hibernia reit plc

Annual Report 2015

Cover image:

Dublin's Samuel Beckett Bridge by night

Hardwicke House

Hatch Street
Dublin 2

Contents

Highlights

HIGHLY ACTIVE

but disciplined period of investment

- €445m invested and €43m committed in Dublin property in the period, in 14 transactions
- Since 31 March 2015 a further €3m invested in two transactions
- Since IPO a total of €571m invested and committed (€568m net of disposals and capex) with 88% of acquisitions[1] completed off-market and 39% being loan related purchases[1]

EXCELLENT

financial performance in year of portfolio assembly

- EPRA NAV per share 111.8 cent up 16.0% over the year and 6.8% over H2
- 19.5% uplift in value of investment properties on purchase prices in weighted average hold period of 7.5 months since completion
- EPRA profit of €3.9m (2014: €-0.8m). EPRA EPS 0.8 cent (2014: -0.2 cent)
- Including revaluation surplus and gains on disposals PBT of €92.9m (2014: €-0.8m)
- Final dividend proposed of 0.5 cent per share bringing total for year to 0.8 cent per share

HIGH QUALITY

Dublin property portfolio with rental reversion potential

- 75% CBD offices, 13% CBD office development sites, 10% residential and 2% logistics
- CBD office portfolio has average rents of €34.5psf, well below current prime rents of €47.5[2] psf and an average period to rent review of 2.8 years[3]
- Portfolio EPRA Net Initial Yield 4.4%, 4.9% on topped up basis

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[1] By purchase price
[2] Source: CBRE Market View Dublin Office Q1 2015
[3] On contracted rents

Danny Kitchen, Chairman, Hibernia REIT plc said:

"Hibernia's first full year has been highly active with €488m invested and committed in 14 transactions. At year end the Company's portfolio comprised 18 Dublin properties and was valued at €636m. The Investment Manager's commitment to uncovering opportunities away from public sales processes and in the property loan market, where there has been less competition, has been a significant contributor to the 19.5% uplift in the value of the properties we have seen in an average holding period since acquisition of 7.5 months.

"With Dublin at the centre of a broad-based recovery in the Irish economy and property markets, and an exciting portfolio of properties in place, the Board is confident that the Company will deliver excellent returns."

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

"I am pleased with our progress this year in building a portfolio of Dublin property and excited by the opportunities we have to deliver value from it through asset management, rent reviews and development projects. The Company is well funded to deliver its development pipeline and act opportunistically as further acquisition opportunities arise.

"With a positive economic backdrop and favourable dynamics in the Dublin property market, we look forward to the coming year."

Guild House & Commerzbank House
Guild Street, IFSC, Dublin 1

DEVELOPMENT
programme progressing well and longer term pipeline supplemented

- Block 3, Wyckham Point ahead of schedule and on budget: first units finished and let in April 2015 and full completion expected by September 2015
- Windmill Lane and Sir John Rogerson's Quay: targeting end of 2017 and mid 2018 completion, respectively
- Cumberland House and Harcourt Square added to pipeline in H2

STRONG
financial position

- €139m of cash at 31 March 2015 (of the net €286m raised in November 2014) and €100m revolving credit facility which is undrawn
- Additional incremental investment capacity of c.€300m if leveraging current equity base to 35% LTV[4]
- Dorville non-core: €18.0m of assets held for disposal and €12.4m sold (excluding acquisition costs). Balance of assets expected to be sold by December 2015

PROPOSED
internalisation of Investment Manager

- All 16 team members of the Investment Manager to transfer to Group
- No material additional cost to shareholders: upfront consideration of c.€16m is the present value of management fee for remaining 3.5 year term of Investment Management Agreement, less costs that Group will assume, and book value of the net assets of the Investment Manager at 31 March 2015 (excluding performance fees due)
- Kevin Nowlan and Tom Edwards-Moss to join Board as executive directors
- Company will seek approval from independent shareholders

[4] Hibernia's investment policy limits leverage to 40% LTV at time of incurrence. Under the Irish REIT Regime the Company is restricted to keep the LTV below 50%.

Chairman's statement

Hibernia's first full year has been a period of intense activity in a recovering Irish property market: the Group invested €445m and committed €43m across 14 transactions.

Since 31 March 2015, a further €3m has been invested and committed in 2 transactions. This takes the total funds deployed since the Group's inception to €571m (€568m net of disposals and capex), creating a portfolio of property, all of which is in Dublin, which was worth €636m[1] as at 31 March 2015.

Having invested the net proceeds of the IPO, in August 2014 the Company agreed a €100m three year revolving credit facility with Bank of Ireland. This was followed by a second equity issue which successfully completed in November 2014, raising net proceeds of €286m. As at 31 March 2015, €147m of this had been deployed and Hibernia REIT plc ("the Company") had net cash of €139m and undrawn credit facilities totalling €100m.

The Board is pleased with the performance of the Company to date and believes the portfolio that has been assembled will, with active management, deliver long term sustainable value for shareholders. The discipline the Investment Manager has shown in a period of highly active investment markets has been commendable, as has its commitment to uncovering opportunities away from public sales processes and in the property loan market, where there has been less competition.

As at 31 March 2015, the Group's IFRS NAV was 112.4 cent (estimated 111.6 cent after issue of performance shares) while the EPRA NAV was 111.8 cent per share. This represented an increase of 16.6% in IFRS NAV and 16.0% in EPRA NAV over March 2014. This increase was principally due to an uplift in the value of the Company's property portfolio since acquisition of 19.5% excluding acquisition costs (15.6% including acquisition costs). The weighted average hold period (by purchase price) of the acquisitions the Company has made since completion to 31 March 2015 (for its investment properties) is 7.5 months.

Corporate governance and proposed internalisation

The Company is managed by WK Nowlan REIT Management Limited (the "Investment Manager") under the terms of a five year Investment Management Agreement (the "IMA") signed in November 2013. At the IPO, the Board and the Investment Manager expressed the intention that at the expiry of the five year initial term of the IMA, subject to the EPRA NAV of the Company being not less than €650m, the Company would seek to internalise the management team of the Investment Manager for nil consideration.

Financial results and position	31 March 2015	31 March 2014	Movement
IFRS NAV - cent per share	112.4	96.4	+ 16.6%
EPRA NAV - cent per share	111.8	96.4	+ 16.0%
Net cash and cash equivalents	€139m	€292m	- 52.3%
Group LTV	0.0%	0.0%	
Profit/(loss) for the period	€92m	(€1)m	
Basic EPS	18.4 cent	-0.2 cent	
Diluted EPS	18.3 cent	-0.2 cent	
Final dividend / DPS	€3.4m / 0.5 cent	n/a	
Full year dividend / DPS	€5.4m / 0.8 cent	n/a	

[1] Net of the value of the Windmill option of €5m

The Group has grown rapidly and the EPRA NAV at 31 March 2015 was €755m. After careful consideration, the Independent Directors believe the time is now right for the Investment Manager to be internalised and its 16 team members moved into direct contracts with the Company.

The Independent Directors believe the benefits will include:

- Securing the management team for the longer term
- Broadening the universe of potential investors in the Company
- Simplifying the management structure and decision-making processes
- Enhancing transparency and management accountability
- Eliminating any recruitment or retention challenges that the Investment Manager may suffer as the end of the initial term approaches

As announced on 8 May 2015, it is proposed that the internalisation is done at no material additional cost to shareholders by the Company acquiring the Investment Manager. A sum of c. €16m will be paid to the Investment Manager, 50% in cash and 50% in Hibernia shares, subject to three year clawback and earn-out provisions. This payment reflects the net present value of the base fees due over the remaining term of the IMA, less the net present value of the costs which the Company will assume which under the IMA would have been borne by the Investment Manager, and the book value of the net assets of the Investment Manager at 31 March 2015 excluding any performance fees due. In addition, potential deferred payments may be due relating to "true-up" payments on the IM base fee if the NAV increases, JV fees on Windmill Lane and Sir John Rogerson's Quay developments and the existing performance fee arrangements.

The proposed transaction represents a related party transaction under the Irish and UK Listing Rules: independent shareholders will be given the opportunity to vote on the transaction, and in advance of this, full details of the transaction and the rationale for it will be sent to shareholders.

Dividend

The Board has proposed a maiden final dividend, subject to approval at the Company's AGM, of 0.5 cent per share (€3.4m) which will be paid in August 2015. Together with the interim dividend of 0.3 cent, the total dividend for the year is 0.8 cent per share or €5.4m (2014: nil). The Board has decided to introduce a Dividend Reinvestment Plan ("DRIP") commencing with the final dividend: this will allow shareholders to instruct Capita, the Company's registrar, to reinvest dividend payments by the purchase of shares in the Company. The terms and conditions of the DRIP and information on how to apply will be communicated to shareholders along with the Annual Report.

Outlook

With Dublin at the centre of a broad-based recovery in the Irish economy and foreign direct investment flows continuing, the Board is confident that conditions in the Company's core markets will continue to strengthen in the coming year. The high volume of transactions in the Irish property market is anticipated to persist as the market normalises and the Board expects continued success in deploying the Company's capital in building out its property portfolio. Additionally the Board is confident that the proactive management of the Company's assets and the development of the sites it has acquired will deliver excellent returns.

Daniel Kitchen
Chairman
29 May 2015

Hardwicke House
Hatch Street
Dublin 2

Investment Manager's report

WK Nowlan REIT Management Limited's first full year of operation has been highly active. We assessed a large number of investment opportunities for the Company and brought the most attractive of these into the Company's ownership, where they matched the Company's investment policy and returns criteria. We completed 14 transactions for the Company, investing €445m and committing a further €43m.

Since 31 March 2015, we have entered two further acquisitions for the Company, investing an additional €3m, taking the total funds invested and committed since IPO to €571m (€568m net of disposals and capex).

Our expertise in the acquisition of debt has enabled the Company to gain ownership of a number of properties through the purchase of loans secured on those assets: there has generally been less competition for loans than for direct property and a broader loan market, thereby improving potential returns. Since inception 39% of acquisitions (by purchase price) made by the Company have been loan-related purchases and in the year 31% have been loan related. Since IPO, 88% of our transactions have been agreed privately ("off-market") rather than through competitive auction processes ("on-market"), as we believe this generally improves certainty of execution and pricing.

The portfolio

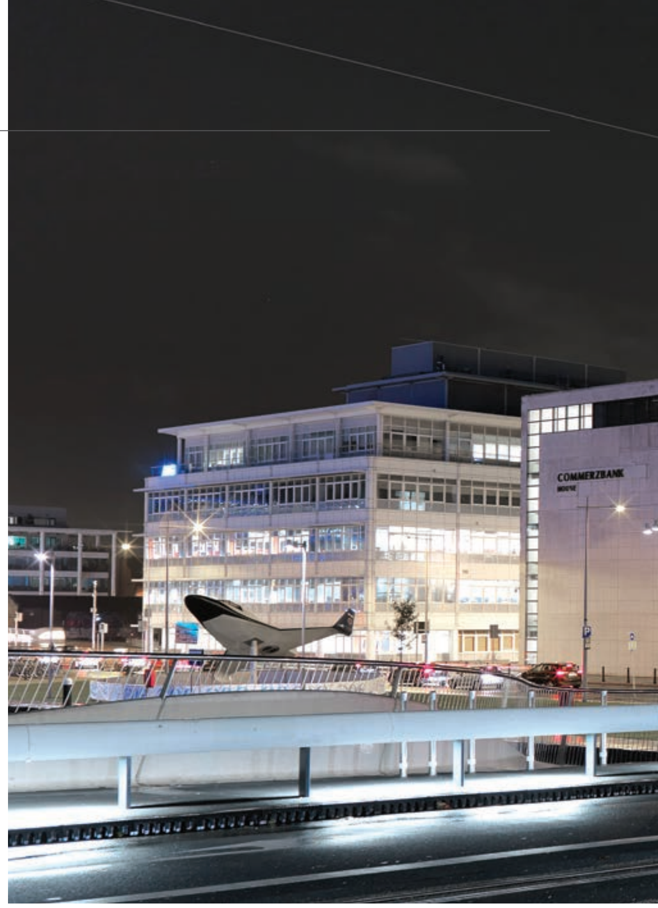
Our investment activity has resulted in a property portfolio as at 31 March 2015 of 18 investment properties valued at €636m (€641m per IFRS consolidated statement of financial position less the fair value of the Windmill site option, €5.1m), which can be categorised as follows:

Portfolio overview

			% Uplift since Sep 2014		% Uplift since acquisition[1]		Yield on costs[2]	
	Market Value at 31-Mar-15	% of portfolio value	Excl. acq. post Sep 2014	Including all property	exclud. acq. costs	with acq. costs	Passing rent	Contracted rent
	€'m	%	%	%	%	%	%	%
Dublin CBD office portfolio	476	74.8%	14.2%	11.1%	19.3%	16.3%	5.1%	5.4%
Dublin CBD Office development/ refurb.	84	13.1%	25.0%	7.4%	11.7%	8.3%	-	-
Dublin residential	67	10.5%	12.4%	12.4%	36.5%	23.4%	-	-
Dublin industrial logistics	10	1.6%	2.2%	2.2%	2.2%	0.0%	5.1%	5.1%
Total investment portfolio	**636**	**100.0%**	**14.3%**	**10.5%**	**19.5%**	**15.6%**	**3.8%**	**4.1%**

[1] Includes capex spent to date in acquisition costs
[2] Passing rent is pre full ownership of Hardwicke and Montague/ contracted rent is post full ownership

Investment Manager's report continued



The CBD office element of our portfolio had the following statistics at 31 March 2015:

- Weighted average period to earlier of rent review or lease expiry: c. 2.8 years
- WAULT to earlier of expiry or break: 3.9 years
- WAULT to expiry: 7.8 years
- Average contracted rent per square foot €34.5
- Weighted average capital cost per square foot at acquisition: €570
- Occupancy level: 89%

Eight of the Company's 18 investment property acquisitions since formation have been facilitated through the purchase or advance of loans secured on underlying property collateral. Significant progress was made during the year to convey the underlying property collateral into direct ownership and only two properties totalling €26m in loans and representing c. 5% of the property portfolio cost at 31 March 2015 remain to be conveyed. These are recognised as investment properties.

Asset management

A key focus for the Investment Manager this year has been the setting up of asset management systems which provide us and Hibernia with effective and timely information on the portfolio and its performance. The Asset Management team has worked hard to quickly integrate all of the assets acquired onto these systems.

Key asset management highlights in the period include the following:

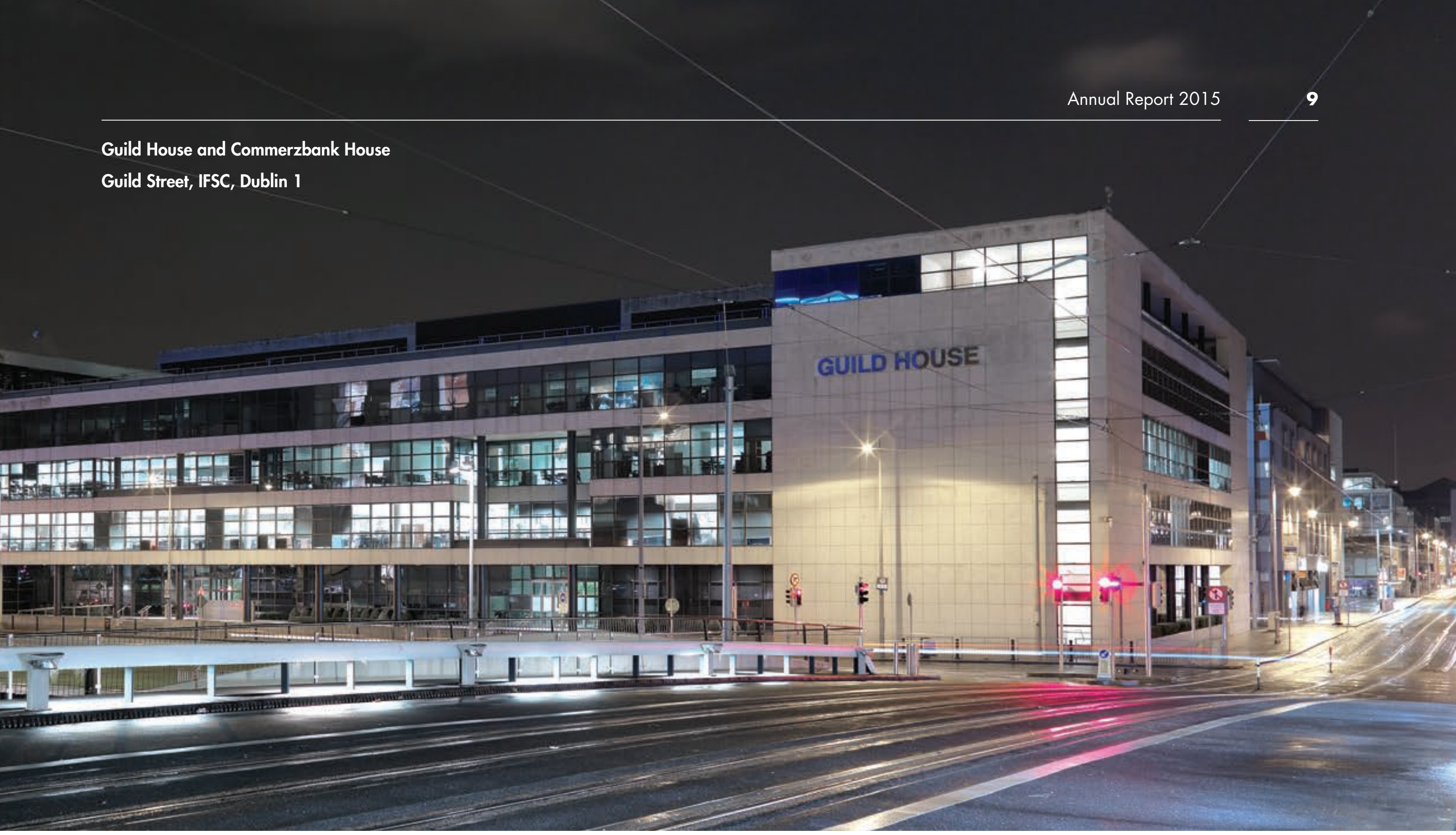
Commerzbank House, IFSC

As expected, we agreed with Commerz Management Services Limited to an early surrender of its leasehold interests in the property, comprising 55,500 sq. ft. out of a total of 71,000 sq. ft.. As part of the settlement Hibernia received a payment of all of the rent and irrecoverable outgoings to the break date, a one year rental penalty of €2.4m, and a sum for dilapidations.

We are now in the process of refurbishing, modernising and upgrading this property to bring it up to modern Grade A standard. The upgrade elements include new lifts, improved sanitary facilities, increased facilities for cycling (parking and showering) and a complete overhaul of its reception and a leading design team has been appointed.

Montague House
Adelaide Road, Dublin 2

Block 3, Wyckham Point
Dundrum, Dublin 16



Guild House and Commerzbank House
Guild Street, IFSC, Dublin 1

Work is scheduled to commence on site in Q2 2015 and to be completed in Q1 2016. The estimated capital expenditure will be c. €10m (€7.9m net of the dilapidations payment received). The available space is being actively marketed and a number of parties have expressed interest.

The Observatory Building, South Docks

The property comprises a total of 98,000 sq. ft. of which 11,000 sq. ft. is configured as "live/work" units. These units had been vacant for a number of years and were in a dilapidated state when the Company acquired the property in June 2014, and we ascribed a value of €1.7m to them at purchase.

Having considered a number of asset management options for these units we decided upon a change of use to office space to maximise their value. A planning application for this change was submitted in November 2014 and a positive grant of permission with no onerous conditions was issued in March 2015. It is expected that a contractor will be selected shortly and construction works will be completed by Q1 2016 at an estimated cost of €1.5m.

We are in discussions with a tenant regarding the lease of the whole of this space.

Block 3, Wyckham Point, Dundrum

This property comprises 213 residential units, the loan over which was acquired by the Company in February 2014 as part of the Dorville loan portfolio. On acquisition the units were incomplete: the building structure was finished and weatherproofed but little work had been done on the fit-out. JJ Rhatigan & Company was appointed to complete the fit out of the property and a phased (five phase) contract programme was agreed.

Phase 1, consisting of 29 units, was handed over ahead of schedule in mid-April 2015. Phase 2, consisting of 41 units was completed, again ahead of schedule, in early May 2015 with the remaining phases on programme to be completed on, or ahead of, schedule. The final phase is now expected to complete in Q3 2015.

The marketing of the units commenced ahead of the completion of Phase 1 and to date 35 units have been let (including 27 to a leading international corporate) and 43 have bookings secured. To date, lettings with an aggregate annual rental value of €1.6m have been secured of which €0.8m is in respect of lettings which have commenced. On average the rental level achieved are 9% in excess of the rental levels estimated in the September 2014 valuation.

Other completed assets

As the other completed properties in the portfolio are close to full occupation and the tenants' next rent reviews are overwhelmingly (by rental value) dated in future periods the level of leasing and rent review activity has therefore been nil and minimal, respectively. Our Asset Management team is, however, carefully monitoring the letting markets and market rent review activity with a view to ensuring that Hibernia maximises its rental income in the event of vacancies arising in the portfolio and when rent reviews dates are reached.

