hibernia reit plc

Annual Report 2016

Contents

Strategic report

3 Our approach
4 Hibernia at a glance
7 Chairman's statement
8 Our portfolio
12 Highlights for the financial year
14 Strategic priorities
16 Strategy in action: case studies
20 Chief Executive Officer's statement
22 Market update
25 Business review
25 Acquisitions
25 Disposals
26 Portfolio overview
27 Developments and refurbishments
31 Asset management
33 Financial results and position
33 Financing and hedging
34 Internalisation of management team
34 Dividend
35 Sustainability
42 Risks and risk management

Governance

50 Directors' report
57 Corporate governance report
57 Chairman's corporate governance statement
59 Introduction
62 Audit Committee
67 Remuneration Committee
71 Nominations Committee
75 Directors' responsibility statement

Financial statements

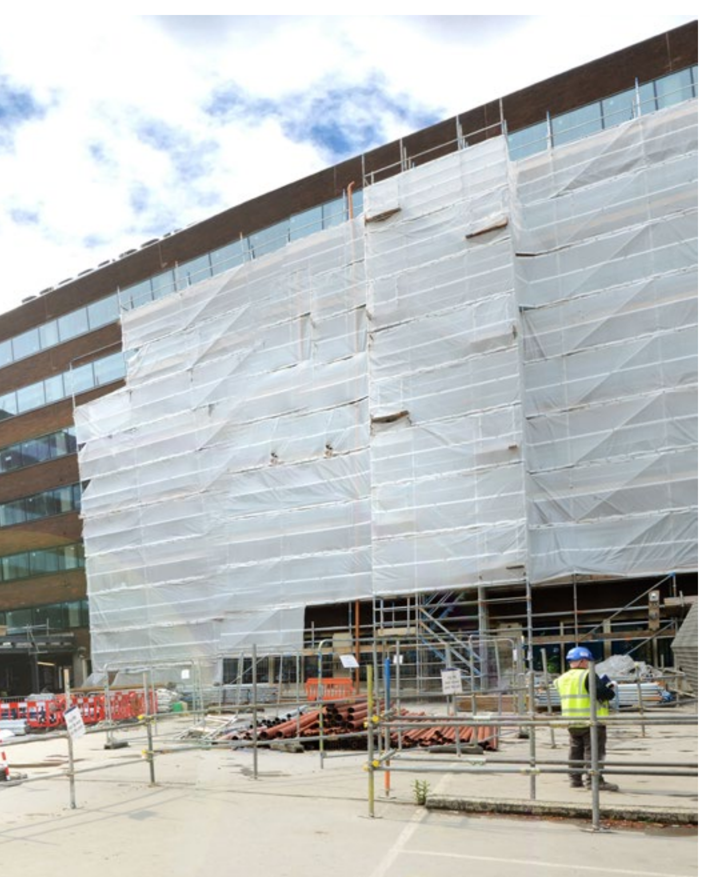
76	Independent auditors' report to the members of Hibernia REIT plc
80	Consolidated income statement
81	Consolidated statement of comprehensive income
82	Consolidated statement of financial position
83	Consolidated statement of changes in equity
84	Consolidated statement of cash flows
85	Notes forming part of the Annual Report
126	Company statement of financial position
127	Company statement of changes in equity
128	Company statement of cash flows
129	Notes to the company financial statements
137	Supplementary disclosures (unaudited)
145	Directors and other information
146	Glossary
148	Shareholders' information

Daniel Kitchen
Chairman, Hibernia REIT plc, said:

Our clear strategy, and focus on offices in Dublin's city centre, is delivering excellent results: net property income grew 68% in the year to €30.2m, profit before tax increased 47% to €136.3m and EPRA NAV per share rose 17% to 130.8 cent.

Kevin Nowlan
CEO, Hibernia REIT plc, said:

We are delighted to report strong results: we have made good progress in all aspects of our business in this, our second full year since IPO. EPRA NAV per share grew 17% in the financial year, with our portfolio of properties delivering an increase in value of 19%.

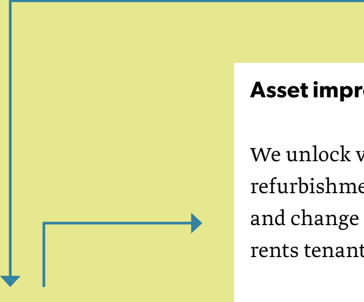


Photograph of the building works at Cumberland House, Dublin 2

Hibernia REIT plc ("Hibernia") is a Dublin-focused Real Estate Investment Trust ("REIT") which owns and develops property. Hibernia was established in late 2013 and now we have a portfolio valued at €928m, all in Dublin, and primarily in city centre offices.

Our strategy is to use our experience and detailed knowledge of the Dublin property market to create superior shareholder returns through income growth and through developing or repositioning buildings at appropriate times in the property cycle.

Our approach



Asset improvement

We unlock value through refurbishment, redevelopment and change of use, increasing the rents tenants are prepared to pay.

Disciplined acquisitions

Where possible we buy off-market (i.e. away from public sales processes) and we are experienced in buying property through secured loans where, since inception, we have often seen greater value. We seek out well-located buildings with potential for improvement or complex lease situations.

Capital recycling

Where assets no longer meet our expected forward returns targets or we can crystallise future gains today we look to sell and recycle the proceeds into new acquisitions.

Active management

We seek to have close relationships with tenants and take a cycle-based approach to lease maturities.

Financial management

We run with low leverage on a through cycle basis and look for flexible financing. We ensure our interest rate exposure is substantially hedged or fixed.

Hibernia at a glance

Key statistics at 31 March 2016

Total portfolio

Value:
€928m

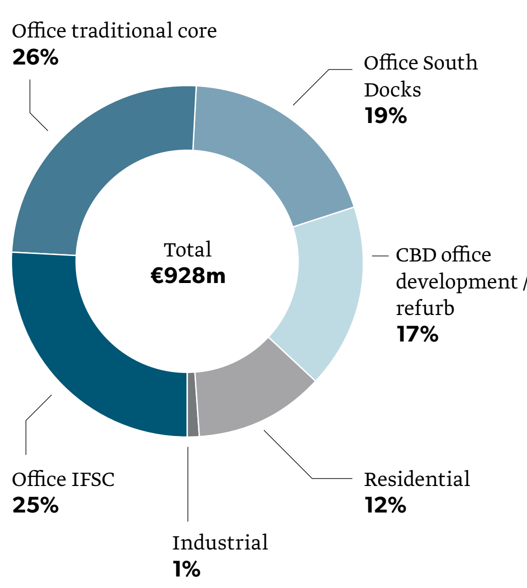
Number of properties:
25

Number of tenants:
48

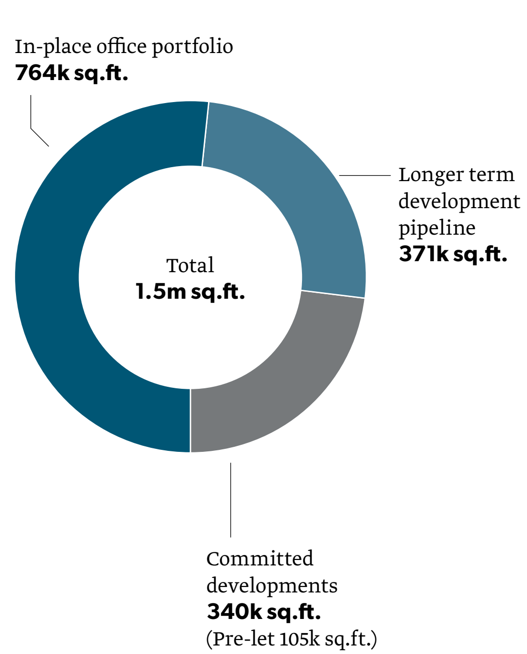
Contracted rent:
€39.0m

Passing rent:
€30.0m

Portfolio by sector
(by value)



Office and development portfolio
(by net lettable area)



Office portfolio

Value including developments: **€802m**

In-place office portfolio

– i.e. portfolio excluding assets under development or refurbishment – has the following characteristics:

Value at 31 March 2016: **€616m**

Passing rent of **€24.1m**; contracted rent of **€27.3m**

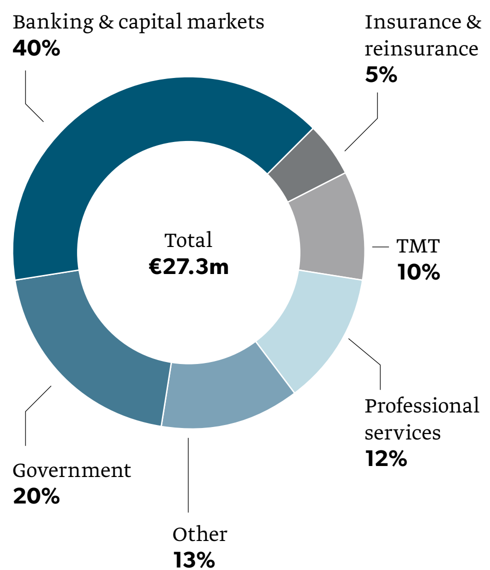
Average rent of **€33psf** vs ERV of **€44psf**

Average **2.0 yrs** to earlier of rent review or lease expiry

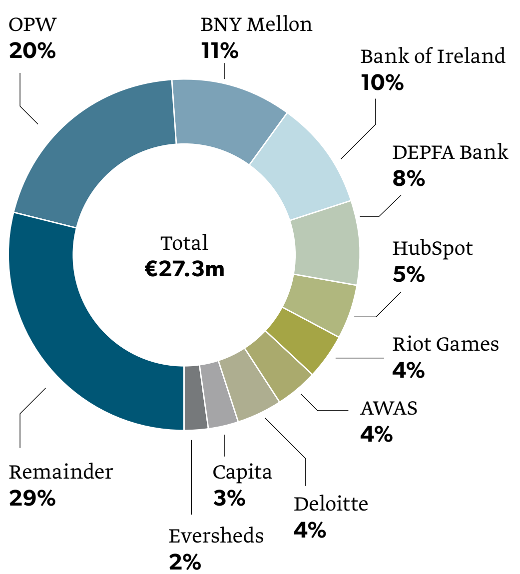
45% of leases with break or expiry beyond 2019

Vacancy rate: **6%**

Industry split of in-place tenants



Top 10 tenants of in-place portfolio
(by contracted rent)



Chairman's statement

Our clear strategy, and focus on offices in Dublin's city centre, is delivering excellent results: net property income grew 68% in the year to €30.2m, profit before tax increased 47% to €136.3m and EPRA NAV per share rose 17% to 130.8 cent.

Given the strong growth in earnings the Board is recommending an increase in the final dividend of 60% to 0.8 cent per share, to be paid on 2 August 2016. This represents an increase in the total dividend for the year of 88% to 1.5 cent per share.

During the year we purchased nine properties, all of which were consistent with our strategy of acquiring assets with opportunities for rental growth through asset management or building improvement: seven of the properties acquired related to our portfolio of central Dublin offices.

We are making good progress with our development programme: we completed one scheme in the year and two shortly after year end, with all three projects delivering profits on cost of more than 30%. The four active office development schemes we have are all scheduled to complete in the next 24 months and will deliver over 350,000 sq. ft. of new office space at a time when we believe there will be a significant shortage in available space. We have also expanded our longer term pipeline of developments to six projects with the potential to deliver over 600,000 sq. ft. of office space, giving us plenty of future optionality.

In November 2015 we completed an important step in the Company's progress with the internalisation of the management team through the acquisition of WK Nowlan REIT Management Ltd, the Investment Manager, and its parent company. Upon completion, Kevin Nowlan (CEO) and Thomas Edwards-Moss (CFO) joined the Board, which continues to have a majority of independent directors, as recommended by the Corporate Governance Code.

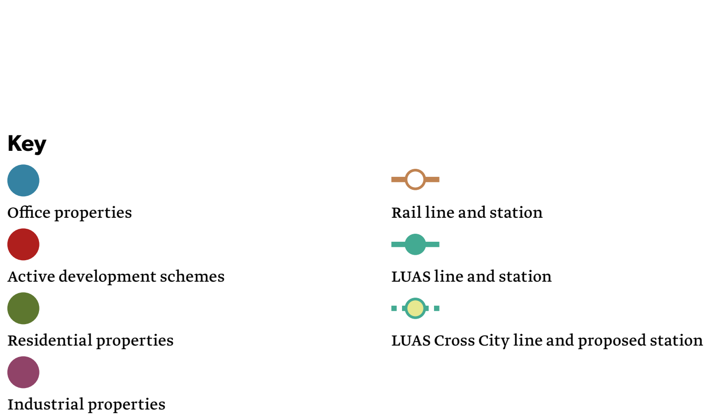
All of the achievements we report this year are a reflection of the hard work and dedication of our employees and I would like to thank them for their expertise and commitment which is growing our business. Looking ahead, I believe we have the right strategy to continue to grow and deliver superior shareholder returns.

Daniel Kitchen
Chairman
2 June 2016

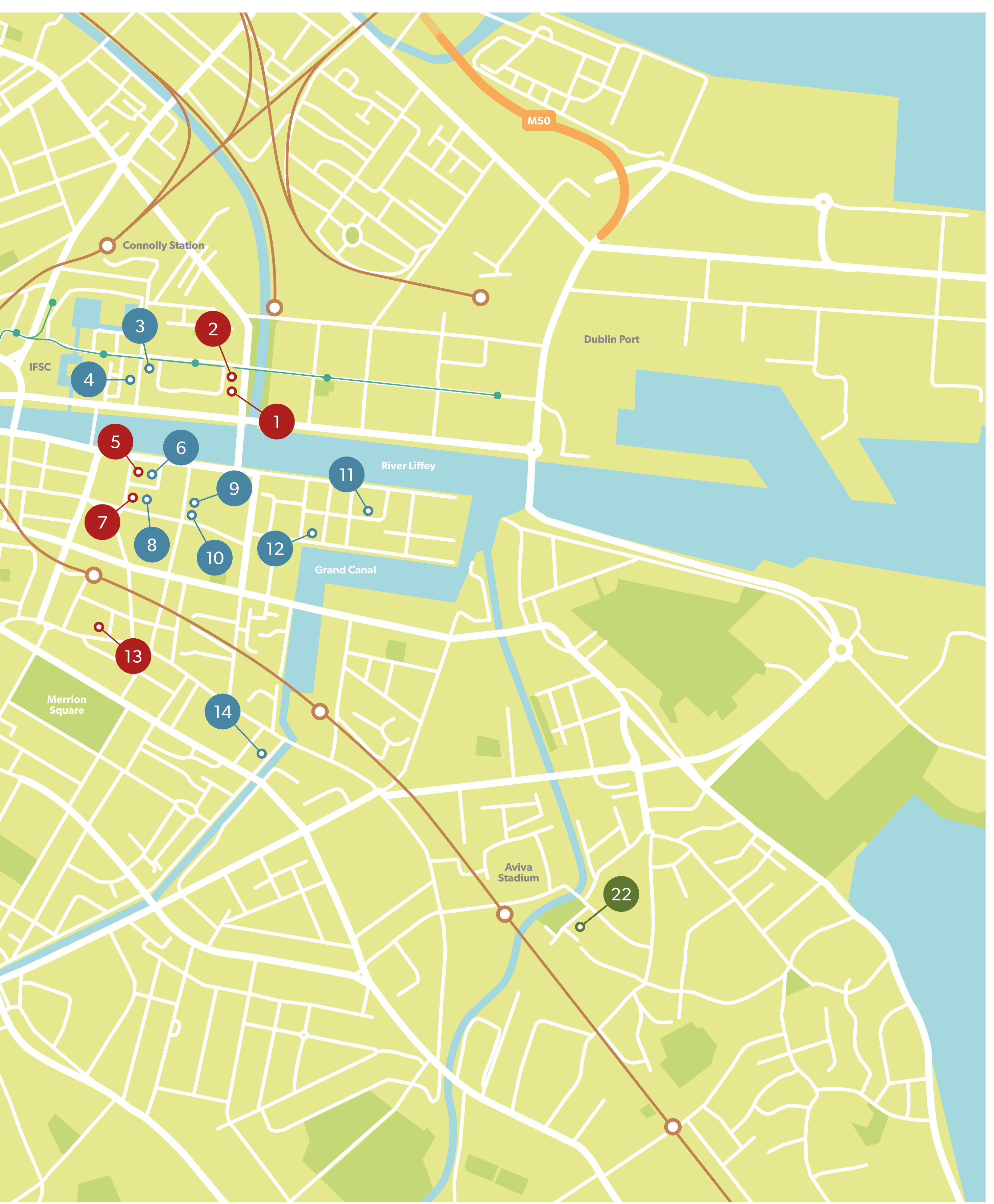
Our portfolio

Dublin city centre

The Company's investment focus is on attractively-located, institutional quality, income-producing commercial properties primarily in the greater Dublin area.

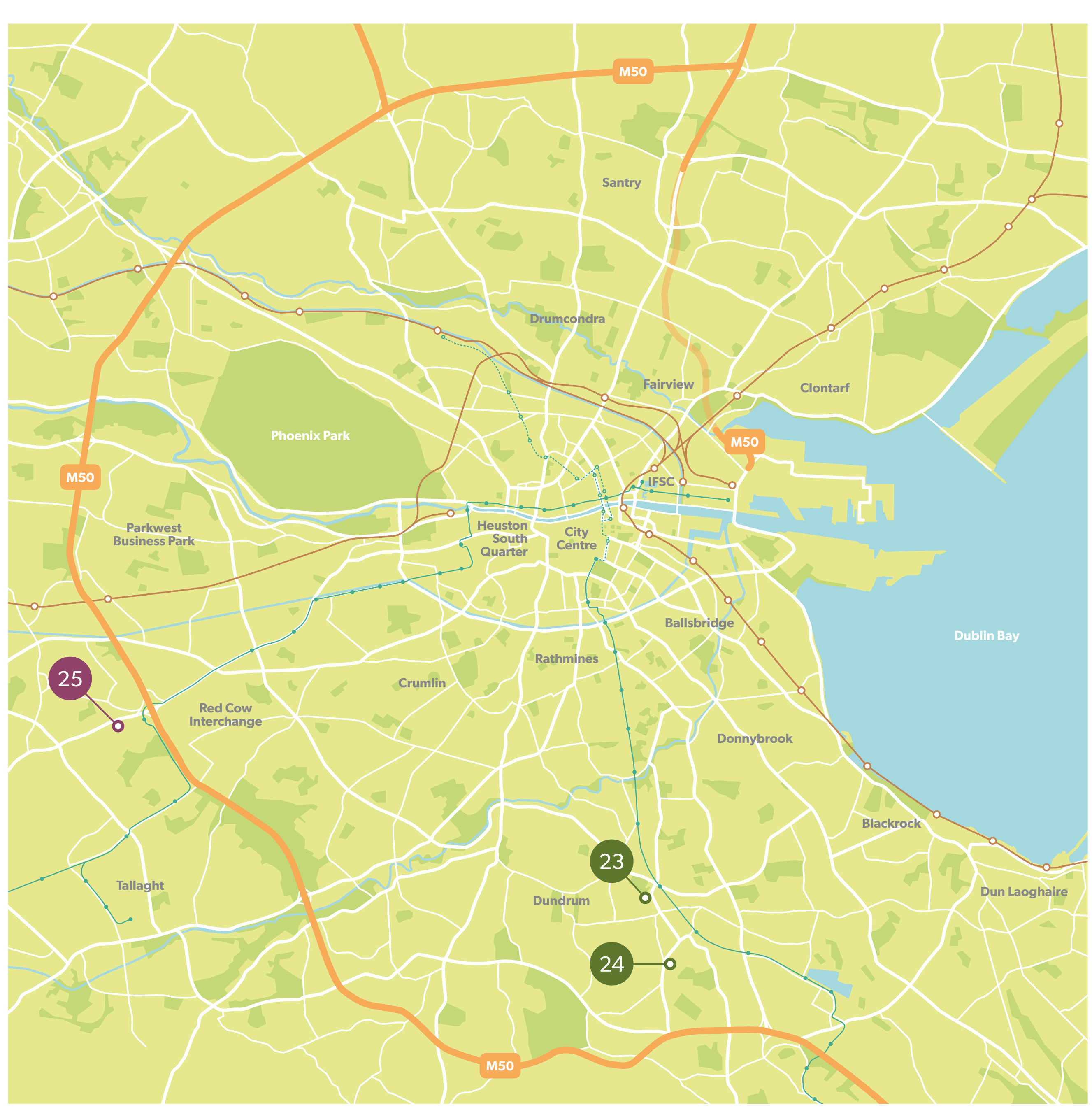


Christ Church Cathedral
City Hall
Trinity College
Dublin Castle
21
St Patrick's Cathedral
St Stephen's Green
19
Iveagh Gardens
15
20
18
16
17

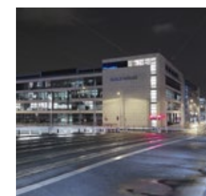

M50
Connolly Station
Dublin Port
IFSC
River Liffey
Grand Canal
Merrion Square
Aviva Stadium
1
2
3
4
5
6
7
8
9
10
11
12
13
14
22

Our portfolio

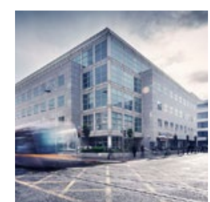
Greater Dublin Area



1.
One Dockland Central (1DC)
Guild Street, IFSC
Dublin 1



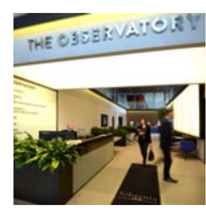
2.
Guild House (2DC)
Guild Street, IFSC
Dublin 1



3.
New Century House
Mayor Street, IFSC
Dublin 1

4.
The Forum
Commons Street, IFSC
Dublin 1

5.
1 Sir John Rogerson's Quay (1 SJRQ)
Dublin 2



6.
The Observatory Building
7-11 Sir John Rogerson's Quay
Dublin 2

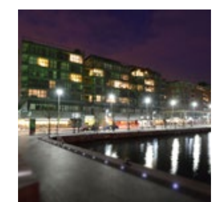
7.
1 Windmill Lane (1 WML)
Windmill Lane
Dublin 2

8.
The Hanover Building
Windmill Lane
Dublin 2

9.
11 Lime Street
Dublin 2

10.
8-12 Hanover Street East
Dublin 2

11.
Central Quay
Sir John Rogerson's Quay Dublin 2

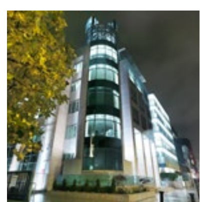


12.
South Dock House
Hanover Quay
Dublin 2

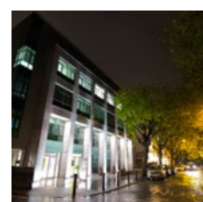
13.
Cumberland House
Dublin 2

14.
Marine House
Clanwilliam Place
Dublin 2

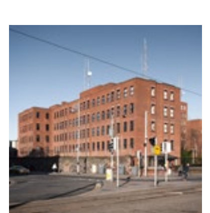
15.
1 Earlsfort Terrace
Dublin 2



16.
Hardwicke House
Hatch Street
Dublin 2

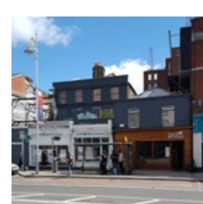


17.
Montague House
Adelaide Road
Dublin 2



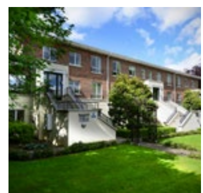
18.
Harcourt Square
Harcourt Street
Dublin 2

19.
39 Harcourt Street
Dublin 2



20.
35-37 Camden Street
Dublin 2

21.
The Chancery Building
Chancery Lane
Dublin 8



22.
Cannon Place
Sandymount
Dublin 4

23.
Dundrum View
Dundrum
Dublin 14

24.
Block 3, Wyckham Point
Dundrum
Dublin 16

25.
Gateway Site
Newlands Cross, Naas Road
Dublin 22

Highlights for the financial year

Excellent financial performance

- EPRA NAV per share of 130.8 cent, up 17% since 31 March 2015
- EPRA profit of €10.0m (March 2015: €3.9m), helped by €4.9m surrender premium (March 2015: €2.4m)
- Profit before tax up 47% to €136.3m (March 2015: €92.9m) including revaluation surplus and gains on disposals of non-core assets
- Portfolio value of €927.7m (March 2015: €641.3m)
- Proposed final dividend of 0.8 cent per share bringing total for financial year to 1.5 cent (2015: 0.8 cent)

Disciplined investment activity enhancing portfolio

- €179m invested in nine acquisitions: seven off-market and seven related to central Dublin offices
- Office acquisitions all either with asset management opportunities (e.g. Central Quay, Hardwicke & Montague) or future development potential (e.g. Marine House, One Earlsfort Terrace)
- 50:50 joint arrangement formed with affiliate of Starwood Capital on Windmill Lane development

Development programme well-timed and making good progress

- Block 3, Wyckham Point completed ahead of schedule delivering profit on cost of more than 30%
- Refurbishments of One Dockland Central and SOBO Works completed since financial year end, both delivering profits on cost in excess of 30% at completion
- Currently four committed development schemes which are progressing well and will deliver 354,000 sq. ft. of high quality office space in 2016, 2017 and 2018 (c. 27% pre-let)
- Longer term pipeline expanded to six schemes totalling 610,000[1] sq. ft. of office space post completion (Sept 2015: two schemes totalling 530,000 sq. ft.)
- Seeking vacant possession of Harcourt Square to commence redevelopment

We are making good progress with our development programme: we completed one scheme in the year and two shortly after year end, with all three projects delivering profits on cost of more than 30%.

Daniel Kitchen
Chairman

Active year of lettings adding significantly to contracted rent roll with more to come

- Contracted rent roll now €39.0m, up 72% on 31 March 2015[2]
- New lettings and rent reviews added €11.8m to contracted rent: includes major pre-lets to Twitter and HubSpot totalling 129,000 sq. ft. (Twitter pre-let extended by 16,500 sq. ft. for €0.7m extra rent)
- "In-place"[3] Dublin Central Business District ("CBD") office average rents of €33psf (vs ERV at March 2016 of €44psf) and average period to earlier of rent review or expiry of 2 years
- Income producing "in-place" CBD office[3] portfolio vacancy rate of 6% (Sept 2015: 1%)

Substantial, flexible funding in place

- Five year €400m revolving credit facility ("RCF") agreed in November 2015, replacing €100m RCF
- Three year €44.2m facility (Hibernia share: €22.1m) to fund Windmill Lane development entered into
- Net debt at 31 March 2016 of €52.9m, LTV of 5.7% (March 2015: net cash of €139.0m)
- Cash and undrawn facilities of €369m; €265m net of committed development spend

Management structure simplified and team strengthened

- Internalisation of management team completed in November 2015
- Appointment of Director of Development, Mark Pollard, who joined in May 2016

1. Including new offices at Gateway of c. 115,000 sq.ft.
2. Includes pre-let refurbishments and net residential income.
3. Excludes refurbishment and development projects.

Strategic priorities

We have a clear strategy and have a number of strategic priorities based on this:

	1 Delivery of development projects	2 Increase rental income of portfolio
Progress 2015/16:	• We completed 213 residential units at Block 3, Wyckham Point in Dundrum in the financial year, delivering a profit on cost of over 30% • Shortly after financial year end we completed the refurbishment of One Dockland Central and the conversion to offices of SOBO Works, both delivering profits on cost at completion in excess of 30%	• Contracted rent increased in the financial year to €39.0m from €22.7m at March 2015 • Passing rent increased in the financial year to €30.0m from €19.3m at March 2015
Priority 2016/17:	• Making progress with the four committed schemes under way, all of which have completion dates over the next 24 months	• Drive further increases in rents through new lettings and rent reviews

3

Deploy further capital into selective acquisitions

- Invested €179m in 9 acquisitions in the financial year, primarily in Dublin city centre offices

- Further selective acquisitions where we expect our returns criteria to be met

4

Recycle capital by selling assets where forward returns are not expected to meet our targets and reinvesting elsewhere

- No investment assets disposed of in financial year although a 50% interest in the Windmill Lane site was sold to form a joint arrangement upon the exercise of an option by an affiliate of Starwood
- Sold the majority of the remaining non-core assets acquired as part of the Dorville loan portfolio acquisition. In total 49 properties sold in financial year, generating proceeds of €16.7m and profits of €2.1m

- Sale of assets where forward returns not expected to meet our targets

5

Enhance balance sheet efficiency

- Moved from net cash position of €139m at 31 March 2015 to net debt position of €53m at financial year end, equating to a loan to value ratio of 5.7%

- Continue to utilise our committed debt facilities where investment opportunities arise which meet our criteria, moving our loan to value ratio towards our through-cycle target of 20-30%

Strategy in action

Case studies

Photographs of Block 3, Wyckham Point

Block 3, Wyckham Point

D16

We acquired the asset in partially complete form in February 2014 as part of the Dorville loan portfolio purchase. We completed the fit out of all 213 apartments in July 2015, well ahead of schedule and within budget. All 213 units were let by the end of September 2015, producing a net annual rent of c. €3.7m (average 2 bed apartment rents of €1,700 per month). The project delivered a profit on cost in excess of 30% and an unleveraged IRR in excess of 25%.

1 Sir John Rogerson's Quay

D2 ("1 SJRQ")

The 0.75 acre site, which forms part of Hibernia's quadrant of assets in the South Docks and overlooks the River Liffey, was acquired in August 2014 for €17.8m with planning permission for 102,000 sq. ft. of offices and 5,000 sq. ft. of retail. Since acquisition, we have worked to improve the layout and specification of the planned development and have received planning approval for our revised scheme, which will total 110,000 sq. ft. of offices and 6,000 sq. ft. of retail space. The site has now been cleared and construction has commenced. We expect the development to be completed in mid-2018 at a cost of €55m (excluding the purchase of the site).

