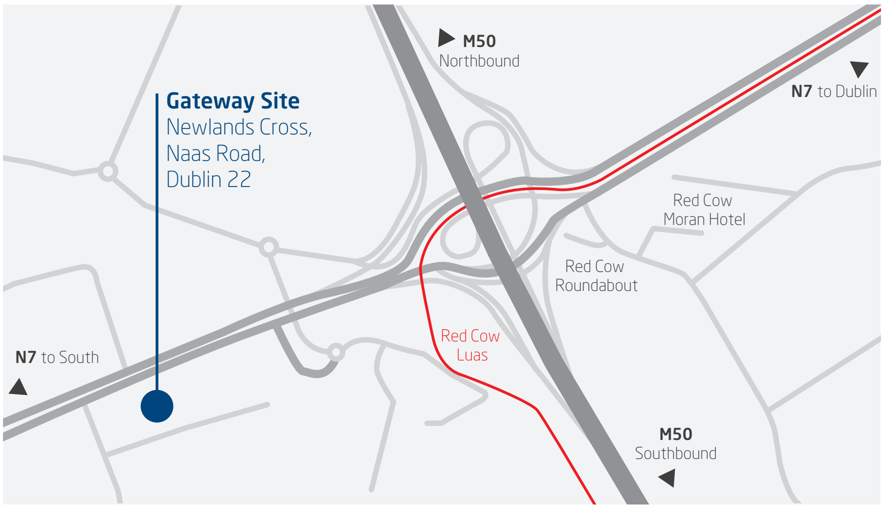
Gateway Site

On 28 March 2014 Hibernia contracted to acquire for €10m Gateway, a strategically located industrial/logistics facility on a 14 acre site in the south west of Dublin city, adjacent to the intersection of the two busiest roads (N7/M7 & M50) in Ireland and close to the Red Cow Luas (light rail) stop and park-and-ride facility. The property comprises 177,960 Sq.Ft. of warehouse accommodation which is currently 46% occupied and generates a gross annual rent of €517,000. We believe that this property offers both the opportunity to grow its rental income in the short term and, in the longer term, the potential to benefit from higher value uses and/or intensification of development on the site. This acquisition was completed in May 2014.

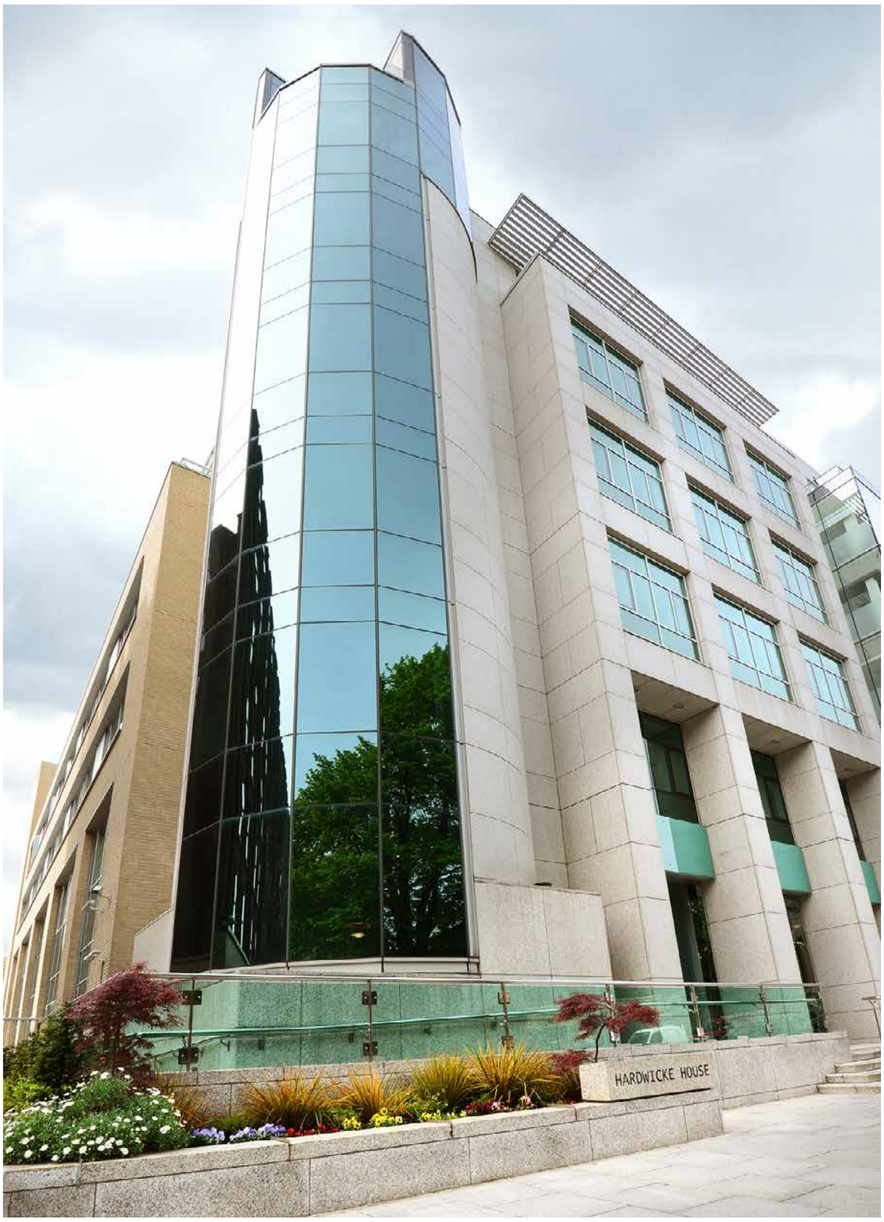
Montague House/Hardwicke House

On 16 May 2014, in an off-market transaction, Hibernia exchanged contracts to acquire two Grade A Dublin offices in the core of Dublin's CBD from the Hardwicke Group in a partially deferred transaction valuing the buildings at €60m. The initial cost is €18.25m with the right to take full ownership of the buildings at any time up to mid-2016 for an incremental sum of €41.75m. The properties comprise 88,483 Sq.Ft. of prime Grade A office accommodation with a current annual rent roll of €2.7m, which offers significant reversionary potential in the coming years.

Gateway Site Newlands Cross, Naas Road, Dublin 22



Hardwicke House
Upper Hatch Street, Dublin 2



The Chancery
3 –10 Chancery Lane, Dublin 8

Chancery Lane

On 19 May 2014 Hibernia exchanged contracts to acquire the Chancery Building and the Chancery Apartments for €16m in an off-market loan purchase transaction. The property is located in a city centre location which is popular with government agencies. The Chancery Building is a 33,799 Sq. Ft. office building with a current annual rent roll of €1.1m. The Chancery Apartments comprise four fully let 2 bedroom flats with a separate entrance to the Chancery Building.

The combined value of all five of these transactions, acquisition costs and related anticipated capital expenditure is €223m which represents 60% of the net proceeds of the IPO.

Team

During the period since flotation, in addition to the progress we have made in assembling the portfolio we have added to our management and support staff and now have a dedicated team of 10 property and financial professionals and we will continue to grow the team as required to meet the demands of providing Hibernia with the services it needs to become a best in class REIT. In addition to our own in-house team we have the option of drawing on the considerable resources of WK Nowlan Property's team of 30 seasoned property professionals.

Outlook

It is likely that competition will remain intense in our target markets. However, we are confident of both the adequacy of the supply of investment opportunities and our ability to secure sufficient suitable properties to enable us to continue the momentum in the assembly of Hibernia's portfolio which we have demonstrated since January.

Kevin Nowlan
Chief Executive Officer
WK Nowlan REIT Management Limited
19 May 2014

Montague House
Adelaide Road,
Dublin 2

Corporate Governance Report

Introduction

The Board of Directors of Hibernia REIT plc ("the Board") is committed to developing and maintaining a high standard of corporate governance. This is the first period of operation for the Company and accordingly the Company has worked during the period to ensure that all relevant procedures are in place. From the listing date, 11 December 2013, the Company has sought to achieve compliance with the relevant requirements and procedures as set out by the Irish Corporate Governance Annex to the UK Corporate Governance Code ("Irish Code"), UK Corporate Governance Code 2012 ("UK Code") and the Association of Investment Companies Code of Corporate Governance ("AIC Code"), except as outlined below. To this end, the Board has established audit and nominations committees, as described below, composed of independent non-executive directors.

For as long as the Company has no employees it is not intended to have a Remuneration Committee. If this position changes, the Board will review the matter further with a view to complying with the terms of the UK Code and the AIC Code. The Board sets the remuneration of the non-executive directors. Further information on remuneration is set out in the Report of the Directors on page 26 of this report.

Certain requirements of the codes have not been fully implemented to date due to the short first period. However, the Board has established procedures to ensure that all the relevant requirements are complied with on an on-going basis.

The Board of Directors

The Board is responsible for providing governance and stewardship to the Company and its business. This includes establishing goals for management and monitoring the achievement of these goals. The Company has entered into the REIT Investment Management Agreement with the Investment Manager, whereby the Investment Manager is required to produce an annual business execution plan setting out the strategy for the provision of its services and the management of the properties held or acquired by the Company.

The Board oversees the performance of the Investment Manager and the Company's activities. The Investment Manager has discretionary authority to enter into transactions for and on behalf of the Company, save for certain matters which require the consent of the Board. The Board is at all times free to offer ideas to the Investment Manager relating to the structure of a transaction so as to afford the Company the greatest value.

Directors are expected to attend all scheduled Board meetings as well as the Annual General Meeting ("AGM").

All Directors are furnished with information necessary to assist them in the performance of their duties. The Board meets at least four times each calendar year and prior to such meetings taking place, an agenda and board papers are circulated to the Directors so that they are adequately prepared for the meetings. The Company Secretary is responsible for the procedural aspects of the Board meetings. Directors are, where appropriate, entitled to have access to independent professional advice at the expense of the Company.

Any Director appointed to the Board by the Directors will be subject to election by the Shareholders at the first AGM after his/her appointment. Furthermore, under the Articles, one third of all Directors must retire by rotation each year and may seek re-election. However, in keeping with best corporate governance practice, all Directors intend to seek re-election each year at the AGM.

The Board is also responsible for reviewing the Company's fees and expenses on at least an annual basis to determine that the expenses incurred are in the best interest of the Shareholders.

Details of the remuneration of Directors are set out in the Directors' remuneration report on page 26.

The composition of the Board is reviewed regularly to ensure that the Board has an appropriate mix of expertise and experience. The Articles of the Company provide that the number of Directors that may be appointed cannot be fewer than two or greater than ten and that two Directors present at a Directors' meeting shall be a quorum.

On appointment, new directors are provided with induction training. There was one such session during the period for all the Directors on the commencement of their duties.

The Board plans to carry out an evaluation of its performance on an annual basis. The first evaluation is due to take place in the last quarter of 2014. This evaluation will review the balance of skills, experience, independence and knowledge of the Company on the board, its diversity, including gender, how the board works together as a unit, and other factors relevant to its effectiveness. Individual evaluation of Directors aims to show whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties).

As at the date of this report, there are five Directors on the Board, all of whom are non-executive directors. Daniel Kitchen (the Chairman), Colm Barrington (the Senior Independent Director), Stewart Harrington and Terence O'Rourke are each considered independent for the purposes of the Listing Rules. William Nowlan is also a member of the Board and management team of the Investment Manager. This number of directors is considered by the Company to be sufficiently small to allow efficient management of the Company while being large enough to ensure an appropriate mix of skills and backgrounds. The Board has a strong focus on property investment management to allow it access to a good knowledge base. This is balanced with some diversity of background and strong financial skills. Further details of the background and qualifications of the Board are given in the Directors' biographical details report on pages 24 to 25.