Additionally we are working closely with Hibernia's tenants to better understand their occupational requirements and working pro-actively with them to establish if mutually beneficial variations of their leasehold arrangements can be arrived at.

Investment Manager's report
continued

Sale of Dorville non-core assets

Good progress has been made in the disposal of the Dorville non-core assets. The status as at 31 March 2015 was as set out below:

Sold or contracted at year end	Units	Carrying Value1 €'000	Sales Price €'000	Profit €'000
Residential assets	18	5,268	5,564	296
Commercial assets	3	850	1,212	362
Development sites	2	6,250	9,415	3,165
Tax estimate				(690)
	23	**12,368**	**16,191**	**3,133**

Sale agreed or committed at year end	Units	Carrying Value[1] €'000	Price Agreed €'000	Expected Profit €'000
Residential assets	19	4,541	5,467	926
Cost estimate				(315)
	19	**4,541**	**5,467**	**611**

Remainder of Non-Core Assets	Units	Carrying Value[1] €'000
Residential assets	43	11,107
Commercial assets	3	2,310
	46	**13,417**

[1] Excludes stamp duty and other purchasing costs

Since the period end three of the units which were sale agreed above have been contracted. In addition the sales of a further ten units were agreed with an aggregate sales value of €3.0m (carrying value: €2.3m). We intend to complete the disposal of the non-core assets by the end of 2015.

Developments and refurbishments

The Company has committed and near term development and refurbishment projects at five properties and a further three properties in the development pipeline.

Committed and near term projects

	Sector	Net Internal Area ("NIA") post completion (sq ft)	Full purchase cost	Est. Capex	Est. total cost €psf/ p.unit	ERV[1]	Comments
Fit out or refurbishment							
Block 3, Wyckham Point	Residential	213 units	€32m[2]	€25m[3]	€275k per 2 bed	€3.7m[4]	• On budget and ahead of schedule • First completed units delivered April 2015 • Project to finish in Q3 2015 • 35 units let to date and a further 43 bookings secured
Commerzbank House	Office	71k[8]	€47m[5]	€10m[6]	€760psf[5]	€3.3m[5]	• Refurbishment scheduled to complete by early 2016 • Active discussions ongoing with potential tenants
Observatory Live/Work	Office	9.5k office 2k retail	€2m	€1.5m	€280psf	€0.4m	• Conversion from Live/Work units to office accommodation • Expected completion Q1 2016 • Near agreement to lease entire space
Development							
Windmill Lane	Office	121k office 7k retail 15 resi. units	€8m	€52m	€425psf[7]	€5.1m[7]	• Demolition commenced • Construction scheduled to start by Q3 2015 • Scheduled completion by end of Q4 2017 • Increase in specification vs. previous estimates
1-6 SJRQ	Office	102k office 5k retail 3 resi. units	€18m	€50m	€590psf[7]	€4.9m[7]	• Revised planning application to be submitted by end of May 2015 • Demolition commenced • Expect to complete construction by mid 2018 • Increase in building size and specification vs. previous estimates
Total		**304k office 14k retail 231 units**	**€107m**	**€138.5m**		**€17.4m**	

(1) Per CBRE valuation at 31 March 2015
(2) Includes VAT on acquisition
(3) €13.5m spent to 31 March 2015
(4) Net
(5) For entire
(6) €7.9m net of dilapidation charge received
(7) Commercial only
(8) 55k sq. ft. of 71k sq. ft. being refurbished plus all common areas

Investment Manager's report
continued

1-6 Sir John Rogerson's Quay
Dublin 2

Development pipeline

Name	Sector	Current NIA (sq. ft.)	NIA post completion (sq. ft.)	Purchase Price	Comments
Cumberland House	Office	112k on 1.6 acres	Existing planning for 250k sq. ft. new build office	€49.0m	• In active discussions with potential tenants • Both refurbishment and redevelopment options being assessed
Gateway	Logistics	178k on 14.1 acres	See right	€10.1m	• Expect to submit planning application for interchange connection road to improve access by Q3 2015 • Assessing site intensification/change of use options
Harcourt Square	Office	117k on 1.9 acres	285k sq. ft.	€70.0m	• Phase 1 planning application submitted for 134k sq. ft. NIA of offices • Discussions ongoing regarding near term lease extension
Total		**407k on 17.6 acres**	**535k sq. ft.**(1)	**€129.1m**	

(1) Excludes Gateway

Financing

Having invested the proceeds of the Initial Public Offering (IPO), in August 2014, the Investment Manager agreed the terms of a €100m three year revolving credit facility secured via a floating charge over the Company's assets with Bank of Ireland Corporate Banking. This was followed by a second equity issue, in which all shareholders were given the opportunity to participate, which completed in November 2014, raising net proceeds of c.€286m.

As at 31 March 2015, the Company had cash of €139m and the revolving credit facility was undrawn. Under its investment policy, the Company can incur indebtedness up to a maximum of 40% loan to value: currently therefore, the Company could put in place up to a further c.€400m of new debt facilities and preliminary discussions have been had with a number of lending banks regarding additional debt facilities.

Team and proposed internalisation

The team increased in size in the year to 16 people (March 2014: 10) with the hiring of a Chief Financial Officer in June 2014 and the expansion of the asset management, investment and finance teams as the portfolio has grown. I am particularly pleased with the culture of openness, teamwork and entrepreneurship that we have developed in a short time.

The proposed internalisation of the Investment Manager will simplify the corporate structure and decision-making processes and eliminate any recruitment or retention challenges the Investment Manager may suffer as the initial five year term of the Investment Management Agreement with the Company approaches its end.

Windmill Lane
Dublin 2

Looking ahead

We expect the upward trend in office rents to continue, given the low vacancy in the Dublin CBD office market, anticipated strong occupational demand and little new supply of space expected in the next 24 months. In the multi-family residential market in Dublin we expect similar supply-demand dynamics to lead to further rental increases. Turning to the investment market, we are expecting the volume of transactions in Dublin in the next 12-18 months to remain above the long-term average as the market normalises. We have identified and are tracking a number of potential acquisition opportunities. With an experienced and talented team, access to competitive debt terms, supportive markets and a portfolio rich in opportunity we are confident of generating attractive returns for shareholders.

Kevin Nowlan
Chief Executive Officer
WK Nowlan REIT Management Limited
29 May 2015

Investment Manager's report
continued

Market update

General economy

The Irish economy was the fastest growing in the Euro area in 2014 and this trend is expected to be repeated in 2015 and 2016. GDP growth of 4.8% was reported for 2014 and forecasts for 2015 and 2016 are in a similar range: Goodbody are forecasting GDP growth of 4.3% and 4.0% in 2015 and 2016, respectively.

The Irish economic recovery came from a broader base in 2014; investment grew by 11% (the strongest performance in a decade) and domestic demand moved into growth. Projections for these two measures are similarly strong for 2015 and 2016. Indeed, Goodbody expects domestic demand to be the key driver of growth going forward with increases of 4.3% and 5.1% now anticipated for 2015 and 2016, respectively.

Employment figures have increased for nine consecutive quarters with unemployment levels down from the peak of 15.1% in January 2012 to the current 10% level. As a result of these employment figures, coupled with expected pay rises (from private firms) and lower energy prices, consumer sentiment and the consumer's contribution to the domestic economy is expected to continue to grow. Consumer spending grew at an annualised 2.1% in Q4 2014 after a muted period during the two years to end Q3 2014. The latest KBC Ireland / ESRI Consumer Sentiment Index rose in March 2015 to 97.8 up from 96.1 in February. Consumer confidence is improving as people are feeling more secure in their employment and thus more confident about their personal finances.

As a result of the significant growth of the economy over the last couple of years, Ireland's debt sustainability has greatly improved and this is currently being reflected in the pricing of Irish government bonds, with the current 10 year bond yield at c. 1.27% after reaching a record low of 0.65% in April 2015. New debt levels are expected to fall below 90% of GDP by the end of 2016 (Source: Goodbody). With the current weak Euro, Ireland is set to benefit further from both a Foreign Direct Investment and an export perspective, with 66% of Ireland's exports destined for non-Eurozone economies vs. 33% for Germany (Source: IBEC).

Irish property investment market

According to MSCI (formerly IPD), total property returns for Ireland in 2014 were 40.1% compared to a global total return of 9.9%. Dublin topped the league tables with total returns of 44.7% in 2014. Since then, MSCI has reported a slowing of growth across all sectors in Q1 2015 with the annual total return to Q1 2015 at 36.3%. After a period of exceptional growth the market is naturally moving into a more stabilised, albeit still high, growth phase.

Prime office yields at the end of Q1 2015 are now at 4.75% (according to CBRE), a further 25bps reduction since Q4 2014. As with other European countries, prime office yields in Dublin are higher than those in the USA and Asia and the spread above 10 year government bond yields in the respective Asian countries and US cities.

Investment volumes were exceptionally strong with over €4.5bn of direct real estate and €20.8bn of real estate related loans traded in 2014. This momentum continued into Q1 2015 with €1bn of direct real estate traded in Q1 2015. Interestingly, the two largest transactions of Q1 saw the arrival of new buyers to the market:

- Starwood Property Trust, a US REIT, acquiring Project Molly (portfolio of Dublin offices) for €350m
- Union Investment (German Fund), acquiring 4&5 Grand Canal Square for €233m

We are encouraged by the new wave of purchasers entering the market resulting in an important broadening of sources of capital. Purchasers in the past year have included US REITs, US Private Equity Funds, European funds, Irish REITs and private investors from both Ireland and abroad. Longer term investors from other jurisdictions have appeared, joining the opportunistic funds which have dominated the market since 2010.

We continue to see a healthy pipeline of quality stock and expect this trend to continue for some time with CBRE forecasting €4bn of direct property sales and €15bn of property related loan sales in 2015.

Office occupational market

The office market in Dublin remains characterised by strong demand for space (from all sectors) and a distinct lack of vacant Grade A stock in the CBD.

Leasing volumes remain strong and vacancy rates continue to move downwards: take up in 2014 was in excess of 2.2m sq. ft. and there was a strong start to 2015 with 64 leasing transactions signed in Q1 2015 – the highest number of individual leasing deals to sign in a quarter in the last 7 years, bringing take-up to over 400,000 sq. ft. in Q1 2015.

The overall vacancy rate in Dublin is now 11.3%; 9.1% in the CBD and 1.8% in Grade A Dublin 2/4.

New Century House
Mayor Street, IFSC
Dublin 1

As a result of these two factors, prime Dublin CBD office rents continue to move upwards and are now c.€47.50psf with CBRE expecting the €50psf barrier to be reached in the coming months and expectations in the market that €55psf will be the prime rent by the end of 2015 and €65psf by the end of 2017.

62% of the leasing volume in Q1 2015 was in the CBD and there is a strong preference for city centre locations, although some occupiers are looking at suburban options due to lack of suitable available space in the CBD.

Notable lettings in the last 12 months include the letting of No. 5 Grand Canal (127,600 sq. ft.) to Facebook at €45 per sq. ft. and the entire 65 St. Stephen's Green (61,500 sq. ft.) to Aercap at €60psf. This building is due to complete in 2016 so perhaps represents where the market is expected to be at that date.

Supply shortages are expected to persist in the city centre which should drive rents higher in the medium term. There are concerns about competitiveness and ability to accommodate expansion space in the short term which leads us onto the important development pipeline.

Office development pipeline

The development market for the Dublin CBD is starting to respond to the well documented current shortage of supply and there is now 1.3m sq. ft. under construction with most of this stock to be delivered to the market by late 2016/2017. Of the stock under construction approximately 27% has been pre-let. Of the remaining 1.0m sq. ft., 0.4m sq. ft. is refurbished stock and 0.6m sq. ft. relates to new builds which are being built on a speculative basis. The Group's Windmill Lane and 1 - 6 Sir John Rogerson's Quay developments represent over 0.2m sq. ft. of the 0.6m sq. ft. of planned new build stock.

During the course of the last 12 months a number of new schemes have received planning permissions and, using data from CBRE combined with management expectations, if all this stock was to be delivered it would create 2.7m sq. ft. of new space: 0.6m sq. ft. of this is pre-let or owner occupied. Funding is still an issue for a number of schemes with planning, as there is only a limited number of financial institutions who are prepared to provide debt funding to speculative development.

Residential

The residential market continues to perform very well. Nationwide, residential property prices increased by 0.9% month on month in March and climbed by 16.8% year on year. Dublin residential property prices rose by 1.1% in March and were 22.8% higher year on year, with Dublin apartments increasing by 29.8% year on year. With property prices still 39% below their peak, an unemployment rate that is expected to drop below 10% in the coming months, and limited new supply coming to the market, the fundamentals of the residential market look strong.

According to the latest rental information from the Private Residential Tenancies Board ("PRTB") index (Q4 2014), Dublin residential rents rose by 9.6% year on year, and Dublin apartment rents rose by 10.9% year on year, outperforming Dublin housing rents by 3.9%.

Rental stock is at its lowest level since 2007 and Central Statistics Office ("CSO") data indicates that rents are now 7% below their previous peak levels and, according to market commentators, this will be surpassed by the end of 2015.

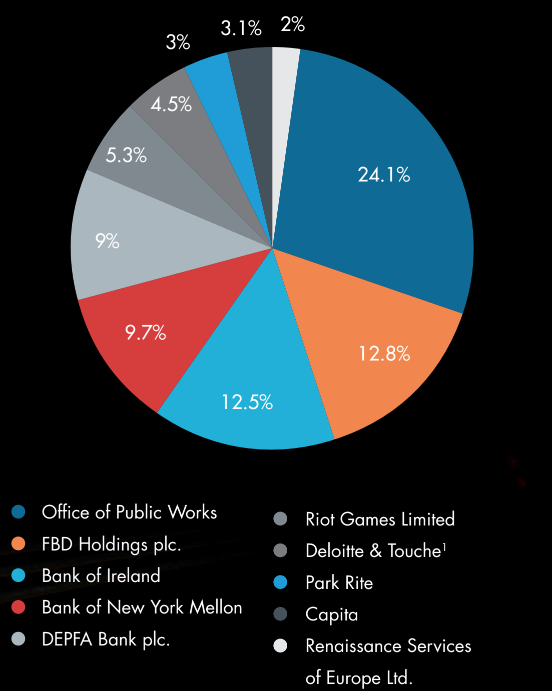
The introduction of the Central Bank of Ireland's new mortgage lending rules, which add new limits on consumer mortgage lending, will shift pressure from the purchaser market to the rental market, particularly in Dublin, and rental growth of 9% and 8% over 2015 and 2016 is being forecasted by Goodbody.

On the supply side, according to Goodbody, 11,000 new units were completed in 2014, this is an increase of 33% from the prior year and the main driver of this increase was the increase in housing commencements (4,708 to 7,717) confirming that the residential construction market has restarted.

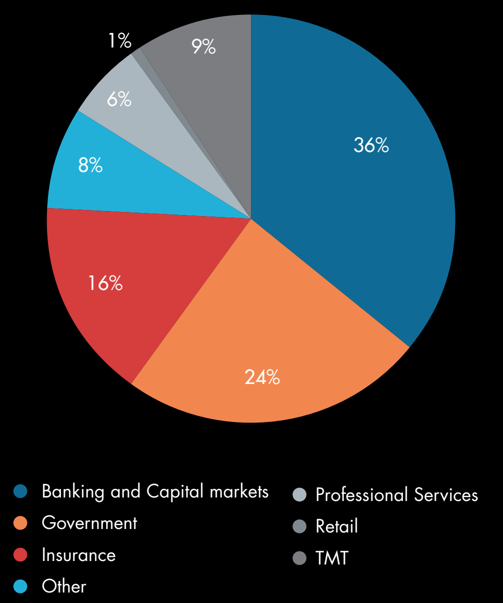
Investment Manager's report
continued

Selected portfolio information

Top 10 tenants by contracted rent as percentage of portfolio

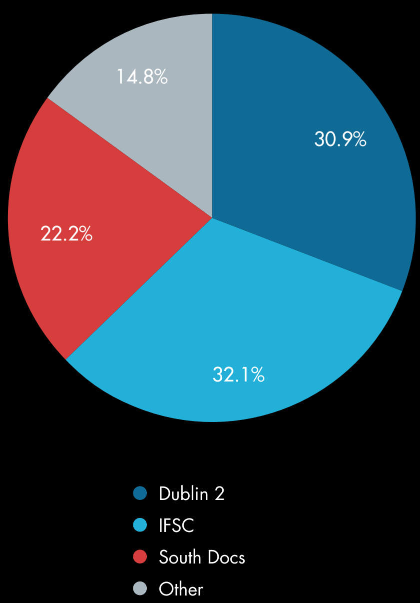


Tenant analysis by sector

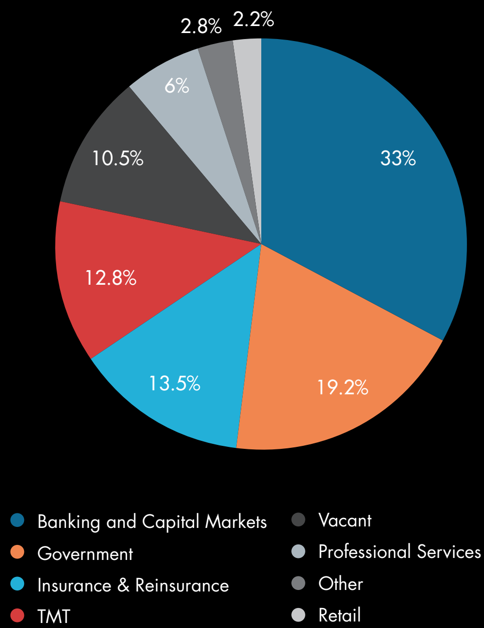


[1] Deloitte & Touche is a tenant of Hardwicke House, which is an investment property of the Group. Deloitte & Touche were in situ when the Group acquired its interest in the building and all lease arrangements are at arm's length.

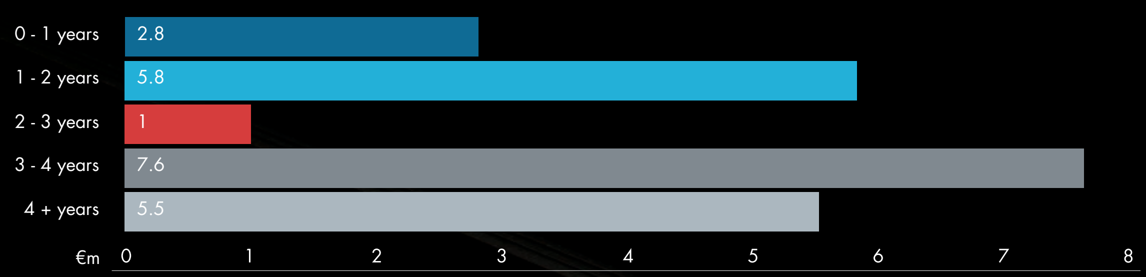
3. Portfolio by location



4. Portfolio by floor area by sector



5. Contracted rent by time to the earlier of the next review or expiry date of the lease

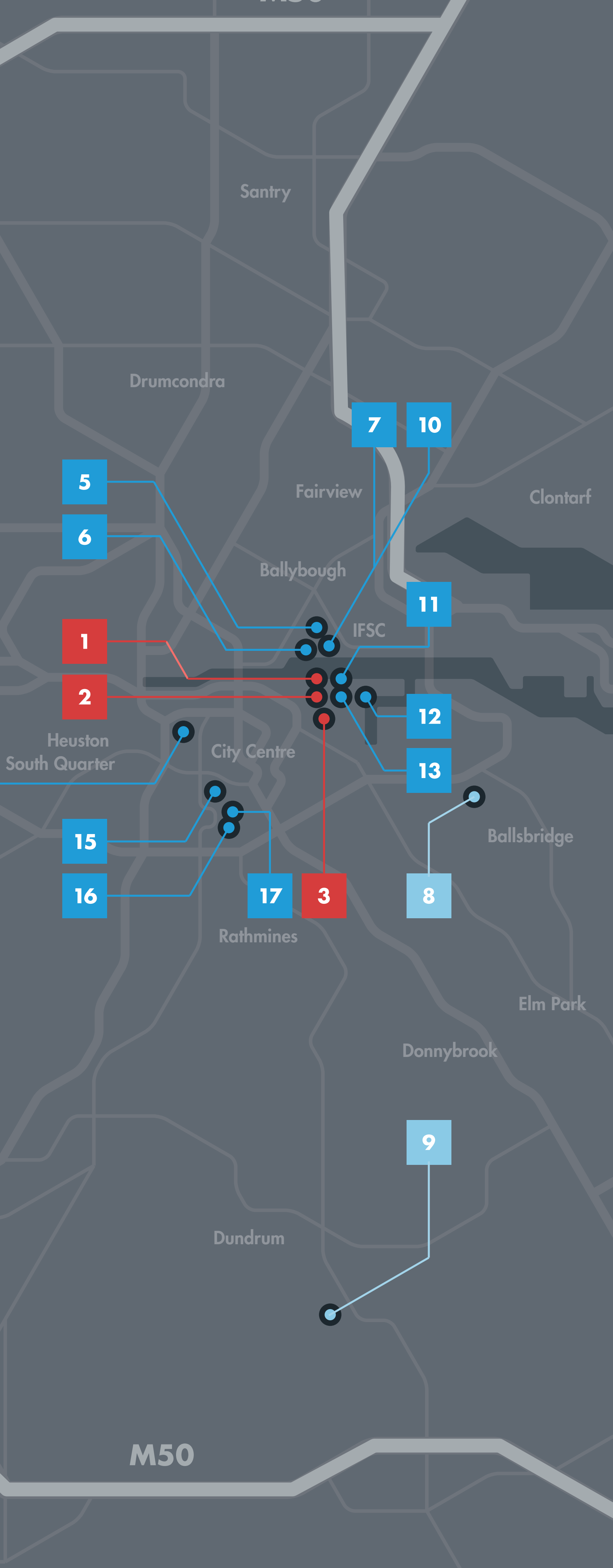


Dublin's Samuel Beckett Bridge by night

1 **Sir John Rogerson's Quay**
1-6 Sir John Rogerson's Quay
Dublin 2

2 **Windmill Lane Site**
Windmill Lane
Dublin 2

3 **Cumberland House**
Cumberland House
Dublin 2



4 **Gateway Site**
Newlands Cross,
Naas Road, Dublin 22

5 **New Century House**
Mayor Street
IFSC, Dublin 1

6 **The Forum**
Commons Street
IFSC, Dublin 1

7 **Commerzbank House, IFSC**
Guild Street
IFSC, Dublin 1

Dublin Harbour

8 **Cannon Place**
Sandymount
Dublin 4

9 **Block 3, Wyckham Point**
Dundrum
Dublin 16

Blackrock

Dun Laoghaire

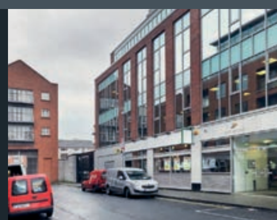
- Office
- Office development / refurbishment
- Residential
- Industrial

