hibernia
REIT

Transforming Dublin

Annual Report 2018

Hibernia is a Dublin-focused REIT, listed on Euronext Dublin and the London Stock Exchange, which owns and develops Irish property. All of our €1.3bn portfolio is in Dublin and we specialise in city centre offices.

We aim to use our knowledge and experience of the Dublin property market, together with modest levels of leverage, to generate above average long-term returns for our shareholders.

We focus on improving buildings at appropriate times in the property cycle and growing income: our portfolio is mainly a mix of regenerated properties and assets held for future repositioning.

Clockwise from top left:

1SJRQ under construction
1WML
2WML (CGI)
2DC
Clanwilliam Court
1 Cumberland Place Phase II (CGI)
Hibernia's Management Team at 1SJRQ

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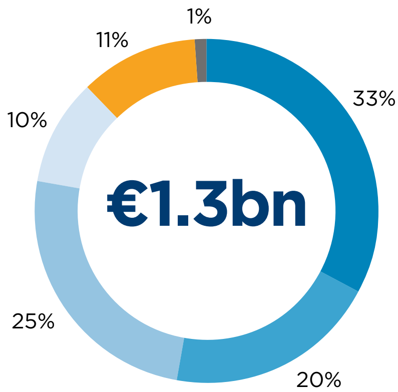
Our business at a glance

Our investment focus is on office properties in central Dublin with the potential for us to enhance value through repositioning or asset management.

Portfolio

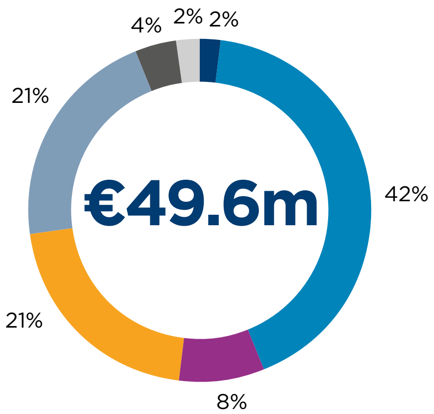
Segment by value

- CBD Office Traditional Core
- CBD Office IFSC
- CBD Office South Docks
- CBD Office Development
- Dublin Residential
- Dublin Industrial



Office tenants by industry sector

- TMT
- Professional Services
- Government Agency
- Banking & Capital Markets
- Co-working
- Other
- Insurance & Reinsurance



Portfolio statistics

In-place offices (sq. ft.)
1.1m

Offices including fully developed pipeline (sq. ft.)
1.5m

Properties
32

Commercial tenants
53

Average office rent (psf)
€43

Reversionary potential
12.3%

EPRA vacancy rate
2.0%

Financial position

Net assets	Net debt	Loan to value	Loan to value proforma committed capex (using GDV)	Cash and undrawn facilities net of committed capex
€1.1bn	€203m	15.5%	20.2%	€120m

Financial performance

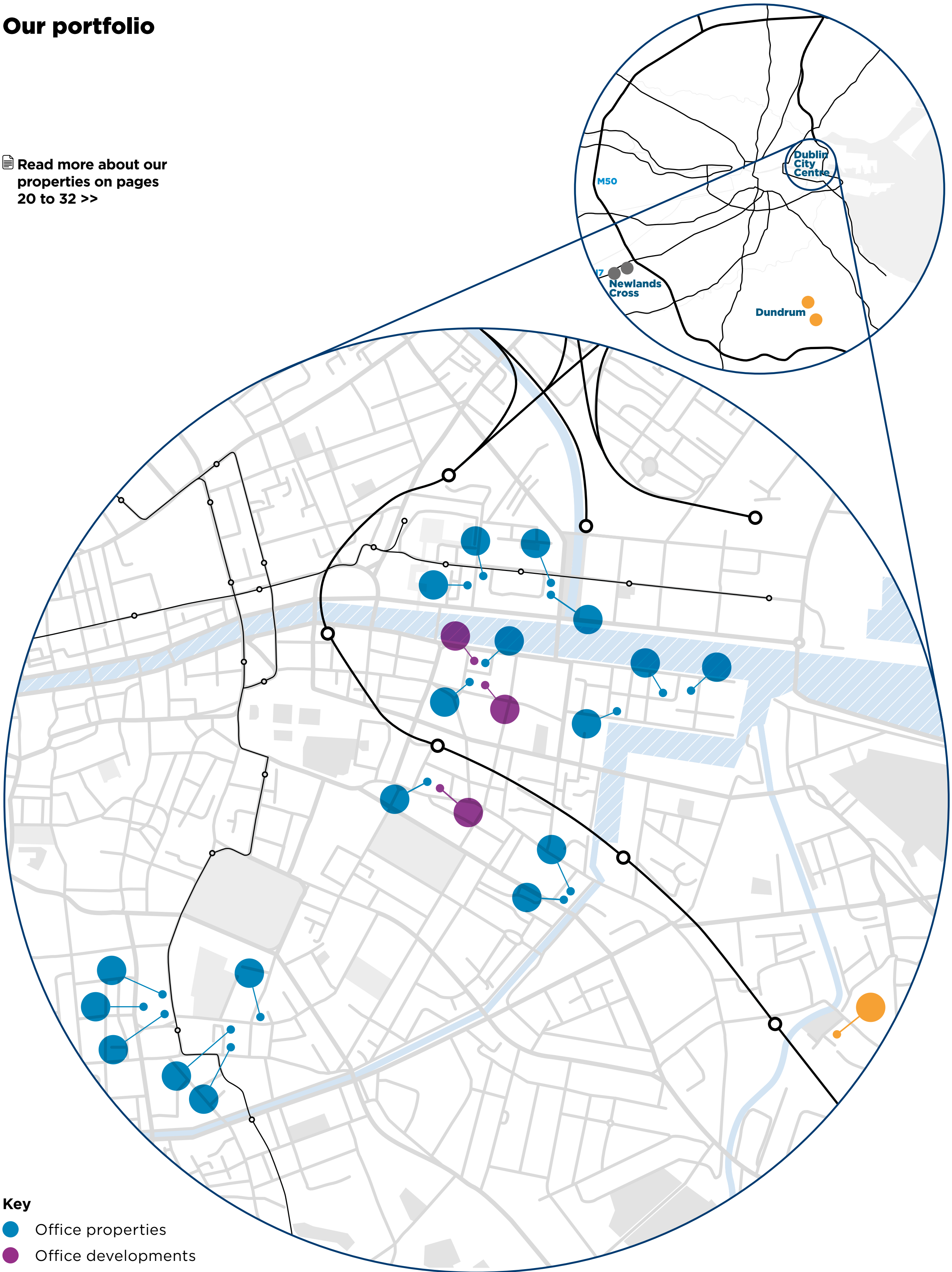
Portfolio value	Contracted rent	EPRA NAVPS	Net rental income	Total property return	EPRA EPS	DPS
€1.3bn	€56m	159.1c	€46m	11.6%	2.8c	3.0c

Alternative Performance Measures (“APMs”)

The Group uses a number of financial measures to describe its performance which are not defined under International Financial Reporting Standards (“IFRS”) and which are therefore considered APMs. In particular, measures developed by the European Public Real Estate Association (“EPRA”) are reported in line with other public real estate companies. These are defined in more detail, and reconciled with IFRS where applicable, in the Supplementary Information section on pages 211 to 216 of this Annual Report.

Our portfolio

Read more about our properties on pages 20 to 32 >>



Key

- Office properties
- Office developments
- Residential properties
- Industrial properties
- Rail line and stations
- LUAS line and stations

Why Dublin?

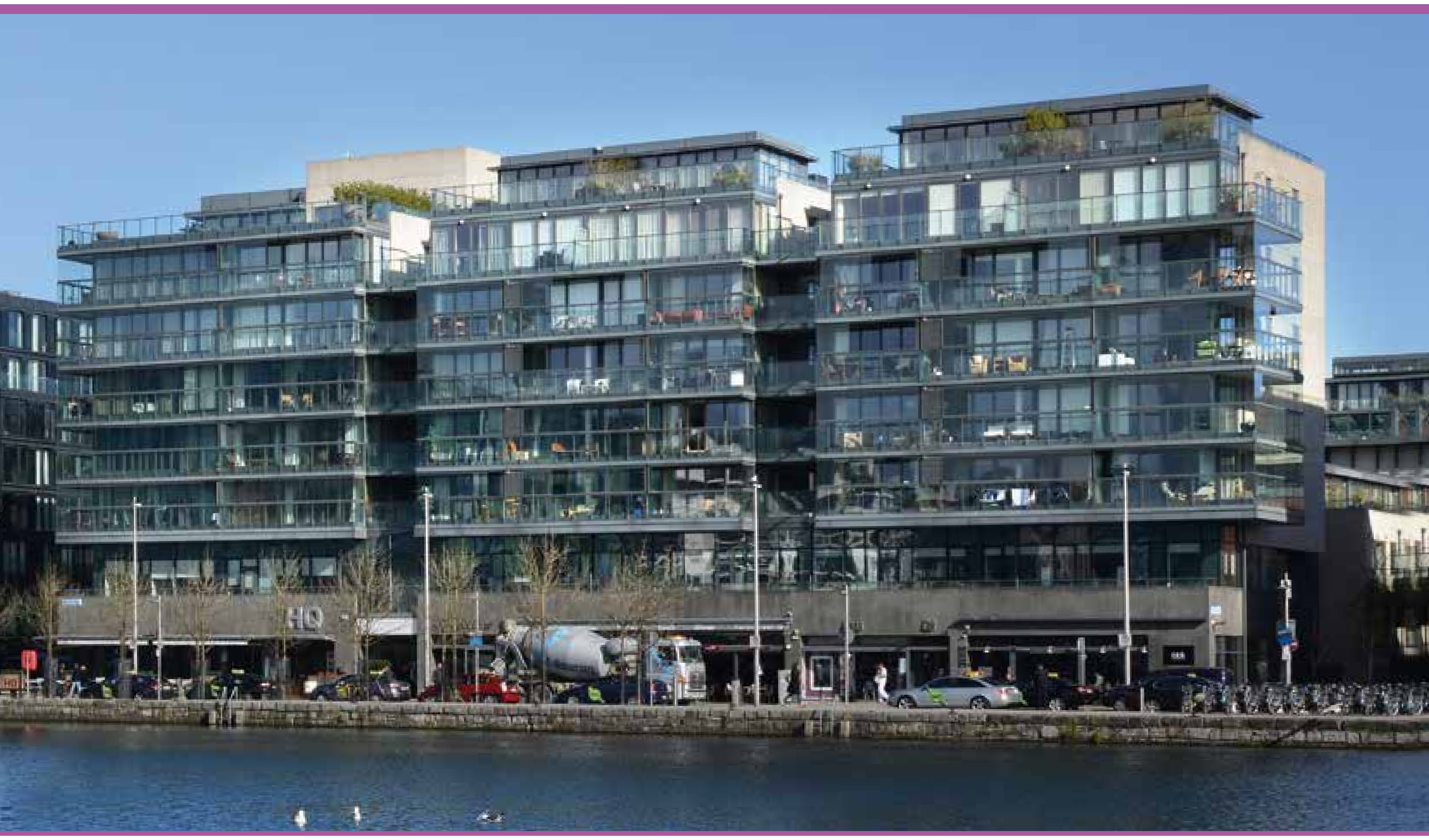
Why is Dublin an attractive place to invest?
Dublin is by far the largest and wealthiest city in Ireland: Greater Dublin currently represents c. 40% of Ireland's 4.8m population *(source: CSO)* and nearly 50% of its GDP *(source: IMF)*. It has three universities and four institutes of technology producing a young and highly-skilled workforce, which, together with its language, legal system, time-zone and tax advantages, has attracted many international companies, particularly in the technology and financial sectors. Greater Dublin is expected to continue to grow rapidly, with the population forecast to grow by over 25% in the next decade *(source: CSO)*, and office-based employment forecast to grow by a similar amount *(source: Oxford Economics)*.