CGIs of 1 SJRQ

Strategy in action
Case studies
(continued)

CGIs of 1 WML

Windmill Lane

D2 ("1 WML")

The one acre site in the South Docks was acquired in June 2014 from an affiliate of Starwood Capital for €7.5m. The site has planning permission for a 122,000 sq. ft. office development, plus c. 6,000 sq. ft. of retail and 15 residential units. Simultaneously we acquired the Hanover Building, an office building which adjoins the site, and shortly afterwards acquired the neighbouring Observatory office building and the site at 1 Sir John Rogerson's Quay (all from different vendors), giving Hibernia a quadrant of adjoining assets in the South Docks.

As part of the purchase, Starwood was granted an option to buy back in as a joint arrangement partner on Windmill Lane, which it exercised in 2015, leading to the formation of the Windmill Lane Partnership, owned 50:50 by Hibernia and Starwood and to which the Hibernia Group is acting as asset manager and development manager. As the design process has evolved, Hibernia has been successful in making a number of improvements to the specification of the building which have allowed for a more efficient design so that the building has the potential to be let on a multi-occupancy per floor basis. The site has been cleared, construction work is progressing well and the project is on schedule for completion in late 2017 with capital expenditure expected to be €52m (Hibernia's share: €26m). Together with the development of the neighbouring site at 1 Sir John Rogerson's Quay and improvement works in the Hanover and Observatory buildings, we believe this project will deliver a significant regeneration of the area.

Chief Executive Officer's statement

We are delighted to report strong results: we have made good progress in all aspects of our business in this, our second full year since IPO. EPRA NAV per share grew 17% in the financial year, with our portfolio of properties delivering an increase in value of 19%.

Disciplined acquisitions adding to portfolio and development pipeline

We invested €179m (including costs) in the financial year in nine acquisitions (seven excluding acquiring full ownership of Hardwicke House and Montague House), fully utilising the remaining cash raised in the second equity issue in November 2014. Seven of these acquisitions were related to our portfolio of central Dublin offices and all were consistent with our strategy of acquiring buildings with opportunities to exploit, whether through redevelopment, active asset management or rental reversion.

Development programme timed to take advantage of cycle

We completed the fit out of Block 3, Wyckham Point ahead of schedule, delivering a profit on cost of more than 30% in the 18 months from its purchase to completion. Since financial year end we have completed the refurbishment of One Dockland Central (formerly Commerzbank House) and the conversion of SOBO Works to office space, both of which have delivered profits on cost upon completion in excess of 30% in less than two years of ownership. We have expanded our committed programme of central Dublin office developments and refurbishments to four projects totalling 354,000 sq. ft. of office space, all of which are making good progress towards their completion dates in 2016, 2017 and 2018.

We have also expanded our longer term development pipeline to six projects and 610,000 sq. ft. of space with the acquisitions of Marine House and One Earlsfort Terrace and the addition of the Hanover Building and a possible new block at the front of Cumberland House.

Leasing activity

New lettings and rent reviews added a total of €11.8m per annum to contracted rents. The largest lettings were the 101,500 sq. ft. pre-let in Cumberland House to Twitter (increased from 85,000 sq. ft. when originally agreed in September 2015) and the 27,500 sq. ft. pre-let in One Dockland Central to HubSpot, which together added a total €6.6m per annum to contracted rents. In addition, the letting of the 213 apartments in Block 3, Wyckham Point upon their completion added €3.7m of net rent. We agreed a lease surrender with Indeed Ireland Operations Ltd at Central Quay for their 22,000 sq. ft. space for a payment to the tenant of €0.3m and have let 11,000 sq. ft. of this space to Daqri International Limited at a rent of €52.50 per sq. ft., significantly ahead of the average rent Indeed was paying of €30 per sq. ft.. We expect to make further progress with leasing in the coming months.

Experienced management team

In November 2015 we completed the internalisation of the management team through the acquisition of WK Nowlan REIT Management Ltd, the Investment Manager, and its parent company and at financial year end the Company had a team of 17. The internalisation was an important step in the Company's progress and secures our talented and experienced team for the future. Upon completion Thomas Edwards-Moss and I joined the Board of Directors.

In early May 2016 Mark Pollard joined the team as Director of Development and will oversee the management and delivery of our substantial pipeline of developments.

Flexible balance sheet with substantial capacity

With net debt of €52.9m and loan to value of 5.7% our leverage is low and we have available undrawn debt capacity of €369m (€265m after committed development spend), almost all of which is funded by a new €400m revolving credit facility which was agreed in the financial year.

Positive outlook

The strength of the domestic economy together with low vacancy rates and limited new supply in Dublin means prospects for further rental growth are good in the absence of macroeconomic shocks. We expect the volume of transactions in Dublin's investment market to remain above long term averages in the near term. Our portfolio is rich in opportunity and we have substantial undrawn facilities in place to move quickly on further acquisition opportunities, underpinning our confidence in the future.

Kevin Nowlan
Chief Executive Officer
2 June 2016

Market update

General economy

Ireland recorded GDP growth of 7.8% in 2015, five times the Euro area aggregate of 1.6% (source: Eurostat). Irish GDP growth is expected to remain strong in 2016 and 2017, with Goodbody forecasting 4.6% and 3.7%, respectively, and Davy forecasting 6.0% and 4.0%, respectively. Irish "core" domestic demand (which excludes aircraft leasing and R&D) provides a good indicator of underlying economic activity and is expected to grow by 5.0% in 2016 and 4.4% in 2017 following a 4.3% increase in 2015 (source: Goodbody).

Unemployment continues to fall (down to 8.4% in April 2016 nationally) and was 7.8% in Dublin at December 2015 (source: CSO). Increasing employment, coupled with tax reductions announced in the most recent budget, lower oil prices and the first period of sustained wage growth since the recession began are having a positive impact on consumer spending, which in 2015 experienced its best year of growth since 2007. Growth in numbers in employment has been particularly strong in Dublin, where the workforce increased 24,000 in 2015, bringing total employment in Dublin to 608,000 (Source: CSO).

Irish state finances are also improving; the debt to GDP ratio fell to 94.4% at the end of 2015 and is expected to fall to a mid-80% level by 2017 (source: Davy). With a new Irish Government now formed, albeit a minority one, the biggest near term risks facing the Irish economy are international and include the UK referendum on its EU membership. The UK accounts for 18% of Irish exports and 30% of imports (source: Davy) so a vote to leave could impact the Irish economy negatively. While a "Brexit" scenario could be incrementally positive to the Dublin office sector in the near term, the longer term implications are uncertain.

Irish property investment market

The MSCI Irish Property Index delivered a total return of 23.5% in the financial year to 31 March 2016. As expected, returns moderated slightly compared to the financial year to 31 December 2015, when a 25.0% return was delivered making it the best performer in the MSCI Global Index, which delivered 10.7% in 2015.

Prime Dublin office yields have remained stable at 4.65% for three consecutive quarters according to CBRE, albeit a handful of deals recorded closer to 4.5%. Capital values for prime Dublin offices are up 24% year on year to over €1,200 per sq. ft., primarily driven by rental growth.

Investment volumes have reduced somewhat since the mass deleveraging in 2014 and 2015, when €4.6bn and €3.5bn of assets were traded (excluding debt) (source: CBRE). Investment volumes in Q1 2016 were €735m (source: CBRE), still considerably above long term run-rates, and we expect a gradual reversion towards more normalised levels. As the investment market matures, the investor profile is continuing to evolve towards those with a lower risk appetite, with 71% of sales in 2015 vs 36% in 2013 to longer-term investors (including REITs) (source: CBRE).

Office occupational market

The Dublin office market, particularly the prime office sector in the city centre, continues to be characterised by a shortage of available stock in the right locations to satisfy high demand from tenants, both domestic and international. Despite the lack of available stock, take-up in 2015 totalled 2.7m sq. ft., above the 20 year average of 1.8m sq. ft. per annum (source: CBRE). 2016 has also started strongly, with take-up in Q1 totalling 0.6m sq. ft., 37% higher than the same period last financial year (source: CBRE). Occupation has continued to be focused in central Dublin, with 69% of take-up in the CBD in 2015 (source: CBRE).

As a result of strong tenant demand and low vacancy rates, prime central Dublin office rents at the end of Q1 2016 were €57.50 per sq. ft. up from €47.50 per sq. ft. a year ago.
(source: CBRE)

The overall Dublin office vacancy rate is now 7.7% and 6.0% in the CBD. However, there are marked differences by area and quality of stock. In the IFSC, where 25% of Hibernia's portfolio is located, the Grade A vacancy rate is 2.4% while in D2/D4, where 59% of Hibernia's portfolio is located (including three key committed developments sites) the Grade A vacancy rate is 1.5% (source: CBRE).

As a result of strong tenant demand and low vacancy rates, prime central Dublin office rents at the end of Q1 2016 were €57.50 per sq. ft. up from €47.50 per sq. ft. a year ago (source: CBRE). Most agents are expecting further rental growth in 2016.

While the TMT sector has undoubtedly played an important part in Dublin's economic recovery, tenant demand has come from a wide range of sectors: TMT has accounted for 32% of occupier take-up in the 5 years to December 2015 (source: CBRE). Dublin continues to be an occupational market dominated by lettings of less than 50,000 sq. ft.: 72% of take-up in the past 5 years has been in this category (source: CBRE). Almost two thirds of the lettings agreed in Q1 2016 were to Irish companies (source: CBRE) highlighting the increasing importance of domestic demand in the Irish economy and the broadening of the economic recovery.

Office development pipeline

A handful of office refurbishment projects were delivered in Dublin in late 2015. 2016 will see the first new build office building delivered to the Dublin market in over 5 years. In total, 1.3m sq. ft. of new stock is expected to be delivered in 2016, 46% of which is already pre-let and against a backdrop of average 10 year take-up of 1.9 m sq. ft. and take-up of 2.4m and 2.7m sq. ft. in 2014 and 2015, respectively (source: CBRE).

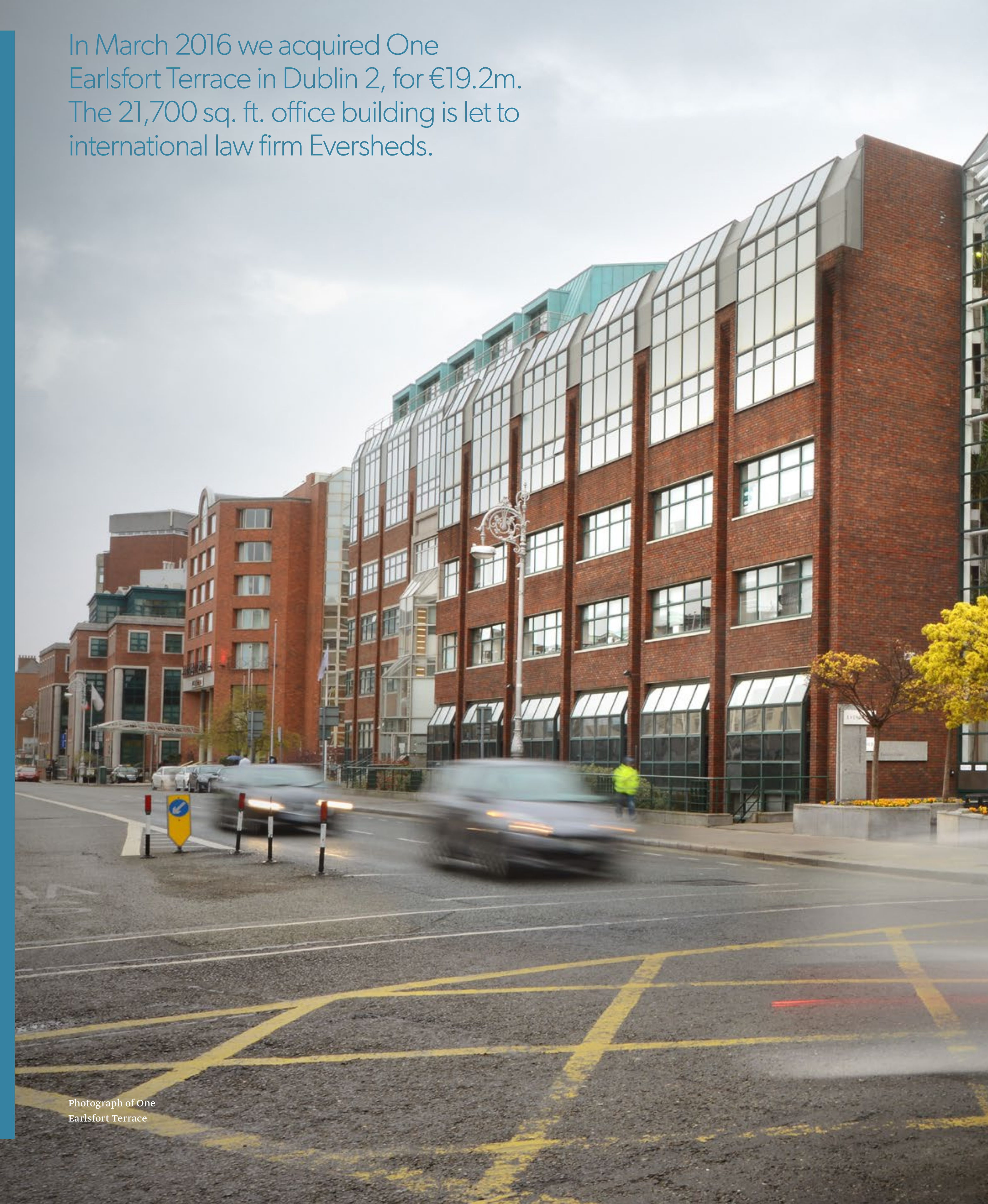
It takes c. 2.5 years to deliver an office building so one can forecast the supply pipeline to 2019 with reasonable certainty: we expect 5.3m sq. ft. will be delivered between now and the end of 2018 and that 8.3m sq. ft. will be delivered between now and the end of 2019. Availability of development finance remains scarce (particularly if a pre-let is not in place) which has resulted in the owners of key development sites in the CBD awaiting pre-lets before commencing development.

Residential sector

The Dublin residential market continues to show strong demand and insufficient supply. Housing completions in 2015 were 12,666 nationwide and just 2,900 in Dublin (source: Dept of Environment) and despite an expected rise in delivery levels in 2016 and 2017, the number of units are expected to be well below the estimated c.30,000 units required per annum nationwide (source: Goodbody).

The Central Bank measures introduced in February 2015 to control mortgage ratios reduced the likelihood of another credit-fuelled price boom and price growth in the financial year to 31 March 2016 was a muted 3.9% in Dublin (source: CSO). Despite this, the Central Bank's quarterly survey of housing market participants revealed an expectation of price growth of 4% in Dublin in the 12 months to September 2016 (source: Goodbody). A side effect of the Central Bank measures has been that potential purchasers have remained in the rental market for longer, particularly in Dublin. According to Daft.ie, the average rent in Dublin was up 8-9% in the financial year to 31 March 2016 against a backdrop of virtually zero inflation. The Dublin rental market does not have the adequate infrastructure to house these people appropriately and as a result, opportunities exist to deliver stock that matches these demands.

In March 2016 we acquired One Earlsfort Terrace in Dublin 2, for €19.2m. The 21,700 sq. ft. office building is let to international law firm Eversheds.



Photograph of One Earlsfort Terrace

Business review

Acquisitions

We purchased nine properties in the financial year for a total investment of €179m (including acquisition costs). In June 2015 we acquired Dundrum View, an 80 unit apartment complex in Dundrum, South Dublin for €28.1m. The property is situated close to Dundrum Town Centre, Ireland's leading shopping centre, and to our property at Block 3, Wyckham Point and together the two properties give us almost 300 residential units in the attractive Dundrum area.

In January 2016 we took direct ownership of Hardwicke House and Montague House, D2, two fully occupied office buildings totalling 88,500 sq. ft., for a net payment of €41.8m, bringing the total consideration paid to €60m (€64m including costs, or €725 per sq. ft.). Hibernia's initial interest in the buildings was via secured loans purchased in May 2014 for €18.2m with a put / call option arrangement allowing Hibernia to acquire full ownership up to mid-2016.

In February 2016 we exchanged contracts to acquire Central Quay, a 57,700 sq. ft. office building in the South Docks, for €51.3m (€890 per sq. ft.). At the time of acquisition the building, which was completed in 2007, was 88% let and the net initial yield was 4.5%, with opportunities to move this above 5.5% in the near term through letting the vacant space and upcoming lease events. Since the acquisition we have completed a lease surrender and signed a new lease which will assist us in increasing the yield.

In March 2016 we exchanged contracts to acquire Marine House, D2 for €26.5m (€640 per sq. ft.). The 41,000 sq. ft. office building is fully occupied off low average rents of €23 per sq. ft. and offers near term opportunities to enhance the net initial yield of 4.3% through light refurbishment and redevelopment potential in the longer term.

Also in March 2016 we acquired One Earlsfort Terrace, D2, for €19.2m (€880 per sq. ft.). The 21,700 sq. ft. office building is let to international law firm Eversheds. Concurrently we agreed with the tenant that the rent will rise from €0.6m to €1.0m per annum (€45psf) at the next rent review in September 2016, taking the running yield to 5.3%. In the longer term there are opportunities to enhance the value of the building through refurbishment, extension or redevelopment.

During the financial year we also completed the acquisitions of three small buildings for a total consideration of €4.8m. These assets, 11 Lime Street, 35-37 Lower Camden Street and 39 Harcourt Street, were acquired to enhance the value and / or optionality of the assets in our portfolio.

Disposals

Excluding the continued sell-off of the Dorville non-core assets (see further details in the asset management section below), the only disposal in the financial year was the sale of a 50% interest in the Windmill Lane site for €4.9m. In August 2015 Starwood exercised its option to buy back into the Windmill Lane development as a 50:50 joint arrangement partner at the price the asset was sold to Hibernia for (€7.5m) and an annual return of 7%, plus costs incurred to date, leading to the creation of the Windmill Lane Partnership ("WLP"). The Hibernia Group is acting as asset manager and development manager.

Business review (continued)

Portfolio overview

At 31 March 2016 the property portfolio consisted of 25 investment properties valued at €928m, categorised as follows:

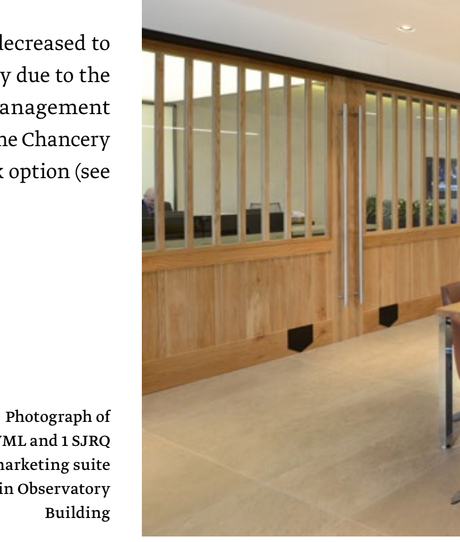
	Value as at Mar 16 (all assets)	% of portfolio	% uplift since Mar 15 excl. new acquisitions[1]	% uplift since Mar 15 incl. new acquisitions[1]
1. Dublin CBD offices				
Traditional core	€238m	25.7%	12.8%	9.2%
IFSC	€237m	25.5%	12.9%	12.9%
South Docks	€173m[4]	18.6%	11.9%	8.3%
Total Dublin CBD offices	**€648m**	**69.8%**	**12.6%**	**10.3%**
2. Dublin CBD office development/refurbishment	€155m	16.7%	57.9%	57.9%
3. Dublin residential	€113m	12.2%	9.2%	6.2%
4. Industrial	€12m	1.3%	19.3%	19.3%
Total investment properties	**€928m**	**100.0%**	**19.0%**	**15.7%**

1. Includes capex in acquisition costs and assumes 100% of South Dock House held for rent
2. Excludes Harcourt Square as this is valued by CBRE on a residual/ development appraisal basis
3. Excludes all Dublin CBD Office Development/Refurbishment
4. South Docks excludes the value of space occupied by Hibernia
5. Incl. c.€70k of residential in Chancery

The "in-place" CBD office element of our portfolio had the following statistics at 31 March 2016:

- Average contracted rent: €33psf (vs ERV of €44psf)
- Weighted average period to earlier of rent review or lease expiry: 2.0 years
- WAULT to earlier of expiry or break: 4.3 years
- WAULT to expiry: 7.3 years
- Occupancy level: 94%
- 45% of leases with break / expiry beyond 2019

The in-place office portfolio occupancy level decreased to 94% from 99% at 30 September 2015, principally due to the acquisition of Central Quay and the asset management initiatives ongoing there as well as vacancy in the Chancery Building following a tenant exercising a break option (see further details below).



Photograph of 1 WML and 1 SJRQ marketing suite in Observatory Building

% uplift since acquisition (all assets) incl. costs[1]	Equivalent yield on value (%)	Passing rent (€m)
16.6%	5.2%[2]	€10.4m[5]
29.7%	5.2%	€8.0m
28.8%	5.4%	€5.7m
24.4%	**5.2%[2]**	**€24.1m[5]**
69.0%	-	-
20.4%	4.6%	€5.4m
19.3%	7.4%	€0.5m
29.5%	**5.2%[2][3]**	**€30.0m**

Developments and refurbishments

With favourable conditions in the Dublin property market and limited new supply expected in the near term, the Group is active with a number of development and refurbishment projects which it believes will deliver attractive returns to shareholders.

At the financial year end the Group had projects under way at five properties (the "committed schemes") which will deliver 340,000 sq. ft. of high quality new office space: two of these schemes completed shortly after the financial year end and one scheme, Guild House, was added bringing the current committed schemes to 354,000 sq. ft..

The Group has added significantly to its longer term pipeline of developments: this now totals six schemes (up from two in September 2015), which, if undertaken would deliver an estimated 610,000 sq. ft. of high quality office space when fully completed.

Schemes completed

The fit-out of the 213 residential units in Block 3, Wyckham Point was completed in late July 2015, well ahead of schedule. The project was delivered within budget, generating a profit on cost in excess of 30% and an IRR of over 25% at completion. The units were fully let by the end of September 2015, and currently produce a net rent of €3.7m per annum and a yield on cost of over 6%.

The refurbishment of One Dockland Central was successfully completed on budget in May 2016, delivering a profit on cost of over 30%. 48% of the 57,500 sq. ft. being refurbished was pre-let to HubSpot and we are in advanced discussions with a tenant regarding the remaining vacant space.

SOBO Works (formerly known as the Observatory Live/Work units) was converted to c. 9,500 sq. ft. of office accommodation and 1,500 sq. ft. of retail with the works completing in April 2016. At completion the project had delivered a profit on cost in excess of 50%. A pre-let of all the space to a serviced office provider, Iconic Offices, was agreed in the financial year at a rent of €0.4m per annum and the tenant is now fitting out their demise.

Business review (continued)

Committed development and refurbishment schemes

Following the successful refurbishment of One Dockland Central, a similar refurbishment of the adjoining Guild House (which is to be renamed Two Dockland Central) is now under way using the same contractors. Unlike One Dockland Central, many of the tenants remain in occupation in Guild House at present (all leases bar that of BNY Mellon expire by March 2017), with works expected to be completed towards the end of 2017.

Construction work at Windmill Lane ("1 WML") is progressing well and the structure is up to the second and third storeys: the project remains on budget and on schedule for completion in late 2017. The formal marketing campaign for 1 WML and 1 Sir John Rogerson's Quay ("1 SJRQ" and formerly known as 1-6 Sir John Rogerson's Quay) commenced in April 2016.

Having completed site preparation, a contractor has been selected for 1 SJRQ and construction works have commenced. The estimated capital expenditure has increased to €55m due to a higher specification building, increased council levies and some cost inflation. We continue to expect the project to complete in mid-2018.

Please see further details on the development schemes below:

	Sector	NIA post completion (sq ft)	Full purchase cost
Committed schemes			
Cumberland House	Office	127k[2]	€51m
Guild House (Two Dockland Central)	Office	72k[4]	€46m
1 WML (50% interest)	Office	61k office[6] 3k retail 7.5 resi. units	€4m
1 SJRQ	Office	110k office 6.2k retail	€18m
Total		**370k office[9]** **9k retail** **7.5 units**	**€119m**

1 Per CBRE valuation at 31 March 2016
2. Excl. additional basement areas (8k sq. ft.) and potential new block (c.50k sq. ft.) but incl. new reception (1k sq. ft.) additional ground floor (5k sq. ft.) and gains due to design efficiencies of existing building (9k sq. ft.)
3. Including storage & ancillary areas
4. 56k sq. ft of 72k sq. ft. is committed refurbishment
5. Net of dilapidations
6. Incl. extensions to 4th & 5th floors (2.3k sq. ft.) for which planning was granted in May 2016
7. Commercial only
8. Office only
9. 354k sq. ft. when adjusted for the 56k sq. ft. that is committed refurbishment in Guild House (Two Dockland Central)

Est. capex	Est. total cost (incl. land) € psf	ERV[1]	Office ERV psf[1]	Expected PC date	Comments
€27m	€605psf	€7.2m	€51.40psf	Q4 2016	• Pre-let 101,500 sq. ft.[3] to Twitter • In discussions with potential tenants re remaining 33k sq. ft. (top two floors) • Refurbishment works on schedule for full completion in Q4 2016
€12m	€790psf[5]	€3.9m	€50.50psf	Q3 2017	• Refurbishment works (to the same standard as One Dockland Central) expected to commence shortly
€26m	€420psf[8]	€3.0m[7]	€47.00psf	late 2017	• Structure up to second & third storeys and project remains on budget & on schedule for completion in late 2017 • Formal marketing campaign commenced in April 2016
€55m	€643psf[8]	€5.9m	€50.50psf	mid 2018	• Contractor selected and construction works have commenced • Budget increased to €55m due to higher spec building, increased levies and some cost inflation • Project on schedule for completion mid-2018
€120m		**€20m**			

Longer term development pipeline

Four new schemes have been added to the longer term pipeline: two of the additions – Marine House and One Earlsfort Terrace – are buildings acquired in the financial year and two additions are from the existing portfolio. In the Hanover Building, the main tenant (BNY Mellon) has served notice to vacate in December 2016. We continue to assess our options but expect that the space will be improved ahead of re-letting. At Cumberland House, while our primary focus is the successful completion of the existing refurbishment programme, we are also assessing plans for a new office block at the front of the site.

At Harcourt Square, where the four leases to the Office of Public Works ("OPW") have either expired or are due to expire during 2016, we are seeking to gain vacant possession for redevelopment. The OPW has applied to the Irish Circuit Court seeking statutory extension of the leases, which we will defend. We have planning permission for a first phase development of 134,000 sq. ft. Net Internal Area ("NIA") and an application for a second phase development of 152,000 sq. ft. NIA has received preliminary approval from Dublin City Council.

Business review (continued)

Please see further details on the longer term development pipeline below:

Name	Sector	Current NIA (sq. ft.)	NIA post completion (sq. ft.)	Full purchase price	Comments
Cumberland House (front block)	Office	0k	c.50k sq. ft.	€0m[3]	• Potential for new block at front of Cumberland House of up to c.50k sq. ft. subject to planning
One Earlsfort Terrace	Office	22k	>28k sq. ft.	€20m	• Planning permission is in place for two extra floors which would add c.6k sq. ft. to the NIA • Potential for redevelopment as part of the wider Earlsfort Centre scheme
Hanover Building	Office	44k office 15k retail[2]	c.73k sq. ft	€21m	• Potential to extend the current building by adding c.13k sq. ft. subject to planning
Harcourt Square	Office	117k on 1.9 acres	c.285k sq. ft.	€72m	• Potential development of over 285k sq. ft. of office space. • Phase 1 planning granted with Phase 2 under review by the planning board
Marine House	Office	41k	c.60k sq. ft.	€27m	• Potential opportunity to develop c.60k sq. ft. (+20k sq. ft.) NIA on the site of Marine House • Longer term redevelopment opportunity as part of the wider Clanwilliam Court complex
Gateway	Logistics / office	178k on 14.1 acres	c.115k[1] sq. ft.	€10m	• Outline planning application for new road configuration expected to be submitted shortly
Total		**402k**	**c.611k sq. ft.**	**€150m**	

1. Planned new offices of c.115k sq. ft. plus potential to add a further c.130k sq. ft. of offices
2. 4k sq. ft. in basement
3. €49m excl. costs or €51m incl. costs paid for existing block which is being refurbished to create 135k sq. ft. i.e. €362psf. No land value attributed to new block at acquisition

Photograph of Central Quay

It has been a very active year with new leases and rent reviews agreed adding a total of €11.8m per annum to contracted rents and asset management initiatives under way at a number of buildings in the portfolio.

Asset management

It has been a very active year with new leases and rent reviews agreed adding a total of €11.8m per annum to contracted rents and asset management initiatives under way at a number of buildings in the portfolio.

Summary of letting activity in the financial year

- Offices: Six new leases signed on 157,000 sq. ft. and one rent review together generating €7.8m of incremental new annual rent. The weighted average periods to break and lease expiry for the new leases were 11 years and 19 years, respectively
- Residential: 310 units now let generating €6.4m of annual rent (€5.4m net of costs) and including the 80 Dundrum View apartments acquired in June 2015: letting activity generated incremental new net annual rent of €4.0m during the financial year
- Industrial: restructuring of tenant leases at Gateway to maintain current passing rent and give landlord ability to gain vacant position upon 12 months' notice for any future redevelopment

Letting activity post financial year end

As set out below, we are in discussions with potential tenants in a number of buildings where we have unlet space.

Key asset management highlights

See also developments and refurbishments section above for further details.

Cumberland House, D2

In September 2015 we pre-let 85,000 sq. ft. to Twitter on a 20 year lease, with initial rent of c. €4.6m per annum (€50psf). Subsequently the agreement for lease has been extended to a further 16,500 sq. ft. generating additional net rental income of €0.7m per annum: 14,000 sq. ft. of this is additional space being created for Twitter and the remaining 2,500 sq. ft. relates to design efficiencies in the existing building. The total building area has increased from 112,000 sq. ft. to 135,000 sq. ft. The expected lease commencement is late 2016 upon completion of the refurbishment works, for which estimated capital expenditure is €27m (€11m spent at 31 March 2016). We have commenced the marketing of the remaining 33,000 sq. ft. of available space and are discussing terms with a number of interested parties.

