hibernia REIT

Transforming Dublin

Annual Report 2017

Hibernia REIT plc ("Hibernia") is a Dublin-focused Real Estate Investment Trust ("REIT"), listed on the Irish and London stock exchanges, which owns and develops Irish property. All of Hibernia's c.€1.2bn portfolio is in Dublin and it specialises in city centre offices.

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Central Quay, South Docks

Highlights of the financial year

Financial highlights

- Portfolio value of €1,167m, up 9.9% in the year (March 2016: €928m) (developments up 47.2%[1]) and up 7.4%[1] in H2
- 12-month total property return of 14.5% vs IPD Ireland Index Return of 11.2%
- IFRS NAV per share of 147.9 cent, up 12.4% in the financial year (March 2016: 131.6 cent); EPRA NAV per share of 146.3 cent, up 11.9% (March 2016: 130.8 cent) and up 8.7% in H2
- Net rental income of €39.7m, up 56.3% excl. surrender premium in prior year (up 31.0% including this) (March 2016: €30.3m or €25.4m excl. surrender premium)
- Profit before tax of €119.0m (March 2016: €136.3m) including revaluation of investment properties
- EPRA earnings of €15.0m (March 2016: €5.1m, excl. surrender premium)
- Net debt at 31 March 2017 of €155.3m, LTV of 13.3% (March 2016: €52.9m, LTV 5.7%)
- Cash and undrawn facilities of €288.9m: €149.5m net of committed development spend and anticipated repayment of 1WML facility
- Final dividend of 1.45 cent per share, bringing total for year to 2.2 cent, up 46.7% (2016: 1.5 cent)

Operational highlights

Development programme making excellent progress

- Three schemes completed in the financial year, delivering 191,000 sq.ft. of Grade A space and profit on cost of 50%
- Three committed schemes at March 2017 (295,000 sq.ft. Grade A) completing over period to mid-2018
- Hanover Building added to committed schemes in May 2017: will deliver 71,000 sq.ft., of refurbished space (including 12,000 sq.ft. fitness facility) by end of 2018
- Near and longer term pipeline of five schemes totalling 660,000 sq.ft. of office space post completion

Income and WAULTs increased significantly through leasing activity, with more to come

- Contracted rent roll now €48.3m, up 24% on 31 March 2016 when it was €39.0m
- "In-place" office portfolio income duration and security increased
  - WAULT to earlier of break/expiry now 6.7 years, up 56% on 31 March 2016 (4.3yrs)
  - 50% of rent now upward only or capped/collared at next rent review (March 2016: 36%)

Asset management initiatives

- Building management department formed
- Flexible workspace arrangement formed with Iconic Offices in Block 1, Clanwilliam Court

1. Net of capex and acquisitions costs.

EPRA NAV
(cent per share)

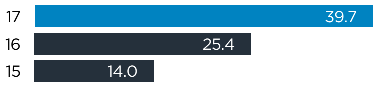
146.3

+12% in financial year

Net rental income
(excluding surrender premia)
(€'m)

39.7

+56% in financial year



EPRA earnings
(cent per share)

2.2

+47% in financial year

Dividend per share ("DPS")
(cent per share)

2.2

+47% in financial year

We 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.

Number of properties

28

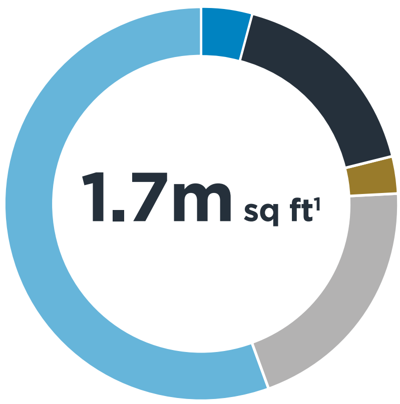
Number of commercial tenants

48

Portfolio by sector (by value)

- Office IFSC 22%
- Office South Docks 15%
- Office Traditional Core 38%
- CBD Office Development 14%
- Industrial 1%
- Residential 10%

Office and development portfolio (by net lettable area)



- In-place office portfolio 915k sq.ft.
- Committed developments (pre-let) 73k sq.ft.
- Committed developments (to let) 280k sq.ft.
- Near-term pipeline 50k sq.ft.[2]
- Longer-term pipeline 336k sq.ft.[3]

Industry split of in-place office tenants (by contracted rent)

- TMT 32%
- Government 27%
- Banking & Capital Markets 24%
- Professional Services 11%
- Insurance & Reinsurance 2%
- Other 4%

1. Office areas only (i.e. excluding retail, basement space, gym, townhall, etc.).
2. Cumberland Place (Phase 2).
3. Incl. incremental additional sq.ft. from Harcourt Square, Clanwilliam Court, Marine House, Earlsfort Terrace and Gateway (c.115k sq.ft. of office). Note that there is also further development potential at Gateway for c.130k sq.ft. of offices.

Read more about our portfolio on pages 22 to 30 >>

Our portfolio

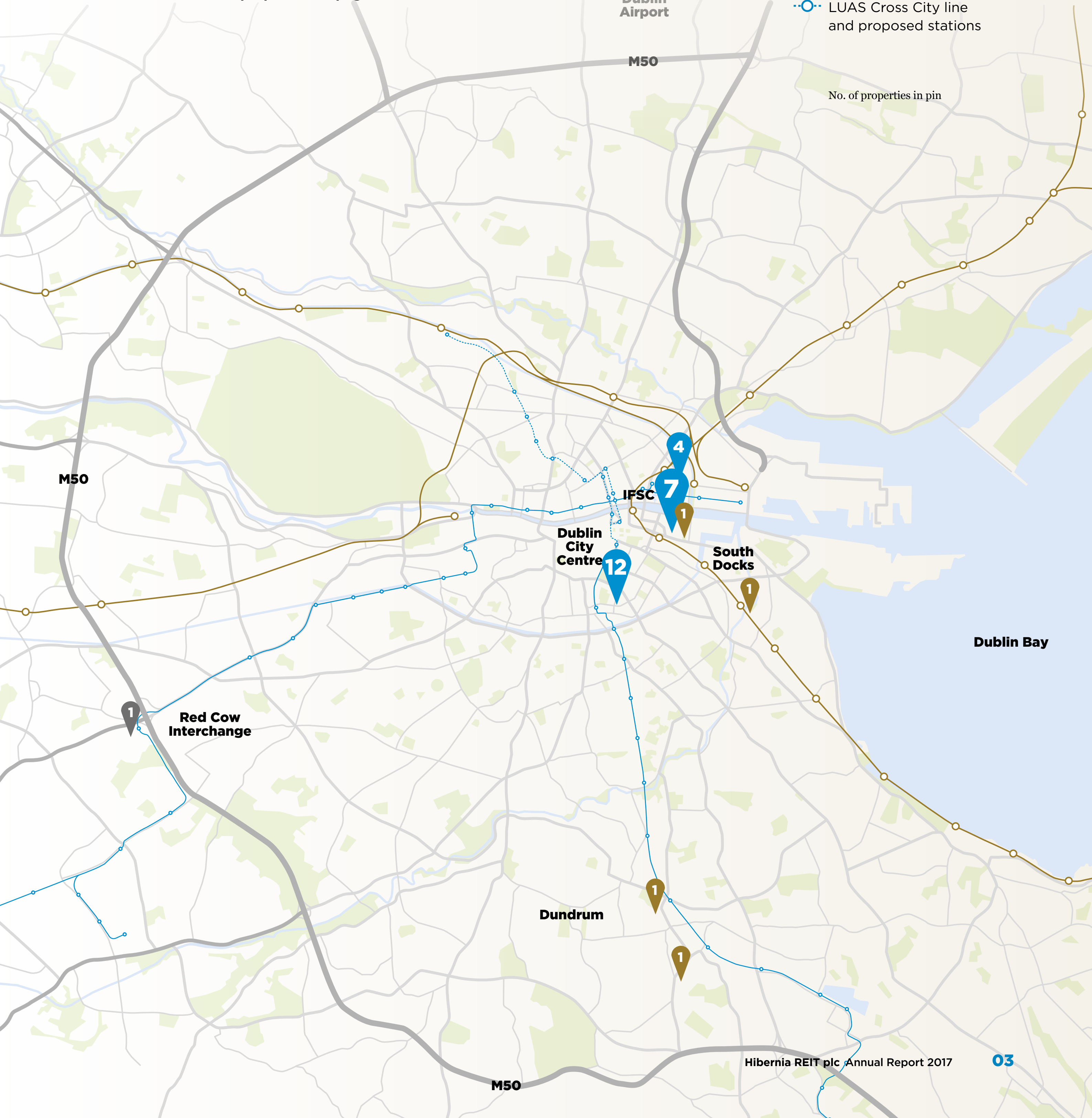
Our investment focus is on well-located offices in central Dublin with the potential for us to enhance value through repositioning or asset management. We also have smaller opportunistic investments in Dublin residential and industrial property.

Read more about our properties on pages 22 to 30 >>

Key

- Office properties (four under development)
- Residential properties
- Industrial properties
- Rail line and stations
- LUAS line and stations
- LUAS Cross City line and proposed stations

No. of properties in pin



Our clear strategy and focus on offices in Dublin's city centre is delivering excellent results: net rental income grew 56% to €39.7m and we achieved a 12-month total property return of 14.5% vs IPD Ireland Index return of 11.2%.

Our strategic focus on central Dublin offices and on growing rental income through developments and asset management is delivering strong financial results: in the year net rental income grew 56% to €39.7m, excluding a one-off surrender premium received in 2016. EPRA earnings increased 193% to €15.0m on the same basis and EPRA NAV per share rose 11.9% to 146.3 cent.

As the Dublin property market has recovered and prices have continued to rise we have shifted our attention to investment within the portfolio and our acquisition activity has reduced. We invested €52.5m in our committed development schemes in the year (2016: €37.3m) and made two acquisitions totalling €85.4m (2016: nine acquisitions totalling €136.2m). Both acquisitions enhanced our office development programme.

Our developments are progressing well: we completed three schemes in the year, delivering 191,000 sq.ft. of new office space and aggregate profits on cost of 50%, and as at 31 March 2017 we had three committed development schemes under way. With the acquisition of Starwood's 50% interest in 1WML in December 2016, these three schemes will now deliver 295,000 sq.ft. of Grade A office space over the period to mid-2018, of which 25% was pre-let as at 31 March 2017. Since financial year end, we have approved the redevelopment of the Hanover Building, which will deliver a further 71,000 sq.ft. (including a 12,000 sq.ft. fitness facility) when it completes in late 2018. Our development pipeline totals five schemes with the potential to deliver over 660,000 sq.ft. of office space over the longer term.

We have added two new business areas to the Group in the year. In July 2016, we established a building management department: this was done to develop closer relationships with our tenants and to provide a better level of service to them. Historically building management in Ireland has tended to be outsourced and this move brings us into line with the majority of large UK and European REITs. In January 2017, we formed a five-year flexible workspace arrangement with Iconic Offices to establish a serviced office and co-working business in one of our buildings. This broadens Hibernia's offering to tenants and will able us to learn more about the flexible workspace and serviced office market which is an increasingly important element of the occupational market.

In October 2016, shareholders approved an amendment to the relative performance fee calculation methodology: the purpose of this is to ensure the relative performance fee works as intended to align the interests of shareholders and the Management Team until the expiry of the current remuneration structure in November 2018.

As a result of the growth in earnings in the year the Board has recommended an increase in the final dividend of 81.3% to 1.45 cent per share, to be paid on 31 July 2017. This represents an increase in the total dividend for the year of 46.7% to 2.2 cent per share. With a contracted rent roll of €48.3m at 31 March 2017 (up 24% on the prior year), significantly above our net rental income for the year, and significant new office completions and rental reversion to come in the next few years, we expect to grow income and dividends materially.

The successes this year are due to the hard work and dedication of our employees and I would like to thank them for their commitment. Looking forward, I believe we have the right strategy to continue to prosper and deliver superior shareholder returns.

Daniel Kitchen
Chairman
7 June 2017

Building management

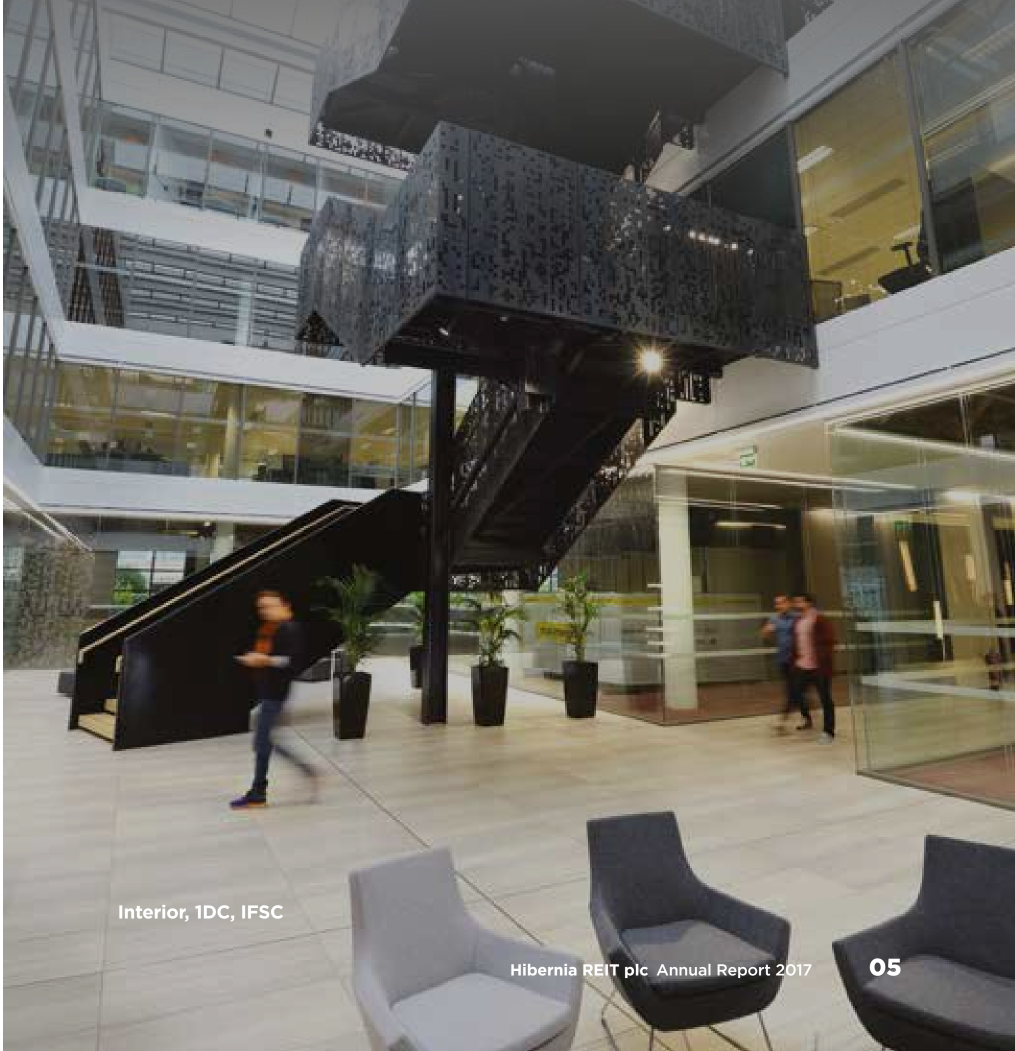
Formation of building management department

We announced the establishment of an internal building management department in July 2016. This was done to take control of the management of our multi-let commercial properties and ensure closer relationships with our tenants and a better level of service for them. In-house property management is common amongst the major UK and European REITs. The department is expected to be broadly cost neutral for Hibernia.

The building management team now comprises eight staff and since July 2016 has overseen the transfer to in-house management of 13 of Hibernia's multi-let buildings totalling 644k sq.ft.: this represents all of the current multi-let portfolio.

As new multi-let developments are completed (e.g. 1 Windmill Lane), these will also come under the management of the building management department.

The formation of the building management department and the arrangement with Iconic Offices to provide flexible workspace within the portfolio, are examples of the ways Hibernia is seeking to improve its service offering for tenants.



Interior, 1DC, IFSC

We are pleased to report another set of strong results, driven in particular by the performance of our developments in the second half of the year, delivering 11.9% growth for the year in EPRA NAV per share to 146.3 cent.

Development programme making excellent progress and enhanced by acquisitions in the year

We completed three schemes in the year, 1 Cumberland Place, One Dockland Central and SOBO Works, delivering 191,000 sq.ft. of refurbished Grade A office space, all of which is fully let, and an aggregate profit on cost of 50%. As at 31 March 2017, our three committed schemes, 1WML, 1SJRQ and Two Dockland Central were progressing well: with the acquisition of Starwood's 50% interest in 1WML in December 2016, these three schemes will now deliver 295,000 sq.ft. of Grade A office space over the period to mid-2018, of which 25% was pre-let as at 31 March 2017. In May 2017, the Board approved the refurbishment and extension of the Hanover Building, which will deliver a further 71,000 sq.ft. (including a 12,000 sq.ft. fitness facility) and which we expect to complete in late 2018. The acquisition of Blocks 1, 2 and 5 Clanwilliam Court added to our development pipeline, which now totals five schemes and 660,000 sq.ft. of office space post completion.

Rent roll and income duration increased significantly through leasing activity

Our priority is to increase portfolio income and extend lease terms and income security through the leasing of our developments and through rent reviews and lease renewals. Key lettings in the year included 35,000 sq.ft. in 1WML pre-let to Informatica at a rent of €2.1m per annum, 32,000 sq.ft. in Two Dockland Central pre-let to HubSpot at a rent of €1.8m per annum and a new lease agreed with the Office of Public Works ("OPW") for all 117,000 sq.ft. of Harcourt Square at an annual rent of €6.0m. In total, new lettings and rent reviews increased contracted rents by €10.4m (€9.3m net of lease expiries and including new acquisitions), bringing contracted rents as at 31 March 2017 to €48.3m, up 24% on 31 March 2016.

The weighted average periods to break and lease expiry for the new leases agreed in the year were 10 and 17 years, respectively, and these increased the "in-place" office WAULT to the earlier of break or expiry to 6.7 years, up 56%. In addition, 50% of the "in-place" office rents of €38.0m are now upward only or capped/collared at the next rent review (2016: 36%), limiting the Group's near-term rental exposure in the event of a downturn in the rental market.

New asset management initiatives

We established an internal building management department in July 2016 to take direct control of the management of our multi-let commercial properties in order to develop closer relationships with our tenants and to provide a better level of service for them. As at 30 April 2017, all 13 multi-let office buildings (totalling 644,000 sq.ft.) had transferred to direct management and new multi-let buildings will be added as they are completed or acquired: the department is expected to be cost neutral for Hibernia now it is fully operational.

In January 2017 we formed a five-year flexible workspace arrangement with Iconic Offices ("Iconic"), a leading Dublin-based flexible workspace provider (and existing tenant of Hibernia), to establish a serviced office and co-working business in 21,000 sq.ft. of Block 1 Clanwilliam Court (see further details opposite). The arrangement gives Hibernia the opportunity to learn more about flexible workspace and serviced offices, which are increasingly significant elements of the office occupational market. In addition, it gives Hibernia contact with small, rapidly growing enterprises which may have larger space requirements in future.

Modest leverage and available funding for further investment

We are moving towards our through-cycle leverage target of 20–30% loan to value: in the financial year we invested €52.5m in development and refurbishment expenditure and €85.4m in acquisitions: as at 31 March 2017 net debt was €155.3m and our loan to value ratio was 13.3% (March 2016: 5.7%). We continue to have substantial available funding: cash and undrawn facilities as at 31 March 2017 were €288.9m, €149.5m net of committed development spend and expected repayment of the 1WML facility.

Growing dividend as rental income increases

EPRA earnings grew 192.5% to €15.0m in the year (excluding last year's one-off surrender premium) as a result of our letting activity. This has enabled the Board to propose a final dividend of 1.45 cent per share, bringing the dividend for the year to 2.2 cent, up 46.7% on prior year. We expect this to grow further as our developments are leased up and as we capture the reversionary potential within the "in-place" office portfolio.

Positive outlook

The Irish economy continues to perform well and vacancy rates in Dublin offices remain low. While there are new buildings under construction, the limited availability of speculative development funding means significant pre-lets are often a requirement before developments can proceed. We are seeing continued interest in Dublin from UK-based occupiers following the UK's decision to leave the EU, and we expect that decisions on destination cities will start to be made in the second half of the year.

We remain positive on our prospects: we have a portfolio rich in opportunity and let off low rents, an exciting development pipeline with substantial completions in the next 12 months, and a strong balance sheet for further investment where we see opportunity.

Kevin Nowlan
Chief Executive Officer
7 June 2017

Formation of flexible workspace arrangement with Iconic Offices

In February 2017 we formed a five year arrangement with Iconic Offices ("Iconic") to establish a serviced office and co-working business in 21,000 sq.ft. of Block 1 Clanwilliam Court. Iconic is a leading Dublin-based flexible workspace provider and was already a tenant of Hibernia in SOBO Works.

Under the arrangement Hibernia provides the property and Iconic is managing the business operations, with the rent generated being shared. Hibernia funded 85% of the fit-out costs (c.€1m) and receives the majority of the rent from the occupier (after amortisation of the cost of fit-out) up to a level equating to headline rent of c.€45 per sq.ft. over the five-year period. Iconic receives most of the rent above this level.

The business opened its doors in April 2017, and the space is already 75% occupied, significantly ahead of budgeted performance.

This arrangement gives Hibernia the opportunity to learn more about flexible workspace and serviced offices, which are increasingly significant elements of the office occupational market. In addition, it gives Hibernia contact with small, rapidly growing enterprises which may have larger space requirements in future.

Blocks 1, 2 and 5, Clanwilliam Court, D2

The economic fundamentals in Ireland and in the Dublin property market remain strong.

Irish economy

Ireland's GDP growth in 2016 was 5.2% (source: CSO), which was ahead of expectations and the strongest growth in the Eurozone (source: European Commission). The Central Bank of Ireland ("CBI") is expecting GDP growth to remain strong in 2017 and 2018 at 3.5% and 3.2%, respectively. While the CBI's forecasts are more conservative than some commentators', they still compare favourably to GDP growth forecasts for the Euro area of 1.6% in 2017 and 2018 (source: the OECD).

The unemployment rate in Ireland has continued to fall and reached 6.2% in April 2017 (April 2016: 8.4%). Dublin accounted for about one third of Irish job creation in 2016 and saw a year-on-year increase in the number of jobs of 3.2% (source: CSO), with office-based employment in Dublin growing 5.5% (source: Savills). With services, manufacturing and construction PMIs recovering following a softer period in the aftermath of the UK referendum in June 2016, the favourable labour market trends are expected to continue.

As the economy grows and tax revenues increase, so the fiscal position is improving: in 2017 the budget deficit is expected to reduce to 0.3% of GDP and the debt/GDP ratio is expected to fall to 72% (94% at start of 2016) (source: Davy). Political pressure for increased Government spending and/or tax cuts is growing so the deficit statistics may widen in coming years but accompanied by a likely stimulus to domestic demand.

As a relatively small and open economy, Ireland is highly dependent on international trade and foreign direct investment ("FDI"). Events that could negatively affect these, such as the UK's expected departure from the EU and possible US tax and trade policy changes, remain among the principal risks to the economy. To date however, no such impacts have been felt: 5,500 IDA sponsored jobs were created in Dublin & the Mid-East region in 2016 vs the five-year average of 4,800 (source: IDA) and the flow of FDI into Ireland has remained strong to date in 2017. In addition, the UK's departure from the EU may create opportunities for Dublin even if the eventual impact for the wider Irish economy may be negative given strong trade links with the UK.

Irish property investment market

As the Irish property market has moved out of its recovery phase returns have normalised: in the 12 months to 31 March 2017 the MSCI Ireland Property Index delivered a total return of 11.2% (vs 23.5% in 12 months to 31 March 2016), of which 6.2% derived from capital growth (March 2016: 17.7%) and 4.7% from income (March 2016: 5.0%). The industrial sector was the top performer over this period with a total return of 16.7%, followed by retail at 11.8% and offices at 10.8%. Despite the expected moderation of returns, in 2016 Ireland was the third highest performer in the MSCI Global Index, which delivered a 7.4% return. The majority of office capital growth (in the MSCI Ireland Index) has continued to come from ERV growth rather than yield compression. Views among the Dublin agents on the level of prime office yields vary but most are in a range of 4.25%–4.75%.

Investment spend in 2016 totalled €4.5bn with offices comprising 31% and retail 50%: these statistics are somewhat skewed by two particularly large shopping centre transactions in the year (source: CBRE). The last three years have seen exceptional investment volumes, averaging €4.2bn per annum as a result of deleveraging, but total volumes are expected to return to more "normal" levels of c.€2bn in 2017 (source: JLL): in Q1 2017 investment totalled €0.5bn (source: CBRE). Given the increasingly institutional nature of ownership of prime properties, and the reduction in investment volumes, Grade A offices are becoming harder to buy and accounted for a smaller share of the traded stock in 2016 (source: Savills). Consequently we may see more forward funding transactions as institutional investors seek to acquire prime office property in a market where development funding remains limited.

The tax changes for property funds and S110 companies announced in late 2016 (which do not apply to Irish REITs) and were introduced at the start of 2017 have not had a discernible impact on our market (i.e. prime Dublin CBD offices) to date: the dominant buyer of this asset type for the past 18 months has been European pension funds who are generally exempt from the changes.

Office occupational market

With office supply still limited and substantial tenant demand, market conditions in Dublin continue to favour landlords: long leases (15 years+) and limited tenant incentives remain prevalent, especially away from large pre-leasing deals. Dublin office take-up in 2016 was 2.6m sq.ft., substantially above the 10-year average of 2.0m sq.ft. (source: CBRE). In Q1 2017, a typically quiet quarter, 0.5m sq.ft. of lettings were agreed and 0.5m sq.ft. was listed as reserved, which bodes well for take-up in Q2 2017 (source: CBRE). We expect take-up in 2017 to be weighted towards the second half of the year as many of the larger requirements currently active are unlikely to translate into transactions until later in the year. Supporting this view, the volume of active demand for office accommodation at the end of Q1 2017 stood at more than 3.0m sq.ft. up from 2.8m sq.ft. at the end of Q4 2016 (source: CBRE).

The overall Dublin vacancy rate was 7.0% at the end of Q1 2017 and the Grade A vacancy rate in Dublin 2/4 (where 65% of Hibernia's portfolio is located) was 3.1% (source: CBRE). These vacancy rates are marginally higher than at Q4 2016 as some new supply has started to complete and as offices vacated by some occupiers

One and Two Dockland Central, IFSC

moving to new premises are coming back into vacant stock. Rents across the Dublin office market rose in the year with prime headline rents at the end of Q1 2017 of €62.50 per sq.ft., up from €57.50 per sq.ft. at the end of Q1 2016 (source: CBRE). Given the scarcity of speculative development funding, large single occupiers looking for pre-lets may be able to secure a discount on these terms where a letting enables a developer to unlock development funding.

Notwithstanding the increase in prime rents, the CBD (where all of Hibernia's office portfolio is located) remains the area of choice for occupiers, accounting for 77% of Dublin office take-up in 2016, slightly above the six-year average of 74% of take-up. In line with sectoral splits over the past three years, tenants in the technology, media and telecoms sector accounted for 25% of take-up in 2016, with professional services and financial services accounting for 15% and 14%, respectively (source: CBRE).

Office development pipeline

2016 marked the delivery of the first newly constructed office buildings in the Dublin market in over five years: in total, 1.1m sq.ft. of new office space was delivered, 94% of which is now let. We expect around 2.1m sq.ft. to be delivered in 2017 of which c.50% is pre-let or reserved. Further ahead, we expect around 1.5m sq.ft. will be delivered in 2018, and 1.8m sq.ft. in both 2019 and 2020, with a total of 10.8m sq.ft. gross of new space delivered between 2015 and 2020. 10.8m sq.ft. of gross additions to the stock represents c.9.8m sq.ft. of net new space (as a result of demolition to facilitate new development) and would represent an increase in the total stock figure of c.24% vs an increase in stock of 98% from 1993–2002 and 51% in 2003–2011 (source: Goodbody).

Finance for speculative development remains limited, which is resulting in the owners of key development sites in the CBD seeking large pre-lets before commencing development. Key pre-lets in 2016 included Grant Thornton (107,000 sq.ft.) and Amazon (170,000 sq.ft.), both achieving rents in excess of €50.00psf and term to break in excess of 12 years.

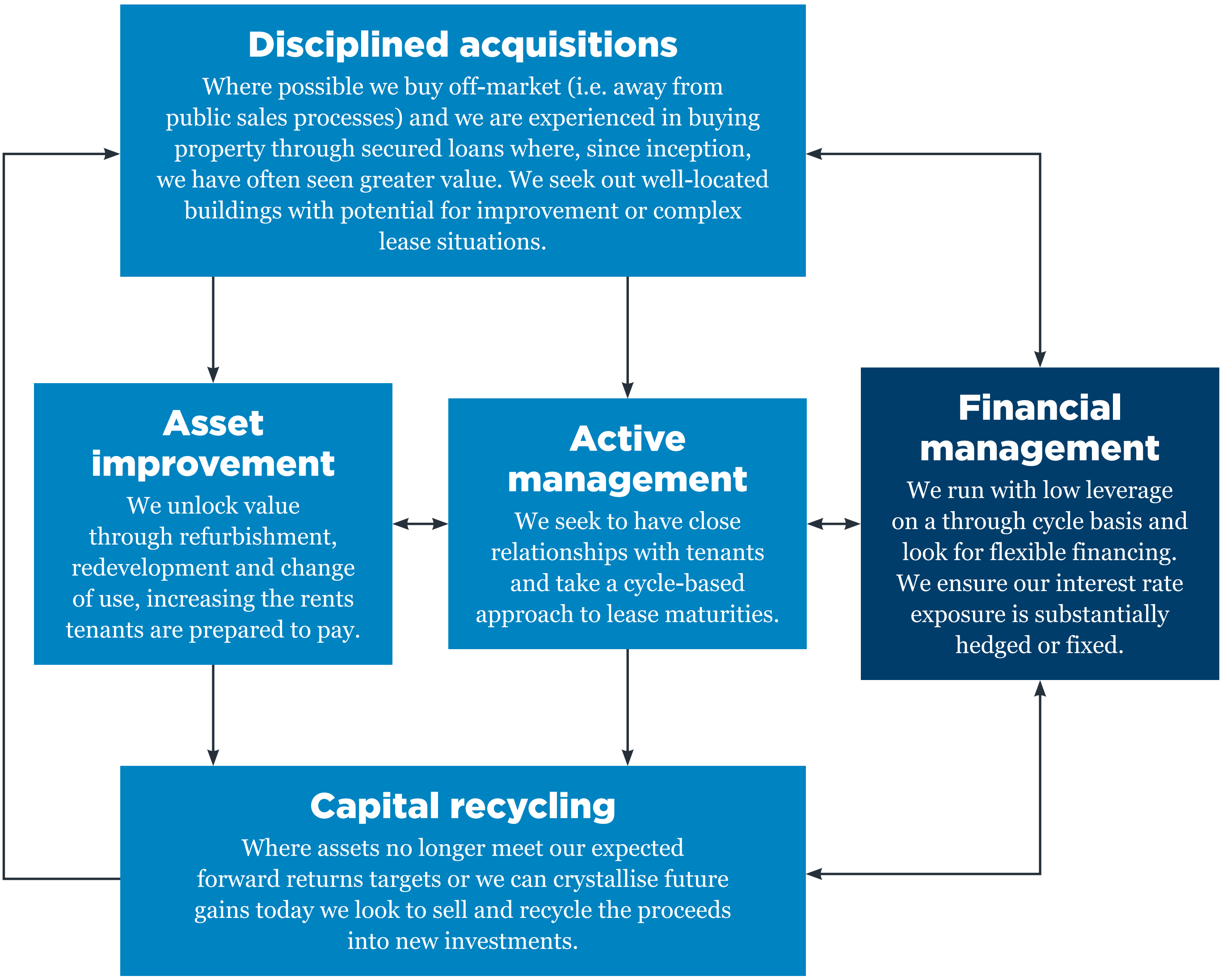
Residential sector

The lack of available housing in Dublin remains one of the biggest challenges facing the Irish property industry in the short to medium term. Data from the 2016 Census showed that the population in Ireland grew by 3.8%, which was three times faster than any other EU state in the last five years. Dublin's population grew by 5.8% in the same period (74,000 people) (source: CBRE). The numbers in rental accommodation rose by 4.7% over the same period (source: CSO) and the homeownership rate fell from 69.7% to 67.6% and was even lower in urban areas, at 59.2%. Regardless of whether the Census or Department of Housing statistics are used, completions and commencements are falling well short of the Government's target to deliver 25,000 homes per annum in the period to 2021 (Source: Rebuilding Ireland/ Government of Ireland) and the ESRI's projections that demand is likely to increase at a steady rate before reaching just over 30,000 units per annum by 2024.

Despite the undersupply of stock, residential transaction and mortgage approval volumes showed strong growth early in the year (source: BPFI) resulting in house prices rising by 8.1% in Dublin in the year to February 2017 (source: CSO) and Davy are forecasting national house price inflation of 10% through 2017. There is continued upward pressure on rents and Dublin rents were up 13.9% in the 12 months to March 2017 (source: DAFT) although the ability to capture reversion on existing (let) residential stock is limited by the introduction of Rent Pressure Zones ("RPZs") (including Dublin) which limit rent increases to a maximum of 4% per annum for the next three years.

Our approach

Our approach is based on highly active ownership of our properties, whether through repositioning buildings or asset management, to generate superior returns while using only modest levels of leverage. We are disciplined in our capital allocation: where assets no longer meet our expected forward returns targets we look to sell and recycle the proceeds into new investments.



Our team

We are a team of 27 people (32 including the non-executive Directors) of which 25 are employees. The team has grown from 17 last year of which 13 were employees. This growth comes mainly from the addition of a building management department in this financial year. As an organisation with a relatively low headcount we have a flat management structure and we prioritise a culture of openness and co-operation between individuals and teams. We encourage our staff to develop broad skill sets and to be as flexible as possible.