Why is 90% of your portfolio in central Dublin offices?
Our primary focus is the office sector for a number of reasons: it is a large, relatively liquid market totalling over 40m sq. ft. in Dublin (c. 25m sq. ft. in city centre) which attracts international investors and one where we expect secular growth over the next decade. Within the office sector we have invested solely in central Dublin offices (i.e. no suburban offices or offices outside Dublin) as this is the market where most tenants want to be – leading to higher rents – and also where the barriers to entry are highest, on account of planning restrictions and scarcity of sites. We also have 12% of our portfolio in opportunistic investments in the residential and industrial sectors in Dublin.

"We think that the positives of Brexit for Dublin are likely to outweigh the negatives."

Would you ever invest outside Dublin?
It would be unwise to say 'never', but for the reasons outlined above we believe Dublin is likely to remain the most attractive investment market for us and it is also the one where our local knowledge, built up over many years, is a key competitive advantage.

Is Brexit good or bad for Dublin?
At the moment none of us knows exactly what any Brexit 'deal' will look like, if indeed there is one, so it's a difficult question to answer! While companies are often reticent about giving reasons, we believe that since the UK Referendum in June 2016 Dublin has benefitted from a number of companies deciding to increase their headcount here, primarily on account of Brexit. Some of these have been financial services companies moving staff but we think the larger source of demand for office space has come from the TMT sector directing their expansion to Dublin ("latent Brexit"). We think this trend will continue and that the positives



of Brexit for Dublin are likely to outweigh the negatives.

What is the outlook for Dublin property?

Regardless of Brexit, the office occupational market is in good health. Take-up in the 2017 calendar year set a new record of 3.6m sq. ft. *(source: CBRE)* and active demand continues to be strong. The supply side remains controlled with 2.3m sq. ft. expected to be delivered in 2018 (61% pre-let) and 1.7m sq. ft. expected in 2019 (13% pre-let). The investment market also remains robust, with high levels of capital looking to invest in long-let buildings. The strength of the Irish economy, a growing population and robust investor and occupier demand look set to continue to support the Dublin property market.

Above and below:

South Dock House on Hanover Quay, above showing the art installation Grand Canal Square by Martha Schwartz

"We have made good progress against all our strategic priorities in the year."

The year to 31 March 2018 has been another successful one for Hibernia with good progress made against all our strategic priorities. We continued to grow our rental income through the delivery of development schemes and effective asset management: net rental income increased to €45.7m from €39.7m in the previous year, an increase of 15.1%. The value of our property portfolio rose to €1.3bn by year end and EPRA NAV per share was 159.1 cent, an increase of 8.7% despite the impact on our portfolio value due to the increase in stamp duty on commercial property from 2% to 6% (estimated at €54m or 7.7 cent per share).

Our primary focus in the year was the delivery of our development projects, namely the completion of 1 Windmill Lane ("1WML") and Two Dockland Central ("2DC"), and making significant progress on 1-6 Sir John Rogerson's Quay ("1SJRQ") and 2 Windmill Lane ("2WML"), which are due to complete by the end of 2018. The delivery of 1SJRQ and 2WML will complete our first building cluster, the Windmill Quarter, which will total c. 400,000 sq. ft. of offices across five buildings as well as smaller amounts of retail, leisure and residential space. The clustering of office buildings allows us to provide affordable communal areas and leisure facilities for our tenants and is something we are likely to replicate elsewhere in the portfolio in future. Development activity will remain a strategic priority for us over the medium term, with the development of Phase II of Cumberland Place now approved by the Board and due to commence shortly and preparation and planning continuing on our longer-term pipeline of office schemes, which will total 505,000 sq. ft. once complete. With the acquisition of further land at Gateway, our interest now comprises 45.4 acres and we are considering plans to enhance value there.

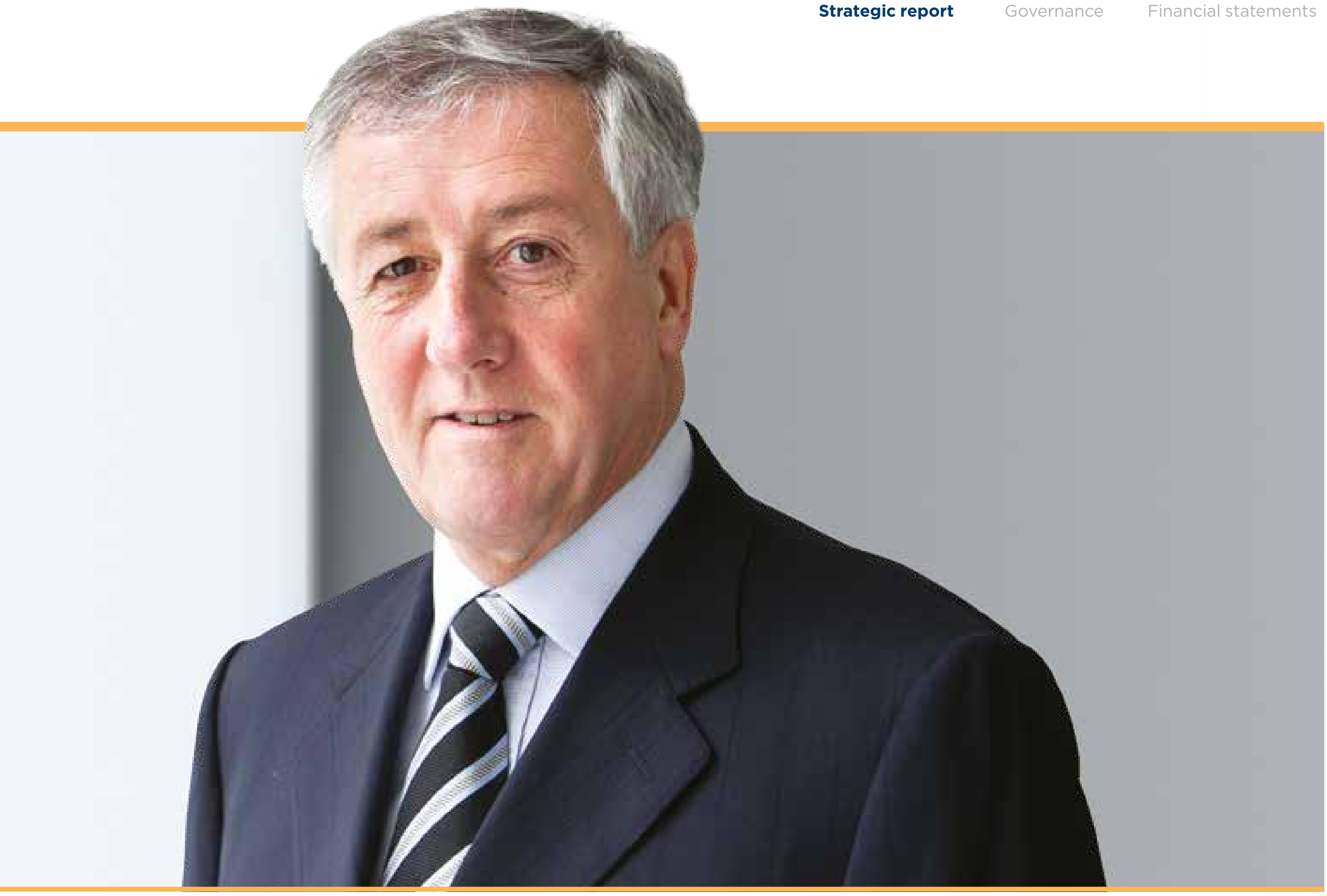
Beyond our development programme, and with property prices in the Dublin market continuing to rise, our focus has shifted to ensuring portfolio returns remain high through recycling our

Net rental income

€45.7m +15%

EPRA EPS

2.8c +27%



capital out of assets with expected forward returns below our targets and into assets with opportunities to drive value through asset management or improvement. In the year we sold three assets for a total €35.8m and made acquisitions totalling €39.1m.

The annual contracted rent of our existing portfolio is now €56.0m (March 17: €48.3m) and our WAULT has increased to 7.3 years from 6.7 years. New lettings made in the year added €5.7m to contracted rent and had an average WAULT of 11.4 years. Rent reviews in the year added €0.7m to contracted rent, an average uplift of 138%. While the overall monetary quantum of uplift from rent reviews was modest, the rents achieved were in line with ERVs which bodes well for the upcoming rent reviews: at present there is c. €6m of reversionary potential in our office portfolio and most reversionary lease events occur in the next two years. Given the strong financial performance the Board has recommended a final dividend of 1.9 cent per share for a total dividend of 3.0 cent for the year, up 36.4% on last year. Subject to approval at the 2018 AGM, the final dividend will be payable on 3 August 2018.

The interim remuneration arrangements approved as part of the internalisation transaction in October 2015 expire in November 2018 and details of the proposed new Remuneration Policy (the "Policy") are set out in the remuneration report in this Annual Report and are also being circulated with the AGM Notice. The new Policy is intended to ensure the retention of key management and staff and to align their interests with those of shareholders and other stakeholders. The Remuneration Committee has consulted Hibernia's largest shareholders and also consulted proxy voting advisers who have generally been supportive of the new proposals. Some changes have been implemented following feedback and some areas have been clarified. I hope that you will be able to support the Remuneration Committee's recommendations and vote in favour of the new Remuneration Policy at our AGM.