Central Quay, South Docks

The 57,700 sq. ft. office building was acquired in February 2016 with some near term opportunities to drive rents through asset management. In March 2016 we agreed a lease surrender with Indeed Ireland Operations Ltd, occupier of 22,000 sq. ft. across the first and third floors, for a payment to the tenant of €0.3m. Indeed were paying a low average rent of €30psf. Simultaneously with the surrender, we agreed to lease the first floor (11,000 sq. ft.) to Daqri International Limited for ten years, with a break after three years, from April 2016 at a rent of €52.50psf. We are in discussions with a number of potential occupiers regarding the remaining 18,500 sq. ft. of available space in the building.

The Chancery, D8

Webzen vacated all 11,500 sq. ft. previously occupied in March 2016 having exercised a break option. We are close to finalising terms with a tenant for one of the two floors vacated. We are also in the process of upgrading the common areas in the building, at a cost expected to be less than €0.1m.

The Forum, IFSC

Terms have been agreed with Parkrite for a new 20 year lease from 14 May 2013 for the multi storey car park. The initial rent will be €0.5m with five yearly reviews. The lease is expected to be completed in Q2 2016.

Guild House, IFSC

In July 2015 FBD plc surrendered their leasehold interest for a total payment to Hibernia of €8.8m, covering surrender premiums, rental top-ups and dilapidations. The building was fully occupied and all nine of the former sub-tenants of FBD, with the exception of Bank of New York Mellon who occupy the entire first floor, have lease expiration dates prior to the end of Q1 2017.

We have informed all tenants of our decision to undertake a full refurbishment of all common areas to the same standard as that recently completed in One Dockland Central and work is expected to commence shortly. We are in discussions with the existing tenants regarding new leases beyond Q1 2017: we expect certain tenants will agree new leases and remain in situ throughout the works. The building will be renamed Two Dockland Central on completion.

One Dockland Central (formerly Commerzbank House), IFSC

Of the 57,600 sq. ft. refurbished, 27,500 sq. ft. (two floors) and 14 car parking spaces were pre-let to HubSpot in November 2015 on a 20 year lease at a rent of €1.3m per annum (€45psf) after a six month rent free period from commencement: the lease commenced in February 2016. We are in advanced discussions with a potential occupier regarding the remaining 30,000 sq. ft. of available refurbished space.

Other completed assets

The other completed properties in the portfolio are close to full occupation with an average period to rent review or lease expiry for the "in-place" office portfolio of 2.0 years: the team is assessing options to maximise returns from the up-coming lease events and continues to carefully monitor the letting markets.

Sale of non-core assets

Good progress has been made in disposing of the remaining non-core assets acquired as part of the Dorville loan portfolio, which is substantially complete. As at 31 March 2016 the position was as follows:

Sale of non-core assets

Sold or contracted in the financial year	Units	Carrying value €'000	Sales price €'000	Profit €'000
Residential assets	46	12,168	13,134	966
Commercial assets	3	2,410	3,580	1,170
	49	**14,578**	**16,714**	**2,136**

Sale agreed at financial year end	Units	Carrying value €'000	Price agreed €'000	Expected profit[1] €'000
Residential assets	1	354	460	106

Remainder of non-core assets	Units	Carrying value €'000
Residential assets	15	3,567

1. Figure excludes tax payable on net profits arising on disposal

Since the financial year end the sale which was agreed at financial year end but uncompleted has closed with funds received by Hibernia. In addition, the sale of a further seven units have been agreed with an aggregate gross sales value of €1.8m.

Contracted in-place office portfolio rent by time to the earlier of the next review or expiry date of the lease

Time to open market review	€m
0 - 1 years	11.6
1 - 2 years	1.0
2 - 3 years	8.4
3 - 4 years	2.1
4+ years	4.2
Total	**27.3**

Financial results and position

	31 March 2016	31 March 2015	Movement
IFRS NAV - cent per share	**131.6**	**112.4**	**+17%**
EPRA NAV - cent per share	130.8	111.8	+17%
Net debt / (cash)	€52.9m	€(139.0)m	n/a
Group LTV	5.7%	n/a	n/a
Profit for the financial year	€136.8m	€92.2m	+48%
EPRA profits	€10.0m	€3.9m	+153%
Basic EPS	20.2 cent	18.4 cent	+10%
Diluted EPS	20.1 cent	18.3 cent	+10%
Final dividend / DPS	€5.5m / 0.8 cent	€3.4m / 0.5 cent	
Full year dividend /DPS*	**€10.3m / 1.5 cent**	**€5.4m / 0.8 cent**	

* Based on estimated shares in issue at the dividend date

The key drivers of EPRA NAV per share, which increased 19.0 cent from 31 March 2015 were:

- 18.2 cent per share from the revaluation of the property portfolio, including 8.2 cent per share in relation to development properties
- 1.5 cent per share from EPRA earnings for the financial year
- Payment of dividends, which decreased NAV by 1.2 cent per share
- Gains on sales of non-core assets, which increased NAV by 0.5 cent per share

EPRA profits for the financial year were €10.0m, up 153% since 31 March 2015. The key driver of the increase was the 85% increase in rental income, excluding surrender premia, due to further acquisitions made in the past 12 months, full periods of ownership for a number of assets and new lettings made (e.g. Block 3, Wyckham Point). In addition, property income was positively impacted by the surrender premium from FBD in relation to their lease on Guild House: this amounted to a one-off gain to property income of €4.9m (31 March 2015: €2.4m from surrender premia).

Net profit for the financial year was €136.8m, an increase of 48% over the same period last financial year. In addition to the increase in property income, revaluation gains and losses to 31 March 2016 amounted to €125m, considerably higher than the prior financial year figure of €80.8m (the March 2015 figure was €90.9m including gain made on recognition of Block 3, Wyckham Point as an investment property) and assisted, in particular, by the valuation uplift in Cumberland House following the pre-let of the majority of the building to Twitter.

Financing and hedging

At 31 March 2016 Group net debt was €52.9m, a loan to value ratio (LTV) of 5.7%, having moved from a net cash position of €139.0m at 31 March 2015 as capital expenditure on acquisitions and developments significantly outweighed inflows from the sale of non-core assets, Starwood affiliates' buy-in to the Windmill Lane development and undistributed rental income.

In November 2015 the Group entered a new five year €400m RCF with Bank of Ireland, Barclays and Ulster Bank, replacing the existing €100m facility and providing flexible funding for the

Business review
(continued)

development pipeline and future acquisitions. In December 2015 the Windmill Lane Partnership ("WLP"), the Group's 50:50 joint arrangement with Starwood entities, entered a non-recourse, three year debt facility with Deutsche Bank of €46.7m (Hibernia share: €23.4m) to fund the development of the Windmill Lane site. At the request of WLP, this was subsequently reduced to €44.2m (Hibernia share: €22.1m). If both facilities were fully drawn at 31 March 2016 this would have resulted in a LTV of 32.5%. Given the nature of our portfolio and the development exposure within it, we expect the through-cycle gearing to be in the range of 20-30% LTV.

The Group has a policy of fixing or hedging the interest rate risk on the majority of its drawn debt. Consequently it has entered into interest rate caps and swaptions with 1% strike rates (reference 3m Euribor) covering €100m of the RCF. The interest rate exposure of the Windmill Lane facility has been hedged using an interest rate cap with a 1% strike rate (reference 3m Euribor).

Internalisation of management team

The Group completed the internalisation of its management team in November 2015, following approval by shareholders in late October 2015. The transaction was effected through the acquisition of WK Nowlan REIT Management Ltd (the "Investment Manager") and its parent company, Nowlan Property Limited ("NPL"), on terms representing no anticipated material additional cost to the Group when compared to the estimated costs of retaining the external structure until the expiry of the initial term of the Investment Management Agreement in November 2018. Under the terms agreed, the transaction was structured to take effect from 1 April 2015.

Initial consideration paid of €21.1m comprised €14.2m in respect of base management fees and €6.9m in respect of the net assets of the Investment Manager and NPL (which were principally the performance fee payable to the Investment Manager for the financial year to March 2015 and cash). The initial consideration was settled through the payment of €8.3m of cash and the issue of 10.9m of new ordinary shares. Following completion, the Directors and senior management hold c. 2% of the issued share capital of the Company and the free float is c. 98%.

Upon completion Kevin Nowlan (CEO) and Thomas Edwards-Moss (CFO) joined the Board of Directors, which continues to have a majority of independent non-executive directors and remains in compliance with the relevant requirements and procedures set out in the Irish, UK and AIC Corporate Governance Codes. Further information can be found in Note 5 to the financial statements.

Dividend

The Board has proposed a final dividend of 0.8 cent per share (2015: 0.5 cent) which, subject to approval at the Company's AGM, will be paid in August 2016. All of this final dividend will be a Property Income Distribution ("PID") in respect of the Group's tax exempt property business.

Together with the interim dividend of 0.7 cent, the total dividend for the financial year will be 1.5 cent (2015: 0.8 cent). This represents over 87% of realised profits received in the financial year. As the portfolio income stabilises, we intend that the interim dividend declared will usually be in the region of 30-50% of the total regular dividends paid in respect of the prior financial year.

Hibernia introduced a Dividend Reinvestment Plan ("DRIP") last year: this allows 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 are available on the Group's website.

> In November 2015 we completed the internalisation of the management team [...] The internalisation was an important step in the Company's progress and secures our talented and experienced team for the future.
>
> **Kevin Nowlan**
> *Chief Executive Officer*

Sustainability

is an integral part of our strategy

Sustainability and social responsibility are key components in our strategy to deliver superior long term value for shareholders. We have identified four key sustainability priorities:

1 Responsible asset management

Active management of existing buildings to reduce environmental impact while maximising asset performance and efficiency for occupiers.

2 Delivering sustainable buildings

Providing efficient new space through developments or refurbishments which offer lower running costs, lower emissions and an enhanced occupier experience.

3 Positive community impact

Supporting the communities in which we operate, being responsible neighbours and developing and maintaining strong relationships.

4 Developing our employees

Providing an inclusive, open environment for our employees with opportunities for individuals and teams to realise their full potential and enable the business to meet its strategic targets.

Management of the existing portfolio

This financial year we initiated a first review of our occupied ("in-place") buildings. All eight office buildings, which are multi-tenanted and where the Group has control of the utilities, were assessed for energy efficiency, water usage, and greenhouse gas emission and waste production for the period 1 April 2015 to 31 March 2016. As part of this, measurement of the metrics recommended in the EPRA Best Practices Recommendations on Sustainability Reporting (September 2011) was undertaken.

The metrics assessed cover electrical and gas energy, water and waste. A total of approximately 39,000 square meters over the eight buildings was covered. These metrics will continue to be measured as we undertake initiatives to improve building efficiency in the future.

The key EPRA metrics for the eight buildings for the assessed period were:

EPRA sustainability summary

EPRA code	EPRA code	Performance measure	GRI G4 indicator	Unit	Total for assessed buildings
Building	Total treated floor area			(m^2)	39,260
	Occupancy level				95%
Energy	Elec-Abs	Total electricity consumption	G4-EN3	(kWh/ann)	4,475,000
	Fuels-Abs	Total fuel consumption	G4-EN3	(kWh/ann)	5,753,000
	Energy-Int	Building energy intensity	CRE1	($kWh/m^2.ann$)	261
Carbon	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (Gas)	G4-EN15	($T\ CO_2/ann$)	1,151
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (Elec)	G4-EN16	($T\ CO_2/ann$)	2,059
	GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	CRE3	($kgCO_2/m^2.ann$)	82
Water	Water-Abs	Total water consumption	G4-EN8	(m^3/ann)	16,751
	Water-Int	Building water intensity	CRE2	($m^3/\ m^2.ann$)	0.55
Waste	Waste-Abs	Total weight of waste	G4-EN23	(Tonne/ann)	203
Cert	Cert-Tot	Type and number of sustainability certified assets	CRE8	No.	N/A

Note: Building Energy and Greenhouse Gas Intensity (CRE1 and CRE2) as reported are inclusive of total (i.e. Landlord plus Tenant) electrical energy consumption for Montague House (solely), as its current metering arrangement records whole-building usage only. It is estimated that the inclusion of tenant electricity consumption for this particular property amplifies expected energy and carbon intensity for the entire portfolio by the order of 5-10%. Sub-metering of electrical installations is being implemented at Montague House in order to enable future sustainability reporting to reflect solely landlord energy consumption throughout the portfolio. As this is our first year of reporting, no "like for like" numbers are available.

Delivering new buildings

A number of the assets we have acquired were purchased as development or refurbishment opportunities. Three of our largest active development/refurbishment projects are shown here.

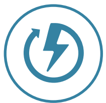
Hibernia has adopted LEED certification for its projects. LEED is a green building certification system developed by the U.S. Green Building Council (USGBC). Its aim is to be an objective measure of building sustainability. It measures:

Water efficiency

CO_2 emissions reduction

Improved indoor environmental quality

Resource stewardship



Improving energy savings

Leadership in Energy and Environmental Design for core and shell buildings:
LEED CS Version 2009

LEED Certified
40-49

LEED Silver
50-59

LEED Gold
60-79

LEED Platinum
80-110

Case study

Cumberland House, Dublin 2

In Ireland only one building has achieved LEED Platinum rating to date and no office buildings. The refurbishment of Cumberland House, a 1970's office building, is currently on target to achieve the LEED Platinum standard.

Cumberland House, near Trinity College and the National Gallery, was purchased by Hibernia in March 2015. The entire building is under refurbishment with 75% of the available space prelet to Twitter.

The building's refurbishment is expected to cost up to €27 million, with Twitter due to occupy the majority of the space in late 2016.

Green roofs

Energy efficient lift system

Energy efficient LED lighting throughout

Energy efficient air conditioning

Optimised glazing providing natural daylight

High performance facade

Water efficient appliances

Energy efficient LED external lighting

Energy efficient heat recovery ventilation system

Extensive green landscaping and garden spaces

Case study

1 Windmill Lane, Dublin 2

This is a new development to a LEED Gold standard extending over six floors with a lettable area of approx. 122k sq ft of Grade A office space. The building is part of our regeneration of the Windmill Lane area of the South Docks.

Energy efficient HVAC systems

Optimised glazing providing natural daylight

Water efficient appliances

Open landscaped areas and courtyard

Green roof

Energy efficient LED lighting throughout

High performance facade

Sustainable materials and FSC wood

High ratio of bicycle spaces

Sustainability
(continued)

Case study

1 Sir John Rogerson's Quay, Dublin 2

This project commenced in late 2015 and is a new development to LEED Gold standard.

Optimised glazing providing natural daylight

Energy efficient LED lighting throughout

Green roofs and open landscaped areas

Green wall at the entrance

Water efficient appliances

High performance facade

Sustainable materials and FSC wood

High ratio of bicycle spaces

from left to right:
Thomas Edwards-Moss, Frank O'Neill, Kevin Nowlan, Mark Pollard, Richard Ball

Our team

With the internalisation of the Investment Manager in November 2015, Hibernia became an employer. We have a team of 17 people providing services either as employees or contracted service providers.

At the core of our culture are the following values:

Communication

Weekly meetings are held across and within departments to encourage regular and effective communication. The Board and committees encourage participation by those directly responsible for the topics being discussed. Informal team events foster good relationships within the team.

Personal development

We encourage our people to undertake training to develop their skills and enhance their career and arrange for experts to present to the team on a regular basis

Performance

Our people are encouraged to align with the Group's strategy through objective setting and periodic performance reviews.

Remuneration

We seek to remunerate in line with market salaries and have bonus arrangements to incentivise achievement of personal and Group objectives.

We support diversity in all areas.

Risks and risk management

We believe good risk management practices and a strongly performing business go hand in hand and that both are dependent on the right culture of transparency, responsibility and accountability at all levels within an organisation, which is what we actively encourage in Hibernia.

Our approach to risk management

Risk management is the ultimate responsibility of the Board. The Board has implemented a risk framework to manage risk within the Group. This framework establishes and maintains the appropriate systems and controls to manage risk within the Group and ensure compliance with laws and regulations. This framework is reviewed annually or more frequently if required. The most recent review was undertaken as a result of the restructuring of the Group through the internalisation of the Investment Manager.

The risk management system is an integral part of the internal control system within the Group.

Governance structure and risk management

Board	Committees: Audit – Remuneration – Nomination	Direct management of risk through Audit Committee and full Board oversight

Operational management

Fortnightly meetings: Investment, Development, Portfolio Operations, Finance and Investor Relations	Periodic strategy and budget days

Monitoring of key risk indicators

Investment returns	Debt covenant compliance	Actuals v budget	Lease covenants	Market trends	Risk tolerance limits

Internal controls

Risk framework and risk monitoring including risk register	Policies and procedures and formal approval processes	Formal documentation and Board approval for investment and other major decisions	Skilled and experienced team

Risks and risk management (continued)

The Group's risk management framework is continually monitored by the Group's Audit Committee, under delegation from the Board. The Audit Committee is responsible for overseeing the effectiveness of this framework and of the internal control environment of the Group. The Audit Committee Report is set out on pages 62 to 66 of this Annual Report. Internal controls are addressed in the Corporate Governance Report on pages 72 to 73. Our risk management framework involves designing, implementing, monitoring, reviewing and continually improving risk management processes in the organisation. Our inputs include all risks, processes and controls applicable to the organisation. Quantitative and qualitative analyses are performed to identify and quantify the most important risks.

The system's outputs include a risk register, risk monitoring plan and risk metrics. The Group has devised an action plan to identify and mitigate any risk concerns and/or breaches.

Identifying and monitoring principal risks

The Group has to take carefully considered and appropriate risks in order to realise its strategic goals and risk appetites are approved which are complementary and appropriate to these goals. Principal risks are identified through a Group wide assessment process. This assessment process consists of the following steps:

- Identify the risk
- Determine the magnitude of impact. This assigns a rating from 1 (insignificant) to 5 (catastrophic) based on the magnitude of possible financial loss
- Determine the likelihood of the risk occurring from 1 (rare) to 5 (almost certain)
- Multiply the impact and likelihood ratings to produce the risk rating

Overall risk ratings are as follows:

Overall Risk Rating	Score
Unacceptable	>15
High	9-15
Medium	4-9
Low	<=4

The Group has controls and procedures to mitigate all risks and strives in particular to reduce any risk which is rated as "unacceptable". In general, the Group will not proceed with a course of action which would be likely to lead to such a risk.

The Group has identified its main risk appetites and risk tolerance levels have been applied to these. A combined risk register is maintained for the Group. This is reviewed and reported on regularly. The Risk and Compliance Officer reports directly to the Audit Committee/Board. The Directors confirm that they have carried out a robust assessment of these risks and set out below a description of the principal risks together with the measures they have taken in order to manage and mitigate these risks.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historical results. A description of these risks and the steps which the Group has taken to manage these risks is set out below.

Risk
Weakening economy

Potential impact
High

Strategic goal impact
Performance below target levels through lower capital or income returns or both.

Description of exposure	Mitigation	Change from last year	Comment
The value of the investment portfolio may decline and rental income may reduce as a consequence of lowered levels of economic activity in Dublin and/or Ireland.	The Group has set risk appetite limits, which are the level of risk that the Board considers acceptable to accept in achieving the Group's strategic objectives in the current economic environment. Close monitoring of economic lead indicators and access to market knowledge through the Group's contacts and advisers help to ensure it has the best possible knowledge of the current macro-economic environment to allow it to anticipate and react to potential issues.	Increased	The IMF has forecast that the Irish economy is to continue its strong expansion, especially relative to the Eurozone, for the next two years. The Central Bank of Ireland's view is similar and it expects growth to be 5.1% this year and 4.2% next year. The Central Bank highlights that risks to projections, related mainly to external factors, are tilted to the downside. Domestically, they note the continuing relatively high levels of private sector indebtedness but point out that the favourable growth outlook offers some relief. Externally, it noted that the risk of the UK leaving the European Union could lead to weaker economic and financial conditions in the broader international economy. Adding to the specific event risk of the UK "Brexit" referendum, external risks in the global economy remain elevated with fears over a hard landing for the Chinese economy and uncertainty around the path for US interest rate policy of particular note.

Risk
Underperformance of Dublin property market

Potential impact
High

Strategic goal impact
Value of investment property may decrease thus reducing NAV. Potential impacts on rental income through lower rents or defaulting tenants.

Description of exposure	Mitigation	Change from last year	Comment
Underperformance by Dublin property market compared to other Irish property sectors: to date all the Group's investments have been within Dublin.	The Group regularly reviews its strategy and asset allocation to determine if it remains appropriate.	Stable	The Dublin property market is currently performing well and Dublin remains a key contributor to the Irish economy.

Risks and risk management (continued)

Risk
Investment

Potential impact
High

Strategic goal impact
Inability to find new opportunities that meet the Group's return targets, over concentration in one particular asset or location or failure to correctly identify all risks of a purchase may result in poor investment returns below the Group's targets.

Description of exposure	Mitigation	Change from last year	Comment
Competition may reduce the access to attractive investment opportunities.	Market knowledge and contacts improve the Group's ability to uncover opportunities and acquire investments.	Increased	The rise in Dublin property prices has reduced the pool of assets which meet our returns criteria, although with our focus on value add projects there remains a good level of opportunity.
Concentration of investment in single assets, tenants, locations or sectors may increase risk.	Risk appetites are set and monitored for concentration risk factors.	Stable	The Group has built a balanced portfolio since commencement of operations. As at 31 March 2016 the largest single asset represented 11.7% of the portfolio by value.
Overlooking or mis-pricing risks at point of investment.	The Group has an experienced management team which carries out extensive due diligence ahead of purchase. Board approval is part of the investment decision which provides another layer of scrutiny.	Stable	Due diligence involves a diverse range of parties, internal and external, and helps to mitigate risks around acquisitions.

Risk
Development

Potential impact
High

Strategic goal impact
Target returns impacted through lower than expected profits on developments.

Description of exposure	Mitigation	Change from last year	Comment
Inability to properly manage developments. Any refurbishment or redevelopment project may suffer delays, may not be completed or may fail to achieve expected results. Budgets may overrun.	Close monitoring of developments coupled with significant in-house experience in managing large scale projects reduces these risks. The use of joint venture arrangements also reduces overall exposure.	Decreased	The Group has hired an experienced Director of Development and our development projects have progressed considerably in the last twelve months. The Development Committee monitors development progress and issues. Issues are identified early and proactively managed to ensure effective delivery of projects. In addition, rents have risen in the last twelve months which should enhance returns on our developments.

Risk
Financing

Potential impact
Medium

Strategic goal impact
Inappropriate capital structure may lead to Group being unable to meet goals through covenant breaches or high interest costs impacting returns.

Description of exposure	Mitigation	Change from last year	Comment
Leverage exposes the Group to risks associated with borrowing such as covenant breaches.	New facilities are approved at Board level and under the investment policy debt is limited to a 40% loan to value ratio at incurrence. Hedging instruments have been used to cap the Group's interest rate exposure and the Group intends to hedge the majority of its interest rate exposure on its drawn debt. Active and regular monitoring of covenant breaches is undertaken. Levels of leverage are set at Board level and monitored closely. Alternative sources of financing are also continually assessed.	Decreased	No breaches have occurred in the period. A conservative approach to hedging of interest costs on financing arrangements means that the impact of borrowing on the overall return on equity should be positive against a backdrop of rising EURIBOR. The Group continues to be vigilant in monitoring covenants and hedging requirements.

Strategic goal impact
Targeted returns impacted, new investment limited through lack of available funds.

Description of exposure	Mitigation	Change from last year	Comment
No access to financing limits potential for further investment growth or means the Group misses out on opportunities.	The Group actively manages its finance requirements and continues to monitor availability to ensure it is well placed to take advantage of market investment opportunities as they arise.	Decreased	The Group put in place a new €400m revolving credit facility in 2015, replacing the previous €100m revolving credit facility. €75m had been drawn as of 31 March 2016 (31 March 2015: €nil). Its Windmill Lane joint arrangement is also funded from bank borrowings. The Group continues to monitor capital requirements to ensure that future requirements are anticipated and met within the limits of its leverage targets.

Risk
People

Potential impact
Medium

Strategic goal impact
Strategic goals achievement impacted through loss of expertise or key personnel.

Description of exposure	Mitigation	Change from last year	Comment
The Group fails to attract, motivate and retain sufficient skilled people to achieve targets. Poor management of people may impact on performance.	The Group has a team of directly employed staff through the internalisation of the Investment Manager, with a remuneration system that is linked closely to individual and Group performance. The Group has introduced a long-term incentive plan (funded through the existing performance fee arrangements) as part of performance remuneration this year in order to help align employees interest with shareholders and encourage retention.	Decreased	With the completion of the internalisation of the Investment Manager in November 2015 this risk has decreased due to the Group's enhanced ability to retain and attract staff. A Remuneration Committee of the Board has been established to proactively manage remuneration measures.

Risks and risk management (continued)

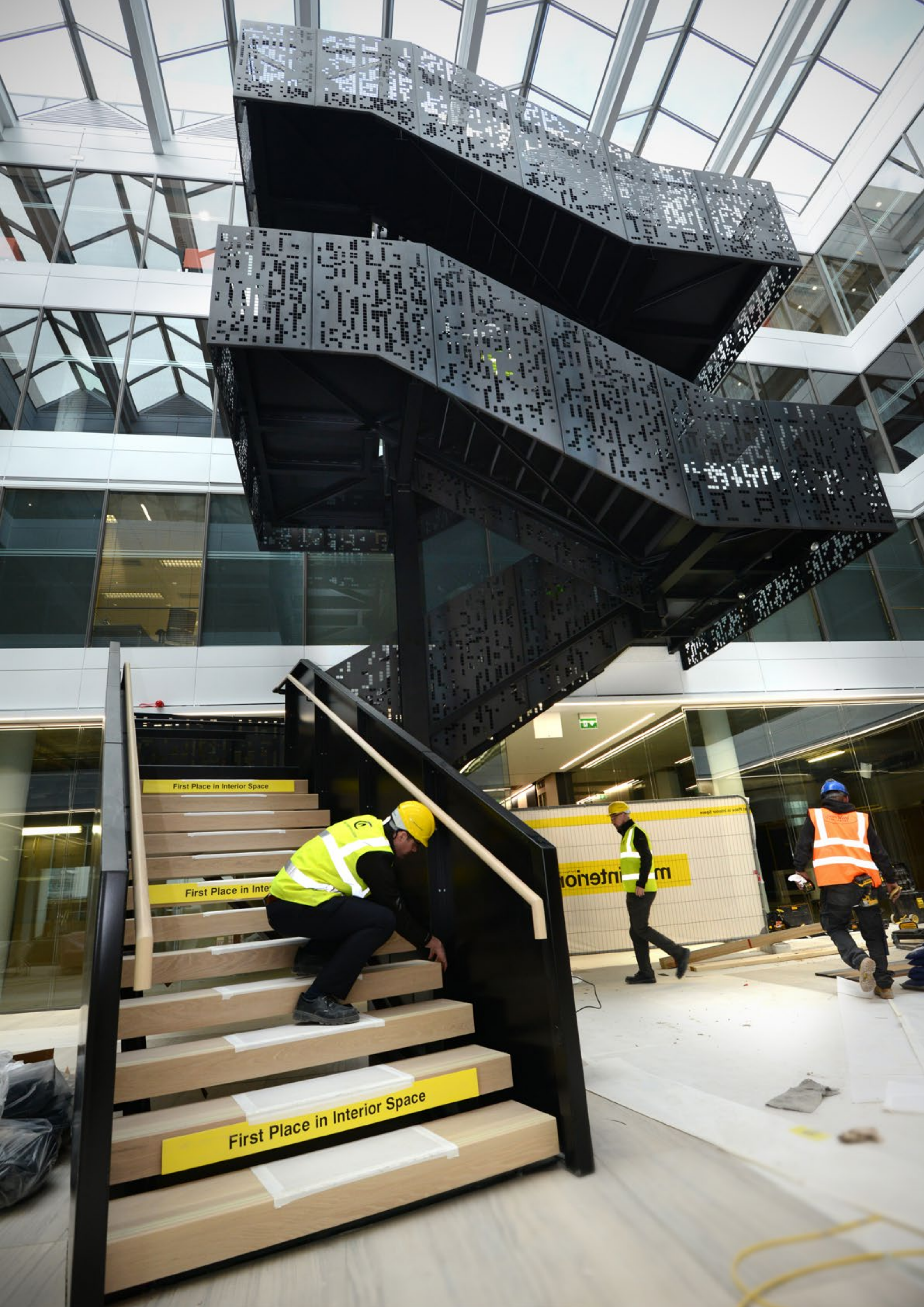
Risk
Regulatory

Potential impact
Low

Strategic goal impact
Achievement of strategic goals impacted through inability to continue as a REIT and a greater tax burden.

Description of exposure	Mitigation	Change from last year	Comment
Legislative and regulatory requirements may not be complied with resulting in sanctions being imposed.	The management team and the Board spend substantial time, and retain external experts as necessary, to ensure compliance with current and possible future regulatory requirements.	Stable	Our strategy in managing this risk together with a relatively unchanged regulatory environment has meant the risk has remained relatively stable over the last year.
The Group's REIT status may be revoked if it fails to satisfy all the relevant tax and legislative requirements, which would have adverse consequences for its investors.	Effective monitoring of REIT requirements compliance at a senior level.	Stable	This continues to be done on a regular basis and is the subject of review by our retained tax advisers, KPMG.

Photograph of completion of refurbishment works at One Dockland Central

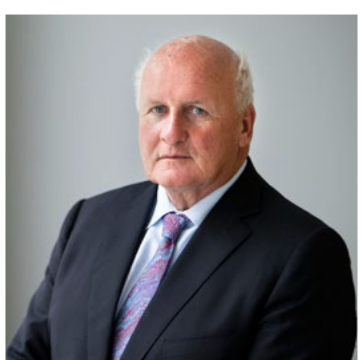

First Place in Interior Space
First Place in Interior Space
First Place in Interior Space

Directors' report

Board of Directors

Daniel Kitchen
Non-Executive Chairman
Appointed: 23 August, 2013
Nationality: Irish
Age: 64
Committee membership: Nominations (Chair) and Remuneration

Daniel Kitchen is currently the Non-Executive Chairman of Workspace Group plc, the Non-Executive Chairman of Applegreen plc and a Non-Executive Director of LXB Retail Properties plc, as well as the ISE-nominated Director on the Irish Takeover Panel. Previously, he was Finance Director of Green Property plc from 1994 to 2002, Deputy Chief Executive of Heron International plc from 2003 to 2008 and the Irish Government-appointed Chairman of Irish Nationwide Building Society 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.