10 **Guild House**
Guild Street
IFSC, Dublin 1

11 **Observatory Building**
7-11 Sir John
Rogerson's Quay
Dublin 2

12 **South Dock House**
Hanover Quay
Dublin 2

13 **Hanover Building**
Windmill Lane
Dublin 2



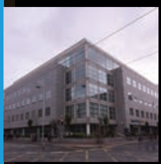
14 **Chancery Building**
Chancery Lane
Dublin 8

15 **Harcourt Square**
Harcourt Street
Dublin 2

16 **Montague House**
Adelaide Road
Dublin 2

17 **Hardwicke House**
Hatch Street
Dublin 2

Our acquisitions

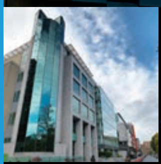


New Century House, IFSC, acquired for €47m

Gateway logistics site, Dublin 22, acquired for €10m

Observatory Building, Dublin 2, acquired for €52m

DEC 13 | JAN 14 | FEB 14 | MAR 14 | APR 14 | MAY 14 | JUN 14 | JUL 14 | AUG 14

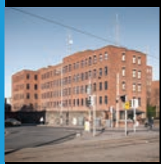


Hardwicke House and Montague House, Dublin 2, acquired for €60m (of which €42m deferred)

Chancery Building and Apartments, Dublin 8, acquired for €16m

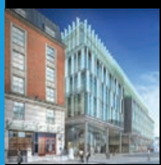
Windmill Lane site, Dublin 2, acquired for €7.5m

Hanover Building, Dublin 2, acquired for €20m

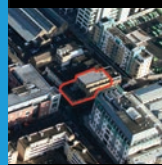


Harcourt Square, Dublin 2, acquired for €70m

35-37 Lower Camden Street, Dublin 2, acquired for €1.6m

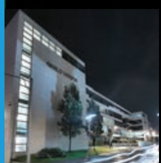


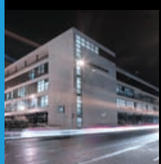
Cumberland House, Dublin 2, acquired for €49m



11 Lime Street, Dublin 2, acquired for €1.4m

SEP 14 | OCT 14 | NOV 14 | DEC 14 | JAN 14 | FEB 15 | MAR 15 | APR 15 | MAY 15





Guild House and Commerzbank House, IFSC, acquired for €91m

1-6 Sir John Rogerson's Quay site, Dublin 2, acquired for €18m

The Forum Building, IFSC, acquired for €38m

South Dock House
Dublin 2

Chancery Building
Chancery Lane
Dublin 8

Corporate governance report

Chairman's corporate governance statement

The year ended 31 March 2015 was the first full year of operations for the Company and also saw a second equity offering. The rapid growth of the portfolio and the wide range of transaction methods the Group has used to acquire properties (e.g. secured loan purchases) has required the Board to be closely involved in monitoring and developing governance procedures. We continue to comply with 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").

The Company has no executive structure and therefore relies on the structures in place in the Investment Manager. We believe good governance requires the Board to have a close engagement with the Investment Manager and the business so that we keep an in depth knowledge of the business and a clear understanding of the challenges and risks that it faces.

We have only two committees, Audit and Nominations, as with no executive Board there is no need for a remuneration committee at present. This will be reviewed in light of the proposed internalisation of the Investment Manager which we announced on 8 May 2015, should it proceed. The Audit Committee had a wide scope of work for the year, and is an important factor in our being able to state our belief that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary to assess the Group's performance and prospects.

The composition and performance of the Board and its committees were reviewed during the year. In addition, we performed an overview of the Company's risk framework and we keep the process in identifying and monitoring these risks under constant and close review – the Investment Manager reports on compliance and risks at every Board meeting.

The coming year will likely see our enterprise growing significantly both in size and complexity. The proposed internalisation of the Investment Manager will also have a significant impact on governance practice within the organisation. As a result, one of our key priorities for the coming year is that we manage this change effectively and ensure that we continue to keep pace with developments in corporate governance.

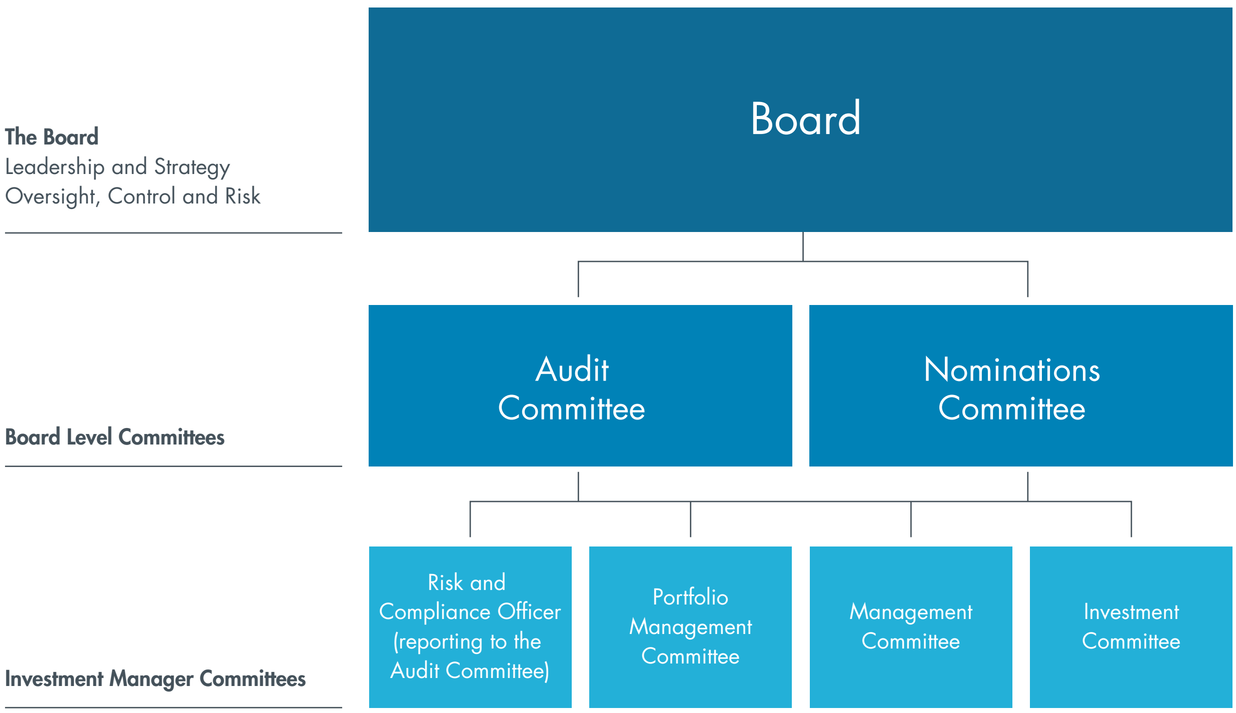
Daniel Kitchen
Chairman
29 May 2015

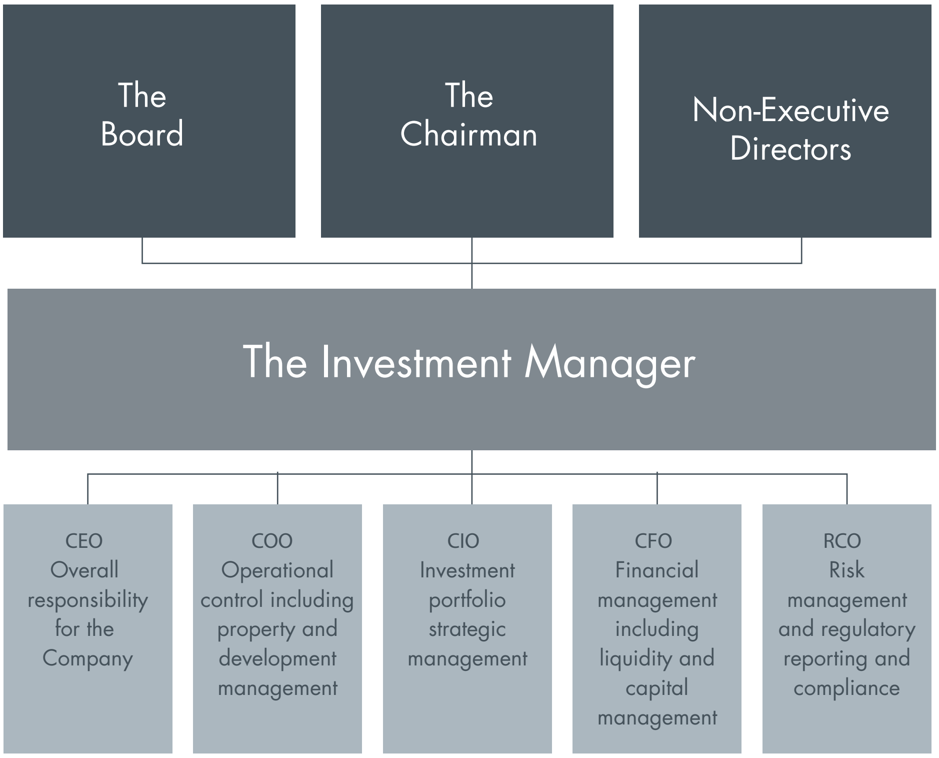
Corporate governance report
continued

Introduction

The Board of Directors of Hibernia REIT plc ("the Board") is committed to developing and maintaining a high standard of corporate governance. The Company has no executive employees as it is managed by the Investment Manager under the terms of the Investment Management Agreement. The Company complies with the relevant requirements and procedures as set out by the Central Bank of Ireland, the Irish Stock Exchange and the Financial Conduct Authority in the UK, except as outlined below. The main governance requirements are listed in the Listing Rules of the Irish Stock Exchange and the Financial Conduct Authority ("FCA"), the Irish Corporate Governance Annex to the UK Corporate Governance Code ("Irish Code"), the UK Corporate Governance Code 2012 ("UK Code") and the Association of Investment Companies Code of Corporate Governance ("AIC Code"). To this end, the Board has established Audit and Nominations Committees, as described below, comprised entirely of independent non-executive Directors.

The Board sets the remuneration of the non-executive directors. Further information on remuneration is set out in the Report of the Directors on pages 36 to 47 of this report. If the proposed internalisation of the Investment Manager is approved by the independent shareholders, the Board will also establish a Remuneration Committee comprised of independent non-executive Directors.





The role of the Board

The Board has reserved the following matters for its direct stewardship and decision making:

- Strategy and Management oversight
- The Board composition, committees of the Board and the Company Secretary
- Appointment and oversight of delegates
- Corporate structure and share capital
- Financial control
- Internal controls
- Remuneration of the Board
- Corporate governance

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.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role.

All Directors are expected to allocate sufficient time to the Company to discharge their responsibilities effectively. 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.

Corporate governance report
continued

Any Director appointed to the Board by the Directors will be subject to re-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 reviews the Company's accounts, including all expenses, on a quarterly basis, to ensure that the Company expenditure is appropriate and in the best interest of the Shareholders.

Details of the remuneration of Directors are set out in the Directors' Remuneration report on page 45.

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.

Board and Committee performance

The first evaluation of the Board and Committees took place in the first quarter of 2015. This evaluation reviewed the balance of skills, experience, independence and knowledge of the Board on the Company, its diversity, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness. Individual evaluation of Directors aimed 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).

The Board was satisfied with the performance and skills and experience of its members for the period under review. As the period was highly active, with 14 acquisition transactions and a second equity issue, there were an unusually high number of meetings and as a result some members had to attend ad hoc meetings by telephone. It was noted that while this was unavoidable given the circumstances, physical attendance is preferable. One outcome of the review was an acknowledgement of the relationship with the Investment Manager and the good dialogue and support in considering acquisition proposals in particular. The evaluation also raised the topic of diversity, and it was emphasised that this should stay on the agenda in future when considering the Board composition.

As at the date of this report, there are five Directors on the Board, all of whom are non-executive. Daniel Kitchen (the Chairman), Colm Barrington (the Senior Independent Director), Stewart Harrington and Terence O'Rourke are each considered independent for the purposes of legal requirements and any applicable governance codes. William Nowlan is also a member of the Board of the Investment Manager. This number of directors is considered by the Board 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, extensive experience of quoted companies and strong financial skills. Further details of the background and qualifications of the Board are given in the Directors' biographical details report on pages 42 to 43.

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 discuss with non-executive Directors the Chairman's performance, taking into account the view of executive directors (if any)
- to listen to the views of major shareholders 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

Chairman of the Audit Committee:
Terence O'Rourke
Members of the Committee:
Colm Barrington, Stewart Harrington

Audit Committee Chairman's report

This was the first full year of operations of the Group and the Audit Committee met on four occasions during the financial year to consider financial, governance and risk matters. The year was a very busy one given the significant work undertaken in acquiring properties and the launch and successful completion of the second equity issue in November 2014. Significant property, legal and financial due diligence was undertaken by our advisers as part of the capital raising and our Depositary, Credit Suisse International, completed their first Depositary review during the year. No significant issues were identified as part of these workstreams.

We also carried out our first self-evaluation and this examined both our own work and our interactions with external assurance such as the external auditors and valuers. We are satisfied that the Audit Committee has the right balance of skills and resources, has been able to work effectively and has received all the support and response it has required from both management and the external providers. We are also satisfied that the level of scrutiny on public announcements is sufficient and effective. There were no issues arising from this evaluation.

As the investment property portfolio was built out, so too were the systems and procedures in place to manage this as well as the reporting framework and risk management activities. This process involved a significant amount of work by the Committee in order to ensure the integrity of the financial reporting and oversight of the auditors' activities and the risks inherent in a period of rapid growth. This included meeting with the external auditors regularly as well as the Group's external valuers.

In the coming year the property portfolio is expected to continue to grow and the Audit Committee will continue its oversight of the audit engagement and the Group and Company's financial reporting and risk management processes.

Terence O'Rourke

Report of the Audit Committee

The Audit Committee is chaired by Terence O'Rourke, who is 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 Terms of Reference for the Audit Committee are published on the Group's website.

Corporate governance report
continued

The Audit Committee meets regularly during the year, in alignment with the financial reporting calendar. The Audit Committee requests the attendance of various relevant parties as required. The parties met were as follows:

Invitee	Reason for attendance
Deloitte & Touche	The independent auditors attend to present their plans in respect of the annual audit and interim review, their analysis of the risks they see in the Group, the results of their audit and review(s), and their recommendations for improvements in systems and controls
CBRE	The Independent valuers meet the Audit Committee to discuss their work and the significant assumptions in relation to the property valuations. From this the Audit Committee can make recommendations to the Directors in relation to their assessment of property valuations
Representatives of the Investment Manager	Representatives of the Investment Manager, such as the CFO, the COO and the Risk and Compliance Officer ("RCO") meet the Audit Committee in order to present the financial statements, any significant judgements and areas of uncertainty, the risks and measures in place to mitigate those risks, and any other matters as requested by the Audit Committee

Principal Responsibilities of the Audit Committee

The principal responsibilities of the Audit Committee and the key areas of discussion in 2014/15 were as follows:

Principal responsibilities		Key areas discussed in 2014/2015
Reporting and external audit	• The monitoring of the integrity of the Company's 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 disclosure obligations • The development, implementation and review of a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter • The review and discussion of the external auditor's audit plan and ensuring that it is consistent with the Company's overall risk management system • The assessment of the external auditor's performance, qualifications, expertise, resources, independence and their terms of reference, the approval of their fees and the review of 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	• Prospectus, Interim and Annual results reviewed • Audit plan for year ending 31 March 2015 reviewed with external Auditors, including the Engagement letter. Met with the auditors both with and without the presence of management. Considered audit scope, risks assessment, results and recommendations. The significant audit risks identified by the auditor were the valuation of investment properties, the existence and entitlement to investment properties, performance fees and the recognition and measurement of loans and receivables and other assets. Other audit risks identified were the existence of cash, revenue recognition, taxation, equity transactions, compliance with regulatory rules, disclosures and related party transactions • Review of significant items of judgement and recommendations to the Board in terms of reporting for specific items • Review of the policy on the supply of non-audit services by the external auditor, particularly in light of the high level in 2015, in order to assess the independence and objectivity of the external auditor • Met with the valuers, both with and without the presence of management. Discussed the valuation approach, methods used, interaction with management, availability of information and access to the properties • Cash positions and depository review

Principal responsibilities		Key areas discussed in 2014/2015
Risk and internal control	• 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 • Assess the principal risks of the Group • Review the disclosures made on risk and internal control in the annual report	• Reviewed the Risk Management Framework developed by the Investment Manager for the Group • This included an overview of the risk management structure, the risk appetite, the impact of the main risks and risk reporting • Review of the risk register • Monitoring the necessity or otherwise of an internal audit function on an ongoing basis
Other	• Verification that procedures in place comply with applicable legislation, the Listing Rules and the Irish REIT Regime guidelines • The review of the operation of the Investment Manager in relation to the Company's procedures for the detection of fraud, bribery, and compliance • Review the Committee's terms of reference and performance	• Review of the Audit Committee's effectiveness • Gap analysis of compliance with 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") • Review of all correspondence with regulators

The significant issues considered by the Audit Committee during year ended 31 March 2015 and the action taken by the Committee are set out below:

Significant issues considered	Action taken by Committee
Valuation of the Investment Portfolio	The Investment Manager works to ensure that the information provided to the independent valuers, CBRE, is correct and that the results of their valuation judgements are in line with expectations based on their assessment of the market and knowledge of the properties. The Audit Committee reviews the results of these valuations and considers whether any amendments need to be made to the valuation amounts, e.g. in recognition of effects arising from the accounting policy on the recognition of rental incentives.
Recognition and classification of investment transactions	The Group has acquired an interest in investment property assets both as direct asset purchases and through the acquisition of loans which are secured over the target property. Recognition of property assets collateralising acquired loans as investment properties requires significant judgement by the Directors to determine if it is probable that the future economic benefits that are associated with the underlying investment property will flow to the Group. The Audit Committee reviewed management papers on key judgements as well as the external auditor's report in order to ensure that the treatment of the transactions is appropriate.

Corporate governance report
continued

Performance fees	As detailed in Note 26.2 to the financial statements, the performance fee calculation involves two parts. 50% is calculated by reference to the return to shareholders and is performed by the IM, approved by the Board and involves a complex manual calculation. The other 50% is performed by a third party, IPD, there is therefore a risk that it will not be provided in a timely fashion. For the year under review, the return to shareholders is the only part of the calculation to give rise to an expense. It is considered a significant item, not insofar as it requires judgement, but because it is payable to a related party and dependent on a complex calculation. Having reviewed the process and calculation the Audit Committee was satisfied that this was performed in a correct fashion.
Impairment of other non-current assets held for sale	Other non-current assets held for sale were acquired as a result of the work out of the Dorville loan portfolio. They are measured at the lower of their carrying amount and fair value less costs to sell. In order to measure these assets, the Directors are required to exercise judgement in making estimations of the fair value less costs to sell. This involves an assessment of the properties on an individual basis together with a review of the sales agent's estimation of achievable price to sell less expected costs to sell, including stamp duty and other taxes. The Audit Committee recommended and the Board determined that no impairment of these assets is required as they expect that these assets will be sold at least at their carrying value.

Non-audit work carried out by the external auditor during the year ended 31 March 2015

The external auditor has carried out a significant amount of work during the year ended 31 March 2015 which is non-audit in nature.