Finally, I want to thank all our staff for their hard work and commitment during the year. Our success would not be possible without their dedication and effort. I also want to pay special thanks to Bill Nowlan who retired as a Director following our 2017 AGM. Bill was one of the founders of Hibernia and played a significant part in growing the business in its early years.

Looking forward I am confident that we can continue to deliver on our strategic priorities and enhance shareholder value, particularly through income and dividend growth. Hibernia has an attractive development pipeline and market conditions remain favourable with strong demand for high quality city centre office space.

Daniel Kitchen
Chairman
13 June 2018

"We are pleased to report excellent results despite the increase in stamp duty, with our developments and residential assets being particularly strong performers."

Our portfolio delivered a total property return (excluding acquisition costs) of 11.6%, outperforming our benchmark, the IPD Ireland Index, which returned 6.8%. EPRA NAV per share grew by 8.7% to 159.1 cent and we are proposing a 1.9 cent per share final dividend taking our total for the year to 3.0 cent, an increase of 36.4% over the prior year.

Growing Irish economy and favourable market conditions

Ireland continues to have one of the best performing economies in the Euro area and unemployment has fallen to near pre-crisis levels. This, together with continuing FDI, is resulting in strong occupier demand, particularly from the TMT sector. Dublin office take-up set a new record in 2017 and remained above trend in Q1 2018, taking the overall vacancy rate to 6.2% by March 2018. The Grade A vacancy rate in Dublin's city centre, where c. 90% of Hibernia's portfolio is located was 3.9% at the same date. While supply of new offices has grown year-on-year since 2015, it remains relatively constrained and prime rents have continued to increase. With strong occupier demand, limited new supply and growing rents it has been unsurprising to see prime office yields compress and the same dynamics are in effect in the residential market. The increase in stamp duty on commercial property in the year somewhat reduced the valuation gains from the yield compression and rental growth: on a like-for-like basis our office portfolio grew 4.3% in value (excl. current developments) and our residential portfolio (not subject to the stamp duty increase) grew 13.4%.

Enhancing portfolio through disciplined and profitable recycling of capital

As guided, we made our first sales of investment properties in the year and reinvested the proceeds in new assets which we believe will improve the forward returns of the portfolio. We sold three of our smaller assets in the second half of the financial year for €35.8m, an aggregate of 20.6% ahead of their September 2017 valuations. In the case of the

EPRA NAVPS
159.1c +8.7%

Dividend per share
3.0c +36.4%

Total property return vs IPD
4.8%

Chancery, D8, we had extended the unexpired lease term from two years at acquisition to eight years and saw few further asset management opportunities in the near and medium term. In the case of the two neighbouring assets in the South Docks, Hanover Street East and 11a Lime Street, these were acquired with the objective of building a consolidated land holding to undertake a future redevelopment: the sales price gave Hibernia the majority of the upside it could have expected from any such redevelopment with no risk.

We made acquisitions totalling €39.1m in the year. 77 Sir John Rogerson's Quay, in the improving eastern end of the South Docks, was acquired vacant and we agreed a simultaneous long lease with International Workplace Group plc ("IWG") generating an immediate valuation uplift. We also acquired 31.3 acres of agricultural land adjacent to our Gateway site, increasing our holding to 45.4 acres in an area with excellent transport links that we feel has significant future potential.

Development programme delivering and making progress with pipeline of future schemes

We successfully completed our committed schemes at 1WML and 2DC, delivering 197,000 sq. ft. of Grade A office space and some ancillary space and generating an aggregate profit on cost in excess of 65% at completion. At 31 March 2018 over 96% of this space was let, with contracted rent of €11.5m. 1SJRQ and 2WML, our two committed developments at 31 March 2018, will deliver 172,000 sq. ft. of prime office space and remain on track for completion in late 2018. They are the final parts of the Windmill Quarter, our first cluster of five adjacent buildings in the South Docks comprising c. 400,000 sq. ft. of offices plus further retail (food & beverage), leisure and residential units centred around the communal facilities we are putting into Windmill Lane, most notably the Townhall. In May 2018, the Board approved the development of Phase II of Cumberland Place, which will deliver an additional 50,000 sq. ft. of new Grade A office space and which we expect to complete in the first half of 2020.

Following the approval of Cumberland Place Phase II, our longer-term development pipeline totals four schemes. The three office schemes, two of which have the scale to create similar clusters of buildings with shared facilities to the Windmill Quarter, are expected to deliver 505,000 sq. ft. of office space post completion and we are working to optimise our plans for them. At Gateway, our interest has been enhanced by the additional land we have acquired and we are assessing our options to enhance value.

Income and WAULT increasing and driving growing dividend

Contracted rent grew by 15.9% to €56.0m per annum and our office WAULT to the earlier of break or expiry grew 9.0% to 7.3 years. The key driver of this has been the lettings made at the two developments which completed in the year, 1WML and 2DC, which added €5.7m of contracted rent

"We are positive on our prospects: we have a talented team, a portfolio rich in opportunity and flexible, low-cost funding available to support our plans."

with WAULT to break of 11.4 years. In addition, we successfully concluded four rent reviews, adding €0.7m to contracted rent, an uplift of 138% on existing rent and in line with ERVs.

EPRA earnings grew 29.4% to €19.4m (2.8 cent per share) for the financial year as a result of this activity and the Board has proposed a final dividend of 1.9 cent per share, bringing the dividend for year to 3.0 cent, up 36.4% on prior year. We see potential for further growth as our committed and near term developments, which are unlet at present and have an ERV of €12.7m, are leased up and as we capture the €6.0m of reversionary potential in our acquired 'in-place' office portfolio, which has an average period to earlier of review or expiry of 2.6 years.

Moving towards target leverage but still substantial investment capacity

We continue to make progress towards our through-cycle leverage target range of 20-30% LTV: net debt at 31 March 2018 was €202.7m, a loan to value ratio of 15.5% (March 2017: 13.3%). The €47.4m increase in net debt in the year was primarily due to development expenditure, which totalled €43.9m, and there remains a further €77m of committed development expenditure, most of which will occur in the year to March 2019. Net of this committed development spend we have cash and undrawn facilities of €120.3m available. We are looking at options to diversify our sources of debt funding and extend average maturity dates.

Outlook

The supply of new offices in Dublin remains relatively constrained, particularly in the city centre market in which we specialise, and economic momentum in Ireland continues to be strong, as does demand from domestic and international occupiers for office space in Dublin. These same dynamics are also in evidence in the residential rental market. We are positive on our prospects: we have a talented team, a portfolio rich in opportunity and flexible, low-cost funding available to support our plans.

Kevin Nowlan
Chief Executive Officer
13 June 2018

1WML, South Docks

Ireland again had one of the best performing economies in the Euro area in 2017, with GDP growth for the year forecast at 8.1%, as activity returned to pre-crisis levels *(source: CSO, Goodbody)*

General economy

The Department of Finance ("DoF") recently upgraded its forecasts for GDP growth in 2018 and 2019 to 5.6% and 4.0%, respectively (previously 3.5% and 3.2%). Core domestic demand is forecast to grow by 2.8% in 2017 *(source: Goodbody)* and is expected to average 4.3% per annum for the next two years, supporting further GDP growth *(source: Central Bank of Ireland)*. The unemployment rate fell to 5.9% in April 2018, the first time in 10 years it has been below 6%, and the economy is nearing practical full employment, which is likely to create upward pressure on wages in the near term *(source: Goodbody, CSO)*.

Notwithstanding current and capital spending increases of 4% and 9%, respectively, the Government budget deficit reduced to 0.2% of GDP in 2017 (2016: 0.7% deficit) as tax revenues increased *(source: Goodbody)*. Ireland's improving fiscal health should help the execution of the Government's National Development Plan, an important programme of investment in Ireland's infrastructure network for the long term.

The uncertainty around the terms of the UK's departure from the EU and the impact of the recent US tax reforms remain the key external risks for the Irish economy.

To date there has been little discernible negative impact from either: an additional 4,700 IDA-sponsored jobs were added in Dublin in 2017 (3,300 in 2016) while 1,100 jobs were added in Q1 2018 *(source: Davy, Goodbody)*. Nonetheless, while the potential upside for Dublin from Brexit has been discussed previously, the longer-term implications of it and the US tax changes for Dublin remain less clear.

MSCI Property Ireland Index total return as at 31 March 2018

6.8%

(March 17: 11.2%)

Irish property investment market

In the 12 months to 31 March 2018 the MSCI Ireland Property Index (the "Index") delivered a total return of 6.8% (March 2017: 11.2%). Over 97% of the Index by value comprises commercial property, which was negatively impacted by the trebling of stamp duty on commercial property transactions in Ireland from 2% to 6% which came into effect in October 2017. Excluding the stamp duty change, the Index would have delivered capital growth of c. 6% in the year to March 2018 rather than 2.1% (March 2017: 6.2%). The office sector delivered a total return of 7.1% in the 12 months to March 2018 and capital growth of 2.6%. This capital growth came from ERV growth and yield compression in broadly equal measure.

The immediate impact of the stamp duty increase was a reduction in the value of commercial property of around 4%. However, it has been difficult to determine any notable impact on investment volumes: although the €2.6bn of commercial property transactions in Ireland in 2017 was lower than the €4.5bn of transactions in 2016 this decrease was expected as the market continued to move out of its deleveraging phase and Q4 2017 (i.e. after the change) saw 48% of all the investment volumes in the year. Q1 2018 volumes were relatively strong at c. €0.9bn, helped by the completion of three large transactions of over €100m each *(source: CBRE)*.

Prime office yields compressed from 4.65% to 4.00% in 2017 and have remained stable in Q1 2018 *(source: CBRE)*. Investor appetite for prime assets remains strong although the scarcity of product has led some investors to shift to the suburban market and forward-funding transactions are becoming more common *(source: Knight Frank)*. In addition, appetite for alternative property classes such as private rented sector residential ("PRS") and student accommodation has grown, with PRS witnessing net yield compression from 4.80% to 4.25% during the year to March 2018 *(source: CBRE)*.

Office occupational market

Take-up in the Dublin office market in 2017 reached a record high of 3.6m sq. ft., well ahead of the five and 10-year averages of 2.7m and 2.1m, respectively. Despite some large suburban lettings, the city centre accounted for 61% of take-up. Q1 2018 saw a continuation of this trend with take-up of 0.7m sq. ft., up substantially on the same period in 2017 (*source: Knight Frank*). While the Dublin office rental market is usually dominated by relatively small leasing deals, 2017 witnessed larger than usual lettings with 57% of take-up (by area) comprising lettings of greater than 50,000 sq. ft.. This trend has also continued into 2018 with two deals greater than 50,000 sq. ft. in Q1 *(source: Knight Frank)*.