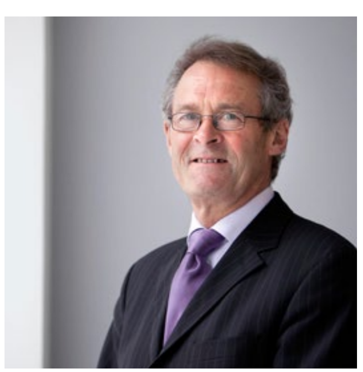


Colm Barrington
Independent Non-Executive Director and Senior Independent Director
Appointed: 23 August, 2013
Nationality: Irish
Age: 70
Committee membership: Audit, Nominations and Remuneration (Chair)

Colm Barrington is currently Chief Executive Officer and a Director of Fly Leasing Ltd, the NYSE-listed and Irish based aircraft leasing company. 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. He is a Non-Executive Director of IFG Group plc and is a former Non-Executive Chairman of Aer Lingus Group plc. 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: 73
Committee membership: Audit, Nominations and Remuneration

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: 70
Committee membership: None

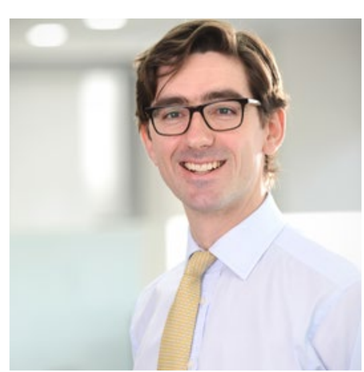
William Nowlan has more than 40 years' experience investing in Irish commercial property. Prior to forming WK Nowlan & Associates (now WK Nowlan Real Estate Advisers) in 1996, he was Head of Property Investment at Irish Life Assurance plc from 1985 to 1995. He was a member of the Committee of Management 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.

Terence O'Rourke
Independent Non-Executive Director
Appointed: 23 August, 2013
Nationality: Irish
Age: 61
Committee membership: Audit (Chair), Nominations and Remuneration

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 EMEA 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.

Kevin Nowlan
Chief Executive Officer
Appointed: 5 November, 2015
Nationality: Irish
Age: 45
Committee membership: None

Kevin Nowlan is a chartered surveyor with more than 20 years' experience in the Irish property market, including commercial agency, property management, investment, development and development financing, commercial loan portfolio management and debt restructuring. Kevin joined the Board of Hibernia as Chief Executive Officer in November 2015 following the internalisation of WK Nowlan REIT Management Limited, the Investment Manager. Prior to this Kevin held the same position in the Investment Manager from its inception in 2013 and previously held senior roles in NAMA and Treasury Holdings and was MD of WK Nowlan Property (now WK Nowlan Real Estate Advisers). He has a BSc in Estate Management from the University of Ulster, an MBA from Ulster Business School and a Diploma in Project Management from Trinity College, Dublin.



Thomas Edwards-Moss
Chief Financial Officer
Appointed: 5 November, 2015
Nationality: British
Age: 36
Committee membership: None

Thomas Edwards-Moss joined the Board of Hibernia as Chief Financial Officer in November 2015, following the internalisation of the Investment Manager. Prior to this he held the same role in the Investment Manager since joining in June 2014. Previously he spent nine years at Credit Suisse, London as part of the UK & Ireland Investment Banking team. While there, he had a particular focus on corporate finance in the real estate sector and he advised on the initial public offering of Hibernia. He is a graduate of Cambridge University and qualified as a chartered accountant at PricewaterhouseCoopers in 2005.

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

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

The Directors submit their Annual Report for the financial year ended 31 March 2016. The Strategic Report and all other sections of the Annual Report, to which cross reference is made, are incorporated into the Directors' Report by reference.

Directors' responsibilities

These are set out in the Directors' Responsibility Statement on page 75 of this report.

Principal activity and business review

The principal activity of the Group is property investment.
Further details on the Group's development and performance for the financial year under review are set out in the Financial results and position on pages 33 to 34

The principal subsidiary and associate undertakings are listed in Note 31 to the consolidated financial statements and form part of this report.

Results for the financial year

Group results for the financial year are set out in the Group income statement on page 80. The profit for the financial year ended 31 March 2016 was €136.8m (March 2015: €92.2m), including unrealised profits on investment properties of €125.1m (31 March 2015: €80.8m).

The Group has a number of key performance indicators which it measures. The main indicators of performance used are EPRA Net Asset Value per share (a measure of the growth in shareholder value) and EPRA earnings (a measure of the underlying property rental income) and profit before tax. Other important measures for the Group are measures relating to the property portfolio and tenancy data such as passing and contracted rents, weighted average life of leases and occupancy levels. In addition, the Group has commenced measurement of sustainability parameters such as energy and waste consumption using EPRA measures. All of these measures are reported on in the Strategic Report on pages 3 to 48 of this Annual Report.

The Board has proposed a final dividend of 0.8 cent per share (€5.5m) (31 March 2015: 0.5 cent per share or €3.4m) which will be paid, subject to shareholder approval, in August 2016. Together with the interim dividend of 0.7 cent, the total dividend for the financial year is 1.5 cent per share or c.€10.3m (31 March 2015: 0.8 cent or €5.4m) based on the number of shares estimated to be in issue at that date.

Principal risks and uncertainties

The principal risks and uncertainties are discussed in the Risks and risk management section on pages 42 to 48 and form part of this report.

REIT status and taxation

Hibernia REIT plc elected for Real Estate Investment Trust ("REIT") status under section 705E Taxes Consolidation Act 1997. As a result, the Group does not pay Irish corporation tax or capital gains tax on the profits or 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 on profits from the Group's non-core business. The Group purchased two loan portfolios in prior years 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 intend to hold in its rental business, and which it has designated as "non-core" assets. These non-core 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 close to completion with only 16 assets unsold at financial year end. As they are not part of the qualifying rental business, the Group may be liable to taxes on any relevant profits arising from these assets.

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 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;
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 for each accounting period.

Directors' report (continued)

At 31 March 2016 the Group had invested all funds (31 March 2015: €139m remained) from the Group's secondary equity issue.

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

The Directors confirm that the Company complied with the REIT legislation for the financial years ended 31 March 2016 and 2015.

So far as the Directors are aware the Company is not a close company within the meaning of the Taxes Consolidation Act.

Share capital

At 31 March 2016 the Company had 681,251,285 units of ordinary stock in issue (31 March 2015: 670,317,459 units).

As approved at an extraordinary general meeting of the Company on 27 October 2015, 10,933,826 units of ordinary stock were issued on 5 November 2015 in part payment of the cost of Internalisation. Approximately €4.5m shares will be issued in relation to performance related payments for the financial year ended 31 March 2016.

Further information on the Company's share capital, including that required by Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 is contained in Note 22 to the Group financial statements.

Future developments

The Group continues to look for opportunities to increase the size of its portfolio and to enhance its shareholders' returns through leveraging its capital base. The outlook for the property market is discussed in the Strategic Report on pages 3 to 48 of this report. We are confident that the Group is well-placed to deliver further progress in the coming financial year and beyond.

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 Strategic Report on pages 3 to 48 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 80 to 136 and in Note 2.(d) to these financial statements. In addition, Note 29 to the Annual Report includes details on the Group's financial risk management and exposures. 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. Therefore the Directors have concluded that the going concern assumption remains appropriate.

Viability statement

The Directors have assessed the prospects of the business and its ability to meet its liabilities as they fall due over the medium term. They have concluded that a three year period is an appropriate basis for the assessment as this is the key period for completion of the Group's committed development projects.

Assumptions have been built into the planning process which are based on a conservative view of the Group's expected income and investment profile over this three year horizon.

The Directors have based their assessment on the analysis performed as part of the Group's budget forecasting and planning. A number of scenarios are prepared and kept under continuous review. Sensitivity analysis is performed to test the potential impact of some of the principal risks and uncertainties affecting the Group's activities as described on pages 45 to 48.

For the purposes of this viability statement, worst case budget projections are used to conduct this assessment. When considering stress scenarios, the Directors have calculated how significant a deterioration in underlying operating profits and asset values is required before the Group breaches its debt covenants or the requirements of the Irish REIT regime. Having reviewed the results of this exercise, the Directors consider that all of these scenarios are extremely unlikely to occur within the three year horizon examined. The current €400m revolving credit facility extends until November 2020.

Taking all these factors into account, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Directors

The business of the Company is managed by the Directors, each of whose business address is Hibernia REIT plc, South Dock House, Hanover Quay, Dublin D02 XW94, 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, subject to appropriate notification requirements.

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. In addition to their general legal responsibilities, the Directors have responsibility for the Company's strategy, performance, financial and risk control and personnel.

Details on directors' remuneration are contained in the Remuneration Committee Report on pages 69 to 71 of this Annual Report.

In accordance with provision B.7.1 of the UK Corporate Governance Code ("the Code") and the Irish Corporate Governance Annex (the "Annex"), the Directors individually retire at each AGM of the Company and submit themselves for re-election if appropriate. No re-appointment is automatic and all Directors are subject to a full and rigorous evaluation. One of the main purposes of this evaluation is to assess each Director's suitability for re-election. The Board will not recommend a Director for re-election if the individual concerned is not considered effective in carrying out their required duties.

In the financial year under review, each Director has been subject to the evaluation process recommended by the Code. On this basis, the Chairman and the Board are pleased to recommend those Directors who are seeking re-appointment at the forthcoming AGM as they continue to be effective and remain committed to their role on the Board.

Directors' interests in share capital as at 31 March 2016

The interests of the Directors and Company Secretary in the shares of the Company are set out in the Report on the Directors' Remuneration on pages 69 to 71. This is further discussed in Note 32 to the Group Financial Statements. The Directors and the Company Secretary have no beneficial interests in any of the Group's subsidiary or associated undertakings.

Substantial shareholdings

As at 31 March 2016 the Company has been notified of the following substantial interests in the Company's shares:

Holder	Holding '000 shares	%
Soros Fund Management LLC	46,902	6.88
Wellington Management Company LLP	39,941	5.86
Oppenheimer Funds Inc.	34,839	5.11
Invesco	34,352	5.04
TIAA-CREF Investment Management LLC	33,370	4.89
Zurich Life Assurance plc	20,951	3.07
Morgan Stanley Investment Management Limited	20,688	3.04

As at 2 June 2016 the Company has been notified of the following changes:

Holder	Holding '000 shares	%
Soros Fund Management LLC	38,477	5.64
Wellington Management Group LLP	32,183	4.72
Morgan Stanley Investment Management Limited	27,926	4.10
BlackRock, Inc.	21,026	3.09

Directors' report (continued)

Corporate governance

The Group is committed to high standards of corporate governance, details of which are given in the Corporate Governance Report on pages 57 to 74 which forms part of the Directors' Report.

Sustainability

The Group is committed to ensuring ethical and sustainable practices for the benefit of all our stakeholders. More details on our policies and progress can be found in our Sustainability Report on pages 35 to 41.

Accounting records

The Directors believe that they have complied with the provisions of sections 281 to 286 of the Companies Act 2014 with regard to the accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the registered office located at South Dock House, Hanover Quay, Dublin, D02 XW94, Ireland.

Political contributions

The Group made no political contributions during the financial year.

Financial risk management

The financial risk management objectives and policies of the Company are set out in Note 29 to the consolidated financial statements.

Independent auditor

The auditor, Deloitte, Chartered Accountants, continues in office in accordance with section 383 of the Companies Act 2014. Under Irish legislation, the Company's external auditor is automatically reappointed each year at the AGM unless the meeting determines otherwise or the auditor expresses its unwillingness to continue in office. However, a resolution confirming that they will be reappointed will be included as ordinary business at the Annual General Meeting.

Events after the reporting date

These are described in Note 33 to the consolidated financial statements.

Annual Report

The Board, having reviewed the Annual Report in its 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 62 to 66 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 shareholders 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 consolidated 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 consolidated financial statements and where appropriate discussed these items with the external auditor.

Annual General Meeting

The second Annual General Meeting of the Company was held on 30 July 2015. In addition, an Extraordinary General Meeting was held on 27 October 2015 to approve the internalisation of the Investment Manager. The third Annual General Meeting will be held on 26 July 2016. Notice of the 2016 AGM, together with details of special business to be considered at the meeting, will be circulated to the shareholders in June 2016.

Mr Kevin Nowlan
Chief Executive Officer
2 June 2016

Mr Thomas Edwards-Moss
Chief Financial Officer
2 June 2016

Corporate governance report

Chairman's corporate governance statement

Financial year to 31 March 2016

The financial year ended 31 March 2016 saw substantial change with the internalisation of the Investment Manager. This was legally completed in November 2015 and in the planning and implementation stages, we as a Board maintained a close overview of all strands of the project. WK Nowlan REIT Management Limited (the Investment Manager) remained approved as the alternative investment fund manager ("AIFM") under the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended) ("the AIFM Authorisation") at 31 March 2016. The Company has applied to the Central Bank for approval as an Internally Managed Alternative Investment Fund and awaits approval.

Throughout the financial year, the Company complied with all relevant provisions of the UK Corporate Governance Code ("Irish Code), the UK Corporate Governance Code 2014 ("UK Code") and the Association of Investment Companies Code of Corporate Governance ("AIC Code"). During the financial year we reviewed our corporate governance arrangements in light of the UK Code amendments.

Company restructuring

As a result of the Internalisation, the Company now has an executive structure and we have transferred the procedures and policies that were in place in the Investment Manager into the Company and put them directly under our supervision. There is a clear division of responsibility between the Board and executive management. Reflecting this change we added a Remuneration Committee at Board committee level and several executive committees as listed in this report. The Remuneration Committee was constituted in February 2016 and reports here for the first time. In addition to the Remuneration Committee, we have Audit and Nominations Committees.

The Audit Committee continues to have a wide scope of work, and is an important factor in our being able to state our belief that this Annual Report and consolidated financial statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary to assess the Group's performance and prospects.

Our role in strategy and risk

We believe good governance requires the Board to have close engagement with all aspects of governance and the business so that we have an in depth knowledge of the business and a clear understanding of the challenges and risks that it faces. As Chairman, it is my responsibility to ensure we are effective in our roles and that we have focused on strategic matters as well as the internal controls and risk management. The Non-Executive Directors and Management Team held a strategy day in April 2016. With all our cash raised by share issues now invested and the new €400m revolving credit facility starting to be drawn, it is particularly important that we continue to assess and refine our strategy to ensure it delivers optimal returns for our stakeholders.

Risk management is another important area of focus for our Board and we have provided a separate section elaborating on our measures to identify, manage and mitigate risks on pages 42 to 48 of this Annual Report. In addition, we performed an overview of the Company's risk framework during the financial year and we keep the process of identifying and monitoring these risks under constant and close review – the Risk and Compliance Officer reports on compliance and risks at every Board meeting.

Corporate governance report (continued)

Stakeholder engagement

I see engagement with all our stakeholders as an important part of our role. We talk about engagement with our shareholders in Communication with shareholders on pages 74 of this report. We also engage actively with other providers of capital such as our bankers. We signed a new revolving credit facility for €400m during the financial year and also put in place financing for the Windmill Lane joint arrangement. We actively manage covenant compliance and encourage open communication with our capital providers.

The formation of the Windmill Lane joint arrangement has enabled us to manage our development risk and funding requirements appropriately. We act as managers of the development through one of our subsidiaries and this too has been actively managed by the Board in developing controls and communication with our partner. Further information on our joint arrangement is found in Note 18 of the Annual Report.

We need to recognise the role and importance of our employees' contribution. They are also important stakeholders in our Group. It is particularly important that non-executive and executive directors, as well as other senior managers, continue to communicate effectively and constructively. This was in place with the Investment Manager; it continues in our new structure. The executive committee structure aids this, with the inclusion of non-executive and executive directors and employee representatives to ensure full communication. Aside from formal membership of the committees, all employees that have roles in each area are invited to the bi-weekly meetings and every two months there is a meeting for all staff at which each department gives an update on their area of responsibility. With these mechanisms we hope to continue and grow the team spirit that has driven the Company so successfully in its first years of operation.

Board evaluation

The composition and performance of the Board and its committees were reviewed during the financial year. In general, there was satisfaction with the composition and performance of the Board. One minor concern was that attendance in person could be difficult given the large number of ad hoc meetings called at short notice. Many of these were as a result of the Internalisation and a high level of acquisitions as we rolled out our capital raised. The number of meetings is therefore expected to reduce significantly as business settles into normal levels of activity. Another point made was that we should keep the need for an internal audit function under review. This need is reviewed regularly and, at the moment, we are comfortable that there is appropriate oversight for the nature and complexity of the business.

During the financial year the Company Secretary has provided strong support in ensuring that we have all the information we need and in advising us on governance matters.

In 2016/17 our challenge is to continue to grow the organisation in a safe and measured way, ensuring that effective risk management remains a priority and that we continue to keep pace with developments in corporate governance.

Daniel Kitchen
Chairman
2 June 2016

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 complies with the relevant requirements and procedures as set out by the Central Bank of Ireland and the Irish and London Stock Exchanges. The main governance requirements are listed in the Listing Rules of the Irish and London Stock Exchanges, the Irish Corporate Governance Annex to the UK Corporate Governance Code ("Irish Code"), the UK Corporate Governance Code 2014 ("UK Code") and the Association of Investment Companies Code of Corporate Governance ("AIC Code"). The Company has applied the UK Corporate Governance Code due to the listing on the London Stock Exchange. To this end, the Board has established Audit, Remuneration and Nominations Committees, as described below, comprised entirely of Independent Non-Executive Directors.

During the financial year the Board reviewed changes in corporate governance recommendations arising from changes to the UK Code which apply for the first time to this accounting period. The terms of reference of the Board committees were revised accordingly. The Company also noted the commencement of the provisions of the Companies Act 2014 ("the Act") during the financial year.

The role of the Board

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

- Strategy and oversight
- Board composition, committees of the Board and the company secretary
- Appointment and oversight of delegates
- Corporate structure and share capital
- Risk management
- 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 Board oversees the performance of the Group's activities. Management has discretionary authority to enter into transactions for and on behalf of the Group save for certain matters which require the consent of the Board. The Board is obliged to challenge, supervise and instruct management at a high level. The Board reviews the Group and Company's management accounts on a quarterly basis.

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. Standing items include management accounts for the period, risk reporting, portfolio management and development progress as well as cash management and other operational reports.

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.

Corporate governance report (continued)

Details of the remuneration of Directors are set out in the Report of the Remuneration Committee on pages 67 to 71.

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.

The Company has established a policy on induction procedures for new directors. On appointment, new directors are provided with induction training.

Board and Committee performance

An externally facilitated evaluation will be completed every three years. A self-evaluation is completed every year. The annual self-evaluation of the Board and Committees took place in the first quarter of 2016. 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, skills, and experience of its members for the financial year under review. Due to Internalisation and investment activity, there were yet again an unusually high number of meetings and as a result some members had to attend ad hoc meetings by telephone.

As at the date of this report, there are seven Directors on the Board, five 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 also serves the Company in an advisory capacity. 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 50 to 52.

Directors' attendance at Board and Committee meetings

Directors' attendance at Board meetings

	For financial year ended 31 March 2016:		For financial year ended 31 March 2015:	
Name	Number of meetings held while a Board member	Number of meetings attended while a Board member	Number of meetings held while a Board member	Number of meetings attended while a Board member
Daniel Kitchen	17	17	17	16
Colm Barrington	17	17	17	14
Thomas Edwards-Moss	7	7	-	-
Stewart Harrington	17	17	17	16
Kevin Nowlan	7	7	-	-
William Nowlan	17	13	17	15
Terence O'Rourke	17	17	17	16

Directors' attendance at Board Committee meetings

	For financial year ended 31 March 2016:		For financial year ended 31 March 2015:	
	Number of meetings held while a Board member	Number of meetings attended while a Board member	Number of meetings held while a Board member	Number of meetings attended while a Board member
Audit Committee				
Colm Barrington	5	5	5	5
Terence O'Rourke	5	5	5	5
Stewart Harrington	5	5	5	5
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
Remuneration Committee				
Colm Barrington	1	1	n/a	n/a
Stewart Harrington	1	1	n/a	n/a
Daniel Kitchen	1	1	n/a	n/a
Terence O'Rourke	1	1	n/a	n/a

Where appropriate the Board also establishes Board Committees on an ad hoc basis to deal with specific matters that arise throughout the year. The membership of such committees will depend on the purpose for which it is established and will take into account the skills and experience required.

The Statement of Directors' Responsibilities is set out on page 75.

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, Executive Management 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 any issues and concerns of major shareholders.

Committees of the Board

The Board has established three committees: the Audit Committee, the Remuneration 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. These are available on the Company's website *http://www.hiberniareit.com/about-us/corporate-governance.aspx*.

Audit Committee

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

Chairman's report

Of particular note in this financial year was the Internalisation of the Investment Manager and the resultant impact on processes and controls. As the Audit Committee previously had oversight of the role of the Investment Manager, this change had less impact than might have been expected. The most important part of our work on this transaction came from the due diligence and legal framework as well as the accounting for the transaction. The Committee met five times during the year.

We also carried out our second self-evaluation and this examined both our own work and our interactions with external assurance such as the external auditor 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 of public announcements is sufficient and effective. There were no issues arising from this evaluation.

During the year we bedded down the investment property portfolio, working on enhancing controls and oversight. We worked with the external auditor and valuers to ensure the proper recognition of significant issues such as Internalisation and the fair value of properties.

In the coming financial year the property portfolio is expected to continue to grow as the Group leverages its equity, 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
2 June 2016

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 Audit Committee is responsible for:
- monitoring the financial reporting process
- monitoring the effectiveness of internal control and risk management systems
- monitoring the statutory audit of the annual and consolidated financial statements and the work on the interim report
- review and monitor the independence of the statutory auditor, and the provision of additional services by the auditor

The full Terms of Reference for the Audit Committee are published on the Group's website, *http://www.hiberniareit.com/about-us/corporate-governance.aspx.*

The Audit Committee meets regularly, 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	The independent auditor attends to present its plans in respect of the annual audit and interim review, its analysis of the risks it sees in the Group, the results of its audit and review(s), and its 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 Company	Representatives of the Company, 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 2015/16 were as follows:

	Principal responsibilities	Key areas discussed in 2015/2016
Reporting and external audit	• Monitoring the integrity of the Group and Company financial statements and any other formal announcement relating to the Company's financial performance, business model and strategy; review significant financial reporting issues and all other material disclosure obligations. • Policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter. • Review and discussion of the external auditor's audit plan and ensuring that it is consistent with the Group's overall risk management system. • Assessment of the external auditor's performance, qualifications, expertise, resources, independence and their terms of reference, 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. • Review of all reports to recommend to the Board that the annual report and financial statements, taken as a whole, is fair balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.	• Key documents of internalisation, interim and annual results reviewed. • Interim review plan for September 2015 and the audit plan for the financial year ending 31 March 2016 reviewed with external auditor, including the engagement letters. • Met the auditor both with and without the presence of management. Considered audit scope, risks assessment, results and recommendations. Discussed materiality. • Review of significant items of judgement and recommendations to the Board in terms of reporting for specific items; newly adopted accounting policies reviewed. • Review of Group forecasts and cash flow projections particularly with regard to going concern and viability assessments. • Review of compliance with covenants and other significant risk ratios. • Reviewed the supply of non-audit services by the auditor and engaged KPMG for tax services. • Met with the valuers'. Discussed the valuation approach, methods used, interaction with management, availability of information and access to the properties. • Cash positions and depositary review.

Corporate governance report (continued)

	Principal responsibilities	Key areas discussed in 2015/2016
Risk and internal control	• Review of the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems in particular with regard to the changes arising from Internalisation. • Assess the principal risks of the Group. • Review the disclosures made on risk and internal control in the annual report. • Procedures on the management and security of information technology.	• Reviewed the risk management framework developed by the Risk and Compliance Officer 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. • Discussed the need to carry out a risk assessment on IT security. Agreed to complete risk assessment in 2016/17 together with actions to be implemented.
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 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 2014 ("UK Code") and the Association of Investment Companies Code of Corporate Governance ("AIC Code"). • Compliance overview of REIT related measures. • Review of all correspondence with regulators. • Self-evaluation completed.

The significant issues considered by the Audit Committee during the financial year ended 31 March 2016 and the action taken by the Committee are set out opposite:

Significant issues considered	Action taken by Committee
Valuation of the investment portfolio	The Group works to ensure all the information provided to the independent valuers, CBRE, is complete and correct and that the results of their valuation judgements are in line with expectations based on whether their assessment of the market and knowledge of the properties. It also reviews whether the valuation methods, estimated rental value and market based yields and residual value method for development properties, are relevant and appropriate to the individual property circumstances. The Audit Committee challenges the assumptions made, considers the independence of the valuers and reviews the results of these valuations. It 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.
Windmill Lane development joint arrangement	Hibernia REIT entered into its first joint arrangement during the financial year. The Audit Committee reviewed management's treatment of the arrangement and its approach to recognising the assets and liabilities and profits or losses of the arrangement.
Internalisation	Management prepared a detailed memorandum examining the accounting implications for the internalisation transaction which the Audit Committee has reviewed, challenged and agreed the accounting treatment. This assessment detailed how the various payments under the share purchase agreement were accounted for. The conclusions reached and the basis for these are outlined in Note 2.f to the financial statements.
Performance related payments	As part of the settlement of the business acquisition relating to the former Investment Manager, the Company is obliged to make payments contingent on Group performance and in line with those that would have been due under the performance fees calculation within the Investment Management Agreement. The Audit Committee has reviewed these calculations and provisions relating to these amounts and confirmed Management's estimates.
Recognition of payments relating to lease surrenders	During the financial year, the Group received substantial amounts relating to lease breaks. The Audit Committee reviewed Management's recognition criteria and approach as set out in accounting memoranda and concurred with their assessment.

Re-appointment of the external auditor

The Audit committee has recommended to the Board that the statutory audit firm Deloitte, should be re-appointed for the coming financial year. Under the Articles of the Company, the reappointment will be tabled at the Annual General Meeting for shareholder approval. The committee has reached this recommendation after due consideration of the auditor's qualification, expertise and resources, effectiveness and independence.

In the course of arriving at this recommendation the Audit Committee completed a detailed assessment of these factors including the key points below:

- Confirmation with the auditor that there are no issues concerning its status as a Statutory Auditor or the designation of the audit engagement partner as a responsible individual.
- The independence and objectivity of the audit partner and senior audit staff especially in its interaction with management.
- The quality of the audit partner and audit staff from a technical accounting and auditing perspective, including their industry knowledge and their specialist technical expertise.
- Whether issues were raised at the right time by the appropriate level of audit staff with the appropriate Company staff and in particular the level and quality of communication with the Audit Committee.

The outcome of this assessment confirmed that the auditor was performing well, adding value to the control process, had a good relationship with both Audit Committee and management and was sufficiently independent and technically qualified to justify the recommendation to re-appoint.

Deloitte were appointed as first statutory auditor to the Company in 2013. The Audit Committee will keep their tenure under review in light of best practice and upcoming legislation.

In accordance with Section 383(2) of the Companies Act 2014 the auditor has expressed its willingness to continue in office. Therefore, the Board intends to recommend the reappointment of the auditor at the 2016 AGM in accordance with article 53 of the Articles of Association of the Company.

Corporate governance report (continued)

Non-audit work carried out by the external auditor during the financial year ended 31 March 2016

The external auditor has carried out a significant amount of work during the financial year ended 31 March 2016 which is non-audit in nature.

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

Advice in connection with the acquisition of WK Nowlan REIT Management Limited and Nowlan Property Limited: 46% (€83k) of non-audit fees related to work by the external auditor. The Audit Committee consider that the engagement of the external auditor on this project was both appropriate and reasonable. The Committee is also of the opinion that the undertaking of this assignment by the external auditors 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: 54% (€99k) of non-audit fees related to tax advice. This advice was provided by Deloitte, albeit by partners and staff unrelated to the audit engagement team. The Group used Deloitte 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 recommended that tax advice for regular tax issues as well as future projects is sought from other providers. Accordingly, the Group appointed KPMG as their retained tax advisers in March 2016.

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

Deloitte is a tenant of Hardwicke House, which is an investment property of the Group. Deloitte were in situ when the Group acquired its interest in the building and all lease arrangements are at arm's length. Deloitte 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 decided, 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 Group's internal monitoring procedures, any internal audit functions in key service providers, on reviews by the Depositary, and on external audit comment. 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.

Depositary

The Group had €23m (31 March 2015: €139m) in cash at the financial year end. The depositary is responsible for monitoring the safe keeping of these assets in accordance with the Group's policy on cash management.

Approval of reports

The Annual Report and Financial Statements were considered in draft on 17 May 2016. The Preliminary Statement, which included consolidated financial statements, was approved by the Board on 23 May 2016. The Annual report was approved by the Board on 2 June 2016.

Remuneration Committee

Chairman of the Remuneration Committee:
Mr Colm Barrington
Members of the Committee:
Mr Daniel Kitchen, Mr Stewart Harrington,
Mr Terence O'Rourke

Constitution

The Remuneration Committee was established in February 2016 following the internalisation of the Investment Manager. The Remuneration Committee is responsible for ensuring that the Company's overall remuneration policy is consistent with the strategic objectives of the Company and takes account of risk management implications. The Remuneration Committee is responsible for oversight of remuneration across the Company with specific regard for Directors and senior management. The terms of reference are compliant with the UK Corporate Governance Code 2014 (the "UK Code") and are available on the Company's website at *http://www.hiberniareit.com/about-us/corporate-governance.aspx.*

Chairman's report

Dear Shareholder,
On behalf of my colleagues on the Remuneration Committee, I am pleased to present the first Remuneration Committee Report of the Group for the financial year ended 31 March 2016.