Left to right:

Thomas Edwards-Moss
Chief Financial Officer

Frank O'Neill
Chief Operations Officer

Kevin Nowlan
Chief Executive Officer

Mark Pollard
Director of Development

Richard Ball
Chief Investment Officer

At the core of our culture are the following values:

Communication

Weekly meetings are held across and within departments to ensure 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. We arrange for experts to present to the team on a regular basis.

Performance

Our people are aligned 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.

Our strategic focus will help us to deliver long-term out performance for shareholders across cycles. At this time our overall priority is capitalising on the favourable market conditions to deliver strong NAV and income growth.

STRATEGIC PRIORITY 2016–17	KEY INITIATIVES	PROGRESS 2016–17	KPI IMPACT
1 Deliver development projects See pages 26 to 28 >>	– Making progress with the four committed schemes, all of which have completion dates in the period to mid-2018	– Completion and letting of 1 Cumberland Place – Three other schemes progressing well with 1WML now 29% pre-let and 2DC 66% pre-let	– Development profits enhance Net Asset Value ("NAV") and Total Portfolio Return ("TPR") – Lettings/pre-lets increase rent, WAULTS and reduce voids/void risk
2 Increase rental income of portfolio See pages 29 to 30 >>	– Drive further increases in rents through new lettings and rent reviews	– Contracted rent increased 24% to €48.3m – In-place office WAULT break/expiry increased 56% to 6.7 years	– Lettings enhance NAV, TPR, contracted rents and WAULTs
3 Deploy further capital into selective acquisitions See page 24 >>	– Make further selected acquisitions where we expect our returns criteria to be met	– €85.4m deployed in two acquisitions; Blocks 1, 2 and 5 Clanwilliam Court and the 50% stake not already owned in 1WML	– Acquisitions should enhance NAV and TPR in the longer term
4 Recycle capital by selling assets where future returns are not expected to meet our targets and reinvesting elsewhere See page 24 >>	– Sale of assets where future returns are not expected to meet our targets	– Sold most of the remaining non-core assets for €4.2m (gross) generating total net profits of €5m since acquisition on sales of €34.4m.	– Sales above book value enhance NAV and TPR
5 Enhance balance sheet efficiency See page 32 >>	– Continue to utilise debt facilities where appropriate opportunities arise – Move LTV ratio towards through-cycle target of 20–30%	– Deployed €85.4m in new acquisitions and €52.5m in capital expenditure – LTV now 13.3% up from 5.7% at 31 March 2016.	– Efficient balance sheet should enhance NAV growth and Dividend per Share ("DPS")

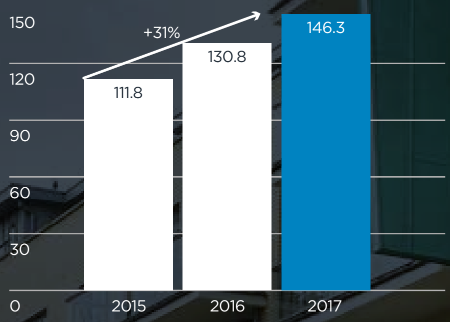
STRATEGIC PRIORITY 2017–18	KEY TARGETS 2017–18	RISKS
1 **Deliver development projects and prepare pipeline of future projects** See pages 26 to 28 >>	– Complete 1WML and 2DC – Progress 1SJRQ and Hanover Building – Prepare other projects for commencement (e.g. Cumberland Phase 2, Gateway)	– Market declines reduce development profit – Construction cost inflation or contractor failure does likewise – Buildings delivered do not meet tenant needs
2 **Increase rental income and duration** See pages 29 to 30 >>	– Complete letting of 1WML and 2DC – Let 1SJRQ and the Hanover Building – Deliver rental uplifts through rent reviews – Keep vacancy rates below 5%	– Occupational market weakness – Existing tenants leave/become insolvent
3 **Deploy capital into selective acquisitions or new developments** See page 24 >>	– No targets – depends on opportunities available – Any acquisitions or new developments must enhance Group returns	– Capital deployed does not achieve target returns
4 **Recycle capital to monetise gains and enhance future returns** See page 24 >>	– Sale or swap of any assets where forward returns are not expected to meet our targets and possible redeployment as discussed under priority 3 above	– Unable to sell assets due to market events – Market declines mean cannot achieve book value on disposals
5 **Maintain an efficient balance sheet** See page 32 >>	– Move towards 20–30% LTV target – Reduce cost of debt where possible	– Disposals exceed deployment into new opportunities reducing LTV – Rates rise substantially increasing interest costs on unhedged debt – Debt covenants threatened by market value declines
6 **Deliver improvements in environmental efficiency of portfolio** See pages 42 to 47 >>	– Reduce energy consumption and greenhouse gas emissions per square metre on "like for like" and absolute basis – New office buildings delivered achieve at least LEED Gold	– Failure to achieve reductions – Could impact the Group's ability to attract tenants and/or the value of the Group's property

Read more about KPIs on page 14 >>

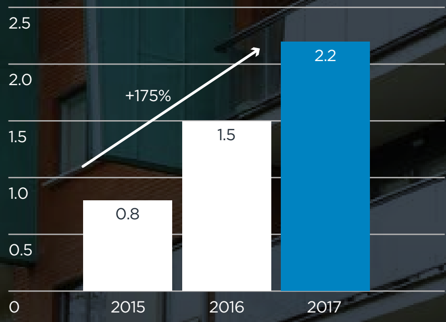
Read more about Risks on pages 34 to 41 >>

Our key performance indicators ("KPIs") are the main metrics we use in running the business and assessing its performance. These KPIs are focused on returns to shareholders and are the principal drivers of remuneration under the current arrangements which run until November 2018 (see pages 66 to 70 for further details).

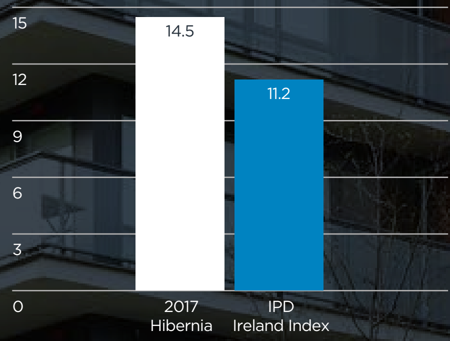
EPRA NAV
(cent per share)



Dividend per share ("DPS")
(cent per share)



Total property return ("TPR")
vs IPD (%)



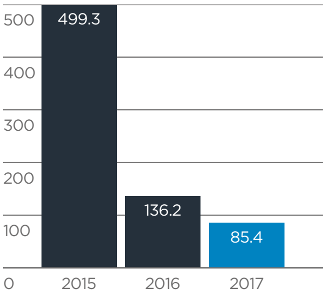
Block 3, Wyckham Point, D16

Operational metrics

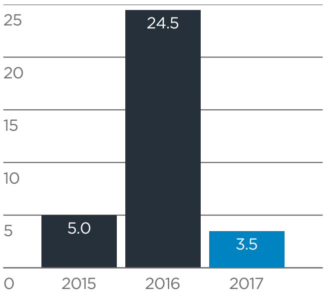
In addition to our KPIs we use the following main operational metrics in managing the business.

Investment and development

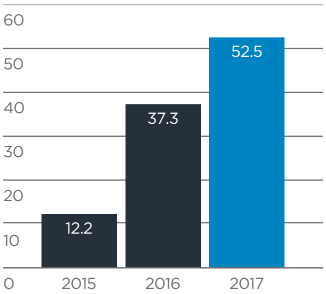
Purchases (€m)



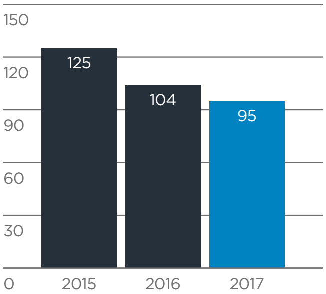
Disposals (€m)



Capital expenditure (“Capex”) (€m)

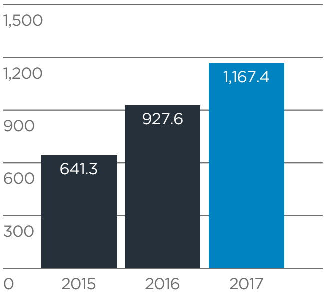


Committed capital expenditure (€m)



Asset management

Portfolio value (€m)



In-place office occupancy level

97%

(2016: 94%)

Passing rent roll

€42.2m

(2016: €30.0m)

Contracted rent roll

€48.3m

(2016: €39.0m)

In-place office rent roll with cap and collar or upwards only at next rent review

50%

(2016: 36%)

In-place office portfolio WAULT to break/expiry

6.7 years

(2016: 4.3 years)

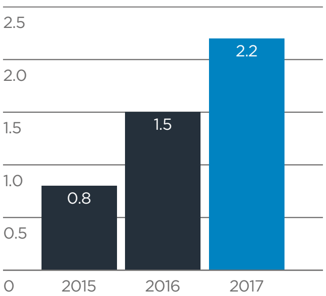
Reversionary potential in-place office portfolio ERV uplift as % contracted rent

18%

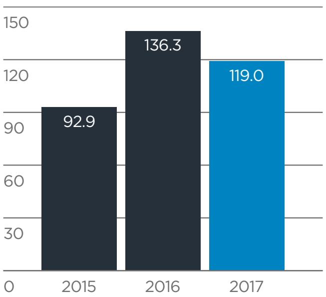
(2016: 26%)

Financial management

EPRA earnings (cent per share)



Profit before tax (€m)



Net debt (€m)

€155.3m

(2016: €52.9m)

Loan to value (“LTV”) (%)

13%

(2016: 6%)

Cash and undrawn facilities (€m)

€288.9m*

(2016: €368.8m)

* or €149.5m (2016: €264.8m) net of committed capital including anticipated repayment of Windmill Lane facility.

Sustainability metrics are covered in the sustainability section on pages 42 to 47 of the Annual Report.

SOBO District

Dublin 2

Sobo District, South Docks

“Hibernia owns five adjacent buildings in Dublin’s South Docks, which will result in c.400,000 sq.ft. of offices when fully completed in late 2018. In total we expect to invest €135m between the five buildings and help regenerate the area: two of the assets – 1WML and 1SJRQ – were acquired as derelict sites and the buildings under construction at present and are expected to achieve a LEED Gold environmental rating or better. The Hanover Building was acquired as a completed asset and we are undertaking a full refurbishment of the asset to bring it up to the same standard as our adjoining assets. In a market where most office buildings are less than 100,000 sq.ft. in size, one of our focuses has been on assembling clusters of adjoining or nearby assets, enabling us to share facilities (e.g. gyms, meeting areas, cafes) between them and improve the experience for our tenants: SOBO District is a prime example of this.”

Mark Pollard
Director of Development

STRATEGIC PRIORITIES 1 2 3 5 6

Cumberland Place Phase 1+2

Dublin 2

2 Cumberland Place, D2

“Phase 1 of the redevelopment of Cumberland Place successfully completed during the year, delivering 122,000 sq.ft. of Grade A office space, let to Twitter and Travelport on long leases, and generating a profit on cost in excess of 50%. The refurbished building has achieved a LEED Platinum rating, the highest available under the LEED environment certification system, and is one of the first in Dublin to achieve this rating. During the year we received planning approval for Phase 2 of the redevelopment: this comprises a new office block of 50,000 sq.ft., which will integrate with the existing reception area and will bring Cumberland Place up to c.170,000 sq.ft. of office accommodation. Commencement date for Phase 2 is likely in 2018, subject to market conditions and further de-risking of our current committed schemes.”

Kevin Nowlan
Chief Executive Officer

STRATEGIC PRIORITIES 1 2 3 5 6

BER A3

Strategy in action

Harcourt Square Dublin 2


Harcourt Square, D2

"This asset represents a significant future redevelopment opportunity for Hibernia: it comprises a 1.9 acre site a short distance from St. Stephen's Green in the centre of Dublin and currently has 117,000 sq.ft. of office accommodation in four blocks constructed in the 1970s. During the year Hibernia received planning permission for a full redevelopment of the site, delivering up to 276,500 sq.ft. of Grade A office space. As with the SOBO District, this fits with our focus on assembling clusters of assets, enabling sharing of facilities between buildings and a better experience for tenants. In December 2016 we agreed a new, non-renewable, six year lease with the Office of Public Works ("OPW") for the entire building, commencing in January 2017, at an annual rent of €6.0m (€47psf), plus a one-off rental arrears payment of €0.5m. The building was let to the OPW and occupied by An Garda Síochána (the police) at a rent of €4.9m per annum on leases the last of which expired in December 2016. The new lease gives all parties certainty on the tenant's departure date, enables us to continue to work up our plans for the site and secures enhanced near term income for Hibernia."

Frank O'Neill
Chief Operations Officer

STRATEGIC PRIORITIES 1 2

Increasing income in our focused portfolio

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

2 **Two Dockland Central (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 (1SJRQ)**
Dublin 2

6 **The Observatory Building**
7–11 Sir John Rogerson's Quay
Dublin 2

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

8 **The Hanover Building**
Windmill Lane
Dublin 2

9 **11a 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 **1 Cumberland Place**
Fenian Street
Dublin 2

14 **Marine House**
Clanwilliam Place
Dublin 2

15 **Blocks 1, 2 and 5 Clanwilliam Court**
Clanwilliam Place
Dublin 2

16 **1 Earlsfort Terrace**
Dublin 2

17 **Hardwicke House**
Hatch Street
Dublin 2

18 **Montague House**
Adelaide Road
Dublin 2

19 **Harcourt Square**
Harcourt Street
Dublin 2

20 **39 Harcourt Street**
Dublin 2

21 **35–37 Camden Street**
Dublin 2

22 **The Chancery Building**
Chancery Lane
Dublin 8

23 **Cannon Place**
Herbert Road
Dublin 4

24 **Dundrum View**
Dundrum
Dublin 14

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

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

Active development schemes

2 **Two Dockland Central**
Completion late 2017

7 **1 Windmill Lane**
Completion mid 2017

5 **1 Sir John Rogerson's Quay**
Completion mid 2018

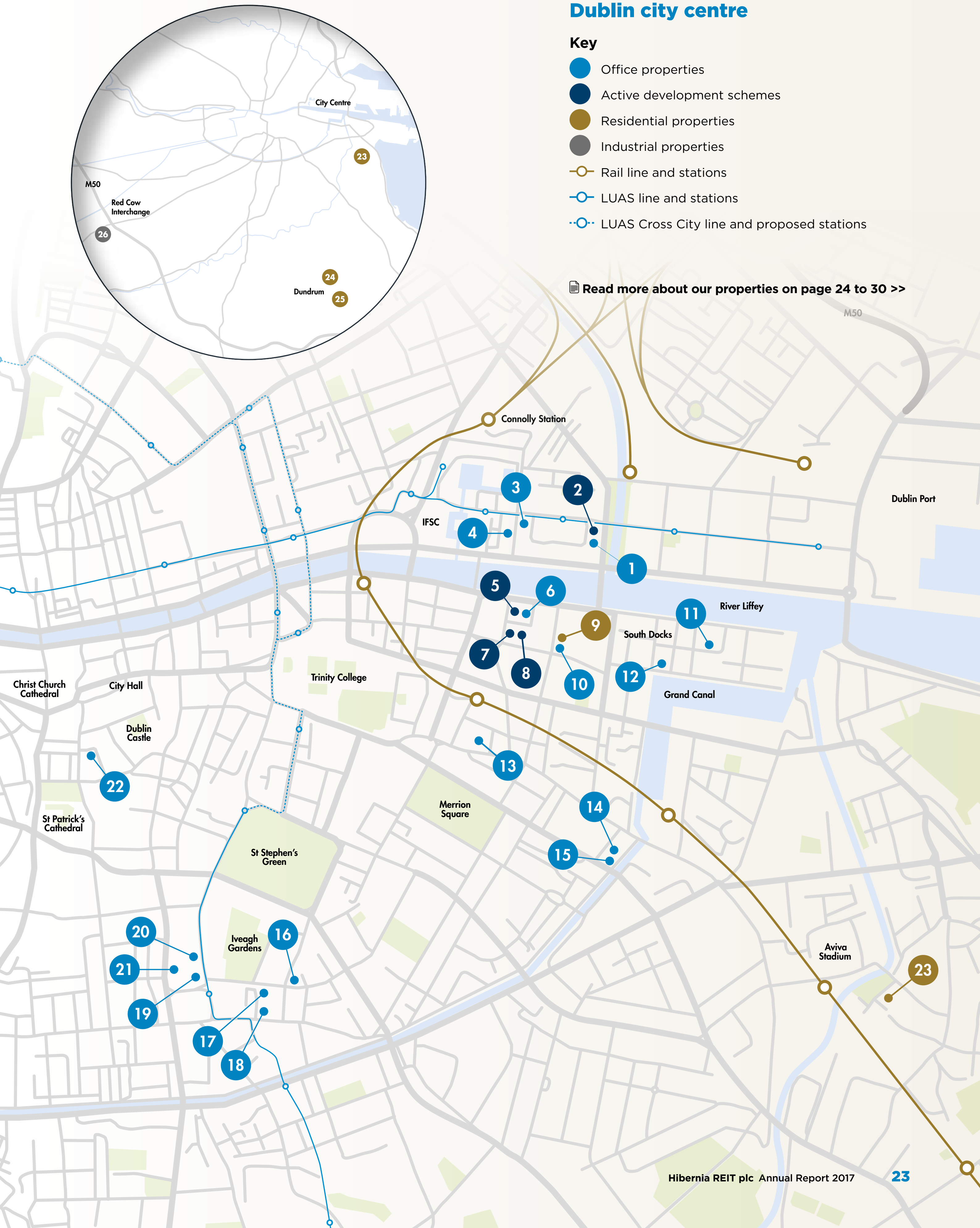
8 **The Hanover Building**
Completion late 2018

Dublin city centre

Key

- Office properties
- Active development schemes
- Residential properties
- Industrial properties
- Rail line and stations
- LUAS line and stations
- LUAS Cross City line and proposed stations

Read more about our properties on page 24 to 30 >>



Acquisitions and disposals

The Group made two acquisitions in the year totalling €85.4m, both of which have development angles:

- In July 2016 we acquired Blocks 1, 2 and 5 Clanwilliam Court, Dublin 2, for €52.4m (including costs) (€544 per sq.ft.). These 1970s office buildings total 93,700 sq.ft. and have 220 underground car parking spaces. The acquisition, together with Marine House in March 2016, gave the Group ownership of four contiguous office blocks in a prominent, city centre location with potential for substantial redevelopment in the longer term.
- In December 2016 we acquired full control of the development at 1 Windmill Lane ("1WML") by purchasing Starwood's 50% interest for €28.3m (including costs) plus €4.7m in debt through the assumption of Starwood's 50% share of the Windmill debt facility.

The sale of non-core assets from the Dorville portfolio (acquired in 2014) was virtually completed in the year (only two assets remained to be sold at year end), with 13 assets disposed of, generating gross sales proceeds of €4.2m and a net profit of €0.1m after costs. Overall, the sale of the non-core assets has delivered a net profit of €5.0m since acquisition.

Portfolio overview

As at 31 March 2017 the property portfolio consisted of 28 investment properties valued at €1,167m, which can be categorised as follows:

	VALUE AS AT MARCH 17 (ALL ASSETS)	% OF PORTFOLIO	% UPLIFT SINCE MARCH 16 EXCL. NEW ACQUISITIONS(1)	% UPLIFT SINCE MARCH 16 INCL. NEW ACQUISITIONS(1)	% UPLIFT SINCE ACQUISITION(1)	EQUIVALENT YIELD ON VALUE (%)	PASSING RENT (€M)
1. Dublin CBD offices							
Traditional Core	€439m	38%	6.9%	6.8%	29.6%	5.3%[5]	€20.3m
IFSC	€254m[2]	22%	5.7%	5.7%	36.7%	5.1%	€9.9m
South Docks	€177m[3]	15%	3.1%	3.1%	31.7%	5.3%	€6.1m
Total Dublin CBD offices	**€870m**	**75%**	**5.7%**	**5.7%**	**32.0%**	**5.3%(5)**	**€36.3m**
2. Dublin CBD office Development(4)	€168m	14%	45.8%	47.2%	86.7%	–	–
3. Dublin residential	€116m	10%	2.6%	2.6%	23.7%	4.6%	€5.2m
4. Industrial	€13m	1%	6.1%	6.1%	26.0%	6.8%	€0.7m
Total investment properties	**€1,167m**	**100%**	**8.5%**	**9.9%**	**36.8%**	**5.2%(5)(6)**	**€42.2m**

1. Includes Capex in acquisition costs.
2. Includes full value of 2DC in IFSC (even though under refurbishment).
3. Excludes the value of space occupied by Hibernia in South Dock House. Includes full value of the Hanover Building.
4. 1 Cumberland Place now in Traditional Core but value of site at the front is in Dublin CBD Office Development.
5. Harcourt Square yield is the yield on existing building (91% of property value).
6. Excludes all CBD office developments but includes Hanover and 2DC in CBD Dublin Offices.

The office element of our portfolio had the following statistics at 31 March 2017:

	CONTRACTED RENT (€M/€PSF)	ERV (€M/€PSF)	WAULT TO REVIEW[1] (YEARS)	WAULT TO BREAK/EXPIRY (YEARS)	% OF RENT UPWARDS ONLY[2]	% OF NEXT RENT REVIEW CAP & COLLAR	% OF RENT MTM[3] AT NEXT LEASE EVENT
Acquired "in-place" office portfolio	€27.8m (€37psf)	€34.6m (€47psf)	3.2	5.2	38%	0%	62%
Completed office developments[4]	€10.2m (€49psf)	€10.4m (€50psf)	4.4	10.7	0%	83%	17%
Whole "in-place" office portfolio	**€38.0m (€40psf)**	**€45.0m (€48psf)(5)**	**3.5**	**6.7**	**28%**	**22%**	**50%**
Pre-let committed schemes[6]	€4.1m (€54psf)	€4.1m (€54psf)	5.3	11.6	0%	8%	92%
Whole office portfolio	**€42.1m (€41psf)**	**€49.1m (€48psf)**	**3.7**	**7.2**	**25%**	**21%**	**54%**

1. To earlier of review or expiry.
2. Including small amount (<1%) of CPI linked.
3. Mark-to-Market ("MTM").
4. 1 Cumberland Place, SOBO, 1DC.
5. CBRE assume c.€18.2m Capex to achieve this ERV.
6. 2DC, 1WML.

Portfolio key statistics

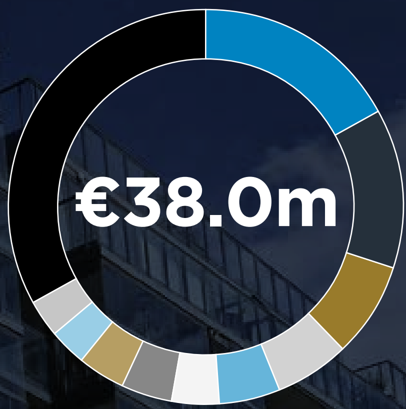
Number of properties

28

In-place office vacancy

3%

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



- Office of Public Works 17%
- Twitter International Company 13%
- Bank of Ireland 8%
- DEPFA Bank plc 6%
- Travelport Digital 5%
- Bank of New York Mellon 4%
- ComReg 4%
- Electricity Supply Board 4%
- HubSpot 3%
- Riot Games 3%
- Other 33%

Portfolio rent[1]

Passing:

€42.2m

Contracted:

€48.3m

In-place office rent and ERV[1]

Contracted:

€40psf

ERV:

€48psf[2]

In-place office WAULT[1]

To review/expiry:

3.5yrs

To break/expiry:

6.7yrs

1. Excluding arrangement with Iconic Offices in Block 1, Clanwilliam Court.
2. ERV as per CBRE @ Mar 17. Note: CBRE assume c.€18.2m Capex to achieve this ERV.

South Dock House, South Docks

Our priority is to increase portfolio income and extend unexpired lease terms and income security. We are seeking to achieve this in two ways:

- *Completion and letting of new office developments:* in the financial year we completed three schemes, totalling 191,000 sq.ft. of office space, all of which are fully occupied on leases with average remaining terms of 20 years and first break options at 10.7 years, adding €10.2m to the "in-place" office portfolio and significantly increasing the WAULTs to break and expiry. The completion and letting of our four committed development schemes over the next 18 months (see further details opposite) should further improve portfolio income and unexpired lease terms.
- *Rent reviews and lease renewals:* the remaining "in-place" portfolio (i.e. the acquired "in-place" office portfolio) has an average period to the earlier of rent review or expiry of 3.2 years and reversionary potential of 24% (at valuers' ERVs). As we progress through the rent reviews and lease renewals we expect to enhance portfolio income and duration further.

The "in-place" office portfolio occupancy level at 31 March 2017 was 97% (31 March 2016: 94%). The increase in occupancy rate is largely attributable to small lettings in the Chancery Building and Hanover Street East as well as Two Dockland Central (formerly Guild House) being moved to developments.

Developments and refurbishments

The Group completed three schemes totalling 191,000 sq.ft. of refurbished Grade A office space in the year. As at 31 March 2017 the Group had three committed schemes under way, which will deliver c.295,000 sq.ft. of new and refurbished Grade A office space by mid-2018, of which 25% was pre-let. In May 2017, the Board approved the redevelopment and extension of the Hanover Building, which adds a further 71,000 sq.ft. (including a 12,000 sq.ft. fitness centre) to committed schemes and is expected to complete by the end of 2018 at an with estimated capital expenditure of €22m. As a result, the proportion of the office space in the committed schemes that is now pre-let is 21%.

The Group's pipeline of potential future developments comprises five schemes (assuming Clanwilliam Court and Marine House are treated as one scheme) which, if undertaken, would deliver over 660,000 sq.ft. of high quality office space when completed.

Schemes completed

Three schemes completed in the year, delivering 191,000 sq.ft. of Grade A space, all of which are fully let:

- *One Dockland Central ("1DC"):* the refurbishment was successfully completed in May 2016, delivering a profit on cost of 40%. Approximately half of the c.58,000 sq.ft. refurbished was pre-let to HubSpot in November 2015 and the remaining space was let to ComReg in July 2016.
- *SOBO Works:* converted to c.10,000 sq.ft. of office accommodation and c.2,000 sq.ft. of retail with the works completing in April 2016 and delivering a profit on cost in excess of 50%. All the space was pre-let to Iconic Offices, a flexible workspace provider, at a rent of €0.4m per annum.
- *1 Cumberland Place:* completed in September 2016, generating a profit on cost in excess of 50%. 96,000 sq.ft. was pre-let to Twitter, who took occupation at completion, and the remaining 33,000 sq.ft. was let to Travelport ("MTT") in September 2016 on a lease which commenced in November 2016.

Committed development schemes

At 31 March 2017, the Group had committed schemes under way at three properties which will deliver c.295,000 sq.ft. of new and refurbished Grade A office space over the period to mid-2018. 25% of this office space was pre-let as at 31 March 2017. In May 2017, the Board approved the redevelopment of the Hanover Building, which adds a further 71,000 sq.ft. (including a 12,000 sq.ft. fitness centre) to committed schemes:

- *Two Dockland Central ("2DC"):* the refurbishment is on schedule to complete in late 2017. All tenants vacated following expiry of their leases in March 2017 (with the exception of BNY Mellon, who hold a long-term lease and remain in occupation) and the contractors are on site. The building is now c.75 % let.
- *1 Windmill Lane ("1WML"):* completion is scheduled for July 2017, ahead of the original completion target of late 2017. So far 29% of the building has been pre-let to Informatica and discussions continue with various potential tenants.
- *1 Sir John Rogerson's Quay ("1SJRQ"):* construction work continues and the scheme remains on track to complete in mid-2018. Preliminary discussions with potential tenants have commenced.
- *Hanover Building:* the office tenant (BNY Mellon) left the building at the end of March 2017 and the redevelopment and extension of the building is now approved and is expected to complete in late 2018.

At 31 March 2017 CBRE, the independent valuer, had an average estimated rental value for the unlet office space (221,000 sq.ft.) in our three committed schemes at that point (1WML, 1SJRQ, 2DC) of €52.17psf and were assuming an average yield of 5.30% upon completion: based on these assumptions they expect a further c.€20m of development profit (excl. finance costs) to be realised through the completion and letting of the unlet space in these schemes. A 25 basis point movement in yields across the unlet space would make c.€10m of difference to the development profits, as would a €2.50psf change in estimated rental value.

Please see further details on the development schemes below:

	SECTOR	TOTAL NIA POST COMPLETION (SQ.FT.)	FULL PURCHASE PRICE	CAPEX/EST. CAPEX	EST. TOTAL COST (INCL. LAND) €PSF	ERV[1]	OFFICE ERV PSF[1]	EXPECTED PC DATE
1DC	Office	74k[2]	€46m	€10m[3]	€736psf[4]	€4.0m	€50.40psf	Completed May 16
SOBO Works	Office	11k	€2m	€1.3m	€275psf	€0.4m	€37.10psf	Completed Apr 16
1 Cumberland Place	Office	122k[5]	€51m	€31m	€668psf[6]	€6.9m	€51.05psf[7]	Completed Sept 2016
Total completed		**207k**	**€99m**	**€42.3m[8]**		**€11.3m**		
2DC	Office	73k[9] office	€46m	€11m[10]	€765psf[4]	€4.1m	€52.10psf	Q3 2017
1WML	Office	122k office 7k retail 6k reception 14 resi. units	€24m[11]	€53m[11]	€557psf[7]	€7.3m[12]	€51.95psf[7]	mid 2017
Hanover Building	Office	59k office 12k gym	€21m	€22m[13]	€680psf[7]	€3.0m[13]	€47.40psf[13]	late 2018
1SJRQ	Office	115k office 5k retail 1k amenity	€18m	€58m	€639psf[7]	€6.4m	€53.25psf	mid 2018
Total committed		**369k office 24k retail/gym 14 units 7k other**	**€109m**	**€144m(14)**		**€20.8m**		

1. Per CBRE valuation at 31 March 2017.
2. 58k sq.ft. refurbished out of total 74k sq.ft.
3. €7.9m net of dilapidation charge received.
4. Estimated total cost psf is net of dilapidation.
5. Excluding additional basement areas (7.5k sq.ft.) and potential new block (c.50k sq.ft.) but including rentalised reception (2k sq.ft.).
6. No cost attributable to basement area.
7. Office demise only.
8. €40.2m net of dilapidation charge received.
9. 57k sq.ft. is committed refurbishment of entire 73k sq.ft.
10. €9.4m net of dilapidations charge received.
11. Hibernia est. all in cost of 1WML on 100% basis is €77m (i.e. €24m all-in land cost plus €53m total Capex). Hibernia's financial accounts show that the cost of acquiring 100% of 1WML was €36m which incl. the vendor's 50% share of Capex spent to date of acquisition of €13m. There was c.€28m of Capex remaining (based on estimated total Capex of €53m) to be spent at date of acquisition. Therefore, the total cost of the project is €77m (€36m + €28m + €13m = €77m).
12. Commercial (including reception/townhall) and residential.
13. CBRE valuation assumes Capex of €13.8m vs Company planned Capex of €22m. CBRE office ERV of €47.40psf is based on €13.8m Capex.
14. €142.4m net of dilapidations charge received.

Development pipeline

We have split our pipeline into near-term projects and longer-term projects and are working to prepare them for future development. Following the approval of the Hanover Building as a committed scheme and the acquisition of Blocks 1, 2 and 5 Clanwilliam Court, there are now five future schemes in the pipeline (if combining Clanwilliam Court and Marine House) which, if undertaken, would deliver an estimated 660,000 sq.ft. of high quality office space when completed.

Near-term projects

- *Cumberland Place:* planning permission has been received for a new office block of 50,000 sq.ft. in front of the existing block ("Cumberland Phase 2"). Assuming market conditions remain favourable and provided we make sufficient progress in de-risking 1WML and 1SJRQ, we currently expect to commence work on this project during 2018.

Longer-term projects

- *Blocks 1, 2 and 5 Clanwilliam Court:* added to the longer-term pipeline following their acquisition in July 2016. All leases expire before the end of January 2022 and there is potential for repositioning via refurbishment and/or expansion or full redevelopment either with or without the adjoining Marine House, where all leases expire at a similar time.
- *Harcourt Square:* planning permission for Phase 2 was received in June 2016 giving full planning permission for a development of up to 276,500 sq.ft. of office and ancillary accommodation on the 1.9-acre site. A new non-renewable six-year lease was entered with the Office of Public Works ("OPW") in December 2016 giving all parties certainty over the OPW's departure date. We intend to refine our plans for the development between now and December 2022.
- *Gateway Site:* we continue to work on plans for the 14-acre site's future redevelopment.

Please see further details on the development pipeline below:

	SECTOR	CURRENT NIA (SQ.FT.)	NIA POST COMPLETION (SQ.FT.)	FULL PURCHASE PRICE	COMMENTS
Near-term					
2 Cumberland Place (front block)	Office	0k	c.50k	€0m[1]	Full planning approval received from DCC Likely to be 2018 commencement
Total near-term		**0k**	**c.50k**	**€0m**	
Longer-term					
One Earlsfort Terrace	Office	22k	>28k	€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
Harcourt Square	Office	117k on 1.9 acres	277k	€72m	Potential development of 277k sq.ft. of office space and ancillary space Full planning approval received New six-year lease granted to OPW until Dec 22
Blocks 1, 2 and 5 Clanwilliam Court and Marine House	Office	135k	c.190k	€80m	Longer-term refurbishment/redevelopment opportunity Potential opportunity to add up to 40% to existing NIA across all 4 blocks
Gateway Site	Logistics/ Office	14.1 acres[2]	c.115k office[3]	€10m	Strategic transport location Full or partial redevelopment potential subject to planning
Total longer-term		**274k**	**610k**	**€182m**	

1. €51m (including costs) paid for existing block which was refurbished and completed in September 2016. No land value attributed to new block at acquisition.
2. Currently 178k sq.ft. of industrial/logistics.
3. Planned new offices of c.115k sq.ft. plus potential to add a further c.130k sq.ft. of offices.

Hardwicke House, D2

Asset management

In the year to 31 March 2017 we added €10.4m to contracted rents through lettings and rent reviews, €9.3m net of lease expiries and surrenders, increasing the contracted rent roll by 24% to €48.3m.