Corporate Governance Report continued

Senior Independent Non-executive Director

The Company has appointed Colm Barrington as the Senior Independent Director. The role of the Senior Independent Director is mainly to:

- provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary.
- facilitate shareholders if they have concerns which contact through the normal channels of Chairman, or Investment Manager has failed to resolve or for which such contact is inappropriate.
- to hold a meeting with non-executive Directors at least annually (and on such other occasions as are deemed appropriate) to appraise the Chairman's performance, taking into account the view of executive directors (if any).
- to attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.

Committees of the Board

The Board has established two committees: the Audit Committee and the Nominations Committee. The duties and responsibilities of each of these committees are set out clearly in written terms of reference, which have been approved by the Board.

Audit Committee

Membership: Colm Barrington, Stewart Harrington, Terence O'Rourke (Chair).

Report of the Audit Committee

The Terms of Reference for the Audit Committee were approved and adopted by the Board on 15 November 2013 and noted by the Audit Committee at the inaugural meeting held on 28 January 2014. Prior to this inaugural meeting, the duties assigned to the Audit Committee were undertaken by the Board.

The Audit Committee is chaired by Terence O'Rourke, who is also an independent non-executive director and is considered by the Board to have sufficient financial experience and sufficient understanding of financial reporting and accounting principles. All members of the Audit Committee are independent non-executive directors, appointed by the Board for a period of up to three years. The Audit Committee is constituted in compliance with the UK Code, the AIC Code, the Irish Code and the Articles regarding the composition of the Audit Committee.

The Audit Committee assists the Board in discharging its responsibilities with regard to corporate governance, financial reporting and external and internal audits and controls. The Audit Committee meets at least four times per year and as otherwise required. The main areas of focus of the Audit Committee are:

a) the review of the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems in particular with regard to the operation of the Investment Manager;
b) the verification that procedures in place comply with applicable legislation, the Listing Rules and the Irish REIT Regime guidelines;
c) the review of the operation of the Investment Manager in relation to the Company's procedures for the detection of fraud, bribery, compliance and money laundering;
d) the monitoring of the integrity of the Company's financial statements included in its Report and Financial Statements and any other formal announcement relating to the Company's financial performance business model and strategy and to review significant financial reporting issues and all other material continuous disclosure obligations;
e) the assessment of the external auditors' performance qualifications, expertise, resources and their terms of reference, determine their independence, approve their fees, and review external audit reports to ensure that where deficiencies in internal controls have been identified that appropriate and prompt remedial action is taken by the Investment Manager;
f) the development and implementation of a policy on the supply of non-audit services by the Company's auditor, taking into account any relevant ethical guidance on the matter;
g) to review and note the external auditor's audit plan and ensure that it is consistent with the Company's overall risk management system.

The Audit Committee met three times during the period to the date of signing of this Report. There are two further dates set for the committee to meet in the calendar year 2014.

The independence and objectivity of the auditor was addressed by the Audit Committee in conjunction with the level of fees for non-audit services in the reporting period. Following discussion with the auditors, the Audit Committee determined that while the fees for non-audit services are significantly higher than the audit fees for the period to 31 March 2014, there are mitigating factors which reduce the potential threat to independence and objectivity. These factors include the following:

- The quantum of the non-audit fees are deemed non-substantial relative to the overall size of Deloitte and Touche's firm-wide fee income.
- The non-audit services do not involve a significant amount of judgement nor are they likely to have a material effect on the Report and Financial Statements.
- The professionals involved in the non-audit services were different to those involved in the audit.
- Given that this is the first period of operation, and included work associated with the IPO, the imbalance between non-audit and audit fees is likely to be less significant in future periods.

The Audit Committee concluded that the independence and objectivity of the external auditors has not been compromised.

The Audit Committee established a policy for the future supply of non-audit services by the external auditors. It was also agreed to review the level of non-audit services provided on an annual basis and, in conjunction with the external auditor, assess the impact on independence and objectivity.

The Audit Committee met with the external auditors at each of the meetings during the period.

Initially they reviewed the audit plan, and noted the focus of the audit, the principal risks and issues for the first financial period and the terms of engagement of the auditor. As the first auditing period was an unusually short period, the main focus of the audit was on the Company's compliance with relevant corporate governance codes, the REIT rules and relevant stock exchange listing rules. At the conclusion of the audit, the Committee reviewed the audit summary report with the external auditors in conjunction with the Report and Financial Statements for the period from incorporation to 31 March 2014.

As this was the first Report of the Company, a particular focus was placed on the establishment of accounting policies, the treatment of its assets and the disclosures surrounding the activities of the Company in its inaugural period. In particular, a detailed review of post balance sheet acquisitions was undertaken to ensure that the assets purchased subsequent to the period end were treated correctly in the Consolidated and Company Statements of Financial Position. The key areas of judgement in the current period related to the recognition and classification of investment transactions and the treatment of expenses charged in relation to the initial public offering (IPO).

Most of the Group's assets were in cash at the period end. The Board had engaged a depository and put in place a cash management policy in order to ensure that the cash was properly managed and safeguarded. The external auditors informed the committee that no issues were identified in their testing of the cash balances.

The Report and Financial Statements were considered in draft on 13 May 2014. The final Report and Financial Statements were approved by the Audit Committee on 19 May 2014 and recommended to the Board for signing.

Nominations Committee

Membership: Colm Barrington, Stewart Harrington, Daniel Kitchen (Chair), Terence O'Rourke

Report of the Nominations Committee

The Nominations Committee met once during the period to the date of signing of this Report.

The Nominations Committee is chaired by Daniel Kitchen, who is also the independent non-executive Chairman. All members of the Nominations Committee are independent non-executive directors, appointed by the Board for a period of up to three years. The Nominations Committee is constituted in compliance with the UK Code and Irish Stock Exchange Annex, the AIC Code and the Articles regarding the composition of the Nominations Committee.

The Nominations Committee is responsible for the appointments to the Board and meets at least once a year and as otherwise directed. The Terms of Reference for the Nominations Committee were approved and adopted by the Board on 15 November 2013 and noted by the Committee at the inaugural meeting held on 28 January 2014.

No external recruitment consultants were used in the recruitment of the current Board who were all appointed while the Company was still a private limited company and prior to the establishment of the Nominations Committee and the listing of the Company. No vacancies have arisen during the period since the Company became a public limited company and therefore no selection process has been undertaken. Appropriate procedures are however in place for the future process in recruiting new Board members.

Prior to the establishment of the Nominations Committee the Board was responsible for all matters delegated to the Nominations Committee. The Nominations Committee's main areas of focus are the following:

a) to review the structure, size and composition of the Board and the combination and balance of experience, core competencies and other attributes which the Board should possess in order to discharge its role and to propose changes to the Board where appropriate;

b) to assess the effectiveness of the Board and each of its committees;

c) to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;

d) to engage in succession planning for directors and other senior executives, if any, of the Company taking into account any skills set or expertise that the Board may require;

e) review the leadership needs of the Company and stay fully informed about strategic issues and commercial changes affecting the Company; and

f) provide a report on its activity to be included in the Company's Report and Financial Statements.

Before any appointment is made by the Board, the Nominations Committee will evaluate the balance of skills, knowledge and experience and diversity of the Board. The Board is actively considering diversity and believes this is an important factor when considering appointments to the Board. In this context, diversity in skills and background as well as gender is important. The Board does not consider it appropriate at this time to set gender quotas for Board representation but will monitor developments in best practice.

The Nominations Committee may not be chaired by the Chairman when it is dealing with the matter of succession to the chairmanship of the Company.

The composition of the Audit Committee was discussed at the inaugural meeting on 28 January 2014 and the resignation of Mr Kitchen from the Audit Committee was agreed.

Corporate Governance Report continued

Internal controls

The Board acknowledges it is responsible for maintaining the Company's system of internal control and risk management in order to safeguard the Company's assets. Such a system is designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Company. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has adopted a Policies and Procedures Manual which documents those procedures which govern the day to day operation of the Company. This manual sets out financial reporting and other procedures and policies of the Company and addresses the respective authority levels and responsibilities of the Company and the Investment Manager, the authorisations required to effect those transactions, and the necessary controls to ensure that only appropriately authorised individuals in either the Investment Manager or the Company can approve a transaction. In particular, the Policy and Procedures Manual establishes the necessary controls and authority levels of the Investment Manager to manage the Company's property portfolio. Other controls and authorities in the Policy and Procedures Manual include those in relation to the management of risk, property valuations, and the maintenance of registers and other administrative matters.

An annual operating plan will be reviewed and approved by the Board. This plan will be updated each quarter and the revised plan, along with financial results, will be presented to the Board each quarter for review. The Half Year report and the Annual Report will be reviewed by the Audit Committee and approved by the Board of Directors.

The Board has reviewed the effectiveness of the Group's system of internal control. This review took account of the principal risks facing the Group, the controls in place to manage those risks and the procedures in place to monitor them. The Board is satisfied that the controls and procedures in place are effective at the end of the period covered by the report.

Accountability and relationship with the Investment Manager and the Depository

The Statement of Directors' Responsibilities is set out on page 28.

The Board has contractually delegated to external third parties, including the Investment Manager, and the Depository, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets) and the day to day accounting and administration. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services provided, including the control systems in operation in so far as they relate to the affairs of the Company.

The Investment Manager is appointed on an exclusive basis to acquire properties on behalf of the Company, to manage the Company's assets and properties on behalf of the Company and to provide or procure the provision of various accounting, administrative, reporting, record keeping, regulatory and other services to the Company. The Investment Manager has discretionary authority to enter into transactions for and on behalf of the Company subject to certain reserved matters that require the consent of the Directors.

The Investment Manager ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Investment Manager attend each Board meeting enabling the Directors to probe further on matters of concern.

Under the terms of the REIT Investment Management Agreement, the Investment Manager provides a management team. Within the Investment Manager, the management team responsible for the provision of management services to the Company are:

Kevin Nowlan	Chief Executive Officer
Frank Kenny	Development Director
William Nowlan	Investments Director
Frank O'Neill	Chief Operations Officer

All of this team are directors of the Investment Manager. The investment management fee covers the services of this management team.

Detail on the fee structure with the Investment Manager is provided in Note 20 on page 52.

Risk management

The Company considers risk management to be a very important matter. The Board, together with the Investment Manager, deals with risk management on behalf of the Company as part of its regular monitoring of the business.

The Board has put in place procedures designed to ensure that all applicable risks pertaining to the Company can be identified, monitored and managed at all times. These procedures are carried out as part of the duties of the Investment Manager under the Investment Management Agreement and are kept under review by the Audit Committee and the Board.

The Investment Manager has established a permanent and independent risk management function and has appointed a Risk and Compliance Officer ("RCO"). The RCO is responsible for monitoring and managing the key risks of the Company and is independent from those persons involved in the operations of the Company.

A Risk Register is maintained in which risks are identified, assessed and any gaps are considered for mitigation. The Risk Register is updated and reviewed by the Board at least annually or more frequently if specifically required. The RCO manages the following:

- Implementation of the risk management policy and procedures of the Company;
- Quarterly reports to the Board on the adequacy and effectiveness of the risk management process in the Company;
- Any deficiencies and whether appropriate remedial measures have been implemented.