The first action of the Remuneration Committee was to implement a remuneration policy. This is summarised below as part of this report.

The Company completed the acquisition of the Investment Manager (the "Internalisation") on 5 November 2015 and the transfer of the employees at the end of December 2015. Kevin Nowlan and Thomas Edwards-Moss were appointed as the first executive directors of the Company on 5 November 2015. During the Internalisation process an external benchmarking exercise was carried out on key management personnel, including executive directors, and salaries set at or slightly below market assessments. Mercer was engaged to carry out this review.

Incentive arrangements are in a transitional period, and were agreed as part of the Internalisation process as submitted to shareholders at our EGM on 27 October 2015. Until the end of the Investment Management contract period in November 2018, variable incentive payments for staff internalised will be principally funded out of the performance fee that would have been due under this contract. At the end of this period, a full revision of the remuneration policy will be implemented. In the meantime, while there may be some review of salaries related to market increases, there will be no substantial amendments to compensation packages until this is done. Part of this incentive arrangement is a Long Term Incentive Plan or "LTIP". This plan aims to encourage staff retention and align their interests with those of the Group through the payment of a percentage of performance related rewards through shares in the Company.

Internalisation related payments are outside the remit of this committee. These were determined before the Group or Company had employees or a remuneration committee. The payments were agreed in the share purchase agreement for the acquisition of the Investment Manager and were approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 27 October 2015. We therefore refer the reader to Note 5 to the financial statements which provides further information on this.

The Remuneration Committee met for the first time in February 2016.

Colm Barrington
On behalf of the Remuneration Committee
2 June 2016

Corporate governance report (continued)

Directors' remuneration policy report

The following section sets out the Directors' remuneration policy. This policy is to be submitted as an advisory resolution to the AGM of the Company to be held on 26 July 2016. The policy is reproduced here to provide ease of reference for shareholders.

As an Irish company, Hibernia REIT plc is not subject to the UK Directors' Remuneration Reporting Regulations. However, in line with best practice, the Group is committed to applying the requirements on a voluntary basis insofar as is practicable under Irish legislation. As the Company cannot rely on UK statutory provisions, the resolution submitted to the AGM is advisory in nature. The annual remuneration report is also submitted to the AGM on a similar basis.

Remuneration policy

The main aim of the remuneration policy is to align the interests of the Executive Directors and key management team members with the strategy and aims of the Group. Pay is intended to be both competitive and appropriate. The policy takes into account the regulatory environment, governance standards, the economic status and industry best practice.

Remuneration principles

- Support the strategy
- Promote sound risk management
- Motivate and retain key individuals without paying more than is required
- Align the interests of directors and shareholders in long term returns and NAV creation

Remuneration elements

Base salary

- Provides the basis for the overall market remuneration package and takes account of the role and skills of the individual
- It is determined by reference to market comparatives where available and takes account of industry standards, size and complexity, and the Company's progress towards its objectives.
- There is no maximum amount but increases will normally be in line with industry comparatives unless a change in scope of activity or responsibility warrants a reconsideration of the amount
- It is not performance linked

Pension

- Provides a basis for post-retirement remuneration in line with comparable remuneration packages
- Scheme is a defined contribution one with an independent pension provider and a 5% Company contribution must be matched by a 5% personal contribution
- It is Company policy not to develop a defined benefits scheme

Benefits

- The purpose is to provide market typical benefits for an overall effective remuneration package
- Executive Directors receive permanent health and life insurance
- Other benefits may be provided at the discretion of the remuneration committee either as a once-off or on an on-going basis
- Executive Directors may also be eligible to join all-employee schemes up to the relevant approved limits

Interim bonus plan

- As a result of Internalisation, the bonus plan will be funded principally by the performance fee arrangements per the Investment Management Agreement until its expiry in November 2018: up to 15% of the performance fee due to the vendors of the Investment Manager will be set aside to fund the bonus plan
- It is contingent on the continuing performance of service by the individuals concerned
- It includes an LTIP arrangement, applicable only to non-vendor service providers and employees which is being established
- It does not include directors and employees who were vendors of the Investment Manager and who are compensated under the terms of the share purchase agreement subject to clawback in the event of an early departure as described in Note 5 to the financial statements.

Future bonus plan

Prior to the expiry of the interim arrangements under Internalisation, the Remuneration Committee will develop a new bonus plan linked to long term performance of employees including executive directors as well as to that of the Group and undertake a consultation exercise with key shareholders. All new employees will enter this plan and existing employees, including executive directors, will transfer into the new arrangement in November 2018. Prior to the finalisation of this plan, separate arrangements will be made for new employees in the interim. The details have not yet been developed but are under consideration by the Committee and will be submitted in an advisory capacity for approval at a future AGM.

Remuneration throughout the Group

The remuneration for all staff in the Group is based on the same principles and arrangements as described above relating to executive directors.

Non-Executive Director remuneration policy

Non-Executive Directors are paid fees at a level sufficient to attract individuals of the calibre and qualifications required to manage the business of the Group effectively. Fees should be appropriate to the size and complexity of the organisation, the time commitment required and the qualifications and experience of the individual appointed.

Fees for Non-Executive Directors are agreed by the Board following recommendation from the remuneration committee. Fees for the Chairman are determined by the committee. Only basic fees are paid, no performance related element is considered appropriate. Reasonable expenses will be reimbursed where appropriate. Training and induction are provided where relevant.

Succession planning

Succession planning is one of the responsibilities of this committee. The Group has a flat structure as it is a small team and therefore the focus is on personal development in order to encourage employees to become competent across disciplines to provide some level of support across functions. We have also recognised the contribution of more experienced individuals who are nearing retirement and wish to work on a more relaxed and flexible basis. These individuals provide expertise and support that would otherwise be difficult and expensive to source.

Annual report on remuneration for the financial year ended 31 March 2016

Directors' remuneration

The Non-Executive Directors do not have service contracts but do have letters of appointment which reflect their responsibilities and commitments. Executive Directors have service contracts.

Non-Executive Directors' remuneration

The Non-Executive Directors were appointed for an initial term of three years. The Company may lawfully terminate a Non-Executive Director's appointment with immediate effect in certain circumstances, including where a Non-Executive Director has breached the terms of his letter of appointment and no compensation would be payable to a Non-Executive Director in such event.

Non-Executive Directors' remuneration

Name	Annual Fee €'000	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Daniel Kitchen	100	100	100
Colm Barrington	50	50	50
Stewart Harrington	50	50	50
William Nowlan*	50	50	-
Terence O'Rourke	50	50	50
Totals	300	300	250

*William Nowlan also earned €50,000 for advice given to the Company under a consulting contract. He was also a vendor of the Investment Manager and received payments under the Share Purchase Agreement as disclosed in Note 5 to the financial statements.

Executive Directors' remuneration

As discussed above, performance based payments to all employees, including Executive Directors, are met out of arrangements under the internalisation agreement. These are described as "Cash Bonus" and "LTIP" in the table below. A description of the LTIP arrangements is provided in a separate section below. There are no other performance related payment arrangements during the period remaining under the Investment Management Agreement.

Payments to Executive Directors in the period from the date of appointment (5 November 2015) to 31 March 2016 are as follows:

Executive Directors' remuneration (audited)

	Salary	Benefits	Cash Bonus*	LTIP*	Pension	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Kevin Nowlan	125	8	-	-	19	152
Thomas Edwards-Moss	83	8	123	123	13	350
Total	208	16	123	123	32	502

* Mr Kevin Nowlan was one of the vendors of the Investment Manager and therefore receives no variable compensation as he is compensated under the Internalisation Share Purchase Agreement as disclosed in Note 5 to the financial statements.

Both Mr Kevin Nowlan and Mr Thomas Edwards-Moss were appointed on 5 November 2015.

Conditions of employment

Executive Directors have service contracts with the Company which can be terminated on six months notice by the individual. The Committee may determine bonus entitlements that should apply, if any, in the year of departure. The departure of Kevin Nowlan within the interim bonus arrangement period may trigger clawback arrangements under the criteria described in Note 5 to the consolidated financial statements. Mr Thomas Edwards-Moss may be subject to vesting conditions under the LTIP scheme.

If an Executive Director ceases to be employed by reason of ill health, injury, redundancy, disability a change of control of the Group or by virtue of any other reason at the Committee's discretion, the extent to which awards may vest or be clawed back may be adjusted by the Committee.

Executive Directors' contracts are available for shareholders to view at the AGM.

Fixed remuneration arrangements

Executive Directors' annual salary and other fixed remuneration arrangements

	Salary	Benefits	Pension	Total
	€'000	€'000	€'000	€'000
Kevin Nowlan	300	19	45	364
Thomas Edwards-Moss	200	17	30	247
Total	500	36	75	611

These conditions apply from 5 November 2015.

Performance related remuneration scheme ("PRR")

All employees internalised in the financial year, including executive directors, are entitled to participate in the performance related remuneration scheme, save Mr Kevin Nowlan and Mr Frank O'Neill who, as a vendors of the Investment Manager, are compensated through the internalisation arrangements as disclosed in Note 5 to the Financial Statements.

An interim scheme applies in the period to the expiry of the Investment Management Agreement. During this period there is a fixed PRR in place, which is dependent on the level of performance of the Group. This scheme is funded out of the performance fees and hence directly linked to any performance fees earned. 50% of any amount payable will be paid to employees in cash; the other 50% will be awarded in shares, which will vest in three years from the start of the financial year to which they relate.

In addition to the PRR which is dependent on the Group performance, a discretionary amount may be paid which is dependent on the employee's performance.

Separate arrangements may be set up for any employees who join the Group post Internalisation.

Interests of Directors and Secretary in share capital

	31 March 2016		31 March 2015	
	Ordinary shares	% of Company	Ordinary shares	% of Company
Daniel Kitchen	100,883	0.01%	100,000	0.01%
Colm Barrington	1,100,000	0.16%	1,100,000	0.16%
Stewart Harrington	100,706	0.01%	100,000	0.01%
William Nowlan	2,650,589	0.39%	600,000	0.09%
Terence O'Rourke	151,059	0.02%	150,000	0.02%
Kevin Nowlan*	4,249,237	0.62%	147,620	0.02%
Thomas Edwards-Moss*	95,921	0.01%	95,250	0.01%
Company Secretary, Chartered Corporate Services	-	-	-	-

* Kevin Nowlan and Thomas Edwards-Moss are executive directors and were appointed on 5 November 2015. William Nowlan and Kevin Nowlan are related. 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 2016 and the date of this report.

Nominations Committee

Chairman of the Nominations Committee:

Daniel Kitchen

Members of the Committee:

Colm Barrington, Stewart Harrington, Terence O'Rourke

Report of the Nominations Committee

The Nominations Committee met once during the financial year ended 31 March 2016. 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 in a financial year and as otherwise directed. The Terms of Reference for the Nominations Committee, which were updated in light of the revisions to the UK Code, are available on the Group's website at *http://www.hiberniareit.com/about-us/corporate-governance.aspx*, were confirmed in January 2016 as effective and sufficient.

An evaluation of the Committee's work was carried out in the first quarter of 2016. Given that there have been no appointments made to the Board during the period other than Mr Kevin Nowlan and Mr Thomas Edwards-Moss as a result of the Internalisation of the Investment Manager, the work of the Committee has been limited. However, this self-assessment found that the Committee is satisfied that there is the right mixture of skills involved on the Committee that the processes in place to make new appointments are appropriate and in line with best practice.

Corporate governance report (continued)

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 and complies with the requirements of the UK Code and Companies Act 2014.

Diversity

The Group recognises the importance of diversity, not only in gender but in background and experience. As a young company, the selection process has focused on people with strong experience in relevant fields that can provide the necessary support to ensure we grow confidently and to help fill gaps in internal expertise.

We do not believe that selection on gender alone should be a basis; we prioritise diversity of candidate qualification and experience and, where possible, consider gender as a secondary basis. The organisation will continue to build this into recruitment policies in the future. The Nominations Committee keep this in mind in considering appointments.

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.

Management structure

The management of the Group is structured over the following main areas:

The senior management team on 31 March 2016 were:

Name	Role
Kevin Nowlan	Chief Executive Officer/ Executive Director
Richard Ball	Chief Investment Officer
Tom Edwards-Moss	Chief Financial Officer/ Executive Director
Frank Kenny	Senior Adviser
Sean O'Dwyer	Risk and Compliance Officer
Frank O'Neill	Chief Operations Officer

In addition to the above, Mr. Mark Pollard commenced on 5 May 2016 in the role of Director of Development.

The management team is responsible for the running of the Group's business under the supervision of the Board. Two members of the management team are also Executive Directors. The management team is delegated to acquire properties on behalf of the Group, to manage the Group's assets and to provide or procure the provision of various accounting, administrative, reporting, record keeping, regulatory and other services to the Group. The management team 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 management team ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of management, as well as the executive directors, are invited to attend Board meetings where applicable, thus enabling the Directors to probe further on matters of interest.

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. The following are the principles under which the internal control system operates:

- a defined schedule of matters reserved to the Board
- a detailed authorisation process
- risk metrics and risks reporting at each scheduled meeting
- formal documentation of all significant transactions
- business and financial planning to include cash flows and scenario analysis covering a period of three financial 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)

Much of the Policies and Procedures Manual is carried across from the Investment Manager but has been reviewed in light of the new corporate structure. 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, the authorisations required to effect those transactions, and the necessary controls to ensure that only appropriately authorised individuals in the Group can approve a transaction. In particular, the Policies and Procedures Manual establishes the necessary controls and authority levels 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.

The Group maintains a register of errors and breaches which is a mechanism to detect and deal with failings or weaknesses which may or may not be significant, but which could result in loss to the Group. This register records incidents of error or potential error arising from various sources such as attempted fraud, external service providers and internal controls. During the financial year ended 31 March 2016 there were four such breaches recorded, none of which resulted from a failure in internal controls or in material losses. Apart from this procedure, revisions in internal controls resulted from ongoing work at improving systems, for example in the preparation of financial statements, revisions were made to checklists and approval processes both in light of additional accounting policies and best practice.

Risk management

The Company considers risk management to be a very important matter. The Board and the Audit Committee 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 management team and are kept under review by the Audit Committee and the Board.

The Company's risk management function has 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 Company 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.

Risk is managed through a Risk Framework which is prepared, monitored and reported on by the RCO who reports to the Audit Committee and to the Board at each quarterly Board meeting. The Risk framework includes a risk matrix that measures risks against agreed limits. The RCO is also responsible for the compilation of, maintenance and review of the risk register. In this Risk Register 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 are given on pages 45 to 48.

Corporate governance report (continued)

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 management team, 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.

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 the 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).

Directors' responsibility statement

The Directors, whose names and details are listed on pages 50 to 52 are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations.

Irish 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 Act 2014.

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 Act 2014 provides 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. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

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;
- state that Group and Company financial statements 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 ensuring that the Group and Company keeps or causes to be kept adequate accounting records which:

- correctly explain and record the transactions of the Group and Company;
- enable at any time the assets, liabilities, financial position and profit or loss of the Group and Company to be determined with reasonable accuracy;
- enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014;
- enable the financial statements to be audited; and
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and, as regards the Group financial statements, Article 4 of the IAS Regulation, and the Listing Rules of the Irish and London Stock Exchanges.

Directors 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 also 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 confirm that they have complied with the above requirements in preparing the Annual Report.

Each of the Directors, whose names and functions are listed on pages 50 to 52, confirms that, to the best of each person's knowledge and belief:

- the Annual report and 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 and Company as at 31 March 2016 and of the result for the financial year then ended; and
- the Report of the Directors includes a fair review of the development and performance of the Group's business and the state of affairs of the Group and Company at 31 March 2016, together with a description of the principal risks and uncertainties facing the Group; and
- the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Group and Company.

This responsibility statement was approved by the Board of Directors on 2 June 2016 and is signed on their behalf by:

Mr Kevin Nowlan
Chief Executive Officer

Mr Thomas Edwards-Moss
Chief Financial Officer

Independent auditor's report

to the members of Hibernia REIT plc

Opinion on financial statements of Hibernia REIT plc

In our opinion the financial statements:

- **give a true and fair view of the assets, liabilities and financial position of the Group and the Company as at 31 March 2016 and of the Group's profit for the financial year then ended; and**
- **have been properly prepared in accordance with the relevant financial reporting framework and in particular, with the requirements of the Companies Act 2014 and, as regards the group financial statements, Article 4 of the IAS Regulation.**

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 33 and (a) to (p). The financial reporting framework that has been applied in the preparation of the Group and parent Company financial statements is Irish law and IFRSs as adopted by the European Union.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

As required by the Listing Rules we have reviewed the Directors' statement contained within Note 2 to the financial statements that the Group is a going concern.

We have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 44 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 45 to 48 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in Note 2.(d) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the Directors' explanation on page 54 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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 Management. Refer also to Note 17 of the consolidated financial statements.	• We obtained an understanding and assessed the design of the controls the Board has implemented over the valuation process. • 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 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.

Our assessment of risks of material misstatement

Risk of material misstatement	How the scope of our audit responded to the risk
Performance fees (Share based payments) The performance fee calculation is complex in nature which increases the risk of error. A portion of the performance fees settlement is via shares in the Company and therefore must be recorded in accordance with the requirements of share based payments. Refer also to Note 23 of the consolidated financial statements.	• We obtained an understanding and assessed the design of the Group's controls over the calculation and approval of the performance fee. • We considered the inputs to the performance fee calculation and where appropriate we have compared the inputs to entity data or market data. • We have examined the calculation of the performance fee to evaluate whether it is consistent with the investment management agreement. • We examined the accounting treatment for performance fees to consider the accounting charge recorded has been accounted for in accordance with the requirements of IFRS.
Acquisition of the investment manager During the financial year the Group acquired its investment manager in a transaction whose consideration consisted of both cash and shares of the Group and included a payment in relation to future services. The recognition of this transaction required significant judgement by the Directors. The risk relates to the appropriate accounting treatment and disclosure of the consideration and the future service value of the transaction within the financial statements. Refer also to Note 5 of the consolidated financial statements.	• We obtained an understanding of the transaction and the proposed accounting treatment and evaluated whether the proposed treatment was consistent with the Group's accounting policies and the requirements of IFRS. • We obtained audit evidence in respect to the nature and substance of the transaction by reviewing the transaction documentation including the Share Purchase Agreement. • We evaluated the disclosures of the transaction in the financial statements for compliance with IFRS.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee set out on page 65.

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

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

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 €8,250,000 (2015: €7,000,000) which is below 1% of net assets.

We agreed with the Audit Committee that we would report to the Committee any audit differences in excess of €410,000 (2015: €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 subsidiaries listed in note 31 to the financial statements. The subsidiaries were subject to a full scope audit. We determined the materiality with reference to the size of the subsidiary which was lower than Group Materiality.

Opinion on other matters prescribed by the Companies Act 2014

Directors' Report and Corporate Governance Statement

In our opinion the information given in the Directors' Report is consistent with the financial statements and based on the work undertaken in the course of the audit the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required under Regulation 21(2)(c), (d), (f), (h) and (i) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. No. 255 of 2006) are consistent with the financial statements and have been prepared in accordance with section 1373 Companies Act 2014. Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information. In our opinion, the information required pursuant to section 1373(2)(a), (b), (e) and (f) Companies Act 2014 is contained in the Company's Corporate Governance Statement.

Adequacy of explanations received and accounting records:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The parent Company Statement of Financial Position is in agreement with the accounting records.

Matters on which we are required to report by exception

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.

Directors' remuneration	Under the Listing Rules of the Irish Stock Exchange we are required to review the six specified elements of disclosures in the report to shareholders by the board on Directors' remuneration. Under the Companies Act 2014 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	We reviewed the Corporate Governance report for compliance with the following provisions of Section C "Accountability" of the UK Corporate Governance Code: C1.1; C.2.1 and C3.1 – C3.7. We have nothing to report arising from our review of these matters.
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 and otherwise comply with the Companies Act 2014. 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 Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company'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 Groups and the parent 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
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 2 June 2016

Consolidated income statement

For the financial year ended 31 March 2016

	Notes	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Revenue	7	32,786	18,769
Direct property costs		(2,497)	(725)
Net property income		**30,289**	**18,044**
Revaluation of investment properties	17	125,056	80,809
Other gains and (losses)	8	(171)	7,691
Total income after revaluation gains and losses		155,174	106,544
Expense			
Investment manager fee - base		-	(4,690)
Performance related payments	5	(6,069)	(5,772)
Administration expenses	9	(8,696)	(1,584)
Total operating expenses		(14,765)	(12,046)
Operating profit		**140,409**	**94,498**
Finance income	12	153	399
Finance expense	12	(4,240)	(1,974)
Profit before tax		136,322	92,923
Income tax	13	475	(691)
Profit for the financial year		**136,797**	**92,232**
Earnings per share			
Basic earnings per share (cent)	15	**20.2**	**18.4**
Diluted earnings per share (cent)	15	**20.1**	**18.3**

The notes on pages 85 to 125 form an integral part of these consolidated financial statements

Consolidated statement of comprehensive income

For the financial year ended 31 March 2016

	Notes	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Profit for the financial year		**136,797**	**92,232**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property	**23**	323	-
Items that may be reclassified subsequently to profit or loss			
Net fair value (loss) on hedging instruments entered into for cash flow hedges	**23**	(112)	-
Total other comprehensive income		211	-
Total comprehensive income for the financial year attributable to owners of the Company		**137,008**	**92,232**

The notes on pages 85 to 125 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March 2016

	Notes	31 March 2016 €'000	31 March 2015 €'000
Assets			
Non-current assets			
Property, plant and equipment	16	2,946	-
Investment Property	17	927,656	641,296
Other financial assets	19	365	152
Trade and other receivables	20	11,666	-
Total non-current assets		**942,633**	**641,448**
Current assets			
Trade and other receivables	20	18,880	9,046
Cash and cash equivalents		23,187	139,048
		42,067	148,094
Non-current assets classified as held for sale	21	3,921	18,499
Total current assets		**45,988**	**166,593**
Total assets		**988,621**	**808,041**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	22	672,398	657,987
Other reserves	23	6,136	5,772
Retained earnings	24	218,040	89,375
Total equity		**896,574**	**753,134**
Non-current liabilities			
Financial liabilities	25	72,724	-
Trade and other payables	26	-	-
Total non-current liabilities		**72,724**	-
Current liabilities			
Trade and other payables	26	19,323	12,210
Payable due for investment property		-	42,697
Total current liabilities		**19,323**	**54,907**
Total equity and liabilities		**988,621**	**808,041**
IFRS NAV per share (cent)	27	**131.6**	**112.4**
Diluted IFRS NAV per share	27	**130.7**	**111.6**
EPRA NAV per share	27	**130.8**	**111.8**

The notes on pages 85 to 125 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 80 to 125 were approved and authorised for issue by the Board of Directors on 2 June 2016 and signed on its behalf by:

Mr Kevin Nowlan
Chief Executive Officer

Mr Thomas Edwards-Moss
Chief Financial Officer

Consolidated statement of changes in equity

	Notes	Share capital	Share premium	Retained earnings	Other reserves	Total
		Financial year ended 31 March 2016				
		€'000	€'000	€'000	€'000	€'000
Balance at start of financial year		**67,032**	**590,955**	**89,375**	**5,772**	**753,134**
Profit for the financial year		-	-	136,797	-	136,797
Total other comprehensive income		-	-	-	211	211
		67,032	590,955	226,172	5,983	890,142
Transactions with owners of the Company, recognised directly in equity						
Dividends	**14**	-	-	(8,121)	-	(8,121)
Issue of ordinary shares for cash	**22**	-	-	-	-	-
Share issue costs	**22**	-	-	(11)	-	(11)
Share based payments	**11**	1,093	13,318	-	153	14,564
Balance at end of financial year		**68,125**	**604,273**	**218,040**	**6,136**	**896,574**

	Notes	Share capital	Share premium	Retained earnings	Other reserves	Total
		Financial year ended to 31 March 2015				
		€'000	€'000	€'000	€'000	€'000
Balance at start of financial year		**38,500**	**333,312**	**(846)**	-	**370,966**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	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	**14**	-	-	(2,011)	-	(2,011)
Issue of ordinary shares for cash	**22**	28,532	271,052	-	-	299,584
Share issue costs	**22**	-	(13,409)	-	-	(13,409)
Share based payments		-	-	-	5,772	5,772
Balance at end of financial year		**67,032**	**590,955**	**89,375**	**5,772**	**753,134**

The notes on pages 85 to 125 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the financial year ended 31 March 2016

	Notes	Financial year ended 31 March 2016	Financial year ended 31 March 2015
Cash flows from operating activities		€'000	€'000
Profit for the financial year		136,797	92,232
Adjusted non cash movements:			
Revaluation of investment properties		(125,056)	(80,809)
Other gains and losses		(2,312)	(7,691)
Share based payments		5,925	5,772
Prepaid remuneration		4,191	-
Depreciation		65	-
Rental income (payable)/paid in advance		(1,807)	9
Finance (income)/expense		4,087	1,575
Income tax		(475)	691
Operating cash flow before movements in working capital		**21,415**	**11,779**
(Increase) in trade and other receivables		(3,005)	(1,061)
Increase in trade and other payables		8	3,369
Net cash flow from operating activities		**18,418**	**14,087**
Cash flows from investing activities			
Purchase of fixed assets	**16**	(46)	-
Cash paid for investment property	**28**	(208,159)	(457,409)
Sale of investment property		4,951	-
Purchase of non-current assets classified as held for sale		-	(541)
Proceeds from the sale of non-current assets classified as held for sale		12,226	6,297
Net proceeds from loans		3,476	2,681
Business acquisition (Net of acquired cash)	**28**	237	-
Prepaid remuneration	**5**	(7,104)	-
Tax paid		(384)	-
Net finance income and expense		(2,813)	(1,421)
Net cash flow absorbed by investing activities		**(197,616)**	**(450,393)**
Cash flow from financing activities			
Dividends paid	**14**	(8,121)	(2,011)
Borrowings drawn	**25**	75,529	-
Arrangement fee paid	**25**	(3,718)	(500)
Derivatives premium		(342)	-
Proceeds from the issue of ordinary share capital	**22**	-	299,584
Share issue costs	**22**	(11)	(13,409)
Net cash inflow from financing activities		**63,337**	**283,664**
Net (decrease) in cash and cash equivalents		**(115,861)**	**(152,642)**
Cash and cash equivalents start of financial year		139,048	291,690
(Decrease) in cash and cash equivalents		(115,861)	(152,642)
Net cash and cash equivalents at end of financial year		**23,187**	**139,048**

The notes on pages 85 to 125 form an integral part of these consolidated financial statements.

Notes forming part of the Annual Report

1. General information

Hibernia REIT plc, the "Company", together with its subsidiary and associated undertakings as detailed in Note 31 (the "Group"), is engaged in property investment (primarily commercial) in the Irish (primarily Dublin) 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 South Dock House, Hanover Quay, Dublin, D02 XW94, Ireland. The Company was incorporated on 13 August 2013 and 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. 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), and the Companies Act 2014. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB.

The Group has not early adopted any forthcoming IASB standards. Note 3 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 Act 2014. 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, owner occupied buildings 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.

d. Assessment of going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have performed an assessment of going concern for a minimum period of 12 months from the date of this statement and are satisfied that the Group is appropriately capitalised. The Group has a cash balance as at 31 March 2016 of €23m (31 March 2015: €139m), is generating positive operating cash flows and, as discussed in Note 25, has in place a revolving credit facility with an undrawn balance of €325m at 31 March 2016 (31 March 2015: €100m). 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 entities controlled by the Company (its subsidiaries). Control is assessed based on the Company's:

- power over the investee;
- exposure to variable return from its involvement with the investee; and
- ability to use its powers to affect returns.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Notes forming part of the Annual Report (continued)

2. Basis of preparation (continued)

The results of subsidiaries and joint arrangements acquired or disposed of during the financial year are included from the effective date of acquisition or to the effective date of disposal. The accounting policies of all consolidated entities are consistent with the Group's accounting policies.

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.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value. The assets and liabilities acquired in the business combination are recognised at their fair value with the exception of deferred tax assets or liabilities related to employee benefit arrangements (measured according to IAS 12 and IAS 19) and assets that are classified as held for sale (measured according to IFRS 5). Acquisition related costs are expensed as incurred.

Where the consideration transferred by the Group includes a contingent asset or liability, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. The subsequent accounting for changes in the measurement of these contingent assets or liabilities depends on the classification of the contingency. For example, contingent fees recognised under acquired contracts would be measured as a change in the value of the trade receivable or payable and the movement recognised in profit and loss.

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.

Joint arrangements
A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is established when no one entity has control of the arrangement on its own; all of the entities involved in the arrangement control it collectively. The Group enters into such arrangements to facilitate joint development of properties in its portfolio of investment properties. The arrangements are bound by contractual agreements and may be accounted for as either a joint venture or joint operation. These arrangements are reviewed at each accounting period to ensure that control continues to be joint and that, where entities are involved, reclassification into subsidiary or associate companies is not required.

A joint arrangement is classified as a joint venture when the Group has rights to the net assets of the arrangement rather than to the individual assets and liabilities, revenues and expenses. Otherwise the joint arrangement is classified as a joint operation. This classification is based upon an assessment of the structure and legal form of the arrangement.

The Group accounts for joint ventures using the equity method, the Groups share of the joint venture is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The Group's share of profit or loss includes its share of the investee's profit or loss and the Group's other comprehensive income includes its share of the investee's other comprehensive income.

Where the joint arrangement is recognised as a joint operation, the Group recognises its share of assets and liabilities held jointly as well as its share of revenues and expenses according to the IFRS applicable to the items being recognised.

f. Significant judgements

The preparation of the financial statements may require Management to exercise judgement in applying the Group's accounting policies. The following are the significant judgements:

Classification of Starwood joint arrangement
Hibernia REIT plc has entered into a joint arrangement to develop the Windmill Lane site. The site is co-owned through its subsidiary, Hibernia REIT Holding Company Limited, and the development is managed through a jointly owned development company, the Windmill Lane Development Company Limited. The Directors have examined the overall arrangements and concluded that as the joint arrangement is not structured through a separate legal vehicle and that the parties have rights to the specific assets and liabilities of the arrangement, it should be accounted for as a joint operation. Accordingly, the Group has recognised its share of the assets, liabilities, income and expenditure.