Non audit services during the year arose in two main areas:

Second equity raise: 67% (€225,894) of non-audit fees related to work by the external auditor, mainly by the audit engagement team, on the prospectus and the opinions thereon. The audit committee consider that the engagement of the external auditor as the reporting accountant for the issuance was both appropriate and reasonable. The Committee is also of the opinion that the undertaking of this assignment by the external auditor is not inconsistent with its work as external auditor and does not pose a threat to the auditor's independence and objectivity.

Tax advisory services: 29% (€97,121) of non-audit fees related to tax advice. This advice was provided by Deloitte & Touche, albeit by partners and staff unrelated to the audit engagement team. This advice was sought in relation to the structuring of a number of acquisitions which were complex in nature, for example the Dorville loan acquisition and the Hardwicke House and Montague House transaction. The Group used Deloitte & Touche in these cases as their knowledge of the Group's structure and activities complemented and expedited the advice they were being asked to give. While the Committee is of the opinion that the undertaking of this work does not compromise the independence or objectivity of the external auditor, it has nonetheless recommended that tax advice for future projects is sought from other providers where possible. The Group already uses other consultants for various aspects of tax advice, such as VAT, and will look at alternatives where appropriate on new projects.

The quantum of the non-audit fees is deemed non-substantial relative to the overall size of Deloitte & Touche's firm-wide fee income.

Deloitte & Touche is a tenant of Hardwicke House, which is an investment property of the Group. Deloitte & Touche were in situ when the Group acquired its interest in the building and all lease arrangements are at arm's length. Deloitte & Touche occupies some space in this property and therefore pays rent to the Group.

As a result of their consideration of the above facts, the Audit Committee concluded that the independence and objectivity of the external auditor has not been compromised.

Internal audit

The Audit Committee has reviewed the business model under which the Company operates 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 Committee does not believe that an internal audit function is required at present and instead it will rely on its own and the Investment Manager's internal monitoring procedures, any internal audit functions in key service providers, on reviews by the Depositary, and on external audit reports. In addition the Audit Committee noted that significant due diligence and verification work had been completed as part of the recent equity capital raise and this provided additional reassurance. 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.

Depository

The Group had €139m in cash at the year end. The depository is responsible for monitoring the safe keeping of these assets in accordance with the Group's policy on cash management.

Approval of Reports

The Preliminary Statement and Annual Report were considered in draft on 12 May 2015. The Preliminary Statement, which included financial statements, was approved by the Audit Committee on 12 May 2015 and recommended to the Board for signing. The Annual Report was approved by Board on 29 May 2015.

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 year ended 31 March 2015. The Nominations Committee is chaired by Daniel Kitchen, who is also the 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, which are available on the Group's website, were confirmed at the meeting on 27 January 2015 as effective and sufficient.

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

(f) to 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 actively considers 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. This topic remains on the agenda for consideration in future appointments.

An evaluation of the Committee's work was carried out in the first quarter of 2015. Given that there have been no appointments made to the Board during the period, the work of the Committee has been limited. However, this self-assessment found that the Committee is satisfied that there are the right mixture of skills involved on the Committee, that the Committee can work with sufficient independence from the Investment Manager and that the processes in place to make new appointments are appropriate and in line with best practice. The Committee reviewed the time and attention given by the Directors to their duties and were satisfied that each Director has been adequately carrying out his duties as a director of the Company.

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.

Corporate governance report
continued

Internal controls

The Board acknowledges it is responsible for maintaining the Group's system of internal control and risk management in order to safeguard the Group's assets. Such a system is designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Group. 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 Group's internal control system is built on certain fundamental principles, and is subject to review by the Board and external auditors. Much of the activities of the Group are carried out by the Investment Manager under the Investment Management Agreement (IMA). The following are the principles under which the internal control system operates:

- a defined schedule of matters reserved for the Board
- a detailed authorisation process
- formal documentation of all significant transactions
- business and financial planning to include cashflows and scenario analysis covering a period of three years forward on a rolling basis
- robust assessment of property investment decisions
- performance assessment versus budget on total and individual project basis
- benchmarking of performance against external sources, i.e. the Investment Property Databank (IPD)

The Policies and Procedures Manual has recently been revised in line with developments in the business. This manual sets out financial reporting and other procedures and policies of the Group and addresses the respective authority levels and responsibilities of the Group 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 Group can approve a transaction. In particular, the Policies and Procedures Manual establishes the necessary controls and authority levels of the Investment Manager to manage the Group's property portfolio. Other controls and authorities in the Policies and Procedures Manual include those in relation to the management of risk, property portfolio management, property valuations, and the maintenance of registers and other administrative matters.

Accountability and relationship with the Investment Manager and the Depository

The Statement of Directors' Responsibilities is set out on page 48.

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 Group.

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

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 interest.

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

Kevin Nowlan	Chief Executive Officer
Richard Ball	Chief Investment Officer
Tom Edwards-Moss	Chief Financial Officer
Frank Kenny	Development Director
William Nowlan	Investment Director
Sean O'Dwyer	Risk and Compliance Officer
Frank O'Neill	Chief Operations Officer

All of this team, with the exception of Sean O'Dwyer, are Directors of the Investment Manager. The investment management fee covers the services of this management team, except for regulatory costs which are borne by the Company.

Details on the fee structure with the Investment Manager is provided in Note 26 on page 81.

Risk management

The Company considers risk management to be a very important matter. The Board and the Audit Committee, together with the Investment Manager, deal with risk management on behalf of the Company as part of the 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.

It is a requirement of the IMA that the Investment Manager establish a permanent risk management function with the following objectives:

(a) Safeguard the assets of the Company and identify and manage liabilities;

(b) Maintain a risk register;

(c) Maintain the efficiency and effectiveness of the Company's operations;

(d) Ensure the reliability and completeness of all accounting, financial and management information; and

(e) Ensure compliance with its internal policies and procedures as well as all applicable laws and regulations.

The Investment Manager has appointed a Risk and Compliance Officer ("RCO") to undertake this function. 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 by the RCO 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 reports quarterly to the Board on the adequacy and effectiveness of the risk management process. This includes the identification of deficiencies and the status of any remedial action required. No specific matters have been escalated to the Board as of this date.

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 37 to 40.

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 continue to communicate with shareholders on a regular basis.

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 business days prior to such meetings to ensure compliance with the Articles and the UK Code.

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.

Corporate governance report
continued

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

Other

The Company discloses information to the market as required by the Central Bank of Ireland, 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 adviser(s).

Substantial shareholdings

As at 31 March 2015, the Company has been notified of the following substantial interests in the Company's shares:

Holder	Holding '000 shares	%
Soros Fund Management LLC	52,181	7.78
Mainstay Marketfield Fund	46,356	6.91
Putnam Investments LLC	38,434	5.73
TIAA-CREF Investment Management LLC	36,302	5.42
Invesco	33,087	4.94
Wellington Management Company LLP	27,439	4.09
Goodbody Stockbrokers	24,181	3.61
Zurich Life Assurance plc	22,605	3.37
Oppenheimer Funds, Inc.	21,166	3.16
Morgan Stanley Investment Management Limited	20,229	3.02

As at 28 May 2015 the Company has been notified of the following changes:

Holder	Holding '000 shares	%
Putnam Investments LLC	33,453	4.99
Goodbody Stockbrokers	19,389	2.89
Oppenheimer Funds, Inc.	27,479	4.10

Report of the directors

The Directors submit their Annual Report for the year ended 31 March 2015. The Investment Manager's Report and all other sections of the Annual Report, 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 48 of this Annual Report.

Principal activity and business review

The principal activity of the Group is property investment. The Group mainly consists of the Company, Hibernia REIT plc, and its subsidiary, Hibernia REIT Finance Limited. Information regarding subsidiaries is set out in Note 25 to the consolidated financial statements.

Overview of business activities in 2015

2015 was the first full year of operation for the Group and saw the build-up of a portfolio of investment property worth €641m (€636m net of the Windmill option – see Note 13 to the financial statements) on 31 March 2015.

Overview of financial results and position

	31 March 2015	31 March 2014	Movement
IFRS NAV - cent per share	112.4	96.4	+ 16.6%
EPRA NAV - cent per share	111.8	96.4	+ 16.0%
Net cash and cash equivalents	€139m	€292m	- 52.3%
Group LTV	0.0%	0.0%	
Profit /(loss) for the period	€92m	(€1)m	
Basic EPS	18.4 cent	-0.2 cent	
Diluted EPS	18.3 cent	-0.2 cent	
Final dividend / DPS	€3.4m / 0.5 cent	n/a	
Full year dividend / DPS	€5.4m / 0.8 cent	n/a	

A detailed review of the business and performance is contained in the Investment Manager's Report on pages 7 to 13. Financial results are also discussed in more detail on pages 2 to 3.

As discussed in Note 17 to the financial statements, the Company made a successful secondary equity offering during the year which raised €286m in November 2014. In addition, the Group raised debt finance in August 2014 of €100m which was undrawn at year end (Note 19).

The profit for the period was €92m including unrealised gains on investment properties (March 2014: Loss €0.8m). The Board has proposed a maiden final dividend of 0.5 cent per share (€3.4m) which will be paid in August 2015. Together with the interim dividend of 0.3 cent, the total dividend for the year is 0.8 cent per share or €5.4m (2014: nil).

REIT status and taxation

Hibernia REIT plc elected for Real Estate Investment Trust ("REIT") status under section 705 E of the Finance Act 2013. As a result, the Group does not pay Irish corporation tax on the profits from qualifying rental business in Ireland provided it meets certain conditions. With certain exceptions, corporation tax is still payable in the normal way on profits from the Group's non-core business. The Group purchased two loan portfolios during the year in order to acquire several investment properties which were part of the collateral securing these portfolios. These portfolios were also secured on assets which the Group did not want for its rental business, and which it designated as "non-core". These assets have since either been sold, and the proceeds applied against the loan balances due, or have been acquired by the Group and are classified as "non-current assets classified as held for sale". The disposal process of these assets is expected to be complete by the end of 2015. As they are not part of the qualifying rental business, the Group will be liable to taxes on any profits arising from these assets including capital gains taxes on any profits on disposal.

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

(a) at least 75% of the Aggregate Income of the Group must be 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;

(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 Group 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 Group; and

(f) subject to having sufficient distributable reserves, the Group must distribute at least 85% of its Property Income to its shareholders by way of a Property Income Distribution ("PID") for each accounting period

At 31 March 2015 the Group had €139m of cash remaining to be invested from the Group's secondary equity issue, of which €43m was committed. 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 the date of issue of the shares or the date of disposal of the property. Therefore income arising from these funds should qualify for tax relief under the REIT provisions for a period of two years from November 2014. The Group expects that the funds will be invested in the next three to six months and therefore the Group will comfortably comply with this condition.

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 any profit on disposal.

The Directors confirm that the Company complied with the REIT legislation for the year ended 31 March 2015.

Corporate governance

The Group is committed to high standards of corporate governance, details of which are given in the Corporate Governance Report on pages 22 to 35 which forms part of the Report of the Directors.

Results and Dividend

The Group showed a profit of €92m for the year ended 31 March 2015 (Loss of €0.8m for the period to 31 March 2014). The Group paid an interim dividend of €2.0m during the year. The Directors propose a payment of €3.4m as a final dividend for the year (31 March 2014: Nil).

Shares in issue

At 31 March 2015 the Company had 670,317,459 units of ordinary stock in issue (31 March 2014: 385,000,000 units).

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 23 to the consolidated financial statements. The Company's procedures in respect of the management of these risks are further explained in the Corporate Governance Report on pages 22 to 35 of this Annual Report.

Report of the directors
continued

Principal Risks and Uncertainties

Risks	Description of exposure	Measures to manage risks	Movement in the period
Macro-economic	A weakening of the economic recovery both in Ireland and / or globally could lead to a reduction in rental levels for commercial and residential properties in Dublin and negatively impact capital values	The Group uses the services of its Investment Manager and its access to market knowledge through its contacts and advisers to ensure that it has the best possible knowledge of the current macro-economic environment. The Group pro-actively manages its strategy and exposure using this knowledge and the combined expertise of its Board	▼ The rate of economic recovery has increased in pace and breadth during the period. However, risk of macro-economic shocks remain and 2016 is likely to see a general election in Ireland which may bring additional uncertainty to the economic environment
Dublin property market	Under-performance by Dublin property market compared to other Irish property sectors: all the Group's investments to date have been within Dublin	The Group reviews the execution of its strategy regularly and uses the knowledge and research of the Investment Manager to inform its decisions. The Group intends to maintain relatively low levels of leverage across the property cycle and a stated policy that its loan to value ratio at incurrence will not exceed 40%	◆ To date the economic recovery in Ireland has been strongest in Dublin, where a significant proportion of the country's overall economic activity and wealth resides
Investment	Competition may limit the ability of the Investment Manager to source investment opportunities that meet the Group's target returns. Poorly judged investment decisions (whether buying or selling) may impact on returns	The Investment Manager actively seeks out opportunities that may meet its return criteria using its extensive contacts in the Irish property market. The ability of the Group to gain ownership of property assets through acquiring secured loans has helped in reducing competition. The Investment Manager regularly assesses the property cycle through a range of lead indicators in making its investment proposals to the Board	◆ While competition for assets remains strong, the Group has successfully invested the majority of the funds raised through equity issuance in the last year. Capital values for Dublin property have risen, supported by increasing rental levels
	Concentration of investment in single assets, tenants, locations or sectors may increase risk and reduce liquidity	The Group and Investment Manager regularly review the portfolio to ensure it remains balanced and take appropriate action if not. The Group may use partnerships to limit exposure to especially large assets	◆ The Group has built a balanced portfolio in the past 12 months. As at 31 March 2015 the largest single asset represented 11% of the portfolio by value

Risks	Description of exposure	Measures to manage risks	Movement in the period
Development	Lower than expected returns on the Group's development projects through factors including but not limited to: poor project management, cost and timing overruns, poor site choice, unattractive building design, bad reading of the property cycle	The Investment Manager has staff dedicated to development management and bi-weekly update meetings. The Group has set a maximum exposure to active speculative development at 15% of reported net asset value. Both the Group and the Investment Manager intend that joint venture structures and / or pre-leases will be used to mitigate and manage the Group's development risk	▲ The Group acquired a number of development sites in the year and has commenced development work at Windmill Lane
Asset Management	Poor management of the Group's assets and tenants may lead to a failure to maximise potential income returns from the portfolio	The Investment Manager has put a number of protocols and controls in place to ensure that the management of the Group's assets and tenants is optimised. A property industry portfolio management system (PMS) has been installed and populated which manages in a structured way all the key aspects of the Group's assets and tenant's obligations. All receivables due under leases and licences are fully integrated from the PMS into the Group's financial and accounting systems. The PMS also facilitates the proactive management of all significant cyclical and ad hoc leasehold events such as, inter alia, break notices, rent reviews and lease terminations Regular building Inspection and tenant meeting regimes have been established to ensure that the Investment Manager keeps fully abreast of the condition and management of the Group's assets and the occupational requirements of its tenants	▲ During the period the Group has acquired €641m in value of investment property thus increasing its asset management risk

Report of the directors
continued

Risks	Description of exposure	Measures to manage risks	Movement in the period
Financial	The Group can use leverage to increase available funds for investment and enhance returns for shareholders. This exposes the Group to debt covenant compliance risks in the event of interest rate rises or falls in property values	The Group has set a limit of incurring debt up to a maximum of 40% of total assets, well below the maximum permitted under Irish REIT legislation and its debt covenants. Compliance with covenants is actively monitored. In the event of significant debt drawings the Group intends to put in place interest rate hedging over a large proportion of such debt to limit its interest rate exposure	▲ The Group entered a three year €100m revolving credit facility with a floating rate in August 2014. As at 31 March 2015 this was undrawn
	The Group's ability to execute its plans or hit its target returns may be hindered by being unable to get loan funding as required	Cashflows and future funding requirements are frequently assessed to ensure the Group has sufficient undrawn facilities in place to execute its plans	▼ The Group has a €100m undrawn loan facility as outlined above. With the improving economic situation in Ireland, availability of debt funding and terms has improved
People	The Group has no employees. It 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 retain 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 fee structure payable in Hibernia shares to incentivise the Investment Manager and align its interests with those of the Group	▼ In the last 12 months the Investment Manager has successfully expanded its team from 7 to 16, including adding a CFO at the senior level. Employee turnover was zero during the year. Plans to internalize the Investment Manager (discussed on pages 4 to 5 of this report) will enhance the Group's ability to attract and retain staff
Regulatory	Change in regulations including EU directives, tax, planning and environmental legislation could increase the Group's cost base	The Investment Manager and the Board spends substantial time, and retains external experts as necessary, to ensure compliance with current and possible future regulatory requirements	◆ Our strategy in managing this risk together with a relatively unchanged regulatory environment has meant the risk has remained relatively stable over the last 12 months

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Investment Manager's Report on pages 7 to 13 of this Annual Report. This also covers the financial position of the Company, its cash flows, liquidity position and borrowing facilities. Further detail on the financial performance and financial position of the Group and Company is provided in the consolidated financial statements and Company financial statements on pages 53 to 89. In addition, Note 23 to the Annual Report includes details on the Group's financial risk management and exposures.

The Company has considerable financial resources in the form of the remaining cash proceeds from its second capital raise in November 2014 of €139m as well as an undrawn credit facility of €100m (Note 19). Having therefore 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 consolidated 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 an 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
Non-executive Chairman
Appointed: 23 August, 2013
Nationality: Irish
Age: 63
Committee membership: Nominations (Chair)

Daniel Kitchen is currently the non-executive Chairman of Workspace Group plc, the non-executive Chairman of Applegreen 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
Independent Non-executive Director and Senior Independent Director
Appointed: 23 August, 2013
Nationality: Irish
Age: 69
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 a non-executive 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: 72
Committee membership: Audit and Nominations

Stewart Harrington is currently a director of Killeen Properties and a non-executive director of the parent company of the BWG Group, Stafford Holdings and Argentum Homes. He has extensive knowledge and experience of the Irish property market over many years in a variety of roles. Previously, he 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 St. Vincent's Healthcare Group, 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: 69
Committee membership: None

William Nowlan has more than 40 years' experience investing in Irish commercial property. Prior to forming WK Nowlan & Associates (now WK Nowlan Property) in 1996, he was Head of Property Investment at Irish Life Assurance plc from 1985 to 1995. 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 the Royal Institute of Chartered Surveyors Ireland and the 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. He is also a director of WK Nowlan REIT Management Limited, the Investment Manager to the Company.

Terence O'Rourke
Independent Non-executive Director
Appointed: 23 August, 2013
Nationality: Irish
Age: 60
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 and non-executive director of the Irish Management Institute. Previously, he was managing partner of KPMG Ireland from 2007 to 2013, a board member of the Chartered Accountants Regulatory Board, President of The Institute of Chartered Accountants in Ireland and Chairman of the Leinster Society of Chartered Accountants. He was also a member of the Global Board, the EMA Board and the Global Executive Team of KPMG International from 2007 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.

All of 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

	Year ended 31 March 2015		Period ended 31 March 2014	
	Number of meetings held during the year while a Board member	Number of meetings attended during the year while a Board member	Number of meetings held during the period while a Board member	Number of meetings attended during the period while a Board member
Name				
Daniel Kitchen	17	16	14	13
Colm Barrington	17	14	14	7
Stewart Harrington	17	16	14	14
William Nowlan	17	15	15	12
Frank O'Neill	-	-	2	2
Terence O'Rourke	17	16	14	11

Directors Attendance at Board Committee Meetings

	Year ended 31 March 2015		Period ended 31 March 2014	
	Number of meetings held during the year while a Board member	Number of meetings attended during the year while a Board member	Number of meetings held during the period while a Board member	Number of meetings attended during the period while a Board member
Audit Committee				
Colm Barrington	5	5	1	1
Terence O'Rourke	5	5	1	1
Stewart Harrington	5	5	1	1
Nominations Committee				
Daniel Kitchen	1	1	1	1
Colm Barrington	1	1	1	1
Stewart Harrington	1	1	1	1
Terence O'Rourke	1	1	1	1

Directors' remuneration report

The Group has no executive directors or employees. There were no changes in remuneration during the year.

Remuneration policy

While 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	Year to 31 March 2015 €'000	Period to 31 March 2014 €'000
Daniel Kitchen	100	100	58
Colm Barrington	50	50	29
Stewart Harrington	50	50	29
William Nowlan	0	0	0
Terence O'Rourke	50	50	29
Totals	250	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 26 to the consolidated financial statements. The Investment Manager remuneration is set and reviewed by the Board.

Interests of Directors and Secretary in share capital

	31 March 2015		31 March 2014	
	Ordinary shares	% of Company	Ordinary shares	% of Company
Daniel Kitchen	100,000	0.01%	100,000	0.03%
Colm Barrington	1,100,000	0.16%	800,000	0.22%
Stewart Harrington	100,000	0.01%	100,000	0.03%
William Nowlan	600,000	0.09%	500,000	0.14%
Terence O'Rourke	150,000	0.02%	100,000	0.03%
Company Secretary, Chartered Corporate Services	-	-	-	-

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 2015 and the date of this report.