Summary of letting activity in the period

- *Offices:* 10 new lettings of 302,000 sq.ft. and one rent review/lease extension, generating €10.4m of incremental new annual rent. The weighted average periods to break and lease expiry for the new leases were 10.7 years and 17 years, respectively.
- *Residential:* letting activity and lease renewals generated incremental gross annual rent of €93,000 in the period (new leases signed on 75 apartments and leases renewed on 180 apartments). 293 of the Company's 313 apartments are located in Dundrum and, in the period, average rents achieved by the Company for two-bedroom apartments in Dundrum were €1,703 per month vs average two-bedroom passing rents of €1,696 per month. The total net income from residential properties during the year was €5.2m representing a net to gross margin in excess of 80%.

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

Key asset management highlights

See also "Developments and Refurbishments" section on pages 26 to 28 for further details.

Building management

We established an internal building management department in July 2016. This was done to take direct control of the management of our multi-let commercial properties and develop closer relationships with our tenants and to provide a better level of service for them: in-house property management is common amongst the major UK and European REITs. Now that it is fully operational, the department is expected to be cost neutral for Hibernia. As at 31 March 2017, eight office buildings totalling 431,000 sq.ft. were under direct management. The remaining five buildings (213,000 sq.ft.) in the "in-place" office portfolio moved to direct management in April 2017. As new multi-let office developments are completed (e.g. 1WML, 2DC), these will also be managed by the department.

Flexible workspace arrangement

In January 2017 we formed a five-year flexible workspace arrangement with Iconic Offices ("Iconic") to establish a serviced office and co-working business in 21,000 sq.ft. of Block 1 Clanwilliam Court (see further details below). Iconic is a leading Dublin-based flexible workspace provider and was already a tenant of Hibernia in SOBO Works. Under the agreement, Hibernia provides the property and Iconic manages the business operations, with the rent generated being shared. Hibernia has funded the majority of the fit-out costs (c.€1m) and receives the majority of net rent from the occupier (after amortisation of the cost of fit-out over the five-year period) up to a level equating to headline rent of c.€45 per sq.ft. over the five-year period. Iconic receives the majority of any net rent above this level.

This arrangement gives Hibernia the opportunity to learn more about flexible workspace and serviced offices, which are increasingly significant elements of the office market. In addition, it gives Hibernia contact with small, rapidly growing enterprises which may have larger space requirements in the future. The arrangement commenced in April 2017: as at the end of April over 75% of the workstations and over 50% of the available co-working memberships were contracted, significantly ahead of budgeted performance.

1WML, South Docks

Having acquired full control of the development scheme in December 2016, in March 2017 we agreed a pre-let of the top two floors, totalling 35,000 sq.ft., to Informatica on a 17-year lease with six months rent-free. The initial rent is €2.1m per annum, including proportional contributions to the reception and town hall areas. This pre-let represents c.29% of the office space in the building, which is due to complete in July 2017. We are in discussions with a number of parties regarding additional potential lettings.

Blocks 1, 2 and 5 Clanwilliam Court, D2

At acquisition in July 2016, the buildings, which total 93,700 sq.ft. of office accommodation and 220 car parking spaces, were 76% let to a range of occupiers, including the ESB, Bord Bia (the Irish Food Board) and Hines Real Estate Ireland, generating annual rent of €2.9m per annum (an average of €34psf). The flexible workspace arrangement with Iconic (see further details above) formed in January has taken virtually all the remaining vacant space in the buildings: occupancy is now c.98%.

Central Quay, South Docks
We are in discussions with potential tenants regarding the ground floor (7,000 sq.ft.). Inspections are ongoing regarding the vacant third floor (11,000 sq.ft.).

1 Cumberland Place, D2
The redevelopment works completed in September 2016 and Twitter took occupation of the c.96,000 sq.ft. it had pre-let. The remaining 33,000 sq.ft. was let to Travelport in September on a lease which commenced in November 2016 with a five-month rent-free period. The contracted rent of the building is now c.€7m with weighted average unexpired lease terms of c.11 years to break and 21 years to expiry.

Harcourt Square, D2
In December 2016 we agreed a new, non-renewable, six-year lease with the Office of Public Works ("OPW") for the entire complex, commencing in January 2017, at an annual rent of €6.0m (€47psf), plus a one-off rent arrears payment of €0.5m. The building was let to the OPW and occupied by An Garda Síochána (the police) at a rent of €4.9m per annum on leases the last of which expired in December 2016. The agreement gives all parties certainty on the tenant's departure date, allows Hibernia to plan for its redevelopment and secures near-term income for Hibernia.

One Dockland Central, IFSC
Of the 58,000 sq.ft. refurbished, 27,500 sq.ft. (two floors) was pre-let to HubSpot in November 2015 on a 20-year lease at a rent of €1.3m per annum (€45psf) with a six-month rent-free period from commencement: the lease commenced in February 2016. In July 2016 the remaining two floors were let to ComReg on a 20-year lease at a rent of €1.6m per annum (€50psf) with a four-month rent-free period. The average weighted average unexpired lease terms in the building are now 10 years to break and 17 years to expiry.

Two Dockland Central, IFSC
All existing tenants vacated the building by the end of March 2017 other than BNY Mellon (which holds a long lease) to enable the repositioning works (similar to those done in Once Dockland Central last year) to take place. As at 31 March 2017 we had pre-let 66% of the 57,000 sq.ft. under refurbishment: HubSpot, already an occupier of 27,500 sq.ft. in One Dockland Central, has pre-let 32,000 sq.ft. (two floors) in Two Dockland Central on 19 year leases. They will pay initial rent of €1.8m (€52.50psf) and will receive six months rent-free from lease commencement (expected mid-2017). ENI has pre-let 5,500 sq.ft. on a 20-year lease with a four-month rent-free at an initial rent of €55psf.

Other completed assets
The remaining completed properties in the portfolio are close to full occupation. The average period to rent review or lease expiry for the "in-place" office portfolio (not including recently completed developments) is 3.2 years: the team is assessing options to maximise returns from the upcoming lease events and continues to carefully monitor the letting markets and work closely with our tenants.


The Observatory Building, South Docks

1SJRQ, South Docks (CGI)

Operational review

Financial results and position

AS AT	31 MARCH 2017	31 MARCH 2016	MOVEMENT
IFRS NAV – cent per share	147.9	131.6	+ 12.4%
EPRA NAV – cent per share	146.3	130.8	+ 11.9%
Net debt	€155.3m	€52.9m	+ 193.6%
Group LTV	13.3%	5.7%	+ 133.3%
FINANCIAL YEAR ENDED	31 MARCH 2017	31 MARCH 2016	MOVEMENT
Profit before tax for the period	€119.0m	€136.3m	12.7% ↓
EPRA earnings	€15.0m	€5.1m*	192.5% ↑
IFRS EPS	17.4 cent	20.2 cent	13.9% ↓
Diluted IFRS EPS	17.2 cent	20.1 cent	14.4% ↓
EPRA EPS	2.2 cent	1.5 cent	46.7% ↑
Proposed final DPS	1.45 cent	0.8 cent	81.3% ↑
FY DPS	**2.2 cent**	**1.5 cent**	**46.7% ↑**

* Excluding one-off €4.9m surrender premium received.

The key drivers of EPRA NAV per share (equivalent to IFRS Diluted NAV per share), which increased 15.5 cent from 31 March 2016 were:

- 14.9 cent per share from the revaluation of the property portfolio, including 9.1 cent per share in relation to development properties.
- 2.2 cent per share from EPRA earnings for the financial year.
- Payment of the FY16 final dividend and FY17 interim dividend, which decreased NAV by 1.6 cent per share.

Net debt increased by €102.4m to €155.3m (LTV: 13.3%). The major expenditure in the year was €85.4m on two acquisitions and €52.5m of capital expenditure on the Group's properties: almost all this capital expenditure related to development or refurbishment work with c.€1m due to maintenance expenditure.

EPRA earnings for the financial year were €15.0m, up 192.5% compared to the financial year ended 31 March 2016, excluding the €4.9m one-off gain relating to the surrender premium received from FBD in the prior year. The key driver of the increase was the 52.5% uplift in rental income (excluding the surrender premium) due to new lettings and acquisitions made in the past two years.

Administrative expenses (excluding performance-related payments) were €12.8m (31 March 2016: €8.7m). The increase of €4.1m mainly relates to a €2.6m increase in amortisation of prepaid remuneration expense (in prior year amortisation only commenced mid-year with the completion of the internalisation) and a €0.8m increase in "top-up" internalisation expenses due to the uplift in NAV over the year. Performance related payments were €8.2m (31 March 2016: €6.1m), comprising performance fees earned of €5.9m (31 March 2016: €6.1m) and a promote fee of €2.3m (31 March 2016: €nil) received from Starwood relating to the achievement of certain targets on the Windmill Lane development, which will be paid on to the vendors (net of costs and taxes) in shares under the terms of the internalisation.

Net profit for the year was €118.6m, a decrease of 13.3% over the same period last year (10.1% decrease excluding the surrender premium in the prior year) due to lower revaluation gains on investment properties as growth in capital values in the market have moderated.

Financing and hedging

As at 31 March 2017, the Group's net debt was €155.3m, a loan to value ratio ("LTV") of 13.3%, having increased from a net debt position of €52.9m (LTV of 5.7%) at 31 March 2016 due to capital expenditure on developments and acquisitions.

The Group has two facilities in place, a €400m revolving credit facility ("RCF") which matures in November 2020, and a non-recourse, debt facility with Deutsche Bank for Windmill Lane (the "1WML Facility") of €44.2m which matures in June 2019.

Given the level of cash and undrawn facilities available and the high cost of the 1WML Facility relative to the RCF, we intend to use the RCF to fund the remaining expenditure on 1WML and to cancel the 1WML Facility in early 2018 when early repayment penalties expire.

Cash and undrawn facilities as at 31 March 2017 totalled €288.9m or €149.5m net of committed capital (including the Hanover Building) and the intended repayment of the 1WML Facility. Assuming repayment of the 1WML facility and the investment of the remaining RCF funds in property, the LTV, based on property values at

31 March 2017, would be c.28%. Our through-cycle leverage target remains 20–30% LTV.

The Group has a policy of fixing or hedging the interest rate risk on the majority of its drawn debt. Currently it has interest rate caps and swaptions with 1% strike rates in place 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.

European Public Real Estate Association ("EPRA") performance measures

The Group uses EPRA performance measures which were developed to improve transparency, comparability and relevance of financial reporting in real estate investment companies. Accordingly, the table below summarises the relevant measures at the financial year end. The Group reports using IFRS and these measures are extracted using the Group's financial information. Notes on the preparation of each measure are included in the "Supplementary information" section at the back of this Annual Report.

Approval as Alternative Investment Fund Manager ("AIFM")

The Company received authorisation from the Central Bank of Ireland (the "Central Bank") as an internally managed Alternative Investment Fund ("AIF") in July 2016. Following the internalisation of WK Nowlan REIT Management Limited (the "Investment Manager") in November 2015, the Investment Manager remained authorised as the Alternative Investment Fund Manager ("AIFM") to Hibernia pending authorisation of Hibernia by the Central Bank as an internally managed AIF. Concurrent with the authorisation of Hibernia, and as requested by Hibernia, the Central Bank withdrew the authorisation of the Investment Manager.

Dividend

Excluding unrealised gains, there has been a substantial uplift in earnings and the Board has proposed a final dividend of 1.45 cent per share (2016: 0.8 cent) which, subject to approval at the Company's Annual General Meeting, will be paid on 31 July 2017 to shareholders on the register as at 7 July 2017. 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 0.75 cent, the total dividend for the year will be 2.2 cent (2016: 1.5 cent). This represents 101% of realised profits received in the financial year. In future, dividends will likely account for 85-90% of distributable income. As previously stated, the Group's policy regarding interim dividends is that they will usually be 30–50% of the total regular dividends paid in respect of the prior financial year.

Hibernia's Dividend Reinvestment Plan ("DRIP") remains in place, allowing 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.

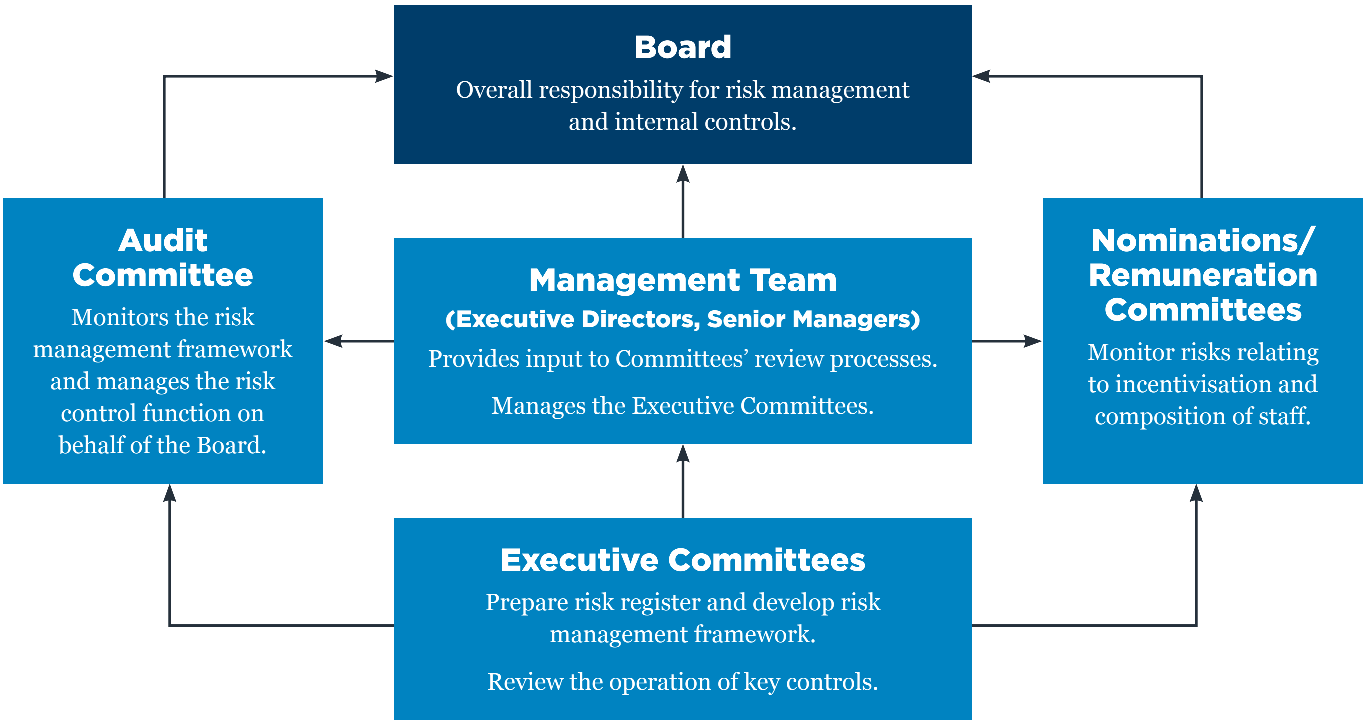
		31 MARCH 2017		31 MARCH 2016	
		€'000	**CENT PER SHARE**	€'000	CENT PER SHARE
EPRA earnings	– basic	**14,989**	**2.2**	10,024	1.5
	– diluted	**14,989**	**2.2**	10,024	1.5
Adjusted EPRA earnings[1]	– basic	**26,441**	**3.9**	20,756	3.1
EPRA NAV		**1,013,969**	**146.3**	897,160	130.8
EPRA NNNAV		**1,013,852**	**146.3**	896,917	130.8
EPRA NIY			**4.4%**		3.8%
EPRA "topped-up" NIY			**4.7%**		4.2%
EPRA cost ratio including vacancy costs			**56.0%**		49.4%
EPRA cost ratio excluding vacancy costs			**54.4%**		45.1%
Costs adjusted for internalisation[1]					
Adjusted EPRA cost ratio including vacancy costs			**23.7%**		24.5%
Adjusted EPRA cost ratio excluding vacancy costs			**22.0%**		20.1%
EPRA vacancy rate			**2.7%**		4.8%

1. The costs relating to the internalisation are eliminated from this measure to provide indicative impacts on measures post November 2018.

We believe appropriate and effective risk management practices are essential to the achievement of our strategic priorities and to delivering above average returns for shareholders over the long term.

Our approach to risk management

Risk management is the ultimate responsibility of the Board, which uses the Group's risk management framework to identify, understand, mitigate and manage risks while recognising that such risks are inherent in running any business. The Group's risk management framework, which is maintained by the Management Team, is monitored by the Group's Audit Committee. The Audit Committee is responsible for overseeing the effectiveness of risk management and internal control systems on behalf of the Board and also advises the Board on the principal risks facing the Group including those that would threaten its solvency or liquidity. Additional oversight on risks relating to staff composition and incentivisation is provided by the Nomination and Remuneration Committees.



Effective day-to-day management of risk is embedded in our operational processes at all levels of the organisation.

Some key points to note:

- The Board and senior management encourage a culture of openness and transparency throughout the organisation.
- The Group operates out of a single office in central Dublin and most of the assets in the portfolio are within walking distance.
- The Directors are closely involved in the business, helping to identify new risks or system weaknesses quickly.
- The Audit Committee has recently appointed PwC to act as internal auditors and undertake further testing of the risk management framework and controls.
- The Management Team holds weekly Executive Committee meetings and bi-weekly departmental update meetings to discuss progress in each area of the business.

The Group's risk management framework involves designing, implementing, monitoring, reviewing and continually improving risk management processes in the organisation. 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 which the business is measured against. This framework is reviewed annually or more frequently if required. The most recent review was undertaken during the period from March to early May 2017.

Risk assessment

This involves a four step process, led by the Risk & Compliance Officer ("RCO"), with other members of the Management Team providing input.

Step 1: Identifying risks

The first step is to ensure that risks to the achievement of the Group's strategic objectives are identified. The RCO is responsible for promoting a timely and regular risk assessment process which involves reviewing the current risk register, considering new risks and mitigants through meetings and discussions with the Management Team and other relevant parties.

Step 2: Determine the potential impact of the risk

The second step is to determine the impact the risk could have on the Group if it occurred, and what mitigants may exist (if any).

Step 3: Determine the likelihood of the risk occurring

A detailed review of each risk and the associated mitigants is undertaken by senior management annually or more frequently if required. Several factors, including controls, industry benchmarks and precedents are discussed, considered and reviewed before assigning an agreed rating for the likelihood of the risk occurring.

Step 4: Multiply the impact and likelihood ratings to produce the risk rating

The final step is to multiply "impact" by "likelihood" to produce the overall risk rating:

Impact x Likelihood = Overall Risk Rating

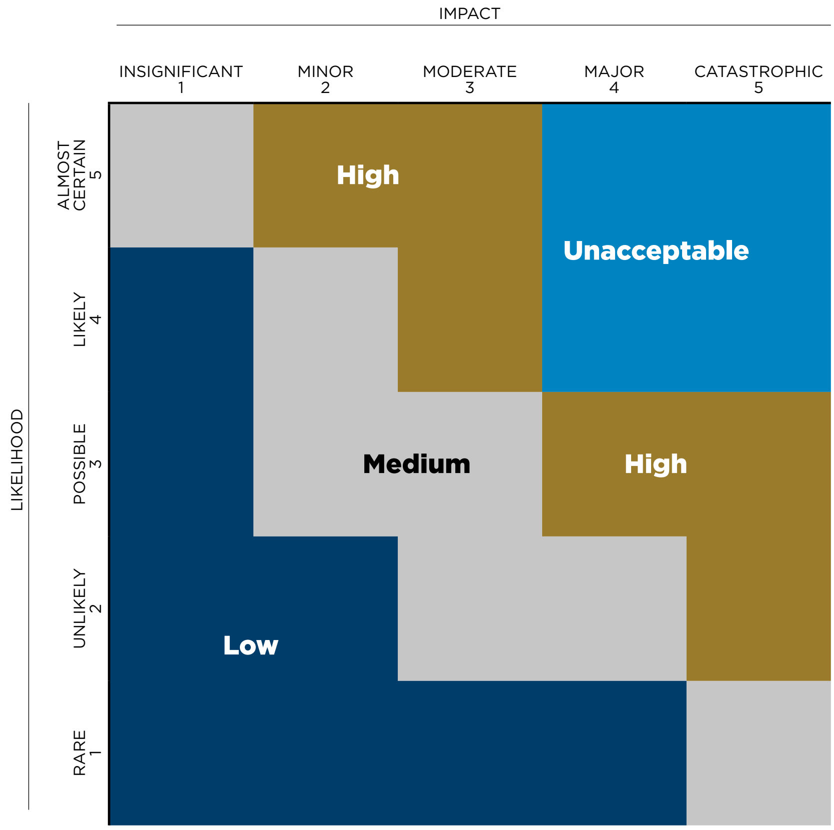
The likelihood of occurrence and level of impact must consider the controls the Group has in place to mitigate each risk. For example, if the Group purchases buildings insurance (which protects against flood damage and income loss) for a property in its portfolio, the impact of a flood should be decreased accordingly.

The Risk Ratings are then recorded and risks are classified using the following risk map.

The impact and potential likelihood of a risk are determined by the Management Team using their knowledge and experience. These determinations are generally subjective given the uncertainty involved in assessing impact and likelihood.

If it is not possible to mitigate a risk to an acceptable level, then the Group will take steps to avoid incurring that risk. Risks that are rated high are reviewed regularly so that additional mitigants can be considered.

Risk map



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 trend

Increasing | Unchanged | Decreasing

Impact trend

High | Medium | Low

RISK	POTENTIAL IMPACT	EXPOSURE
STRATEGIC RISKS		
Inappropriate business strategy	High	The Group's strategy is not consistent with market conditions affecting the ability of the Group to deliver its strategic objectives.
MARKET RISKS		
Weakening economy	High	The value of the investment portfolio may decline and rental income may reduce as a consequence of a decline in levels of economic activity in Dublin and/or Ireland. As a relatively small and "open" economy Ireland depends heavily on international trade and Foreign Direct Investment, making it particularly sensitive to any deterioration in macro-economic conditions elsewhere. Any reduction in trade with the UK as a result of its expected departure from the EU or a reduction of investment from the US as a result of the new US presidential administration could impact Ireland's economy negatively.
Under-performance of Dublin property market	High	Under-performance by the Dublin property market compared to other Irish property sectors: to date all the Group's investments have been within Dublin.
DEVELOPMENT RISKS		
Poor execution of development projects	High	Development projects are not managed properly causing possible delays, budget overruns and/or failure to achieve expected rental levels, all resulting in reduced returns.

Continued on following page >>

MITIGATION	POTENTIAL IMPACT POST MITIGATION	CHANGE FROM 31 MARCH 2016	COMMENTS
The Group carries out strategic reviews on an annual basis looking to the next three years. Budgets are prepared and reviewed by the Board each quarter looking at a three-year period. The Group also assesses the sensitivity of its key ratios to changes in the principal assumptions made and in particular assesses headroom in negative scenarios for viability purposes. The Group pays close attention to economic and market lead indicators and uses its contacts and advisers to ensure it has the best possible understanding of likely economic changes.			While property price growth has moderated, the Irish economy continues to grow strongly, with GDP growth in 2017 and 2018 forecast at 3.5% and 3.2%, respectively. Furthermore, tenant demand remains strong. Against this backdrop, the Group is focusing particularly on the delivery of its development schemes.
The Group has set risk appetite limits, which are the level of risk that the Board considers acceptable in achieving the Group's strategic objectives in the current economic environment. The Group intends to maintain low leverage levels throughout the cycle. 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. As noted above, the Group also undertakes regular budgeting and scenario planning exercises to ensure it has sufficient headroom in negative economic scenarios.			The UK's decision to leave the EU and the result of the US presidential election have raised external risks for the Irish economy, but it continues to grow strongly and the CSO recently raised GDP forecasts. The Group has increased its WAULT significantly (6.7 years up 56% over the past financial year) and continues to work to increase this further, thus reducing the risk of materially increased vacancy rates in market downturns.
The Group regularly reviews its strategy and asset allocation to determine if it remains appropriate. Particular emphasis is placed on monitoring its committed development projects which will be completed by the end of 2018.			The Dublin property market is currently performing well, although there is some evidence of a moderation of the rental growth rate. Dublin remains a key contributor to the Irish economy.
An experienced Director of Development joined in May 2016 to oversee all development projects. The Group has a Development Committee which closely monitors Group projects, the development supply pipeline in Dublin and the rental market. The Group's strategy in setting building contracts is to fix pricing where feasible. This, coupled with significant in-house experience in managing large scale projects, reduces inherent construction risk.			The Group completed three developments totalling 191k sq.ft. in the financial year, all of which are fully let. As at 31 March 2017 the Group had three committed schemes totalling 295k sq.ft., all of which complete by mid-2018 and which were 25% pre-let. Since 31 March 2017, the Group has added the Hanover Building to its committed developments: an additional 71k sq.ft. of development exposure.

Risk trend
Increasing Unchanged Decreasing

Impact trend
High Medium Low

RISK	POTENTIAL IMPACT	EXPOSURE
INVESTMENT RISKS		
Poor investment of capital or mis-timed sale of assets	Medium	Investment returns that are below the Group's target rate of return as a result of not reading/reacting to the cycle correctly.
Inappropriate concentration on single assets, locations, tenants or tenant sectors	Medium	Excessive exposure leading to poor performance or reduced liquidity.
ASSET MANAGEMENT RISKS		
Poor asset management	Medium	Failure to maximise returns from investment portfolio as a result of poor management of voids, breaks and renewals, leading to possible loss of tenants and/or leases agreed at lower than Estimated Rental Value ("ERV"). Poor building management can impact tenant satisfaction and longevity leading to loss of income. Failure to understand tenant requirements also risks loss of income.
FINANCE RISKS		
Inappropriate capital structure for market conditions	Medium	Inappropriate capital structure may lead to the Group being unable to meet goals through being too highly geared and incurring high interest costs and risking covenant breaches or being under geared and thus limiting returns.
Lack of available funds for investment	Medium	Target returns impacted, new investment limited through lack of available funds meaning the Group is unable to exploit opportunities identified.

Continued on following page >>

MITIGATION	POTENTIAL IMPACT POST MITIGATION	CHANGE FROM 31 MARCH 2016	COMMENTS
The Group has an experienced Investment Team which assesses the various Dublin sub-markets at all times. The Group also closely monitors current and anticipated future economic conditions and reacts accordingly. Prior to completing any acquisition extensive due diligence is undertaken. Board approval is part of the investment decision which provides another layer of scrutiny.			The Group now has a portfolio valued at over c.€1.2bn and has slowed the rate of acquisition: in the year ended 31 March 2017 it acquired €85m of property in two acquisitions. Looking ahead, the Group's net investment spend on further acquisitions is likely to be relatively modest.
All the Group's investments are within Dublin and the majority are in the office sector: the Group maintains risk exposure targets and limits regarding concentration risks and assesses its portfolio regularly against these.			The Group has built a balanced portfolio comprising 28 properties since commencement of operations. As at 31 March 2017 the largest single asset represented 11% of the portfolio by value (12% as at March 2016). The portfolio's top 10 tenants account for 67% of the contracted rent roll as at March 2017 (71% as at March 2016).
The Group has a dedicated and experienced Asset Management Team which has been expanded in the period. The Group has also formed a separate building management subsidiary which, since April 2017, manages all the Group's multi-let buildings, giving the Group direct day-to-day interaction with its tenants. This ensures the best service to retain tenants and help maximise rental levels.			The Group has taken steps to deepen relationships with tenants and increase the level of service they receive by forming a building company to manage multi-let buildings. It is implementing plans to refurbish and improve older stock on lease expirations or breaks. Where possible, buildings are being rebranded and improved to produce a high standard common to all Hibernia buildings.
The Group has a target loan to value ratio of 20-30% through the cycle and under the investment policy debt is limited to a 40% LTV ratio at incurrence: these are well below covenant limits. In addition, any new facilities entered into must be approved by the Board. Hedging instruments are used to limit the Group's interest rate exposure and the Group has a policy of hedging the majority of its interest rate exposure on its long-term drawn debt. Active and regular monitoring of debt covenants is undertaken as well as stress-testing to see what downside scenarios the Group can withstand without breaching debt covenants.			At 31 March 2017 the Group indebtedness remained modest with a LTV ratio of 13% (31 March 2016: 6%), with committed capital expenditure in the next 15 months expected to increase the LTV ratio to c.20%. No covenant breaches have occurred in the period.
The Group actively manages its financial requirements and continues to monitor availability to ensure it is well-placed to take advantage of market investment opportunities as they arise. The Group actively reviews its portfolio of properties and considers the disposal of those properties that may no longer offer an adequate return. Any proceeds received can be used to reduce debt or fund further acquisitions.			At 31 March 2017 the Group had cash and undrawn facilities totalling €289m, or €150m net of committed capital expenditure and the anticipated repayment of the Windmill Lane facility (31 March 2016: €369 or €265m). The Group continues to monitor capital requirements to ensure that future requirements are anticipated and met within the limits of its leverage targets.

Risk trend
Increasing Unchanged Decreasing

Impact trend
High Medium Low

RISK	POTENTIAL IMPACT	EXPOSURE
PEOPLE RISKS		
Loss or shortage of key staff or lack of motivation	Medium	Ability to achieve strategic goals impacted through loss of expertise or key personnel or lack of motivation of staff.
REGULATORY & TAX RISKS		
Regulatory, legislative, tax, environmental or planning changes	Medium	Lower returns because of changes. For example, in 2016 the Government introduced rent controls for residential tenancies which impacted the Group's residential properties. Failure to comply with any changes may also result in reputational risk. The Finance Act 2017 changes did not impact the Group directly but had the potential to impact property values.
Failure to comply with requirements of Irish REIT Regime	High	Achievement of strategic goals impacted through inability to continue as a REIT and a greater tax burden.
Loss of life or injury to staff, a contractor or member of the public as a result of an accident at one of the Group's buildings	Medium	Risks can include, but are not limited to, health and safety incidents and/or loss of life or injury to employees, contractors, members of the public or tenants. Reputational damage through failure to prevent or manage effectively incidents occurring.
BUSINESS RISKS		
An external event occurs (e.g. natural disaster, war, terrorism, civil unrest, cyber attack) which significantly and negatively affects the Group's operations	High	Significant damage to Group's business as a result of such an event.

MITIGATION	POTENTIAL IMPACT POST MITIGATION	CHANGE FROM 31 MARCH 2016	COMMENTS
The Group has a team of directly employed staff following the internalisation of the Investment Manager in 2015 and a remuneration system that is linked closely to individual and Group performance. The Group has introduced a long-term incentive plan (funded primarily through the existing performance fee arrangements) as part of performance remuneration in order to help better align employees' interests with shareholders' and encourage retention. The Remuneration Committee is working on plans for employee incentivisation post November 2018 when these arrangements expire.			The Group has implemented competitive remuneration plans, clear employee objectives and development plans, and regular employee engagement to proactively identify and address potential issues. The Nominations and Remuneration Committees of the Board regularly consider succession planning and talent management, respectively.
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. The Group has formed a sustainability committee to manage its environmental and social impact.			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.
Effective monitoring of REIT requirements compliance at a senior level with review by Audit Committee.			This is completed on a regular basis and is the subject of review by our retained tax advisers, KPMG.
The Group has policies and procedures in place for health and safety. The Group has regular risk assessments and audits to proactively address the key health & safety areas, including employee, contractors, tenant & public safety. The Group ensures that all contractors engaged maintain the highest standards of health and safety and have appropriate and adequate insurance in place. All staff who visit work sites and buildings have completed the "safe pass" course. The Group takes all appropriate actions to ensure it is not exposed to uninsured risks in respect of all normal insurable risks in relation to health and safety.			The Group continues to maintain high standards of health and safety.
Within Dublin the Group monitors its geographic exposure, and maintains a balance between various sub-markets. The Group has business continuity plans in place, has improved its IT security measures during the financial year, and has insurance policies to cover catastrophic events.			We believe the risk of cyber attack has increased for all businesses in the past year although we have taken steps to address this through improving our IT security measures. The risk of other external factors remains stable.

An integral part of our strategy

We recognise the importance of sustainability and social responsibility in delivering long-term value for our shareholders and have placed them at the centre of our strategy and our decision-making processes.

Introduction

Since inception in December 2013 we have assembled a portfolio of Dublin property worth c.€1.2bn and have made the attainment of the highest levels of environmental certification a key priority in our development projects.

Last year we identified four sustainability priorities for the business: responsible asset management, delivering sustainable buildings, positive community impact and developing our employees. We also commenced measurement and reporting per the EPRA Best Practices Recommendations on Sustainability, achieving a bronze award.

This year we have:

1) **Formalised our sustainability management structure** through the formation of a Sustainability Committee, comprising the CEO and senior team members from across the business units. The Committee meets at least quarterly and leads our engagement on sustainability and social responsibility matters.

2) **Developed the sustainability priorities identified last year** into a formal policy document and produced two associated documents which cover the practical implementation of the policies. This work, led by the Sustainability Committee with oversight from the Board, had resulted in:
   - *a Sustainability Policy,* which lays out the key principles by which Hibernia operates;
   - *a Sustainability Strategy,* which sets specific near-term and medium-term targets against which Hibernia's sustainability progress will be measured; and
   - *a Supplier Code of Conduct,* which details the standards and principles we expect our suppliers to abide by.

3) **Enhanced our reporting** per the EPRA Best Practices Recommendations on Sustainability to include like-for-like performance comparisons. Our performance data has been verified by Jones Lang LaSalle Upstream Sustainability Services ("JLL Upstream") in line with the AA1000 assurance standard.

4) **Achieved LEED Platinum environmental certification** on the redevelopment of 1 Cumberland Place, Dublin 2. Cumberland Place is one of the first office buildings in Dublin to achieve a platinum rating, the highest available under the LEED environmental certification system. Further details of the refurbishment can be found in the "Strategy in action" section of this report on pages 18 to 19.

The rest of this section summarises the three sustainability documents (all available in full on our website) and also sets out our sustainability reporting for this year.

Sustainability Policy

This has been developed from the sustainability priorities set out last year to ensure that Hibernia operates in a responsible and sustainable manner. It consists of five key principles which we will ensure are applied through the life cycle of our properties:

i) *Responsible asset management*
Actively managing our existing buildings to reduce environmental impact while maximising asset performance and efficiency for our tenants and customers and where possible adopting a "polluter pays" principle.

ii) *Delivering sustainable buildings*
Providing efficient new space through developments or refurbishments which offer lower running costs, lower emissions and an enhanced occupier experience while improving the local built environment.

iii) *Positive community impact*
Supporting the communities in which we operate, being responsible neighbours and developing and maintaining strong relationships.

iv) *Suppliers*
Supporting our suppliers through the prompt payment of invoices whilst ensuring our suppliers of goods and services adhere to our Supplier Code of Conduct at all times and integrating these requirements into our various, contractual relationships.

v) *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 objectives.