2. Basis of preparation (continued)

Internalisation of the Investment Manager

On 5 November 2015, the Company completed the internalisation of the Investment Manager. The internalisation has occurred by the acquisition of the entire issued share capital of the parent company of the Investment Manager, Nowlan Property Limited, and the Investment Manager held otherwise than by the parent company. As part of the agreement, the Company assumed the expenses of the Investment Manager for the period from 1 April 2015 to completion of the internalisation.

The main components of the transaction were:

A. A payment for the fair value of the net assets of the acquired companies, the "Acquirees";

B. A payment calculated by reference to the base fee due under the Investment Management Agreement; and

C. Payments in future periods which reference performance related fees, NAV increases and joint venture fees payable under the Investment Management Agreement.

Part A has been determined to be a business combination and has been accounted for under the acquisition method.

88.75% of the payments under B and C above are conditional on the completion of service by vendors remaining part of the Management Team of the Company until November 2018, with one third of payments vesting annually on the anniversary of the deal completion. The remaining 11.25% relates to payments to vendors that are not part of the Management Team.

The Directors have considered the accounting for these payments and determined that B and C substantially represent a transaction separate to the acquisition of WK Nowlan REIT Management Limited and Nowlan Property Limited, together the "Acquirees", as they remunerate employees and contractors who were former owners for future services. This decision is based on the provisions included in the share purchase agreement that require those owners subject to these conditions to continue to provide services to the Group until expiration of the agreement in November 2018. Failure to comply with these provisions will result in clawback of the payments. This clawback is reduced by one third on each anniversary of the agreement until November 2018.

The amount paid under part B which the Directors have identified as for future services, €13.4m, is therefore treated as a prepayment in the financial statements and recognised over the period during which the services it is dependent on are provided. These services will be provided from the completion date (5 November 2015) to November 2018. €1.8m has been recognised in the income statement for the financial year ended 31 March 2016. The balance paid to vendors who are not obliged to provide services, €1.7m, was recognised immediately as an expense, and is included in other gains and losses.

Payments made in subsequent periods under part C are recognised over the period that the Group receives the benefit of the services to which they relate. Amounts not relating to services provided will be expensed as incurred.

As a material item, the accounting for this transaction constitutes a significant judgement by the Directors. Further details can be found in Note 5 to these financial statements.

There were no other items of significant judgement that might have a material impact on the consolidated financial statements at 31 March 2016.

Notes forming part of the Annual Report (continued)

2. Basis of preparation (continued)

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.

Fair value

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 IAS 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.

Valuation of investment properties

The Group's investment properties are held at fair value and were revalued at 31 March 2016 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 valuations and the sensitivities is given in Note 17.

The Board conducts 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 publicly available and a degree of judgement. The valuation is based upon the key assumptions of estimated rental values and market based yields. The approach to developments and refurbishments is on a residual basis and factors such as the assumed timescale, the assumed future development cost and an appropriate finance and/or discount rate are 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 cash flows 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 total reduction in the external valuers' investment property valuation in respect of these adjustments was €2.6m (31 March 2015: €2.2m). No further adjustments were required for the financial year ended 31 March 2016.

There were no other key estimates that might have a material impact on the consolidated financial statements at 31 March 2016.

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

Adoption of new standards

The following standards are effective for the first time in the current financial year, due to changes in the business structure, and have been adopted:

- IFRS 11 Joint Arrangements
- IAS 16 Property, Plant and Equipment
- IAS 19 Employee Benefits (2011)

Prospective Accounting changes

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.
- IAS 7 Statement of Cash flows amendments to clarify disclosures and is effective for annual periods beginning on or after 1 January 2017. (Subject to EUR endorsement)
- IFRS 9 Financial Instruments was issued in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a revised classification and measurement model, a forward looking 'expected credit loss' impairment methodology and modifies the approach to hedge accounting. Unless early adopted, the standard is effective for accounting periods beginning 1 January 2018. (Subject to EU endorsement)
- 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. (EU endorsement currently halted)
- 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.
- IAS 12 Income taxes, amendments to deferred tax recognition. Effective for periods beginning on or after 1 January 2017. (Subject to EU endorsement)
- 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. (Will not be EU endorsed)
- 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. (Subject to EU endorsement)
- 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.
- IFRS 16 Leases, sets out the principles for the recognition, measurement, presentation and disclosure of leases. It is effective for annual periods commencing on or after 1 January 2019 and supersedes IAS 17 Leases and SIC 15: Operating leases - Incentives. (Subject to EU endorsement)
- 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.
- 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: 2012-2015 cycle (effective for accounting periods beginning on or after 1 July 2016);

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

IFRS 15 may have a future impact on revenue recognition and related. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied. The Group's main source of revenue is from the leasing of properties and revenue is recognised in accordance with IAS 17: Leases and SIC 15: Operating Leases—Incentives. It is therefore expected that there will be no material impact from the adoption of IFRS 15.

IFRS 16: Leases will apply to the operating leases applicable to the Group's Investment property but is not expected to materially change the Group's accounting in relation to these items.

The reminder of these amendments are not expected to have a material impact on the Group's consolidated financial statements.

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 Income Statement 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 Income Statement on an accrual 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 to.
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 is 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.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Therefore 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.

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.

4. Significant accounting policies (continued)

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 re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated 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 Income Statement. Income for all interest-bearing financial instruments is recognised 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. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of investment properties which take a considerable length of time to get ready for rental to tenants, are added to the costs of those properties until such time as the properties are substantially ready for use. All other borrowing costs are recognised in the profit and loss account as they occur.

f. Employee benefits

Retirement benefit costs and termination benefits

Payments to the Group's defined contribution retirement benefits plan are recognised as an expense when employees have rendered the service which entitles them to the contribution. A liability for termination payments is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short term and long term employee benefits

A liability is recognised for benefits accruing to employees in respect of all elements of remuneration, annual leave, and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made for the Group in respect of services provided by the employees up to the reporting date.

g. Provisions

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

h. Expenses

Expenses are recognised in the Consolidated Income Statement on an accrual basis.

Notes forming part of the Annual Report (continued)

4. Significant accounting policies (continued)

i. Share-based payments

A share-based payment is a transaction in which the entity receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity. Equity-settled share based payments are measured at the fair value of the equity instruments on the grant date. Details regarding the determination of the fair value of equity-settled share based transactions are set out in Note 11. The fair value determined at the grant date of the equity-settled share based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments which will vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee share benefits reserve. Fair value movements between the grant and issue date are recognised at each accounting date.

Equity settled share based transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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

j. 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.

k. Joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is established when no one entity has control of the arrangement on its own; all of the entities involved in the arrangement control it collectively. The Group enters into such arrangements to facilitate joint development of properties in its portfolio of investment properties. The arrangements are bound by contractual agreements and may be accounted for as either a joint venture or joint operation. These arrangements are reviewed at each accounting period to ensure that control continues to be joint and that, where entities are involved, reclassification into subsidiary or associate companies is not required.

A joint arrangement is classified as a joint venture when the Group has rights to the net assets of the arrangement rather than to the individual assets and liabilities, revenues and expenses. Otherwise the joint arrangement is classified as a joint operation. This classification is based upon an assessment of the structure and legal form of the arrangement.

The Group accounts for joint ventures using the equity method, the Groups share of the joint venture is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The Group's share of profit or loss includes its share of the investee's profit or loss and the Group's other comprehensive income includes its share of the investee's other comprehensive income.

Where the joint arrangement is recognised as a joint operation, the Group recognises its share of assets and liabilities held jointly as well as its share of revenues and expenses according to IFRS applicable to the items being recognised.

4. Significant accounting policies (continued)

l. *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 Income Statement 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 2.(g).

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 (the 'Red Book') January 2014.

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 Income Statement. Interest and other outgoings, less any income, on properties under development are capitalised. Borrowing costs, that is interest and other costs incurred in connection with borrowing funds, are recognised as part of the costs of an investment property where directly attributable to the purchase or construction of that property. Interest capitalised is calculated on development outgoings using the cost of funds specifically borrowed for a particular development or 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 derecognition 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.

Notes forming part of the Annual Report (continued)

4. Significant accounting policies (continued)

m. Property, plant and equipment

Owned property which is occupied by the Group for its own purposes is de-recognised as investment property at the date occupation commenced and at the fair value at that date. Property used for administration purposes is stated in the Consolidated Statement of Financial Position at its revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ from materially from those that would be determined using fair values at the end of each accounting period.

Any revaluation increase from this property is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount of this property arising on revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued property is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation reserve is transferred directly to retained earnings.

Fixtures and fittings are stated at costs less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost or value of assets less their residual value over their useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives for the main asset categories are:

Land and buildings	50 years
Fixtures and fittings/ Leasehold improvements	5 years
Office and computer equipment	3 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Where there is no reasonable expectation that ownership will be retained at the end of the lease term, then they are depreciated over the shorter of the lease term or their useful life.

An item of property, plant or equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the use of the asset. Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

n. 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:

- It is probable that the future economic benefits that are associated with the asset will flow to the Group;
- There are no material conditions which could affect completion of the acquisition; and
- 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.

4. Significant accounting policies (continued)

o. 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 Income Statement.

The fair value of a financial instrument 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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. Quoted prices are used where possible. If these cannot be observed, then valuation techniques which maximise the use of relevant observable inputs are used. The valuation techniques used incorporate the factors that market participants would take into account in pricing a transaction; for example, recent market evidence from similar instruments, pricing models, discounted cash flow analysis or other commonly used valuation techniques.

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 and liabilities

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

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

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

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: Impairment 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)

Derecognition: 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 Income Statement.

p. Derivatives

The Group utilises derivative financial instruments to hedge interest rate exposures. Derivatives designated as hedges against interest risks are accounted for as cash flow hedges. Hedge relationships are documented at inception. This documentation identifies the hedge, the item being hedged, the nature of the risks being hedged and how the effectiveness is measured during its duration. Hedges are measured for effectiveness at each accounting date and the accounting treatment of changes in fair value revised accordingly.

The Group's cash flow hedges are against variability in interest costs and the effective portion is recognised in equity in the hedging reserve, with the ineffective portion being recognised in profit or loss within finance costs. The time value of option contracts at recognition is recorded as a financial asset and amortised to profit or loss over the period hedged.

q. Financial liabilities

The Group has borrowing facilities in place both as general facilities and secured on specific projects. These borrowings are measured initially at fair value, after taking into account transaction costs, and carried at amortised cost, with all attributable costs either charged to profit or loss or capitalised into investment property costs as appropriate. All costs are based on the effective interest rate method.

r. Trade receivables and payables

Trade receivables and payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Where there is objective evidence of loss, appropriate allowances for any irrecoverable amounts are recognised in the Consolidated Income Statement.

s. 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.

t. 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 retained earnings reserve, 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.

u. Dividends

Interim dividends are recognised as a liability of the Company when the Board of Directors resolves to pay the dividend and the shareholders have been notified in accordance with the Company's Articles of Association. Final dividends of the Company are recognised as a liability when they have been approved by the Company's shareholders.

v. 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 movement financial instruments and deferred tax and related good will.

5. Internalisation of the Investment Manager

Acquisition of the Investment Manager, WK Nowlan REIT management Limited (the "Internalisation")

On 27 October 2015 at an Extraordinary General Meeting of the Company, the shareholders approved the acquisition of the Investment Manager, WK Nowlan REIT Management Limited. On 5 November 2015 the Company completed this acquisition by acquiring the entire share capital (100% of voting equity) of WK Nowlan REIT Management Limited and its parent, Nowlan Property Limited (together "the Acquirees"). This transaction was carried out in order to internalise the investment management function. Under the terms agreed and as per the share purchase agreement, the transaction was structured to take effect from 1 April 2015 and consequently no base fees were payable under the Investment Management Agreement from that date and the Company assumed the expense of the Investment Manager from 1 April 2015. The income statement has been presented on this basis.

Total payments in cash and shares made relating to the Internalisation totalled €21.1m (fair value €22.6m). The composition of these amounts is explained below.

This transaction is also discussed under Note 2.(f) Significant judgements.

The Internalisation was completed in three separate parts: Amounts paid to related parties are included in Note 32.

a. *Business acquisition*

On 5 November 2015 the Company acquired 100% of the share capital of the Acquirees as described in Note 2.(f). The purpose of this business combination was to internalize the investment management of the Group. €0.1m profit has been consolidated in relation to these entities since acquisition.

The following table shows the NAV and fair value of the Acquirees at the date of acquisition.

	Book value €'000	Fair value* €'000
Nowlan Property Limited		
NAV	478	478
WK Nowlan REIT Management		
Assets		
Property, plant and equipment	242	242
Cash and cash equivalents	933	933
Trade receivables		
- due from Hibernia REIT plc Group companies	7,079	7,079
- other	22	22
Total assets	8,754	8.754
Liabilities		
Trade and other payables	(1,824)	(1,824)
Net assets	6,930	6,930

*Fair value basis for the acquisition

Total consideration paid for the assets of the Acquirees was €6.9m which is equivalent to the fair value of the net assets acquired and no goodwill was recognised as part of the business combination.

5. Internalisation of the Investment Manager (continued)

Calculation of fair value

Asset / Liability	Carrying value	Assumptions
Property, plant and equipment	Depreciated cost	The Directors considered that the fair value of the property, plant and equipment at the acquisition date was the net book value.
Trade and other receivables / Trade and other payables	Amortised cost	The carrying value of trade and other receivables and trade and other payables is considered a reasonable approximation of fair value due to their short term nature.
Cash and cash equivalents	Amortised cost	Carrying value is fair value as all balances are on demand.

b. Remuneration for future services

The second part of the Internalisation transaction was the payment of €14.2m, the "Initial payment", 50% by way of ordinary shares and 50% by way of cash. The fair value of this payment was €15.1m due to the movement in the share price that is disclosed in Note 11. The cash impact was €7.1m with the balance paid by the issue of 6m shares.

This payment was made subject to clawback arrangements for those vendors who remain tied to the Company by employment or service contracts. These payments vest by one third on each anniversary of the acquisition date until November 2018. €13.4m was recognised as prepaid remuneration of which €1.8m was recognised in the Consolidated Income Statement in the financial year ended 31 March 2016 and €11.6m is included in trade receivables (Note 20). The balance of the payment, €1.7m was recognised in expenses in the financial year ended 31 March 2016.

c. Future performance payments

The third element of consideration for Internalisation was the payment of performance fees due under the original Investment Management Agreement and other top-up amounts, by an equivalent payment annually to the vendors of the Investment Manager, contingent for the majority of vendors on the fulfilment of service obligations.

The performance fee due for 2016 is €6.1m. Under arrangements made at the time of the internalisation, 85% of this is due to the vendors, representing €5.1m (the remainder being used to incentivise non vendor staff). Together with top up payments due of €0.3m the total due to vendors is €5.4m.

The payments at b and c above, while remuneration in nature due to the existence of clawback and vesting conditions, are not under the discretion of the Remuneration Committee but were determined in the share purchase agreement for the acquisition of the Investment Manager and were approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 27 October 2015.

6. Operating segments

The Group is organised into six business segments, against which the Group reports its segmental information, being "Office assets", "Industrial assets", "Residential assets", "Office Development assets", "Other assets" (non-core assets) and "Central assets and costs". The segment "Central assets and costs" has been added for the financial year ended 31 March 2016 to reflect the new operating structure post internalisation of the Investment Manager and includes the previously unallocated assets and items of income and expenditure as well as the operating segment which was previously external in the Investment Manager. 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.

Central 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 the market value of investment properties before and after an adjustment for the expiration of rent free period or other lease incentives respectively.

Group consolidated segment analysis
For the financial year ended 31 March 2016

	Office assets	Industrial assets	Residential assets	Office Development assets	Other assets	Central assets and costs	Group consolidated position
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Rental income	27,176	524	4,835	81	170	-	32,786
Interest income	-	-	-	-	-	-	-
Revenue	27,176	524	4,835	81	170	-	32,786
Property outgoings	(716)	(86)	(1,029)	(666)	-	-	(2,497)
Total property income	**26,460**	**438**	**3,806**	**(585)**	**170**	**-**	**30,289**
Revaluation of investment properties	59,589	1,968	7,168	56,331	-	-	125,056
Other gains and losses	(260)	-	-	343	2,136	(2,390)	(171)
Total income	**85,789**	**2,406**	**10,974**	**56,089**	**2,306**	**(2,390)**	**155,174**
Investment manager fee - base	-	-	-	-	-	-	-
Performance related payments	-	-	-	-		(6,069)	(6,069)
Administration expenses	-	-	-	-	-	(8,696)	(8,696)
Total operating expenses	**-**	**-**	**-**	**-**	**-**	**(14,765)**	**(14,765)**
Operating profit/(loss)	**85,789**	**2,406**	**10,974**	**56,089**	**2,306**	**(17,155)**	**140,409**
Net finance cost	-	-	-	-	-	(4,087)	(4,087)
Profit before tax	85,789	2,406	10,974	56,089	2,306	(21,242)	136,322
Income tax	-	-	-	(38)	513	-	475
Profit for the financial year	**85,789**	**2,406**	**10,974**	**56,051**	**2,819**	**(21,242)**	**136,797**
Total segment assets	**655,752**	**12,400**	**115,180**	**155,930**	**10,565**	**38,794**	**988,621**
Investment properties	**645,671**	**12,400**	**114,571**	**155,014**	**-**	**-**	**927,656**

Notes forming part of the Annual Report (continued)

6. Operating segments (continued)

Group consolidated segment analysis
For the financial year ended 31 March 2015

	Office assets	Industrial assets	Residential assets	Office Development assets	Other assets	Central assets and costs	Group consolidated position
	€'000	€'000	€'000	€'000	€'000	€'000	€'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 before tax	82,494	296	12,702	6,296	4,794	(13,659)	92,923
Income tax expense	-	-	-	-	-	(691)	(691)
Profit for the financial year	**82,494**	**296**	**12,702**	**6,296**	**4,794**	**(14,350)**	**92,232**
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**

7. Revenue

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Rental income	27,886	14,712
Surrender premia	4,900	2,400
Gross rental and related income	**32,786**	**17,112**
Interest income from loans and receivables	-	1,657
Revenue	**32,786**	**18,769**

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 €1.3m in relation to the spreading of lease incentives (31 March 2015: €1.4m).

Surrender premia relate to the surrender of a lease in Guild House for a total payment of €8.8m. €4.9m is included in surrender premia as above. €2.3m related to top-up amounts for sub-leases and is included in deferred income. It will be released to profit or loss over the term of the relevant sub-leases, all of which terminate by the end of March 2017. €0.7m has been recognised in the financial year ended 31 March 2016. The remaining €1.6m related to dilapidations payable on Guild House and is included as part of the development and refurbishment expenditure in Note 17.

8. Other gains and losses

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Gains on recognition of investment property	-	10,059
Gain on sale of investment property	176	-
Fair value movement of written call option	-	(5,100)
Gains on sales of non-current assets classified as held for sale	2,136	2,732
Other gains and losses	(2,483)	-
Other gains and losses	**(171)**	**7,691**

Other gains and losses includes a €2.4m charge relating to the Internalisation of the Investment Manager comprising approximately €1.7m relating to payments to vendors relating to the base management fee buyout which were not restricted as discussed in Note 5 and amounts relating to the recognition of the difference between the fair value of assets acquired and the fair value of shares issued.

Notes forming part of the Annual Report (continued)

9. Administration expenses

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

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Non-Executive Directors' fees	300	250
Professional valuers' fees	388	218
Prepaid remuneration expense	1,802	-
Depositary fees	310	218
Registrar fees	40	28
Pre-Internalisation Investment Manager costs	1,240	-
Depreciation	65	-
"Top-up " Internalisation expenses for financial year	304	-
Other administration expenses (including staff costs) (Note 10)	4,247	870
Total	**8,696**	**1,584**

All fees paid to Non-Executive Directors are for services as directors. Non-Executive Directors receive no other benefits other than William Nowlan who also receives €50,000 per annum in consulting fees under terms agreed as part of the Internalisation. He did not receive a Director's fee in the previous financial year. Further information on Directors' Emoluments can be found in the Directors' Remuneration report on pages 67 to 71 of the Annual Report.

Prepaid remuneration recognised re-Internalisation relates to the recognition of payments to vendors that are contingent on the continued provision of services to the Group over the period during which the Group benefits from those services and is further discussed in Note 5.

Pre-internalisation Investment Manager Costs: Any costs incurred by the Investment Manager in respect of the period from 1 April 2015 to the date of Completion (being costs of the nature to be assumed by the Company post completion) were recognised by the Company on completion as agreed as part of the transaction.

Professional valuers' fees are paid to CBRE Ireland in return for their services in providing independent valuations of the Group's properties on an at least twice yearly basis. Professional valuers' fees are charged at 0.02% of the portfolio value for each of the interim and final year end valuations. This is agreed in advance on each valuation exercise through a letter of engagement. CBRE Ireland, a private unlimited company, is part of a worldwide group where fee revenues from valuation and appraisal services as reported in May 2016 constitute approximately 6% of total revenue.

Auditor's remuneration (excluding VAT)

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Audit of the Group financial statements	85	85
Review of half year report	15	15
Other assurance services	7	2
Tax advisory services	167	97
Other non-audit services	8	226
Total	**282**	**425**

10. Employment

The average monthly number of persons (including Executive Directors) directly employed during the financial year since the Internalisation of the Investment Manager was 11.

	Financial year ended 31 March 2016 Number	Financial year ended 31 March 2015 Number
Administration – at the financial year end	13	-
The staff costs for the above employees were:		
	€'000	€'000
Wages and salaries	1,215	-
Social insurance costs	122	-
Employee share based payment expense (Note 11)	455	-
Pension costs - defined contribution plan	101	-
Total	**1,893**	**-**

No amount of salaries and other benefits is capitalised into investment properties.

11. Share based payments

a. *The Internalisation of the Investment Manager*

Under the terms of the Internalisation of the Investment Manager share purchase agreement, a part of the payment was made in shares of the Company. The issue price of €1.17605 per share was determined by reference to the average share price for twenty days prior to 1 April 2015. 10.9m shares were issued on 10 November 2015 when the price was €1.318. The fair value of these shares is set out below.

Shares issued in the transactions comprising "Internalisation" of the Investment Manager

	Contracted price €	Number of shares	Price at issue date € (FV)	Difference
	1.17605		1.31800	
Total shares issued	12,858,727	10,933,826	14,410,782	1,552,055

Further details on these shares are disclosed in Notes 5 and 22.

b. *Employee long term incentive plan*

Awards will be granted to non-vendor individuals who became employees of the Group through the Internalisation under a bonus plan which includes both cash elements and elements of long term incentive payments, which are share based (the "Performance Related Remuneration Scheme" or "PRR"). Until the expiry of the Performance Fee arrangements in November 2018, the PRR will be funded entirely by deductions of up to 15% from any Performance Fees payable to the vendors. Any shares awarded under the PRR will be held in trust until the third anniversary of the start of the year to which they relate. The number of shares is calculated at market value on the date of allocation and the fair value of the award is equal to the share price on the allocation date. The charge recognised in the consolidated income statement for the financial year ended 31 March 2016 is €0.5m. There was no charge in the prior financial year.

Shares are forfeited should the person leave the Group prior to the vesting date subject to "good leaver" provisions. Any shares forfeited are transferable to the vendors.

Notes forming part of the Annual Report (continued)

12. Finance income and expense

The effective interest expense on borrowings arises as a result of the recognition of interest expense, commitment fees, arrangement fees and the amortisation of the time value of hedging costs on the Group's revolving credit facility and on the debt facility relating to the Windmill Lane joint operation (Note 18).

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Interest income on cash and cash equivalents	153	399
Effective interest expense on borrowings	(2,822)	(897)
Finance expense on payable due for investment property	(1,418)	(1,077)
Finance income and expense	**(4,087)**	**(1,575)**

Interest costs capitalised in the financial year were €0.1m (31 March 2015: €nil) in relation to the Windmill Lane joint operation. The capitalisation rate used is the effective interest rate on the cost of borrowing applied to the portion of investment that is financed.

13. Income tax expense

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Income tax on residual income	(30)	(5)
Tax on the disposal of non-core assets	(186)	(686)
Over provision in respect of prior periods	691	-
Income tax credit / (expense) for financial year	**475**	**(691)**

The net income tax credit in the financial year arises from an over provision in respect of prior financial years. The tax expense during the prior financial year arose in respect of income and gains from the Group's residual business, the sale of non-core assets.

Reconciliation of income tax expense for the financial year

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Profit/(loss) before tax	136,322	92,923
Tax charge on profit at standard rate of 12.5%	17,040	11,615
Non-taxable revaluation surplus	(15,632)	(10,721)
REIT tax-exempt rental profit	(1,408)	(547)
Other (Additional tax rate on Non-Core)	(475)	344
Income tax expense for the financial year	**(475)**	**691**

Hibernia REIT plc has elected for Real Estate Investment Trust ("REIT") status under section 705E Tax Consolidation Act 1997. 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.

14. Dividends

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Interim dividend for the financial year ended 31 March 2016 of 0.7 cent per share (31 March 2015:0.3 cent per share)	4,769	2,011
Proposed final dividend for the financial year ended 31 March 2016 of 0. 8 cent per share (31 March 2015:0.5 cent per share)	5,486	3,352

The Board has proposed a final dividend of 0.8 cent (31 March 2015: 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. This dividend will be paid on 2 August 2016 to shareholders on the share register as at 8 July 2016. All of this proposed final dividend of 0.8 cent per share will be a PID in respect of the Group's tax exempt property rental business (31 March 2015: 0.45 cent). The total dividends, interim paid and proposed for the financial year ended 31 March 2016 are 1.5 cent per share (31 March 2015: 0.8 cent per share) or €10.3m (31 March 2015: €5.4m).

15. 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 financial year ended 31 March 2016. However, the Company has established a reserve of €5.9m against the issue of ordinary shares relating to the payment of performance related amounts due under the performance related payment element of the Share Purchase Agreement relating to the Internalisation of the Investment Manager (Note 5). It is estimated that approximately 4.6m ordinary shares (31 March 2015: 4.5m shares) will be issued calculated on an issue price of €1.2899. The dilutive effect of these shares is disclosed below.

The calculations are as follows:

Weighted average number of shares	31 March 2016 '000	31 March 2015 '000
Issued share capital at beginning of financial year	670,317	385,000
Shares issued during the financial year	10,934	285,317
Shares in issue at end of financial year	**681,251**	**670,317**
Weighted average number of shares	675,784	500,690
Estimated additional shares due for issue for long term incentive plan/ performance fee	4,550	4,664
Diluted number of shares	**680,334**	**505,354**

Basic and diluted earnings per share	31 March 2016 €'000	31 March 2015 €'000
Profit/(loss) for the financial year attributable to the owners of the Company	136,797	92,232
	'000	'000
Weighted average number of ordinary shares (basic)	675,784	500,690
Weighted average number of ordinary shares (diluted)	680,334	505,354
Basic earnings per share (cent)	**20.2**	**18.4**
Diluted earnings per share (cent)	**20.1**	**18.3**

Notes forming part of the Annual Report (continued)

16. Property, plant and equipment

	Land and buildings	Office and computer equipment	Leasehold improvements and fixtures and fittings	Total
	€'000	€'000	€'000	€'000
Carrying value at start of financial year	-	-	-	-
Additions:				
Transferred from investment property at fair value[1]	2,400	-	-	2,400
Acquired on acquisition of investment manager	-	37	205	242
Acquisitions	-	8	38	46
Depreciation	(20)	(13)	(32)	(65)
Revaluations included in other comprehensive income	323	-	-	323
Carrying value at end of financial year	**2,703**	**32**	**211**	**2,946**

1: On 17 July 2015 the Group commenced occupation of part of the South Dock House property. The fair value of this is recognised in property, plant and equipment from this date. Revaluations of this property are now recognised in other comprehensive income in accordance with the Group's accounting policy on property, plant and equipment (Note 4.m).

17. Investment properties

	Office and residential	Development	Industrial	Total
Fair value category	Level 3	Level 3	Level 3	Level 3
	€'000	€'000	€'000	€'000
Carrying value at start of financial year	**542,377**	**88,600**	**10,319**	**641,296**
Additions:				
Property purchases	136,236	-	-	136,236
Development and refurbishment expenditure[1]	17,272	19,960	111	37,343
Revaluations included in income statement	66,757	56,331	1,968	125,056
Disposals:				
Transferred to property, plant and equipment as owner-occupied	(2,400)	-	-	(2,400)
Property sale[2]	-	(9,875)	-	(9,875)
Carrying value at end of financial year	**760,242**	**155,016**	**12,398**	**927,656**

1: The Group received €1.6m in relation to a dilapidation costs payment due to a tenant surrender of their lease on Guild House. This has been applied to the development and refurbishment costs on this property and therefore reduces the cost of this property.

2: 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 plus 50% of any development costs spent to the date of purchase. This option has been exercised resulting in the disposal of 50% of the Group's stake in the Windmill Lane site and the formation of a joint arrangement.

17. Investment properties (continued)

Fair value category	31 March 2015 Office and residential Level 3 €'000	Development Level 3 €'000	Industrial Level 3 €'000	Total Level 3 €'000
Carrying value at start of financial year	-	-	-	-
Additions:				
Property purchases	412,714	76,578	10,338	499,630
Investment properties recognised on de-recognition of loans[1]	48,684	-	-	48,684
Development and refurbishment expenditure[2]	11,678	510	(15)	12,173
Revaluations included in income statement	69,301	11,512	(4)	80,809
Carrying value at end of financial year	**542,377**	**88,600**	**10,319**	**641,296**

1: During the financial 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(l).

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 One Dockland Central (Previously Commerzbank House).