Report of the directors
continued

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. Provision of €5.8m has been made in respect of the shares to be issued on foot of the agreement with the Investment Manager to settle the performance fee for the year ended 31 March 2015 (31 March 2014: €nil).

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 26 to the consolidated financial statements.

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 assets 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. The Company has implemented procedures to address any potential conflicts of interest which may arise from time to time, for example conflicts that 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 23 to the consolidated financial statements.

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 28 to the consolidated financial statements.

Annual General Meeting

The 2nd Annual General Meeting of the Company will be held on 30 July 2015. The 1st Annual General Meeting of the Company was held on 22 July 2014. In addition an Extraordinary General meeting was held on 3 November 2014 to approve the secondary equity issue via a Firm Placing and Placing and Open Offer representing the issue of, in aggregate, 285,317,459 New Ordinary Shares and other related matters.

The Board, having reviewed the Annual Report in their entirety, is satisfied it is fair, balanced and reasonable and gives the reader all the information required to understand the business model, strategy and performance of the Group. The Board is assisted in this review by the work carried out by the Audit Committee as set out in the Audit Committee Report on pages 27 to 31 of this Annual Report. A key responsibility of the Audit Committee is to assist the Board in monitoring the integrity of the financial statements and to recommend to the Board that it believes that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for stockholders to assess the Group's performance, business model and strategy. To achieve this for the current reporting period, the Audit Committee reviewed the Annual Report and considered whether the financial statements were consistent with the operating and financial reviews elsewhere in the Annual Report. The Audit Committee also considered the treatment of items representing significant judgements and key estimates as presented in the financial statements and where appropriate discussed these items with the external auditor.

Mr Daniel Kitchen	**Mr Terence O'Rourke**
Chairman	Director
29 May 2015	29 May 2015

Directors' responsibility statement

The Directors, whose names and details are listed on pages 42 to 43, are responsible for preparing the Annual Report in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that 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 Annual Report, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and 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 these requirements are met. The 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 23 to 35. Each of the Directors, whose names and functions are listed on pages 42 to 43, 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 2015 and of the result for the year 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 2015, together with a description of the principal risks and uncertainties facing the Group
- the Annual Report, 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

This responsibility statement was approved by the Board of Directors on 29 May 2015 and is signed on their behalf by:

By order of the Board

Mr Daniel Kitchen
Chairman
29 May 2015

Mr Terence O'Rourke
Director
29 May 2015

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 2015 and of its profit for the year 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 2015; 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 related notes 1 to 28 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 (a) to (p). 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 page 41 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
Valuation of Investment Properties The appropriate valuation of the Group's investment properties requires significant judgement to be made by the Directors with advice from the external valuer and Investment Manager. Refer also to Note 13 of the consolidated financial statements.	• We considered the basis used by the Group for the valuation of investment properties in light of the Group's valuation policy and the requirements of IFRS. • We obtained an understanding of the controls at the Investment Manager and at the Board over the valuation process. • We compared the valuation of each investment property held to the valuation report prepared by the external valuer and considered any adjustments made in light of the Group's accounting policies and the requirements of IFRS. • We assessed the competence, independence and integrity of the external valuer. • We discussed with management and with the external valuer the significant assumptions used in the valuation process, including estimated rental value and market based yields, and considered these assumptions in accordance with available market data.

Independent auditor's report
to the members of Hibernia REIT plc continued

Our assessment of risks of material misstatement

Risk of material misstatement	How the scope of our audit responded to the risk
Existence and Entitlement to Investment Properties The Group's property acquisitions may involve complexity which requires judgement to be applied by the Board to determine if the transactions meet the recognition criteria for investment properties in light of the Group's accounting policies and the requirements of IFRS. Refer also to Note 13 of the consolidated financial statements.	• We reviewed supporting documentation in respect of investment property transactions entered into during the year. • We obtained independent audit evidence in respect to legal title of investment properties held. • We considered the recognition criteria applied by the Group for investment properties in light of the Group's accounting policies and the requirements of IFRS. This includes consideration of the judgements made by the Directors to determine if it is probable that the future economic benefits associated with investment properties will flow to the Group. • We evaluated the period in which transactions around the year end where recorded. • We obtained an understanding of the controls at the Investment Manager and the Board regarding the investment process.
Performance Fees (Share Based Payments) The performance fee calculation is complex in nature which increases the risk of error. The settlement of performance fees due to the Investment Manager is via shares in the Company and therefore must be recorded in accordance with the requirements of share based payments. Refer also to Note 26 of the consolidated financial statements.	• We have considered the inputs to the performance fee calculation and where appropriate we have compared the inputs to entity data or market data as appropriate. • We have examined the calculation of the performance fee to evaluate whether it is consistent with the investment management agreement. • We have examined the accounting treatment for performance fees to consider that the accounting charge recorded has been accounted for in accordance with the share based payments requirements of IFRS 2.

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.

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 €7,000,000 which is below 1% of the Net Assets.

We agreed with the Audit Committee that we would report to the Committee any audit differences in excess of €350,000, 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. We determined the materiality with reference to the size of the subsidiary which was lower than Group Materiality.
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 2015 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 of 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 Annual 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 Annual Report is fair, balanced and understandable and whether the Annual 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.

Independent auditor's report
to the members of Hibernia REIT plc continued

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 Annual 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: 29 May 2015

Consolidated statement of comprehensive income
For the year ended 31 March 2015

	Notes	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Income			
Revenue	6	18,769	158
Direct property costs		(725)	(59)
Total property income		**18,044**	**99**
Revaluation of investment properties	13	80,809	-
Other gains and losses	7	7,691	-
Total income after revaluation gains and losses		106,544	99
Expense			
Investment Manager fee - base	26	(4,690)	(669)
Performance fee	26	(5,772)	-
Administration expenses		(1,584)	(490)
Total operating expenses		(12,046)	(1,159)
Operating profit/(loss)	8	**94,498**	**(1,060)**
Finance income	9	399	214
Finance expense	9	(1,974)	-
Profit/(loss) before tax		92,923	(846)
Income tax expense	10	(691)	-
Profit/(loss) for the period		92,232	(846)
Other comprehensive income		-	-
Total comprehensive income/(loss)		**92,232**	**(846)**
Basic earnings per share (cent)	12	18.4	(0.2)
Diluted earnings per share (cent)	12	18.3	(0.2)

The notes on pages 57 to 82 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 53 to 89 were approved and authorised for issue by the Board of Directors on 29 May 2015 and signed on its behalf by:

Mr Daniel Kitchen
Chairman

Mr Terence O'Rourke
Director

Consolidated Statement of financial position
As at 31 March 2015

	Notes	31 March 2015 €'000	31 March 2014 €'000
Assets			
Non-current assets			
Investment Property	13	641,296	-
Loans and receivables	14	152	68,563
		641,448	68,563
Current assets			
Trade and other receivables	15	9,046	11,647
Cash and cash equivalents		139,048	291,690
		148,094	303,337
Non-current assets classified as held for sale	16	18,499	-
Total current assets		166,593	303,337
Total assets		**808,041**	**371,900**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	17	657,987	371,812
Retained earnings		89,375	(846)
Other reserves	18	5,772	-
Total equity		753,134	370,966
Current liabilities			
Trade and other payables	20	12,210	934
Payable due for investment property	21	42,697	-
Total current liabilities		54,907	934
Total equity and liabilities		**808,041**	**371,900**
IFRS NAV per share (cents)	22	**112.4**	**96.4**
Diluted IFRS NAV per share	22	**111.6**	**96.4**
EPRA NAV per share	22	**111.8**	**96.4**

The notes on pages 57 to 82 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 53 to 89 were approved and authorised for issue by the Board of Directors on 29 May 2015 and signed on its behalf by:

Mr Daniel Kitchen
Chairman

Mr Terence O'Rourke
Director

Consolidated statement of changes in equity
For the year ended 31 March 2015

	Notes	Share Capital €'000	Share Premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
		1 April 2014 to 31 March 2015				
Balance at start of period		**38,500**	**333,312**	**(846)**	**-**	**370,966**
Total comprehensive income for the period						
Profit for the period		-	-	92,232	-	92,232
Total other comprehensive income		-	-	-	-	-
		38,500	333,312	91,386	-	463,198
Transactions with owners of the Company, recognised directly in equity						
Dividends	11	-	-	(2,011)	-	(2,011)
Issue of ordinary shares for cash	17	28,532	271,052	-	-	299,584
Share issue costs	17	-	(13,409)	-	-	(13,409)
Share based payments	18	-	-	-	5,772	5,772
Balance at end of period		**67,032**	**590,955**	**89,375**	**5,772**	**753,134**

	Share Capital €'000	Share Premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
	13 August 2013 to 31 March 2014				
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	38,500	346,500	-	-	385,000
Share issue costs	-	(13,188)	-	-	(13,188)
Balance at end of period	**38,500**	**333,312**	**(846)**	**-**	**370,966**

The notes on pages 57 to 82 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 March 2015

	Notes	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Cash flows from operating activities			
Profit/(loss) for the period		92,232	(846)
Adjusted for:			
Revaluation of investment properties		(80,809)	-
Other gains and losses		(7,691)	-
Share based payment		5,772	-
Rental income paid in advance		9	-
Interest (income)		-	(158)
Finance (income)/expense		1,575	(214)
Income tax expense		691	-
Operating cash flow before movements in working capital		**11,779**	**(1,218)**
(Increase) in trade and other receivables		(1,061)	(600)
Increase in trade and other payables		3,369	434
Net cash flow from operating activities		**14,087**	**(1,384)**
Cash flows from investing activities			
Purchase of investment property		(445,236)	(11,010)
Development and Refurbishment Expenditure		(12,173)	-
Purchase of non-current assets classified as held for sale		(541)	-
Purchase of loans and receivables		(39,300)	(67,905)
Proceeds from loan repayments		41,981	-
Proceeds from the sale of non-current assets classified as held for sale		6,297	-
Finance income		399	177
Finance expense		(1,820)	-
Net cash flow absorbed by investing activities		**(450,393)**	**(78,738)**
Cash flow from financing activities			
Dividends paid	11	(2,011)	-
Arrangement fee paid re bank facility	19	(500)	-
Proceeds from the issue of ordinary share capital	17	299,584	385,000
Share issue costs	17	(13,409)	(13,188)
Net cash inflow from financing activities		**283,664**	**371,812**
Net (decrease)/Increase in cash and cash equivalents		**(152,642)**	**291,690**
Cash and cash equivalents period start		291,690	-
(Decrease)/increase in cash and cash equivalents		(152,642)	291,690
Net cash and cash equivalents at period end		**139,048**	**291,690**

The notes on pages 57 to 82 form an integral part of these consolidated financial statements.

Notes forming part of the annual report

1. General Information

The Company together with its subsidiaries, Hibernia REIT Finance Limited, Hibernia REIT Holding Company Limited, Lamourette Limited and Mayor House Basement Management Limited (together the "Group") is 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 Ordinary Shares of the Company are listed on the primary listing segment of the Official List of the Irish Stock Exchange (the "Irish Official List") and the premium listing segment of the Official List of the UK Listing Authority (the "UK Official List" and, together with the Irish Official List, the "Official Lists") and are traded on the regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange plc. (the "London Stock Exchange").

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

There were a number of changes to IFRS which became effective for the Group during the financial year but did not result in material changes to the Group's consolidated financial statements.

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.

- IAS 1 *Presentation of Financial Statements* amendments remove certain impediments to preparers in exercising their judgement in presenting their financial reports and is effective for annual periods beginning on or after 1 January 2016.

- IFRS 9 *Financial Instruments* is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements).

- IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities*, and IAS 28 *Investment in Associates and Joint Ventures* are amended for accounting periods beginning on or after 1 January 2016 to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

- IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* amends IFRS 11 to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to apply all the of the business combinations principles of IFRS 3 except where they conflict with guidance in IFRS 11 and disclose the information required by IFRS 3 and other IFRS for business combinations. This is effective for accounting periods beginning on or after 1 January 2016.

- 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.

- IFRS 15 *Revenue from Contracts with Customers*, provides a single, principles based five-step model to be applied to all contracts with customers and is applicable to an annual reporting period beginning on or after 1 January 2018.

- 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 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* are amended for accounting periods starting on or after 1 January 2016 to include and define "bearer plants" within property, plant and equipment.

- 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* is amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements for accounting periods beginning on or after 1 January 2016.

Notes forming part of the annual report
continued

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

- *Investment entities: applying the consolidation exception* (amendments to IFRS 10 and 12 and IAS 28) addresses issues in applying the consolidation exception for investment entities and is effective for period commencing on or after 1 January 2016.

- Annual Improvements to IFRS: 2012-2014 cycle (effective for accounting periods beginning on or after 1 July 2016); Annual Improvements to IFRS: 2011-13 cycle and Annual Improvements to IFRS: 2010-12 cycle (effective for annual periods beginning on or after 1 July 2014). 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.

IFRS 15 may have a future impact on revenue recognition and related disclosures although it is not practicable to give a reasonable estimate of the effect of implementation of this standard, if any, until a detailed review has been completed. 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. Basis of preparation

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.

The Company has not early adopted any forthcoming IASB standards. Note 2 sets out details of such upcoming standards.

b. Functional and presentation currency

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

c. Basis of accounting

The consolidated 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 Acts, 1963 to 2013. The Group financial statements therefore comply with Article 4 of the EU IAS Regulation.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly

- Level 3 inputs are unobservable inputs for the asset or liability

d. Assessment of going concern

The financial statements have been prepared on a going concern basis. The Directors have performed an assessment of going concern and are satisfied that the Group is appropriately capitalised. The Group has a positive cash balance as at 31 March 2015 of €139m (31 March 2014: €292m), is generating positive cashflows and, as discussed in Note 19, has in place a revolving credit facility with an undrawn balance of €100m at 31 March 2015 (31 March 2014: €0m). The Group has assessed its liquidity position and there are no reasons to expect that the Group will not be able to meet its liabilities as they fall due for the foreseeable future.

e. Basis of consolidation

The financial statements incorporate the consolidated financial statements of the Company and its subsidiaries, Hibernia REIT Finance Limited, Hibernia REIT Holding Company Limited, Lamourette Limited and Mayor House Basement Management Limited. The Company controls its subsidiaries by virtue of its 100% shareholding in those companies. The Company and its subsidiary Hibernia REIT Finance Limited, make up the majority of the Group assets and liabilities and each of their financial statements are made up to 31 March each year.

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.

f. Significant judgements

The preparation of financial information requires the Group to exercise judgement in applying the Group's accounting policies. The following are the significant judgements:

Recognition and classification of investment transactions

The Group has acquired an interest in investment property assets both as direct asset purchases and through the acquisition of loans which are secured over the target property. In some cases the Group may acquire portfolios of loans where it does not intend to ultimately directly acquire all the underlying property assets.

Investment properties are treated as acquired when the Group assumes the significant risks and rewards of ownership. In order to make this judgement, the Board reviews each deal individually.

Recognition of property assets collateralising acquired loans as investment properties requires significant judgement by the Directors to determine if it is probable that the future economic benefits that are associated with the underlying investment property will flow to the Group.

Dorville Loan Portfolio

The Dorville Loan Portfolio was a loan portfolio, with a par value (at the time of acquisition) of €151.3m, which was acquired by the Group in March 2014 for €67m (€68.4m including costs). The Board completed an extensive exercise in reviewing the collateral attached to this portfolio, consisting of 16 asset groups, in May 2014 and as a result determined that it would seek the direct ownership of three of the property assets, namely Block 3, Wyckham Point, the Dorville Cannon Place Apartments and South Dock House (the "Dorville Core Assets"). The Dorville Core Assets were recognised as investment properties during the year in accordance with the Group's accounting policy on investment properties.

Additionally, the Dorville loan portfolio was secured against 13 other asset groups, namely over 70 apartments, 3 houses, 12 commercial units and 26.5 acres of land, primarily in Dublin. These 13 asset groups are referred to as the Dorville Non-Core Assets. The Group determined that the Dorville Non-Core Assets are not suitable for the Group's portfolio of investment properties. Some of these assets have been disposed of during the year and the balance have been legally transferred to the Company in order to complete the disposal of these assets. The disposal process is expected to be completed by December 2015. Further details are presented in Note 16.

During the year, the Directors judged that the acquisition of the three Dorville Core Assets was virtually certain and as a result these assets were recognised as investment properties. The title of two of these properties subsequently was legally transferred to the Group during the year to 31 March 2015. The third property, Cannon Place Apartments, is expected to transfer shortly. These properties fulfil the criteria for recognition as investment properties under the Group's accounting policy on investment properties (Note 4.i) below. The Directors considered that the recognition of these properties presented the most relevant and useful information for users of the financial information that was presented both in the prospectus relating to the secondary equity issue and the interim financial reporting as at 30 September 2014. It ensured that users of this financial information could properly assess the portfolio structure and potential.

As a result, the acquisitions of the Dorville Core Assets were recognised as investment properties during the period, although the legal process has still to complete for the Cannon apartments.

There were no other items of significant judgement that might have a material impact on the financial statements at 31 March 2015.

g. Key estimates

The preparation of financial information requires the use of certain critical accounting estimates. 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 key estimates which were made in respect of this financial information:

Notes forming part of the annual report
continued

3. Basis of preparation continued

Valuation of investment properties

The Group's investment properties are held at fair value and were revalued at 31 March 2015 by the external valuer, CBRE Limited, a firm employing qualified valuers in accordance with the Royal Institution of Chartered Surveyors Valuation — Standards (January 2014) (the "Red Book"). Further information on the valuation is given in Note 13.

The Board and Investment Manager conduct a detailed review of each property valuation to ensure that appropriate assumptions have been applied. Property valuations are complex and involve data which is not publically available and a degree of judgement. The valuation is based upon the key assumptions of estimated rental values and market based yields. With regard to redevelopments and refurbishment, the development considered achievable, assumed timescale, the assumed future development cost and an appropriate finance and/or discount rate are also used to determine the property value together with market evidence and recent comparable properties where appropriate. In determining fair value the valuers make reference to market evidence and recent transaction prices for similar properties.

The Directors must be satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts. The fair value of the Group's properties is based on the valuation provided by CBRE. This valuation is based on future cashflows from rental income both for the current lease period and future estimated rental values. In accordance with the Group's policy on lease incentives, the valuation provided by CBRE is adjusted by the fair value of the rental income accruals ensuing from the recognition of these incentives. The valuations were also amended to reflect the impact of a potential cost in respect of the car park in the Forum Building, IFSC. The total reduction in the external valuers' investment property valuation in respect of these adjustments was €2.2m. No further adjustments were required for the year ended 31 March 2015.

Impairment of non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of their acquisition cost (or previous carrying amount) and fair value less costs to sell. In order to measure these assets, the Directors are required to make estimations of the fair value less costs to sell. In estimating these fair values, the Directors assessed the properties on an individual basis together and reviewed the sales agent's estimation of achievable price to sell less expected costs to sell including stamp duty and other taxes. The Directors have determined as a result that no impairment of these assets is required as they expect that the assets will be realised for at least their carrying value. These fair values are sensitive to market movements in residential property prices. The Directors have estimated that the current fair value gain is approximately €1.5m. Therefore a movement of 8% downwards in residential property values would not result in the need for an impairment in the carrying value of these assets.

There were no other key estimates that might have a material impact on the financial statements at 31 March 2015.

4. Significant accounting policies

a. Revenue recognition

Revenue consists of rental income on the Group's investment properties and interest income on loans and receivables.

Revenue is recognised in the Consolidated 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 Group and
- The amount of revenue can be measured with reliability

Rental Income

Rental income arises on properties which are included as investment properties in the Consolidated Statement of Financial Position and which are leased out under operating leases. Rental income from operating leases is recognised in the Consolidated Statement of Comprehensive Income on an accruals basis as revenue on a straight line basis over the lease term. Rent received in advance is deferred in the Consolidated Statement of Financial Position and recognised in the period to which it relates.

Rental income also arises on the Group's non-current assets classified as held for sale. This income is an immaterial and decreasing amount as the Group continues its programme of selling these assets in the short term and is therefore seeking vacant possession where possible. This income is included in the "Other" segment for reporting purposes.

Where adjustments to rent or a review under a lease are unsettled at the reporting date, these are included in income based on a reasonable estimate of the expected settlement amount and then adjusted to the actual amount when settlement is reached. Surrender payments for early lease terminations are reflected, net of any costs such as dilapidation or legal costs relating to the lease, in the accounting period in which the surrender took place.

Service charges and other sums receivable from tenants are recognised on an accrual basis by reference to the stage of completion of the relevant service or transactions at the reporting date. These services generally relate to a 12 month period.

Lease incentives

When the Group provides incentives to its tenants the incentives are recognised over the lease term on a straight line basis. These incentives can be a rent free period at the commencement of the lease, a reduced rent for a period, an assumption of lessee costs or other incentives negotiated. All such incentives are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form. The aggregate cost of such incentives is recognised as a reduction of rental income on a straight-line basis over the lease term. The lease term is either the period to the expiry date of the lease or to the next break point, i.e. where there is a legal right for the tenant to break the lease. The value of the resulting accrual is included within the respective property value in the Consolidated Statement of Financial Position.