The Sustainability Policy has been reviewed and approved by the Board and will be subject to periodic review. The latest version of the policy is available on our website.

Delivering new buildings

Hibernia has adopted LEED certification for its development projects. LEED is a green building certification system developed by the US 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 V4

LEED Certified	LEED Silver	LEED Gold	LEED Platinum
40–49	50–59	60–79	80–110

Montague House, D2

Sustainability Strategy (for the year ending March 2018)

This sets near term and medium term sustainability targets for Hibernia, categorised according to the key principles of the Sustainability Policy. Our progress against these targets will be measured and reported annually and the strategy itself will be subject to annual review and is available on our website. The current targets are:

i) Responsible asset management	– Achieve a minimum 10% reduction in energy consumption across our multi-let investment portfolio on a like-for-like basis by the year ending March 2022 when compared to our March 2017 baseline. – Reduce greenhouse gas intensity based on carbon emissions per units of area by a minimum of 10% on a like-for-like basis by the year ending March 2022 when compared to our March 2017 baseline. – Introduce an energy benchmarking system across the portfolio. – Achieve a recycling rate of 50% or more at properties where we retain management responsibility. – Set up Environmental Working Groups for each of our multi-tenanted properties over 25,000 sq.ft. – Engage with our new and existing tenants within our multi-let buildings to encourage optimum operation and efficiency of their demises. – Undertake our first tenant satisfaction survey by March 2018. – Monitor energy consumption in our headquarters in South Dock House with a view to setting effective targets for 2018–2019.
ii) Delivering sustainable buildings	– Achieve a LEED Gold rating or better on all new office developments over 40,000 sq.ft. – Achieve a minimum B1 energy rating (and usually A3) for office developments/refurbishments and minimum A2 energy rating for residential developments/refurbishments. – Run a pilot study to incorporate “The WELL Building Standard” on one development project. The WELL standard is a performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and wellbeing, through air, water, nourishment, light, fitness, comfort, and mind. – Ensure that water optimisation systems are installed within our new development projects and as part of our refurbishment projects where feasible. – Provide shower and bike facilities over and above the requirements of the building regulations within our office development and refurbishment projects. – Divert 75% of non-hazardous waste generated at our development projects away from landfill. – Where possible, integrate historic buildings into our new developments and have regard to the history and character of the areas in which we undertake development projects. – Where possible improve and/or enhance the public realm around development schemes we are undertaking.
iii) Positive community impact, iv) suppliers, and v) developing our employees	– Organise two work experience/educational/tours/ presentations/initiatives for local schools and colleges during the year ending March 2018. – Create and manage a significant charity event in our community for the benefit of our community. – Keep our Supplier Code of Conduct updated. – Undertake regular employee satisfaction and wellbeing reviews and implement revised policies and procedures based on their results. – Review our annual staff review process. – Deliver at least six knowledge sharing meetings/presentations for our staff in the year ended March 2018. – Survey and record the modes of transport our staff use to commute to and from work as part of our carbon measurement system.

Supplier code of conduct

This details the standards and principles we expect our suppliers to abide by to ensure they are aligned with the principles of Hibernia on sustainability and ethical issues. It is available on our website and will be reviewed periodically. It covers our expectations on supplier behaviour in areas including:

- Governance;
- Environment;
- Health and safety;
- Employment and labour practices;
- Payment practices; and
- Community.

Sustainability reporting (January-December 2016)

Last year we initiated a first review of our occupied ("in-place") multi-tenanted office buildings, which were assessed for the metrics per the EPRA Best Practices Recommendations on Sustainability Reporting (September 2011) (the "EPRA metrics"), and reported on these metrics.

This year we have reviewed all our occupied multi-tenanted office buildings and our multi-family residential buildings. In total we have reported on 9 office buildings (2016: 8 buildings), totalling c.45,000 square metres (2016: c.39,000 square metres), and 3 residential buildings (2016: not measured) for the same EPRA metrics.

In addition, since we now have prior year data for our multi-let office buildings, we have been able to include like-for-like ("LFL") comparatives, as recommended by EPRA.

The tables below set out the EPRA metrics measured and prior year comparatives. This data has been verified by JLL Upstream, according to the AA1000 assurance standard.

EPRA sustainability summary

Offices like-for-like

EPRA CODE	EPRA CODE	PERFORMANCE MEASURE	GRI G4 INDICATOR	UNIT	TOTAL FOR LFL BUILDINGS 2016	TOTAL FOR LFL BUILDINGS 2015	% CHANGE	NO. BUILDINGS FOR LFL UNDER INDICATOR
Building	Total treated floor area			(m^2)	31,687	31,687		6 of 6
	Occupancy level				99.5%	99.5%		6 of 6
Energy	Elec-Abs	Total electricity consumption	G4-EN3	(kWh/ann)	3,417,000	3,560,000		6 of 6
	Fuels-Abs	Total fuel consumption	G4-EN3	(kWh/ann)	4,059,000	4,043,000		6 of 6
	Energy-Int	**Building energy intensity**	**CRE1**	**(kWh/m^2.ann)**	**236**	**240**	**(2)%**	**6 of 6**
Carbon	GHG-Dir-Abs	Total direct greenhouse gas ("GHG") emissions (Gas)	G4-EN15	(T CO_2/ann)	812	809		6 of 6
	GHG-Indir-Abs	Total indirect greenhouse gas ("GHG") emissions (Elec)	G4-EN16	(T CO_2/ann)	1,572	1,638		6 of 6
	GHG-Int	**Greenhouse gas ("GHG") intensity from building energy consumption**	**CRE3**	**(kgCO_2/m^2.ann)**	**75**	**77**	**(3)%**	**6 of 6**
Water	Water-Abs	Total water consumption	G4-EN8	(m^3/ann)	21,593	15,548		4 of 6
	Water-Int	**Building water intensity**	**CRE2**	**(m^3/m^2.ann)**	**0.94**	**0.68**	**28%**	**4 of 6**
Waste	**Waste-Abs**	**Total weight of waste**	**G4-EN23**	**(Tonne/ann)**	**175**	**167**	**5%**	**6 of 6**
Cert	Cert-Tot	Type and number of sustainability certified assets	CRE8	No.	N/A	N/A		6 of 6

Note: This table provides the EPRA Sustainability summary on a like-for-like basis for the six offices assessed.

Life-for-like analysis for the in-place office portfolio

Like-for-like analysis was undertaken for six office buildings except for water indices, for which only four were available as water consumption is not metered at either the Hanover or Chancery Buildings. Due to refurbishment work, two of the buildings assessed in 2015 are not included in the like-for-like analysis.

Consumption has reduced for energy (-2%) and carbon (-3%), whereas both water (+28%) and waste (+5%) increased.

Energy and carbon are derived from electricity and gas consumption, for which 100% complete monthly datasets were available. The like-for-like reductions in energy and associated carbon of 2% and 3% respectively are in line with our targeted 10% reductions by 2022 (as outlined in our Sustainability Strategy opposite).

The increase in water measurements for 2016 may arise as there was a significant element of estimation used (22 out of 72 data points or c.30%) as metered data was unavailable. Water consumption was estimated by extrapolating consumption on a pro-rata basis for absent datasets: for example, bill data for six months equating to 1,000m^3 was determined to equate to an annual total of 2,000m^3. 100% of monthly data was available for waste measurement, but weight is estimated based on volumes (numbers of bin lifts); however, the conversion utilised (68 kg/m^3 density – see Section 4.1.4) is consistent between 2015 and 2016 enabling like-for-like comparison. We are further investigating these numbers to ensure that measurement issues are addressed for future reporting and consumption rates are brought into line where required.

EPRA sustainability summary
Offices

EPRA CODE	EPRA CODE	PERFORMANCE MEASURE	GRI G4 INDICATOR	UNIT	TOTAL FOR ASSESSED BUILDINGS	NO. BUILDINGS ASSESSED UNDER INDICATOR	PERCENTAGE OF DATA ESTIMATED
Building	Total treated floor area		c.50k	(m^2)	44,968	9 of 9	
	Occupancy level				95%		
Energy	Elec-Abs	Total electricity consumption	G4-EN3	(kWh/ann)	4,951,000	9 of 9	0%
	Fuels-Abs	Total fuel consumption	G4-EN3	(kWh/ann)	6,735,000	9 of 9	6%
	Energy-Int	**Building energy intensity**	**CRE1**	**(kWh/m^2.ann)**	**260**	**9 of 9**	
Carbon	GHG-Dir-Abs	Total direct greenhouse gas ("GHG") emissions (Gas)	G4-EN15	(T CO_2/ann)	1,347		
	GHG-Indir-Abs	Total indirect greenhouse gas ("GHG") emissions (Elec)	G4-EN16	(T CO_2/ann)	2,277		
	GHG-Int	**Greenhouse gas ("GHG") intensity from building energy consumption**	CRE3	(kgCO_2/ m^2.ann)	81	9 of 9	0%
Water	Water-Abs	Total water consumption	G4-EN8	(m^3/ann)	36,836		37%
	Water-Int	**Building water intensity**	**CRE2**	**(m^3/m^2.ann)**	**1.05**	**6 of 9**	
Waste	Waste-Abs	Total weight of waste	G4-EN23	(Tonne/ann)	255	8 of 9	0%
Cert	Cert-Tot	Type and number of sustainability certified assets	CRE8	No.	N/A	9 of 9	

Absolute and intensity indices – offices

The table above outlines the 2016 absolute indicators for office buildings under the Group's operational control for the full year, i.e. excludes those purchased or under development or refurbishment during the year. For gas and electricity parameters, nine buildings were measured, reducing to six for water as there was no metering in the Hanover Building, the Chancery Building or Hanover St. East. Eight buildings are reported for waste as there is no waste monitoring to Hanover St. East.

Electricity consumption is for landlord areas only and excludes tenant areas; except for Montague House where no separate sub-metering is currently provided. A complete dataset was obtained for all buildings covered.

Gas consumption was obtained for all buildings assessed with the exception of Hanover St. East, where six months of data was utilised to estimate an annual total on a pro-rata basis. The estimated gas consumption of the overall total was therefore six out of 108 data points or c.6%.

Water consumption has been determined based on estimates for 37% of monthly bills (31 of 84). Estimates are based on the extrapolation of metered data to obtain annual totals. Metering responsibility for water transferred from Local (Dublin City Council) to National (Irish Water) during 2016 which limited data availability within our reporting timeframe: it is anticipated that this data will be more readily obtainable in future years.

Waste indices are based on a complete dataset of recorded disposal, however overall weights have been determined based on an estimation of average density based on historic annual simultaneous volume and weight data for a particular office building.

Residential

EPRA CODE	EPRA CODE	PERFORMANCE MEASURE	GRI G4 INDICATOR	UNIT	TOTAL FOR ASSESSED BUILDINGS
Building	Total treated floor area		No. Apt's	No. Apt's	297
	Occupancy level				N/A
Energy	Elec-Abs	Total electricity consumption	G4-EN3	(kWh/ann)	305,570
	Fuels-Abs	Total fuel consumption	G4-EN3	(kWh/ann)	N/A
	Energy-Int	**Building energy intensity**	**CRE1**	**(kWh/apt.ann)**	**1,029**
Carbon	GHG-Dir-Abs	Total direct greenhouse gas ("GHG") emissions (Gas)	G4-EN15	(T CO_2/ann)	N/A
	GHG-Indir-Abs	Total indirect greenhouse gas ("GHG") emissions (Elec)	G4-EN16	(T CO_2/ann)	141
	GHG-Int	**Greenhouse gas ("GHG") intensity from building energy consumption**	**CRE3**	**(kgCO_2/ m^2.ann)**	**473**
Water	Water-Abs	Total water consumption	G4-EN8	(m^3/ann)	N/A
	Water-Int	**Building water intensity**	**CRE2**	**(m^3/apt.ann)**	**N/A**
Waste	Waste-Abs	Total weight of waste	G4-EN23	(Tonne/ann)	161
Cert	Cert-Tot	Type and number of sustainability certified assets	CRE8	No.	N/A

Absolute and intensity indices – residential

The above table shows the EPRA parameters for the residential portfolio within operational control of the Group in 2016. As no gas is consumed by landlord systems in these apartment blocks, this metric has been omitted, along with associated direct greenhouse gas emissions. In addition, as no domestic properties are metered for water, this consumption has also been excluded. Waste for the four Chancery apartments is not included here, as this is collected with the neighbouring office development. Results for electricity and indirect greenhouse gas emissions are presented in consumption per apartment (kWh/ apt. and kgCO_2/apt.).

As no consumption was measured for residential properties in 2015, no like-for-like analysis was undertaken.

No assumptions or estimates were made within the collated data for electricity and waste – all were based from recorded metering and monitoring respectively.

Verification of sustainability data

The data contained in this report, which is based on the calendar year January to December 2016, was verified by JLL Upstream Sustainability Services. The report states that nothing came to their attention that would indicate that the specified energy, waste, water and GHG emissions information is not fairly stated.

Chairman's corporate governance statement

Our focus is to grow the Group in a safe and measured way, ensuring effective risk management remains a priority, and continue to uphold high standards of corporate governance.

Dear Shareholder,

Governance

I am pleased to confirm that Hibernia REIT plc has, throughout the financial year, complied with all relevant provisions of the UK Corporate Governance Code 2016 ("the Code"), the Irish Corporate Governance Annex ("the Annex") and the Association of Investment Companies Code of Corporate Governance ("AIC Code").

The Group has continued to follow the strategic direction established in 2016, focusing on the delivery of development projects and increasing the rental income of the portfolio while remaining alert to acquisition opportunities that arise. Following the internalisation of the Management Team in late 2015, we have concentrated in particular on ensuring that our governance standards are maintained and enhanced.

Post the internalisation of the investment management function in 2015, Hibernia REIT plc was approved as an internally managed Alternative Investment fund ("AIF") of itself under the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended) ("the AIFM Authorisation") on 18 July 2016. As a result of this, Hibernia REIT plc is now subject to certain requirements under the regulations such as a minimum capital requirement and regular reporting to the Central Bank of Ireland.

Some of the work undertaken by the Board during the financial year related to implementing new requirements under the Companies Act, 2014 around compliance statements. The Directors have, with the assistance of advisers and the Management Team, identified the Relevant Obligations that they consider apply to the Company. The Directors have also duly considered the resources available to the Company and the resources and expertise of the Depositary, Registrar, Assistant Secretary, Tax Advisers and Legal Advisers (the "Service Providers") who have been engaged to support the Company and carry out certain functions on its behalf.

We continued to monitor and assess the Group structure post internalisation. As part of continuing improvements in risk management and internal control we have decided to implement an internal audit process. We have appointed PwC to provide internal audit services to the Group for the 2017–18 financial year.

Our role in strategy and risk

As in prior years, the Board and Management Team continue to work closely together and we held a strategy session in April 2016 with a follow up review in February 2017.

Risk management is an important focus for our Board and is discussed in some depth on pages 34 to 41 of the Annual Report in the "Risks and risk management" section. We are implementing a new risk management system with an improved audit trail, and focusing on linking risk measurement and management to our strategic goals.

Stakeholder engagement

Engagement with all our stakeholders is an important part of our role. We talk about engagement with our shareholders in "Communication with shareholders" on pages 73 to 74 of this Annual Report.

The Board is conscious of the need for the Company to engage and communicate clearly with investors, and for its shareholders to have the opportunity to discuss performance and offer their views on governance, strategy and performance through active dialogue with management. As a result, we held a number of investor roadshows during the financial year across Ireland, the UK, continental Europe, Canada and North America, attended various investor conferences and held site visits for investors to see our development projects in progress and tour our property portfolio.

We also engage actively with other providers of capital such as our lending banks. We monitor and manage covenant compliance and encourage open communication with our capital providers. In September 2016 we arranged our annual property tour for our main lending banks to see our major assets and developments.

We recognise the role and importance of our employees' contribution who are also 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. The Executive Committee structure aids this, with the inclusion of non-executive and executive Directors and employee representatives to ensure open communication. Aside from formal membership of the Committees, all employees who have roles in each area are invited to bi-weekly team 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 to foster the team spirit that has driven the Group so successfully in its first years of operation.

Board evaluation

This year saw the third round of Board and Committee performance assessments.

In line with our stated policies, an independent review of the Board's performance was carried out by the Institute of Directors in Ireland and is further discussed on page 59 of this report.

The composition and performance of the Committees were also reviewed during the financial year. In general, there was satisfaction with their composition and performance. As already mentioned the Audit Committee has decided to outsource the provision of internal audit services which will assist the Board in maintaining effective oversight.

The Board

There were no changes to the composition of the Board during the financial year and I would like to thank my fellow Directors for their ongoing support and challenge.

In May 2017 it was announced that William Nowlan wished to stand down as a non-executive Director at the forth-coming AGM. He will continue to act as a consultant to the Group.

In February 2017 Sean O'Dwyer was appointed as Company Secretary with Chartered Corporate Services becoming Assistant Secretary. This appointment will help to maintain the good communication between Board and management and ensure the continuing provision of appropriate information and advice on corporate governance matters.

In 2017–18 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 uphold high standards of corporate governance.

Daniel Kitchen
Chairman
7 June 2017

Board of Directors

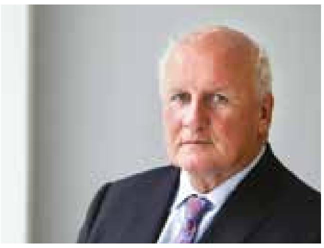
Daniel Kitchen
Non-executive Chairman (65)

Appointment
23 August 2013

Nationality
Irish

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 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 (71)

Appointment
23 August 2013

Nationality
Irish

Committee Membership
Audit, Nominations and Remuneration (Chair)

Colm Barrington is currently chief executive officer and a Director of FLY Leasing Limited, the NYSE-listed and Irish-based aircraft leasing company and a non-executive Director of IFG Group plc and Finnair plc. He is a former non-executive Chairman of Aer Lingus Group plc. Previously he was managing Director of Babcock & Brown Ltd in Ireland, President of GE Capital Aviation Services Ltd, chief operating officer of GPA Group plc and chief executive of GPA's Capital Division. His 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 (74)

Appointment
23 August 2013

Nationality
Irish

Committee Membership
Audit, Nominations and Remuneration

Stewart Harrington is currently a non-executive Director of the parent company of the BWG Group, Stafford Holdings, Killeen Properties and Activate Capital. 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 Argentum Property, 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. He has extensive knowledge and experience of the Irish property market over many years in a variety of roles.

William Nowlan
Non-executive Director (71)

Appointment
13 August 2013

Nationality
Irish

Committee Membership
None

William Nowlan is currently Chairman of WK Nowlan Real Estate Advisers which he founded in 1996. Previously he was Head of Property Investment at Irish Life Assurance plc from 1985 to 1995 and 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 has more than 40 years' experience investing in Irish commercial property.

As previously announced, William Nowlan will not be standing for re-election. All of the other Directors will retire at the Annual General Meeting (AGM) and, being eligible, will offer themselves up for re-election.

Terence O'Rourke
Independent
Non-executive Director
(62)

Appointment
23 August 2013

Nationality
Irish

Committee Membership
Audit (Chair), Nominations and Remuneration

Terence O'Rourke is currently Chairman of Enterprise Ireland and Kinsale Capital Management, 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 2006 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 and a former member of the Global Board, the EMA Board and the Global Executive Team of KPMG International. 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
(46)

Appointment
5 November 2015

Nationality
Irish

Committee Membership
None

Kevin Nowlan 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 he 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 Real Estate Advisers. He 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. 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
(37)

Appointment
5 November 2015

Nationality
British

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 in London as part of the UK & Ireland Investment Banking team. While there, he had a particular focus on corporate finance in the property 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 PwC in 2005.

Sean O'Dwyer
Company Secretary
(58)

Appointment
10 February 2017

Nationality
Irish

Committee Membership
None

Sean O'Dwyer was appointed Company Secretary in February 2017. He is also Risk and Compliance Officer for the Group, a role he performed for the Investment Manager since 2013. Prior to this he was responsible for finance, risk and compliance at Bank of Ireland Asset Management (now SSgA Ireland) between 1987 and 2008. From 2009 to 2013 he worked as a consultant with a number of financial services firms. He qualified as a Chartered Accountant at EY in 1983.

The Directors submit their report for the financial year ended 31 March 2017. The Strategic Report is incorporated into the Directors' Report by reference.

Directors' responsibilities

These are set out in the Directors' responsibility statement on pages 75 to 76 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 32 to 33.

The principal subsidiary and associate undertakings are listed in note 33 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 consolidated income statement on page 82. The profit for the financial year ended 31 March 2017 was €118.6m (March 2016: €136.8m), including unrealised profits on investment properties of €103.5m (31 March 2016: €125.1m). The Company Statement of Financial Position as at 31 March 2016 has been restated. As a result of the restatement the previously reported Company profit and net assets were decreased by €0.2m. There was no change in the Consolidated net assets or Consolidated income statement. Please see Note (b) of the Company financial statements for more detail.

The Group has a number of key performance indicators ("KPIs") which it measures. These are EPRA net asset value ("NAV") per share growth, dividend per share ("DPS") and total property return ("TPR") versus the IPD Ireland Index. The first two of these KPIs measure growth in shareholder value and return to shareholders respectively. The third KPI is a measure of the relative performance of the Group's property portfolio against the Irish property market. Other important operational metrics for the Group are measures relating to the management of the portfolio, investment activity and financial indebtedness. In addition, the Group has commenced measurement of sustainability parameters such as energy and waste consumption using EPRA metrics. Strategy and key performance measures are reported on in the Strategic report on pages 01 to 47 of this Annual Report.

Dividends

The Directors maintain a dividend which has due regard for the Irish REIT regime and for sustainable levels of dividend payments. Under the Irish REIT regime, subject to having sufficient distributable reserves, the Company is required to distribute to shareholders at least 85% of the property income of its property rental business for each accounting period. Subject to the foregoing, the Directors intend to re-invest proceeds from disposals of assets in accordance with the Group's investment policy. The Company seeks to pay dividends biannually and has a general policy of paying interim dividends equating to 30–50% of the total regular dividends paid in respect of the prior year.

The Board has proposed a final dividend of 1.45 cent per share (c.€10.1m) (31 March 2016: 0.8 cent per share or c.€5.5m) which will be paid, subject to shareholder approval, on 31 July 2017. Together with the interim dividend of 0.75 cent, the total dividend for the financial year is 2.2 cent per share or c.€15.2m (31 March 2016: 1.5 cent or c.€10.3m) 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 34 to 41 and form part of this report.

Directors' compliance statement

The Directors have, with the assistance of advisers and Hibernia employees, identified the Relevant Obligations, as required by the Companies Act 2014, that they consider apply to the Company. The Directors acknowledge they are responsible for securing the Company's compliance with its Relevant Obligations and confirm that they have:

- Drawn up a Compliance Policy Statement setting out the Company's policies in respect of compliance with its Relevant Obligations;
- Ensured that appropriate arrangements and structures have been put in place that are designed to ensure material compliance with the Company's Relevant Obligations; and
- Conducted a review, during this financial year, of the arrangements and structures that were put in place to secure material compliance with the Company's Relevant Obligations.

REIT status and taxation

Hibernia REIT plc has 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 any activities that are not part of the Group's qualifying rental business.

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

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

The Directors confirm that the Group complied with the REIT legislation for the financial years ended 31 March 2017 and 2016, respectively.

Share capital

At 31 March 2017 the Company had 685,451,875 units of ordinary stock in issue (31 March 2016: 681,251,285 units).

Approximately 7.6m shares will be issued in relation to performance-related payments for the financial year ended 31 March 2017 (31 March 2016: 4.5m).

Future developments

The Group continues to look for opportunities to invest in its portfolio, whether through further capital expenditure or new acquisitions, 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 8 to 9 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 01 to 47 of this Annual Report. This also covers the financial position of the Company, its cashflows, 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 82 to 136 and in note 2. (d) to these financial statements. In addition, note 31 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 remains an appropriate basis for the assessment as this is the key period for completion of the Group's committed and longer-term development projects pipeline. 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 analyses performed as part of the Group's budget forecasting and planning. Scenarios are prepared and kept under continuous review. Sensitivity analyses are performed to test the potential impact of some of the principal risks and uncertainties affecting the Group's activities as described on pages 36 to 41.

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 the decline in underlying operating profits and asset values required before the Group breaks 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 considered 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 Directors of the Company are as follows:
Daniel Kitchen (Chairman)
Colm Barrington (Senior Independent Director)
Thomas Edwards-Moss (CFO)
Stewart Harrington
Kevin Nowlan (CEO)
William Nowlan
Terence O'Rourke

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. There were no changes in Directors during the financial year. Sean O'Dwyer was appointed as Company Secretary on 10 February 2017, replacing Castlewood Corporate Services Limited who continue to provide support and act as Assistant Secretary.

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 66 to 70 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. All the current Directors, save William Nowlan, will offer themselves for re-election at the AGM. 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. Further discussion on the evaluation process for Board, Committee and Director performance is provided on page 59 of the Annual Report.

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 2017

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 70. This is further discussed in note 34 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 2017 the Company has been notified of the following substantial interests (3% or more of the issued share capital) in the Company's shares:

HOLDER	HOLDING '000 SHARES	%
Invesco	41,465	6.04
Standard Life Investments	41,175	6.01
Oppenheimer Funds Inc.	34,839	5.08
Wellington Management Company LLP	34,740	5.07
TIAA-CREF Investment Management LLC	33,666	4.91
Morgan Stanley Investment Management Limited	27,926	4.07
FMR LLC	24,013	3.50
Blackrock Inc.	21,750	3.17

As at 7 June 2017 the Company has been notified of the following changes:

HOLDER	HOLDING '000 SHARES	%
Standard Life Investments	41,475	6.05
Invesco	41,188	6.01
TIAA-CREF Investment Management LLC	34,936	5.10

Corporate governance

The Group is committed to high standards of corporate governance, details of which are given in the Corporate governance report on pages 56 to 74 which forms part of the Directors' report.

Health, safety and security

The Group complies with all relevant Health and Safety legislation and works to industry best standards. Contractors working on Group properties are fully insured and all work is carried out in line with relevant legislation. Potential insurance incidents are reported as soon as possible to our insurance broker. There have been no major incidents at any of our properties in this or the previous financial year. All our employees receive health and safety training. All must achieve relevant certification before attending at construction sites. We work closely with our partners to ensure that customers, employees, contractors and visitors are safe and secure in all our sites. No reportable incidents occurred during this or the prior financial year.

Sustainability

The Group is committed to ensuring ethical and sustainable practices for the benefit of all our stakeholders. More details on the Group's policies and progress can be found in our Sustainability report on pages 42 to 47.

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 accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Group and 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 Group and Company are set out in note 31 to the consolidated financial statements.

Independent auditor

The auditor, Deloitte, Chartered Accountants, continues in office in accordance with section 383 (2) 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 35 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 61 to 65 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 advise the Board whether 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. In recommending the report to the Board 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.

General meetings

The third Annual General Meeting ("AGM") of the Company was held on 26 July 2016. In addition, an Extraordinary General Meeting was held on 26 October 2016 to approve an amendment to the relative performance fee calculation methodology. Details of the resolution are contained in a circular issued and published on the Group's website on 4 October 2016. The fourth AGM will be held on 25 July 2017. Notice of the 2017 AGM, together with details of special business to be considered at the meeting, will be circulated to the shareholders in June 2017.

Directors' statement of relevant audit information

Each of the Directors at the date of approval of this Directors' report confirms that all relevant information has been disclosed to the auditor. This statement confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Group's statutory auditor is unaware; and
- each Director has taken all the steps that ought to be taken as a Director to make himself or herself aware of any relevant audit information and to establish that the statutory auditor is aware of that information.

Kevin Nowlan
Chief Executive Officer
7 June 2017

Thomas Edwards-Moss
Chief Financial Officer
7 June 2017

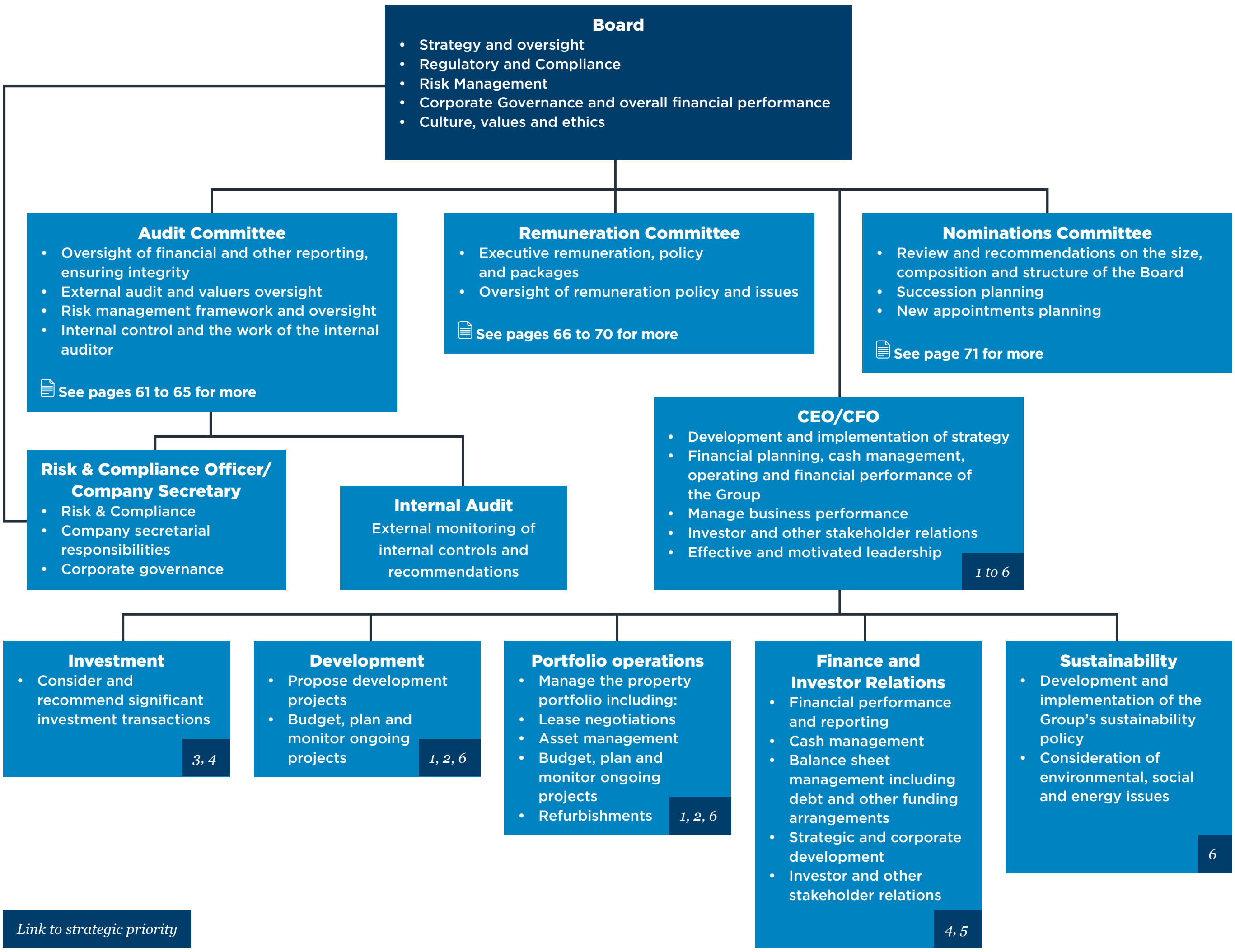
Corporate governance report

Introduction

The Board of Directors of Hibernia REIT plc ("the Board") is committed to developing and maintaining a high standard of corporate governance and complying with all applicable regulations. The Company has been approved as an internally managed Alternative Investment Fund ("AIF") under the Alternative Investment Fund Management Directive (Directive 2011/61/EU) as amended ("AIFMD") and complies with the relevant requirements and procedures as set out by the Central Bank of Ireland in the AIF Rulebook March 2017. The main governance requirements are the Listing Rules of the Irish and London Stock Exchanges, the Irish Corporate Governance Annex to the UK Corporate Governance Code ("the Annex"), the UK Corporate Governance Code 2016 ("the Code") and the Association of Investment Companies' Code of Corporate Governance ("AIC Code"). The Company has applied the Code due to its 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 we implemented new requirements under the Companies Act, 2014 around compliance statements. The Directors have, with the assistance of relevant advisers and Hibernia employees, identified the Relevant Obligations that they consider apply to the Company. The Directors have also duly considered the resources available to the Company and the resources and expertise of the Depositary, Registrar, Assistant Secretary, Tax Advisers and Legal Advisers (the "Service Providers") who have been engaged to support the Company and carry out certain functions on its behalf.

The Role of the Board and its Committees



The Board is responsible for providing governance and stewardship to the Group 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. The Management Team has discretionary authority to enter into transactions for and on behalf of the Group save for certain matters of sufficient materiality or risks which require the consent of the Board. The Board challenges, supervises and instructs the Management Team at a high level. The Board reviews the Group and Company's performance and management accounts on a quarterly basis.