The valuations used in order to determine fair value for the investment properties in the consolidated 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 2. (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 methods that are 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. In addition, a reduction of €2.6m (31 March 2015: €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 financial year. Approximately €0.1m interest was capitalised in relation to the Windmill joint operation (31 March 2015: €nil).

Reconciliation of the independent valuers' valuation report amount to the carrying value of investment property in the consolidated statement of financial position:

	31 March 2016 €'000	31 March 2015 €'000
Valuation per Valuers' certificate	953,830	643,460
50% Windmill joint arrangement	(20,875)	-
Owner occupied (South Dock House at 30%)	(2,703)	-
Adjustment for Forum carpark	-	(1,200)
Income smoothing adjustment	(2,596)	(964)
Investment property balance at financial year end	**927,656**	**641,296**

17. Investment properties (continued)

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

The valuation techniques 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 2016 and 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 2016 and 31 March 2015.

Information on fair value inputs

Fair value at 31 March 2016	€m	Inputs	Lowest in range	Highest in range
Office assets	646	Annual rent € per sq. ft.	€ 16.00	€ 76.81
		ERV € per sq ft	€ 23.55	€ 52.00
		Equivalent Yield	4.87%	6.20%
Industrial assets	12	Annual rent € per sq. ft.	€ 5.04	€ 5.04
		ERV € per sq ft	€ 3.75	€ 5.75
		Equivalent Yield	7.36%	7.36%
Residential assets	115	Equivalent Yield	4.40%	4.60%
Development assets	155	Equivalent Yield	5.25%	5.50%

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%

17. Investment properties (continued)

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 €183m (31 March 2015: €139m) reduction in fair value whilst a 1% decrease in yield would result in a fair value increase of €272m (31 March 2015: €201m).

This is further analysed by property class, as follows:

Property class	31 March 2016	
	Change in fair value +1% Yield	Change in fair value -1% Yield
	€'000	€'000
Office assets	(121,700)	179,392
Development assets	(39,693)	57,661
Residential assets	(20,350)	32,919
Industrial assets	(1,349)	1,750
Total	**(183,092)**	**271,722**

Property class	31 March 2015	
	Change in fair value +1% Yield	Change in fair value -1% Yield
	€'000	€'000
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)

18. Joint arrangement

The Group enters into joint arrangements in order to manage its development risk exposures. During the financial year, the Group entered into its first joint operation as described below.

Windmill Lane Partnership

Nature of activity: Development of the Windmill Lane site

Principal place of business: South Dock House, Hanover Quay, Dublin D02 XW94

Name	Registered address/ Country of Incorporation	Group relationship	Directors	Company Secretary	Nature of business
Windmill Lane Development Company Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	50% held through Hibernia REIT Holding Company Limited	Richard Ball, Kevin Nowlan, Sarah Broughton, Thomas Tolley	Castlewood Corporate Services Limited	Property development

During the financial year affiliates of Starwood Capital Group LP exercised their written call option to buy back into the development of the Windmill Lane site as a 50:50 joint arrangement partner at purchase price, leading to the formation of the Windmill Lane Partnership ("WLP"). Development work has commenced and WK Nowlan REIT Management Limited is acting as asset manager and development manager to WLP, and it is planned that Hibernia REIT plc will take over this role.

The transaction, is recognised in the consolidated financial statements as a joint operation and as such the Group recognises its share of assets and liabilities held jointly as well as its share of revenues and expenses according to the IFRS applicable to the items being recognised. The Group is entitled to a proportionate share of the rental income received and bears a proportionate share of the joint operations costs.

19. Other financial assets

	31 March 2016 €'000	31 March 2015 €'000
Derivatives at fair value	213	-
Loans carried at amortised cost	152	152
Loans to other entities	-	-
Balance at end of financial year - current	**365**	**152**

Derivatives at fair value are the Group's hedging instruments on its borrowings. The Group has hedged up to €100m of its revolving credit facility by a combination of caps and swaptions to limit the EURIBOR interest rate element of interest payable to 1%. A similar arrangement is in place on the Windmill debt facility. Further details on the Group's accounting policy on derivatives can be found in Note 4. (p) and on its borrowings in Note 25. The derivatives covering the revolving credit facility have a nominal value of 100m in total. The Windmill Lane cap has a maximum nominal value of €45m based on a schedule of estimated drawings or €6m at 31 March 2016.

Loans and receivables at the financial year end consists of one loan on which the Group holds a property as collateral. The Directors consider that no impairment charge is necessary.

20. Trade and other receivables

	31 March 2016 €'000	31 March 2015 €'000
Non-current		
Prepaid remuneration[1]	7,124	-
Property income receivables	4,542	-
Balance at end of financial year – non current	**11,666**	**-**
Current		
Investment property prepaid	326	-
Due from sale of non-current assets classified as held for sale	5,955	1,467
Prepaid remuneration [1]	4,444	-
Receivable from loan redemptions	137	3,613
Property income receivables	2,807	1,911
Prepayments	1,253	660
Tenant fit-out	2,861	-
Income tax refund due	427	-
VAT refundable	670	1,395
Balance at end of financial year – current	18,880	9,046
Balance at end of financial year – total	**30,546**	**9,046**

1: This consists of the balance of the payment to service providers relating to the Internalisation transaction (Note 5)

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 the sale of other non-current assets held for sale relate to monies due from the sale of a number of non-core properties acquired as part of the Dorville loan portfolio. In addition, approximately €2.9m is due from tenants for fit-out works and €4.4m which is included in property income receivables and receivable over two years relating to agreed payments under a lease surrender. The balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments and tax refunds due.

21. Non-current assets classified as held for sale

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	18,499	-
Recognised during the financial year	-	22,993
Acquisition costs	-	541
Sold during the financial year	(14,578)	(5,035)
Balance at end of financial year	**3,921**	**18,499**

Non-current assets classified as 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 €2.1m (31 March 2015: €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.

Notes forming part of the Annual Report (continued)

22. Issued capital and share premium

	31 March 2016			31 March 2015		
	Share capital €'000	Share premium €'000	Total €'000	Share capital €'000	Share premium €'000	Total €'000
Balance at beginning of financial year	67,032	590,955	657,987	38,500	333,312	371,812
Shares issued during the financial year	1,093	13,318	14,411	28,532	271,052	299,584
Costs associated with the issue	-	-	-	-	(13,409)	(13,409)
Balance at end of financial year	**68,125**	**604,273**	**672,398**	**67,032**	**590,955**	**657,987**

Shares issued during the financial year as follows:

	Contract price €	No of shares	Price on issue date €
	1.17605		1.31800
Business acquisition	1,174,625	998,788	1,316,402
Settlement of performance fee due for 2015 financial year	4,580,443	3,894,769	5,133,305
Prepaid remuneration	7,103,659	6,040,269	7,961,075
Total shares issued (10 November 2015)	**12,858,727**	**10,933,826**	**14,410,782**

All of these shares were issued on 10 November 2015 and the associated costs were €11,000. Further details on the issue of these shares can be found in Note 5.

Authorised share capital	2016 No of shares '000	2015 No of shares '000
Authorised	1,000,000	1,000,000
Allotted, called up and fully paid	681,251	670,317
In issue at financial year end	681,251	670,317

All of these shares are of the same class and carry equal voting rights and rank equally for dividends. The company has no securities in issue conferring special rights with regard to the control of the company.

Under the terms of the agreement under which the Group internalised the Investment Manager, the vendors are entitled to certain deferred contingent payments which are, for the most part, equivalent to the performance fees which would have been due under the Investment Management Agreement. These amounted to €5.9m at the financial year end (31 March 2015: €5.8m) and are all payable in shares (Note 23). A further 4.6m shares are expected to be issued in relation to these payments.

23. Other reserves (net of income tax)

	31 March 2016 €'000	31 March 2015 €'000
Property revaluation	323	-
Cash flow hedging	(112)	-
Other reserves	5,925	5,772
Balance at end of financial year	**6,136**	**5,772**

a. Properties revaluation reserve

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	-	-
Increase arising on revaluation of properties	323	-
Balance at end of financial year	**323**	**-**

In July 2015 the Group moved its headquarters to a section of South Dock House. At that date the Group de-recognised this portion (33%) of the asset as an investment property and recognised it in owner occupied property at fair value. Subsequent remeasurement to fair value is made through other comprehensive income or loss. On disposal, that portion of the properties revaluation reserve relating to the premises sold is transferred directly to retained earnings. No income tax arises on this item.

b. Cash flow hedging reserve

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	-	-
(Loss) arising on fair value of hedging instruments entered into for cash flow hedges	(112)	-
Balance at end of financial year	**(112)**	-

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss consistent with the Group's accounting policy. No income tax arises on this item.

Cumulative gains or losses arising on changes in fair value of hedging instruments that have been tested as ineffective and reclassified from equity into profit or loss during the financial year are included in the following line items:

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Finance loss	17	-

Notes forming part of the Annual Report (continued)

23. Other reserves (net of income tax) (continued)

c. *Other reserves*

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	**5,772**	**-**
Performance related payments provided	5,925	5,772
Settlement of prior year performance related payment	(5,772)	-
Balance at end of financial year	**5,925**	**5,772**

Other reserves comprise represented amounts reserved for the issue of shares in respect of performance related payments. These are discussed further in Note 5.

During Internalisation of the Investment Manager, it was agreed that 3,894,659 shares would be issued at a price of €1.17605 or €4.6m. A transfer of €537,000 was made to provide for performance payments to non-vendor staff and a further €654,349 was provided against taxes that would have been payable in the Investment Manager prior to the dividend being paid to its shareholder. For further information on the internalisation transaction see Note 5.

24. Retained earnings and dividends on equity instruments

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	**89,375**	**(846)**
Profit for the financial year	136,797	92,232
Share issuance costs	(11)	-
Dividends paid	(8,121)	(2,011)
Balance at end of financial year	**218,040**	**89,375**

In August 2015, a dividend of 0.5 cent per share (total dividend €3.4m) was paid to the holders of fully paid ordinary shares.

In January 2016 a dividend of 0.7 cent per share (total dividend €4.8m) was paid to the holders of fully paid ordinary shares.

The Directors propose a final dividend of 0.8 cent per share to be paid to shareholders in August 2016. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements. The total estimated dividend to be paid is €5.5m.

The Directors confirm that the Company complies with the dividend payment conditions contained in the Irish REIT legislation as described in the Director's Report on page 53 to 54.

25. Financial liabilities

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	-	-
Bank finance drawn during the financial year	75,529	-
Arrangement fees and other costs	(3,718)	-
Amortised interest	913	-
Balance at end of financial year	**72,724**	-
The maturity of borrowings is as follows:		
Less than 1 year	(119)	-
Between 2 and 5 years	72,843	-
Over 5 years	-	-
Total	**72,724**	-

In November 2015, the Group entered into a new €400m revolving credit facility ("RCF") with Bank of Ireland, Barclays Bank Ireland PLC and Ulster Bank Ireland Limited, secured against a corporate level debenture. The new RCF, which has a five year term, replaces the existing €100m facility which was due to mature in August 2017.

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. The amount presented in the financial statements is net of initial arrangement fees and associated costs.

In December 2015 the Group entered into a €46.7m non-recourse debt facility with Deutsche Bank AG, London Branch secured on the Windmill Lane joint operation. The facility has a three year term, with an option to extend for a further year, and will be used to fund the development works at 1 Windmill Lane. In early 2016, at the request of the joint operation partners, the facility was downsized to €44.2m. The Group's exposure to this facility is 50%.

€4.2m was paid in arrangement fees and related costs for these two facilities during the financial year ended 31 March 2016. Interest and fees relating to the Windmill facility are capitalised into development costs. All costs related to financing arrangements are amortised into the effective interest rate.

The Directors confirm that all covenants have been complied with and are kept under review.

All borrowings are denominated in Euro. All borrowings are subject to 6 months or less interest rate changes and contractual re-pricing rates. In addition, the Group has entered into derivative instruments so that EURIBOR exposure is capped at 1% in accordance with the Group's hedging policy (Note 19).

Notes forming part of the Annual Report (continued)

26. Trade and other payables

	31 March 2016 €'000	31 March 2015 €'000
Current		
Accrued investment property costs	9,130	687
Fair value of derivatives	-	5,100
Rent deposits and early payments	5,551	1,920
Investment management fee payable -base	-	1,625
Trade and other payables	4,323	2,153
PAYE/PRSI payable	103	36
Tax payable	216	689
Balance at end of financial year – current	**19,323**	**12,210**

Trade and other payables are interest free and have settlement dates within one year. Derivatives have been restated at fair value. The Directors consider that the carrying value of the remainder of trade and other payables approximates to their fair value.

27. IFRS and EPRA Net Asset Value per share

	31 March 2016 €'000	31 March 2015 €'000
IFRS net assets at end of financial year	896,574	753,134
Ordinary shares in issue	681,251	670,317
IFRS NAV per share (cent)	**131.6**	**112.4**
Ordinary shares in issue	681,251	670,317
Estimated additional shares for performance related payments	4,550	4,664
Diluted number of shares	**685,801**	**674,981**
Diluted IFRS NAV per share (cent)	**130.7**	**111.6**

	31 March 2016 €'000	31 March 2015 €'000
IFRS net assets at end of financial year	896,574	753,134
Net mark to market on financial assets	129	-
Revaluation of non-current assets classified as held for sale	457	1,445
EPRA NAV	**897,160**	**754,579**
EPRA NAV per share (cent)	**130.8**	**111.8**

The Company has established a reserve of €5.9m (31 March 2015: €5.8m) against the issue of 4.6m ordinary shares relating to shares due to issue for payments due to the vendors of the Investment Manager and employees as detailed in Note 5. The issue price will be 1.2899, calculated on the average closing price for twenty days prior to 31 March 2016. The closing price on 31 March 2016 was 1.302.

28. Cash flow statement

Purchase of investment property

	Note	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Property Purchases	**17**	136,236	499,630
Development and Refurbishment Expenditure	**17**	37,343	12,173
Change in deposits paid for investment property	**20**	-	(11,010)
Change in prepayment for investment property	**20**	326	-
Payable for investment property		42,697	(42,697)
Change in accrued investment property costs	**26**	(8,443)	(687)
Cash paid for investment property		**208,159**	**457,409**

Business acquisition

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Cash paid in Internalisation transaction	(8,278)	-
Of which is prepaid remuneration	7,104	-
Cash paid for business acquisition	(1,174)	-
Cash received in transaction	1,411	-
Net cash movement in business acquisition	237	-

Internalisation was paid for in a combination of shares and cash as discussed in Note 5.

29. Financial instruments and risk management

a. Financial risk management objectives and policy

The Group has to take calculated risks in order to realise strategic goals and this exposes the Group to a variety of financial risks. These include, but are not limited to, market risk (including interest and price risk), liquidity risks and credit risk. These financial risks are managed in an overall risk framework by the Board, in particular by the CFO, and monitored and reported on by the Risk and Compliance Officer. The Group monitors market conditions with a view to minimising the volatility of the funding costs of the Group. The Group uses derivative financial instruments such as interest rate caps and swaptions to manage the financial risks associated with the underlying business activities of the Group.

Notes forming part of the Annual Report (continued)

29. Financial instruments and risk management (continued)

b. Financial assets and financial liabilities

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
Cash and cash equivalents	Amortised cost	1	Cash value	The fair value of cash and cash equivalents held at amortised cost have been calculated by discounting the expected cash flows at prevailing interest rates.
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 were 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 recoverable in the short term. No discounting is therefore applied
Financial liabilities	Amortised cost	2	Discounted cash flow	The fair value of financial liabilities held at amortised cost have been calculated by discounting the expected cash flows at prevailing interest rates.
Derivative financial instruments	Fair value	2	Calculated price	The fair value of derivative financial instruments is calculated using pricing based on observable inputs from financial markets
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 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.

c. Fair value hierarchy

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

29. Financial instruments and risk management (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.

	Level	2016 Loans and receivables	At fair value	At amortised cost	Carrying value	Fair value
		€'000	€'000	€'000	€'000	€'000
Trade and other receivables	2	30,546	-	-	30,546	30,546
Loans	3	152	-	-	152	152
Derivatives at fair value	2	-	213	-	213	213
Cash and cash equivalents	1	23,187	-	-	23,187	23,187
Financial liabilities	2	-	-	(72,724)	(72,724)	(72,724)
Trade and other payables	2	-	-	(19,323)	(19,323)	(19,323)
		53,885	213	(92,047)	(37,949)	(37,949)

	Level	2015 Loans and receivables	At fair value	At amortised cost	Carrying value	Fair value
		€'000	€'000	€'000	€'000	€'000
Trade and other receivables	2	9,046	-	-	9,046	9,046
Loans	3	152	-	-	152	152
Cash and cash equivalents	2	139,048	-	-	139,048	139,048
Derivative financial instruments	3	-	(5,100)	-	-	-
		-	-	-	(5,100)	(5,100)
Financial liabilities	2	-	-	-	-	-
Trade and other payables	2	-	-	(49,807)	(49,807)	(49,807)
		148,246	(5,100)	(49,807)	93,339	93,339

Movements of level 3 fair values

	31 March 2016	31 March 2015
	€'000	€'000
Balance at beginning of financial year	**631,248**	**68,563**
Transfers into level 3	-	-
Transfers out of level 3	(2,400)	(22,993)
Purchases, sales, issues and settlement		
Purchases	173,579	550,603
Sales	(9,875)	-
Written call option[1]	5,100	(5,100)
Repayments	-	(47,250)
Fair value movement	130,156	85,768
Amortisation	-	1,657
Balance at end of financial year	**927,808**	**631,248**

1: Included in this balance is the written call option in 2015 related to the joint operation partner's option to purchase 50% of the Windmill Lane site at cost

This reconciliation includes investment property which is described further in Note 17 to these consolidated financial statements.

Notes forming part of the Annual Report (continued)

29. Financial instruments and risk management (continued)

d. Risk management

The Group has identified exposure to the following risks:

(a) Market risk
(b) Credit risk
(c) Liquidity risk

The policies for managing each of these and the principal effects of these policies on the results for the financial year 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 has no financial assets or liabilities denominated in foreign currencies. The Group's financial assets currently principally comprise mainly short term bank deposits and trade receivables. Financial liabilities comprise short term payables and bank borrowings. Therefore the primary market risk is interest rate risk. Bank borrowing interest rates are based on short term variable interest rates and the Group has hedged against increasing rates by entering into interest rate caps to restrict EURIBOR interest costs to 1%.

Exposure to interest rates is limited to the exposure of its earnings from uninvested funds and borrowings. There were no uninvested funds from the Company's capital raises at the financial year-end (31 March 2015: €139m). Borrowings were €75.6m (31 March 2015: €nil). While interest rates remain at historic lows, the hedging strategy means there is minimal impact on earnings of EURIBOR rate increases over 1%. The Group's drawings under its facilities were based on a EURIBOR rate of 0% and therefore the impact of a rise in EURIBOR to 1% for a full year would be approximately €0.8m (31 March 2015: The impact of a 10% rate change with no hedging was estimated to be c. €40,000).

(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. 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 Depositary to ensure the security of the cash assets.

Concentration of risk in receivables: Approximately €6.0m (31 March 2015: €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. In addition, approximately €2.9m is due from tenants for fit-out works and €4.4m for surrender premia. 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 2016 €'000	31 March 2015 €'000
Financial assets	365	152
Trade and other receivables	30,546	9,046
Cash and cash equivalents	23,187	139,048
Balance at end of financial year	**54,098**	**148,246**

29. 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.

Net current assets at the financial year end were:

	31 March 2016 €'000	31 March 2015 €'000
Net current assets at the financial year end	**26,665**	**111,686**

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 2016 €'000	31 March 2015 €'000
Trade and other payables	19,323	5,190
Financial liabilities	72,724	-
Payable for investment property	-	42,697
Total liabilities due	**92,047**	**47,887**
Funds available:		
Cash and cash equivalents	23,187	139,048
Revolving credit facility undrawn	325,000	100,000
Total funds available	**348,187**	**239,048**
Net funds available	**256,140**	**191,161**

Notes forming part of the Annual Report (continued)

29. Financial instruments and risk management (continued)

Listed below are the contractual maturities of the Group's financial liabilities:

	Group At 31 March 2016					
	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
Non derivatives						
Borrowings	76,155	82,619	626	782	1,563	79,648
Trade payables	4,642	4,642	4,426	216	-	-
Payable for investment property	9,130	9,130	9,130	-	-	-
Total	89,927	96,391	14,182	998	1,563	79,648

	Group At 31 March 2015					
	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
Non derivatives						
Borrowings	-	-	-	-	-	-
Trade payables	4,503	4,503	3,814	689	-	-
Payable for investment property	43,384	43,384	687	42,697	-	-
Total	47,887	47,887	4,501	43,386	-	-

e. 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 2016 the capital of the Company was €897m (31 March 2015: €753m).

There are no external capital requirements on the Group currently. However, as the Company is now self-managed it is applying for authorisation under the Alternative Investment Fund regulations. Once this approval is in place, it will be required to maintain 25% of its fixed overheads as capital.

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

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

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.

30. Operating leases receivables

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

	31 March 2016 €'000	31 March 2015 €'000
Operating lease receivables due in:		
Less than one year	30,592	20,457
Between two and five years	82,245	41,469
Greater than five years	80,808	24,412
	193,645	**86,338**

The Group leases its investment properties under operating leases. The weighted average unexpired lease term ('WAULT') at 31 March 2016, excluding residential properties and weighted on contracted rents, based on lease expiry date was 9.3 years or 5.6 years based on the next tenant break option date (31 March 2015: 7.8 years and 3.9 years).

These calculations are based on all leases entered into at 31 March 2016, i.e. including pre-lets.

31. Investment in subsidiary undertakings

The Company has the following interests in ordinary shares in the following subsidiary undertakings at 31 March 2016. 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
Dockland Central Limited (previously Lamourette Limited)	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/2	Richard Ball, Kevin Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Property management
Hibernia REIT Finance Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/10	Richard Ball, Kevin Nowlan, Frank O'Neill, Thomas Edwards-Moss	Castlewood Corporate Services Limited	Financing activities
Hibernia REIT Holding Company Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Richard Ball, Kevin Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Holding property interests
Mayor House Basement Management Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/2	Richard Ball, Kevin Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Property management
WK Nowlan REIT Management Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/300,000	Frank Kenny, Frank O'Neill, Kevin Nowlan, William Nowlan, Kevin Murphy, Richard Ball, Thomas Edwards-Moss	Castlewood Corporate Services Limited	Development and management of real estate
Nowlan Property Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/100	Kevin Nowlan, William Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Holding company
Wyckham Point (Block 3) Owners' Management Company Limited by Guarantee	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	N/A	Richard Ball, Kevin Nowlan, Thomas Edwards-Moss, Frank O'Neill	Castlewood Corporate Services Limited	Property management

The Group has no interests in unconsolidated subsidiaries.

Notes forming part of the Annual Report (continued)

32. Related parties

a. Subsidiaries

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

b. Internalisation of the Investment Manager

The Group completed the Internalisation of its management team on 5 November 2015. Under the Irish and UK Listing Rules, the transaction was classified as a related party transaction (a "Related Party Transaction") by virtue of (i) the relationship between the Company and the Investment Manager; (ii) the relationship between the Company, the Investment Manager and William Nowlan (a Director of the Company, a director of the Investment Manager and the holder of 25 per cent. of the issued share capital of Nowlan Property Limited); and (iii) the fact that William Nowlan, Kevin Nowlan, Frank O'Neill and Frank Kenny may, for the purposes of this particular transaction, be regarded as being persons exercising significant influence over the Company by virtue of such persons constituting the majority of the directors of the Investment Manager, and each of William Nowlan, Kevin Nowlan, Frank O'Neill and Frank Kenny also being vendors in respect of the transaction. Consequently, the transaction required the approval of the Shareholders at an Extraordinary General Meeting, which was held on 27 October 2015. In addition to Shareholder approval, the transaction was also conditional upon, amongst other things, the conditions to completion set out in the Share Purchase Agreement having been satisfied (or, if capable of being waived, waived by the Company) and the relevant regulatory approvals from the Central Bank of Ireland having been obtained.

Amounts paid and payable to related parties under this transaction were (at fair value and including shares and cash):

NAV purchase of the Acquirees: Kevin Nowlan €2.9m, William Nowlan €1.4m, Frank Kenny €1.9m, Frank O'Neill €0.6m.

Prepaid remuneration: Kevin Nowlan €5.6m, William Nowlan €2.8m, Frank Kenny € 3.8m, Frank O'Neill €1.1m.

Performance related payments and top-ups due for 2016: Kevin Nowlan €2.0m, William Nowlan €1.0m, Frank Kenny €1.4m, Frank O'Neill €0.4m.

Further details on this transaction may be found in Note 5 of these financial statements.

c. Other related party transactions

WK Nowlan Property Limited was an 80% owned subsidiary of Nowlan Property Limited until 5 August 2015 when it was transferred at its net asset value to a company owned and controlled by the Shareholders of Nowlan Property Limited. During the financial year WK Nowlan Property Limited was engaged on an arm's length basis to carry out receivership, project management, agency and due diligence services across the Group's loan and property portfolios. The fees earned by WK Nowlan Property Limited for these services were benchmarked on normal commercial terms and totalled €1.3m for the financial year to 31 March 2016 (31 March 2015: €0.7m). In addition, costs totalling €0.1m were also recharged to the Group by WK Nowlan Property Limited during the financial year (and included in this figure is €23k of costs relating to services provided by Kirsty Foynes, the wife of Kevin Nowlan. These services related to the preparation for sale, by the Receiver, of apartments held in the non-core Dorville portfolio). An amount of €0.1m was owed to WK Nowlan Property Limited at the financial year end.

In March 2016 the Group acquired Marine House and as a result became the landlord of WK Nowlan Property Limited who, in 2013, had agreed lease terms with the previous owner on normal commercial terms. The Group received rent of €6k from WK Nowlan Property Limited during the financial year. The Group also recharged to WK Nowlan Property Limited €5k of miscellaneous costs during the financial year to 31 March 2016. No amounts were owed to the Group from WK Nowlan Property Limited at the financial year end.

William Nowlan is Chairman of WK Nowlan Property Limited. William Nowlan and Frank O'Neill are both shareholders in WK Nowlan Property Limited along with Kevin Nowlan. As part of his consultancy agreement with the Company, William Nowlan is entitled to €50k in consulting fees for the financial year ended 31 March 2016. William Nowlan also receives a fee of €50k per annum in relation to his role as a non-executive director.

As part of his consultancy agreement with the company, Frank Kenny is entitled to €200k in fees for the financial year ended 31 March 2016. €66k was paid to Frank Kenny during the year with the remainder outstanding at the financial year end. The Group acquired Dundrum View, an apartment block in Dundrum, Dublin 14 at a contracted price of €28.05m during the financial year. Frank Kenny held a 1.9% holding in this asset while other family members held a further 1.1%.

Thomas Edwards-Moss rents an apartment from the Group at market rent and paid €17k in rent during the financial year. For further information on Directors' emoluments please refer to the Directors' Remuneration Report on pages 67 to 71 of this Annual Report.

32. Related parties (continued)

d. Key management personnel

In addition to the Executive and Non-Executive Directors, the following are the key management personnel of the Group:

Richard Ball — Chief Investment Officer
Mark Pollard — Director of Development
Sean O'Dwyer — Risk and Compliance Officer
Frank O'Neill — Chief Operations Officer

The remuneration of the Non-Executive Directors during the financial year was as follows:

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Short term benefits	300	250
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Termination payments	-	-
Total for the financial year	**300**	**250**

The remuneration of the Executive Directors and the key management personnel during the financial year from the date of the Internalisation of the Investment Manager was as follows:

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Short term benefits	871	-
Post-employment benefits	63	-
Other long-term benefits	-	-
Share-based payments	254	-
Termination payments	-	-
Total for the financial year	**1,188**	**-**

The remuneration of Directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

33. Events after the reporting period

The Directors have proposed a final dividend of 0.8 cent per share or €5.5m that is subject to approval at the AGM to be held on 26 July 2016. Other than this, there were no significant events after the reporting date.

Company statement of financial position

As at 31 March 2016

	Notes	31 March 2016 €'000	31 March 2015 €'000
Assets			
Non-current assets			
Property, plant and equipment	c	2,946	-
Investment property	d	906,781	641,296
Investment in subsidiaries	e	6,930	-
Loans to subsidiaries	f	15,298	3,984
Other financial assets	g	203	-
Trade and other receivables	h	11,662	-
Total non-current assets		**943,820**	**645,280**
Current assets			
Trade and other receivables	h	17,754	5,428
Cash and cash equivalents		21,183	138,652
		38,937	144,080
Non-current assets classified as held for sale	i	3,921	18,499
Total current assets		42,858	162,579
Total assets		**986,678**	**807,859**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	j	672,398	657,987
Other reserves	k	6,136	5,772
Retained earnings	l	211,857	89,249
Total equity		**890,391**	**753,008**
Non-current liabilities			
Financial liabilities	m	72,145	-
Trade and other payables	n	5,772	-
Total non-current liabilities		**77,917**	-
Current liabilities			
Financial liabilities	m	-	-
Trade and other payables	n	18,370	12,154
Payable due for investment property		-	42,697
Total current liabilities		**18,370**	**54,851**
Total equity and liabilities		**986,678**	**807,859**

The notes on pages 129 to 136 form an integral part of these Company financial statements. The company financial statements on pages 126 to 136 were approved and authorised for issue by the Board of Directors on 2 June 2016 and signed on its behalf by:

Mr Kevin Nowlan
Chief Executive Officer

Mr Thomas Edwards-Moss
Chief Financial Officer

Company statement of changes in equity

For the financial year ended 31 March 2016

	Financial year ended 31 March 2016				
	Share capital	Share premium	Retained earnings	Other reserves	Total
	€'000	€'000	€'000	€'000	€'000
Balance at beginning of financial year	**67,032**	**590,955**	**89,249**	**5,772**	**753,008**
Total comprehensive income for the financial year					
Profit for the financial year	-	-	130,740	-	130,740
Total other comprehensive income	-	-	-	211	211
	67,032	590,955	219,989	5,983	883,959
Transactions with owners of the Company, recognised directly in equity					
Dividends	-	-	(8,121)	-	(8,121)
Issue of ordinary shares for cash	-	-	-	-	-
Share issue costs	-	-	(11)	-	(11)
Share based payments	1,093	13,318	-	153	14,564
Balance at end of financial year	**68,125**	**604,273**	**211,857**	**6,136**	**890,391**

	Financial year ended to 31 March 2015				
	Share capital	Share premium	Retained earnings	Other reserves	Total
	€'000	€'000	€'000	€'000	€'000
Balance at beginning of financial year	38,500	333,312	(962)	-	370,850
Total comprehensive income for the financial year					
Profit for the financial year	-	-	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	-	-	-	5,772	5,772
Balance at end of financial year	67,032	590,955	89,249	5,772	753,008

The notes on pages 129 to 136 form an integral part of these Company financial statements.