There was one report to the Board in the period to 31 March 2014. An additional report was made at the Board meeting on 13 May 2014.

The RCO will independently escalate specific matters to the Board if required. No specific matters have been escalated to the Board as of this date.

On an annual basis the RCO reviews the risk management policies and procedures of the Investment Manager and makes recommendations to the Investment Manager and to the Board for any improvements.

The Company is satisfied that the risk management function has the necessary authority, resources, expertise and access to relevant information to fulfil its role. Further information on the principal risks is given on pages 20 to 22.

Internal audit

The Company has reviewed the business model under which it operates in the context of its activities and in particular the external management model which it has put in place to manage its business operations. Having undertaken such a review, and in light of the nature, scale, complexity and range of operations of the Company, the Company does not intend to establish an internal audit function and instead it will rely on any internal audit functions in key service providers, on external audit reports and on its own and the Investment Manager's internal monitoring procedures. As an internal audit function has not been established, the audit committee will consider annually (in accordance with the UK Code) whether there is a need for an internal audit function and make a recommendation to the Board.

Model Code on share dealing

The Company must comply with the Model Code which imposes restrictions on share dealings for the purposes of preventing the abuse, or suspicion of abuse, of inside information by Directors and other persons discharging managerial responsibilities within the Company. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors and others to whom the Model Code is applicable.

The Company has in place a share dealing code which gives guidance to the Directors, the Investment Manager, any persons discharging managerial responsibilities as defined in regulation 12(8) of the Market Abuse Regulations and persons identified by the Board to fulfil this role, and anyone listed on the Company's Insider List on the pre-clearance notification procedures to be followed when dealing in the shares of any class of the Company or any other type of securities issued by or related to the Company.

Communications with shareholders

The Board intends to communicate with shareholders at least four times a year.

General Meetings

The Company holds a general meeting each year as its annual general meeting in addition to any other meeting in that year. Not more than 15 months shall elapse between the date of one annual general meeting and that of the next. The Directors are responsible for the convening of general meetings. Information is distributed to shareholders at least 20 days prior to the meeting.

Quorum

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy shall be a quorum.

Voting Rights

(a) Votes of Members: Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share carrying voting rights of which he is the holder. The Chairman shall be entitled to a casting vote where there is an equality of votes.

(b) Resolutions: Resolutions are categorised as either ordinary or special resolutions. The essential difference between an ordinary resolution and a special resolution is that a bare majority of more than 50% of the votes cast by members voting on the relevant resolution is required for the passing of an ordinary resolution, whereas a qualified majority of more than 75% of the votes cast by members voting on the relevant resolution is required in order to pass a special resolution. Matters requiring a special resolution include for example:
   - altering the Objects of the Company;
   - altering the Articles of Association of the Company; and
   - approving a change of the Company's name.

Corporate Governance Report continued

Other

The Company discloses information to the market as required by the Irish Stock Exchange and Financial Conduct Authority including *inter alia:*

- periodic financial information such as annual and half yearly results.
- price-sensitive information, which might be a significant change in the Company's financial position or outlook, unless a reason is present not to (e.g. prejudicing commercial negotiations).
- information regarding major developments in the Company's activities.
- information regarding dividend decisions.
- any changes at board level must be announced immediately once a decision has been made.
- information in relation to any significant changes notified to the company of shares held by a substantial shareholder.

The Company will make an announcement if it has reason to believe that a leak may have occurred about any on-going negotiations of a price-sensitive nature. Any board decisions which might influence the share price must be announced before the start of trading next day. Information relayed at a shareholders' meeting which could be price-sensitive must be announced no later than the time the information is delivered at the meeting.

In relation to any uncertainty regarding the communication of a particular matter, advice will be sought from the Company's sponsors and/or legal advisor(s).

Substantial shareholdings

As at 31 March 2014, the Company has been notified of the following substantial interests in the Company's shares:

Holder	31 March 2014 Holding '000 shares	31 March 2014 %
Goodbody Stockbrokers	15,561	4.04
Mainstay Marketfield Fund	36,886	9.58
Marshall Wace LLP	19,829	5.15
Moore Capital Management LP	25,000	6.49
Putnam Investments LLC	33,516	8.71
Soros Fund Management LLC	30,000	7.79
TIAA-CREF Investment Management LLC	23,570	6.12
Wellington Management Company LLP	14,287	3.71

As at 19 May 2014 the Company has been notified of the following changes:

Holder	19 May 2014 Holding '000 shares	19 May 2014 %
Goodbody Stockbrokers	15,041	3.91
Moore Capital Management LP	14,812	3.85
Wellington Management Company LLP	20,499	5.32

European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

The information on the Board of Directors on pages 24 to 25 and the disclosures on Director's Remuneration on page 26 of this Report cover the information required for the purposes of Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006.

Report of the Directors

The Directors present their first report on the affairs of the Group together with the audited financial statements for the period ended 31 March 2014. The Investment Manager's Report and all other sections of the Report and financial statements, to which cross reference is made, are incorporated into the Report of the Directors by reference.

Directors' responsibilities

These are set out in the Directors' Statement of Responsibilities on page 28 of this report.

Principal activity and business review

The principal activity of the Group is property investment. The Group consists of the Company, Hibernia REIT plc, and its subsidiary, Hibernia REIT Finance Limited.

The Company was incorporated on 13 August 2013 and commenced trading on 11 December 2013. Its shares were listed on the main Irish and London stock exchanges on the same day.

The Group completed its first transaction on 28 February 2014, with the acquisition of a mixed portfolio of real estate loans from RBS Capital Resolution through its subsidiary, Hibernia REIT Finance Limited, at a total cost of €68m.

On 10 March 2014 the Group announced its second transaction, the purchase of New Century House in Dublin's International Financial Services Centre at a cost of €48m. This transaction was completed in April 2014.

On 28 March 2014, the Group also contracted for the purchase of the Gateway site at Newlands Cross in Dublin at a cost of €10m. This brings funds invested at the period end to €126m.

The Group continues to search out appropriate properties to develop its portfolio. Both the purchase of New Century House and the Gateway site properties were completed after the period end date.

On 16 May 2014, the Group announced the acquisition of Montague House and Hardwicke House, two office buildings in Dublin 2 in a partially deferred off market transaction of €60m.

On 19 May 2014, the Group exchanged contracts to acquire an interest in the Chancery Building and the Chancery Apartments for €16m in an off-market loan purchase transaction.

A more detailed review of the business is contained in the Investment Manager's Report on pages 6 to 12.

REIT status

Hibernia REIT plc elected for Real Estate Investment Trust ("REIT") status on 11 December 2013 under section 705 E of the Finance Act 2013. As a result, the Group does not pay Irish corporation tax on the profits and gains from qualifying rental business in Ireland provided it meets certain conditions. With certain exceptions, corporation tax is still payable in the normal way in respect of income and gains from the Group's Residual Business, that is its non-property rental business.

An Irish REIT is required to distribute to its shareholders (by way of dividend), on or before the filing date for the Irish REIT's tax return for the accounting period in question, at least 85% of the Property Income of the Property Rental Business arising in each accounting period (provided it has sufficient distributable reserves). Failure to meet this requirement will result in the Irish REIT incurring a tax charge calculated by reference to the extent of the shortfall in the dividend paid. A dividend paid by an Irish REIT or the principal company of a Group REIT, as the case may be, from its Property Rental Business is referred to as a Property Income Distribution (PID). Any other dividend paid by the Irish REIT is referred to as a Non PID dividend.

The REIT or Group REIT must satisfy the conditions summarised below for each accounting period:

a) at least 75% of the Aggregate Income of the REIT or Group REIT is derived from carrying on a Property Rental Business;
b) it should conduct a Property Rental Business consisting of the generation of rental income from at least three properties, the market value of no one of which is more than 40% of the total market value of the properties in the Property Rental Business (in the case of a new REIT or Group REIT this condition is regarded as having been met if it is met within 3 years of it becoming a REIT or Group REIT);
c) it should maintain a property financing ratio being, broadly, the ratio of Property Income plus Financing Costs to Financing Costs, of at least 1.25:1;
d) at least 75% of the market value of the assets of the REIT or Group REIT must relate to assets of the Property Rental Business;
e) the aggregate debt shall not exceed an amount of 50% of the market value of the assets of the REIT or Group REIT;
f) subject to having sufficient distributable reserves, the Irish REIT must distribute at least 85% of its Property Income to its shareholders by way of a Property Income Distribution for each accounting period.

Once the Group has fully invested the proceeds of its issue, it will have a greater diversification within its portfolio than the minimum required under the Irish REIT regime with a minimum of five properties, with no one property asset representing more than 30% of the Group's total assets at the time of acquisition.

Report of the Directors continued

Where funds raised from the issue of share capital or from the sale of an existing rental property are awaiting investment, profits arising from the investment of these funds, other than in the property rental business, are treated as property profits for two years from either date of issue of the shares or date of disposal of the property. Therefore income arising from such funds should qualify for tax relief under the REIT provisions for a period of two years.

In relation to properties under development, where the development costs exceed 30% of the market value of the property at the commencement of development, then the property must not be disposed of within three years of completion. If such a disposal takes place, then the Group would be liable to tax on the proceeds of any profit on disposal.

As at 31 March 2014 no investment property transactions had been completed by the Group. However, as described in the Investment Manager's Report on pages 6 to12, an acquisition of a loan portfolio with property providing the collateral for the loans had been completed and a number of other transactions were in progress.

Corporate governance

The Group is committed to high standards of corporate governance, details of which are given in the Corporate Governance Report on pages 13 to 18 which form part of the Report of the Directors.

Results and Dividend

This is the first period of operation for the Group. During this period the Company listed and began sourcing properties for acquisition. The Group showed a loss of € 846,149 for the period to 31 March 2014. The Directors do not propose a payment of a dividend for this period.

Shares in issue

At 31 March 2014 the Company had 385,000,000 units of ordinary stock in issue.

Principal risks and uncertainties

Under Irish company law, the Company is required to give a description of the principal risks and uncertainties which it faces.

The Board recognises there are certain risks in the structure, operation and management of the Group and Company and acts to mitigate these through their close and active management. The Group and Company exposure to financial risk is further described in Note 18 on page 48. The Company's procedures in respect of the management of these risks are further explained in the Corporate Governance Report on pages 16 to 17.

Some of the risks set out below have not impacted directly on the Group in the current period given that the Group has only recently commenced operations and is in the process of investing the proceeds of the initial public offering. However, such risks are expected to be applicable in the coming financial year.