TMT companies accounted for 51% of take-up in 2017 in the Dublin office market, followed by financial services firms (20%) and state institutions (10%) *(source: Knight Frank)*. There has also been significant activity in the serviced office market in Dublin in the past year, as international firms such as WeWork and IWG have begun to establish significant presences: 3.2% of take-up in 2017 went to serviced office operators (*source: Knight Frank*). While less evident than the Brexit-related moves (and potential moves) to Dublin by UK-based financial and professional services firms, we believe it is investment decisions by technology firms that are likely to have the bigger impact on the Dublin office market ("latent Brexit"): these companies are highly reliant on sourcing skilled labour, often from overseas – something that Brexit and the current US administration are making less certain in those countries. We believe this trend is one of the drivers of the strong take-up in Dublin over the past 18 months (*source: CBRE*).

Dublin office take-up in 2017

3.6m sq. ft.
(2016: 2.6m sq. ft.)

The overall Dublin office vacancy rate fell to 6.2% in the quarter to March 2018 and in the city centre (where 88% of Hibernia's portfolio is located) the Grade A vacancy rate is now 3.9% *(source: Knight Frank)*. While the new supply delivered in Dublin has grown year on year since 2015, the strong tenant demand has led to continued rental growth with prime office rents increasing from €62.50psf to €65.00psf in 2017 and remaining at that level at the end of Q1 2018.

Office development pipeline

Following the delivery of the first new office developments in Dublin in five years in 2016, 2017 saw growth in supply with a total of 1.4m sq. ft. delivered, over 90% of which has now been let (*source: Hibernia*). 2.3m sq. ft. is expected to be delivered in Dublin in 2018, of which 1.4m sq. ft. is already let, and 1.8m sq. ft. is expected to be delivered in the CBD. Between the start of 2018 and the end of 2021 we expect that 7.4m sq. ft. of space will be delivered in Dublin, with 69% of this (5.1m sq. ft.) in the CBD. At the end of Q1 2018, 4.4m sq. ft. of the aforementioned 7.4m sq. ft. was under construction. The majority of the expected CBD office delivery between the start of 2019 and 2021 will be in the IFSC and North Docks areas as available sites in the Traditional Core and South Docks become increasingly scarce. Finance for speculative development is still limited, which is delaying some supply.

Residential sector

Supply of new housing is still below the Government's target of delivering 25,000 homes per annum in the period to 2021 *(source: Rebuilding Ireland/Government of Ireland*) but completions grew to 19,271 units in 2017, up from 14,932 in 2016: in the Greater Dublin Area completions were up 47% and commencements were up 18% in 2017, to 8,576 and 1,738, respectively *(source: Department of Housing*). In an attempt to improve the viability (and therefore delivery) of apartments which accounted for only 25% of the units delivered in 2017 *(source: Department of Housing)*, the Department of Housing, Planning and Local Government published updated design standards for new apartments in early 2018. A study commissioned by the same department indicated that these measures reduced the build cost of an apartment scheme by 15%. Despite these measures, viability remains challenging at affordable rental levels.

A lack of available housing rental stock remains, particularly in Dublin where just 1,250 units of rental stock were available as at April 2018, a reduction of 11% year-on-year (*source: DAFT*). Rents in Dublin are up 12.4% in the 12 months to March 2018 and are now 30% above the previous peak (*source: DAFT*). On the sales side, house prices in Dublin are up 13% in the 12 months to February 2018, although they remain 23% off their previous peak (*source: Residential Property Price Index*). House price growth of c. 9% is forecast for 2018, given the current market dynamics (*source: Goodbody*).

We focus on the Dublin office market. Our approach is based on active ownership of our properties, whether through repositioning buildings or asset management, to generate above average long-term returns while only using modest leverage.

We seek to form clusters of buildings where possible: this enables us to provide communal areas and shared facilities for our tenants, enhancing the experience for their employees. For further details please see the case study on our first cluster, the Windmill Quarter, on page 20.

We are disciplined in our capital allocation: where assets no longer meet our forward returns targets we look to sell and recycle the proceeds into new investments.

How we create value

Buy
Typically, we buy off-market and we are experienced in acquiring property through secured loans. We look for well-located assets with potential for improvement or with complex lease situations to resolve.

Our inputs

People:
Experienced management with specialist investment, asset and building management, development and finance teams.

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

Sell
Where assets no longer meet our expected forward returns or we can achieve future gains today, we look to sell and recycle the proceeds into new investments.

€1.3bn
portfolio all in Dublin

Clustering
Where possible we form clusters of buildings with shared facilities to benefit our tenants and their employees.

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

RECYCLE CAPITAL

Building management:
Unlike most property companies in Ireland, we manage most of our buildings internally. We do this because we believe it is essential for giving the best experience and service to our tenants.

Capital:
We run with low leverage, our through-cycle target is 20-30% loan to value.

Currently our overall priority remains capitalising on the favourable conditions in the occupational market to deliver capital and income growth.

Strategic priority 2017–18	Key initiatives	2017-18 progress	KPI impact and operational metric
1 **Deliver development projects and prepare pipeline of future projects** See pages 28 to 30 >>	• Complete 1WML and 2DC • Progress 1SJRQ and 2WML (formerly the Hanover Building) • Prepare other projects for commencement (e.g. Cumberland Place Phase II, Gateway)	• 1WML and 2DC completed • 1SJRQ and 2WML both on track for 2018 completion • Cumberland Place Phase II committed in May 2018 • The four schemes in the pipeline are being optimised	• Development profits enhance EPRA NAVPS and TPR • Lettings/pre-lets increase rent, WAULTS and reduce voids/void risk
2 **Increase rental income and duration** See pages 31 to 32 >>	• Complete letting of 1WML and 2DC • Let 1SJRQ and 2WML • Deliver rental uplifts through rent reviews • Keep vacancy rates below 5%	• 1WML >96% let and 2DC fully let • Contracted rent increased 16% to €56m • In-place office WAULT break/expiry increased 9% to 7.3 years • Vacancy rate at 31 March 2018 3%	• Lettings enhance EPRA NAVPS and TPR, contracted rents and WAULTs
3 **Deploy capital into selective acquisitions or new developments** See pages 26 and 28 to 30 >>	• No targets – depends on opportunities available • Any acquisitions or new developments must enhance Group returns	• €39m deployed in acquisitions including costs: main acquisitions were 77SJRQ and Gateway Lands	• Investments should enhance EPRA NAVPS and TPR in longer term
4 **Recycle capital to monetise gains and enhance future returns** See page 26 >>	• Sale of any assets where forward returns are not expected to meet our targets and possible redeployment as discussed under priority 3 above	• Sold three assets for €36m – 21% ahead of Sept 17 book values • Expect to sell Cannon Place apartments	• Sales above book value enhance TPR and EPRA NAVPS
5 **Maintain an efficient balance sheet** See pages 33 to 34 >>	• Move towards 20-30% LTV target • Reduce cost of debt where possible	• Net investment spend of €47m: deployed €39m in new acquisitions and €45m in capital expenditure while realising €36m through sales. • LTV now 15.5% up from 13.3% at 31 March 2017	• Efficient balance sheet should enhance EPRA NAVPS growth and DPS
6 **Deliver improvements in environmental efficiency of portfolio** See pages 48 to 67 >>	• 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	• 1WML achieved LEED Gold • Sustainability progress discussed in more detail in our sustainability report on pages 48 to 67	• See sustainability report on pages 48 to 67

Strategic priority 2018–19	Key targets 2018-19	Risks
1 **Complete committed near-term developments and prepare pipeline of future projects. Where possible use development to form clusters of buildings with shared facilities** See pages 28 to 30 >>	• Deliver 1SJRQ and 2WML completing the Windmill cluster • Progress four pipeline projects and add to pipeline where possible • Assess existing in-place portfolio for future value-add opportunities	• Market decline reduces 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 31 to 32 >>	• Let 1SJRQ and 2WML • Deliver rental uplifts through rent reviews and lease renewals • Keep vacancy rates below 5%	• Occupational market weakness • Existing tenants leave or become insolvent
3 **Make selective investments** See page 26 >>	• Make acquisitions or investments where we see opportunities to enhance Group returns	• No attractive opportunities • Capital deployed does not achieve target returns
4 **Recycle capital to monetise gains and enhance future returns** See page 26 >>	• Sell assets which do not meet our expectations for forward returns	• Market decline means cannot achieve book value on disposals • Forward returns on assets sold materially exceed our expectations
5 **Maintain an efficient balance sheet and seek to diversify funding sources and maturity dates** See pages 33 to 34 >>	• Continue to progress towards target leverage level of 20-30% • Look to diversify debt funding away from purely bank debt and also seek to extend debt maturity dates	• Disposals exceed deployment into new opportunities reducing LTV • Rates rise substantially increasing interest costs on unhedged debt • Unable to diversify debt funding sources
6 **Continue to improve environmental efficiency of the portfolio** See pages 48 to 67 >>	• 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

Our key performance indicators ("KPIs") are the main metrics we use in running the business and assessing its performance. They are focused on returns to shareholders and are the principal drivers of variable remuneration for the Management Team.

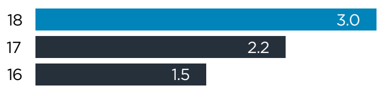
See pages 95 to 127 for further details. >>

EPRA NAVPS

159.1c

Dividend per share

3.0c



Total property return vs IPD

4.8%

Rationale

EPRA NAVPS and dividend per share ("DPS") are measures of the capital and income returns generated by a company on a per share basis. Total property return ("TPR") vs IPD measures the performance of the Company's property portfolio against that of the Irish property market. EPRA NAVPS and TPR are alternative performance measures and are further explained and reconciled to the appropriate IFRS measures on the Supplementary section on pages 211 to 216. EPRA measures are benchmarks established by the European real estate industry and are an important way for investors to measure real estate company performance.

Link to remuneration

Under the terms of the Investment Management Agreement which runs until November 2018, remuneration is calculated as follows:

Absolute performance

7.5% of any return between a 10% and 15% annual NAV per share growth rate (including dividends) and 10% of any return above a 15% annual NAV per share growth rate (including dividends).

Relative performance

10% of any TPR outperformance of IPD Ireland Index annually (subject to high water marks). TPR is calculated by MSCI, the producers of the MSCI/Ireland index.