Company statement of cash flows

For the financial year ended 31 March 2016

	Notes	Financial year ended 31 March 2016	Financial year ended 31 March 2015
Cash flows from operating activities		€'000	€'000
Profit for the financial year		**130,740**	**92,222**
Adjusted non cash movements:			
Revaluation of investment properties		(118,948)	(80,809)
Other gains and losses		(2,530)	(7,691)
Performance related payments		5,925	5,772
Prepaid remuneration		4,191	-
Rental income (payable)/paid in advance		(1,807)	9
Depreciation		65	-
Finance (income)/expense		2,945	1,575
Income tax		(514)	691
Operating cash flow before movements in working capital		**20,067**	**11,769**
(Increase) in trade and other receivables		(2,149)	(1,056)
Increase in trade and other payables		206	3,355
Net cash flow from operating activities		**18,124**	**14,068**
Cash flows from investing activities			
Purchase of fixed assets	o	(46)	-
Cash paid for investment property		(203,158)	(496,034)
Sale of investment property		14,752	-
Purchase of non-current assets classified as held for sale		-	(23,534)
Proceeds from the sale of non-current assets classified as held for sale		12,226	6,297
(Increase)/decrease in loans to subsidiaries		(11,314)	63,933
Business acquisition	o	(1,174)	-
Prepaid remuneration		(7,104)	-
Income tax paid		(349)	-
Finance income and expense		(2,261)	(1,421)
Net cash flow absorbed by investing activities		**(198,428)**	**(450,759)**
Cash flow from financing activities			
Dividends paid		(8,121)	(2,011)
Borrowings drawn		75,000	-
Arrangement fee paid re bank facility		(3,718)	(500)
Derivatives premium		(315)	-
Proceeds from the issue of ordinary share capital		-	299,584
Share issue costs		(11)	(13,409)
Net cash inflow from financing activities		**62,835**	**283,664**
Net (decrease) in cash and cash equivalents		**(117,469)**	**(153,027)**
Cash and cash equivalents at beginning of financial year		138,652	291,679
(Decrease) in cash and cash equivalents		(117,469)	(153,027)
Net cash and cash equivalents at end of financial year		**21,183**	**138,652**

The notes on pages 129 to 136 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) as adopted by the European Union (EU) and with those parts of the Company's Act 2014 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 investment properties, 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 90 to 96 of the Group's Annual Report.

The Company's investments in its subsidiaries that are not classified as held for sale are stated at cost less any impairment. If the investment is classified as held for sale, the Company accounts for it at the lower of its carrying value and fair value less estimated costs to sell.

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 financial year. 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 2 (f) to the consolidated financial statements on page 86 to 87 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 years 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.

b. Operating profit

Operating profit for the financial year is stated after charging:

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Non-Executive Directors' fees	300	250
Professional valuers' fees	388	218
Prepaid remuneration expense	1,802	-
Depositary fees	310	218
Registrar fees	40	28
Pre-internalisation Investment Manager Costs	1,240	-
Depreciation	65	-
"Top-up "internalisation expenses for financial year	304	-
Other administration expenses	3,954	846
	8,403	**1,560**

Notes to the company financial statements (continued)

b. Operating profit (continued)

Auditors' remuneration

For further information on Auditors' remuneration, please refer to Note 9 of the consolidated financial statements.

Employment

For further information on employment, please refer to Note 10 of the consolidated financial statements.

c. Property, plant and equipment

For further information on property, plant and equipment please refer to Note 16 of the consolidated financial statements.

d. Investment properties

	Office and residential	Development	Industrial	Total
	Level 3	Level 3	Level 3	Level 3
	Group	Group	Group	Group
	€'000	€'000	€'000	€'000
Carrying value at start of financial year	**542,377**	**88,600**	**10,319**	**641,296**
Additions:				
Property purchases	136,236	-	-	136,236
Development and refurbishment expenditure[1]	17,272	19,960	111	37,343
Revaluations included in income statement	66,757	45,374	1,968	114,099
Disposals:				
Transferred to property, plant and equipment as owner occupied	(2,400)	-	-	(2,400)
Property sale	-	(19,793)	-	(19,793)
Carrying value at end of financial year	**760,242**	**134,141**	**12,398**	**906,781**

1 The Group received €1.5m in relation to a dilapidation costs payment due to a tenant surrender of their lease on Guild House. This has been applied to the development and refurbishment costs on this property and therefore reduces the cost of this property.

	31 March 2015			
	Office and residential	Development	Industrial	Total
	Level 3	Level 3	Level 3	Level 3
	€'000	€'000	€'000	€'000
Carrying value at start of financial year	-	-	-	-
Additions:				
Property purchases	412,714	76,578	10,338	499,630
Investment properties recognised on de-recognition of loans	48,684	-	-	48,684
Development and refurbishment expenditure	11,678	510	(15)	12,173
Revaluations included in income statement	69,301	11,512	(4)	80,809
Carrying value at end of financial year	**542,377**	**88,600**	**10,319**	**641,296**

Note 17 to the Group Financial Statements contains further information in relation to the Company's investment property. All Group investment properties are held directly by the Company save the Windmill Lane development property which is held in a joint operation through the Company' s subsidiary, Hibernia REIT Holding Company Limited.

e. Investment in subsidiary

For further information on the subsidiary acquired during the financial year, please refer to Note 5 of the consolidated financial statements.

f. Loans to subsidiary

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	3,984	68,416
Loan advances	17,172	93,107
Loan repayments	(6,982)	(161,711)
Interest income at effective interest rate	1,124	4,172
Balance at end of financial year	**15,298**	**3,984**

The majority of the above balance, €15.3m is due from Hibernia REIT Holding Company Limited in relation to short term funding supplied for the Windmill Lane development project. These loans are all at book value which the Directors consider approximates fair value due to their short term nature.

g. Other financial assets

	31 March 2016 €'000	31 March 2015 €'000
Derivatives at fair value	**203**	**-**

Other financial assets consist of the fair value of the Company's hedging instruments. Note 19 of the Group financial statements contains further information on these instruments.

h. Trade and other receivables

	31 March 2016 €'000	31 March 2015 €'000
Non-current		
Prepaid remuneration	7,123	-
Deferred income	4,539	-
Balance at end of financial year – non current	*11,662*	-
Current		
Due from sale of non-current assets classified as held for sale	5,955	1,467
Prepaid remuneration	4,444	-
Arrangement fee	-	-
Property income receivables	2,806	1,911
Due from tenants re fitouts	2,861	-
Prepayments	779	655
Income tax refund due	349	-
VAT refundable	560	1,395
Balance at end of financial year – current	**17,754**	**5,428**
Balance at end financial year – total	**29,416**	**5,428**

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 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 contracted at the financial year end. 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.

Notes to the company financial statements (continued)

i. Non-current assets classified as held for sale

For further information on non-current assets classified as held for sale refer to Note 21 of the consolidated financial statements.

j. Issued share capital and share premium

For information on issued share capital refer to Note 22 of the consolidated financial statements

k. Other reserves

For further information on other reserves refer to Note 23 of the consolidated financial statements.

l. Retained earnings

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	89,249	(962)
Profit for the financial year	130,740	92,222
Share issuance costs	(11)	-
Dividends paid	(8,121)	(2,011)
Balance at end of financial year	**211,857**	**89,249**

For further information on retained earnings refer to Note 24 of the consolidated financial statements.

m. Financial liabilities

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	-	-
Bank finance drawn during the financial year	75,000	-
Arrangement fees and other costs	(3,718)	-
Amortised interest	863	-
Balance at end of financial year	**72,145**	**-**
The maturity of non-current borrowings is as follows:		
Less than one year	(169)	-
Between 2 and 5 years	72,314	-
Over 5 years	-	-
Total	**72,145**	**-**

For further information on financial liabilities refer to Note 25 of the consolidated financial statements.

n. Trade and other payables

	31 March 2016 €'000	31 March 2015 €'000
Non-current		
Payable to subsidiary	5,772	-
Balance at end of financial year – non current	**5,772**	**-**
Current		
Accrued investment property costs	8,621	687
Fair value of derivatives	-	5,100
Rent deposits and early payments	5,551	1,920
Investment management fee payable -base	-	1,625
Trade and other payables	3,930	2,097
PAYE/PRSI payable	92	36
Tax payable	176	689
Balance at end of year - current	**18,370**	**12,154**
Balance at end financial year - total	**24,142**	**12,154**

For further information on trade and other payables refer to Note 26 of the consolidated financial statements.

o. Cash flow statement

Purchase of investment property

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Property purchases	136,236	538,255
Development and refurbishment expenditure	32,159	12,173
Change in deposits paid for investment property	-	(11,010)
Payable for investment property	42,697	(42,697)
Change in accrued investment property costs	(7,934)	(687)
Cash paid for investment property	**203,158**	**496,034**

Business acquisition

	Financial year ended 31 March 2016 €'000	Financial year ended 31 March 2015 €'000
Cash paid in internalisation transaction	(8,278)	-
Of which is prepaid remuneration	7,104	-
Cash paid for business acquisition	**(1,174)**	-

Internalisation was paid for in a combination of shares and cash as discussed in Note 5 to the consolidated financial statements.

Notes to the company financial statements (continued)

p. 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 financial year are summarised in Note 29 of the Annual Report. The following tables measure the risks discussed on a Company only basis for the purpose of these discussions.

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 29 of the Annual Report. Assets held at level 3 include investment properties in addition to the loans and receivables.

		2016				
	Level	Loans and receivables	At fair value	At amortised cost	Carrying value	Fair value
		€'000	€'000	€'000	€'000	€'000
Trade and other receivables	2	29,416	-	-	29,416	29,416
Loans	3	15,298	-	-	15,298	15,298
Derivatives at fair value	2	-	203	-	203	203
Cash and cash equivalents	1	21,183	-	-	21,183	21,183
Financial liabilities	2	-	-	(72,145)	(72,145)	(72,145)
Trade and other payables	2	-	-	(18,370)	(18,370)	(18,370)
		65,897	**203**	**(90,515)**	**(24,415)**	**(24,415)**

		2015				
	Level	Loans and receivables	At fair value	At amortised cost	Carrying value	Fair value
		€'000	€'000	€'000	€'000	€'000
Trade and other receivables	2	5,428	-	-	5,428	5,428
Loans	3	3,984	-	-	3,984	3,984
Cash and cash equivalents	2	138,652	-	-	138,652	138,652
Derivative financial instruments	3	-	(5,100)	-	(5,100)	(5,100)
Financial liabilities	2	-	-	-	-	-
Trade and other payables	2	-	-	(49,751)	(49,751)	(49,751)
		148,064	**(5,100)**	**(49,751)**	**93,213**	**93,213**

p. Financial instruments and risk management (continued)

Fair value movements at level 3

	31 March 2016 €'000	31 March 2015 €'000
Balance at beginning of financial year	**635,080**	**68,416**
Transfers into level 3	-	-
Transfers out of level 3	(2,400)	(22,993)
Purchases, sales, issues and settlement		
Purchases	168,395	643,710
Sales	(19,459)	-
Written call option	5,100	(5,100)
Advances	17,172	-
Repayments	(6,982)	(138,719)
Fair value movement	124,048	85,768
Amortisation	1,124	3,998
Balance at end of financial year	**922,078**	**635,080**

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 investment property portfolio discussed for the Group.

Maximum credit risk exposure	31 March 2016 €'000	31 March 2015 €'000
Financial assets	203	-
Trade and other receivables	29,416	5,428
Cash and cash equivalents	21,183	138,652
Balance at end of financial year	**50,802**	**144,080**

Liquidity risk

	31 March 2016 €'000	31 March 2015 €'000
Net current assets at the financial year-end	**24,488**	**107,728**

	31 March 2016 €'000	31 March 2015 €'000
Trade and other payables	24,142	54,851
Financial liabilities	72,145	-
Payable for investment property	-	42,697
Total liabilities due	**96,287**	**97,548**
Funds available:		
Cash and cash equivalents	21,183	138,652
Revolving credit facility undrawn	325,000	100,000
Total funds available	**346,183**	**238,652**
Net funds available	**249,896**	**141,104**

Notes to the company financial statements (continued)

p. Financial instruments and risk management (continued)

Listed below are the contractual maturities of the Company's financial liabilities

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
At 31 March 2016						
Non derivatives						
Borrowings	75,576	82,021	576	782	1,563	79,100
Trade payables	4,198	4,198	4,022	176	-	-
Payable for investment property	8,621	8,621	8,621	-	-	-
Total	**88,395**	**94,840**	**13,219**	**958**	**1,563**	**79,100**
At 31 March 2015						
Non derivatives						
Borrowings	-	-	-	-	-	-
Trade payables	2,878	2,878	2,189	689	-	-
Payable for investment property	43,384	43,384	687	42,697	-	-
Total	**46,262**	**46,262**	**2,876**	**43,386**	**-**	**-**

q. Dividends

For information on the dividends refer to Note 14 of the consolidated financial statements

r. Investment in subsidiary undertakings

For information on the Company's holdings in subsidiaries refer to Note 31 of the consolidated financial statements.

s. Related parties

Transaction with related parties are substantially the same as those disclosed in Note 32 of the consolidated financial statements. The only amount not relating to the Company is an amount of €0.2m of the fees earned by WK Nowlan Property Limited which was earned from the Company's subsidiary, Hibernia REIT Finance Limited.

t. Income statement of the parent company

The parent company of the Group is Hibernia REIT plc. In accordance with Section 304 (2) of the Companies Act, 2014, 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 financial year ended 31 March 2016 determined in accordance with IFRS is €130.7m (31 March 2015: €92.2m).

u. Events after the reporting date

For information on events after the reporting date refer to Note 33 of the Consolidated Financial Statements.

Supplementary disclosures (unaudited)

European Public 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 Strategic Report on pages 3 to 48. 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

		Financial year ended 31 March 2016		Financial year ended 31 March 2015	
		€ '000	cent per share	€ '000	cent per share
EPRA Earnings	- basic	10,024	1.5	3,961	0.8
	- diluted	10,024	1.5	3,961	0.8
EPRA NAV		897,160	130.8	754,579	111.8
EPRA NNNAV		896,917	130.8	754,218	111.7
EPRA NIY			3.8%		4.4%
EPRA "topped-up" NIY			4.2%		4.9%
EPRA vacancy rate			4.8%		3.0%
EPRA cost ratio including vacancy costs			49.4%		74.6%
EPRA cost ratio excluding vacancy costs			45.1%		73.7%

Supplementary disclosures (unaudited) (continued)

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.

	Financial year ended 31 March 2016 € '000	Financial year ended 31 March 2015 € '000
IFRS Profit for the financial year after taxation	136,797	92,232
Exclude:		
Changes in fair value of investment properties	(125,056)	(90,868)
Profits or losses on the disposal of investment properties, development properties held for investment and other interests	(176)	-
Profit or loss on disposals of non-core assets	(2,136)	(2,732)
Loan income from asset disposals (net)	-	(454)
Income tax on profit or loss on disposals	(475)	683
Fair value of derivatives	17	5,100
Impact of internalisation	1,053	-
	10,024	**3,961**
Weighted average number of shares		
Basic		
Potential shares to be issued re contingent payments	**675,784**	**500,690**
Diluted number of shares	4,550	4,664
	680,334	**505,354**
EPRA Earnings per share (cent)	**1.5**	**0.8**
Diluted EPRA Earnings per share (cent)	1.5	0.8

Impact of Internalisation: Internalisation was accomplished through the acquisition of the Investment Manager. This acquisition is discussed in detail in Note 5 to the Consolidated Financial Statements. For the purposes of EPRA Earnings, costs relating to this acquisition are deducted.

In order to show the impact of items relating to the original external management structure and the subsequent Internalisation which will, to a large extent, cease to be a cost after November 2018, EPRA Earnings are shown below amended for these Internalisation related items:

	Financial year ended 31 March 2016	Financial year ended 31 March 2015
EPRA Earnings as calculated above	10,024	3,961
Amounts charged re internalisation	2,557	-
Prepaid remuneration amortised	1,802	-
Performance related charges	6,069	5,772
Underlying earnings excluding effects of management charges	**20,452**	**9,733**
Weighted average number of shares	**675,784**	**500,690**
Adjusted earnings per share (cent)	**3.0**	**1.9**

(ii) EPRA NAV and EPRA NNNAV

	Financial year ended 31 March 2016		Financial year ended 31 March 2015	
	€ '000	cent per share	€ '000	cent per share
NAV per the financial statements	896,574		753,134	
Revaluation of other non-current assets held for sale	457		1,445	
Fair value of financial instruments	129		-	
EPRA NAV	**897,160**	**130.8**	**754,579**	**111.8**
Deferred tax on the revaluation of other non-current assets held for sale	(114)		(361)	
Fair value of financial instruments	(129)		-	
EPRA NNNAV	**896,917**	**130.8**	**754,218**	**111.7**
Ordinary shares in issue	681,251		670,317	
Estimated additional shares due for issue from performance reserve	4,550		4,664	
Ordinary shares in issue including performance shares to be issued - "diluted"	685,802		674,981	

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 crystallise 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 profits on these assets may be subject to tax, a deferred tax adjustment is made. The fair value of derivative instruments is excluded from NAV on the basis that these are hedging instruments and intended to be held to maturity.

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 year. The EPRA vacancy rate measures the value of vacant space expressed as a percentage of the total ERV.

As at 31 March 2016	Office €'000	Residential €'000	Industrial €'000	Total €'000	Development €'000	Total €'000
Investment property at fair value	645,671	114,571	12,400	772,642	155,014	927,656
Less: Development/refurbishment[1]	(31,840)	-	-	(31,840)	(155,014)	(186,854)
Completed property portfolio	613,831	114,571	12,400	740,802	-	740,802
Allowance for purchasers costs	27,377	5,110	553	33,040		
Gross up completed property portfolio	**641,208**	**119,681**	**12,953**	**773,842**		
Annualised cash passing rental income[2]	24,078	6,430	524	31,032		
Property outgoings	(645)	(1,226)	(97)	(1,968)		
Annualised net rents	23,433	5,204	427	29,064		
Expiration of lease incentives and fixed uplifts	3,225	-	-	3,225		
"Topped-up" annualised net rent	26,658	5,204	427	32,289		
EPRA NIY	**3.7%**	**4.3%**	**3.3%**	**3.8%**		
EPRA "topped-up" NIY	**4.2%**	**4.3%**	**3.3%**	**4.2%**		

1 Once Dockland Central is included at 41% of floor space representing area being refurbished (31 March 2015: 77%)
2 Cash passing rent includes residential rents gross as property outgoings are included in the line below. Contracted rents are for in place only and therefore pre-lets or leases that commenced post financial year end are not included.

As at 31 March 2015	Office	Residential	Industrial	Total	Development	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Investment property at fair value	475,877	66,500	10,319	552,696	88,600	641,296
Less: Development/refurbishment[1]	(39,978)	(66,500)	-	(106,478)	(88,600)	(195,078)
Completed property portfolio	435,899	-	10,319	446,218	-	446,218
Allowance for purchasers costs	18,592	-	460	19,052		
Gross up completed property portfolio	**454,491**	**-**	**10,779**	**465,270**		
Annualised cash passing rental income	20,000	-	524	20,524		
Property outgoings	(46)	-	(121)	(167)		
Annualised net rents	19,954	-	403	20,357		
Expiration of lease incentives and fixed uplifts	2,214	-	-	2,214		
"Topped-up" annualised net rent	22,168	-	403	22,571		
EPRA NIY	**4.4%**	**n/a**	**3.7%**	**4.4%**		
EPRA "topped-up" NIY	**4.9%**	**n/a**	**3.7%**	**4.9%**		

(iv) EPRA costs

EPRA costs are calculated below. A table excluding internalisation related costs is also provided. However, some increase in remuneration costs to provide for variable remuneration for employees is anticipated post expiration of the current arrangements and therefore the amended costs ratios are only provided to show indicative impacts on ratios post November 2018.

	Financial year ended 31 March 2016	Financial year ended 31 March 2015
	€ '000	€ '000
Total operating expenses under IFRS	14,765	12,046
Direct property costs	2,497	725
Costs recognised re internalisation	(1,053)	-
EPRA costs including vacancy costs	16,209	12,771
Direct vacancy costs	1,429	167
EPRA costs excluding vacancy costs	14,780	12,604
Gross rental income	32,786	17,112
EPRA cost ratio including vacancy costs	**49.4%**	**74.6%**
EPRA cost ratio excluding vacancy costs	**45.1%**	**73.7%**

Supplementary disclosures (unaudited) (continued)

Costs adjusted for internalisation	Financial year ended 31 March 2016 € '000	Financial year ended 31 March 2015 € '000
EPRA costs including vacancy costs	16,209	12,771
Prepaid remuneration amortised	(1,802)	-
Performance related charges	(6,069)	-
Adjusted costs (excluding internalisation effects)	**8,338**	**12,771**
Direct vacancy costs	1,429	167
Adjusted costs excluding direct vacancy costs	**6,909**	**12,604**
Gross rental income	32,786	17,112
Adjusted cost ratio	**25.4%**	**74.6%**
Adjusted cost ratio excluding vacancy costs	**21.1%**	**73.7%**

(v) EPRA vacancy rate

This provides comparable and consistent vacancy data for investors based on the independent valuers' assessment of ERV. The EPRA vacancy rate measures the value of vacant space expressed as a percentage of the total ERV.

	Financial year ended 31 March 2016 € '000	Financial year ended 31 March 2015 € '000
Annualised ERV vacant units[1]	2,092	751
Annualised ERV completed portfolio	43,815	25,326
EPRA vacancy rate	**4.8%**	**3.0%**

[1]The part of One Dockland Central undergoing refurbishment is excluded from vacant and from completed

(vi) Analysis of lease expiration profile

(a) Rent subject to lease break or expiry - passing rent at 31 March 2016

For period 31 March	2017	2018	2019-2021
	€'m	€'m	€'m
Office	8.3	0.4	6.3
Residential	6.4	-	-
Industrial	-	0.1	0.4
Total	**14.7**	**0.5**	**6.7**
Percentage of passing rent	**47.4%**	**1.6%**	**21.7%**
Potential uplift at current ERV	1.0	0.0	1.3

(b) Rent subject to open market review - passing rent at 31 March 2016

For period 31 March	2017	2018	2019-2021
	€'m	€'m	€'m
Office	9.6	1.8	12.7
Residential	6.4	-	-
Industrial	-	0.4	0.1
	16.0	2.2	12.8
Percentage of contracted rent	51.6%	7.1%	41.2%
Potential uplift at current ERV	1.3	0.3	3.5

(vii) Like for like analysis

All properties have been purchased during the two year period ended 31 March 2016 therefore like for like reporting is not relevant for this period.

Other disclosures

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

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.

Financial information disclosures

€0.2m has been included in other gains and losses (31 March 2015: €nil) relating to the sale of investment properties. Included within the unrealised gains disclosed under IFRS there is a total of €2.2m in unrealised losses.

Remuneration disclosures

Hibernia REIT plc has adopted a remuneration policy with the objective of aligning the interests of employees of the Group with the creation of long term value for the shareholders of 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. Further details on the remuneration policy are in the Remuneration Report on pages 67 to 71 of the Annual Report. Performance related remuneration takes account of individual performance and the financial performance of Hibernia REIT plc.

Supplementary disclosures (unaudited) (continued)

Hibernia REIT plc assumed the remuneration expenses for all staff of the Investment Manager as part of the agreement on internalisation. The total remuneration paid to these staff in the financial year, all of whom are engaged in managing the Group activities, was €2,574,847 of which €1,670,048 comprised fixed remuneration and €904,799 comprised variable remuneration. The average number of staff employed during the financial year was 13.

Occupiers representing over 0.5% of rent

	Tenant name	€'m	%
1	Office of Public Works	5.5	13.7
2	Twitter	5.3	13.3
3	BNY Mellon	3.0	7.5
4	Bank of Ireland	2.8	7.1
5	DEPFA Bank plc	2.0	5.1
6	HubSpot Ireland Limited	1.3	3.2
7	Riot Games Limited	1.2	3.0
8	AWAS	1.2	3.0
9	Deloitte [1]	1.0	2.6
10	Capita Life & Pension Services Ireland Limited	0.7	1.7
11	O.D.S. Company	0.6	1.6
12	Daqri International Limited	0.6	1.5
13	Invesco Global Asset Management Limited	0.6	1.5
14	JMC Van Trans Limited	0.5	1.3
15	Park Rite	0.5	1.3
16	Renaissance Services of Europe Limited	0.4	1.1
17	Pay & Shop Ltd T/a Realex Payments	0.4	1.0
18	Merrion Capital Holdings Limited	0.4	1.0
19	Iconic Offices	0.4	1.0
20	Crowe Horwath Bastow Charleton Cons. Limited	0.4	1.0
21	Axa Global Distributors (Ireland) Limited	0.3	0.8
22	Bearingpoint Ireland Limited	0.3	0.7
23	Quinn McDonnell Pattison Limited	0.3	0.7
24	ENI Insurance Limited	0.3	0.7
25	Morgan Stanley Fund Services (Ireland) Limited	0.3	0.7
26	Wella (UK) Limited	0.2	0.6
27	Prudential Int. Services Limited	0.2	0.5
28	Ellucian Ireland Limited	0.2	0.5

[1] Deloitte is a tenant of Hardwicke House, which is an investment property of the Group. Deloitte 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)
Thomas Edwards-Moss
(CFO: Appointed 5
November 2015)
Stewart Harrington
Kevin Nowlan (CEO:
Appointed 5 November 2015)
William Nowlan
Terence O'Rourke

Secretary

Castlewood Corporate Services Limited
(Trading as Chartered Corporate
Services)
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

Registered office

South Dock House
Hanover Quay
Dublin 2
Ireland

Company number

531267

Independent auditor

Deloitte
Chartered Accountants and Statutory
Audit Firm
Hardwicke House
Hatch Street
Dublin 2
Ireland

Tax advisers

KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent valuer

CBRE Dublin
3rd Floor, Connaught House
1 Burlington Road
Dublin 4
Ireland

Principal bankers

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

Depositary

BNP Paribas Securities Services
(formerly Credit Suisse International,
Dublin Branch)
Trinity Point 10-11
Leinster Street South
Dublin 2
Ireland

Registrar

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

Principal legal advisers

A&L Goodbody
25/28 North Wall Quay
IFSC
Dublin 1
Ireland

Corporate brokers

Goodbody Stockbrokers
Ballsbridge Park
Ballsbridge
Dublin 4
Ireland

Credit Suisse International
One Cabot Square
London E14 4OJ
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 year.

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.

DRIP or dividend reinvestment plan is a plan offered by the Group that allows investors to reinvest their cash dividends by purchasing additional shares on the dividend payment date.

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 financial year 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 NAV therefore equals IFRS NAV in this instance.

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

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 financial year

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.

FRI Lease Full Repairing and Insuring lease

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.

In place portfolio is the portfolio of completed properties, i.e. excluding development and refurbishment projects.

Internalisation refers to the acquisition of the Investment Manager and the ultimate elimination of reliance on the external investment management function through bringing these activities inside the Group.

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 as independent benchmark of property returns and which provides the Group with the performance information required in calculating the performance based management fee.

Lease incentive is any consideration or expense, borne by the Group, in order to secure a lease.

LEED (Leadership in energy and environmental design) is a Green Building Certification System developed by the U.S. Green Building Council (USGBC). Its aim is to be an objective measure of building sustainability.

Like for like rental income growth is the growth in net rental income on properties owned through the current and previous periods under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either financial year or properties with guaranteed rental reviews. The Group does not present this statistic in this financial year as the last financial year was the first in which the Group held investment properties and therefore it does not have two full years of history to which to base this

LTIP or Long Term Incentive Plan aims to encourage staff retention and align their interests with those of the Group through the payment of a percentage of performance related rewards through shares in the Company that vest after a future period of service.

Market Abuse Regulations are issued by the Central Bank of Ireland and can be accessed on *https://www.centralbank.ie/regulation/securities-markets/market-abuse/Pages/default.aspx*.

Model Code is a universal code of conduct, with comprehensive guidelines and best practices which span the whole of Fixed Income, Currency and Commodity markets and can be accessed on *https://acifma.com/model-code*.

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

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 yields (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.

Net lettable or Net Internal Area (NIA) the usable area within a building measured to the internal face of the perimeter walls at each floor level

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 705E of the Taxes Consolidation Act 1997.

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

RICS Valuation – Professional Standards (the 'Red Book') 2014 issued by the Royal Institute of Chartered Surveyors provides standards for preparing valuations on property.

sq ft square feet

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.

TMT sector is the technology, media and telecommunications sector.

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

Transparency Regulations enhance the information made available about issuers whose securities are admitted to trading on a regulated market and further information is available on *https://www.centralbank.ie/regulation/securities-markets/transparency/Pages/default.aspx*.

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.

WAULT is weighted average unexpired lease term and is variously calculated to break, expiry or next review date

Shareholders' information

Hibernia REIT plc website:

http://www.hiberniareit.com

Investor contacts

Hibernia REIT plc
South Dock House
Hanover Quay
Dublin D02 XW94
Phone: 00 353 (0) 1 536 9100
For investor queries please send an email to info@hiberniareit.com
For media enquiries: media@hiberniareit.com

South Dock House
Hanover Quay
Dublin D02 XW94
info@hiberniareit.com

www.hiberniareit.com