Business risks

Risks	Description of exposure	Measures to manage risks
Business environment	The pace of economic recovery both in Ireland and globally is uncertain and the precise nature of the risks the Group faces is difficult to predict. While there are clear signs of economic recovery there is no assurance that this recovery will be maintained.	The Group uses the services of its Investment Manager and its access to market knowledge through the WK Nowlan Property group to ensure that it has the best possible knowledge of the current business environment. The Group proactively manages this risk using this knowledge and the combined expertise of its Board.
Competition	The Group faces competition from other property investors for suitable properties which could impact on its ability to purchase suitable properties for renting at satisfactory rates and to successfully deploy the funds from its share issuance.	The Group uses the knowledge and contacts of the Investment Manager to seek out suitable properties for its portfolio. This activity is a major focus of the Group currently given its recent launch.
Investment risk	While the Group searches for suitable investment properties, the funds from its share issuance are held as cash. As the cash must be invested in short term instruments, the Group is exposed to both interest rate and credit risk.	The Group is conscious of the risks associated with holding large amounts of cash and employs the services of a Depository, Credit Suisse International, to safeguard the Group's assets. The Group has adopted a Cash Management Policy which sets out cash limits for any one institution dependent on its credit rating.
Property investment risks	Certain risks, such as tenant default and occupier demand, are inherent to any property business. These risks may result in a reduction of rental income for the Group. In addition, the valuation of property and property related assets is inherently subjective. Property markets are also generally illiquid. Therefore there is a risk that the valuations of properties acquired might not be achieved on disposal and that a resultant reduction in returns to shareholders may occur.	The Group's long term focus is on managing these risks and the Board and Investment Manager work closely together to monitor and actively manage these risks. Strategies employed include diversifying the portfolio in terms of use, industry sector and other property characteristics. The Group complies with the principles of the Society of Chartered Surveyors, in accordance with the Royal Institute of Chartered Surveyors ("RICS") - Valuation Professional Standards (2014) (the Red Book).
Investment manager risks	The Group is dependent on the investment manager for its expertise in property investment and management. In particular, the Group is dependent on the ability of the investment manager to procure and maintain access to suitably skilled and experienced staff to support the Group's activities.	The Group manages the performance of the Investment Manager through the close supervision of its activities and uses a performance based fee approach to incentivise its activities.

Report of the Directors continued

Regulation and taxation risks

Risks	Description of Risks	Measures to manage risk
Tax risks	As described on pages 19 to 20 of this report, the Group has elected for Group REIT status which confers an exemption from paying Irish corporation taxation on the profits and gains arising from qualifying rental business providing it meets certain conditions. Failure to meet these conditions would result in substantial penalties to the Company.	The Group monitors this risk very actively. The suitability and impact of all new acquisitions are researched prior to completion. For example, restrictions in respect of development properties are in place under the regime and therefore mechanisms are in place to ensure these restrictions are complied with by the Group. Tax status and issues are a primary part of the financial review process. Dividend policy is dependent on the REIT rules. The Group supplements internal knowledge and monitoring with the advice of tax advisors in all cases of ambiguity or doubt.
Authorisation: Investment Manager	The Investment Manager is a newly appointed Alternative Investment Fund Manager (AIFM). Should the Investment Manager lose its authorisation then the Group would have to appoint a new investment manager. The Group is dependent on the expertise of the Investment Manager and there is no guarantee that the Group could find a replacement with comparable expertise or on similar terms. Any such transition could result in significant loss to the Group. In addition, the regulations are new and changes to the regime or to the recommendations or guidance as to its implementation could result in restrictions on the activities of the Investment Manager and in turn the Group.	The Board monitors the activities of the Investment Manager to ensure its compliance with the regulations. Should it become aware of any issues, it will actively seek to address these and make plans in case of potential disruption to its activities by loss of the Investment Manager's authorisation.
Authorisation: The Company	The Directors do not believe that the Company requires to be authorised by the Central Bank as a Retail Alternative Investment Fund ("RAIF") or a Qualifying Alternative Investment Fund ("QAIF"). Should the Company be determined in the future to fall within the scope of these regulations this could result in material restrictions to the Company's activities and in its ability to achieve its investment objectives and its return to shareholders.	The Board has sought the opinion of professional advisors to support its opinion in this matter. It continues to monitor the issue and the potential impact a requirement to seek authorisation under the various categories might have.

Going concern

The Group's activities, strategy and performance are explained in the Investment Manager's Report on pages 6 to 12 of this Report and Financial Statements. Further detail on the financial performance and financial position of the Group is provided in the financial statements on pages 32 to 53. In addition, Note 18 on page 48 to the Report and Financial Statements includes details on the Company's financial risk management and exposures.

The Company has considerable financial resources in the form of the remaining cash proceeds from its share issuance. Having assessed the relevant business risks, the Directors believe that the Company is well placed to manage these risks successfully, and they have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these Financial Statements.

Directors

The business of the Company is managed by the Directors, each of whose business address is Hibernia REIT plc, Marine House, Clanwilliam Place, Dublin 2, Ireland.

Unless otherwise determined by the Company in a general meeting, the number of Directors shall not be more than ten nor less than two. A Director is not required to hold shares in the Company. Two Directors present at a Directors' meeting shall be a quorum.

The Directors do not have service contracts but do have letters of appointment which reflect their responsibilities and commitments. Each Director has the same general legal responsibilities to the Company as any other Director and the Board as a whole is collectively responsible for the overall success of the Company.

The Directors were appointed for an initial term of 3 years, and their dates of appointment are set out below. The Company may lawfully terminate a Director's appointment with immediate effect in certain circumstances, including where a Director has breached the terms of his letter of appointment and no compensation would be payable to such Director in such event. In addition to their general legal responsibilities, the Directors have responsibility for the Company's strategy, performance, financial and risk control and personnel.

Report of the Directors continued

Directors biographical details

Daniel Kitchen
Independent non- Executive Chairman

Appointed: 23 August, 2013

Nationality: Irish

Age: 62

Committee membership:
Nominations (Chair)

Daniel Kitchen is currently the non-executive Chairman of Workspace Group plc and a non-executive director of LXB Retail Properties plc, as well as the ISE-nominated director on the Irish Takeover Panel. Previously, he was finance director of Green Property plc from 1994 to 2002, the Irish Government-appointed Chairman of Irish Nationwide Building Society, deputy chief executive of Heron International plc from 2003 to 2008 and a non-executive director of Kingspan Group plc and Minerva plc. He brings the benefit of his expertise and the experience gained across a variety of property, finance and public company roles to his chairmanship of the Board and Nominations Committee.

Colm Barrington
Senior Independent Non-executive Director

Appointed: 23 August, 2013

Nationality: Irish

Age: 68

Committee membership:
Audit and Nominations

Colm Barrington is currently chief executive officer and a director of Fly Leasing Ltd, the NYSE-listed and Irish based aircraft leasing company, non-executive Chairman of Aer Lingus Group plc and the senior independent director of IFG Group plc. Previously he was managing director of Babcock & Brown Ltd in Ireland, President of GE Capital Aviation Services Ltd, chief operating officer of GPA Group plc and chief executive of GPA's Capital Division. Colm Barrington's senior executive and non-executive board roles add significant experience to the Board from outside the property sector and within the context of a public company.

Stewart Harrington
Independent Non-executive Director

Appointed: 23 August, 2013

Nationality: Irish

Age: 71

Committee membership:
Audit and Nominations

Stewart Harrington is currently a director of Killeen Properties and a non-executive director of BWG Group, Stafford Holdings and St. Vincent's Healthcare Group. He has extensive knowledge and experience of the Irish property market over many years in a variety of roles. Previously, Stewart Harrington was a partner in Jones Lang Wootton (now JLL), a founding partner of Harrington Bannon Chartered Surveyors (now BNP Paribas Real Estate Ireland), and managing director of Dunloe Ewart Ltd (formerly known as Dunloe House Group plc). He was also previously a non-executive director of CIE (Córas Iompair Éireann, Ireland's national public transport provider), ESB (the Electricity Supply Board, Ireland's premier electricity utility) and the National Development Finance Agency.

William Nowlan

Non-executive Director

Appointed: 13 August, 2013

Nationality: Irish

Age: 68

Committee membership:
None

William Nowlan has more than 40 years' experience investing in Irish commercial property. Prior to forming W K Nowlan & Associates (now W K Nowlan Property) in 1996, William Nowlan was Head of Property Investment at Irish Life Assurance plc from 1985 to 1995 and for a period during that time was also Secretary to the Investment Committee. He was a member of the Committee of Management of IPUT (Irish Property Unit Trust, one of the largest institutional property investors in Ireland) from 1997 to 2007. He is a member of the Irish Town Planning Institute, a fellow of the Royal Institute of Chartered Surveyors and a former Chairman of both Royal Institute of Chartered Surveyors Ireland and Royal Institute of Chartered Surveyors Europe. He was also a member of the RICS Governing council in London. He was the founding Chairman of the Irish Property and Facilities Managers' Association. He was also Visiting Professor in the University of Ulster and lecturer in Town Planning at University College, Dublin. He assembled and led the Irish REITs Forum, a voluntary body of leading property industry practitioners and shareholders who came together in January 2011, to promote the introduction of REITs to Ireland that influenced the introduction of the Irish REIT legislation in early 2013. William Nowlan is also a director of WK Nowlan REIT Management Limited. WK Nowlan REIT Management Limited has been appointed as Investment Manager to the Company.

Terence O'Rourke

Independent Non-executive Director

Appointed: 23 August, 2013

Nationality: Irish

Age: 59

Committee membership:
Audit and Nominations

Terence O'Rourke is currently Chairman of Enterprise Ireland, a non-executive director of The Irish Times and a council member of the Irish Management Institute. Previously, he was managing partner of KPMG Ireland from 2007 to 2013, President of The Institute of Chartered Accountants in Ireland, a board member of the Chartered Accountants Regulatory Board and Chairman of the Leinster Society of Chartered Accountants. He was also a member of the Global Board, EMA Board and Global Executive Team of KPMG International from 2006 to 2013. Terence O'Rourke's professional accounting and management background and experience over many years in advising clients across a range of sectors, contributes to the balance of skills, experience and knowledge of the Board.

Mr Frank O'Neill was appointed as Director and Company Secretary on 13 August 2013. He resigned as Director on 23 August 2013 and as Company Secretary on 15 November 2013.

All the Directors will retire at the Annual General Meeting (AGM) and, being eligible, will offer themselves up for election or re-election.

The Company Secretary, Castlewood Corporate Service Limited (trading as Chartered Corporate Services), was appointed on 15 November 2013.

Report of the Directors continued

Directors' attendance at Board and Committee meetings

Directors' attendance at Board Meetings

Name	Number of meetings held during the period while a Board member	Number of meetings attended during the period while a Board member*
Daniel Kitchen	14	13
Colm Barrington	14	7
Stewart Harrington	14	14
William Nowlan**	15	12
Frank O'Neill**	2	2
Terence O'Rourke	14	11

* All of the Directors attended all scheduled board meetings. However due to the start up nature of our operations in the period to 31 March 2014 a large number of ad hoc, single item meetings were convened at short notice and some directors were unable to attend every meeting.

** William Nowlan and Frank O'Neill were the only directors appointed at the first meeting of the company. Frank O'Neill was a director from 13 August 2013 to 23 August 2013.

Directors attendance at Board Committee Meetings

	Number of meetings held during the period while a Committee member	Number of meetings attended during the period while a Committee member
Audit Committee		
Colm Barrington	1	1
Terence O'Rourke	1	1
Stewart Harrington	1	1
Nominations Committee		
Daniel Kitchen	1	1
Colm Barrington	1	1
Stewart Harrington	1	1
Terence O'Rourke	1	1

Directors' remuneration report

This is the first financial reporting period for the Group and the Group has no executive directors or employees. The only significant decision made on remuneration during the period was the determination of appropriate fees for the non-executive directors.

Remuneration policy

For as long as the Group has no employees it is not intended to have a Remuneration Committee. The remuneration of the non-executive directors is determined by the Board of Directors as a whole. The Chairman is not involved in determining his own remuneration.

Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. The fees paid to non-executive directors are therefore set at a level which aims to attract individuals with the necessary experience and ability to make a significant contribution to the Group and to compensate them appropriately for their role.

The Board will review its performance and the remuneration level of the Directors on an annual basis.