Details on all aspects of rental payments and concessions under leases are provided to the external valuers at each reporting date for their consideration in assessing the fair value of the properties concerned.

Interest Income

Interest income arising on the loans held in the Group's investment portfolio is included in Revenue on the basis that it relates to the Group's property business. This interest income arises from the effective interest rate applicable to loans and receivables and is calculated by calculating the amortised cost of the loans and advances and of allocating the interest income, interest expense and fees paid and received over the relevant period.

b. Direct property costs

Direct costs comprise service charges and other costs directly recoverable from tenants and non-recoverable costs directly attributable to investment properties and other revenue streams.

c. 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 retranslated 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 reported using the exchange rate at the date of the transaction.

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

d. Finance income and expense

Interest income and expense is recognised in the Consolidated 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, interest expense and fees paid and received over the relevant period.

e. 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 pretax 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.

f. Expenses

Expenses are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

g. Share based payments

The Group operates an Investment Management Agreement with the Investment Manager under which the Group receives management services which in part are compensated on a performance fee basis. Any such performance fee is paid in shares in the Company.

The performance fee is calculated in accordance with the provisions of the Investment Management Agreement and the number of shares that this represents is determined by the average closing price in the 20 days prior to the issue of the invoice for this fee by the Investment Manager. The shares are issued as soon as is practicable after this invoice date. These shares are issued directly to the Investment Manager at the issue date and there is therefore no further fair value measurement required in accounting for these after issue. The Investment Manager has agreed that these shares will be "locked in" for up to three years after their issuance under the terms of the Investment Management Agreement.

The Group recognises its best estimate of its obligation in relation to the issue of shares on foot of the agreement with the Investment Manager to settle the performance fee in other reserves during the period.

Notes forming part of the annual report
continued

4. Significant accounting policies continued

The fair value of the relevant services are recognised as an expense over the accounting period in which they are incurred.

h. Taxation

Hibernia REIT plc elected for Real Estate Investment Trust (REIT) status on 11 December 2013. As a result, the Company 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 the Group's residual business (generally any non-investment property rental business). The Group is also liable to pay other taxes such as VAT, capital gains tax, relevant contracts tax, local property tax, property rates, payroll taxes and foreign taxes as normal.

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.

i. Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation (including property under construction for such purposes). Properties are treated as acquired at the point at which the Group assumes the significant risks and rewards of ownership. This occurs when:

(1) It is probable that the future economic benefits that are associated with the investment property will flow to the Group;
(2) There are no material conditions which could affect completion of the acquisition; and
(3) The cost of the investment property can be measured reliably

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Investment properties and properties under development are professionally valued on a twice yearly basis or as required by qualified external valuers using inputs that are observable either directly or indirectly for the asset in addition to unobservable inputs and are therefore classified at level 3. The valuation of investment properties is further discussed above under Note 3.

The valuations of investment properties and investment properties under development are prepared, as recommended by the Society of Chartered Surveyors, in accordance with the RICS-Valuation-Professional Standards (January 2014) (the Red Book).

When the Group begins to redevelop an existing investment property, or property acquired as an investment property, for future use as an investment property, the property remains an investment property and is accounted for as such. Expenditure on investment properties is capitalised only when it increases the future economic benefits associated with the property. All other expenditure is charged to the Consolidated Statement of Comprehensive Income. Interest and other outgoings, less any income, on properties under development are capitalised. Interest capitalised is calculated on development outgoings using the weighted average cost of general Group borrowings. Fair value for investment properties under development is based on the Group's external professional valuers' assessment of future value, with an appropriate adjustment for the costs of completion and remaining risk, based on market conditions at the reporting date.

In accordance with the Group's policy on revenue recognition (Note 4.a), the value of accruals in relation to the recognition of lease incentives under operating leases over the term of the lease is included in the fair value assessment of the investment property to which the accrual relates.

Where amounts are received from departing tenants in respect of "dilapidation", i.e. compensation for works that the tenant was expected to carry out at the termination of a lease but the tenant, in agreement with the Group, pays a compensatory sum in lieu of carrying out this work, the Group applies these amounts to the cost of the property. The value of the work to be done is therefore reflected in the fair value assessment of the property when it is assessed at the end of the period.

An investment property is de-recognised on disposal, i.e. when the significant risks and rewards are transferred outside the Group's control, or when the investment property is permanently removed from use and no future economic benefits are anticipated from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Comprehensive Income in the period in which the property is de-recognised.

j. Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use as an investment property. Non-current assets are treated as acquired at the point at which the Group assumes the significant risks and rewards of ownership. This occurs when:

1. It is probable that the future economic benefits that are associated with the asset will flow to the Group;
2. There are no material conditions which could affect completion of the acquisition; and
3. The cost of the asset can be measured reliably

Assets fall into this category only when the sale is highly probable and the asset is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their acquisition cost and fair value less costs to sell.

k. 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 profit or loss) 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 Consolidated Statement of Comprehensive Income.

Where the Group enters into a written option, i.e. an option that is written into a contract with no net settlement (i.e. it will be settled with a non-financial asset, an investment property) the relevant investment property will be included at its full fair value while the fair value of the written option is classified as a payable.

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:

(1) Designated. This includes any financial asset to be measured at fair value with fair value changes in profit or loss.
(2) 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.

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 acquired. They are subsequently accounted for at amortised cost using the effective interest method.

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 macroeconomic parameters, on an individual 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.

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

Notes forming part of the annual report
continued

4. Significant accounting policies continued

De-recognition: When the cash flows from a loan are considered to have expired, or where no further cash flows are expected to be received on the loan in the case where the underlying property asset has been recognised as an investment property or non-current assets classified as held for sale, the original asset is de-recognised and a new asset is recognised, initially measured at fair value. Any difference between the carrying value of the original asset and the fair value of the new asset on initial recognition is recognised within other gains and losses in the Consolidated Statement of Comprehensive Income.

l. 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 of loss, appropriate allowances for any irrecoverable amounts are recognised in the Consolidated Statement of Comprehensive Income.

m. Cash and cash equivalents

Cash and cash equivalents includes cash at banks in current accounts, deposits held at call with banks and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

n. 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.

o. Trade and other payables

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

p. Net Asset Value (NAV)

The IFRS NAV is calculated as the value of the Group's assets less the value of its liabilities based on IFRS measures. EPRA NAV is calculated in accordance with the European Public Real Estate Association (EPRA) Best Practice Recommendations: December 2014.

The EPRA Net Asset Value per share includes investment property, other non-current asset investments and trading properties at fair value. For this purpose, non-current assets classified as held for sale are included at fair value. It excludes the fair value of financial instruments and deferred tax and related goodwill.

5. Operating segments

The Group is organised into five business segments, against which the Group reports its segmental information, being Office Assets, Industrial Assets, Residential Assets, Development Assets and Other Assets (loans and other assets that do not fall into the preceding classifications). All of the Group's operations are in the Republic of Ireland. Operating segments are reported in a manner consistent with the reporting to the Board of Directors of the Company which is the chief operating decision maker of the Group.

Unallocated income and expenses are those that occur centrally, e.g. investment management fees and other administration expenses. Unallocated assets include cash and cash equivalents, tax refundable and administration expenses paid in advance. In addition, cash received in advance in relation to rental receipts on properties and rental income accrued have been allocated from receivables and cash and cash equivalents to the appropriate segment.

The Group's key measure of underlying performance of a segment is total income after revaluation gains and losses which comprises revenue (rental and interest income), property outgoings, revaluation of investment properties and other gains and losses. Total income after revaluation gains and losses includes rental income which is used as the basis to report key measures such as EPRA Net Initial Yield ("NIY") and EPRA "Topped Up" NIY, which measure the cash passing rent returns on market value of investment properties before and after an adjustment for the expiration of rent free periods or other lease incentives respectively. All interest income relates to Other Assets whilst the revenue for all other segments represents rental income.

No segment information is presented for the prior period as the Group's investment properties were all acquired since 31 March 2014.

Group consolidated segment analysis
For the year 1 April 2014 to 31 March 2015

	Office Assets €'000	Industrial Assets €'000	Residential Assets €'000	Office Development Assets €'000	Other Assets €'000	Unallocated €'000	Group Consolidated Position €'000
Rental income	15,997	440	196	-	479	-	17,112
Interest income	-	-	-	-	1,657	-	1,657
Revenue	15,997	440	196	-	2,136	-	18,769
Property outgoings	(253)	(140)	(104)	(116)	(74)	(38)	(725)
Total Property Income	**15,744**	**300**	**92**	**(116)**	**2,062**	**(38)**	**18,044**
Revaluation of investment properties	66,750	(4)	2,551	11,512	-	-	80,809
Other gains and losses	-	-	10,059	(5,100)	2,732	-	7,691
Total Income	**82,494**	**296**	**12,702**	**6,296**	**4,794**	**(38)**	**106,544**
Investment Manager fee - base	-	-	-	-	-	(4,690)	(4,690)
Performance fee						(5,772)	(5,772)
Administration expenses	-	-	-	-	-	(1,584)	(1,584)
Total operating expenses	**-**	**-**	**-**	**-**	**-**	**(12,046)**	**(12,046)**
Operating profit/(loss)	82,494	296	12,702	6,296	4,794	(12,084)	94,498
Net finance cost	-	-	-	-	-	(1,575)	(1,575)
Profit/(loss) before tax	**82,494**	**296**	**12,702**	**6,296**	**4,794**	**(13,659)**	**92,923**
Total Segment Assets	**475,877**	**10,319**	**66,500**	**88,600**	**18,651**	**148,094**	**808,041**
Investment Properties	**475,877**	**10,319**	**66,500**	**88,600**	**-**	**-**	**641,296**

6. Revenue

	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Rent receivable	14,712	-
Surrender premium	2,400	-
Gross rental and related income	**17,112**	**-**
Interest income from loans and receivables	1,657	158
Revenue	**18,769**	**158**

Rental income arises from the Group's investment properties. Interest income arises from the recognition of the effective interest rate on the loans and receivables in accordance with the accounting policy described in Note 4(d). Rental income includes €1.4m in relation to the spreading of lease incentives (31 March 2014:€nil).

Notes forming part of the annual report
continued

7. Other gains and losses

	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Gains on recognition of investment property	10,059	-
Fair value of written call option	(5,100)	-
Gains on sales of non-current assets classified as held for sale	2,732	-
Other gains and losses	**7,691**	**-**

The gains on recognition of investment property arise from the difference between initial recognition at cost of the loans relating to the Dorville Core Assets and the fair value at the date of subsequent recognition of the underlying investment properties.

8. Operating profit for the year

Operating profit for the year has been stated after charging/(crediting):

	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Non-executive directors' fees	250	145
Professional valuers' fees	218	-
Depository fees	218	69
Registrar fees	28	4

All fees paid to non-executive directors are for services as directors.

Professional valuers' fees are paid to CBRE Dublin in return for their services in providing independent valuations of the Group's properties on an at least twice yearly basis. In 2014 CBRE also provided valuation services in relation to the secondary equity issue. CBRE Ireland, a private unlimited company, is part of a worldwide group with total revenues for 2014 of approximately $9 billion of which valuation and appraisal services constitute approximately 5%.

There were no employees during the year.

Auditor's remuneration	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Fees paid to the external auditor		
Audit of financial statements	85	30
Other assurance services	17	-
Tax advisory services	97	30
Other non-audit services	226	220
Total	**425**	**280**

The other non-audit fees were charged in relation to the Company's share offering, €225,894 to 31 March 2015 (31 March 2014: €220,000, relating to the Initial Public Offering).

9. Finance income and expense

	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Interest income on cash and cash equivalents	399	214
Effective interest expense on borrowings	(897)	-
Finance expense on payable due for investment property	(1,077)	-
Net finance income/(expense)	**(1,575)**	**214**

As disclosed in Note 21 below, the Group has recognised a payable due for investment property in relation to the Hardwicke House and Montague House acquisition. The Group has therefore accounted for the related finance charge using the effective interest method.

The effective interest expense on borrowings arises as a result of the recognition of interest expense, commitment fees and arrangement fee on the Group's undrawn revolving credit facility (Note 19).

10. Income tax expense

	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Income tax on non-core property income	(5)	-
Tax on the disposal of non-core assets	(686)	-
Income tax expense for year	**(691)**	**-**

The tax expense during the year arose in respect of income and gains from the Group's residual business.

Reconciliation of income tax expense for the year	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Profit/(loss) before tax	92,923	(846)
Tax charge on profit at standard rate of 12.5%	11,615	-
Non-taxable revaluation surplus	(10,721)	-
REIT tax-exempt rental profit	(547)	-
Other (Additional tax rate on Non-Core)	344	-
Income tax expense for year	**691**	**-**

Hibernia REIT plc has elected for Real Estate Investment Trust ("REIT") status 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 its 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 a group's Residual Business that is, its non-property rental business.

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.

Notes forming part of the annual report
continued

11. Dividends

	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Interim dividend for the year ended 31 March 2015 of 0.3 cent per share	2,011	-
Proposed final dividend for the year ended 31 March 2015 of 0.5 cent per share	3,375	-

The Board has proposed a final dividend of 0.5 cent per share which is subject to approval by shareholders at the Annual General Meeting and has therefore not been included as a liability in these consolidated financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 26 June 2015 and therefore will include the performance fee shares which are to be issued. Of this proposed final dividend, 0.45 cent per share will be a PID in respect of the Group's tax exempt property rental business. The total dividends, interim paid and proposed for the year ended 31 March 2015 are 0.8 cent per share or €5,386,007 (31 March 2014: €nil).

The payment of this dividend will not have any tax consequences for the Group. The Board has decided to introduce a Dividend Reinvestment Plan ("DRIP") commencing with the final dividend: this will allow shareholders to instruct Capita, the Company's registrar, to reinvest dividend payments by the purchase of shares in the Company. Details will be provided to shareholders along with this Annual Report.

12. Earnings per Share

There are no convertible instruments, options, warrants or ordinary shares that are issued upon the satisfaction of specified conditions as at the year ended 31 March 2015. However, the Company has established a reserve of €5.8m against the issue of ordinary shares relating to the payment of the performance fee due under the Investment Management Agreement. It is estimated that approximately 4.7m ordinary shares will be issued calculated on an issue price of €1.2375. The dilutive effect of these shares is disclosed below. There were no dilutive effects on earnings per share as at 31 March 2014.

The calculations are as follows:

Weighted average number of shares	31 March 2015 '000	31 March 2014 '000
Issued share capital at beginning of period	385,000	-
Shares issued during the period	285,317	385,000
Shares in issue at end of period	670,317	385,000
Weighted average number of shares	500,690	383,559
Estimated additional shares due for issue from performance reserve	4,664	-
Diluted number of shares	**505,354**	**383,559**

12. Earnings per Share continued

Basic and diluted earnings per share	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Profit/(loss) for the period attributable to the owners of the Company	92,232	(846)
	'000	'000
Weighted average number of ordinary shares (basic)	500,690	383,559
Weighted average number of ordinary shares (diluted)	505,354	383,559
Basic earnings per share (cents)	**18.4**	**(0.2)**
Diluted earnings per share (cents)	**18.3**	**(0.2)**

The estimated additional shares that are to be issued pursuant to performance fee arrangements are not included in the basic share calculation due to the way in which the performance fee is earned which is outlined in Note 26.2. The price applied in calculating these shares is €1.2375 per share.

For the period 13 August 2013 to 31 March 2014 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 at this date

13. Investment Properties

	31 March 2015			
	Office and Residential Level 3 €'000	Development Level 3 €'000	Industrial Level 3 €'000	Total Level 3 €'000
Carrying Value at 1 April 2014	-	-	-	-
Additions:				
Property Purchases	412,714	76,578	10,338	499,630
Investment properties recognised on de-recognition of loans (Note 1)	48,684	-	-	48,684
Development and Refurbishment Expenditure (Note 2)	11,678	510	(15)	12,173
Revaluations included in income statement	69,301	11,512	(4)	80,809
Carrying Value at 31 March 2015	**542,377**	**88,600**	**10,319**	**641,296**

No disclosures are made in relation to the period ended 31 March 2014 as all investment property acquisitions were made during the year ended 31 March 2015.

Note 1: During the year, certain loans which were acquired by the Group were recognised as investment properties and accounted for in accordance with the accounting policies set out in Note 4(i).

Note 2: The €11.7m of development and refurbishment expenditure on office and residential includes €13.5m in relation to the expenditure on Wyckham Point and a dilapidation receipt for Commerzbank House as discussed below.

Notes forming part of the annual report
continued

13. Investment Properties continued

On 28 August 2014, the Group announced that it had signed a development contract with JJ Rhatigan & Company for the fit-out and completion of the Group's 213 partially completed apartments in Wyckham Point, Dundrum. The total cost to complete the apartments is expected to be up to €25m (including VAT). Approximately €13.5m in costs in relation to this development have been incurred to date. This project will be completed on a phased basis with the first units finished and let to tenants in April 2015.

The Group received €2.1m in relation to a dilapidation costs payment relating to Commerzbank's break of their lease on Commerzbank House. This has been applied to the development and refurbishment costs on this property and therefore reduces the cost of this property.

The vendor of the Windmill lane site was granted an option when the Group purchased the site, to buy into 50% of the future development project at the original purchase price. This option has been accounted for as written call option and, as there is no net settlement, the fair value liability of €5.1m is shown separately from the investment property value in the financial statements as a trade and other payable. In analysing the results of the portfolio, the Group nets the value of this option with the fair value of the investment properties, resulting in a total value of investment property for portfolio performance purposes of €636m.

The valuations used in order to determine fair value for the investment properties in the financial statements are determined by CBRE, the Group's independent valuers, and are in accordance with the provisions of IFRS 13. CBRE has agreed to the use of their valuations for this purpose. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13. As discussed in Note 3 (g) above, property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer. For these reasons, and consistent with EPRA's guidance, the Group has classified the valuations of its property portfolio as Level 3 as defined by IFRS 13. The method that is applied for fair value measurements categorised within Level 3 of the fair value hierarchy is the yield methodology using market rental values capitalised with a market capitalisation rate or yield or other applicable valuation technique. A reduction of €1.2m has been made to the valuation of the Forum building to reflect the maximum value of a potential payment in relation to the acquisition of the car park. In addition, a reduction of €1m has been recognised in the valuation as the effect of the recognition policy on rental incentives. There were no transfers between levels during the year. There was no capitalised interest included in investment properties during the year.

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

The valuation technique used in determining the fair value for each of the categories of assets is market value as defined by VPS4 of the Red Book 2014, being the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, and is in accordance with IFRS 13. Included in the inputs for the valuations above are future development costs where applicable. The tables below show a summary of the quantitative inputs for the fair value determination as at 31 March 2015 and sensitivity information for each category.

Quantitative Information

The following information has been used in calculating the fair value of Investment Properties at 31 March 2015. There is no equivalent disclosure for the period ended 31 March 2014 as the Group had no Investment Properties as at that date.

13. Investment Properties continued

Information on fair value inputs as at 31 March 2015

	Fair value at 31 March 2015 €m	Inputs	Lowest in range	Highest in range
Office assets	475	Annual rent € per sq. ft.	€14.45	€45.50
		ERV € per sq ft	€22.50	€48.00
		Equivalent Yield	5.00%	6.13%
Industrial assets	10	Annual rent € per sq. ft.	€4.22	€5.12
		ERV € per sq ft	€2.75	€5.20
		Equivalent Yield	7.63%	7.63%
Residential assets	67	Equivalent Yield	4.50%	4.75%
Development assets	89	Equivalent Yield	5.40%	6.50%

Sensitivity Analysis

Estimated rental values and market observed yields are key inputs into the valuation models used. For example, completed properties are valued mainly using a term and reversion model, i.e. the present values of future cash flows from expected rental receipts are calculated. For the existing rental contract or "term" this is the expected rents from tenants over the period to the next lease break option or expiry. After this period, the "reversion", estimated rental values are used to calculate cash flows based on expectations from current market conditions. Thus a decrease in the estimated rental value will decrease the fair value. Similarly, an increase in the yield will decrease the fair value. There are interrelationships between these rates as they are determined by market rate conditions. Most of the Group's properties are valued on this or a basis using similar assumptions.

Across the entire portfolio of investment properties, a 1% increase in yield would have the impact of a €139m reduction in fair value whilst a 1% decrease in yield would result in a fair value increase of €201m.

This is further analysed by property class, as follows:

	31 March 2015	
Property Class	Change in fair value +1% Yield €'000's	Change in fair value -1% Yield €'000's
Office assets	(88,200)	128,783
Development assets	(36,290)	52,820
Residential assets	(13,660)	18,400
Industrial assets	(1,058)	1,370
Total	**(139,208)**	**201,373**

Notes forming part of the annual report
continued

14. Loans and receivables

	31 March 2015 €'000	31 March 2014 €'000
Balance at beginning of period	68,563	-
Purchases and loan advances	38,800	68,405
Loans recognised as investment properties	(38,625)	-
Loans recognised as non-current assets classified as held for sale	(22,993)	-
Loan repayments	(47,250)	-
Interest income at effective interest rate	1,657	158
Balance at end of period	**152**	**68,563**

The opening loans and receivables balance consists of the loans which were part of the Dorville loan portfolio acquired in March 2014, which were secured on the Dorville Core and Non-Core Assets as discussed in Note 3(f). The Dorville Core assets are recognised as investment properties and the legal acquisition of 213 partially completed apartments at Wyckham Point, Dundrum and offices at South Dock House, Grand Canal Dock, Dublin has also completed. The Dorville Non-Core assets have now either been disposed of, and the proceeds applied to the loan balances, or acquired by the Company as non-current assets classified as held for sale (Note 16).