Board composition and roles

ROLE	INCUMBENT	FUNCTIONS
Chairman	Daniel Kitchen	Responsible for leading the Board, its effectiveness and governance and for monitoring and measuring progress against strategy and the performance of the CEO. Maintains a culture of openness and debate and sets the tone from the top in terms of the values and objectives of the whole Group. Makes sure that the Board is aware of and understands the views and objectives of the major stakeholders of the Group and Company.
CEO	Kevin Nowlan	Responsible for developing the Group's strategy and objectives, the implementation of the same and running the Group's day-to-day business. Leads the executive team and maintains a close working relationship with the Chairman.
CFO	Thomas Edwards-Moss	Responsible for the financial management and reporting of the Group, managing funding requirements, investor and other stakeholder relations and corporate development. Works closely with the CEO and other members of the Management Team.
Chair of Audit Committee	Terence O'Rourke	Monitors the Group's financial reporting process. Monitors the effectiveness of the Group's systems of internal control, internal audit and risk management. Monitors the statutory audit of the statutory financial statements. Reviews and monitors the independence of the internal and statutory auditors. Monitors the adequacy, effectiveness and security of the Group's IT systems.
Independent non-executive Directors	Colm Barrington, Stewart Harrington, Terence O'Rourke	Bring independent and expert views to the Board's deliberations and decision making. Support and constructively challenge the executive Directors and monitor the delivery of the agreed strategy within the risk framework developed by the Board.
Senior independent Director	Colm Barrington	Provides a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary. Facilitates shareholders if they have concerns which contact through the normal channels of Chairman and the executive have 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. To listen to the views of major shareholders in order to help develop a balanced understanding of the issues and concerns of major shareholders.
Company Secretary	Sean O'Dwyer	Provides advice and assistance to the Board on corporate governance practice, risk management, compliance and induction training and development. Ensures that all applicable regulations and rules are identified and processes implemented to ensure compliance. Submits returns and other information. Is supported by the Assistant Secretary in company secretarial matters.

Board composition and roles continued

All Directors are expected to allocate sufficient time to the Group and 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 at Board meetings include management accounts for the period, risk reporting, portfolio management, investment and progress on development projects as well as cash and liability 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.

Details of the remuneration of Directors are set out in the Report of the Remuneration Committee on pages 66 to 70.

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.

Induction and development

New Directors receive a full and appropriate induction on joining the Board. This includes meetings with the other Board members, Management Team and the Company's advisers and visits to properties owned by the Group. This gives them the opportunity to learn about the Group and Company and its processes and ethos. They also receive a comprehensive package of information including:

Board	Papers and minutes of previous meetings, all documentation including reserved matters, policies and procedures.
Committees	Terms of reference, minutes and papers from prior meetings.
Risk	The Group's risk framework, risk register and metrics, records of breaches and any other relevant documents.
Organisation	Organisational charts and latest Annual and Interim Reports, strategic priorities and latest KPIs.
Key policies	Key policies and procedures applicable within the organisation.
Governance	Copies of the relevant codes, compliance policy statement and other relevant documentation at the time of appointment.
Legal/regulatory/insurance	Full information of the Group's regulatory and tax status. Details of Directors and Officers insurance and any other relevant matters.

Board actions during the year

Strategy
• Consideration and approval of strategy papers submitted by management
• Review and approval of sustainability strategy
AIFM application and implementation of regulatory process and reporting
Amendments to relative performance fee calculation and EGM on 26 October 2016
Supervision of regular activities including:
• Investment Committee terms of reference and acquisition activity (Blocks 1, 2 and 5 Clanwilliam Court and remaining 50% of the Windmill Lane site)
• Development
• Operations activities
Risk and compliance, in particular:
• New Market Abuse Regulations ("MAR")
• Directors' compliance statement requirements
• Systems amendments including IT security
Board matters
• Succession planning
• Performance assessments
Remuneration policies
• Including approval of interim pay-related remuneration

Board and Committee performance

The UK Code requires that Board evaluations should be externally facilitated at least once every three years. A self-evaluation is completed every year. This year the Board appointed the Institute of Directors in Ireland ("IoD"), who provided an external facilitator, Mr George Bartlett. Mr Bartlett has no connection with the Group and the IoD does not provide any other services to the Group. The external evaluation was an evaluation of the performance of the Board and its role in ensuring that the standard of corporate governance is maintained at a high level. Each Director completed a questionnaire covering areas and questions agreed between the Company Secretary and the facilitator.

The IoD collated the answers which were evaluated by the facilitator who then prepared a report for review and consideration by the Board. The findings of the review were positive and confirmed that the Board was operating effectively and to a high standard. A number of small points were identified and these are being implemented by the Chairman and the Company Secretary.

The annual self-evaluation of the Board Committees took place in the first quarter of 2017. 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 results of these evaluations were satisfactory.

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 Group and Company in an advisory capacity. This number of Directors is considered by the Board to be sufficiently small to allow efficient management of the Group 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 51.

Directors' attendance at Board and Committee meetings

Directors' attendance at Board meetings

	FOR FINANCIAL YEAR ENDED 31 MARCH 2017		FOR FINANCIAL YEAR ENDED 31 MARCH 2016	
	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	10	10	17	17
Colm Barrington	10	9	17	17
Thomas Edwards-Moss	10	10	7	7
Stewart Harrington	10	10	17	17
Kevin Nowlan	10	10	7	7
William Nowlan	10	10	17	13
Terence O'Rourke	10	8	17	17

Directors' attendance at Board Committee meetings

	FOR FINANCIAL YEAR ENDED 31 MARCH 2017		FOR FINANCIAL YEAR ENDED 31 MARCH 2016	
	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	4	3	5	5
Terence O'Rourke	4	4	5	5
Stewart Harrington	4	4	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	4	3	1	1
Stewart Harrington	4	4	1	1
Daniel Kitchen	4	4	1	1
Terence O'Rourke	4	4	1	1

All Directors save William Nowlan attended the 2016 AGM.

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 a Committee will depend on the purpose for which it is established and will take into account the skills and experience required.

In May 2017 it was announced that William Nowlan wished to stand down as a non-executive Director at the forth-coming AGM. He will continue to act as a consultant to the Group. The Nominations Committee is considering potential additions to the Board.

The Directors' Responsibilities Statement is set out on pages 75 to 76.

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 Group's website.

Audit Committee report

Audit Committee year in focus:
- establishment of internal audit;
- assessment of compliance policy and review of Directors' compliance statement; and
- reviewing procedures for the management and security of data and Information Technology

Terence O'Rourke
Chairman of the Audit Committee

Members of the Committee:
Colm Barrington and Stewart Harrington

All members have served since the establishment of the Company, three years and four months to 31 March 2017.

Chairman's report

During the financial year we continued to focus on ensuring the integrity of the financial reporting and internal controls. To complete this work, we regularly met the Management Team and the external auditors. We also met the valuers and assessed their work in valuing our properties. We considered the periodic rotation of our appointed valuers and will revisit this topic again in the coming financial year. Specific items considered are outlined in our report.

In this financial year we decided that the Group has grown sufficiently in size to warrant the appointment of an internal auditor to assess internal controls and, where appropriate, suggest improvements. We appointed PwC and the first internal audit will take place later in 2017.

We also carried out our third 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 service providers. We are also satisfied that the level of scrutiny of the Group's public announcements is sufficient and effective. There were no issues arising from this evaluation.

Terence O'Rourke
7 June 2017

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 recent and relevant 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, extendable by up to two additional three-year periods. The existing members will continue for a further three-year term.

The Audit Committee is constituted in compliance with the UK Code, the AIC Code, the Irish Code and the Company's 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 consolidated financial statements and the work on the Interim Report;
- reviewing and monitoring the independence of the statutory auditor, and the provision of additional services by the auditor; and
- supervising the provision of internal audit services by PwC.

The current Terms of Reference for the Audit Committee are published on the Group's website.

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 attended 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 met the Audit Committee to discuss their work and the significant assumptions in relation to the property valuations. The Committee reviewed in particular the valuation of development assets, assumptions on rental post development and variations on yields experienced in the market. These discussions enabled the Audit Committee to review the valuations used in the financial statements and make recommendations to the Directors in relation to their assessment of property valuations.
Representatives of the Company	Representatives of the Group, including the CEO, the CFO, the COO and the Company Secretary/Risk and Compliance Officer ("RCO") met 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 risks, and any other matters as requested by the Audit Committee. This gave the Audit Committee an opportunity for better insight into the financial reporting and internal controls and helped it to make more informed decisions.

Principal responsibilities of the Audit Committee

The principal responsibilities of the Audit Committee and the key areas of discussion in 2016–17 were as follows:

	PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE	KEY AREAS DISCUSSED AND REVIEWED IN 2016–2017
Reporting and external audit	• Monitoring the integrity of the Group and Company financial statements and any other formal announcements relating to the Group's financial performance, business model and strategy; reviewing significant financial reporting issues and all other material disclosure obligations. • Reviewing and discussing the external auditor's audit plan and ensuring that it is consistent with the Group's overall risk management system. • Assessing the external auditor's performance, qualifications, expertise, resources, independence and their terms of reference, approving their fees and reviewing the external audit reports to ensure that where deficiencies in internal controls have been identified that appropriate and prompt remedial action is taken. • Monitoring the policy on the engagement of the external auditor in providing non-audit services in line with relevant guidance. • Reviewing the content of the Annual Report and financial statements to ensure it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. • Reviewing the work of the independent valuers.	• Results, commentary and announcements. • Key accounting judgements and disclosures. • Discussions with IAASA on disclosures around valuations and share-based payments. • External audit planning and reporting. • Revision and amendment of accounting policies as required. • Considered audit scope, risks assessment, findings and recommendations. Discussed materiality. Met the auditor both with and without the presence of management. • Met valuers independently to discuss the valuation process and risks. • Going concern and viability assessments. • Compliance with loan covenants and review of significant risk metrics. • Supply of non-audit services by the auditor which are assessed as insignificant in nature. • Valuation judgements, effectiveness and process. • Liquidity reports and Depositary Board reports. • Considered periodic the rotation of our appointed valuers and agreed to revisit in the coming financial year.
Risk and internal control	• Reviewing the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems. • Monitoring the Group's risk exposure and recommending the risk appetite to the Board for approval. • Assessing the principal risks of the Group. • Reviewing the disclosures made on risk and internal control in the Annual Report. • Reviewing procedures for the management and security of data and information technology.	• Risk register, including identification of principal risks and movements in exposures. • Established an internal audit function and appointed PwC. The first internal audit will take place in the second half of 2017. • Review of all breaches in limits and internal controls and responses required. • IT security was reviewed and improvements implemented together with the upgrade of the IT security policy in November 2016.
Other	• Reviewing the procedures in place to comply with applicable legislation, the Listing Rules and the Irish REIT Regime guidelines. • Reviewing the operation of the Group's procedures for the detection of fraud, bribery and compliance. • Reviewing dividend policy and distributions planned versus legislative requirements. • Reviewing the Committee's terms of reference and performance.	• Review of the Audit Committee's terms of reference and effectiveness, including self-assessment. • Review of JLL sustainability assurance report. • Compliance statement: the Committee worked with external service providers in order to ensure that all appropriate relevant obligations were identified and documented. Carried out an assessment of compliance policy and a review of the controls and procedures that were in place to ensure the relevant obligations were complied with for the entire financial year. • Review of all correspondence with regulators.

Principal responsibilities of the Audit Committee continued

The significant issues considered by the Audit Committee during the financial year ended 31 March 2017 and the action taken by the Committee are set out below:

SIGNIFICANT ISSUES CONSIDERED	ACTION TAKEN BY COMMITTEE
Valuation of the Investment Portfolio	The Committee considers whether 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 the Committee's assessment of the market and knowledge of the properties. It also reviews 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. Of significance in this financial year were the basis for assessing development properties and the decisions relating to the method applied to properties not valued on a current use basis. Surplus lands at Harcourt Square were assessed using the residual method and this value was added to the investment value of the existing blocks. The Hanover building was assessed using the residual method as this is the highest and best use. In the case of Cannon Place the asset is valued on a break up/value per unit basis.
Performance-related payments	As part of the cost of the internalisation of 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 calculations.

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. As required 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.
- Rotation of audit partner in due course.
- Whether issues were raised at the right time by the appropriate level of audit staff with the appropriate Group 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 was 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 recent 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 2017 AGM in accordance with article 53 of the Articles of Association of the Company.

Non-audit work carried out by the external auditor during the financial year ended 31 March 2017

The external auditor did not carry out a significant amount of work during the financial year ended 31 March 2017 which is non-audit in nature. Fees not related to audit work or Interim Report review were €19,750 in the financial year.

KPMG was appointed as tax adviser in January 2016 which was a significant source of non-audit work completed by the auditor in prior years.

External auditor independence

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.

Based on their consideration of the above facts, the Audit Committee concluded that the independence and objectivity of the external auditor have not been compromised.

Internal audit

The Audit Committee has reviewed the business model under which the Group and Company operates and decided, in light of the current nature, scale, complexity and range of operations of the Group, that an internal audit function would be an appropriate addition to its own and the Group's internal monitoring procedures. PwC has been appointed to provide internal audit services with effect from April 2017.

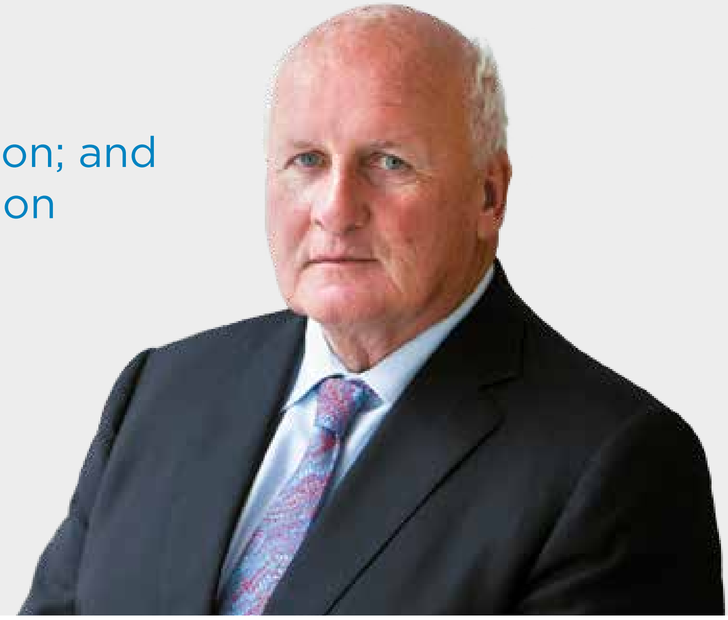
Depositary

The Group had €18m (31 March 2016: €23m) 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. The depositary carried out its annual audit in December 2016. No material issues were reported.

Approval of reports

The Annual Report and financial statements were considered in draft on 16 May 2017. The Preliminary Statement, which included consolidated financial statements, was approved by the Board on 22 May 2017. The Annual Report was approved by the Board on 7 June 2017.

Remuneration year in focus:
– performance-related remuneration; and
– post November 2018 remuneration structure planning.



Colm Barrington
Chairman of the Remuneration Committee

Members of the Committee:
Daniel Kitchen, Stewart Harrington and Terence O'Rourke

All members have served since the establishment of the Committee in February 2016, one year and two months to 31 March 2017.

Chairman's report

On behalf of my colleagues on the Remuneration Committee, I am pleased to present the Remuneration Committee Report of the Group for the financial year ended 31 March 2017.

The Remuneration Committee met four times during the financial year. The incentive arrangements that are in place until the date that the Investment Management Agreement ("IMA") would have expired were approved by shareholders at the EGM on 27 October 2015 to approve the internalisation. Until the end of the IMA in November 2018, variable incentive payments for staff are principally funded out of any performance fees that would have been due under this contract. At our meeting in May 2017 we considered and approved the performance awards proposed for staff for the financial year ended 31 March 2017.

Another item considered during the financial year was the proposed amendments to the relative performance fee structure and, consequently, amendments to the deferred consideration calculation under the provisions of the IMA. These amendments, which clarified the calculation parameters, were considered by the Remuneration Committee and the Board ahead of publication of a circular and were subsequently approved by shareholders at an Extraordinary General Meeting on 26 October 2016.

We approved the Performance-Related Remuneration Plan documentation at our meeting in November 2016. This is discussed further in our report.

We continue to work on a remuneration policy for all staff which will commence post November 2018 and which we intend, in due course, to discuss with key shareholders.

Colm Barrington
7 June 2017

Directors' remuneration policy report

The Remuneration Committee is responsible for ensuring that the Group's overall remuneration policy takes risk management into account and is consistent with the strategic objectives of the Group. The Remuneration Committee is responsible for oversight of remuneration for the entire Group with specific regard to Directors and senior management. The terms of reference are compliant with the UK Code and are available on the Group's website.

The following section sets out the Directors' Remuneration Policy. The Directors' Report on Remuneration is to be submitted as an advisory resolution to the AGM of the Company to be held on 25 July 2017.

As an Irish company, Hibernia 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.

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. Remuneration is intended to be both competitive and appropriate. The policy considers the regulatory environment, governance standards, the economic environment and industry best practice.

Remuneration principles

- Support the strategy.
- Promote sound risk management.
- Motivate and retain key individuals in a competitive manner.
- Align the interests of management and shareholders in the generation of long-term returns and value 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 Group's progress towards its objectives.
- There is no maximum amount but reviews 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.
- It is an optional defined contribution scheme with an independent pension provider and a 5% Company contribution (for most staff) matched by a 5% personal contribution.
- It is Group policy not to provide a defined benefit scheme.

Benefits

- The purpose is to provide market-typical benefits for an overall effective remuneration package.
- All staff are eligible to join the Group's death in service and long-term disability schemes.
- Other benefits may be provided at the discretion of the Remuneration Committee either as a one-off or on an ongoing basis.
- Executive Directors may also be eligible to join all-employee schemes up to the relevant approved limits.

Directors' remuneration policy report continued

Interim Incentive plan

- Incentives related to IMA services are designed to be cost neutral to the Group, i.e. until the expiry date of the IMA this part of incentive arrangements for non-Vendor staff is principally funded out of performance fee arrangements: up to 15% of any performance fee due to the Vendors of the Investment Manager will be set aside to fund the incentive plan.
- Incentive arrangements relating to non-IMA-related services, e.g. building management, are separately funded.
- Arrangements include a long-term deferred element payable in Company shares (IMA-related services) or cash (non-IMA services) and are contingent on the continuing performance of service for a further two years after the award by the individuals concerned.
- The maximum incentive award payable to a senior executive is 1.5 times annual base salary.
- Up to 20% of any performance based remuneration award is dependent on individual performance as opposed to Group-related performance metrics. Personal performance is measured against specific goals for a financial year agreed annually with individuals and reviewed during the year.
- The incentive plan 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, and are subject to clawback in the event of an early departure as described in note 5 to the consolidated financial statements.

Future incentive plan

Prior to the expiry of the interim arrangements, the Remuneration Committee will develop a new incentive plan linked to the long-term performance of the Group and including an element of personal performance assessment of employees and executive Directors and intends to 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 but analogous arrangements are applicable for employees providing non-IMA related services with similar conditions.

Remuneration throughout the Group

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

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 are set at levels 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. Training and induction are provided where relevant.

Annual report on remuneration for the financial year ended 31 March 2017

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 in August 2013. In accordance with the requirements of the UK Code each of the Directors submits themselves for re-election each year. 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 or her letter of appointment and no compensation would be payable to a non-executive Director in such event.

	ANNUAL FEE €'000	**FINANCIAL YEAR ENDED 31 MARCH 2017 €'000**	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Daniel Kitchen	100	**100**	100
Colm Barrington	50	**50**	50
Stewart Harrington	50	**50**	50
William Nowlan*	50	**50**	50
Terence O'Rourke	50	**50**	50
Total	**300**	**300**	**300**

* William Nowlan also earned €50,000 for advice given to the Group 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 34 to the financial statements.

Executive Directors' remuneration

As discussed opposite, performance-related remuneration for all non-Vendor employees, including Thomas Edwards-Moss, are met out of arrangements under the internalisation agreement. These are described as "Cash Bonus" and "LTIP" in the table below. Both these are described further on page 70, under Performance-related remuneration scheme ("PRR")*. There are no other performance-related payment arrangements.

Payments to executive Directors in the financial year to 31 March 2017 are as follows:

EXECUTIVE DIRECTORS' REMUNERATION (AUDITED) 31 MARCH 2017	**SALARY €'000**	**BENEFITS €'000**	**CASH BONUS* €'000**	**LTIP* €'000**	**PENSION €'000**	**TOTAL €'000**
Kevin Nowlan*	**300**	**19**	**–**	**–**	**45**	**364**
Thomas Edwards-Moss	**217**	**17**	**117**	**117**	**32**	**500**
Total	**517**	**26**	**117**	**117**	**77**	**864**

EXECUTIVE DIRECTORS' REMUNERATION (AUDITED) 31 MARCH 2016	SALARY €'000	BENEFITS €'000	CASH BONUS* €'000	LTIP* €'000	PENSION €'000	TOTAL €'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 Share Purchase Agreement as disclosed in note 34 to the financial statements.

Both Kevin Nowlan and Thomas Edwards-Moss were initially appointed to the Board on 5 November 2015.

Annual report on remuneration for the financial year ended 31 March 2017 continued

Conditions of employment

Executive Directors have service contracts with the Company which can be terminated on six months' notice by either party. The Committee may determine incentive entitlements that should apply, if any, in the year of departure. The departure of Kevin Nowlan may trigger clawback arrangements under the criteria established in the internalisation in 2015. Thomas Edwards-Moss is subject to vesting conditions under the LTIP part of the PRR 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 varied by the Committee.

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

Fixed remuneration arrangements from 1 April 2017

EXECUTIVE DIRECTORS' ANNUAL SALARY AND OTHER FIXED REMUNERATION ARRANGEMENTS	SALARY €'000	BENEFITS €'000	PENSION €'000	TOTAL €'000
Kevin Nowlan	300	19	45	364
Thomas Edwards-Moss[1]	265	17	40	322
Total	**565**	**36**	**85**	**686**

1. Following a third-party review of the appropriate remuneration package for Thomas Edwards-Moss, the Remuneration Committee approved an increase in his base annual salary from €200,000 to €265,000 with effect from 1 January 2017. The cost of this increase for the period from 1 January 2017 to 30 November 2018 is borne by the Vendors of the Investment Manager through deductions from performance and "top-up" arrangements.

Performance-related remuneration scheme ("PRR")

All non-Vendor employees in place at the time of internalisation, including executive Directors, are entitled to participate in the performance-related remuneration scheme. Kevin Nowlan and Frank O'Neill, as Vendors of the Investment Manager, are compensated through the internalisation arrangements as disclosed in notes 5 and 34 to the consolidated financial statements.

An interim scheme applies in the period to the expiry of the Investment Management Agreement in November 2018. During this period the PRR is dependent on the level of performance fees payable to the Vendors. The scheme is funded out of the performance fees and hence directly linked to any performance fees earned. Subject to certain de minimis arrangements 50% of any amount payable will be paid to employees in cash and the other 50% will be awarded in shares (LTIP), which will vest at the end of 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 of up to 20% which is dependent on the employee's performance.

Separate, but analogous, arrangements apply for any employees who join the Group post internalisation.

Interests of Directors and Secretary in share capital

	31 MARCH 2017		31 MARCH 2016	
	ORDINARY SHARES	% OF COMPANY	ORDINARY SHARES	% OF COMPANY
Daniel Kitchen	**100,371**	**0.01%**	100,371	0.01%
Colm Barrington	**1,100,000**	**0.16%**	1,100,000	0.16%
Stewart Harrington	**101,167**	**0.01%**	100,706	0.01%
William Nowlan	**3,438,200**	**0.50%**	2,650,589	0.09%
Terence O'Rourke	**152,482**	**0.02%**	151,059	0.02%
Kevin Nowlan*	**5,824,458**	**0.85%**	4,249,237	0.02%
Thomas Edwards-Moss*	**96,824**	**0.01%**	95,921	0.01%
Sean O'Dwyer (Company Secretary)	**101,191**	**0.01%**	100,706	0.01%

* 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.

On 1 June 2017 William Nowlan sold 600,000 shares leaving a balance of 2,838,200 shares held by him. There have been no other changes in the beneficial and non-beneficial shareholdings of the Directors between 31 March 2017 and the date of this report.

Nominations Committee report

Daniel Kitchen
Chairman of the Nominations Committee

Members of the Committee:

Colm Barrington, Stewart Harrington and Terence O'Rourke

All members have served since the establishment of the Company, three years and four months to 31 March 2017.

Report of the Nominations Committee

The Nominations Committee met once during the financial year ended 31 March 2017. The Nominations Committee is chaired by Daniel Kitchen, who is also the non-executive Chairman of the Company. 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 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 are available on the Group's website, were reviewed in February 2017 and confirmed as effective and sufficient although it was agreed that there should be some minor amendments.

An evaluation of the Committee's work was carried out in the first quarter of 2017. Given that there have been no appointments made to the Board during the period, the work of the Committee has been limited. However, this self-assessment found that the Committee is satisfied that there 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. 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.

The Committee discussed the gender and age diversity within the Board. The Board believes diversity is important for ensuring long-term success and to ensure different perspectives are considered by the Board. The long-term success of the Group requires appointing the best people to the Board and all appointments to the Board will be made purely on merit with the objective of maintaining the appropriate mix of skills and experience on the Board. The Committee does not believe it is currently necessary to identify measurable objectives in relation to diversity.

Succession planning

Succession planning is one of the responsibilities of this Committee. The Group has a flat structure as it has a small team and therefore the focus is on developing employees to become competent across disciplines to provide resource flexibility and personal development. We also recognise the contribution of more experienced individuals who are closer to retirement and wish to work on a more relaxed and flexible basis. These individuals provide expertise and support that would otherwise be difficult to source.

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 Team comprises:

Kevin Nowlan	Chief Executive Officer and executive Director
Richard Ball	Chief Investment Officer
Tom Edwards-Moss	Chief Financial Officer and executive Director
Sean O'Dwyer	Company Secretary and Risk & Compliance Officer
Frank O'Neill	Chief Operations Officer
Mark Pollard	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 are invited to attend Board meetings where applicable, thus enabling the Directors to probe further on matters of interest.

Internal controls

The Board acknowledges that it is responsible for maintaining the Group's system of internal control and risk management 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;
- documented procedures and policies;
- a clear and detailed authorisation process;
- risk metrics and risks reporting at each scheduled meeting;
- formal documentation of all significant transactions;
- business and financial planning to include cashflows and viability modelling 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; and
- benchmarking of performance against external sources, i.e. the Investment Property Databank ("IPD").

The Policies and Procedures 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 2017 there were three such breaches recorded, none of which resulted from a failure in internal controls or any 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

Risks and risk management are dealt with in the risks and "Risk management" section on pages 34 to 41 of the Annual Report. This section also covers the principal risks of the Group.

Code on share dealing

The Company has a Share Dealing 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 Code by the Directors and others to whom the Code is applicable.

The Company's Share Dealing Code gives guidance to the Directors, the Management Team, any persons discharging managerial responsibilities as defined in Article 3.1 (25) of the Market Abuse Regulations and persons identified by the Board to fulfil this role, and anyone listed on the Company's Insider Lists 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.

Market Abuse Regulations 2016 ("MAR")

In July 2016, the separate existing Irish, UK and other EEA member state "market abuse" regimes were replaced with a single new EU-wide market abuse regime based on a new central EU Regulation – known as "MAR". The Company now has one supervising regulator rather than two – the Central Bank of Ireland (the Competent Authority) – in relation to market abuse. The Company identified and wrote to its persons exercising managerial responsibilities ("PDMRs") explaining the legislative changes and the new requirements.

Communications with shareholders

The Board communicates with shareholders on a regular basis.

Investor relations

During the year the executive Directors undertook several investor roadshows, covering Ireland, the UK, continental Europe and North America and met many of the Group's key shareholders as well as potential new investors. Furthermore, a number of investor conferences were attended by members of the Management Team and ad-hoc calls and property visits were arranged.

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.

Communications with shareholders continued

Voting rights

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

(b) Resolutions: resolutions are categorised as either ordinary or special resolutions. The essential difference between an ordinary resolution and a special resolution is that a simple 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 Group discloses information to the market as required by the Central Bank of Ireland, the Irish Stock Exchange and Financial Conduct Authority including, inter alia:
- periodic financial information such as annual and half yearly results;
- any other information assessed to be price sensitive, which might be a significant change in the Group's financial position or outlook, unless a reason is present not to (e.g. prejudicing commercial negotiations);
- information regarding major developments in the Group's activities;
- information regarding dividend decisions;
- any changes at board level must be announced immediately once a decision has been made; and
- information in relation to any notifications to the Company of the acquisition or disposal of major shareholdings.

The Company will make an announcement if it has reason to believe that a leak may have occurred about any matter 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 corporate brokers and/or legal adviser(s).

Directors' responsibility statement

The Directors, whose names and details are listed on pages 50 to 51 are responsible for preparing the Annual Report and Group and Company 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 financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs") and have elected to prepare the Company financial statements in accordance with IFRSs and in accordance with the provisions of the Companies Act 2014.

The Companies Act 2014 provides in relation to Group and Company 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 Group and 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 ensure the financial statements contain the information required by the Companies Act 2014; 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 also required by the Transparency Directive (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland, and the Companies Act 2014 to prepare a Directors' report and reports relating to Directors' remuneration and corporate governance and the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are 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 IFRSs 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 Group and the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 51, confirms that, to the best of each person's knowledge and belief:

- the Annual Report and consolidated financial statements, prepared in accordance with IFRSs 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 2017 and of the result for the financial year then ended for the Group and Company;
- 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 2017, together with a description of the principal risks and uncertainties facing the Group; and
- the Annual Report and consolidated 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 7 June 2017 and is signed on their behalf by:

Kevin Nowlan
Chief Executive Officer

Thomas Edwards-Moss
Chief Financial Officer

Independent auditors' 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 state of the Group's and of the Company's affairs as at 31 March 2017 and of the Group's profit for the financial year then ended;**
- **the Group and Company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.**

The financial statements that we have audited comprise:
- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Company statement of financial position;
- the consolidated and Company cashflow statements;
- the consolidated and Company statements of changes in equity; and
- the related notes 1 to 35 and a to w.

The relevant financial reporting framework that has been applied in the preparation of the Group and Company financial statements is Irish law and IFRSs as adopted by the European Union, and in the case of the Company financial statements IFRSs as applied in accordance with the Companies Act 2014.

Summary of our audit approach

Key risks	The key risks that we identified in the current year were: – Valuation of investment property; and – Performance fees (Share based payments).
Materiality	The materiality that we used in the current year was €8.25 million which was determined on the basis of 0.8% of Group net assets.
Significant changes in our approach	There have been no significant changes in our approach from our prior year audit.

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

As required by listing rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2. (d) to the financial statements.

We have nothing material to add or draw attention to in relation to:
- the Directors' confirmation on page 53 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 34 to 41 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 the financial statements 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 Director's explanation on page 53 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.

Valuation of investment properties

Risk description	The valuation of the Group's investment properties requires significant judgement to be made by the Directors taking into consideration advice from the external valuer and Management. Any inaccurate inputs or calculations used in the estimation of fair value could result in a material misstatement of the financial statements. Please refer to page 64 (Audit Committee Report), page 88 (note 2 – Critical accounting judgements and estimates), page 93 (Accounting policy – Valuation of investment property), and pages 106 to 110 (note 19 – Investment properties).
How the scope of our audit responded to the risk	We evaluated the design and implementation of the controls the Board has implemented over the valuation of investment properties. 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 enquired with the external valuer to discuss and challenge 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. We assessed the competence, independence and integrity of the external valuer. We compared the value 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 performed audit procedures to assess the accuracy and completeness of information provided to the external valuers including agreement on a sample basis back to underlying lease agreements. In conjunction with our internal property specialists we met with management to discuss properties under development. On a sample basis we assessed project costs, progress of development and leasing status and considered the reasonableness of forecast costs to completion included in the valuations as well as identified contingencies, exposures and remaining risks.

Performance fees (Share based payments)

Risk description	The performance fee calculation is complex in nature and with the shareholders approved amendment to performance fee methodology during the financial year this increases the risk of error. A portion of the performance fees settlement is through the issue of shares in the Company and therefore must be recorded in accordance with the requirements of share based payments. Please refer to page 64 (Audit Committee Report) and page 92 (Accounting Policy – Share based payments).
How the scope of our audit responded to the risk	We evaluated the design and implementation of the controls the Board has implemented over the calculation and approval of the performance fee. We obtained the details of the performance fee calculation from the investment management agreement and tested the calculation prepared by management to confirm the basis of the calculation was consistent. We considered the inputs to the performance fee calculation and where appropriate we have compared the inputs to entity data or market data. We assessed the accounting treatment for performance fees to consider the accounting charge recorded has been accounted for in accordance with the requirements of IFRS.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee, which is discussed on page 64.

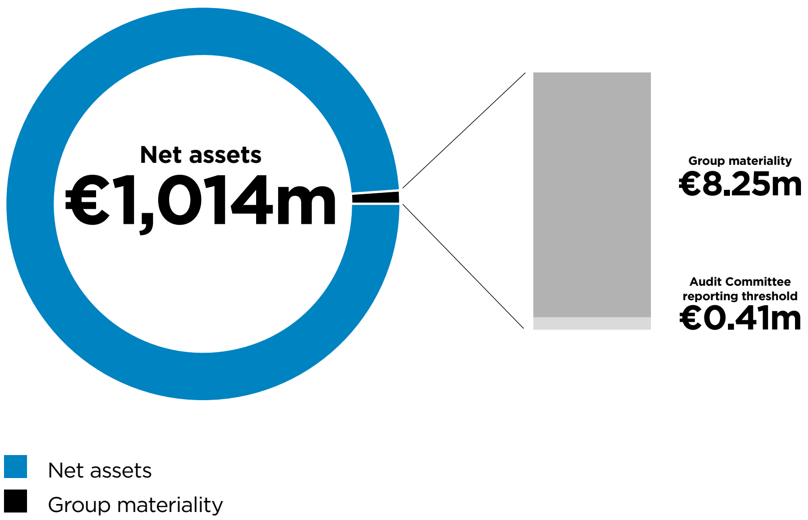
Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above,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

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	€8.25 million (2016: €8.25 million)
Basis for determining Group materiality	Group materiality is set at 0.8% of the Group net assets.
Rationale for the benchmark applied	We have determined that net assets is one of the principal benchmarks within the Financial Statements relevant to members of the Company in assessing financial performance.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €0.41 million 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 Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

In establishing the overall approach to our Group audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Opinion on other matters prescribed by the Companies Act 2014

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 Company balance sheet is in agreement with the accounting records.

In our opinion the information given in the Directors’ Report is consistent with the Financial Statements.

In addition we report, in relation to information given in the Corporate Governance Report on pages 56 to 74, that:

- Based on knowledge and understanding of the Company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- Based on the work undertaken in the course of our audit, in our opinion:
  - The description of the main features of the internal control and risk management systems in relation to the process for preparing the Group Financial Statements are consistent with the Financial Statements and have been prepared in accordance with the Companies Act 2014; and
  - The Corporate Governance Report contains the information required by the Companies Act 2014.