Remuneration report

Directors' Remuneration

Name	Annual Fee €'000	Period to 31 March 2014 €'000
Daniel Kitchen	100	58
Colm Barrington	50	29
Stewart Harrington	50	29
William Nowlan	0	0
Terence O'Rourke	50	29
Totals	**250**	**145**

William Nowlan does not receive remuneration for his role as a Director.

The Investment Manager performs most of the duties associated with key management activities and details on the remuneration of the Investment Manager are disclosed in Note 20 on pages 52 to 53 of the Report and Financial Statements. The Investment Manager's remuneration is set and reviewed by the Board.

The total amount of remuneration paid by the Investment Manager to its staff in the period from commencement of trade to 31 March 2014 was €215,002. The remuneration comprised fixed remuneration only and the average number of staff during the period was six.

Interests of Directors in share capital

The Directors had no interests in the share capital at their date of appointment.

Director	Ordinary Shares At 31 March 2014	% of Company At 31 March 2014
Daniel Kitchen	100,000	0.03%
Stewart Harrington	100,000	0.03%
Colm Barrington	800,000	0.22%
Terence O'Rourke	100,000	0.03%
William Nowlan	500,000	0.14%
Company Secretary, Chartered Corporate Services	-	0.00%

All of the Directors are non-executive directors.

The interests disclosed above include both direct and indirect interests in shares.

There have been no changes in the beneficial and non-beneficial shareholdings of the Directors between 31 March 2014 and the date of this report.

Subject to certain exceptions, the members of the Board have agreed that the members of the Board shall not sell any ordinary shares prior to the first anniversary of admission. The Investment Manager has also agreed to lock-in arrangements in respect of any Performance Fee Shares that may be issued under the terms of the REIT Investment Management Agreement. No such shares have been issued to the Investment Manager as of the date of this report.

Key management personnel

The Company is managed by the non-executive directors who have delegated investment management and administration functions including accounting and risk management, to the Investment Manager without abrogating their overall responsibility. The Investment Manager's remuneration is detailed in Note 20 on pages 52 to 53.

Directors' conflict of interest

Section 194 of the 1963 Act requires each Director who is in any way, either directly or indirectly, interested in a contract or proposed contract with the Company to declare the nature of his interest at a meeting of the Directors. The Company keeps a record of all such declarations which may be inspected by any Director, secretary, auditor or member of the Company at the registered office of the Company.

The Chairman and each of Colm Barrington, Terence O'Rourke and Stewart Harrington are independent of the Investment Manager.

William Nowlan is a director of the Investment Manager and a member of the Management Team and has provided an undertaking to the Company that he will not: (i) be involved in any capacity in the launch or operation of another REIT or other property investment vehicle or fund involved in a similar area of business as the Company, or in the launch or operation of a REIT or other property investment vehicle or fund in a different area of business, without approval of the Board (such approval not to be unreasonably withheld), (ii) acquire or act for another party to acquire a property investment that is within the parameters of the investment policy of the Company, to include all income producing property assets of any value and non-income producing property asset with a market value or purchase price of at least €10 million, other than where the Company has had the opportunity to invest in a particular property, and has declined to do so and has consented to William Nowlan pursuing the opportunity or (iii) advise any investor in competition with the Company for the acquisition of an investment property. All possible or actual conflicts of interest will be disclosed in writing by William Nowlan to the Board. These provisions shall not apply to any dealings or interest in property held as of the date of the REIT Investment Management Agreement.

Subject to certain exceptions, the Articles generally prohibit Directors from voting at Board meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which is material or a duty which conflicts or may conflict with the interests of the Company. Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote. William Nowlan accordingly will not be permitted to vote on any matter at Board level relating to the Investment Manager. In addition, appropriate Board procedures will also be implemented as required to address any potential conflict which may arise by virtue of William Nowlan's position as a Director of the Company and of the Investment Manager.

The Directors also consider that the interests of the Company and the Investment Manager are aligned via the incentivisation structure within the REIT Investment Management Agreement.

The Directors consider that the fact that William Nowlan and Kevin Nowlan are related does not give rise to a conflict not addressed by any of the above procedures and provisions. However, should any conflict emerge in relation to this or any other matter, the Directors believe that sufficient provisions in the Articles, and corporate governance procedures, exist in the Company to address it. To the extent any matter arises that is unforeseen at this point, additional procedures or provisions that may be required shall be put in place.

Political and charitable contributions

The Group made no political or charitable contributions during the period.

Financial risk management

The financial risk management objectives and policies of the Company are set out in Note 18 on page 48 to the financial statements.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware there is no relevant information of which the Group's auditors are unaware; and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

The auditors, Deloitte & Touche, have indicated their willingness to continue in office and a resolution that they will be reappointed will be included as ordinary business at the Annual General Meeting.

Subsequent events

These are described in Note 21 on page 53.

Annual general meeting

The 1st Annual General Meeting of the Company will be held on 22 July 2014. Accompanying this report is the Notice of the Annual General Meeting, which sets out the resolutions to be considered and approved at the meeting.

The Board, having reviewed the Report and Financial Statements in their entirety, is satisfied that they are fair, balanced and reasonable and give the reader all the information required to understand the business model, strategy and performance of the Group.

Mr Daniel Kitchen
Chairman
19 May 2014

Mr Terence O'Rourke
Director
19 May 2014

Statement of Directors' Responsibilities

The Directors, whose names and details are listed on pages 24 to 25, are responsible for preparing the Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under such law the Directors are required to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs") and in accordance with the provisions of the Companies Acts 1963 to 2013.

The Group and Company financial statements are required by law and IFRSs to present fairly the financial position and performance of the Group and Company: the Companies Acts 1963 to 2013 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the Report and Financial Statements, the Directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and estimates that are reasonable and prudent;

– comply with applicable International Financial Reporting Standards as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and comply with Irish statute comprising the Companies Acts, 1963 to 2013 and, as regards the Group financial statements, Article 4 of the IAS Regulation, and the Listing Rules of the Irish Stock Exchange They are also responsible for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ('the Transparency Regulations'), the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group. The Directors are also required by applicable law and the Listing Rules issued by the Irish Stock Exchange to prepare a Report of the Directors and reports relating to Directors' remuneration and corporate governance that comply with that law and those Rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have contracted with the Investment Manager in order to ensure that those requirements are met. The books and accounting records of the Company are maintained at the registered office located at Marine House, Clanwilliam Place, Dublin 2. The Directors have delegated investment management and administration functions including risk management, to the Investment Manager without abrogating their overall responsibility. The Directors have in place mechanisms for monitoring the exercise of such delegated functions which are always subject to the supervision and direction of the Board. These delegations of functions and the appointment of regulated third party entities are detailed in the Corporate Governance Report on pages 13 to 18. Each of the Directors, whose names and functions are listed on pages 24 to 25, confirms that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position for the Group as at 31 March 2014 and of the result for the period then ended; and

- the Report of the Directors, the Chairman's Statement and the Investment Manager's Report include a fair review of the development and performance of the Group's business and the state of affairs of the Group at 31 March 2014, together with a description of the principal risks and uncertainties facing the Group.

- the Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Group.

Mr Daniel Kitchen
Chairman
19 May 2014

Mr Terence O'Rourke
Director
19 May 2014

Independent Auditor's Report
to the Members of Hibernia REIT plc

Opinion on financial statements of Hibernia REIT plc

In our opinion:

- the Group Financial Statements give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, of the state of the Group's affairs as at 31 March 2014 and of its loss for the period then ended;
- the Company financial statements give a true and fair view in accordance with IFRSs, as adopted by the European Union, as applied in accordance with the provisions of the Companies Acts, 1963 to 2013 and of the state of the Company's affairs as at 31 March 2014; and
- the financial statements have been prepared in accordance with the Companies Acts, 1963 to 2013 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The financial statements comprise the Group Financial Statements: the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Company Financial Statements: the Company Statement of Financial Position, the Company Statement of Changes in Equity and the Company Statement of Cash Flows, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, and, as regards the Company financial statements, in accordance with the provisions of the Companies Act 1963 to 2013.

Going concern

As required by the Listing Rules we have reviewed the Directors' Statement contained within the Report of the Directors on pages 19 to 27 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk of material misstatement	How the scope of our audit responded to the risk
Investment transactions Management completed an analysis to determine the appropriate accounting treatment of investment transactions entered into during the period. Risk relating to the recognition and classification of investment transactions.	We considered the appropriateness of the recognition policy for the acquisition of investment properties and loan portfolios. We considered the appropriateness of the classification of the loans acquired and evaluated the assumptions used by management and evidence supporting management's conclusions.
Expenses incurred on Initial Public Offering (IPO) Costs directly relating to the issue of share capital have been offset against the share premium account. Risk relating to the validity and accounting treatment of expenses which have been charged against the share premium account.	We carried out testing of the IPO expenses incurred by agreeing the actual expenses recorded to supporting documentation. We considered the appropriateness of the accounting treatment used by management in determining which expenses qualified as direct costs on the issue of equity.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Independent Auditor's Report continued

to the Members of Hibernia REIT plc

Our application of materiality

- We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.
- We determined planning materiality for the Group to be €3,700,000, which is below 1% of Shareholders' Equity.
- We agreed with the Audit Committee that we would report to the Committee any audit differences in excess of €185,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit scope focused on the Company and its subsidiary, Hibernia REIT Finance Limited. The subsidiary was subject to a full scope audit which was also performed by the Group audit team and was performed to the Group materiality level described above.

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the Company;
- The Company's Statement of Financial Position is in agreement with the books of account;
- In our opinion the information given in the Report of the Directors is consistent with the financial statements and the description in the Corporate Governance Report of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated financial statements is consistent with the consolidated financial statements; and
- The net assets of the Company, as stated in the Company's Statement of Financial Position are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 March 2014 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Matters on which we are required to report by exception

Directors' remuneration and transactions

Under the Listing Rules we are required to review the six specified elements of disclosures in the report to shareholders by the Board on Directors' remuneration. Under the Companies Acts, 1963 to 2013 we are required to report to you if, in our opinion the disclosures of Directors' remuneration and transactions specified by law are not made. We have nothing to report arising from our review of these matters.

Corporate Governance Statement

Under the Listing Rules of the Irish and London Stock Exchanges we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review. We have nothing to report arising from our review.