Loan purchases and advances for the year consist of a loan issued to the owners of Cumberland House as well as part of a portfolio acquired from Ulster Bank, the BH portfolio. The Group acquired Cumberland House in February 2015, at which time the loan principle was repaid through the acquisition of the property. The BH portfolio was purchased for a total cost of €2.5m of which €1.7m related to loans secured over four apartments in the Cannon Place apartment block acquired as part of the Dorville acquisition. These four apartments are recognised as investment properties in line with the Group's policy on investment property recognition.

The balance of loans and receivables at the year-end consists of one loan on which the Group hold a property as collateral.

15. Trade and other receivables

	31 March 2015 €'000	31 March 2014 €'000
Deposit paid on investment property	-	11,010
Due from sale of non-current assets classified as held for sale	1,467	-
Receivable from loan redemptions	3,613	-
Amounts receivable from related parties	-	366
Arrangement fee	394	-
Property income receivables	1,911	-
Prepayments	266	110
VAT refundable	1,395	161
Balance at end of period	**9,046**	**11,647**

There are no amounts past due. The Directors consider that the carrying value of trade and other receivables approximates to their fair value. The amounts receivable from loan redemptions and the sale of other non-current assets classified as held for sale relate to monies due from the sale of a number of collateral properties. Apart from this amount, there is no concentration of credit risk with respect to trade receivables as most of these relate to prepayments and refunds due on taxes.

16. Non-current assets classified as held for sale

	31 March 2015 €'000	31 March 2014 €'000
Balance at start of period	-	-
Recognised during the period	22,993	-
Acquisition costs	541	-
Sold during the period	(5,035)	-
Balance at end of period	**18,499**	**-**

The Group has purchased two portfolios of loans (see Note 14) which included as collateral some assets the Group retained for its investment portfolio and other assets which the Group intends to dispose of as soon as possible. Those assets not intended for the investment portfolio and not disposed of by February 2015 have been legally acquired by the Company and recognised as non-current assets classified as held for sale in accordance with the Group's accounting policy (Note 4.j). Plans for the disposal of these assets are well advanced. A sales agent has been appointed and a sales plan agreed. In order to ensure that the best prices are achieved, these assets are being released to the market in a phased basis over the period to 31 December 2015. It is expected that disposal of these assets will be completed at the latest within 12 months from their acquisition by the Company. These assets do not form part of the REIT property rental business.

Non-current assets classified held for sale are measured at the lower of carrying amount and fair value less costs to sell. The Directors have assessed the fair value of these assets by reviewing the sales prices achieved on similar assets and the expected sales price as determined by the selling agent in preparing their disposal plans. Assets sold to date have achieved at least their acquisition price on an individual basis and in total a profit of approximately €2.7m before tax and after costs has been achieved. The Directors have therefore concluded that the fair value of these assets is at least their carrying value.

17. Issued capital and share premium

	31 March 2015			31 March 2014		
	Share Capital €'000	Share Premium €'000	Total €'000	Share Capital €'000	Share Premium €'000	Total €'000
At start of period	38,500	333,312	371,812	-	-	-
Shares issued during the period	28,532	271,052	299,584	38,500	346,500	385,000
Costs associated with the issue	-	(13,409)	(13,409)	-	(13,188)	(13,188)
At end of period	**67,032**	**590,955**	**657,987**	**38,500**	**333,312**	**371,812**

Authorised share capital

	31 March 2015 No of shares '000	31 March 2014 No of shares '000
Authorised	1,000,000	1,000,000
Allotted, called up and fully paid		
Issued for cash	670,317	385,000
In issue at period end	**670,317**	**385,000**

On 7 October 2014 the Company announced its intention to undertake a Firm Placing and a Placing and Open Offer (the "Capital Raise") to raise gross proceeds of approximately €299.6m through the issue of 285,317,459 New Ordinary Shares at a price of 105 euro cent (or €1.05) per New Ordinary Share (the "Issue Price"). 71,428,571 New Ordinary Shares were issued through the Firm Placing at the Issue Price and 213,888,888 New Ordinary Shares were issued through the Placing and Open Offer at the Issue Price to raise gross proceeds of approximately €299.6m. These shares were admitted to trading on 4 November 2014.

Notes forming part of the annual report
continued

18. Share based payments

	31 March 2015 €'000	31 March 2014 €'000
Other reserves	**5,772**	**-**

Other reserves comprise amounts reserved for the issue of shares in respect of the performance fees due to the Investment Manager for the year ended 31 March 2015 (31 March 2014: €nil). Further details of this are set out in Note 26.2.

19. Loans and advances from banks

On 12 August 2014, the Company and its subsidiary, Hibernia REIT Finance Limited, signed a €100m three year floating rate revolving credit facility with Bank of Ireland. An arrangement fee of €500,000 was paid in relation to this facility and is accounted for as part of the effective interest on the loan. A commitment fee of 1% is payable on the undrawn balance.

First ranking security for the Revolving Credit Facility is given by way of floating charges granted by the Company and its subsidiary, Hibernia REIT Finance Limited, over all of the Group's assets and also by way of a fixed charge granted by the Company over the shares in each of its subsidiaries as may from time to time exist.

There was no balance drawn on this facility at 31 March 2015. The Directors confirm that all covenants have been complied with and are kept under review.

20. Trade and Other Payables

	31 March 2015 €'000	31 March 2014 €'000
Accrued investment property costs	687	-
Loan acquisition costs	-	500
Fair value of written call option	5,100	-
Rent deposits and early payments	1,920	-
Investment management fee payable -base	1,625	-
Trade and other payables	2,153	398
PAYE/PRSI payable	36	36
Tax payable	689	-
Balance at end of period	**12,210**	**934**

The fair value of the written call option relates to an option that was granted to the vendor of the Windmill Lane site to buy into 50% of the development project at the original purchase price. Trade and other payables are interest free and have settlement dates within one year. The Directors consider that the carrying value of trade and other payables approximates to their fair value.

21. Payable due for investment properties

	31 March 2015 €'000	31 March 2014 €'000
Payable due for investment property	**42,697**	**-**

On 16 May 2014 the Group entered into an arrangement to acquire two Grade A office buildings, Hardwicke House and Montague House in Dublin's Central Business District in a partially deferred transaction for a total consideration of approximately €61.3m (including costs). This transaction was structured as a loan transaction with the Group paying a sum of €18.25m. Under the terms of a call option and put option agreement, the Group has the right to take ownership (or can be required to take ownership) of the buildings on payment of the agreed balance and the vendor has the right to sell the property to the Group after 1 January 2016 if the Group has not already acquired it. The Company is most likely to complete the acquisition by December 2015 to comply with existing REIT rules. The finance charge relating to this payable is recognised for the period as a finance expense (Note 9).

22. IFRS and EPRA Net Asset Value per Share

	31 March 2015 €'000	31 March 2014 €'000
IFRS net assets at period end	753,134	370,966
Ordinary shares in issue	670,317	385,000
IFRS NAV per share (cents)	**112.4**	**96.4**
Ordinary shares in issue	670,317	385,000
Estimated additional shares due for issue from performance reserve	4,664	-
Diluted number of shares	**674,981**	**385,000**
Diluted IFRS NAV per share (cents)	**111.6**	**96.4**

The Company has established a reserve of €5.8m against the issue of ordinary shares relating to the payment of the performance fee due under the Investment Management Agreement. It is estimated that approximately 4.7m ordinary shares will be issued in relation to this fee. The IFRS NAV is therefore presented on a diluted basis including these shares.

EPRA NAV

	31 March 2015 € '000	31 March 2014 € '000
IFRS net assets at period end	753,134	370,966
Revaluation of non-current assets classified as held for sale	1,445	-
EPRA NAV	**754,579**	**370,966**
EPRA NAV per share (cents)	**111.8**	**96.4**

Notes forming part of the annual report
continued

23. 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 principally comprise short term bank deposits and trade receivables. The Group currently has no financial liabilities other than trade payables which do not, with the exception of a written call option on the Windmill lane site, give rise to any significant market risk. The written call option is measured at fair value which is approximately 50% of the gain on the Windmill Lane site held as investment property.

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, €139m at the period end (31 March 2014: €291m). Interest rates are at historic lows and therefore the impact of a change in the rate by 10% during the period would be approximately €40,000 (31 March 2014: c. €22,000).

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 asset is cash and cash equivalents. Loans receivables which totalled €69m on 31 March 2014 have either been repaid through the sale of collateral properties and the receipt of income from these properties or by the direct acquisition of the properties by the Group.

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: Approximately €5.1m of the balance of trade and other receivables relates to funds due from the sale of properties. These amounts are therefore secured on the properties as title will not be released until the funds have been received on completion. The balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments and tax refunds due.

The maximum amount of credit exposure is therefore:

	31 March 2015 €'000	31 March 2014 €'000
Trade and other receivables	9,046	11,647
Cash and cash equivalents	139,048	291,690
Balance at end of period	**148,094**	**303,337**

23. Financial Instruments and risk management continued

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:

	31 March 2015 €'000	31 March 2014 €'000
Net current assets at the period end	**111,686**	**302,403**

The following tables show total liabilities due as compared with funds available. No account is taken of trade and other receivables due, rent income due under operating leases, or other cash in-flows. Only trade payables relating to cash expenditure are included, the balances relate either to non-cash items or deferred income.

	31 March 2015 €'000	31 March 2014 €'000
Liabilities due in less than one year:		
Trade and other payables	5,190	934
Payable for investment property	42,697	-
Total liabilities due in less than one year	**47,887**	**934**
Funds available:		
Cash and cash equivalents	139,048	291,690
Revolving credit facility undrawn	100,000	-
Total funds available - less than one year	**239,048**	**291,690**
Net funds available	**191,161**	**290,756**

All financial liabilities for the Group 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. Any alteration in this leverage ratio would be an amendment to the investment policy and therefore require a shareholder vote. 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 2015 the capital of the Company was €753m (31 March 2014: €371m).

There are no external capital requirements on the Group.

Notes forming part of the annual report
continued

23. Financial Instruments and risk management continued

d. Capital management continued

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. During the year ended 31 March 2015, the Group launched a secondary equity issue as discussed in Note 17.

The Company's share capital is publicly traded on the London and Irish 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.

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 following table shows the Group's financial assets and liabilities and the methods used to calculate fair value.

Asset/ Liability	Carrying value	Level	Method	Assumptions
Loan and receivables	Amortised cost	3	Assessed in relation to collateral value	Valuation of collateral is subjective based on agents' guide sales prices and market observation of similar property sales where available
Trade and other receivables	Amortised cost	2	Cash value	Most of these are receivables in relation to the sale of properties, prepayments or income tax refunds and therefore there is no objective information of any loss and they are expected to be fully recoverable in the short term. No discounting is therefore applied
Trade and other payables	Amortised cost	2	Cash value	These are all accruals and will settle in the short term based on their cash value and therefore no discounting is applied

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.

At 31 March 2015 the Group's liability, payable due for investment property, is held at fair value based on the net present value discounted at a market interest rate. In addition, the written call option on the Windmill Lane site is held at fair value. Other than this, the Group had no financial assets or liabilities held at fair value. As at 31 March 2014, the Group had no financial assets or liabilities which were carried at fair value.

23. Financial Instruments and risk management continued

e. Fair values of financial assets and financial liabilities continued

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.

	31 March 2015 Carrying value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	31 March 2014 Carrying value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial assets								
Loans and receivables	152	-	-	152	68,563	-	-	68,563
Trade and other receivables	9,046	-	9,046	-	11,647	-	11,647	-
Cash and Cash equivalents	139,048	139,048	-	-	291,690	291,690	-	-
	148,246	**139,048**	**9,046**	**152**	**371,900**	**291,690**	**11,647**	**68,563**
Financial liabilities								
Trade and other payables	12,210	-	7,110	5,100	934	-	934	-
Payable due for investment property	42,697	-	42,697	-	-	-	-	-
	54,907	**-**	**49,807**	**5,100**	**934**	**-**	**934**	**-**

Fair value movements at level 3

	31 March 2015 €'000	31 March 2014 €'000
Balance at start of period	**68,563**	**-**
Transfers into level 3	-	-
Transfers out of level 3	(22,993)	-
Purchases, sales, issues and settlement		
Purchases	550,603	68,405
Sales	-	-
Repayments	(47,250)	-
Fair value recognition	85,768	-
Amortisation	1,657	158
Balance at end of period	**636,348**	**68,563**

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.

Notes forming part of the annual report
continued

24. Operating leases receivables

Future aggregate minimum rentals receivable (to the next break date) under non-cancellable operating leases are:

	31 March 2015 €'000	31 March 2014 €'000
Operating lease receivables due in:		
Less than one year	20,457	-
Between two and five years	41,469	-
Greater than five years	24,412	-
	86,338	**-**

The Group leases its investment properties under operating leases. The weighted average unexpired lease term (WAULT) at 31 March 2015 based on lease expiry date was 7.8 years or 3.9 years based on the next tenant break option date (31 March 2014: n/a).

25. Investment in subsidiary undertakings

The Company has the following interests in ordinary shares in the following subsidiary undertakings at 31 March 2015. These subsidiaries are fully owned and consolidated within the Group.

Name	Registered address/ Country of Incorporation	Shareholding/ Number of shares held	Directors	Company Secretary	Nature of business
Hibernia REIT Finance Limited	Marine House, Clanwilliam Place, Dublin 2/ Ireland	100%/ 10	Daniel Kitchen, Colm Barrington, Stewart Harrington, Terence O'Rourke, William Nowlan	Castlewood Corporate Services Limited	Financing activities
Hibernia REIT Holding Company Limited	Marine House, Clanwilliam Place, Dublin 2/ Ireland	100%/ 10	Richard Ball, Kevin Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Holding property interests
Mayor House Basement Management Limited	Marine House, Clanwilliam Place, Dublin 2/ Ireland	100%/2	Richard Ball, Kevin Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Property management
Lamourette Limited	Marine House, Clanwilliam Place, Dublin 2/ Ireland	100%/2	Richard Ball, Kevin Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Property management

The Group has no interests in unconsolidated subsidiaries.

26. Related Parties

26.1 Subsidiaries

All transactions between the Company and its subsidiaries are eliminated on consolidation.

26.2 Investment Manager

The Group, 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 and Mr. Frank Kenny. William Nowlan is the investment director of the Investment Manager. Frank Kenny is the development director of the Investment Manager. Both the Investment Manager and Nowlan Property Limited are considered to be related parties of the Company. The following are the key management of the Investment Manager:

Kevin Nowlan	Chief Executive Officer
Richard Ball	Chief Investment Officer
Tom Edwards-Moss	Chief Financial Officer
William Nowlan	Investment Director
Frank Kenny	Development Director
Sean O' Dwyer	Risk and Compliance Officer
Frank O'Neill	Chief Operations Officer

All of this team, with the exception of Sean O' Dwyer, are Directors of the Investment Manager. The investment management fee covers the services of this management team, save regulatory costs which are borne by the Company.

At 31 March 2015, the Directors of the Investment Manager held an aggregate of 2,059,894 shares in the Company, of which 600,000 are held by William Nowlan and 147,620 are held by Kevin Nowlan.

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

Base Fee

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

EPRA NAV:

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

The total base fee earned by the Investment Manager in the period amounted to €4.7m (excluding VAT). The Company paid the Investment Manager €2.7m during the period in relation to the base fee and at the period end the Company owed the Investment Manager €1.6m with the remaining €0.4m being prepaid as at 31 March 2014.

The Investment Manager incurred "out of pocket" expenses during the year to the amount of €159k (excluding VAT). These costs were refunded by the Company in accordance with the Investment Management Agreement.

Notes forming part of the annual report
continued

26. Related Parties continued
26.2 Investment Manager continued
Performance fee

A performance fee may also paid to the Investment Manager subject to the Group achieving certain returns criteria. The Performance Fee is calculated annually on a per Ordinary Share basis as to 50% by reference to the return to shareholders (via the calculation of REIT IMA Shareholder Return) and as to 50% by reference to outperformance of the Reference Index the "SCSI/IPD Ireland Quarterly Property Index-All Property Quarterly Index" (via the calculation of the Relative Performance Fee). Performance fees due at 31 March 2015 were €5.8m. A reserve has been created for this amount (Note 18). Shares based on the average closing price for the 20 days prior to the issuing of the performance fee invoice by the Investment Manager will be issued after the year end when the fees are agreed.

26.3 Key management personnel
The non-executive directors are the only key management personnel of the Group. The management functions are delegated to the Investment Manager under the Investment Management Agreement. Details on the investment management fees which compensate the Investment Manager for these functions are disclosed above.

26.4 Other related party transactions
WK Nowlan Property Limited is an 80% owned subsidiary of Nowlan Property Limited and was engaged on an arm's length basis to carry out receivership and project management services in relation to the loan and property portfolios. A significant amount of this work relates to the resolution of the collateral properties that made up the Dorville portfolio of loans. The fees paid for these services were benchmarked on normal commercial terms. These fees totalled €0.7m to 31 March 2015 (31 March 2014: €nil). No balances were owed to WK Nowlan Property Limited at the period end. William Nowlan is Chairman of Nowlan Property Limited and Frank O'Neill is a non-executive director.

There were no further related party transactions for the period.

27. Profit or loss of the parent company
The parent company of the Group is Hibernia REIT plc. In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the Parent Company is availing of the exemption of presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Parent Company's profit after tax for the year ended 31 March 2015 determined in accordance with IFRS is €92.2m (31 March 2014: €0.8m (Loss)).

28. Subsequent Events
1. On 30 April 2015 the Company acquired 35 – 37 Lower Camden St for a price of €1.6m (€1.7m including costs).

2. On 7 May 2015 the Company announced the acquisition of 11 Lime Street for €1.4m.

3. On 8 May 2015, the Company announced its intention to seek approval from its shareholders for the internalisation of the investment Manager. Further information on this proposal is given in the Chairman's Statement on pages 4 to 5 of this Annual Report.

Company statement of financial position
As at 31 March 2015

	Notes	31 March 2015 €'000	31 March 2014 €'000
Assets			
Non-current assets			
Investment Property	c	641,296	-
Loans to subsidiary	d	3,984	68,416
		645,280	68,416
Current assets			
Trade and other receivables	e	5,428	11,647
Cash and cash equivalents		138,652	291,679
		144,080	303,326
Non-current assets classified as held for sale	f	18,499	-
Total current assets		162,579	303,326
Total assets		**807,859**	**371,742**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	g	657,987	371,812
Retained earnings		89,249	(962)
Other reserves	h	5,772	-
Total equity		753,008	370,850
Current liabilities			
Trade and other payables	i	12,154	892
Payable due for investment property	j	42,697	-
Total current liabilities		54,851	892
Total equity and liabilities		**807,859**	**371,742**

The notes on pages 86 to 89 form an integral part of these Company financial statements. The Company financial statements on pages 83 to 89 were approved and authorised for issue by the Board of Directors on 29 May 2015 and signed on its behalf by:

Mr Daniel Kitchen
Chairman
29 May 2015

Mr Terence O'Rourke
Director
29 May 2015

Company statement of changes in equity
For the year ended 31 March 2015

	Notes	Share Capital €'000	Share Premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
		1 April 2014 to 31 March 2015				
Balance at start of period		**38,500**	**333,312**	**(962)**	**-**	**370,850**
Total comprehensive income for the period						
Profit for the period		-	-	92,222	-	92,222
Total other comprehensive income		-	-	-	-	-
		38,500	333,312	91,260	-	463,072
Transactions with owners of the Company, recognised directly in equity						
Dividends		-	-	(2,011)	-	(2,011)
Issue of ordinary shares for cash		28,532	271,052	-	-	299,584
Share issue costs		-	(13,409)	-	-	(13,409)
Share based payments	h	-	-	-	5,772	5,772
Balance at end of period		**67,032**	**590,955**	**89,249**	**5,772**	**753,008**

	Share Capital €'000	Share Premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
	13 August 2013 to 31 March 2014				
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	38,500	346,500	-	-	385,000
Share issue costs	-	(13,188)	-	-	(13,188)
Balance at end of period	**38,500**	**333,312**	**(962)**	**-**	**370,850**

The notes on pages 86 to 89 form an integral part of these Company financial statements.