Matters on which we are required to report by exception
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.

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.

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

Respective responsibilities of Directors and auditor
As detailed in the Statement of Directors' Responsibilities, 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.

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, as a result of fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Groups and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies with our Audit of the Financial Statements, we consider the implications for our report.

Restriction on use
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 auditors' 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.

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

7 June 2017

Consolidated income statement

For the financial year ended 31 March 2017

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Total revenue	7	**46,372**	32,786
Rental income	8	**42,519**	32,786
Net property expenses	9	**(2,838)**	(2,497)
Net rental income		**39,681**	30,289
Revaluation of investment properties	19	**103,525**	125,056
Other gains and (losses)	10	**2,476**	(171)
Total income after revaluation gains and losses		**145,682**	155,174
Expenses			
Performance-related payments	5	**(8,215)**	(6,069)
Administration expenses	11	**(12,770)**	(8,696)
Total operating expenses		**(20,985)**	(14,765)
Operating profit		**124,697**	140,409
Finance income	14	**10**	153
Finance expense	14	**(5,671)**	(4,240)
Profit before tax		**119,036**	136,322
Income tax	15	**(450)**	475
Profit for the financial year		**118,586**	136,797
Basic earnings per share (cent)	17	**17.4**	20.2
Diluted earnings per share (cent)	17	**17.2**	20.1
EPRA earnings per share (cent)	17	**2.2**	1.5
Diluted EPRA earnings per share (cent)	17	**2.2**	1.5

The notes on pages 87 to 123 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the financial year ended 31 March 2017

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Profit for the financial year		**118,586**	136,797
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property	18	**186**	323
Items that may be reclassified subsequently to profit or loss:			
Net fair value loss on hedging instruments entered into for cashflow hedges		**(105)**	(112)
Total other comprehensive income		**81**	211
Total comprehensive income for the financial year attributable to owners of the Company		**118,667**	137,008

The notes on pages 87 to 123 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March 2017

	NOTES	31 MARCH 2017 €'000	31 MARCH 2016 €'000
Assets			
Non-current assets			
Property, plant and equipment	18	**4,801**	2,946
Investment property	19	**1,167,387**	927,656
Other financial assets	21	**267**	365
Trade and other receivables	22	**8,536**	11,666
Total non-current assets		**1,180,991**	942,633
Current assets			
Trade and other receivables	22	**10,108**	18,880
Cash and cash equivalents		**18,148**	23,187
		28,256	42,067
Non-current assets classified as held for sale	23	**385**	3,921
Total current assets		**28,641**	45,988
Total assets		**1,209,632**	988,621
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	24	**678,110**	672,398
Other reserves	25	**9,759**	6,136
Retained earnings	26	**325,983**	218,040
Total equity		**1,013,852**	896,574
Non-current liabilities			
Financial liabilities	27	**171,138**	72,724
Total non-current liabilities		**171,138**	72,724
Current liabilities			
Trade and other payables	28	**24,642**	19,323
Total current liabilities		**24,642**	19,323
Total equity and liabilities		**1,209,632**	988,621
IFRS NAV per share (cents)	29	**147.9**	131.6
EPRA NAV per share (cents)	29	**146.3**	130.8
Diluted IFRS NAV per share (cents)	29	**146.3**	130.7

The notes on pages 87 to 123 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 87 to 123 were approved and authorised for issue by the Board of Directors on 7 June 2017 and signed on its behalf by:

Kevin Nowlan
Chief Executive Officer

Thomas Edwards-Moss
Chief Financial Officer

Consolidated statement of changes in equity

		FINANCIAL YEAR ENDED 31 MARCH 2017				
	NOTES	SHARE CAPITAL €'000	SHARE PREMIUM €'000	RETAINED EARNINGS €'000	OTHER RESERVES €'000	TOTAL €'000
Balance at start of financial year		**68,125**	**604,273**	**218,040**	**6,136**	**896,574**
Total comprehensive income for the financial year						
Profit for the financial year		**–**	**–**	**118,586**	**–**	**118,586**
Total other comprehensive income		**–**	**–**	**–**	**81**	**81**
		68,125	**604,273**	**336,626**	**6,217**	**1,015,241**
Transactions with owners of the Company, recognised directly in equity						
Dividends	16	**–**	**–**	**(10,624)**	**–**	**(10,624)**
Share issue costs	26	**–**	**–**	**(19)**	**–**	**(19)**
Share-based payments	13	**420**	**5,292**	**–**	**3,542**	**9,254**
Balance at end of financial year		**68,545**	**609,565**	**325,983**	**9,759**	**1,013,852**

		FINANCIAL YEAR ENDED 31 MARCH 2016				
	NOTES	SHARE CAPITAL €'000	SHARE PREMIUM €'000	RETAINED EARNINGS €'000	OTHER RESERVES €'000	TOTAL €'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	16	–	–	(8,121)	–	(8,121)
Share issue costs	26	–	–	(11)	–	(11)
Share-based payments	13	1,093	13,318	–	153	14,564
Balance at end of financial year		68,125	604,273	218,040	6,136	896,574

The notes on pages 87 to 123 form an integral part of these consolidated financial statements.

Consolidated statement of cashflows

For the financial year ended 31 March 2017

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Cashflows from operating activities			
Profit for the financial year		**118,586**	136,797
Adjusted non-cash movements:			
Revaluation of investment properties		**(103,525)**	(125,056)
Other gains and losses		**380**	(2,312)
Share based payments	25c	**8,874**	5,925
Deferred remuneration paid	11	**4,444**	4,191
Depreciation	11	**207**	65
Property income paid/(payable) in advance		**5,118**	(1,807)
Finance expense	14	**5,661**	4,087
Income tax charge/(credit)		**450**	(475)
Operating cashflow before movements in working capital		**40,195**	21,415
Decrease/(Increase) in trade and other receivables		**2,106**	(3,005)
(Decrease)/Increase in trade and other payables		**(1,805)**	8
Net cashflow from operating activities		**40,496**	18,418
Cashflows from investing activities			
Purchase of fixed assets	18	**(225)**	(46)
Cash paid for/expended on investment property	30	**(137,200)**	(208,159)
Sale of investment property		**-**	4,951
Proceeds from the sale of non-current assets classified as held for sale		**9,534**	12,226
Net proceeds from loans		**-**	3,476
Business acquisition (net of acquired cash)		**-**	237
Prepaid remuneration		**-**	(7,104)
Income tax paid		**(367)**	(384)
Finance income and expense		**(4,511)**	(2,813)
Net cashflow absorbed by investing activities		**(132,769)**	(197,616)
Cashflow from financing activities			
Dividends paid	16	**(10,624)**	(8,121)
Borrowings drawn	27	**97,877**	75,529
Arrangement fee paid	27	**-**	(3,718)
Derivatives premium		**-**	(342)
Share issue costs	26	**(19)**	(11)
Net cash inflow from financing activities		**87,234**	63,337
Net (decrease) in cash and cash equivalents		**(5,039)**	(115,861)
Cash and cash equivalents start of financial year		**23,187**	139,048
(Decrease) in cash and cash equivalents		**(5,039)**	(115,861)
Net cash and cash equivalents at end of financial year		**18,148**	23,187

The notes on pages 87 to 123 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 subsidiaries and associated undertakings as detailed in note 33 (the "Group"), is engaged in property investment and development (primarily office) in the 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 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 and basis of preparation
The consolidated financial statements of Hibernia REIT plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and the Companies Act 2014. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. 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.

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 consolidation
The financial statements incorporate the consolidated financial statements of the Company and entities controlled by the Company (its subsidiaries). 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 cashflows 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. Acquisition-related costs are expensed as incurred.

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 2017 of €18m (31 March 2016: €23m), is generating positive operating cashflows and, as discussed in note 31, has in place debt facilities with an average period to maturity of 3.4 years and an undrawn balance of €289m at 31 March 2017 (31 March 2016: €325m). 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.

2. Basis of preparation continued

e. 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 and key estimates used in preparing these financial statements:

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 basis of investment properties

All investment properties are valued in accordance with their current use, which is also the highest and best use, except for:

- Harcourt Square where, in accordance with IFRS 13:27, the valuation takes into account its potential as a refurbished and extended asset which reflects the asset in its highest and best use. It is the Directors' intention to pursue the redevelopment of this property when the existing lease has expired.
- Hanover Building, which was occupied by BNY Mellon until 31 March 2017, has been valued on the basis of a refurbishment.
- Cannon Place apartment building which has been valued on a break up basis which is the highest and best us for this building.
- Block 3 Wyckham Point: this property is held for long-term property rental and was developed on this basis. The units comprising this property were completed on a phased basis by the Group during 2015. VAT was payable both on the acquisition and on the construction costs which were treated as irrecoverable and recognised as part of the capital costs of the project. If this property is sold within five years of completion, i.e. before mid-2020, the Group would be obliged to charge VAT on the sale but would be entitled to a recovery of the VAT incurred on the construction and acquisition costs on an apportioned basis according to the VAT life of the building. As this property is not intended to be sold within the five-year period, in the opinion of the Directors, no amendment to the valuer's valuation of this asset was deemed necessary.

Provisions for taxes

Where properties have been significantly developed or redeveloped by the Group, if the asset was to be sold within three years of completion, the Group would be liable to corporation tax on any profits arising on the disposal under S.705G Taxes Consolidation Act 1997. No provision is currently being made for potential deferred tax on revaluations on these properties that have been significantly developed, since in the judgement of the Directors, these assets are held for longer-term rental income and capital appreciation and therefore they will not be sold within the three-year period.

f. Key estimates

Valuation of investment properties

The Group's investment properties are held at fair value and were valued at 31 March 2017 by the external valuer, CBRE Unlimited, a firm employing qualified valuers in accordance with the Royal Institution of Chartered Surveyors Valuation — Standards (January 2014 (revised April 2015)), (the "Red Book"). Further information on the valuations and the sensitivities is given in note 19.

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 refer to market evidence and recent transaction prices for similar properties.

The Directors must be satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts. The fair value of the Group's properties is based on the valuation provided by CBRE. This valuation is based on future cashflows from rental income both for the current lease period and future estimated rental values.

In accordance with the Group's policy on lease incentives, the valuation provided by CBRE is adjusted by the fair value of the rental income accruals ensuing from the recognition of these incentives. The total reduction in the external valuer's investment property valuation in respect of these adjustments was €4.1m (31 March 2016: €2.6m).

There were no other significant judgements or key estimates that might have a material impact on the consolidated financial statements at 31 March 2017.

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

Standards and amendments to standards that became applicable during the financial year

Standards

IFRS 14 *Regulatory Deferral Accounts*

Amendments to standards

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
Equity Method in Separate Financial Statements (Amendments to IAS 27)
Annual Improvements 2012–2014 Cycle
Disclosure Initiative (Amendments to IAS 1)
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
Disclosure Initiative (Amendments to IAS 7)
Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

There were no impacts on the financial statements from the adoption of these new accounting standards during the financial year.

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

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, none of which is expected to have a material impact on the Group financial statements.

- IFRS 2 *Share-based Payment* amendments to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. Is effective for annual periods beginning on or after 1 January 2018 (subject to EU endorsement).
- IAS 7 *Statement of Cashflows* amendments to clarify disclosures and is effective for annual periods beginning on or after 1 January 2017 (subject to EU 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).
- IAS 12 *Income taxes*, amendments to deferred tax recognition. Effective for periods beginning on or after 1 January 2017 (subject to EU endorsement).
- 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).
- 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 40 Investment property. Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a)–(d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. Is effective for annual periods beginning on or after 1 January 2018 (subject to EU endorsement).
- Annual Improvements to IFRS: *2012–2015 cycle* (effective for accounting periods beginning on or after 1 July 2016).
- Annual Improvements to IFRS: *2014–2016* cycle (effective for accounting periods beginning on or after 1 January 2018 apart from the amendment to IFRS 12 *Disclosure of interests in other entities* which is effective from 1 January 2017).

Impacts expected from relevant new or amended standards

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Measurement and Recognition* and is effective for annual periods beginning on or after 1 January 2018. While minor amendments may arise due to changes in hedge accounting, implementation is not expected to have a material impact on the Group's financial statements.

IFRS 15 *Revenue from Contracts with Customers* is valid for periods starting on or after 1 January 2018 and specifies how and when an entity recognises revenue from a contract with a customer. This will be effective for the financial year ended 31 March 2019. The Group has reviewed its revenue streams to consider the impact of IFRS 15 on the financial statements. 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*. Rental and other income is recognised over the period of the contract in accordance with the principles in IFRS 17. IFRS 15 will apply to service charge income, performance fees and miscellaneous minor contracts but it is expected that there will be no material impact from the adoption of this standard.

IFRS 16 *Leases* is applicable for annual periods beginning on or after 1 January 2019 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 as lessor accounting arrangements remain largely unchanged from IAS 17.

The remainder 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 comprises rental income and surrender premia, service charge income and fees from other activities associated with the Group's property business.

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 or similar arrangements. Rental income is recognised in the Consolidated income statement on an accrual basis as revenue on a straight-line basis over the agreement term. Rent received in advance is deferred in the Consolidated statement of financial position and recognised in the period to which it relates to. All incentives given to tenants under lease arrangements are recognised as an integral part of the net consideration agreed for the use of the leased asset and 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.

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.

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

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

Leases

The Directors have considered the potential transfer of risks and rewards of ownership in accordance with *IAS 17 Leases* for all the Group's rental agreements and judged these arrangements all to be operating leases.

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. Finance income and expense

Finance expenses directly attributable to the 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 finance expenses and income are recognised in the profit and loss account as they occur 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.

d. Administration expenses

Administration expenses are recognised when incurred in the Consolidated income statement.

e. 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 13. 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. Share-based payments for which the shares have not been issued are remeasured to fair value 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.

f. 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 including building management services). 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.

g. 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 the entities involved in the arrangement control it collectively. 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.

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.

h. 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. After 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(f).

The valuations of investment properties and investment properties under development are prepared in accordance with the RICS Valuation – Professional Standards global January 2014 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book").

When the Group begins to redevelop an existing investment property, or property acquired as an investment property, for future use as an investment property the property remains an investment property and is accounted for as such. Expenditure on investment properties is capitalised only when it increases the future economic benefits associated with the property. All other expenditure is charged to the Consolidated 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. Borrowing costs are capitalised in accordance with the policy described in note 4(d).

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

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

i. 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 recognised as owner occupied property within property, plant and equipment at its 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.

4. Significant accounting policies continued

i. Property, plant and equipment continued

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 property's 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 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

j. 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.

Financial assets and liabilities

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 (including loans to subsidiaries) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recorded at fair value plus transaction costs. They are subsequently accounted for at amortised cost using the effective interest method.

Derivatives: the Group utilises derivative financial instruments to hedge interest rate exposures. Derivatives designated as hedges against interest risks are accounted for as cashflow 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 cashflow 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.

Financial liabilities: the Group has borrowing facilities in place both as general facilities and secured on specific projects. The Company has short-term loan and debenture transactions with subsidiaries. These are measured initially at fair value, after considering 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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 NAV 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 goodwill.

5. Remuneration to the Investment Manager
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") from the companies' shareholders (the "Vendors"). This transaction was carried out to internalise the investment management function.

As part of the arrangements in this transaction, amounts were paid or agreed to be paid for future services. These arrangements continue until November 2018, the date on which the Investment Management Agreement ("IMA") was due to expire.

5. Remuneration to the Investment Manager continued

These arrangements fall into three categories:

a. Remuneration for future services

A payment of €14.2m, the "Initial Payment", was made in November 2015. The fair value of this payment was €15.1m due to the movement in the share price for the share-based portion.

This payment was made subject to clawback arrangements for those Vendors who remain tied to the Company by employment or service contracts. The clawback arrangements over one-third of this payment is removed on each anniversary of the acquisition date until November 2018. €4.4m was recognised as "Prepaid remuneration expenses" (note 11) in the Consolidated income statement in the financial year ended 31 March 2017 (31 March 2016: €1.8m) and €7.1m (31 March 2016: €11.6m) is included in trade and other receivables as prepaid remuneration (note 22).

b. Performance-related payments

Performance-related payments comprise absolute and relative performance fees as described under the IMA. During the year, the shareholders agreed to correct the method of calculation for the relative fee. These amounts are paid 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 2017 is €5.9m (31 March 2016: €6.1m). Under arrangements made at the time of the internalisation, 85% of this is due to the Vendors, representing €5.0m (31 March 2016: €5.1m) (the remainder being used to incentivise non-Vendor staff). In addition, an amount of €2.3m (31 March 2016: €nil), relating to a promote fee and development management fee, due to the Vendors arising out of payments made by Starwood on the termination of the Windmill joint arrangement is included bringing the total due to Vendors in relation to performance-related payments for the period to €7.3m (31 March 2016: €5.1m). Including the amounts reserved for non-Vendor staff, performance-related payments total €8.2m (31 March 2016: €6.1m).

c. "Top-up" internalisation expenses for financial year

"Top-up" internalisation expenses for financial year are €1.1m (31 March 2016: €0.3m) and relate to management fees that would have been due under the IMA due to increases in NAV in the period since internalisation. These payments are included in administration expenses for the period (note 11).

Summary of performance-related payments

	Financial year ended 31 March 2017 €'000	Financial year ended 31 March 2016 €'000
Performance fee	**5,907**	6,069
Windmill promote and development management fees	**2,308**	–
Total performance-related payments for the financial year	**8,215**	6,069
"Top-up" internalisation expenses (note 11)	**1,101**	311
Total	**9,316**	6,380
Of which are:		
Payable to Vendors	**8,430**	5,470
Payable to employees	**886**	910
Total	**9,316**	6,380
Of which share-based (note 13)	**8,873**	5,925

The total due to Vendors for the financial year is €8.4m (31 March 2016: €5.5m), all of which is payable in shares of the Company (note 13). The balance is reserved for employee incentives.

The payments above, while remuneration in nature due to the existence of clawback, vesting or service 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 approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 27 October 2015.

All amounts of fees payable in shares are further analysed in note 13 to the consolidated financial statements and are recorded at fair value as at the financial year end.

6. Operating segments

The Group is organised into six business segments, against which the Group reports its segmental information, being "Office Assets", "Office Development Assets", "Residential Assets", "Industrial Assets", "Other Assets" (non-core assets) and "Central Assets and Costs". Segment analysis is based on the type of investment property with other assets containing non-core assets. Central Assets and Costs includes the Group head office assets and expenses. All the Group's operations are in Dublin 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. No segments are aggregated.

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 service charge income and other gains and losses such as development management fees), property outgoings, revaluation of investment properties and other gains and losses. Total income after revaluation gains and losses includes rental income which is used as the basis to report key measures such as EPRA Net Initial Yield ("NIY") and EPRA "topped-up" NIY, which measure the cash passing rent returns on market value of investment properties before and after an adjustment for the expiration of rent-free period or other lease incentives respectively.

Group consolidated segment analysis
For the financial year ended 31 March 2017

	OFFICE ASSETS €'000	OFFICE DEVELOPMENT ASSETS €'000	RESIDENTIAL ASSETS €'000	INDUSTRIAL ASSETS €'000	OTHER ASSETS €'000	CENTRAL ASSETS AND COSTS €'000	GROUP CONSOLIDATED POSITION €'000
Revenue	36,403	2,930	6,434	562	43	–	46,372
Rental income	35,490	33	6,434	562	–	–	42,519
Property outgoings	(1,243)	(100)	(1,194)	(83)	(218)	–	(2,838)
Total property income	34,247	(67)	5,240	479	(218)	–	39,681
Revaluation of investment properties	37,925	61,941	2,902	757	–	–	103,525
Other gains and losses	–	2,805	–	–	43	(372)	2,476
Total income	72,172	64,679	8,142	1,236	(175)	(372)	145,682
Performance-related payments	–	(2,308)	–	–	–	(5,907)	(8,215)
Depreciation	–	–	–	–	–	(207)	(207)
Administration expenses	–	–	–	–	–	(12,563)	(12,563)
Total operating expenses	–	(2,308)	–	–	–	(18,677)	(20,985)
Operating profit/(loss)	72,172	62,371	8,142	1,236	(175)	(19,049)	124,697
Net finance cost	(2,145)	(167)	–	–	–	(3,349)	(5,661)
Profit before tax	70,027	62,204	8,142	1,236	(175)	(22,398)	119,036
Income tax	–	(342)	–	–	(28)	(80)	(450)
Profit for the financial year	70,027	61,862	8,142	1,236	(203)	(22,478)	118,586
Total segment assets	879,532	168,215	117,332	13,168	790	30,595	1,209,632
Investment properties	869,748	168,042	116,429	13,168	–	–	1,167,387

6. Operating segments continued

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

	OFFICE ASSETS €'000	OFFICE DEVELOPMENT ASSETS €'000	RESIDENTIAL ASSETS €'000	INDUSTRIAL ASSETS €'000	OTHER ASSETS €'000	CENTRAL ASSETS AND COSTS €'000	GROUP CONSOLIDATED POSITION €'000
Revenue	27,176	81	4,835	524	170	–	32,786
Rental income	27,176	81	4,835	524	170	–	32,786
Interest income	–	–	–	–	–	–	–
Revenue	27,176	81	4,835	524	170	–	32,786
Property outgoings	(716)	(666)	(1,029)	(86)	–	–	(2,497)
Total property income	26,460	(585)	3,806	438	170	–	30,289
Revaluation of investment properties	59,589	56,331	7,168	1,968	–	–	125,056
Other gains and losses	(260)	343	–	–	2,136	(2,390)	(171)
Total income	85,789	56,089	10,974	2,406	2,306	(2,390)	155,174
Performance-related payments	–	–	–	–	–	(6,069)	(6,069)
Depreciation	–	–	–	–	–	(65)	(65)
Administration expenses	–	–	–	–	–	(8,631)	(8,631)
Total operating expenses	–	–	–	–	–	(14,765)	(14,765)
Operating profit/(loss)	85,789	56,089	10,974	2,406	2,306	(17,155)	140,409
Net finance cost	(1,152)	–	–	–	–	(2,935)	(4,087)
Profit before tax	84,637	56,089	10,974	2,406	2,306	(20,090)	136,322
Income tax	–	(38)	–	–	513	–	475
Profit for the financial year	84,637	56,051	10,974	2,406	2,819	(20,090)	136,797
Total segment assets	655,752	155,930	115,180	12,400	10,565	38,794	988,621
Investment properties	645,671	155,014	114,571	12,400	–	–	927,656

7. Total revenue

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Gross rental income	**41,215**	26,520
Rental incentives	**1,304**	1,366
Service charge income	**1,048**	–
Windmill promote fee	**2,511**	–
Surrender premia	**–**	4,900
Other income	**294**	–
Total revenue	**46,372**	32,786

Rental income arises from the Group's investment properties.

The Windmill promote fee relates to fees received from Starwood, earned through the achievement of certain performance targets, when the Company purchased Starwood's interest in the joint arrangement. These are payable, net of taxes and other costs due, in shares to the Vendors (notes 5 and 13) and are included in performance-related payments in the Consolidated income statement. Other income consists of development management fees, some of which is payable (net of taxes) to the Vendors.

Subsequent to the surrender of the head lease in Two Dockland Central, €1.2m has been recognised in rental income in the financial year ended 31 March 2017 relating to top-up payments for sub-leases (31 March 2016: €0.7m).

8. Rental income

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Gross rental income	**41,215**	26,520
Rental incentives	**1,304**	1,366
Surrender premia	**-**	4,900
Rental income	**42,519**	32,786

9. Net property expenses

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Service charge income	**(1,048)**	–
Service charge expense	**1,205**	–
Other property expenses	**2,681**	2,497
	2,838	2,497

During the financial year, the Group established a building management department: previously this service was provided by third party providers. Service charge income relates to contributions from tenants of managed buildings for the property expenses of the occupied buildings. Service charge expense includes building management staff costs and all other costs of managing the buildings. Building management fees are accounted for through the service charge income line along with the amounts invoiced to tenants. Other property expenses consist mainly of residential property costs and vacancy and other costs of commercial properties.

10. Other gains and losses

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Gain on sale of investment property	**-**	176
Gains on sales of non-current assets classified as held for sale	**43**	2,136
Windmill promote fee	**2,511**	–
Other gains and losses	**(78)**	(2,483)
Other gains and losses	**2,476**	(171)

11. Administration expenses

Operating profit for the financial year has been stated after charging:

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Non-executive Directors' fees	**300**	300
Professional valuers' fees	**418**	388
Prepaid remuneration expense	**4,444**	1,802
Pre-internalisation Investment Manager costs	**-**	1,240
Depository fees	**296**	310
Depreciation	**207**	65
"Top-up" internalisation expenses for financial year	**1,101**	304
Staff costs (note 12)	**2,760**	983
Other administration expenses	**3,244**	3,304
	12,770	8,696

11. Administration expenses continued

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. Further information on Directors emoluments can be found in the Directors' remuneration report on pages 69 to 70 of the Annual Report.

Prepaid remuneration expense relates to the recognition of payments to Vendors of the Investment Manager 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. "Top-up" internalisation expenses for the financial year are fees due to Vendors reflecting management fees that would have been due under the IMA on increases in NAV since 31 March 2016.

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 0.019% 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 constitute a small amount of its total revenue.

Auditors' remuneration (excluding VAT)

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Audit of the Group and Parent Company financial statements	**105**	85
Audit of subsidiaries' financial statements	**30**	24
Review of half year report	**16**	15
Other assurance services	**7**	7
Tax advisory services	**-**	156
Other non-audit services	**-**	8
Total	**158**	295

12. Employment

The average monthly number of persons (including executive Directors) directly employed during the financial year was 18 (31 March 2016 (from the date of internalisation): 11).

	FINANCIAL YEAR ENDED 31 MARCH 2017 NUMBER	FINANCIAL YEAR ENDED 31 MARCH 2016 NUMBER
At financial year end:		
Building management services		
Head Office staff	**4**	-
On-site staff	**3**	-
	7	-
Administration	**16**	13
Total employees	**23**	13

The staff costs for the above employees were:

	€'000	€'000
Wage and salaries	**2,974**	1,215
Social insurance costs	**251**	122
Employee share-based payment expense (note 13)	**443**	455
Pension costs-defined contribution plan	**195**	101
Total	**3,863**	1,893

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

Staff costs are allocated to the following expense headings:

	€'000	€'000
Administration expenses	**2,760**	983
Net property expenses	**217**	–
Performance-related payments	**886**	910
Total	**3,863**	1,893

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

The increase in salaries reflects a full year charge in 2017: the internalisation took place in November 2015 and therefore the Group had direct employees only from that date in the prior year.

13. Share-based payments

a. Performance-related payments

As part of the arrangements for the internalisation of the Investment Manager in 2015, it was agreed that any future performance fees and other payments due under the terms of the Investment Management Agreement ("IMA"), would be made in shares of the Company until the expiry of the agreement in November 2018. The calculation of these amounts is determined using the EPRA Net Asset Value of the Group at the financial year end and the investment property returns as determined by IPD and using calculation protocols as were set out in the Investment Management Agreement or as subsequently modified by shareholder agreement at an Extraordinary General Meeting ("EGM") on 26 October 2016.

These amounts are referenced to a share price of the average closing price of Hibernia shares on the Irish Stock Exchange for the 20 business days preceding the grant date in order to calculate the amount of shares that should be issued for any such award.

Once the NAV, including valuation of the investment properties, is determined, the amount of the award is fixed and the Directors have determined that the grant date for the share-based payment is the date on which the calculation is fixed, i.e. 31 March each year. The Directors have calculated the amount of fees that are payable under this arrangement for the financial year ended 31 March 2017 in preparing these consolidated financial statements and these are shown in the table below split between performance-related payments, "top-up" internalisation expenses and employee share reserves. In addition, amounts fell due in December 2016 in relation to the achievement of return targets on the unwinding of the Windmill Lane joint arrangement which are also provided.

Shares issued relating to performance-related payments to Vendors who remain obliged to perform future services for the Group are subject to lock-up provisions meaning they are restricted from being sold upon receipt, with one-third of the shares being "unlocked" on each anniversary of issue date. All shares are beneficially owned by the recipients and all voting rights and rights to dividends accrue to them. The Directors considered the likelihood of the clawback provision being triggered on these shares, the difficulty in measuring this provision, and the likelihood that any discount to be applied would be material. They concluded that it was inappropriate to modify the fair value of the shares issued to reflect these restrictions and the shares issued would be valued without any discount to reflect these restrictions.

13. Share-based payments continued

b. Employee long-term incentive plan

Awards may be granted to employees of the Group under a remuneration plan which includes both cash elements and share-based long-term incentive payments (the "Performance-Related Remuneration Scheme" or "PRR"). Until the expiry of the performance-related payments referenced in part a. above in November 2018, the PRR will be funded principally by deductions of up to 15% from any performance fees included in this payment. Shares awarded under the PRR, 50% of the total award or up to 7.5% of the performance-related payments at a. above, are in the form of a contingent grant of Company shares which will issue at the time of vesting, which occurs on the third anniversary of the start of the year to which they relate. The number of shares is calculated based on the average closing price for the 20 business days preceding the end of the period to which the award relates. These shares are recorded at fair value on the contingent grant date, i.e. the 31 March of the year to which they are earned. The charge recognised in the consolidated income statement for the period ended 31 March 2017 is €0.4m (31 March 2016: €0.5m).

Shares are forfeited should the person leave the Group prior to the vesting date unless subject to "good leaver" provisions. Any shares forfeited are transferable to the Vendors on the basis that these shares have been deducted from performance fees that would otherwise have been due to the Vendors. Therefore, there is no impact on fair value measurement in respect of these shares.

Share-based payments made and provided during the financial year:

Financial year ended 31 March 2017

Shares issued during the period:

4,200,590 ordinary shares of €0.10 were issued during the period in settlement of performance-related fees due at 31 March 2016. The number of shares is determined by reference to the contract price. The fair value at the grant date was €5.5m. These shares were issued on 16 August 2016 on which day the prior closing price was €1.36.

	CONTRACT PRICE* €'000	NO. OF SHARES	PRICE ON ISSUE DATE €'000
	1.290		1.36
Settlement of performance fee due for 2016 financial year	5,418	4,200,590	5,712

* Contract price is average of 20 business days prior to grant date (under IMA).

SUMMARY OF SHARE BASED PAYMENTS OUTSTANDING AS AT 31 MARCH 2017

	SHARE PRICE PER CONTRACT[1]	GRANT DATE	PAYMENT €'000	SHARE PRICE AT GRANT DATE	SHARE PRICE AT FINANCIAL YEAR END	ESTIMATED NO. OF SHARES TO BE ISSUED '000	FAIR VALUE AT FINANCIAL YEAR END €'000
Balance of 2016 performance-related payments – Employee portion	**1.290**	**31 March 2016**	**456**	**1.302**	**1.245**	**350**	**436**
Windmill promote fee	**1.186**	**12 December 2016**	**2,308**	**1.201**	**1.245**	**1,946**	**2,423**
"Top-up" internalisation expenses for financial year	**1.237**	**31 March 2017**	**1,101**	**1.245**	**1.245**	**890**	**1,108**
Performance-related payments provided in period (note 13.a)	**1.237**	**31 March 2017**	**5,464**	**1.245**	**1.245**	**4,417**	**5,500**
Balance at end of financial year			**9,329**			**7,603**	**9,467**

1. The number of shares to be issued is calculated based on the average closing price for the 20 business days prior to the grant date.

Financial year ended 31 March 2016

Shares issued during the period:

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 20 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

	CONTRACT PRICE €'000	NO. OF SHARES	PRICE AT ISSUE DATE €'000 ("FV")
	1.176		1.318
Total shares issued	12,859	10,933,826	14,411

	SHARE-BASED PAYMENTS OUTSTANDING AS AT 31 MARCH 2016					
	GRANT DATE	PAYMENT €'000	SHARE PRICE AT GRANT DATE	SHARE PRICE AT FINANCIAL YEAR END	ESTIMATED NO. OF SHARES TO BE ISSUED '000	FAIR VALUE AT FINANCIAL YEAR END €'000
Due under performance-related payments – Vendors	31 March 2016	5,469	1.302	1.302	4,200	5,469
Due under performance-related payments – employees	31 March 2016	456	1.302	1.302	350	456
Balance at period end		5,925			4,550	5,925

14. Finance income and expense

The effective interest expense on borrowings arises as a result of the recognition of interest expense, commitment fees and arrangement fees.

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Interest income on cash and cash equivalents	**10**	153
Effective interest expense on borrowings	**(5,671)**	(2,822)
Finance expense on payable due for investment property	**-**	(1,418)
	(5,661)	(4,087)

Interest costs capitalised in the financial year were €0.9m (31 March 2016: €0.1m) in relation to the Group's development and refurbishment projects. The capitalisation rate used is the effective interest rate on the cost of borrowing applied to the portion of investment that is financed.

15. Income tax expense

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Income tax on residual income	**342**	30
Tax on the disposal of non-core assets	**28**	186
Under/(Over) provision in respect of prior periods	**80**	(691)
Income tax expense/(credit) for financial year	**450**	(475)

The net income tax charge on residual income in the financial year arises mainly from the receipt of promote and development management fees on the Windmill Lane project. The tax credit during the prior financial year arose mainly in respect of over provisions in prior periods.

15. Income tax expense continued

Reconciliation of income tax expense for the financial year

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Profit/(Loss) before tax	**119,036**	136,322
Tax charge on profit at standard rate of 12.5%	**14,880**	17,040
Non-taxable revaluation surplus	**(13,016)**	(15,632)
REIT tax-exempt rental profit	**(1,511)**	(1,408)
Other (additional tax rate on non-core)	**17**	216
Under/(Over) provision in respect of prior periods	**80**	(691)
Income tax expense/(credit) for financial year	**450**	(475)

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.

16. Dividends

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Interim dividend for the financial year ended 31 March 2017 of 0.75 cent per share (31 March 2016: 0.7 cent per share)	**5,141**	4,769
Proposed final dividend for the financial year ended 31 March 2017 of 1.45 cent per share (31 March 2016: 0.8 cent per share)	**10,050**	5,486

The Board has proposed a final dividend of 1.45 cent per share (31 March 2016: 0.8 cent) 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 is expected to be paid to shareholders on 31 July 2017. All of this proposed final dividend of 1.45 cent per share will be a Property Income Distribution ("PID") in respect of the Group's tax exempt property rental business (31 March 2016: 0.8 cent). The total dividend, interim paid and final proposed for the financial year ended 31 March 2017 is 2.2 cent per share (31 March 2016: 1.5 cent per share) or €15.2m (31 March 2016: €10.3m).