Our duty to read other information in the Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Report is fair, balanced and understandable and whether the Report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Group's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report to identify material inconsistencies with the audited 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 audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Brian Jackson
For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 19 May 2014

Consolidated Statement of Comprehensive Income

For the period from 13 August 2013 (date of incorporation) to 31 March 2014

	Notes	Period to 31 March 2014 €'000
Income		
Revenue	4	158
Property outgoings	5	(59)
Total net income		**99**
Investment manager's fee	20	(669)
Administration Expenses	6	(490)
Total operating expenses		**(1,159)**
Net operating loss		(1,060)
Finance income	7	214
Loss before tax		(846)
Income tax expense	8	-
Loss for the period from continuing operations		(846)
Other comprehensive income		-
Total comprehensive loss		**(846)**
		Cents
Earnings per share		
Basic and diluted	9	(0.221)

The notes on pages 38 to 53 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 32 to 53 were approved and authorised for issue by the Board of Directors on 19 May 2014 and signed on its behalf by:

Mr Daniel Kitchen
Chairman

Mr Terence O'Rourke
Director

Consolidated Statement of Financial Position
As at 31 March 2014

	Notes	2014 €'000
Assets		
Non-current assets		
Loans and receivables	10	68,563
Current assets		
Trade and other receivables	11	11,647
Cash and cash equivalents	12	291,690
Total current assets		303,337
Total assets		**371,900**
Equity and liabilities		
Capital and reserves		
Issued capital and share premium	13	371,812
Retained earnings	14	(846)
Total equity		370,966
Current liabilities		
Trade and other payables	15	934
Total current liabilities		934
Total equity and liabilities		**371,900**
		Cents
EPRA NAV per share	16	**96.35**
IFRS NAV per share	16	**96.35**

The notes on pages 38 to 53 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 32 to 53 were approved and authorised for issue by the Board of Directors on 19 May 2014 and signed on its behalf by:

Mr Daniel Kitchen
Chairman

Mr Terence O'Rourke
Director

Company Statement of Financial Position

As at 31 March 2014

	Notes	2014 €'000
Assets		
Non-current assets		
Loans to subsidiary	10	68,416
Current assets		
Trade and other receivables	11	11,647
Cash and cash equivalents	12	291,679
Total current assets		303,326
Total assets		**371,742**
Equity and liabilities		
Capital and reserves		
Issued capital and share premium	13	371,812
Retained earnings	14	(962)
Total equity		**370,850**
Current liabilities		
Trade and other payables	15	892
Total current liabilities		892
Total equity and liabilities		**371,742**

The notes on pages 38 to 53 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 32 to 53 were approved and authorised for issue by the Board of Directors on 19 May 2014 and signed on its behalf by:

Mr Daniel Kitchen
Chairman

Mr Terence O'Rourke
Director

Consolidated Statement of Changes in Equity

For the period from 13 August 2013 (date of incorporation) to 31 March 2014

	Notes	Share Capital €'000	Share Premium €'000	Retained earnings €'000	Total €'000
Total comprehensive income for the period					
Loss for the period		-	-	(846)	(846)
Total other comprehensive income		-	-	-	-
		-	-	(846)	(846)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares for cash	13	38,500	346,500	-	385,000
Share issue costs	13	-	(13,188)	-	(13,188)
At 31 March 2014		**38,500**	**333,312**	**(846)**	**370,966**

Company Statement of Changes in Equity

For the period from 13 August 2013 (date of incorporation) to 31 March 2014

	Notes	Share Capital €'000	Share Premium €'000	Retained earnings €'000	Total €'000
Total comprehensive income for the period					
Loss for the period		-	-	(962)	(962)
Total other comprehensive income		-	-	-	-
		-	-	(962)	(962)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares for cash	13	38,500	346,500	-	385,000
Share issue costs	13	-	(13,188)	-	(13,188)
At 31 March 2014		**38,500**	**333,312**	**(962)**	**370,850**

The notes on pages 38 to 53 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the period from 13 August 2013 (date of incorporation) to 31 March 2014

	Notes	Period to 31 March 2014 €'000
Cash flows from operating activities		
Loss for the period		(846)
Adjusted for:		
Finance income		(214)
Interest income accrued		(158)
Operating cashflow before movement in working capital		**(1,218)**
Increase in trade and other receivables		(600)
Increase in trade and other payables		434
Net cash flow from operating activities		**(1,384)**
Cash flows from investing activities		
Deposit paid on investment property		(11,010)
Purchase of loans and receivables		(67,905)
Interest received		177
Net cashflow from investing activities		**(78,738)**
Cash flow from financing activities		
Proceeds from the issue of ordinary share capital		385,000
Share issue costs		(13,188)
Net cash inflow from financing activities		**371,812**
Net increase in cash and cash equivalents		**291,690**
Net cash and cash equivalents at period end	12	**291,690**

The notes on pages 38 to 53 form an integral part of these consolidated financial statements.

Company Statement of Cash Flows

For the period from 13 August 2013 (date of incorporation) to 31 March 2014

	Notes	Period to 31 March 2014 €'000
Cash flows from operating activities		
Loss for the period		(962)
Adjusted for:		
Finance income		(214)
Operating cashflow before movement in working capital		**(1,176)**
Increase in trade and other receivables		(600)
Increase in trade and other payables		392
Net cash flow from operating activities		**(1,384)**
Cash flows from investing activities		
Deposit paid on investment property		(11,010)
Loans to subsidiary		(67,916)
Interest received		177
Net cashflow from investing activities		**(78,749)**
Cash flow from financing activities		
Proceeds from the issue of ordinary share capital		385,000
Share issue costs		(13,188)
Net cash inflow from financing activities		**371,812**
Net increase in cash and cash equivalents		**291,679**
Net cash and cash equivalents at period end	12	**291,679**

The notes on pages 38 to 53 form an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. General Information

Hibernia REIT plc ('the Company') and its subsidiary, Hibernia REIT Finance Limited (together 'the Group') are engaged in property investment (primarily commercial) in the Irish market with a view to maximising its shareholders' returns.

The Company is a public limited company and is incorporated and domiciled in Ireland. The address of the Company's registered office is Marine House, Clanwilliam Place, Dublin 2. The Company was incorporated on 13 August 2013 and re-registered as a public limited company on 8 November 2013. The registered number of the Company is 531267.

The Company's ordinary shares were listed on the main market for listed securities on the Irish and London Stock Exchanges on 11 December 2013.

2. Application of new and revised International Accounting Standards (IFRS)

The following standards and interpretations to existing standards have been published by the International Accounting Standards Board ("IASB") and, to the extent indicated, have been adopted by the European Union ("EU") and will be mandatory for future accounting periods. The Company has not early adopted these standards or interpretations.

- IFRS 9 (2009 & 2010) Financial Instruments, which is effective for reporting periods beginning on or after 1 January 2018, introduces new requirements for the classification and measurement of financial assets and introduces additions relating to financial liabilities.
- IFRS 10 Consolidated Financial Statements, which is effective for reporting periods beginning on or after 1 January 2013 (EU effective date: 1 January 2014), introduces a single control model to determine whether an investee should be consolidated.
- IFRS 11 Joint Arrangements, which is effective for reporting periods beginning on or after 1 January 2013 (EU effective date: 1 January 2014), sets out new criteria in determining the type of joint arrangement and therefore the subsequent accounting treatment.
- IFRS 12 Disclosure of Interest in Other Entities, which is effective reporting periods beginning on or after 1 January 2013 (EU effective date: 1 January 2014), brings together into a single standard all the disclosure requirements about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- IFRS 14 Regulatory Deferral Accounts, applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016, permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, which are effective for accounting periods beginning on or after 1 January 2016, clarify acceptable methods of depreciation and amortisation.
- IAS 19 Employee Benefits, which is effective for accounting periods beginning on or after 1 July 2014, deals with employee contributions to defined benefit plans.
- IAS 27 Separate Financial Statements, which is effective for accounting periods beginning on or after 1 January 2013 (EU effective date: 1 January 2014). Consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10 Consolidated Financial Statements.
- IAS 28 Investments in Associates and Joint Ventures, which is effective for accounting periods beginning on or after 1 January 2013 (EU effective date 1 January 2014), amends the previous version of IAS 28 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- IAS 32 Financial Instruments: Presentation, which is effective for accounting periods beginning on or after 1 January 2014, deals with the offsetting of financial assets and liabilities.
- IAS 36 Impairment of Assets, which is effective for accounting periods starting on or after 1 January 2014, introduces amendments arising from Recoverable Amount Disclosures for Non-Financial Assets.
- IAS 39 Financial Instruments: Recognition and Measurement, introduces amendments for novation of derivatives (effective for accounting periods beginning on or after 1 January 2014) and amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective for accounting periods where IFRS 9 is applied).
- Annual Improvements to IFRS: 2011-13 cycle and Annual Improvements to IFRS: 2010-12 cycle. The IASB has adopted the Annual Improvements process to deal efficiently with a collection of narrow scope amendments to IFRSs even though the amendments are unrelated. These amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier.

The Company has not yet fully determined the impact of these amendments on its future financial reporting but does not expect them to have a material impact.

3. Significant Accounting Policies

a. Statement of compliance

The consolidated financial statements of Hibernia REIT plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB.

b. Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional currency and the Group's presentation currency.

c. Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with IFRS and the IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union and the Companies Act 1963 to 2013.

The financial statements have been prepared under the historical cost convention.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary, Hibernia REIT Finance Limited. The Company controls Hibernia REIT Finance 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.

e. Significant judgements and key estimates

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group to exercise judgment in applying the Group's accounting policies. Although these estimates are based on the Board's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The following are the significant judgements and key estimates which were made in respect of the Report and Financial Statements.

Recognition and classification of investment transactions

The Company was in the process of acquiring two investment properties at the period end. Both acquisitions were completed after 31 March 2014 at a total cost of €57,934,129. After due consideration of the conditions attaching to the acquisitions, the Directors concluded that neither of these properties should be recognised in the statement of financial position at the period end.

The Group also acquired a portfolio of loans secured on property assets in February 2014. Note 10 on page 44 gives further detail in respect of these assets. The Directors are in the process of assessing the collateral assets underlying this portfolio in terms of their suitability as investment property under the Group's investment strategy. To that end, WK Nowlan Property has undertaken a review of the property on behalf of the Investment Manager. The Group will seek to acquire any assets that are identified by this process as suitable acquisitions and approved by the Board, from the receiver or borrower. In preparing these financial statements, the Directors have reviewed the status of this process and determined that none of the collateral assets meet the Group's accounting policy for recognition as investment property.

Impairment of Loans and receivables

The Directors' have assessed the loans and receivables for impairment and have determined that the carrying value of the loans and receivables do not require impairment as they expect that the loans will be resolved at least at their carrying value due to the value of the collateral on which they are secured. Further information on these loans is given in Note 10 on page 44.

Costs associated with the Initial Public Offering ("IPO")

The Directors have assessed the expenses associated with the IPO and identified expenses that relate directly to the issue of shares. These expenses have been offset against the share premium account as described in the accounting policy, 3.o: Equity and share issue costs.

There were no other items of significant judgement or key estimates that might have a material impact on the financial statements at 31 March 2014.

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised in the statement of comprehensive income when it meets the following criteria:
- it is probable that any future economic benefit associated with the item of revenue will flow to the Company, and
- the amount of revenue can be measured with reliability.

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method.

Notes to the Financial Statements continued

3. Significant Accounting Policies continued

g. Foreign currencies transactions and balances

Transactions in currencies other than Euro are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each period, monetary amounts denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing when the fair value was determined. Non-monetary items carried at historical cost are not re-translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

h. Finance income and expense

Interest income and expense is recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

i. Provisions

A provision is recognised if, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (in most cases, the risk free rate) at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j. Expenses

Expenses are recognised in the statement of comprehensive income on an accrual basis.

k. Taxation

Hibernia REIT plc elected for Real Estate Investment Trust (REIT) status on 11 December 2013. As a result, the Group will not pay Irish corporation tax on the profits and gains from qualifying rental business in Ireland provided it meets certain conditions. Corporation tax is still payable as normal in respect of income and gains from a Group's residual business (generally any non-property rental business). The Group is also liable to pay other taxes such as VAT, relevant contracts tax, local property tax, property rates, payroll taxes and foreign taxes as normal. Information on the REIT legislation is provided in the Report of the Directors on pages 19 to 20.

Current tax

Current tax is the expected tax payable on the taxable income or loss for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment in taxes payable in respect of the previous periods.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantially enacted at the reporting date.

l. Financial instruments

Financial assets and liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets or liabilities at fair value through the statement of comprehensive income) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Financial assets

Financial assets are generally classified into the following specified categories: financial assets 'at fair value through profit or loss (FVTPL), 'held-to-maturity investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. Financial assets 'at fair value through profit or loss' has two subcategories which are determined at initial recognition:

- Designated. This includes any financial asset to be measured at fair value with fair value changes in profit or loss.
- Held for trading. The second category includes financial assets that are held for trading.