Future KPIs and remuneration

The existing remuneration structure continues until November 2018. The Remuneration Committee has consulted key shareholders and is proposing a new structure for approval at this year's AGM (please see pages 95 to 127 for further details).

Performance for the year

Hibernia performed strongly, having a 12-month return of 11.6% versus the index of 6.8%. IFRS NAV per share and EPRA NAV per share are both up 9% from 31 March 2017.

Operational metrics

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

Investment & development

	2018	2017
Purchases	**€39m**	€85m
Disposals	**€36m**	€4m
Capital expenditure	**€45m**	€53m
Committed capex	**€77m**	€95m

See more on pages 26 to 30. >>

Asset management

	2018	2017
Portfolio value	**€1,309m**	€1,167m
In-place office occupancy	**97%**	97%
Passing rent	**€50m**	€42m
Contracted rent	**€56m**	€48m
Office rent w/cap and collar or upwards only at next review	**36%**	46%
In-place office WAULT to break/expiry	**7.3yrs**	6.7yrs
Reversionary potential	**12%**	18%

See more on pages 31 to 32. >>

Financial management

	2018	2017
EPRA EPS	**2.8c**	2.2c
PBT	**€107m**	€119m
Net debt	**€203m**	€155m
LTV	**16%**	13%
Cash & undrawn facilities	**€197m**	€289m

See more on pages 33 to 35. >>

Sustainability

See more on pages 48 to 67. >>

Top to bottom:

1SJRQ (CGI)
1 Cumberland Place (reception)
Clanwilliam Court (interior)

Strategy in action: the Windmill Quarter

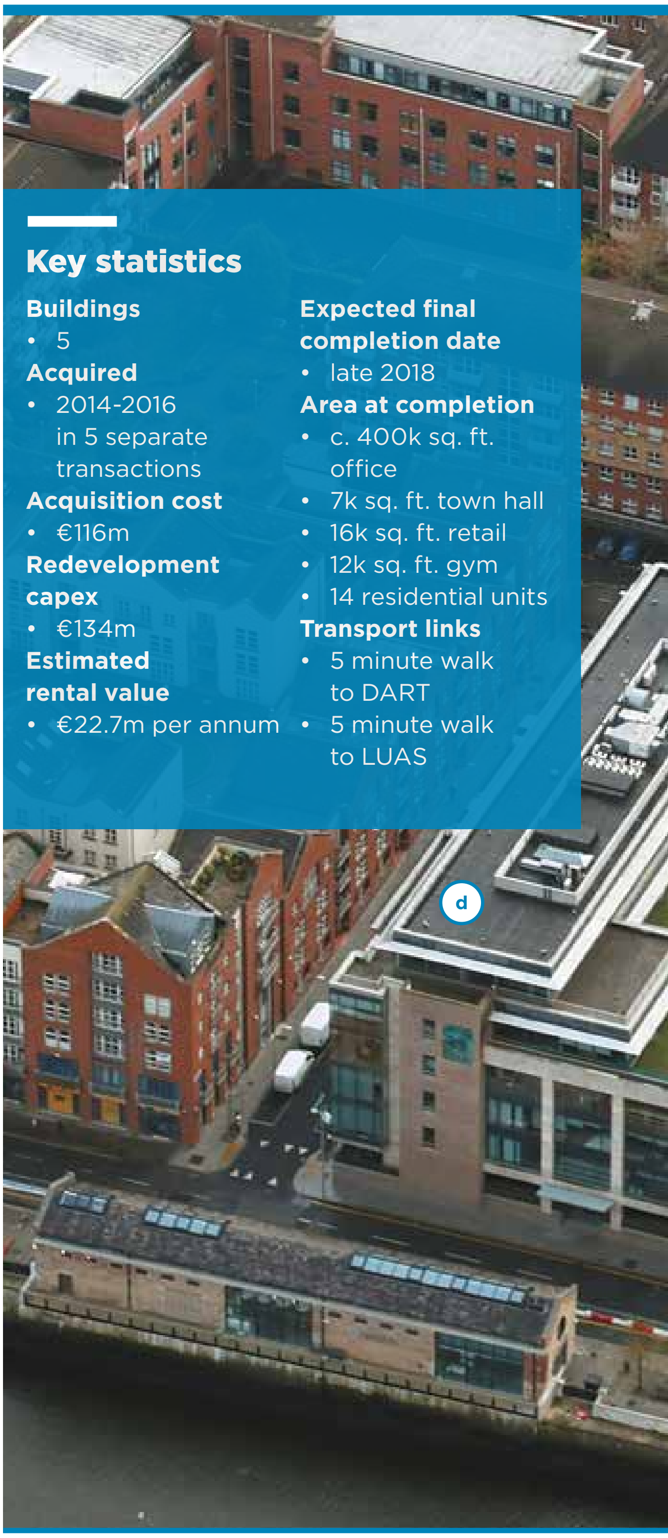
The Windmill Quarter comprises five adjacent buildings in Dublin's South Docks which, when fully complete in late 2018, will total c. 400,000 sq. ft. of offices together with retail and leisure facilities and 14 residential units.

Given height restrictions in central Dublin, few office buildings exceed 150,000 sq. ft. and most are significantly smaller: this makes providing the type of communal space and facilities that employees expect today expensive for occupiers who may only be taking one or two floors in a building.

Our solution has been to assemble clusters of adjoining buildings so that the cost of communal areas, gyms and restaurants etc. can be shared between buildings. The Windmill Quarter will be our first completed cluster and we expect to deliver similar clusters when we redevelop Clanwilliam Court and Harcourt Square in future.

Strategic priorities

1 2 3 5 6



Key statistics

Buildings
- 5

Acquired
- 2014-2016 in 5 separate transactions

Acquisition cost
- €116m

Redevelopment capex
- €134m

Estimated rental value
- €22.7m per annum

Expected final completion date
- late 2018

Area at completion
- c. 400k sq. ft. office
- 7k sq. ft. town hall
- 16k sq. ft. retail
- 12k sq. ft. gym
- 14 residential units

Transport links
- 5 minute walk to DART
- 5 minute walk to LUAS

Building status:

a 1WML (124,000 sq. ft. office):
- Ground up redevelopment, completed August 2017
- Large 7,000 sq. ft. townhall and reception area plus 8,000 sq. ft. retail unit let to Spar and 14 residential units
- LEED Gold certified (see pages 64 to 65 for more details)
- WiredScore Platinum certified
- Fully let to tenants including Informatica, Core Media and Pinsent Masons
- Now >96% let with annual rent of €7.5m annum
- Profit on cost in excess of 80% and yield on cost of 9.6%

b 2WML (60,000 sq. ft. office):
- Full refurbishment and extension due to complete late 2018
- 12,000 sq. ft. gym included on ground floor for use by the estate
- Expected to achieve LEED Gold certification
- ERV: €3.4m per annum
- Expected yield on cost of 7.9%

(c) 1SJRQ (112,000 sq. ft. office):

- Ground up redevelopment, due to complete Q3 2018
- 8,000 sq. ft. of retail units
- Expect to achieve LEED Gold certification
- ERV: €6.6m per annum
- Expected yield on cost of 8.7%

(d) Observatory (85,000 sq. ft. office):

- Acquired fully let, though heavily under-rented
- Tenants include Morgan Stanley, Realex, QMP and Riot Games
- Current rent: €2.8m per annum, with more to come through near term rent reviews

(e) SOBO Works (11,000 sq. ft. office):

- Acquired vacant with Observatory
- €1.5m spent to convert live/work units into 11,000 sq. ft. of office and retail accommodation
- Fully let to Iconic Offices
- Current rent: €0.4m per annum

The Chancery, Dublin 8

In December 2017 we agreed the sale of the Chancery for €23.8m. The building was one of our early acquisitions in 2014 and thanks to our leasing activity and the market recovery the asset had performed well. We elected to sell the asset as we felt the future returns would likely be below our target returns, having successfully completed most of the near term asset management opportunities. In addition, while centrally located, the building is not close to any of our other assets and was one of the smaller assets in the portfolio. The price achieved was ahead of the September 2017 valuation and represented an ungeared IRR of more than 17%.

Ungeared IRR achieved through investment in Chancery

>17%

Key statistics:

	AT PURCHASE	AT SALE
Capital value	€445psf	€645psf
Rent	€30psf	€32.6psf
WAULT	2 years	8 years

Strategic priorities

4

77 Sir John Rogerson's Quay, South Docks

In February 2018, we acquired 77 SJRQ for a price of €30.7m. The 34,400 sq. ft. building, which is located in the South Docks, was being sold with vacant possession. Simultaneous with the acquisition we agreed to let the entire building to International Workplace Group plc ("IWG"), the flexible workspace provider, on a 25 year lease. The simultaneous agreements enabled us to recognise an immediate gain in the value of our investment and the acquisition represented a rapid redeployment of the capital received from the sale of the Chancery in December 2017.

Uplift in value since acquisition

11%

Strategic priorities 2 3 5

Operational review

Portfolio overview

As at 31 March 2018 the property portfolio consisted of 32 investment properties valued at €1,309m[4]) (March 2017: 28 investment properties valued at €1,167m[4]), which can be categorised as follows:

	VALUE AS AT MAR 18 (ALL ASSETS)	% OF PORTFOLIO	UPLIFT SINCE MAR 17 EXCL. NEW ACQUISITIONS[1]	UPLIFT SINCE MAR 17 INCL. NEW ACQUISITIONS[1]	EQUIVALENT YIELD[2]	PASSING RENT[11]
1. Dublin CBD offices						
Traditional Core	**€436m**	**33%**	3.7%	3.6%	5.3%[3]	€21.6m
IFSC	**€261m**	**20%**	(0.1%)	(0.1%)	5.1%	€12.2m
South Docks	**€322m[4]**	**25%**	9.8%	9.9%	4.8%	€10.1m
Total Dublin CBD offices	**€1,019m**	**78%**	**4.3%**	**4.5%**	**5.1%[3]**	**€43.9m**
2. Dublin CBD Office Development[5]	**€134m**	**10%**	19.8%	19.8%	–	–
3. Dublin residential[6]	**€138m**	**11%**	13.4%	13.3%	4.2%[7]	€5.6m[10]
4. Industrial	**€18m**	**1%**	(3.7%)	(8.7%)	3.7%[8]	€0.7m
Total investment properties	**€1,309m**	**100%**	**6.6%**	**6.6%**	**5.0%[3, 7, 9]**	**€50.2m[10]**