17. Earnings per share

There are no convertible instruments, options, or warrants on ordinary shares in issue as at the financial year ended 31 March 2017. However, the Company has established a reserve of €9.5m (31 March 2016: €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 (notes 5 and 13). It is estimated that approximately 7.6m ordinary shares (31 March 2016: 4.6m shares) will be issued and the details of these amounts are set out in note 13. The dilutive effect of these shares is disclosed below.

The calculations are as follows:

WEIGHTED AVERAGE NUMBER OF SHARES	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Issued share capital at beginning of financial year	**681,251**	670,317
Shares issued during the financial year	**4,201**	10,934
Shares in issue at end of financial year	**685,452**	681,251
Weighted average number of shares	**683,351**	675,784
Estimated additional shares due for issue for long-term incentive plan/performance fee (note 13)	**7,603**	4,550
Diluted number of shares	**690,954**	680,334

BASIC AND DILUTED EARNINGS PER SHARE (IFRS)	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Profit for the financial year attributable to the owners of the Company	**118,586**	136,797
	€'000	**€'000**
Weighted average number of ordinary shares (basic)	**683,351**	675,784
Weighted average number of ordinary shares (diluted)	**690,954**	680,334
Basic earnings per share (cents)	**17.4**	20.2
Diluted earnings per share (cents)	**17.2**	20.1

EPRA EARNINGS PER SHARE AND DILUTED EPRA EARNINGS PER SHARE	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Profit for the financial year attributable to the owners of the Company	**118,586**	136,797
Exclude:		
Changes in fair value of investment properties	**(103,525)**	(125,056)
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	**(43)**	(2,136)
Income tax on profit or loss on disposals	**(30)**	(475)
Fair value movement of derivatives	**1**	17
Acquisition costs on share deals	**-**	1,053
EPRA earnings	**14,989**	10,024

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Weighted average number of ordinary shares (basic)	**683,351**	675,784
Weighted average number of ordinary shares (diluted)	**690,954**	680,334
EPRA earnings per share (cent)	**2.2**	1.5
Diluted EPRA earnings per share (cent)	**2.2**	1.5

18. Property, plant and equipment

At 31 March 2017

	LAND AND BUILDINGS €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Carrying value at start of financial year	2,703	32	211	2,946
Additions:				
Transferred from investment property at fair value	1,651	-	-	1,651
Acquisitions	-	51	174	225
Depreciation	(67)	(27)	(113)	(207)
Revaluations included in other comprehensive income	186	-	-	186
Carrying value at end of financial year	4,473	56	272	4,801

The Group now occupies 54% (31 March 2016: 32%) of the office space in its South Dock House property. This property was revalued as at 31 March 2017 and 31 March 2016 by the Group's valuers and in accordance with the valuation approach described under note 2(f).

At 31 March 2016

	LAND AND BUILDINGS €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Carrying value at start of financial year	–	–	–	–
Additions:				
Transferred from investment property at fair value	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

19. Investment properties

At 31 March 2017

FAIR VALUE CATEGORY	OFFICE ASSETS LEVEL 3 €'000	OFFICE DEVELOPMENT ASSETS LEVEL 3 €'000	RESIDENTIAL ASSETS LEVEL 3 €'000	INDUSTRIAL ASSETS LEVEL 3 €'000	TOTAL LEVEL 3 €'000
Carrying value at start of financial year	647,042	155,016	113,200	12,398	927,656
Additions:					
Property purchases	52,369	32,981	28	-	85,378
Development and refurbishment expenditure	7,413	44,754	299	13	52,479
Revaluations included in income statement	37,925	61,941	2,902	757	103,525
Disposals:					
Transferred to property, plant and equipment as owner occupied	(1,651)	-	-	-	(1,651)
Properties transferred between segments[1]	126,650	(126,650)	-	-	-
Carrying value at end of financial year	869,748	168,042	116,429	13,168	1,167,387

1. 1 Cumberland Place development which was completed in September 2016.

At 31 March 2016

FAIR VALUE CATEGORY	OFFICE ASSETS LEVEL 3 €'000	OFFICE DEVELOPMENT ASSETS LEVEL 3 €'000	RESIDENTIAL ASSETS LEVEL 3 €'000	INDUSTRIAL ASSETS LEVEL 3 €'000	TOTAL LEVEL 3 €'000
Carrying value at start of financial year	475,877	88,600	66,500	10,319	641,296
Additions:					
Property purchases	106,107	–	30,129	–	136,236
Development and refurbishment expenditure	7,488	19,960	9,784	111	37,343
Revaluations included in income statement	59,970	56,331	6,787	1,968	125,056
Disposals:					
Transferred to property, plant and equipment as owner occupied	(2,400)	–	–	–	(2,400)
Property sale	–	(9,875)	–	–	(9,875)
Carrying value at end of financial year	647,042	155,016	113,200	12,398	927,656

The valuations used to determine fair value for the investment properties in the consolidated financial statements are determined by CBRE, the Group's independent valuer, 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(f) of this report, 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 7. Valuations are completed on the Group's investment property on at least a half-yearly basis and, in accordance with the RICS Valuation – Professional Standards global January 2014 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book"). This takes account of the properties' highest and best use. Where the highest and best use is not the current use, the valuation will account for the costs and likelihood of achieving this use in arriving at a valuation estimate for that property. In the period to 31 March 2017, for most properties the highest and best use is the current use except as discussed in note 2(f). In these instances the Group may need to achieve vacant possession before re-development or refurbishment may take place and the valuation of the property takes account of any remaining occupancy period on existing leases. The table below summaries the approach for each investment property segment and highlights properties where the approach has been varied.

The method that is applied for fair value measurements categorised within Level 3 of the fair value hierarchy is the yield methodology using market rental values capitalised with a market capitalisation rate or yield or other applicable valuation technique. Using this approach for the Group's investment properties, values of investment properties are arrived at by discounting forecasted net cashflows at market derived capitalisation rates. This approach includes future estimated costs associated with refurbishment or development, together with the impact of rental incentives allowed to tenants. Therefore, for example, development properties are assessed using a residual method in which the completed development property is valued using income and yield assumptions and deductions are made for the estimated costs to completion, including finance costs and developers' profit, to arrive at the current valuation estimate. In effect this values the development as a proportion of the completed property.

19. Investment properties continued

The following table illustrates the methods applied to each segment:

DESCRIPTION OF INVESTMENT PROPERTY ASSET CLASS	FAIR VALUE OF THE INVESTMENT PROPERTY €'M AT THE FINANCIAL YEAR END	NARRATIVE DESCRIPTION OF THE TECHNIQUES USED	WHETHER OR NOT THERE WAS A CHANGE IN THE TECHNIQUE DURING THE FINANCIAL YEAR
Office assets	870	Yield methodology using market rental values capitalised with a market capitalisation rate. Surplus lands at Harcourt Square were assessed using the residual method (see below method) and the present value of this was added to the investment value of the existing blocks.	No change in valuation technique. 1 Cumberland Place, which was an office development asset at the previous financial year end is now part of this segment and valued on this basis as the development is completed. Harcourt Square was valued on a residual basis at 31 March 2016.
Office development assets	168	Residual method i.e. "Gross Development Value" less "Total Development Cost" less "Profit" equals "Fair Value": – Gross Development Value ("GDV"): the fair value of the completed proposed development (arrived at by capitalising the ERV with an appropriate yield). – Total Development Cost ("TDC"): these include, but are not limited to, construction costs, land acquisition costs, professional fees, levies, marketing costs and finance costs. – Profit or "Profit on Cost": this is measured as a percentage of the total development costs (including the site value). For developments close to completion the yield methodology is applied.	No change in valuation technique. The office element at 1 Windmill Lane, which is nearing completion has been valued using yield methodology using market rental values capitalised with a market capitalisation rate, from which remaining capital expenditure has been deducted.
Residential assets	116	Yield methodology using market rental values capitalised with a market capitalisation rate. In the case of Cannon Place, where the highest and best use is different from the current use, the asset is now valued on an individual apartment basis which is the highest and best use for this building.	No change in valuation technique apart from Canon Place which was previously valued under yield methodology.
Industrial assets	13	Yield methodology using market rental values capitalised with a market capitalisation rate.	No change in valuation technique.

In valuing the Group's investment properties, the Directors have applied a reduction of €4.1m (31 March 2016: €2.6m) to the Valuers' valuations to factor in the impact of the accounting policy on the recognition of rental incentives allowed to tenants. This deduction is a measure of the impact on the property valuation of the difference between cash and accounting approaches to the recognition of rental income.

There were no transfers between fair value levels during the period. Approximately €0.9m of financing costs were capitalised in relation to the Group's developments and refurbishments (31 March 2016: €0.1m).

Reconciliation of the independent valuer's valuation report amount to the carrying value of investment property in the Consolidated statement of financial position:

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Valuation per Valuer's certificate	**1,175,926**	953,830
50% Windmill joint arrangement	**-**	(20,875)
Owner occupied (note 18)	**(4,473)**	(2,703)
Rental incentives adjustment[1]	**(4,066)**	(2,596)
Investment property balance at financial year end	**1,167,387**	927,656

1. Rental incentives adjustment: this relates to the difference in valuation that arises as a result of property valuations using a cashflow based approach while incentives given to tenants under lease arrangements are recognised as an integral part of the net consideration agreed for the use of the leased asset and the aggregate cost of such incentives is recognised as a reduction of rental income on a straight-line basis over the lease term.

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. These development costs are generally determined by tender at the outset of the project and are neither unobservable nor subject to material change.

As outlined above, the main inputs in using a market based capitalisation approach are the ERV and equivalent yields. ERVs, apart from in multi-family residential properties as discussed below, are not generally directly observable and therefore classified as Level 3. Yields depend on the valuers assessment of market capitalisation rates and are therefore Level 3 inputs.

The table below summarises the key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2017. There are interrelationships between these inputs as they are both determined by market conditions and the valuation result in any one period depends on the balance between them. The Group's residential properties are multi-family units and therefore ERVs are based on current market rents observed for units rented within the property. ERV is included in the below table for completeness.

Key unobservable inputs used in the valuation of the Group's investment properties
31 March 2017

		ESTIMATED RENTAL VALUE € PER SQ.FT.		EQUIVALENT YIELD %	
	MARKET VALUE €'000	LOW	HIGH	LOW	HIGH
Office	**869,748**	**€26.00psf**	**€55.00psf**	**4.89%**	**6.57%**
Office development	**168,042**	**€50.00psf**	**€55.00psf**	**4.90%**	**5.60%**
Residential*	**116,429**	**€19,800pa**	**€22,800pa**	**4.60%**	**4.60%**
Industrial	**13,168**	**€2.26psf**	**€5.75psf**	**6.50%**	**6.50%**

* Average ERV based on a two bedroom apartment.

19. Investment Properties continued

31 March 2016

	MARKET VALUE €'000	ESTIMATED RENTAL VALUE € PER SQ.FT. LOW	HIGH	EQUIVALENT YIELD % LOW	HIGH
Office	647,042	€23.55psf	€55.00psf	4.87%	6.24%
Office development	155,016	€47.00psf	€55.00psf	5.25%	5.50%
Residential*	113,200	€18,000pa	€26,400pa	4.40%	4.60%
Industrial	12,398	€3.75psf	€5.75psf	7.36%	7.36%

* Average ERV based on a two bedroom apartment.

The sensitivities below illustrate the impact of movements in key unobservable inputs on the fair value of investment properties. To calculate these impacts only the movement in one unobservable input is changed as if there is no impact on the other. In reality there may be some impact on yields from an ERV shift and vice versa. However, this gives an assessment of the maximum impact of shifts in each variable. If rents in the market are assumed to move 5% from those estimated at 31 March 2017, the Group's investment property portfolio would increase or decrease in value approximately €57m (31 March 2016: €51m). A 25bp increase in equivalent yields would decrease the value of the portfolio by €62m (31 March 2016: €54m) and a 25bp decrease results in an increase in value of €68m (31 March 2016: €60m).

31 March 2017

SENSITIVITIES	IMPACT ON MARKET VALUE OF A 5% CHANGE IN THE ESTIMATED RENTAL VALUE INCREASE €'M	DECREASE €'M	IMPACT ON MARKET VALUE OF A 25BP CHANGE IN THE EQUIVALENT YIELD INCREASE €'M	DECREASE €'M
Office	**39.5**	**(39.4)**	**(44.2)**	**48.6**
Office development	**12.0**	**(12.0)**	**(11.3)**	**12.5**
Residential	**4.9**	**(4.9)**	**(5.7)**	**6.3**
Industrial	**0.5**	**(0.5)**	**(0.4)**	**0.4**
Total	**56.9**	**(56.8)**	**(61.6)**	**67.8**

31 March 2016

SENSITIVITIES	IMPACT ON MARKET VALUE OF A 5% CHANGE IN THE ESTIMATED RENTAL VALUE INCREASE €'M	DECREASE €'M	IMPACT ON MARKET VALUE OF A 25BP CHANGE IN THE EQUIVALENT YIELD INCREASE €'M	DECREASE €'M
Office	29.7	(29.5)	(34.9)	38.4
Office development	14.2	(14.2)	(12.9)	14.2
Residential	6.6	(6.6)	(5.9)	6.6
Industrial	0.5	(0.5)	(0.4)	0.4
Total	51.0	(50.8)	(54.1)	59.6

20. Joint arrangement

As part of the purchase of 100% ownership of the Windmill Lane property, the Group acquired 100% of the Windmill Lane Development Company Limited by the acquisition of the 50% interest held by its partner, Starwood Capital Group LP, at the fair value of the net assets in December 2016. As a result, the Group had no joint arrangements in place at 31 March 2017.

At 31 March 2016 the following joint arrangement was in place:

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

21. Other financial assets

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Derivatives at fair value	**115**	213
Loans carried at amortised cost	**152**	152
Balance at end of financial year – current	**267**	365

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 (31 March 2016: €100m) 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 Lane debt facility. Further details on the Group's accounting policy on derivatives can be found in note 4(j) and on its borrowings in note 27. 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 €44m based on a schedule of estimated drawings.

22. Trade and other receivables

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Non-current		
Prepaid remuneration[1]	**2,679**	7,124
Property income receivables	**4,066**	4,542
Other receivables	**1,791**	-
Balance at end of financial year – non-current	**8,536**	11,666
Current		
Investment property prepaid	**-**	326
Due from sale of non-current assets classified as held for sale	**-**	5,955
Prepaid remuneration[1]	**4,444**	4,444
Receivable from loan redemptions	**137**	137
Property income receivables	**4,538**	2,807
Prepayments	**789**	1,253
Tenant fit-out	**-**	2,861
Corporation tax refund due	**128**	427
VAT refundable	**72**	670
Balance at end of financial year – current	**10,108**	18,880
Balance at end of financial year – total	**18,644**	30,546

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 balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments (note 31).

23. Non-current assets classified as held for sale

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**3,921**	18,499
Recognised during the year	**–**	–
Acquisition costs	**–**	–
Sold during the year	**(3,536)**	(14,578)
Balance at end of financial year	**385**	3,921

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 (since being acquired in 2014) have achieved at least their acquisition price on an individual basis and in total a profit of approximately €5.0m (31 March 2016: €4.8m) 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.

24. Issued capital and share premium

	31 MARCH 2017			31 MARCH 2016		
	SHARE CAPITAL €'000	SHARE PREMIUM €'000	TOTAL €'000	SHARE CAPITAL €'000	SHARE PREMIUM €'000	TOTAL €'000
Balance at beginning of financial year	**68,125**	**604,273**	**672,398**	67,032	590,955	657,987
Shares issued during the financial year (note 1)	**420**	**5,292**	**5,712**	1,093	13,318	14,411
Balance at end of financial year	**68,545**	**609,565**	**678,110**	68,125	604,273	672,398

Note 1: Shares issued during the financial year as follows:

	31 MARCH 2017		
	AT 31 MARCH 2016 €'000	NO. OF SHARES	PRICE ON ISSUE DATE €'000
Share price	**1.302**		**1.360**
Settlement of performance fee due for 2016 financial year	**5,469**	**4,200,590**	**5,712**

4,200,590 ordinary shares with a nominal value of €0.10 were issued during the period in settlement of performance-related fees at a fair value of €1.302 on 31 March 2016, the grant date, giving a total recorded of €5.5m in settlement of fees due.

All of these shares were issued on 16 August 2016 and the associated costs were €19k.

	31 MARCH 2016		
	CONTRACT PRICE €	NO. OF SHARES	PRICE ON ISSUE DATE €
Share price	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 €11k.

Share capital

	31 MARCH 2017 NO. OF SHARES '000	31 MARCH 2016 NO. OF SHARES '000
Authorised	**1,000,000**	1,000,000
Allotted, called up and fully paid	**685,452**	681,251
In issue at end of financial year	**685,452**	681,251

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 and other share-based payments due at 31 March 2017 amounted to €9.5m at the financial year end (31 March 2016: €5.9m) and are all payable in shares (note 5). A further 7.6m shares are expected to be issued in relation to these payments.

25. Other reserves

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Property revaluation	**509**	323
Cashflow hedging	**(217)**	(112)
Share-based payment reserve	**9,467**	5,925
Balance at end of financial year	**9,759**	6,136

a. Properties revaluation reserve

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**323**	–
Increase arising on revaluation of owner-occupied properties	**186**	323
Balance at end of financial year	**509**	323

54% (31 March 2016: 32%) of the Group's property, South Dock House, has been derecognised as an investment property and recognised as owner occupied property. Subsequent remeasurement to fair value of this property 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.

b. Cashflow hedging reserve

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**(112)**	–
(Loss) arising on fair value of hedging instruments entered into for cashflow hedges	**(105)**	(112)
Balance at end of financial year	**(217)**	(112)

The cashflow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cashflow 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 cashflow 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.

25. Other reserves continued

b. Cashflow hedging reserve continued

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 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Finance expense	**1**	17

c. Share-based payment reserve

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**5,925**	5,772
Performance-related payments in financial year	**8,874**	5,869
Settlement of performance-related payments	**(5,469)**	(5,772)
Fair value adjustment	**137**	56
Balance at end of financial year	**9,467**	5,925

Other reserves comprise represented amounts reserved for the issue of shares in respect of performance-related and other payments. These are discussed further in note 13.

26. Retained earnings and dividends on equity instruments

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**218,040**	89,375
Profit for the financial year	**118,586**	136,797
Share issuance costs	**(19)**	(11)
Dividends paid	**(10,624)**	(8,121)
Balance at end of financial year	**325,983**	218,040

In August 2016, a dividend of 0.8 cent per share (total dividend €5.5m) was paid to the holders of fully paid ordinary shares.

In January 2017 a dividend of 0.75 cent per share (total dividend €5.1m) was paid to the holders of fully paid ordinary shares.

The Directors propose a final dividend of 1.45 cent per share to be paid to shareholders on 31 July 2017. 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 final dividend to be paid is €10.1m.

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 pages 52 to 53.

27. Financial liabilities

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**72,724**	–
Bank finance drawn during the financial year	**97,877**	75,529
Arrangement fees and other costs	**–**	(3,718)
Interest payable	**537**	913
Balance at end of financial year	**171,138**	72,724
The maturity of non-current borrowings is as follows:		
Less than one year	**192**	(119)
Between two and five years	**170,946**	72,843
Over five years	**–**	–
Total	**171,138**	72,724

The Group has a €400m revolving credit facility ("RCF") with Bank of Ireland, Barclays Bank plc and Ulster Bank Limited which has a five-year term to November 2020. The RCF is secured against a corporate debenture. Where debt is drawn to finance the Group's developments, the interest cost of this debt is capitalised.

The Group also has a facility of €44.2m to fund the development works at 1 Windmill Lane. The Group's exposure to this facility was 50% until the acquisition of 100% of the joint operation in December 2016. As part of the purchase consideration of the Starwood portion of the Windmill joint operation, the Group assumed €4.7m of the drawn facility and now has full exposure to the €44.2m facility. The Group intends to repay this facility in early 2018 and also intends to use the RCF to finance the remaining development expenditure at 1 Windmill Lane.

Where applicable, financing costs relating to these facilities 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 six months or less interest rate changes and contractual re-pricing rates. In addition, the Group has entered into derivative instruments so that the majority of its EURIBOR exposure is capped at 1% in accordance with the Group's hedging policy (note 31).

28. Trade and other payables

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Current		
Investment property costs payable	**10,083**	9,130
Rent prepaid	**8,589**	3,573
Rent deposits and other amounts due to tenants	**2,269**	1,978
Deferred revenue	**1,067**	–
Trade and other payables	**2,496**	4,323
PAYE/PRSI payable	**138**	103
Tax payable	**–**	216
Balance at end of financial year – current	**24,642**	19,323

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

29. IFRS and EPRA NAV per share

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
IFRS net assets at end of financial year	**1,013,852**	896,574
Ordinary shares in issue	**685,452**	681,251
IFRS NAV per share (cents)	**147.9**	131.6
Ordinary shares in issue	**685,452**	681,251
Estimated additional shares for performance related payments	**7,603**	4,550
Diluted number of shares	**693,055**	685,801
Diluted IFRS NAV per share (cents)	**146.3**	130.7

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
IFRS net assets at end of financial year	**1,013,852**	896,574
Net mark to market on financial assets	**117**	129
Revaluation of non-current assets classified as held for sale	**–**	457
EPRA NAV	**1,013,969**	897,160
Diluted number of shares	**693,055**	685,801
EPRA NAV per share (cents)	**146.3**	130.8

The Company has established a reserve of €9.5m (31 March 2016: €5.9m) against the issue of 7.6m ordinary shares relating to shares due to issue for payments due to the Vendors of the Investment Manager and employees as detailed in note 13.

30. Cashflow statement

Purchase of investment property

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Property purchases	19	**85,378**	136,236
Development and refurbishment expenditure (note 2)	19	**52,479**	37,343
Change in prepayment for investment property		**296**	326
Payable for investment property		**–**	42,697
Change in accrued investment property costs	28	**(953)**	(8,443)
Cash paid for investment property		**137,200**	208,159

31. Financial Instruments and risk management

a. Financial risk management objectives and policy

The Group takes calculated risks 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 Chief Financial Officer, 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 some of the financial risks associated with the underlying business activities of the Group.

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	FAIR VALUE CALCULATION TECHNIQUE	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 cashflows 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 settlement value	Most of these are receivables in relation to prepayments and they are expected to be recoverable in the short term. No discounting is therefore applied.
Financial liabilities	Amortised cost	2	Discounted cashflow	The fair value of financial liabilities held at amortised cost have been calculated by discounting the expected cashflows at prevailing interest rates.
Derivative financial instruments	Fair value	2	Calculated fair value 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 settlement value	We have assessed these items and have determined that they are either deferred income or accruals or are creditors that 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.

31. Financial Instruments and risk management continued

c. Fair value hierarchy 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.

		AS AT 31 MARCH 2017				
	FAIR VALUE HIERARCHY	LOANS AND RECEIVABLES €'000	AT FAIR VALUE €'000	AT AMORTISED COST €'000	CARRYING VALUE €'000	FAIR VALUE €'000
Trade and other receivables	**2**	**18,644**	**-**	**-**	**18,644**	**18,644**
Loans	**3**	**152**	**-**	**-**	**152**	**152**
Derivatives at fair value	**2**	**-**	**115**	**-**	**115**	**115**
Cash and cash equivalents	**1**	**18,148**	**-**	**-**	**18,148**	**18,148**
Financial liabilities	**2**	**-**	**-**	**(171,138)**	**(171,138)**	**(171,138)**
Trade and other payables	**2**	**-**	**-**	**(24,642)**	**(24,642)**	**(24,642)**
		36,944	**115**	**(195,780)**	**(158,721)**	**(158,721)**

		AS AT 31 MARCH 2016				
	FAIR VALUE HIERARCHY	LOANS AND RECEIVABLES €'000	AT FAIR VALUE €'000	AT AMORTISED COST €'000	CARRYING VALUE €'000	FAIR VALUE €'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)

Movements of Level 3 fair values

This reconciliation includes investment property which is described further in note 19 to these consolidated financial statements.

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**927,808**	631,248
Transfers out of Level 3[1]	**(1,651)**	(2,400)
Purchases, sales, issues and settlement		
Purchases[2]	**137,857**	173,579
Sales	**-**	(9,875)
Written call option[3]	**-**	5,100
Fair value movement	**103,525**	130,156
Balance at end of financial year	**1,167,539**	927,808

1. Owner occupied property.
2. Includes development and refurbishment expenditure.
3. Starwood option to acquire its 50% interest in the Windmill Lane development was exercised in 2016.

d. Risk management

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

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

i. Market risk

Market risk is the risk that the fair value or cashflows 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 partly 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 this or the previous financial year-end. Borrowings were €173.4m (31 March 2016: €75.6m). 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 €1.7m (31 March 2016: €0.8m).

ii. 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 Depository to ensure the security of the cash assets.

Concentration of risk in receivables: €2.2m is due from a previous tenant in relation to scheduled lease break payments, none of which is past due. Other than this there are no concentrations of credit risk (31 March 2016: approximately €2.9m was 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:

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Financial assets	**267**	365
Trade and other receivables	**18,644**	30,546
Cash and cash equivalents	**18,148**	23,187
Balance at end of financial year	**37,059**	54,098

31. Financial Instruments and risk management continued

d. Risk management continued

iii. 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:

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Net current assets at the period end	**3,999**	26,665

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.

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Trade and other payables	**24,642**	19,323
Financial liabilities	**171,138**	72,724
Total liabilities due	**195,780**	92,047
Funds available:		
Cash and cash equivalents	**18,148**	23,187
Revolving credit facility undrawn	**241,000**	325,000
Total funds available	**259,148**	348,187
Net funds available	**63,368**	256,140

Listed below are the contractual maturities of the Group's financial liabilities. Only trade and other payables relating to cash expenditure are included, the balances relate either to non-cash items or deferred income. These include interest margins payable and contracted repayments. EURIBOR is assumed at 0%.

At 31 March 2017

	CARRYING AMOUNT	CONTRACTUAL CASHFLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS
Non-derivatives						
Borrowings	**171,138**	**183,267**	**1,630**	**2,345**	**18,119**	**161,173**
Trade and other payables	**2,634**	**2,634**	**2,634**	**-**	**-**	**-**
Payable for investment property	**10,083**	**10,083**	**10,083**	**-**	**-**	**-**
Total	**183,855**	**195,984**	**14,347**	**2,345**	**18,119**	**161,173**

At 31 March 2016

	CARRYING AMOUNT	CONTRACTUAL CASHFLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS
Non-derivatives						
Borrowings	76,155	82,619	626	782	1,563	79,648
Trade and other 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

e. Capital management

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

The Group has a stated policy of not incurring debt above 40% of the market value of its property assets. Under the Irish REIT rules the ratio must remain under 50%.

Capital comprises share capital, reserves and retained earnings as disclosed in the Consolidated and Company Statement of changes in equity. At 31 March 2017 the total capital of the Company was €1,014m (31 March 2016: €897m).

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.

As the Company is authorised under the Alternative Investment Fund regulations it is required to maintain 25% of its annual fixed overheads as capital. This is managed through the Company's risk management process. The limit was monitored throughout the financial year and no breaches occurred.

32. Operating leases receivables

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

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Operating lease receivables due in:		
Less than one year	**45,773**	30,592
Between two and five years	**137,766**	82,245
Greater than five years	**162,841**	80,808
	346,380	193,645

The Group leases its investment properties under operating leases. The weighted average unexpired lease term ("WAULT") at 31 March 2017, excluding residential properties and weighted on contracted rents, based on the earlier of lease break or expiry date 6.7 years (31 March 2016: 5.6 years).

These calculations are based on all leases entered into at 31 March 2017, i.e. including pre-lets. The sizeable increase in receivables is mainly the result of new leases contracted in Cumberland Place and One Dockland Central, increases due to Harcourt Square lease renegotiations along with the addition of the Clanwilliam Court purchases.

33. Investment in subsidiary undertakings

The Company has the following interests in ordinary shares in the following material subsidiary undertakings at 31 March 2017. These subsidiaries are fully owned and consolidated within the Group.

NAME	REGISTERED ADDRESS/COUNTRY OF INCORPORATION	SHAREHOLDING/ NUMBER OF SHARES HELD	DIRECTORS	COMPANY SECRETARY	NATURE OF BUSINESS
Hibernia REIT Finance Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/10	Richard Ball, Thomas Edwards-Moss, Kevin Nowlan, Frank O'Neill	Sean O'Dwyer	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
Hibernia REIT Building Management Services Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	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	Richard Ball, Thomas Edwards-Moss, Kevin Nowlan, Frank O'Neill	Castlewood Corporate Services Limited	Investment holding company
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
Windmill Lane Development Company Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/100	Richard Ball, Kevin Nowlan	Castlewood Corporate Services Limited	Development and management of real estate

On 12 December 2016, the Group acquired a 50% interest in Windmill Lane Development Company Limited through its subsidiary, Hibernia REIT Holding Company Limited. This brought its total holding to 100%. This company manages the Windmill Lane development and was acquired in conjunction with of the acquisition of the 100% interest in this property. 50% of the fair value of the net assets of €100 were acquired for €50. The Group also established a subsidiary during the financial year, Hibernia REIT Building Management Services Limited, to carry out property management services.

The Group has other subsidiary companies which are generally property management companies and are not considered material.

The Group has no interests in unconsolidated subsidiaries.

34. Related parties

a. Subsidiaries

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

b. Other related party transactions

WK Nowlan Property Limited, now trading as WK Nowlan Real Estate Advisors, has one Director (William Nowlan) in common with the Company. During the financial year WK Nowlan Real Estate Advisors was engaged on an arm's length basis to carry out project management, agency and due diligence services across the Group's property portfolios. The fees earned by WK Nowlan Real Estate Advisors for these services were benchmarked on normal commercial terms and totalled €0.8m for the financial year to 31 March 2017 (31 March 2016: €1.3m). An amount of €30k was owed to WK Nowlan Real Estate Advisors at the financial year end (31 March 2016: €100k).

In March 2016, the Group acquired Marine House and as a result became the landlord of WK Nowlan Real Estate Advisors who, in 2013, had agreed lease terms with the previous owner on normal commercial terms. The Group received rent of €140k from WK Nowlan Real Estate Advisors during the financial year (31 March 2016: €6k). No amounts were owed to the Group from WK Nowlan Real Estate Advisors at the financial year end.

William Nowlan is Chairman of WK Nowlan Real Estate Advisors. William Nowlan is a shareholder in WK Nowlan Real Estate Advisors along with Kevin Nowlan and Frank O'Neill. 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 2017 (31 March 2016: €50k). William Nowlan also receives a fee of €50k per annum in relation to his role as a non-executive Director. An amount of €12.5k was owed to him at the financial year end as well as the performance related payments below.

As part of the performance-related payments for the financial year (note 5) the following payments are due:

Kevin Nowlan: €3.2m, Frank Kenny: €2.1m, William Nowlan: €1.6m and Frank O'Neill: €0.6m. (31 March 2016: Kevin Nowlan: €2.0m, William Nowlan: €1.0m, Frank Kenny: €1.4m and Frank O'Neill: €0.4m).

As part of his consultancy agreement with the Company, Frank Kenny is entitled to €200k in fees for the financial year ended 31 March 2017 (31 March 2016: €200k). These were paid in full during the financial year.

Thomas Edwards-Moss rents an apartment from the Group at market rent and paid €17k in rent during the financial year (31 March 2016: €17k).

For further information on Directors' emoluments please refer to the Directors Remuneration Report on pages 66 to 70 of this Annual Report.

c. 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
Sean O'Dwyer	Company Secretary and Risk & Compliance Officer
Frank O'Neill	Chief Operations Officer
Mark Pollard	Director of Development

The remuneration of the Directors and the key management personnel during the financial year was as follows:

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016[1] €'000
Short-term benefits	**2,121**	1,171
Post-employment benefits	**163**	63
Other long-term benefits	**–**	–
Share-based payments	**263**	254
Total for the financial year	**2,547**	1,488

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

35. Events after the reporting period

The Directors have proposed a final dividend of 1.45 cent per share or €10.1m that is subject to approval at the AGM to be held on 25 July 2017. Other than this, there were no significant events after the reporting date.

Company statement of financial position
As at 31 March 2017

	NOTES	31 MARCH 2017 €'000	31 MARCH 2016 AS RESTATED €'000
Assets			
Non-current assets			
Property, plant and equipment	e	**4,795**	2,946
Investment property	f	**1,057,427**	906,781
Investment in subsidiaries	g	**26,235**	26,225
Loans to subsidiaries	h	**47,067**	15,298
Other financial assets	i	**98**	203
Trade and other receivables	j	**8,247**	11,662
Total non-current assets		**1,143,869**	963,115
Current assets			
Trade and other receivables	j	**9,434**	17,754
Cash and cash equivalents		**17,881**	21,183
		27,315	38,937
Non-current assets classified as held for sale	k	**385**	3,921
Total current assets		**27,700**	42,858
Total assets		**1,171,569**	1,005,973
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	l	**678,110**	672,398
Other reserves	m	**9,759**	6,136
Retained earnings	n	**279,528**	211,653
Total equity		**967,397**	890,187
Non-current liabilities			
Financial liabilities	o	**184,102**	98,574
Total non-current liabilities		**184,102**	98,574
Current liabilities			
Trade and other payables	p	**20,070**	17,212
Total current liabilities		**20,070**	17,212
Total equity and liabilities		**1,171,569**	1,005,973

The notes on pages 127 to 136 form an integral part of these Company financial statements. The Company financial statements on pages 127 to 136 were approved and authorised for issue by the Board of Directors on 7 June 2017 and signed on its behalf by:

Kevin Nowlan
Chief Executive Officer

Thomas Edwards-Moss
Chief Financial Officer

Company statement of changes in equity

For the financial year ended 31 March 2017

	FINANCIAL YEAR ENDED 31 MARCH 2017				
	SHARE CAPITAL €'000	SHARE PREMIUM €'000	RETAINED EARNINGS €'000	OTHER RESERVES €'000	TOTAL €'000
Balance as previously stated at 31 March 2016	**68,125**	**604,273**	**211,857**	**6,136**	**890,391**
Effect of restatement	**-**	**-**	**(204)**	**-**	**(204)**
Balance at beginning of financial year as restated	**68,125**	**604,273**	**211,653**	**6,136**	**890,187**
Total comprehensive income for the financial year					
Profit for the financial year	**-**	**-**	**78,518**	**-**	**78,518**
Total other comprehensive income	**-**	**-**	**-**	**81**	**81**
	68,125	**604,273**	**290,171**	**6,217**	**968,786**
Transactions with owners of the Company, recognised directly in equity					
Dividends	**-**	**-**	**(10,624)**	**-**	**(10,624)**
Share issue costs	**-**	**-**	**(19)**	**-**	**(19)**
Share-based payments	**420**	**5,292**	**-**	**3,542**	**9,254**
Balance at end of financial year	**68,545**	**609,565**	**279,528**	**9,759**	**967,397**

	FINANCIAL YEAR ENDED 31 MARCH 2016 (AS RESTATED)				
	SHARE CAPITAL €'000	SHARE PREMIUM €'000	RETAINED EARNINGS €'000	OTHER RESERVES €'000	TOTAL €'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	–	–	130,536	–	130,536
Total other comprehensive income	–	–	–	211	211
	67,032	590,955	219,785	5,983	883,755
Transactions with owners of the Company, recognised directly in equity					
Dividends	–	–	(8,121)	–	(8,121)
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	211,653	6,136	890,187

The notes on pages 127 to 136 form an integral part of these Company financial statements.