Purchases and sales of financial assets in a regular way, i.e. within timeframes established by regulation or convention in the marketplace, are recognised and de-recognised on a trade date basis.

3. Significant Accounting Policies continued

Effective interest method: The Group uses the effective interest method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are recorded at fair value plus transaction costs when purchased. They are subsequently accounted for at amortised cost using the effective interest method.

Valuation adjustments or impairment allowances for loans and receivables are created if there is objective evidence that it will not be possible for the entire amount which is due under the original contractual arrangements to be recovered. Allowances for loans and receivables are calculated where there is objective evidence with regard to loan defaults, the structure and quality of the loan portfolio as well as macro-economic parameters, on an individual and portfolio basis. Losses expected as a result of future events, no matter how likely, are not recognised.

Individual loans: The allowance is calculated as the difference between the carrying value of the asset and the present value of the expected future cash flows using the original effective interest rate. The increase in the present value of an adjusted receivable which occurs over time is shown as interest income.

Portfolio-based allowances: Measurement of an impairment on a portfolio basis may be applied to groups of loans that have been considered individually and on which no impairment has been identified when there is evidence of impairment in a similar group of loans and impairment cannot be identified with an individual loan in that group. These allowances are calculated on current events and information with regard to significant changes with detrimental consequences that have occurred in the market, economic or legal environment as well as historic default rates.

In assessing the need for impairment on loans and receivables, the Group takes into account the expected cash flows from the realisation of collateral.

m. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost. Where there is objective evidence that the recoverability of an asset is at risk, appropriate allowances for any irrecoverable amounts are recognised in the statement of comprehensive income.

n. Cash and cash equivalents

Cash and cash equivalents includes cash at banks in current accounts, deposits held at call with banks and other short term investments in an active market with original maturities of three months or less.

o. Equity and share issue costs

The equity of the Company consists of ordinary shares issued. Shares issued are recorded at the date of issuance. The par value of the issued shares is recorded in the share capital account. The excess of proceeds received over the par value is recorded in the share premium account. Direct issue costs in respect of the issue of shares are accounted for in the share premium account, as a deduction from equity, net of any related tax deduction. Direct issue costs include:
- Costs of preparing the prospectus
- Accounting, tax and legal expenses
- Underwriting fees
- Valuation fees in respect of the shares and of other assets

Costs that relate to the listing itself (e.g. stock exchange registration costs) are not directly attributable to the share issue and are expensed.

p. Trade and other payables

Trade and other payables are initially measured at fair value, subsequently measured at amortised cost.

q. Net asset value (NAV)

The IFRS NAV is calculated as the value of the Company's assets less the value of its liabilities measured in accordance with IFRS. EPRA NAV is calculated in accordance with the European Public Real Estate Association (EPRA) Best Practice Recommendations, September 2011 and its additional guidance issued in January 2014.

The EPRA net asset value per share excludes the net mark to market adjustment to the value of financial instruments which are used for hedging purposes and which the Group intends to keep to the end of their contractual duration, deferred taxation on revaluations and is calculated on a fully diluted basis.

r. Operating segments

During the period, the Group operated in and was managed as one business segment, being property investment, with all investment properties located in Ireland. There was no rental income during the period as the first property was contracted for but not settled at the period end.

Notes to the Financial Statements continued

4. Revenue

	Group Period to 31 March 2014 €'000
Rental income	-
Interest income from loans and receivables	158
	158

The Group had no rental income from its property business for the period to 31 March 2014 as it did not acquire its first property until April 2014.

5. Property outgoings

Property outgoings relate to the expenses incurred in sourcing investment property for the Group's rental business.

6. Administration expenses

	Group Period to 31 March 2014 €'000
Directors fees	
Fees for services as directors	145
Fees for other services	-
	145
Depository fees	69
Registrar fees	4
Professional costs	164
Other operating expenditure	108
	490

Auditor remuneration	Group Period to 31 March 2014 €'000	Company Period to 31 March 2014 €'000
Fees paid to the external auditor		
Audit of financial statements	30	30
Other assurance services	-	-
Tax advisory services	30	30
Other non-audit services	220	220
	280	**280**

The amount of €220,000 included in other non-audit services was paid to the auditors for services provided in relation to the share issuance at the initial public offering. This amount has been charged to the share premium account as part of the cost of share issuances (see Note 13).

There were no employees during the period.

7. Finance income

	Group Period to 31 March 2014 €'000
Interest income on cash and cash equivalents	214

8. Income tax expense

The Group has elected for Irish Group REIT status with effect from 11 December 2013. As a result, the Group does not pay Irish corporation tax on the profits and gains from its qualifying rental business in Ireland provided it meets certain conditions.

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

9. Earnings per share

The calculation of earnings per share is based on the period from commencement to trade, 11 December 2013, to 31 March 2014 rather than the period from incorporation, 13 August 2013, to 31 March 2014 as the Directors believe that this calculation provides a more informative disclosure to the shareholders because:

- The date of commencement to trade is the same as the listing date, and
- The majority of shares were issued around this date.

There are no convertible instruments, options, warrants or ordinary shares that are issued upon the satisfaction of specified conditions as of the period end, 31 March 2014. As a result, there are no dilutive effects on earnings per share and the basic and diluted earnings per share are identical.

The calculation is based on the loss attributable to ordinary shareholders of €846,149 and a weighted average number of ordinary shares outstanding for the period of 383,558,559 shares calculated as follows.

	Group Period to 31 March 2014 €'000
Loss for the period attributable to the owners of the Company	**(846)**
Weighted average number of ordinary shares (basic)	Number '000
In issue on 11 December 2013 (date of commencement to trade)	365,000
Issued on 18 December 2013	20,000
Weighted average shares for the period	**383,559**
	Cents
Basic and diluted earnings per share	**(0.221)**

The European Public Real Estate Association (EPRA) best practice recommendations recommend the presentation of earnings per share based on EPRA earnings which are defined as the profit after taxation excluding investment property revaluations and gains/losses on disposals, intangible asset movements and their related taxation. EPRA earnings are a measure of the degree as to which the Group's earnings are supported by core activities. The Group intends to comply with EPRA best practice recommendations and disclose EPRA earnings per share. However, no EPRA earnings are disclosed here as the Group had not commenced its property rental business in the period to 31 March 2014.

Notes to the Financial Statements continued

10. Loans and receivables

	Group 2014 €'000
As at 31 March 2014	**68,563**

	Company 2014 €'000
Loans to subsidiary	**68,416**

Loans and receivables on the Group's Statement of Financial Position at the period end were purchased as part of a portfolio acquisition on 28 February 2014. This portfolio is secured on real estate collateral.

The loans were acquired at a substantial discount to their nominal value reflecting their distressed state at the time of acquisition. All of the loans are past due. None of the loans are expected to be repaid by recourse to the original borrower, although income from the underlying collateral assets is being generated. The majority of loans were the subject of a receivership when acquired and do not pay interest. As a result of these factors, no disclosures are made in relation to maturity or age analysis or interest rate risk.

The objective in purchasing these loans was to generate returns for the Group in the following ways:

- Income will be generated from the underlying portfolio; and
- Disposal of the collateral assets over time to achieve a redemption of the loan at a value greater than the acquisition cost; or
- Acquisition of the collateral asset by the Company for inclusion in its investment portfolio subject to compliance with the Company's investment strategy.

The Directors do not consider further impairment allowances are required against these loans as they expect that the loans will be resolved at least at their carrying value due to the value of the collateral on which they are secured.

The Group expects to work out these loans within a two year period.

11. Trade and other receivables

	Group 2014 €'000	Company 2014 €'000
Deposit paid on investment property	11,010	11,010
Investment Manager's fee prepaid (Note 20)	366	366
Interest receivable	37	37
Other prepayments	73	73
VAT refundable	161	161
As at 31 March 2014	**11,647**	**11,647**

The €11,010,000 on 31 March 2014 relates to deposits paid on the purchase of investment properties as follows:

	Group 2014 €'000	Company 2014 €'000
New Century House, IFSC	10,000	10,000
Gateway site, Naas Road	1,010	1,010
	11,010	**11,010**

There were no other contractual commitments relating to either the Group or the Company at 31 March 2014.

12. Cash and cash equivalents

	Group 2014 €'000	Company 2014 €'000
As at 31 March 2014	**291,690**	**291,679**

Notes to the Financial Statements continued

13. Share capital and share premium

	Group and Company		
	Share capital 2014 €'000	Share premium 2014 €'000	Total 2014 €'000
Shares issued during the period	38,500	346,500	385,000
Costs associated with the issue	-	(13,188)	(13,188)
As at 31 March 2014	**38,500**	**333,312**	**371,812**

Authorised share capital	Number '000
Authorised	1,000,000
Allotted, called up and fully paid	
Issued for cash	385,000
In issue at 31 March 2014	385,000

The Company was incorporated on 13 August 2013 as a private company limited by shares. On incorporation the issued share capital of the Company was €100 divided into 100 ordinary shares of €1 each.

On 31 October 2013 the Company subdivided the entire existing share capital into ordinary shares of €0.10 each and increased the authorised share capital to €100,000,000 divided into 1,000,000,000 ordinary shares of €0.10 each. A further 399,000 were issued at par of €0.10 each bringing the total issued share capital at this date to €40,000 divided into 400,000 ordinary shares of €0.10 each.

On 8 November 2013 the Company was converted to a public limited company.

On 6 December 2013 the Company made an Initial Public Offering (IPO). On 11 December 2013 the Company listed on the Irish and London stock exchanges and 364,600,000 shares were issued at a listing price of €1.00 per share, except for 100,000 shares issued to William Nowlan at €4.60 per share.

An over-allotment option was granted to the underwriter as a stabilisation measure for a period of 30 days from listing. Under this option, the underwriter was permitted to purchase, or procure purchasers for, additional ordinary shares up to a total of 20,000,000 ordinary shares (the "over-allotment shares") at the issue price, representing up to 5.49% of the ordinary shares comprised in the issue before any utilisation of the over-allotment option. On 18 December 2013 a further 20,000,000 ordinary shares were issued under this option at the issue price of €1.00 per share.

IPO Costs

	Group and Company 2014 €'000
Lead underwriter and sponsor costs	10,444
Legal costs	1,461
Regulatory fees	617
Other professional advisers	403
Accounting costs	220
Printing costs	43
Total	**13,188**
As a percentage of funds raised	**3.43%**

14. Reserves

The Group and Company Statement of Changes in Equity are shown as primary statements.

The nature and purpose of each reserve within equity is as follows:

	Group 2014 €'000	Company 2014 €'000
Share premium	333,312	333,312
Retained earnings	(846)	(962)

Share premium: This represents the excess of the proceeds of share issuances over their nominal value, net of issue costs.

Retained earnings: This represents the accumulated loss recognised in the Consolidated Statement of Comprehensive Income.

The Group has availed of the exemption to include a Company Statement of comprehensive income in this Report and Financial Statements as permitted under the Companies Act, 1963 section 148. The Company's Loss for the period to 31 March 2014 was €961,807.

15. Trade and other payables

	Group 2014 €'000	Company 2014 €'000
Audit Fees	30	30
PAYE/PRSI	36	36
Trade payables	67	67
Loan acquisition costs	500	500
Other payables	301	259
	934	**892**

The payable for loan acquisition costs represents an accrual for costs in respect of the acquisition of the loan portfolio on 28 February 2014.