1. Includes capex
2. Yields on values excluding adjustments for rental incentives and excluding the adjustment for South Dock House owner occupied space
3. Harcourt Square yield is based on the total value which includes residual land value
4. Excludes the value of space occupied by Hibernia in South Dock House
5. Includes 2WML, 1SJRQ and Cumberland Place Phase II
6. Includes 1WML residential element (Hanover Mills)
7. These are net yields assuming 80% net to gross. C&W has valued Wyckham Point, Dundrum View, Cannon Place and Hanover Mills on a gross yield basis excluding acquisition costs: gross initial yield is 4.9% and gross reversionary yield is 5.2%
8. Current rental value assumed at ERV as this asset is now being valued on a price per acre basis
9. Excludes all CBD office developments
10. Residential rent on a net basis
11. An Alternative Performance Measure ("APM"). The Group uses a number of such financial measures to describe its performance which are not defined under IFRS and which are therefore considered APMs. In particular, measures defined by EPRA are an important way for investors to compare similar real estate companies. For further information see Supplementary information on pages 211 to 216 of this report

The office element of our portfolio, which comprises 88% by value and 89% of our contracted income had the following statistics at 31 March 2018:

	CONTRACTED RENT	ERV	WAULT TO REVIEW[1] (YEARS)	WAULT TO BREAK/EXPIRY (YEARS)	% OF RENT UPWARDS ONLY	% OF NEXT RENT REVIEW CAP & COLLAR	% OF RENT MTM[2] AT NEXT LEASE EVENT
Acquired 'in-place' office portfolio	€29.1m (€39psf)	€35.1m (€48psf)	2.6	5.1	37%	–	63%
Completed office developments[3]	€20.5m (€51psf)	€20.6m (€52psf)	4.1	10.4	–	35%	65%
Whole office portfolio	**€49.6m (€43psf)**	**€55.7m (€49psf)**	**3.2**	**7.3**	**22%**	**14%**	**64%**

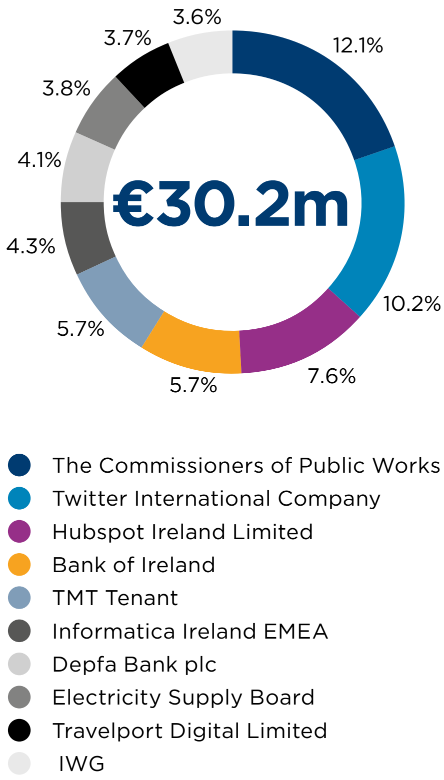
1. To earlier of review or expiry
2. Mark to Market ("MTM")
3. 1 Cumberland Place, SOBO Works, 1DC, 2DC & 1WML

Our focus on increasing portfolio income and extending unexpired lease terms continues. We are achieving this through the completion and letting of new office developments and through rent reviews and lease renewals in the 'in-place' portfolio. In the year we:

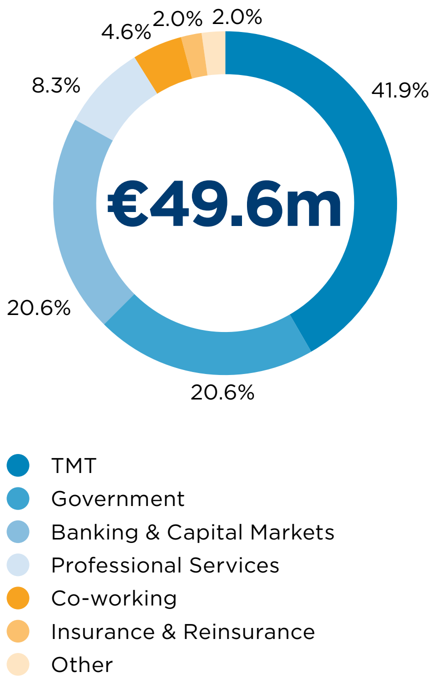
- Added €5.7m to office portfolio income with average term certain of 11.4 years through the letting of the two developments that completed in the year (see Developments and refurbishments on pages 28 to 30)
- Successfully agreed four rent reviews, adding a further €0.7m to contracted income, an uplift of 138% and in line with ERV. The acquired 'in-place' office portfolio has an average period to the earlier of rent review or expiry of 2.6 years and reversionary potential of 20.6% (at valuers' ERVs) giving us further potential to enhance portfolio income and duration though rent reviews and lease renewals

The 'in-place' office portfolio vacancy rate was 3% at 31 March 2018 (31 March 2017: 3%). The vacancy rate rose to 10% at 30 September 2017 mainly due to the completion of 1WML, which was only c. 50% let at that date, and has since reduced as the remaining space in the building has been let.

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



Tenants of in-place office portfolio (by industry sector)



In-place office portfolio WAULT

7.3 years
(2017: 6.7 years)

In-place office vacancy

3%
(2017: 3%)

Acquisitions and disposals

Hibernia's net acquisition spend in the year was €3.3m including costs (2017: €85.4m), comprising two material acquisitions and the disposal of three investment properties as we started to recycle capital into new opportunities as previously guided.

Acquisitions

€39.1m

(2017: €85.4m)

Disposals

€35.8m

(2017: €3.5m)

Acquisitions

77 Sir John Rogerson's Quay, South Docks ("77SJRQ")

The 34,000 sq. ft. office building was bought in February 2018 for €30.7m. The building was purchased with vacant possession but we agreed a simultaneous 25-year lease for the entire building to International Workplace Group plc ("IWG") creating an immediate valuation gain.

Gateway lands, D22

31.3 acres of land (zoned for agriculture) adjacent to our Gateway site was purchased in H2 2017 for €6.2m. This acquisition increased Hibernia's interest in the Newlands Cross area to 45.4 acres and we believe it has significant future potential.

Disposals

The Chancery, D8

The 35,000 sq. ft. office building and four adjoining apartments were sold in December 2017 for €23.8m, equating to a net initial yield of 5.9% for the office accommodation. The ungeared IRR for Hibernia since acquisition in 2014 was over 17%.

Two small assets in the South Docks

Hanover Street East, a 13,000 sq. ft. office building, and 11a Lime Street, a neighbouring house, were sold in February 2018 for €12m, significantly ahead of their September 2017 valuations.

The assets had contracted income of €0.2m per annum and were acquired in 2015 for €4.8m with the objective of building a consolidated land holding to undertake a future redevelopment. The sales price gave Hibernia the majority of the upside it could have expected from any such redevelopment with no risk, and an ungeared IRR of 40%.

Montague House, Dublin 2

Developments and refurbishments

Schemes completed

We completed two schemes in the year totalling 197,000 sq. ft. of Grade A office space (see Asset management section on pages 31 to 32 for further details of the lettings at these schemes).

1 Windmill Lane ("1WML"), South Docks

The development of 124,000 sq. ft. of new office space, 7,000 sq. ft. townhall and reception, 8,000 sq. ft. of retail and 14 residential units, was completed on time and on budget in late August 2017, delivering a profit on cost of over 80% (post stamp duty and excluding finance costs). The building is now over 96% let and is yielding 9.6% on cost.

Two Dockland Central ("2DC"), IFSC

The refurbishment of 57,000 sq. ft. of office space (out of total building of 73,000 sq. ft.) was completed on schedule and within budget in November 2017. It delivered a profit on cost of over 35% (post stamp duty change and excluding finance costs) and is now fully let with a yield on cost in excess of 7% (net of dilapidations received).

Profit on cost made on schemes completed in the year

>65%

Committed development schemes

At 31 March 2018, we had two committed schemes in progress which will deliver c. 172,000 sq. ft. of new and refurbished Grade A office space by the end of 2018: none of this is pre-let currently.

1 Sir John Rogerson's Quay ("1SJRQ"), South Docks

The 112,000 sq. ft. office building is now largely enclosed and the scheme remains on schedule for completion in Q3 2018.

2 Windmill Lane ("2WML", formerly the Hanover Building), South Docks

The office tenant (BNY Mellon) left the building at the end of March 2017 and the retail tenant (Spar) left in November 2017: the redevelopment and extension of the building, which will deliver 60,000 sq. ft. of office space and a 12,000 sq. ft. gym, is expected to complete in late 2018.

These two committed schemes will complete the Windmill Quarter, Hibernia's first cluster of office buildings, which will comprise c. 400,000 sq. ft. of office space upon completion. One of our principal motivations in creating the cluster was to be able to provide some communal working and leisure areas at affordable prices for our tenants in multi-let buildings. In the case of the Windmill Quarter, this is centred around the Townhall area in 1WML and we are also bringing food & beverage units and a gym to the cluster.

In May 2018 the Board approved the development of Phase II of Cumberland Place, D2. This scheme, which is expected to complete in H1 2020, will deliver 50,000 sq. ft. of new Grade A office space. The building, will be in front of our existing 1 Cumberland Place and has the potential either to link into the existing reception or to be separately accessed, with additional flexibility to interlink certain floors to the existing building if required.

At 31 March 2018 Cushman & Wakefield, the Group's independent valuer, had an average estimated rental value for the unlet office space (222,000 sq. ft.) in the committed developments 1SJRQ, 2WML and Cumberland Place Phase II of €54.94 per sq. ft. and was assuming an average yield of 4.87% upon completion: based on these assumptions they expect a further c. €19m of development profit (excluding finance costs) to be realised through the completion and letting of these schemes. A 25-basis point movement in yields across the properties would make c. €12m of difference to the development profits, and a €2.50 per sq. ft. change in estimated rental value ("ERV") would result in a c. €10m difference. If current market conditions prevail, we would expect these yields to tighten once the buildings are completed and let.