Company statement of cashflows
For the financial year ended 31 March 2017

	NOTES	**FINANCIAL YEAR ENDED 31 MARCH 2017 €'000**	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED €'000
Cashflows from operating activities			
Profit for the financial year		**78,518**	130,536
Adjusted non-cash movements:			
Revaluation of investment properties		**(63,153)**	(118,948)
Other gains and losses		**25**	(2,530)
Share-based payments		**8,874**	5,925
Deferred remuneration paid		**4,444**	4,191
Depreciation		**206**	65
Property income paid/(payable) in advance		**4,949**	(1,807)
Finance expense		**6,238**	3,149
Income tax charged/(credited)		**466**	(514)
Operating cashflow before movements in working capital		**40,567**	20,067
Decrease/(Increase) in trade and other receivables		**2,124**	(2,149)
(Decrease)/Increase in trade and other payables		**(242)**	(6,724)
Net cashflow from operating activities		**42,449**	11,194
Cashflows from investing activities			
Purchase of fixed assets		**(218)**	(46)
Cash paid for investment property	q	**(91,902)**	(188,406)
Proceeds from the sale of non-current assets classified as held for sale		**9,534**	12,226
(Increase) in loans to subsidiaries		**(31,769)**	(11,314)
Business acquisition (net of acquired cash)		**(10)**	(24,094)
Prepaid remuneration		**-**	(7,104)
Income tax paid		**(388)**	(349)
Finance expense		**(4,710)**	(2,261)
Net cashflow absorbed by investing activities		**(119,463)**	(221,348)
Cashflow from financing activities			
Dividends paid		**(10,624)**	(8,121)
Dividends received		**355**	-
Bank borrowings and notes issued		**84,000**	104,850
Arrangement fee paid re bank facilities		**-**	(3,718)
Derivatives premium		**-**	(315)
Share issue costs		**(19)**	(11)
Net cash inflow from financing activities		**73,712**	92,685
Net (decrease)/increase in cash and cash equivalents		**(3,302)**	(117,469)
Cash and cash equivalents at start of financial year		**21,183**	138,652
(Decrease)/increase in cash and cash equivalents		**(3,302)**	(117,469)
Net cash and cash equivalents at end of financial year		**17,881**	21,183

The notes on pages 127 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 applied in accordance with the provisions of the Companies Act 2014. 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 91 to 95 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 Notes 2(e) and 2(f) to the consolidated financial statements on pages 88 to 89 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 cashflows 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 cashflow 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. Restatement of prior year

In November 2015, the Company entered into a debenture with a nominal value of €29.9m with its subsidiary, WK Nowlan REIT Management Limited. This debenture is redeemable in 2021 and was issued as consideration in the transfer of the business of WK Nowlan REIT Management Limited to the Company. This debenture was omitted in error from the Company statement of financial position which was included in the 2016 Annual Report. In line with accounting policy 4. (j), the debenture is accounted for at fair value at recognition and subsequently carried at amortised cost. Thus, the profits of the Company are decreased by the effective interest rate on the debenture for the financial year ended 31 March 2016 of €204k. The comparatives for the Company statement of financial position in this Annual Report have been retrospectively restated to show the impact of this debenture on the Company statement of financial position. This debenture is eliminated from the Group accounts on consolidation.

b. Restatement of prior year (continued)

Impact on financial statements for the year ended 31 March 2016

	PREVIOUSLY REPORTED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016 €'000	ISSUANCE OF DEBENTURE AT FV €'000	IMPAIRMENT ASSESSMENT OF INVESTMENT IN SUBSIDIARY €'000	EFFECTIVE INTEREST RATE CHARGED FOR PERIOD €'000	RESTATED BALANCE STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016 €'000
Balance sheet as at 31 March 2016					
Non-current assets					
Investment in subsidiaries	6,930	19,295[2]	–	–	26,225
Capital					
Retained earnings	(211,857)		–	204[3]	(211,653)
Non-current liabilities					
Financial liabilities	(72,145)	(26,225)[1]		(204)[3]	(98,574)
Trade and other payables	(5,772)	5,772	–	–	–
Current liabilities					
Trade and other payables	(18,370)	1,158	–	–	(17,212)

1. The debenture will mature at €29.9m in November 2021. The fair value of the debenture at the date of issue was €26.2m.
2. The excess of the fair value of the debenture issued over the fair value of the assets and liabilities acquired by the Company was €19.3m and is recorded as an investment in a subsidiary.
3. This is the effective interest rate for the period.

c. Operating profit

Operating profit for the financial year is stated after charging:

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Non-executive Directors' fees	**300**	300
Professional valuers' fees	**418**	388
Prepaid remuneration expense	**4,444**	1,802
Pre-internalisation Investment Manager costs	**-**	1,240
Depository fees	**296**	310
Depreciation	**206**	65
"Top-up" internalisation expenses for financial year	**1,101**	304
Staff costs	**2,760**	1,438
Other administration expenses	**2,948**	2,556
	12,473	8,403

Auditors' remuneration

For further information on Auditor's remuneration, please refer to note 11 of the consolidated financial statements.

d. Employment

	FINANCIAL YEAR ENDED 31 MARCH 2017 NUMBER	FINANCIAL YEAR ENDED 31 MARCH 2016 NUMBER
Administration	**16**	13

The staff costs for the above employees were:

	€'000	€'000
Wage and salaries	**2,785**	1,259
Social insurance costs	**231**	78
Employee share-based payment expense (Group note 13)	**443**	455
Pension costs-defined contribution plan	**187**	101
Total	**3,646**	1,893

Staff costs are allocated to the following expense headings:

	€'000	€'000
Administration expenses	**2,760**	983
Performance-related payments	**886**	910
Total	**3,646**	1,893

For further information on employment, please refer to note 12 of the consolidated financial statements.

e. Property, plant and equipment

At 31 March 2017

	LAND AND BUILDINGS €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Carrying value at start of financial year	**2,703**	**32**	**211**	**2,946**
Additions:				
Transferred from investment property at fair value	**1,651**	**-**	**-**	**1,651**
Acquisitions	**-**	**45**	**173**	**218**
Depreciation	**(67)**	**(26)**	**(112)**	**(206)**
Revaluations included in other comprehensive income	**186**	**-**	**-**	**186**
Carrying value at end of financial year	**4,473**	**51**	**271**	**4,795**

The Group now occupies 54% (31 March 2016: 32%) of the office space in its South Dock House property. This property was revalued as at 31 March 2017 and 31 March 2016 by the Group's valuers in accordance with the valuation approach described under note 2. (f).

e. Property, plant and equipment (continued)

At 31 March 2016

	LAND AND BUILDINGS €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Carrying value at start of financial year	–	–	–	–
Additions:				
Transferred from investment property at fair value	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

f. Investment properties

	31 MARCH 2017				
FAIR VALUE CATEGORY	**OFFICE ASSETS LEVEL 3 €'000**	**OFFICE DEVELOPMENT ASSETS LEVEL 3 €'000**	**RESIDENTIAL ASSETS LEVEL 3 €'000**	**INDUSTRIAL ASSETS LEVEL 3 €'000**	**TOTAL LEVEL 3 €'000**
Carrying value at start of financial year	**647,042**	**134,141**	**113,200**	**12,398**	**906,781**
Additions:					
Property purchases	**52,369**	**(9)**	**28**	**-**	**52,388**
Development and refurbishment expenditure	**7,413**	**29,031**	**299**	**13**	**36,756**
Revaluations included in income statement	**37,925**	**21,569**	**2,902**	**757**	**63,153**
Disposals:					
Transferred to property, plant and equipment as owner occupied	**(1,651)**	**-**	**-**	**-**	**(1,651)**
Properties transferred between segments[1]	**126,650**	**(126,650)**	**-**	**-**	**-**
Carrying value at end of financial year	**869,748**	**58,082**	**116,429**	**13,168**	**1,057,427**

1. Cumberland Place development which was completed in September 2016.

	31 MARCH 2016				
FAIR VALUE CATEGORY	OFFICE ASSETS LEVEL 3 €'000	OFFICE DEVELOPMENT ASSETS LEVEL 3 €'000	RESIDENTIAL ASSETS LEVEL 3 €'000	INDUSTRIAL ASSETS LEVEL 3 €'000	TOTAL LEVEL 3 €'000
Carrying value at 31 March 2015	475,877	88,600	66,500	10,319	641,296
Additions:					
Property purchases	106,107	–	30,129	–	136,236
Development and refurbishment expenditure	7,488	19,960	9,784	111	37,343
Revaluations included in income statement	59,970	45,374	6,787	1,968	114,099
Disposals:					
Property sale	–	(19,793)	–	–	(19,793)
Transferred to property, plant and equipment as owner occupied	(2,400)	–	–	–	(2,400)
Carrying value at 31 March 2016	647,042	134,141	113,200	12,398	906,781

Note 19 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 except for the Windmill Lane development property which is held through the Company's subsidiary, Hibernia REIT Holding Company Limited.

g. Investment in subsidiaries

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED €'000
Balance at financial year end	**26,235**	26,225

The Company set up Hibernia REIT Building Management Services Limited during the financial year to carry on its building management activities.

h. Loans to subsidiaries

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Balance at beginning of financial year	**15,298**	3,984
Loan advances	**32,901**	17,172
Loan repayments	**(1,132)**	(6,982)
Interest income at effective interest rate	**-**	1,124
Balance at end of financial year	**47,067**	15,298
The maturity of intercompany loans are as follows:		
Less than one year	**47,067**	15,298
Between two and five years	**-**	-
Over five years	**-**	-
Total	**47,067**	15,298

The majority of the above balance, €46m is due from Hibernia REIT Holding Company Limited in relation to the purchase of and short-term funding supplied to the Windmill Lane development project. It is expected that now the project is 100% owned by the Group, funding may be supplied directly from the Group financing arrangements in the short term. These loans are therefore all recorded at book value which the Directors consider approximates fair value due to their short-term nature.

i. Other financial assets

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Derivatives at fair value	**98**	203

Other financial assets consist of the fair value of the Company's hedging instruments. Note 31 of the Group financial statements contains further information on these instruments.

j. Trade and other receivables

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Non-current		
Prepaid remuneration	**2,679**	7,123
Property income receivables	**4,067**	4,539
Other receivables and prepayments	**1,501**	-
Balance at end of financial year – non-current	**8,247**	11,662
Current		
Due from sale of non-current assets classified as held for sale	**-**	5,955
Prepaid remuneration	**4,444**	4,444
Property income receivables	**4,319**	2,806
Prepayments	**576**	779
Tenant fit-out	**-**	2,861
Income tax refund due	**95**	349
VAT refundable	**-**	560
Balance at end of financial year – current	**9,434**	17,754
Balance at end of financial year – total	**17,681**	29,416

There are no amounts past due. The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

k. Non-current assets classified as held for sale

For further information on non-current assets classified as held for sale refer to note 23 of the Consolidated financial statements.

l. Issued share capital and share premium

For information on issued share capital refer to note 24 of the consolidated financial statements

m. Other reserves

For further information on other reserves refer to note 25 of the consolidated financial statements.

n. Retained earnings

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED AS RESTATED €'000
Balance at beginning of financial year	**211,653**	89,249
Profit for the financial year	**78,518**	130,536
Share issuance costs	**(19)**	(11)
Dividends paid	**(10,624)**	(8,121)
Balance at end of financial year	**279,528**	211,653

For further information on retained earnings refer to note 26 of the consolidated financial statements.

o. Financial liabilities

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED €'000
Balance at beginning of financial year	**98,574**	–
Debenture issued	**–**	26,225
Bank finance drawn during the financial year	**84,000**	75,000
Arrangement fees and other costs	**–**	(3,718)
Interest payable	**1,528**	1,067
Balance at end of financial year	**184,102**	98,574
The maturity of non-current borrowings is as follows:		
Less than one year	**429**	137
Between two and five years	**156,639**	72,212
Over five years	**27,034**	26,225
Total	**184,102**	98,574

For further information on financial liabilities refer to note 27 of the consolidated financial statements.

p. Trade and other payables

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED €'000
Current		
Investment property costs payable	**5,863**	8,621
Rent prepaid	**8,589**	3,573
Rent deposits and other amounts due to tenants	**2,269**	1,978
Deferred revenue	**975**	–
Trade and other payables	**2,211**	2,772
PAYE/PRSI payable	**125**	92
Tax payable	**38**	176
Balance at end of financial year – current	**20,070**	17,212

For further information on trade and other payables refer to note 28 of the consolidated financial statements.

q. Cashflow statement

Purchase of investment property

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Property purchases	f	**52,388**	136,236
Development and refurbishment expenditure	f	**36,756**	32,159
Payable for investment property		**–**	42,697
Change in accrued investment property costs	p	**2,758**	(7,934)
Cash paid for investment property		**91,902**	203,158
Cash received from sale of investment property		**–**	(14,752)
Net cash paid for investment property		**91,902**	188,406

r. 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 31 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 31 of the Annual Report. Assets held at Level 3 include investment properties in addition to the loans and receivables.

		AS AT 31 MARCH 2017				
	FAIR VALUE HIERARCHY	LOANS AND RECEIVABLES €'000	AT FAIR VALUE €'000	AT AMORTISED COST €'000	CARRYING VALUE €'000	FAIR VALUE €'000
Trade and other receivables	**2**	**17,681**	**-**	**-**	**17,681**	**17,681**
Loans	**3**	**47,067**	**-**	**-**	**47,067**	**47,067**
Derivatives at fair value	**2**	**-**	**98**	**-**	**98**	**98**
Cash and cash equivalents	**1**	**17,881**	**-**	**-**	**17,881**	**17,881**
Financial liabilities	**2**	**-**	**-**	**(184,102)**	**(184,102)**	**(184,102)**
Trade and other payables	**2**	**-**	**-**	**(20,070)**	**(20,070)**	**(20,070)**
		82,629	**98**	**(204,172)**	**(121,445)**	**(121,445)**

		AS AT 31 MARCH 2016 AS RESTATED				
	FAIR VALUE HIERARCHY	LOANS AND RECEIVABLES €'000	AT FAIR VALUE €'000	AT AMORTISED COST €'000	CARRYING VALUE €'000	FAIR VALUE €'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	–	–	(98,574)	(98,574)	(98,574)
Trade and other payables	2	–	–	(17,212)	(17,212)	(17,212)
		65,897	203	(115,786)	(49,686)	(49,686)

Fair value movements at Level 3

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED €'000
Balance at beginning of financial year	**922,079**	645,280
Transfers out of Level 3[1]	**(1,651)**	(2,400)
Purchases, sales, issues and settlement		
Purchases[2]	**89,144**	168,479
Sales	–	(19,793)
Written call option[3]	**–**	5,100
Advances	**32,901**	17,172
Repayments	**(1,132)**	(6,982)
Fair value movement	**63,154**	114,099
Interest income at effective interest rate	**–**	1,124
Balance at end of financial year	**1,104,495**	922,079

1. Owner occupied property.
2. Includes development and refurbishment expenditure.
3. Starwood option to acquire its 50% interest in the Windmill Lane development was exercised in 2016.

Credit risk

The Company has, in addition to the short-term bank deposits and trade payables and receivables, loans to subsidiaries, the risks of which correspond to the risks of the investment property portfolio discussed for the Group.

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Financial assets	**98**	203
Trade and other receivables	**17,680**	29,416
Cash and cash equivalents	**17,881**	21,183
Balance at end of financial year	**35,659**	50,802

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED €'000
Net current assets at financial year	**7,630**	256,646

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 AS RESTATED €'000
Trade and other payables	**20,070**	17,212
Financial liabilities	**184,102**	98,574
Total liabilities due	**204,172**	115,786
Funds available:		
Cash and cash equivalents	**17,881**	21,183
Revolving credit facility undrawn	**241,000**	325,000
Total funds available	**258,881**	346,183
Net funds available	**54,709**	230,397

r. Financial instruments and risk management continued

Listed below are the contractual maturities of the Group's financial liabilities. These include interest margins payable and contracted repayments. EURIBOR is assumed at 0%.

At 31 March 2017

	CARRYING AMOUNT	CONTRACTUAL CASHFLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS
Non-derivatives						
Financial liabilities	**184,102**	**197,542**	**1,630**	**1,630**	**3,260**	**191,023**
Trade and other payables	**8,144**	**8,144**	**8,144**	**-**	**-**	**-**
Total	**192,246**	**205,686**	**9,774**	**1,630**	**3,260**	**191,023**

At 31 March 2016 as restated

	CARRYING AMOUNT	CONTRACTUAL CASHFLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS
Non-derivatives						
Financial liabilities	98,574	82,021	576	782	1,563	79,100
Trade and other payables	11,661	11,661	11,485	176	-	-
Total	110,235	93,682	12,061	958	1,563	79,100

s. Dividends

For information on the dividends refer to note 16 of the consolidated financial statements

t. Investment in subsidiary undertakings

For information on the Company's holdings in subsidiaries refer to note 33 of the consolidated financial statements.

u. Related parties

i. Subsidiaries

The Company has loans to subsidiaries of €47.1m as follows comprising:

WK Nowlan REIT Management Limited	€0.4m (see debenture below)
Hibernia REIT Holding Company Limited	€46.3m (Windmill Lane development project)
Hibernia REIT Finance Limited	€0.3m
Hibernia REIT Building Management Services Limited	€0.1m

In addition, the Company has issued a debenture of €29.9m with a carrying value of €27.0m to its subsidiary WK Nowlan REIT Management Limited.

ii. Other transactions

Transaction with related parties are the same as those disclosed in note 34 of the consolidated financial statements.

iii. Key management personnel

For information on key management personnel refer to note 34c of the consolidated financial statements.

v. 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 2017 determined in accordance with IFRS is €78.5m (31 March 2016: €130.5m).

w. Events after the reporting date

For information on events after the reporting date refer to note 35 of the consolidated financial statements.

Supplementary disclosures (unaudited)
Three-year record

Based on the Group's consolidated financial statements for the three years ended 31 March

Consolidated statement of financial position

	2017 €'M	2016 €'M	2015 €'M
Investment property	**1,167**	928	641
Other assets	**43**	61	167
Financial liabilities	**(171)**	(73)	–
Other liabilities	**(25)**	(19)	(55)
Net assets	**1,014**	897	753
Financed by:			
Share capital	**678**	673	658
Reserves	**336**	224	95
Total equity	**1,014**	897	753
IFRS NAV per share (cents)	**147.9**	131.6	112.4
EPRA NAV per share (cents)	**146.3**	130.8	111.8

Consolidated income statement

	2017 €'M	2016 €'M	2015 €'M
Net rental income	**40**	30	18
Revaluation of investment properties	**104**	125	81
Other income/(expense)	**2**	–	8
Total operating expenses	**(21)**	(15)	(12)
Operating profit	**125**	140	95
Net finance expense	**(6)**	(4)	(2)
Profit for the financial year	**119**	136	93
Basic earnings per share (cent)	**17.3**	20.2	18.4
Diluted earnings per share (cent)	**17.2**	20.1	18.3
EPRA earnings per share (cent)	**2.2**	1.5	0.8
Diluted EPRA earnings per share (cent)	**2.2**	1.5	0.8
Dividend per share (cent)	**2.2**	1.5	0.8

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 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 similar companies.

EPRA measures are discussed in the strategic report on pages 1 to 47. Further detail on these measures are set out below, including their calculation and reconciliation to the financial statements where applicable.

Table 1: Summary of EPRA performance measures

			31 MARCH 2017		31 MARCH 2016	
		NOTE	€'000	CENT PER SHARE	€'000	CENT PER SHARE
EPRA Earnings	– basic	(i)	**14,989**	**2.2**	10,024	1.5
	– diluted	(i)	**14,989**	**2.2**	10,024	1.5
Adjusted EPRA earnings[1]	– basic	(i)	**26,441**	**3.9**	20,756	3.1
EPRA NAV		(ii)	**1,013,969**	**146.3**	897,160	130.8
EPRA NNNAV		(ii)	**1,013,852**	**146.3**	896,917	130.8
EPRA NIY		(iii)		**4.4%**		3.8%
EPRA "topped-up" NIY		(iii)		**4.7%**		4.2%
EPRA cost ratio including vacancy costs		(iv)		**56.0%**		49.4%
EPRA cost ratio excluding vacancy costs		(iv)		**54.4%**		45.1%
Costs adjusted for internalisation[1]						45.1%
Adjusted EPRA cost ratio including vacancy costs		(iv)		**23.7%**		24.5%
Adjusted EPRA cost ratio excluding vacancy costs		(iv)		**22.0%**		20.1%
EPRA vacancy rate		(v)		**2.7%**		4.8%

1. The costs relating to the internalisation are eliminated from this measure to provide indicative impacts on measures post November 2018.

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.

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
IFRS profit/(loss) for the financial year after taxation	**118,586**	136,797
Exclude:		
Changes in fair value of investment properties	**(103,525)**	(125,056)
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	**(43)**	(2,136)
Income tax on profit or loss on disposals	**(30)**	(475)
Fair value of derivatives	**1**	17
Acquisition costs on share deals (internalisation)[1]	**-**	1,053
	14,989	10,024
Weighted average number of shares		
Basic	**683,351**	675,784
Potential shares to be issued re contingent payments	**7,603**	4,550
Diluted number of shares	**690,954**	680,334
EPRA earnings per share (cent)	**2.2**	1.5
Diluted EPRA earnings per share (cent)	**2.2**	1.5

1. These are costs associated with the acquisition of the Investment Manager in the internalisation transaction.

Impact of internalisation: 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 adjusted to remove internalisation-related costs:

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
EPRA earnings as calculated above	**14,989**	10,024
Amounts charged for internalisation	**-**	2,557
Prepaid remuneration amortised	**4,444**	1,802
Performance-related payments[1]	**5,907**	6,069
"Top-up" internalisation expenses	**1,101**	304
Underlying earnings excluding effects of internalisation	**26,441**	20,756
Weighted average number of shares	**683,351**	675,784
Adjusted basic EPRA earnings per share (cent)	**3.9**	3.1

1. Excludes the net Starwood promote fee of €2.3m which was received as income.

ii. EPRA NAV and EPRA NNNAV

The objective of these measures is to highlight the fair value of net assets on an ongoing, 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 movement of derivative instruments is excluded from EPRA NAV on the basis that these are hedging instruments and intended to be held to maturity.

	FINANCIAL YEAR ENDED 31 MARCH 2017		FINANCIAL YEAR ENDED 31 MARCH 2016	
	€'000	**CENT PER SHARE**	€'000	CENT PER SHARE
NAV per the financial statements	**1,013,852**		896,574	
Revaluation of other non-current assets held for sale	**-**		457	
Fair value of financial instruments	**117**		129	
EPRA NAV	**1,013,969**	**146.3**	897,160	130.8
Deferred tax on the revaluation of other non-current assets held for sale	**-**		(114)	
Fair value of financial instruments	**(117)**		(129)	
EPRA NNNAV	**1,013,852**	**146.3**	896,917	130.8
Ordinary shares in issue	**685,452**		681,251	
Estimated additional shares due for issue from performance reserve	**7,603**		4,550	
Ordinary shares in issue including performance shares to be issued – "diluted"	**693,055**		685,802	

Calculation and explanation of EPRA performance measures 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 basis. The EPRA vacancy rate measures the value of vacant space expressed as a percentage of the total ERV.

As at 31 March 2017

	OFFICE €'000	RESIDENTIAL €'000	INDUSTRIAL €'000	TOTAL €'000	OFFICE DEVELOPMENT	TOTAL
Investment property at fair value	**869,748**	**116,429**	**13,168**	**999,345**	**168,042**	**1,167,387**
Less: development/refurbishment[1]	**(94,350)**	**–**	**–**	**(94,350)**	**(168,042)**	**(262,392)**
Completed property portfolio	**775,398**	**116,429**	**13,168**	**904,995**		**904,995**
Allowance for purchasers' costs	**34,583**	**5,193**	**587**	**40,363**		
Gross up completed property portfolio	**809,981**	**121,622**	**13,755**	**945,358**		
Annualised cash passing rental income[1]	**35,972**	**6,428**	**674**	**43,074**		
Property outgoings	**(614)**	**(1,216)**	**–**	**(1,830)**		
Annualised net rents	**35,358**	**5,212**	**674**	**41,244**		
Expiration of lease incentives and fixed uplifts	**2,860**	**–**	**31**	**2,891**		
"Topped-up" annualised net rent	**38,218**	**5,212**	**705**	**44,135**		
EPRA NIY	**4.4%**	**4.3%**	**4.9%**	**4.4%**		
EPRA topped-up NIY	**4.7%**	**4.3%**	**5.1%**	**4.7%**		

1. Two Dockland Central and the Hanover Building were in the office segment at the financial year but were under refurbishment at that date. Accordingly, these buildings are excluded from the above analysis along with any residual income in cash passing rent at 31 March 2017.

As at 31 March 2016

	OFFICE €'000	RESIDENTIAL €'000	INDUSTRIAL €'000	TOTAL €'000	DEVELOPMENT	TOTAL
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	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. One Dockland Central is included at 41% of floor space representing area being refurbished (31 March 2015: 77%).

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 after the 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 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Total operating expenses under IFRS	**20,985**	14,765
Direct property costs	**2,838**	2,497
Costs recognised referring to internalisation	**–**	(1,053)
EPRA costs including vacancy costs	**23,823**	16,209
Direct vacancy costs	**(695)**	(1,429)
EPRA costs excluding vacancy costs	**23,128**	14,780
Gross rental income[1]	**42,519**	32,786
EPRA cost ratio including vacancy costs	**56.0%**	49.4%
EPRA cost ratio excluding vacancy costs	**54.4%**	45.1%

	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Costs adjusted for internalisation		
EPRA costs including vacancy costs	**23,823**	16,209
Prepaid remuneration amortised	**(4,444)**	(1,802)
"Top-up" internalisation expenses for financial year	**(1,101)**	(304)
Performance-related payments	**(8,215)**	(6,069)
Costs excluding internalisation effects	**10,063**	8,034
Direct vacancy costs	**(695)**	(1,429)
Costs excluding direct vacancy costs	**9,368**	6,605
Gross rental income[1]	**42,519**	32,786
EPRA cost ratio including vacancy costs	**23.7%**	24.5%
EPRA cost ratio excluding vacancy costs	**22.0%**	20.1%

1. Excludes the net Starwood promote fee of €2.3m which was received as income.

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 2017 €'000	FINANCIAL YEAR ENDED 31 MARCH 2016 €'000
Annualised ERV vacant units	**1,468**	2,092
Annualised ERV completed portfolio[1]	**54,535**	43,815
EPRA vacancy rate	**2.7%**	4.8%

1. Two Dockland Central and Hanover Building are excluded from vacant and completed space as under refurbishment (31 March 2016: The part of One Dockland Central undergoing refurbishment is excluded from vacant and from completed).

Calculation and explanation of EPRA performance measures continued

vi. Portfolio information

Rent subject to lease break or expiry – passing rent at 31 March 2017

For period 31 March

	2018 €'M	2019 €'M	2020-2022 €'M
Office	0.8	3.1	7.2
Residential	6.4	–	–
Industrial	–	0.5	0.2
Total	7.2	3.6	7.4
Percentage of passing rent	16.7%	8.4%	17.2%
Potential uplift at current ERV	0.4	0.5	2.6

Rent subject to review – passing rent at 31 March 2017

For period 31 March

	2018 €'M	2019 €'M	2020-2022 €'M
Office	2.6	8.4	19.2
Residential	6.4	–	–
Industrial	–	0.4	0.1
	9.0	8.8	19.3
Percentage of passing rent	20.9%	20.5%	44.8%
Potential uplift at current ERV	0.3	3.2	3.2

In addition to up lifts due to the expiry of incentives and similar arrangements of €2.9m in 2018 there was €2.1m in pre-lets on developments at 31 March 2017.

Rent subject to lease break or expiry – passing rent at 31 March 2016

For period 31 March

	2017 €'M	2018 €'M	2019-2021 €'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

Rent subject to review – passing rent at 31 March 2016

For period 31 March

	2017 €'M	2018 €'M	2019-2021 €'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

Supplementary disclosures (unaudited) continued
Other disclosures

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

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

There were no gains and losses arising on the sale of investment properties (31 March 2016: €0.2m). Included within the unrealised gains disclosed under IFRS there is a total of €1.1m (31 March 2016: €2.2m) in unrealised losses and €104.6m (31 March 2016: €127.3m) in unrealised gains.

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 66 to 70 of the Annual Report. Performance-related remuneration takes account of individual performance and the financial performance of Hibernia REIT plc.

The total remuneration paid to staff in the financial year, all of whom are engaged in managing the Group activities, was €3,863,125 of which €2,981,483 comprised fixed remuneration and €881,642 comprised variable remuneration (31 March 2016: €2,574,847 of which €1,670,048 comprised fixed remuneration and €904,799 comprised variable remuneration).
The average number of identified staff during the financial year was 23 (31 March 2016: 13).

Occupiers representing over 0.5% of contracted rent at 31 March 2017

TENANT	€'M	PERCENTAGE
Office of Public Works	6.6	13.3%
Twitter International Company	5.1	10.3%
HubSpot Ireland Limited	3.0	6.2%
The Governor & Co. of the Bank of Ireland	2.8	5.8%
Informatica	2.1	4.2%
Depfa Bank plc	2.0	4.2%
Travelport Digital Limited	1.8	3.7%
BNY Mellon Fund Services (Ireland) Limited	1.6	3.3%
The Commission for Communications Regulations	1.6	3.3%
Electricity Supply Board	1.5	3.0%
Riot Games Limited	1.2	2.5%
AWAS Aviation Acquisitions Limited	1.2	2.4%
O.D.S Company	1.0	2.1%
Deloitte[1]	1.0	2.1%
Pay & Shop Ltd T/a Realex Payments	0.9	1.9%
BCWM	0.8	1.6%
An Bord Bia	0.7	1.4%
JMC Van Trans Limited	0.7	1.4%
Capita	0.7	1.4%
Invesco Global Asset Management Limited	0.6	1.2%
Daqri International Limited	0.6	1.2%
Park Rite	0.6	1.1%
Renaissance Services of Europe Limited	0.4	0.9%
Weston Office Solutions Limited	0.4	0.8%
Hines Real Estate Ireland Limited	0.4	0.8%
ENI Insurance Limited	0.3	0.6%
Bearingpoint Ireland Limited	0.3	0.6%
Quinn McDonnell Pattison Limited	0.3	0.6%
Morgan Stanley Fund Services (Irl.) Limited	0.3	0.5%
Altify Ireland Limited	0.3	0.5%
Guggenheim Partners Europe Limited	0.2	0.5%
Wella (U.K.) 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)
Stewart Harrington
Kevin Nowlan (CEO)
William Nowlan
Terence O'Rourke

Secretary
Sean O'Dwyer
(Appointed 10 February 2017)

Assistant Secretary
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Ireland

Registered Office
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Ireland

Company Number
531267

Independent Auditor
Deloitte
Chartered Accountants and Statutory Audit Firm
Hardwicke House
Hatch Street
Dublin D02 ND96
Ireland

Tax Adviser
KPMG
1 Stokes Place
St. Stephen's Green
Dublin D02 DE03
Ireland

Independent Valuer
CBRE Dublin
3rd Floor, Connaught House
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Ireland

Principal Banker
Bank of Ireland
50-55 Baggot Street Lower
Dublin D02 Y754
Ireland

Depository
BNP Paribas Securities Services (Dublin Branch)
Trinity Point
10-11 Leinster Street South
Dublin D02 EF85
Ireland

Registrar
Capita Registrars (Ireland) Limited t/a Capita Asset Services
2 Grand Canal Square
Dublin D02 A342
Ireland

Principal Legal Adviser
A&L Goodbody
25/28 North Wall Quay
IFSC
Dublin D01 H104
Ireland

Corporate Brokers
Goodbody Stockbrokers
2 Ballsbridge Park
Ballsbridge
Dublin D04 YW83
Ireland

Credit Suisse International
One Cabot Square
London E14 4QJ
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 period or reduced rent in a 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 IFRSs assets excluding the mark to market on effective cashflow hedges and related debt instruments and deferred taxation on revaluations.

EPRA Net Initial Yield ("EPRA NIY") is the cash passing rent generated by the investment portfolio at the balance sheet date, 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 properties and those under refurbishment.

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 is a 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 Group.

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

IPD Index is the SCSI/Investment Property Databank Limited Ireland Quarterly Property Index – All Property (the "IPD Ireland Index").

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 US 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 on 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 at https://www.centralbank.ie/regulation/securities-markets/market-abuse/Pages/default.aspx.

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 based on the timing of the income received. As is normal practice, the equivalent yields (as determined by the external valuers) assume 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 where 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") January 2014 issued by the Royal Institute of Chartered Surveyors provides standards for preparing valuations on property.

Sq.ft. is 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 Portfolio Return ("TPR") is the annual return of the property portfolio (capital and income) as calculated by MSCI, the producers of the IPD Ireland Index.

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

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Townhall space at 1WML under construction, South Docks