16. IFRS and EPRA net asset value per share

As at 31 March 2014 the Group had no financial derivatives, no deferred tax liability or asset and no potentially dilutive equity arrangements in place. Therefore the IFRS and EPRA NAV calculation is the same.

	Group 2014 €'000
IFRS net assets at 31 March 2014	**370,966**

	Number '000
Ordinary shares in issue at period end	**385,000**

	Cents
IFRS NAV per share	**96.35**

Notes to the Financial Statements continued

17. Dividends

There were no dividends declared or paid by the Company during the period and there are no dividends proposed by the Directors in respect of this reporting period.

18. Financial instruments and risk management

The Group has identified exposure to the following risks:

Market risk
Credit risk
Liquidity risk

The policies for managing each of these and the principal effects of these policies on the results for the period are summarised below:

a) Market risk

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

The Group's financial assets currently comprise loans and receivables, short term bank deposits and trade receivables. The Group currently has no financial liabilities other than trade payables which do not give rise to any significant market risk. The Company has, in addition to the short term bank deposits and trade payables and receivables, loans to subsidiary financial assets, the risks of which correspond to the risks of the loans and receivables discussed for the Group risks as these loans were made to facilitate the purchase of the loans and receivables portfolio for the Group.

The loans and receivables are secured by property collateral assets, the value of which is subject to market fluctuation. The values of these collateral assets are monitored closely to ensure that the amount is sufficient to repay the loan balances outstanding.

The short term bank deposits are used to invest cash while awaiting suitable investment properties for investment. These are denominated in euro. Therefore exposure to market risk in relation to these is limited to interest rate risk. Exposure to interest rates is limited to the exposure of its earnings from uninvested funds, €291,689,829 at the period end. An interest rate movement of +/- 0.5% during the period would have increased or decreased its finance income by €439,533.

b) Credit risk

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a counterparty's failure to repay a loan or otherwise meet a contractual obligation. Credit risk is therefore, for the Group and Company, the risk that the counterparties underlying its' assets default.

The Group's main financial assets are Loans and receivables and Cash and cash equivalents.

All loans held are past due and were acquired at a significant discount to the par value. The risks associated with these loans are linked directly to the value of the property collateral underlying the loans. Any decline in the value of the property collateral underlying the loans is likely to lead to impairment in the carrying value of the loans. The security underlying these loans includes a 213 unit apartment complex in Dundrum, Wyckham Point, a grade A office development in Grand Canal Dock and high quality residential units. The Directors have assessed the loans and receivables portfolio for impairment by reference to the value of the underlying collateral assets. They have determined that there is no evidence of any factors that would require them to make any allowances for impairment on this portfolio.

The loan to subsidiary in the Company statement of financial position is subject to the same risks as discussed in relation to the loan portfolio as its purpose was to purchase that portfolio in the subsidiary.

Cash and cash equivalents are held with major Irish and European institutions. The Board has established a cash management policy for these funds which it monitors regularly. This policy includes ratings restrictions, BB or better, and related investment thresholds, €25-50m with individual institutions dependent on rating, to avoid concentration risks with any one counterparty. The Company has also engaged the services of a Depository to ensure the security of the cash assets.

Concentration of risk in receivables:

Trade and other receivables include two deposits on investment properties totalling €11,010,000. These are held in solicitors client accounts while awaiting contract completion. Both of these contracts have completed post period end (see Note 21). The balance of trade and other receivables has no concentration of credit risk as it is made up of prepayments and tax refunds due.

18. Financial instruments and risk management continued

b) Credit risk

The carrying amount of the financial assets excluding loans and receivables represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was therefore:

	Group 2014 €'000	Company 2014 €'000
Cash and cash equivalents	291,690	291,679
Trade and other receivables	11,647	11,647
Total	**303,337**	**303,326**

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group ensures that it has sufficient available funds to meet obligations as they fall due. The Investment Manager is responsible for this activity and the Board monitors its performance.

Net current assets at the period end were:

	Group 2014 €'000	Company 2014 €'000
Net current assets	**302,403**	**302,434**

All financial liabilities for both the Group and the Company fall due within one year.

d) Capital management

The Group manages capital in order to ensure its continuance as a going concern.

As the Group grows it is planned to finance up to 40% of the market value of the Group's assets out of borrowings in order to enhance the return on equity for its shareholders. This percentage may increase to 50% under the REIT regime and so the Group may modify this leverage from time to time taking into account current prevailing economic and market conditions. This leverage ratio will be monitored in the regular financial reporting and prior to entering into any borrowing arrangements in order to ensure this policy is maintained.

Capital comprises share capital, reserves and retained earnings as disclosed in the Consolidated and Company statement of changes in equity. At 31 March 2014 the capital of the Group and the Company was €370,965,870.

There are no external capital requirements on the Group.

Under the Irish REIT regime, the Group must distribute at least 85% of its property income by way of a Property Income Distribution ("PID"). Therefore, capital available for business growth will not be augmented by dividend policy. To grow the business, the Group must therefore consider the need to seek further capital in the market given both the inability to grow reserves and the restriction on its borrowings as a source of increasing its portfolio size as discussed above.

The Company's share capital is publicly traded on the Irish and London stock exchanges. In order to ensure the proper management of the share register, the Group employs the services of a share registrar, Capita Registrars (Ireland) Limited (t/a Capita Asset Services).

Notes to the Financial Statements continued

18. Financial instruments and risk management continued

e) Fair values of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data

The Directors have determined that the carrying value of loans and receivables approximates their fair value, based on their assessment of the value of the underlying collateral. The carrying value of non-interest bearing financial assets and financial liabilities and cash and cash equivalents approximates their fair values, largely due to their short-term maturities.

As at 31 March 2014, neither the Group nor the Company had any financial assets or liabilities which were carried at fair value.

However, the following tables present the classification of financial assets and liabilities within the fair value hierarchy and the changes in fair values measurements at Level 3 estimated for the purposes of making the above disclosure:

Fair value hierarchy

	2014 Carrying value €'000	2014 Level 1 €'000	Level 2 €'000	Level 3 €'000
Group				
Financial assets				
Loans and receivables	68,563	-	-	68,563
Trade and other receivables	11,647	-	11,647	-
	80,210	**-**	**11,647**	**68,563**
Financial liabilities				
Trade and other payables	934	-	934	-
	934	**-**	**934**	**-**
Company				
Financial assets				
Loans and receivables	68,416	-	-	68,416
Trade and other receivables	11,647	-	11,647	-
	80,063	**-**	**11,647**	**68,416**
Financial liabilities				
Trade and other payables	892	-	892	-
	892	**-**	**892**	**-**

18. Financial instruments and risk management continued

e) Fair values of financial assets and financial liabilities

Fair value movements at level 3

	Group Loans and receivables €'000
Transfers into level 3	-
Transfers out of level 3	-
Purchases, sales, issues and settlement	
Purchases	68,405
Amortisation	158
Balance at 31 March 2014	**68,563**

Company	Loans and receivables €'000
Transfers into level 3	-
Transfers out of level 3	-
Purchases, sales, issues and settlement	
Purchases	68,416
Balance at 31 March 2014	**68,416**

Loan fair values are dependent on the value of the underlying property collateral. The valuation of the underlying property collateral involves a significant amount of judgement, with inputs that are unobservable as defined by IFRS 13. A significant deterioration in the underlying property could have a significant impact on the fair value.

The Investment Manager is responsible for performing the valuation of fair value measurements included in the Report and Financial Statements, including level 3 fair values. The Directors review and approve the valuations as part of their review of the financial statements. The Group's policy is to recognise transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstance that caused the transfer.

19. Investment in subsidiary undertakings

The Company holds 10 ordinary shares of €1 each representing the entire issued share capital in the company listed below on 31 March 2014.

Entity	Country of incorporation/ Registered office	Incorporation date	Nature of business
Hibernia REIT Finance Limited	Ireland, Marine House, Clanwilliam Place, Dublin 2	19 February 2014	Financing activities

Notes to the Financial Statements continued

20. Related parties

Subsidiaries

The Company transacts with its subsidiary and has provided the funding for its acquisition of a portfolio of loans which now forms part of the Group's assets. The Company has provided a loan of €68,416,000 to Hibernia REIT Finance Limited to fund its activities. Transactions between the Company and its subsidiary have been eliminated on consolidation.

Investment Manager

The Company, pursuant to the Investment Management Agreement entered into on 27 November 2013, is managed by WK Nowlan REIT Management Limited ("The Investment Manager"). WK Nowlan REIT Management Limited is wholly owned and controlled by Nowlan Property Limited, trading as WK Nowlan Property, and Mr Frank Kenny. At 31 March 2014, the Directors of the Investment Manager and its owners held an aggregate of 1,600,000 shares in the Company.

Through the Investment Management Agreement, the Company has access to the asset management operation of Nowlan Property Limited trading as WK Nowlan Property.

The Investment Management Agreement governs the provision of investment management and related services to the Company by the Investment Manager. It has an initial term of five years and will automatically continue for three consecutive year periods, unless terminated by the Company or the Investment Manager.

Investment Manager's fees

The base fee for each quarter is calculated by reference to following table. The fee is based on the EPRA Net Asset Value (NAV) and is the sum of the following amounts:

EPRA NAV: From €'000,000	To €'000,000	%
0	<=450	0.250
>450	<=600	0.200
>600		0.150
Uninvested net proceeds		0.125

The base fee is payable quarterly in arrears except for the fee for the periods 31 March 2014 and 30 June 2014 which were paid in advance.

Management fees of €1,034,499 were paid by the Company to the Investment Manager during the period ended 31 March 2014, of which €365,795 was prepaid at the Consolidated Statement of Financial Position date and is included within trade and other receivables. Fees of €78,260 were paid to WK Nowlan Property by the Company during the period for the services of its employees in relation to the IPO.

A performance fee is also paid to the Investment Manager and is calculated 50% by reference to the return to the shareholders measured by the dividend and increase in NAV and 50% by reference to outperformance of the Reference Index, the SCSI/IPD Ireland Quarterly Property Index – All Property.

No performance fees or "out of pocket" expenses were paid during the period.

Key Management Personnel

The non-executive directors are the only key management personnel of the Group. The emoluments of the directors are summarised directly below. The management functions are delegated to the Investment Manager as discussed in the Corporate Governance Report on page 16. Details on the basis and amount of the Investment Management Fee paid to the Investment Manager during the period are disclosed above.

20. Related parties continued

Directors' Remuneration

	Group and Company Period to 31 March 2014 €'000
Short term benefits	145
Post-employment benefits	-
Share-based payment	-
Other long-term benefits	-
Termination benefits	-
Period to 31 March 2014	**145**

21. Subsequent events

On 29 April 2014 the Group completed the acquisition of New Century House, International Financial Services Centre, Dublin 1, Ireland for €47,631,249 including the costs of acquisition.

On 7 May 2014 the Group completed the acquisition of the Gateway site, Newlands Cross, Naas Road, Dublin 22 for €10,302,880 including the costs of acquisition.

On 16 May 2014 the Group announced the acquisition of Montague House and Hardwicke House, two office buildings in Dublin 2 in a partially deferred off market transaction of €60m excluding the costs of acquisition.

On 19 May 2014 the Group exchanged contracts to acquire the Chancery Building and the Chancery Apartments in Dublin 8 for €16m excluding the costs of acquisition in an off-market loan purchase transaction.

22. Approval of financial statements

The financial statements were approved by the Board of Directors for issue on 19 May 2014.

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