Committed developments

	SECTOR	TOTAL AREA POST COMPLETION (SQ. FT.)	FULL PURCHASE PRICE	EST. CAPEX	EST. TOTAL COST (INCL. LAND)	ERV[1]	OFFICE ERV PSF[1]	EXPECTED PRACTICAL COMPLETION ("PC") DATE
Schemes completed in 12 months to 31 March 18								
1WML	Office	124k office 8k retail[2] 7k reception 14 resi. units	€25m[3]	€53m[3]	€554psf[4]	€7.6m[5]	€52.59psf[4]	• Completed in August 2017 • Delivered profit on cost of >80%[6] • Now 96% let
2DC	Office	73k[7] office	€46m	€11m[8]	€760psf[9]	€4.1m	€52.37psf[10]	• Completed in November 2017 • Delivered profit on cost >35%[6] • Now fully let
Total completed		**197k office 8k retail[2] 7k reception 14 resi. units**	**€71m**	**€64m[11]**		**€11.7m**		
Committed schemes								
2WML	Office	60k office 12k gym	€21m	€22m	€678psf[4]	€3.4m	€53.00psf	Q4 2018
1SJRQ	Office	112k office 8k food & beverage	€18m	€58m	€639psf[4]	€6.6m	€56.19psf	Q3 2018
Cumberland Place Phase II	Office	50k office	€0m	€27m	€540psf[4]	€2.7m	€54.48psf	H1 2020
Total committed		**222k office 20k retail/gym**	**€39m**	**€107m**		**€12.7m**		

1. Per C&W valuation at 31 March 2018
2. Incl. 1k sq. ft. basement store
3. Hibernia est. all-in cost of 1WML on 100% basis is €78m (i.e. €25m all-in land cost plus €53m total capex). In the prior year, 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 est. total capex of €53m) to be spent at date of acquisition. Therefore, the total cost of the project is €78m (€37m + €28m + €13m = €78m)
4. Office demise only
5. Commercial (incl. reception/Townhall) and residential net
6. Assuming 6% stamp duty and no finance costs at Sep-17 values
7. 57k sq. ft. refurbished out of total 73k sq. ft.
8. €9.4m net of dilapidations received
9. Est. total cost psf is net of dilapidations
10. For entire 73k sq. ft.
11. €62.4m net of dilapidations received at 2DC

Development pipeline

Following the approval of Cumberland Place Phase II as a committed project, there are now three office schemes in the future pipeline (treating Clanwilliam Court and Marine House as one project) which, if undertaken, would deliver an estimated 505,000 sq. ft. of high quality office space upon completion.

Two of these future projects, Clanwilliam Court/Marine House and Harcourt Square, provide us with opportunities to create clusters of office buildings with shared facilities similar to the Windmill Quarter discussed above.

In the longer term there is also development potential for the 45.4 acres we now own at Gateway: we think it is likely this would take the form of a mixed-use scheme and hence we have removed the nominal 115,000 sq. ft. of offices previously allocated to Gateway from our pipeline.

Development pipeline

	SECTOR	CURRENT AREA (SQ. FT.)	AREA POST COMPLETION (SQ. FT.)	FULL PURCHASE PRICE	COMMENTS
Offices					
Blocks 1, 2 & 5 Clanwilliam Court and Marine House	Office	139k	200k	€80m	• Refurbishment/redevelopment opportunity after 2020-21 • Potential to add significantly to existing NIA[1] across all four blocks and create an office cluster similar to Windmill Quarter • Have applied for planning to refurbish Marine House
Harcourt Square	Office	117k on 1.9 acres	277k	€72m	• Leased to OPW until December 2022 • Site offers potential to create cluster of office buildings and shared facilities • Planning in place for 277k sq. ft. redevelopment • Seeking revised planning for up to 322k sq. ft.
One Earlsfort Terrace	Office	22k	>28k	€20m	• Current planning permission for two extra floors • Also potential for redevelopment as part of the wider Earlsfort Centre scheme
Total offices		278k	>505k	€172m	
Mixed-use					
Gateway & Gateway Lands	Mixed-use	45.4 acres[2]	Unclear	€17m	• Strategic transport location • Potential for future mixed-use development • Have applied for planning for new access road
Total mixed-use		45.4 acres[2]	Unclear	€17m	

1. Net Internal Area ("NIA").
2. Currently 178k sq. ft. of industrial/logistics on 14.1 acres and 31.3 acres of agricultural land.

Asset management

In the year to 31 March 2018 we added €8.9m to contracted rents through lettings and €0.7m though rent reviews, a total of €7.7m net of lease expiries, surrenders, sales and acquisitions increasing the contracted rent roll by 15.9% to €56.0m.

Summary of letting activity

Contracted rent roll

€56.0m +15.9%
(2017: 48.3m)

Two Dockland Central, IFSC

in the period

Offices

- 11 new lettings totalling 156,000 sq. ft. and generating €8.3m per annum of incremental new rent. The weighted average periods to break and expiry for the new leases were 11.4 years and 19.8 years, respectively
- Four rent reviews concluded over 25,000 sq. ft. adding a further €0.7m of rent per annum: on average these rent reviews were 138% ahead of previous contracted rents and in line with ERVs
- At present, we have one rent review under negotiation over €0.3m of contracted income

At 31 March 2018 the vacancy rate in the office portfolio was 3% (March 2017: 3%).

Residential

- 293 of the Company's 326 apartments are located in Dundrum and, in the period, average rents achieved in new lettings by the Company for two bed apartments in Dundrum were €1,799 per month vs average two bed passing rents of €1,758 per month
- Letting activity and lease renewals at Dundrum generated incremental gross annual rent of €0.2m in the period (new leases signed on 72 apartments and leases renewed on 186 apartments). The total net income from the Dundrum residential properties during the year was €5.1m representing a net to gross margin in excess of 80%
- The 14 residential units at 1WML, now known as Hanover Mills, have been let to Corporate City Apartments at a rent of €0.4m per annum for a term of 5 years

Key asset management highlights

See also Developments and Refurbishments section above for further details.

1WML, South Docks

The development completed in late August 2017 and at 31 March 2018 the building was over 96% let, with office tenants including Informatica, Core Media and Pinsent Masons and the retail unit let to Spar. The 14 residential units have been let to Corporate City Apartments, a residential letting provider, on a five year lease. The contracted rent for the property is €7.5m per annum and the WAULT for the commercial space is 11.6 years.

77SJRQ, South Docks

Having acquired the 34,000 sq. ft. building in February 2018, the planned improvement works completed in late March for €0.3m and the 25 year lease to IWG commenced in early April 2018. IWG is paying initial rent of €1.8m per annum.

Cannon Place, D4

The tenants in the 16 units moved out during the year to enable remedial works to be carried out. The programme completed in early 2018. The building remained vacant at 31 March 2018: given its small scale Hibernia is considering disposing of the asset and recycling its capital into other opportunities.

Central Quay, South Docks

A ground floor office suite of c. 3,000 sq. ft. was let to Fragomen, a firm of solicitors, in June 2017 on a 10-year lease. The remaining vacant space on the ground floor (5,000 sq. ft.) and the third floor (12,000 sq. ft.) continues to be marketed.

Reversionary potential of acquired in-place office portfolio

€6.0m

(2017: €6.8m)

Clanwilliam Court, Block 2 and Marine House, D2

In October 2017, the ESB leased the ground floor of Block 2 and second floor of Marine House (8,500 sq. ft. in total) on leases which run until 2020/21 (i.e. these terminate concurrently with other occupiers in the buildings) at a total rent of €0.4m per annum. In February 2018, 50 car parking spaces were let to Park Rite on a two year term for rent of €0.1m per annum.

The Forum, IFSC

Depfa Bank ("Depfa"), which occupies all 47,000 sq. ft. of office accommodation in the building and 50 car parking spaces, served notice of its intention to exercise its options to terminate its leasehold interests in March 2019. Depfa pays rent of €2.0m per annum (an average of €40 per sq. ft. for the office space). Hibernia is considering options for the building, with the March 2018 ERV of the offices well in excess of the passing rent.

Observatory, South Docks

We concluded rent reviews with Core Media and Realex in the year, adding €0.6m to our contracted annual rent. In aggregate the rents agreed were in line with ERV and represented an uplift of 121%.

2DC, IFSC

The refurbishment works completed in November 2017. As at 31 March 2018, the building was fully let to HubSpot, BNY Mellon, ENI, Fountain Healthcare and ALD Automotive with a contracted rent of €4.0m per annum and a weighted average term certain of 9.1 years.

Flexible workspace arrangement

The flexible workspace arrangement with Iconic Offices ("Iconic") in 21,000 sq. ft. of Block 1 Clanwilliam Court continues to operate well, with 100% of the workstations occupied and 92% of the available co-working memberships rented as at the end of March 2018.

Other completed assets

The remaining completed properties in the portfolio are close to full occupancy. The average period to rent review or lease expiry for the acquired "in-place" office portfolio (not including recently completed developments) is 2.6 years and the team is focused on the upcoming lease events and is working closely with our tenants.

Financial results and position

AS AT	31 MARCH 2018	31 MARCH 2017	MOVEMENT
IFRS NAV – cent per share	160.6	147.9	+8.6%
EPRA NAV – cent per share	159.1	146.3	+8.7%
Net debt[1]	€202.7m	€155.3m	+30.5%
Group LTV[1]	15.5%	13.3%	+16.5%

FINANCIAL PERIOD ENDED	31 MARCH 2018	31 MARCH 2017	MOVEMENT
Profit before tax for the period	€107.1m	€119.0m	(10.0)%
EPRA earnings[1]	€19.4m	€15.0m	+29.3%
IFRS EPS	15.5 cent	17.4 cent	(10.9)%
Diluted IFRS EPS	15.4 cent	17.2 cent	(10.5)%
EPRA EPS[1]	2.8 cent	2.2 cent	+27.3%
Proposed final DPS[1]	1.9 cent	1.45 cent	+31.0%
FY DPS[1]	**3.0 cent**	**2.2 cent**	**+36.4%**

1. An alternative performance measure ("APM"). The Group uses a number of such financial measures to describe its performance, which are not defined under IFRS and which are therefore considered APMs. In particular, measures defined by EPRA are an important way for investors to compare similar real estate companies. For further information see "Supplementary information" on pages 211 to 216 of this report.

The key drivers of EPRA NAV per share, which increased 12.8 cent from 31 March 2017 were:

- 19.3 cent per share from the revaluation of the property portfolio, including 8.1 cent per share in relation to development properties: the yield compression seen in the market helped the value of the Group's more prime office assets and its residential assets
- 2.8 cent per share from EPRA earnings in the period
- 0.9 cent per share from profits on the sale of investment properties
- Payment of the FY17 final and FY18 interim dividends, which decreased NAV by 2.5 cent per share
- The increase in stamp duty rate in October 2017 reduced NAV by an estimated 7.7 cent per share

Net debt increased by €47.4m to €202.7m (LTV: 15.5%). Almost all of the increase related to development and refurbishment expenditure: net acquisition spend in the year was €3.3m and maintenance expenditure was c. €3m.