Company statement of cash flows
For the year ended 31 March 2015

	1 April 2014 to 31 March 2015 €'000	13 August 2013 to 31 March 2014 €'000
Cash flows from operating activities		
Profit/(loss) for the period	92,222	(962)
Adjusted for:		
Revaluation of investment properties	(80,809)	-
Other gains and losses	(7,691)	-
Share based payment	5,772	-
Rental income paid in advance/(accrued)	9	-
Finance (income)/expense	1,575	(214)
Income tax expense	691	-
	11,769	(1,176)
(Increase) in trade and other receivables	(1,056)	(600)
Increase in trade and other payables	3,355	392
Net cash flow from operating activities	**14,068**	**(1,384)**
Cash flows from investing activities		
Purchase of investment property	(483,861)	(11,010)
Development and Refurbishment Expenditure	(12,173)	-
Purchase of non-current assets classified as held for sale	(23,534)	-
Sale of non-current assets classified as held for sale	6,297	-
Decrease/(Increase) in inter-company loans	63,933	(67,916)
Finance income	399	-
Finance expense	(1,820)	177
Net cash used in investing activities	**(450,759)**	**(78,749)**
Cash flow from financing activities		
Dividends paid	(2,011)	-
Arrangement fee paid re bank facility	(500)	-
Proceeds from the issue of ordinary share capital	299,584	385,000
Share issue costs	(13,409)	(13,188)
Net cash inflow from financing activities	**283,664**	**371,812**
Net (decrease)/Increase in cash and cash equivalents	**(153,027)**	**291,679**
Cash and cash equivalents period start	291,679	-
(Decrease)/increase in cash and cash equivalents	(153,027)	291,679
Net cash and cash equivalents at period end	**138,652**	**291,679**

The notes on pages 86 to 89 form an integral part of these Company financial statements.

Notes to the company financial statements

a. Accounting policies and critical accounting estimates and judgements

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU) and with those parts of the Companies Acts, 1963 to 2013 applicable to companies reporting under IFRS. The financial statements reflect the financial position of the Company only and do not consolidate the results of any subsidiaries. The financial statements have been prepared under the historical cost convention, as modified to include the fair valuation of certain financial instruments and land and buildings. The significant accounting policies of the parent company are the same as those of the Group which are set out in Note 4 to the consolidated financial statements on pages 62 to 64 of the Group's Annual Report. The Company's investments in its subsidiaries are stated at cost less any impairment. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. A description of the key estimates and significant judgements is set out in Note 3.(f) and 3.(g) to the consolidated financial statements on pages 59 to 60 of the Group's Annual Report.

Impairment review of shares in Group undertakings

The Company reviews its shares in Group undertakings for impairment at each reporting date. Impairment testing involves the comparison of the carrying value of the investment with its recoverable amount. The recoverable amount is the higher of the investment's fair value or its value in use. Value in use is the present value of expected future cash flows from the investment. 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. Impairment testing inherently involves a number of judgemental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting; the assessment of the discount rate appropriate to the business; estimation of the fair value of the investment; and the valuation of the separable assets comprising the overall investment in the Group undertaking. The use of reasonably possible alternative assumptions would not materially impact the carrying value of the Company's shares in Group undertakings. See note k for further information.

b. Auditors' remuneration

	1 April 2014 to 31 March 2015	13 August 2013 to 31 March 2014
	€'000	€'000
Fees paid to the external auditor		
Audit of financial statements	85	30
Other assurance services	17	-
Tax advisory services	97	30
Other non-audit services	226	220
Total	**425**	**280**

The other non-audit fees were charged in relation to the Company's share offering, €225,894 to 31 March 2015 (31 March 2014: €220,000 relating to the Initial Public Offering).

c. Investment properties

For further information on investment properties refer to Note 13 of the consolidated financial statements.

d. Loans to subsidiary

	31 March 2015 €'000	31 March 2014 €'000
Balance at start of period	**68,416**	**-**
Loan advances	93,107	68,258
Loan repayments	(161,711)	-
Interest income at effective interest rate	4,172	158
Balance at end of period	**3,984**	**68,416**

This represents funding supplied to the Company's subsidiary, Hibernia REIT Finance Limited, for the purchase of loans and loan portfolios over collateral properties. The majority of these properties are destined for the investment property portfolio of the Company. These loans are all at current market rates.

e. Trade and other receivables

	31 March 2015 €'000	31 March 2014 €'000
Deposit paid on investment property	-	11,010
Due from sale of non-current assets classified as held for sale	1,467	-
Amounts receivable from related parties	-	366
Property income receivables	1,911	-
Prepayments	261	110
Arrangement fee	394	-
VAT refundable	1,395	161
Balance at end of period	**5,428**	**11,647**

There are no amounts past due. The Directors consider that the carrying value of trade and receivables approximates to their fair value. The amounts receivable from the sale of non-current assets classified as held for sale relate to monies due from the sale of a number of properties which were originally held as collateral for loans due in a subsidiary company. Apart from this amount, there is no concentration of credit risk with respect to trade receivables as the balance relates mainly to either prepayments or refunds due on taxes.

f. Non-current assets classified as held for sale

For further information on non-current assets classified as held for sale refer to Note 16 of the consolidated financial statements.

g. Issued share capital and share premium

For further information on issued share capital refer to Note 17 of the consolidated financial statements

h. Other reserves

For further information on share based payments refer to Note 18 of the consolidated financial statements.

Notes to the company financial statements
continwd

i. Trade and other payables

	31 March 2015 €'000	31 March 2014 €'000
Accrued investment property costs	687	-
Loan acquisition costs	-	500
Fair value of written call option	5,100	-
Rent deposits and early payments	1,920	-
Investment management fee payable -base	1,625	-
Trade and other payables	2,097	356
PAYE/PRSI	36	36
Capital gains tax payable	689	-
Balance at end of period	**12,154**	**892**

For further information on trade and other payables refer to Note 20 of the consolidated financial statements.

j. Payable due for investment property

For further information refer to Note 21 of the consolidated financial statements

k. Financial instruments and risk management

The Company has identified exposure to the following risks:
Market risk
Credit Risk
Liquidity risk

The substantial majority of these risks for the Group are held by the Company and managed at the Group level. Therefore the policies for managing each of these and the principal effects of these policies on the results for the period are summarised in Note 23 of the Annual Report.

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 Company only for the purposes of making the disclosures in Note 23 of the Annual Report. Assets held at level 3 include investment properties in addition to the loans and receivables and written call option (trade and other payables) included in the below table of financial assets and liabilities.

	31 March 2015 Carrying value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	31 March 2014 Carrying value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial assets								
Loans to subsidiary	3,984	-	-	3,984	68,416	-	-	68,416
Trade and other receivables	5,428	-	5,428	-	11,647	-	11,647	-
Cash and Cash equivalents	138,652	138,652	-	-	291,679	291,679	-	-
	148,064	**138,652**	**5,428**	**3,984**	**371,742**	**291,679**	**11,647**	**68,416**
Financial liabilities								
Trade and other payables	12,154	-	7,054	5,100	892	-	892	-
Payable due for investment property	42,697	-	42,697	-	-	-	-	-
	54,851	**-**	**49,751**	**5,100**	**892**	**-**	**892**	**-**

k. Financial instruments and risk management continued

Fair value movements at level 3

	31 March 2015 €'000	31 March 2014 €'000
Balance at start of period	68,416	-
Transfers into level 3	-	-
Transfers out of level 3	(22,993)	-
Purchases, sales, issues and settlement		
Purchases	643,710	68,416
Sales	-	-
Repayments	(138,719)	-
Fair value recognition	85,768	-
Amortisation	3,998	-
Balance at end of period	**640,180**	**68,416**

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.

l. Dividends

For information on the dividends refer to Note 11 of the consolidated financial statements

m. Investment in subsidiary undertakings

For information on the Company's holdings in subsidiaries refer to Note 25 of the consolidated financial statements.

n. Related parties

For information on related parties refer to Note 26 of the consolidated financial statements.

o. Profit or loss of the parent company.

The parent company of the Group is Hibernia REIT plc. In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the parent company is availing of the exemption of presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The parent company's profit after tax for the year ended 31 March 2015 determined in accordance with IFRS is €92.2million (31 March 2014: €0.9m (Loss)).

p. Subsequent events

For information on subsequent events refer to Note 28 of the consolidated financial statements.

Supplementary disclosures (unaudited)

European Real Estate Association (EPRA) Performance Measures

EPRA performance measures are calculated according to the EPRA Best Practices Recommendations December 2014. EPRA performance measures are used in order to enhance transparency and comparability with other public real estate investment companies in Europe. EPRA has consulted with investors and preparers of information in order to compile its recommendations. Using these measures ensures that the Group's investors can compare the Group's performance on a like for like basis with other similar companies.

EPRA measures are discussed in the Investment Manager's Report on pages 7 to 13. Further detail on these measures is set out below, including their calculation and reconciliation to the financial statements where applicable.

Table 1: Summary of EPRA performance measures

			Year ended 31 March 2015		Period ended 31 March 2014	
			€ '000	cent per share	€ '000	cent per share
EPRA Earnings	(i)	- basic	3,961	0.8	(846)	(0.2)
		- diluted	3,961	0.8	(846)	(0.2)
EPRA NAV	(ii)		754,579	111.8	370,966	96.4
EPRA NNNAV	(ii)		754,218	111.7	370,966	96.4
EPRA NIY	(iii)			4.4%		n/a
EPRA "topped-up" NIY	(iii)			4.9%		n/a
EPRA vacancy rate	(iv)			3.0%		n/a

Calculation and explanation of EPRA performance measures

(i) EPRA Earnings

EPRA earnings are presented as they are important for investors who want to assess the extent to which dividends are supported by recurring income. They indicate the extent to which current dividend payments are supported by earnings.

	31 March 2015 € '000	31 March 2014 € '000
IFRS Profit/(loss) for the period after taxation	92,232	(846)
Exclude:		
Changes in fair value of investment properties	(90,868)	-
Fair value of written call option	5,100	-
Loan income from asset disposals (net)[1]	(454)	-
Profit and loss on disposals of non-core assets	(2,732)	-
Tax in respect of EPRA adjustments	683	-
EPRA earnings	**3,961**	**(846)**
Weighted average number of shares	**500,690**	**383,559**
Basic		
Potential shares to be issued re performance fees	4,664	-
Diluted number of shares	**505,354**	**383,559**
EPRA Earnings per share - (cents)	**0.8**	**(0.2)**
Diluted EPRA earnings per share (cents)	**0.8**	**(0.2)**

[1] Loan income from asset disposals comprises profit on the sale of collateral assets which is recognised under IFRS as part of the effective interest rate on loans. However, since it arises from asset disposals it is deducted from EPRA income in the above calculation.

(ii) EPRA NAV and EPRA NNNAV

The objective of these measures is to highlight the fair value of net assets on an on-going, long-term basis. Therefore assets which are not expected to crystallize in normal circumstances are excluded while trading properties are adjusted to their fair value. The Group presents its investment properties in its financial statements at fair value as allowed under IAS 40 and has no items not expected to crystallise in a long term investment property business model. EPRA NAV as calculated includes an adjustment for the revaluation of other non-current assets held for sale. Under the provisions of IFRS 5 these are held at the lower of cost or net realisable value. In order to make this adjustment the Directors have estimated the fair value based on expected sales value derived from sale of similar properties in the recent past and agents guide prices. As these assets are subject to tax, a deferred tax adjustment is also made. There are no adjustments for fair value required to EPRA NAV in order to reach EPRA NNNAV.

	31 March 2015		31 March 2014	
	€ '000	cent per share	€ '000	cent per share
NAV per the Financial statements	753,134		370,966	
Revaluation of other non-current assets held for sale	1,445		-	
EPRA NAV	**754,579**	**111.8**	**370,966**	**96.4**
Deferred tax on the revaluation of other non-current assets held for sale	(361)		-	
EPRA NNNAV	**754,218**	**111.7**	**370,966**	**96.4**
Ordinary shares in issue	670,317		385,000	
Estimated additional shares due for issue from performance reserve	4,664		-	
Ordinary shares in issue including performance shares to be issued -"diluted"	674,981		385,000	

Supplementary disclosures (unaudited)
continued

(iii) EPRA Net Initial Yield (EPRA NIY) and EPRA "topped-up" Net Initial Yield (EPRA "topped-up" NIY)

EPRA NIY: This measures the inherent yield of the portfolio according to set guidelines to allow investors to compare real estate investment companies across Europe on a consistent basis, using current cash passing rent. The EPRA "topped-up" NIY measures yield based on rents adjusted for the expiration of lease incentives, i.e. on a contracted rent free period.

	1 April 2014 to 31 March 2015 € '000	13 August 2013 to 31 March 2014 € '000
Investment property at fair value	641,296	-
Developments / Refurbishments[1]:	(195,078)	
Completed property portfolio	446,218	-
Allowance for purchasers' costs (per CBRE valuation report)	19,052	-
Gross up completed property portfolio	**465,270**	**-**
Annualised cash passing rental income	20,524	-
Property outgoings	(167)	-
Annualised net rents	**20,357**	**-**
Expiration of lease incentives and fixed uplifts	2,214	-
"Topped-up" annualised net rent	22,571	-
EPRA NIY	**4.4%**	**0.0%**
EPRA "topped-Up" NIY	**4.9%**	**0.0%**

[1] Commerzbank House is included at 77% of floor space representing area being refurbished

(iv) EPRA vacancy rate

This provides comparable and consistent vacancy data for investors based on the independent valuers' assessment of ERV.

	1 April 2014 to 31 March 2015 € '000	13 August 2013 to 31 March 2014 € '000
Annualised ERV vacant units	756	-
Annualised ERV completed portfolio[1]	25,326	-
EPRA vacancy rate	**3.0%**	**n/a**

[1] The part of Commerzbank House undergoing refurbishment is not treated as a vacant nor completed property

Other disclosures

1. Disclosures required under the Alternative Investment Fund Managers Directive ("AIFMD") for Annual Reports of Alternative Investment Funds ("AIF"s)

a. Material changes and periodic risk management disclosures

All disclosure requirements to be made to investors prior to their investing in the Company are made on the Company's website, www.hiberniareit.com. The Company published a prospectus for the second equity offering in October 2014, which details all the information required. There have been no material changes to this information other than has been disclosed in the Annual Report on pages 4 to 5.

b. Financial information disclosures

There were no realised gains or losses on investments during the period as no investment properties were sold. Included within the unrealised gains disclosed under IFRS there is a total of €0.7m in unrealised losses.

c. Remuneration disclosures

The Investment Manager, WK Nowlan REIT Management Limited, has adopted a Remuneration Policy with the objective of aligning the interests of employees of WKNRM with the creation of long term value for the shareholders of WKNRM and Hibernia REIT plc. The remuneration paid takes account of the remuneration paid in similar organisations, the regulatory and governance framework and the current economic climate. The key elements comprising remuneration are base salary, pension contribution and annual bonus to a maximum of 100% of annual salary. Where the annual bonus exceeds certain monetary amounts there is a requirement that a portion of the total bonus be invested in shares of Hibernia REIT plc. Performance related remuneration takes account of individual performance and the financial performance of the Investment Manager and Hibernia REIT plc

The total remuneration paid to the staff of the Investment Manager in the period, all of whom are engaged in managing the Group activities, was €2,206,416 of which €1,404,250 comprised fixed remuneration and €802,165 comprised variable remuneration. The number of staff employed during the period was 17.

2. Occupiers representing over 0.5% of rent

Tenant Occupiers Representing over 0.5% of total contracted rent

		€'m	%
1	Office of Public Works	5.5	24.0
2	FBD Holdings Plc.	2.9	12.7
3	Bank of Ireland	2.8	12.5
4	Bank of New York	2.2	9.7
5	DEPFA Bank PLC	2.0	9.0
6	Riot Games Limited	1.2	5.3
7	Deloitte & Touche[1]	1.0	4.5
8	Park Rite	0.7	3.2
9	Capita	0.7	3.1
10	Renaissance Services of Europe Ltd.	0.4	2.0
11	JMC Van Trans Ltd	0.4	1.9
12	Realex	0.4	1.8
13	Morgan Stanley	0.2	0.8
14	Bearingpoint Ireland Limited	0.3	1.3
15	Gala networks Europe Limited	0.3	1.3
16	Quinn McDonnell Pattison Limited	0.3	1.2
17	Wella (U.K.) Limited	0.2	1.0
18	Prudential Int. Services Ltd,	0.2	0.9
19	Triode Newhill Hanover St. Ltd. T/A Eurospar	0.2	0.7
20	Guggenheim Partners Europe Ltd	0.1	0.6
21	Open Hydro Group	0.1	0.6

[1] Deloitte & Touche is a tenant of Hardwicke House, which is an investment property of the Group. Deloitte & Touche were in situ when the Group acquired its interest in the building and all lease arrangements are at arm's length.

Directors and other information

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

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Dublin Branch
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Park Lane
Spencer Dock
Dublin 1
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Registrar
Capita Registrars (Ireland)
Limited t/a Capita Asset Services
2 Grand Canal Square
Dublin 2
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Principal Legal Advisers
A&L Goodbody
25/28 North Wall Quay
IFSC
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Corporate Brokers
Goodbody Stockbrokers
Ballsbridge Park
Ballsbridge
Dublin 4
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Credit Suisse Securities
(Europe) Limited
One Cabot Square
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United Kingdom

Glossary

AIF is an Alternative Investment Fund.

AIFM is an Alternative Investment Fund Manager.

Cash passing rent is the gross property rent receivable on a cash basis as at the reporting date. It includes sundry items such as car parks rent and estimates of rents in respect of unsettled rent reviews.

Contracted rent is the annualised rent adjusted for the inclusion of rent that is subject to a rental incentive such as a rent free or reduced rent period.

Developer's profit is the profit on cost estimated by valuers which is typically a percentage of developer's costs, usually 20%.

Development construction cost is the total costs of construction to completion, excluding site and financing costs. Finance costs are assumed at a notional 6% per annum by the valuers.

EPRA is the European Public Real Estate Association, which is the industry body for European REITs

EPRA cost ratio (including direct vacancy costs) is the ratio of net overheads and operating expenses against gross rental income. Net overheads and operating expenses relate to all administrative and operating expenses net of any service fees, recharges or other income which is specifically intended to cover overhead and property expenses.

EPRA cost ratio (excluding direct vacancy costs) is the same as above except it excludes direct vacancy costs.

EPRA earnings are the profit after tax excluding revaluations and gains and losses on disposals and associated taxation (if any).

EPRA NAV per share is the EPRA NAV divided by the diluted number of shares at the period end.

EPRA net assets (EPRA NAV) are defined as the IFRS assets excluding the mark to market on effective cash flow hedges and related debt instruments and deferred taxation on revaluations.

EPRA Net Initial Yield (NIY) is the cash passing rent generated by the investment portfolio, less estimated recurring irrecoverable property costs expressed as a percentage of the portfolio valuation as adjusted. The portfolio valuation is adjusted by the exclusion of development and residential properties and the addition of purchaser's costs where applicable.

EPRA NNNAV is the EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.

EPRA Topped-up Net Initial Yield is calculated as the EPRA NIY but adjusting the cash passing rent for contractually agreed uplifts, where these are not in lieu of rental growth.

EPRA vacancy rate is the Estimated Rental Value (ERV) of vacant space divided by the ERV of the whole portfolio, excluding developments and residential property. This is the inverse of the occupancy rate.

EPS or Earnings per share is the profit after taxation divided by the weighted average number of shares in issue during the period.

Equivalent yield is the weighted average of the initial yield and reversionary yield and represents the return that a property will produce based on the occupancy data of the tenant leases.

Estimated Rental Value (ERV) or market rental value is the external valuers' opinion as to what the open market rental value of the property is on the valuation date, and which could reasonably be expected to be the rent obtainable on a new letting on that property on the valuation date.

Fair value movement is the accounting adjustment to change the book value of the asset or liability to its market value.

Gross rental income is the accounting based rental income under IFRS. When the Group provides incentives to its tenants the incentives are recognised over the lease term on a straight line basis in accordance with IFRS. Gross rental income is therefore the cash passing rent as adjusted for the spreading of these incentives.

IPO is the Initial Public Offering, i.e. the first equity raising of the Company.

IPD is the Investment Property Databank Limited which is part of the MSCI Group and produces an independent benchmark of property returns and which provides the Group with the performance information required in calculating the performance based management fee.

Net development value is the external valuers' view on the end value of a development property when the building is fully completed and let.

Glossary
continued

Net equivalent yield is the weighted average income return (after allowing for notional purchaser's costs) a property will produce base on the timing of the income received. As is normal practice, the equivalent yield (as determined by the external valuers) assumes rent is received annually in arrears.

Net reversionary yield is the expected yield after the rent reverts to the ERV.

NIA is the Net Internal Area.

Occupancy rate is the estimated rental value of let units as a percentage of the total estimated rental value of the portfolio, excluding development properties.

Over rented is used to describe when the contracted rent is higher than the ERV.

Property Income Distributions (PIDs) are dividends distributed by a REIT that are subject to taxation in the hands of the shareholders. Normal withholding tax still applies in most cases.

REIT is a Real Estate Investment Trust as set out under section 705 E of the Finance Act 2013.

Reversion is the rent uplift where the ERV is higher than the contracted rent.

Tenant or lease incentives are incentives offered to occupiers on entering into a new lease and may include a rent free or reduced rent period, or a cash contribution to fit-out. Under accounting rules the value of these incentives is amortised through the rental income on a straight line basis over the term of the lease or the period to the next break point.

Total shareholder return is the growth in share value over a period assuming dividends are reinvested to purchase additional units of stock.

Under rented is the term used to describe where contracted rents are lower than ERV. This implies a positive reversion after expiry of the current lease contract terms.

Shareholders' information

Hibernia REIT plc website:

http://www.hiberniareit.com

Investor contacts

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