EPRA earnings were €19.4m, up 29.4% compared to the prior financial year. The uplift was principally due to increased rental income as a result of new lettings made at our developments in the financial year and a full year of income from lettings made in the prior year. Administrative expenses (excluding performance related payments) were €13.5m (March 2017: €12.8m). Performance related payments were €6.6m (March 2017: €8.2m) with the majority relating to relative performance fees earned due to the Group's outperformance of the MSCI/IPD Ireland index over the financial year.

EPRA EPS
2.8c +27.3%
(2017: 2.2c)

Profit before tax for the period was €107.1m, a reduction of 10.0% over the prior year, mainly due to reduced revaluation gains in the financial year as a result of the increase in stamp duty on Irish commercial property transactions introduced in the 2018 Budget. This change, which took effect from 11 October 2017, increased the stamp duty rate from 2% to 6%. Cushman & Wakefield, the Group's independent valuers, calculated that the reduction in the value of the Group's property portfolio had the stamp duty change been in place on 30 September 2017 would have been €53.7m. This represents a 4.2% reduction in the value of the Group's portfolio as at 30 September and a 4.7% reduction in the value of the Group's office portfolio, including developments.

Financing and hedging

As at 31 March 2018, the Group had net debt of €202.7m, a loan to value ratio ("LTV") of 15.5%, up from net debt of €155.3m (LTV of 13.3%) at 31 March 2017, primarily due to development expenditure.

As intended, the Group repaid the €44.2m non-recourse debt facility for Windmill Lane (the "1WML facility") in February 2018 once early repayment penalties expired. The facility was €17.5m drawn at the time of repayment and was refinanced using the Group's main debt facility, a €400m revolving credit facility ("RCF") which matures in November 2020. Since shortly after acquiring full control of 1WML in December 2016 the Group had used the RCF to fund capital expenditure on the scheme due to the comparatively high cost of the 1WML facility.

Cash and undrawn facilities as at 31 March 2018 totalled €197.3m or €120.3m net of committed capital expenditure. Assuming full investment of the available RCF funds in property, the LTV, based on property values at 31 March 2018, would be c. 27%. The Group's 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. As at 31 March 2018 it had interest rate caps and swaptions with 1% strike rates in place covering the interest rate risk on €244.7m of the RCF drawings. Half of this covers the period until November 2020 (when the RCF expires) and half was put in place during the year and covers the period from November 2017 to November 2021.

With a stable portfolio valued well in excess of €1bn, the Group is considering options to diversify its sources of debt funding and lengthen the average maturity of its debt.

European Public Real Estate Association ("EPRA") Performance Measures

The Group uses a number of financial measures to describe its performance which are not defined under International Financial Reporting Standards ("IFRS") and which are therefore considered Alternative Performance Measures ("APMs"). In particular, measures defined by EPRA were developed 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. Further detail on these measures are set out in Supplementary information, part III. European Public Real Estate Association ("EPRA") Performance Measures, which starts on page 211 of this Annual Report. This includes their calculation and reconciliation to the consolidated financial statements as prepared under IFRS where applicable.

		31 MARCH 2018		31 MARCH 2017	
		€'000	**CENT PER SHARE**	€'000	CENT PER SHARE
EPRA earnings	– basic	**19,403**	**2.8**	14,989	2.2
	– diluted	**19,403**	**2.8**	14,989	2.2
Adjusted EPRA earnings[1]	– basic	**32,189**	**4.7**	26,441	3.9
EPRA NAV		**1,112,075**	**159.1**	1,013,969	146.3
EPRA NNNAV		**1,111,730**	**159.1**	1,013,852	146.3
EPRA Like-for-like rental growth reporting			**6.5%**		4.0%
EPRA NIY			**3.8%**		4.4%
EPRA "topped-up" NIY			**4.3%**		4.7%
EPRA cost ratio including vacancy costs			**47.8%**		56.0%
EPRA cost ratio excluding vacancy costs			**45.6%**		54.4%
Costs adjusted for internalisation[1]					
Adjusted EPRA cost ratio including vacancy costs			**21.8%**		23.7%
Adjusted EPRA cost ratio excluding vacancy costs			**19.6%**		22.0%
EPRA vacancy rate			**2.0%**		2.7%

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

Dividend

Following another substantial uplift in EPRA earnings (distributable income) in the year, the Board has proposed a final dividend of 1.9 cent per share (2017: 1.45 cent) which, subject to approval at the Group's AGM on 31 July 2018, will be paid on 3 August 2018 to shareholders on the register as at 6 July 2018. All of this final dividend will be a Property Income Distribution ("PID") in respect of the Group's tax-exempt property business.

The Group's policy is to pay out 85-90% of distributable income in dividends, with the interim dividend in a year usually representing 30-50% of the total regular dividends paid out in respect of the prior financial year. Together with the interim dividend paid of 1.1 cent per share, the total dividend for the year is 3.0 cent per share (2017: 2.2 cent) which represents 108% of the year's EPRA profits due to the larger than expected uplift in NAV and, as a result, performance fee.

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

The Observatory, South Docks

The effective management of risk is essential for the Group to achieve its strategic priorities and deliver long term performance. The Board has overall responsibility for risk management and this is implemented through a risk management system which extends to all levels of the Group.

Our key focus areas in 2017-18
- Brexit and its potential impact on our strategy
- Implementation of internal audit function
- Implementation of new risk management software
- Cyber threats and other security risks
- Preparation for compliance with GDPR from May 2018

Our key focus areas in 2018-19
- Continue to monitor the potential impact of Brexit
- Analyse first internal audit reports and implement recommendations therein
- Continue to focus on cyber risk
- Compliance with GDPR post May 2018

Risk management system
The Board has put in place procedures designed to ensure that all applicable risks pertaining to the Group and Company can be identified, monitored and managed at all times.

The Group's risk management objectives are to:
- Ensure risk management is an integral part of business processes;
- Maintain an effective system of risk identification, analysis, evaluation and treatment within the Company;
- Avoid exposure to significant operational, reputational or financial losses;
- Contribute to the achievement of the Group's strategic objectives; and
- Assess and challenge the benefits and costs of risk management processes and controls.

The Group's risk system and any updates to it are communicated to staff as required.

RISK MANAGEMENT SYSTEM RESPONSIBILITIES

Monitoring and reporting

Board	• Ensure effective risk management is in place across the Group • Approve the risk appetite for the Group • Review and assess the Group's principal risks
Audit committee	• Monitor and review the effectiveness of risk management processes across the Group • Monitor and review the Group's management of risk • Assess findings and recommendations of internal audit and management in respect of risk
Risk and compliance and internal audit	• Lead the approach to risk management in the Group • Implement risk management policy • Present results of internal audit and other reviews to the Audit Committee, identify deficiencies and recommend remedial measures where necessary • Identify and assess emerging risks
Management committees	• Input into the Board process for setting risk appetites • Implement strategy in line with the approved risk appetite • Lead operational management approach to implementation of risk management processes • Identify and assess principal risks for the Board
Operational management	• Create an environment of acceptance and support for risk management by employees • Implement and maintain the risk management process • Produce the risk registers including identification of risks, mitigations in place and actions required
Employees	• Active day to day consideration and management of risk

Implementation and compliance

Internal audit: PwC was appointed as the Group's internal auditor during the year. An internal audit risk assessment and plan has been agreed for the financial years 2018-2020. The first internal audit commenced at the end of the financial year. The plan proposes to undertake a comprehensive review of processes and controls in key risk areas. Further detail is set out in the Audit Committee Report on pages 88 to 94.

Risk appetite: Risk appetite is set and reviewed by senior management in consultation with the Board of Directors. Conflicting interests, for example, where a business decision may exceed stated risk appetite levels, is dealt with by the Board. The Group's risk appetite includes the following factors:

- *Moderate leverage:* Leverage should not exceed 40% of portfolio value at incurrence
- *Income producing assets:* The Group will meet its financing commitments and the REIT requirements in terms of dividend payments to its shareholders
- *Dublin concentration:* The Dublin property market is the deepest, most liquid property market in Ireland and is expected to continue to perform well
- *Irish property market focus:* The Management Team's expertise and value-adding capabilities are most suited to the Irish property market. This focused strategy allows the Group to limit its foreign currency and geographical risks
- *Limited development expenditure:* This ensures that the Group has a constant stream of income from developed assets and also ensures the Group limits its exposure to higher risk development or speculative projects
- *Mid-range property values:* The Group primarily targets commercial properties in the €20m to €70m range. This reduces the administration costs associated with dealing with multiple smaller value properties and decreases the concentration risk associated with large value property assets, where exit options are limited to a few major purchasers

These parameters are reviewed on a periodic basis by the Board.

Risk register: The Group's risk register details risks across, *inter alia*, investment, operational, IT, governance, regulatory and strategic areas of the business.

The register was comprehensively reviewed during the year with a new risk added to reflect the expiry of interim remuneration arrangements in November 2018. A number of risks were also removed. Risk ratings reflecting the impact of the increase in commercial stamp duty and the increasing threat of cyber security breaches were adjusted. A register of errors and breaches is maintained and no material breaches were noted during the period.

Other areas of focus during the year included:

- Corporate crisis management
- Business continuity planning
- Preparation for GDPR compliance
- Cyber security

Risk management culture

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 Group
- The Group operates out of a single, open-plan office in central Dublin and most of its properties are within walking distance
- The Directors are closely involved in the business, helping to quickly identify new risks and weaknesses
- The Management Team is experienced and staff turnover is low
- The Management Team holds weekly management meetings and regular inter-departmental meetings to review progress in each area of the business
- PwC acts as internal auditor to provide an independent assessment of controls and risk management processes

Going concern and viability statement

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 02 to 67 of this Annual Report. This also covers the financial position of the Group, 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 146 to 207 and in note 2.d. to the consolidated financial statements. In addition, note 29 to the Annual Report includes details on the Group's financial risk management and exposures. The Group has assessed its liquidity position and there are no reasons to expect that the Group will not be able to meet its liabilities as they fall due for the foreseeable future. Therefore, the Directors have concluded that the going concern assumption remains appropriate.

Viability statement

The Directors have assessed the prospects of the business and its ability to meet its liabilities as they fall due over the medium term. The Directors' assessment has been made with reference to the resilience of the Group, its strong financial position, the Group's strategy and the Group's principal risks and risk appetite. The Group's strategic focus is currently on its development projects. As a result, these projects are a particular focus of the Group's risk management. The Board has concluded that a three-year period for a viability assessment remains appropriate. This is the key period for completion of the Group's committed development projects. Assumptions have been built into the business and financial planning process which are based on a conservative view of the Group's expected income and investment profile over this three-year period.

The financial planning process considers the Group's profitability, capital values, gearing, cashflows and other key operational and financial metrics over the plan period and the key vulnerabilities inherent in the business. The timing of the completion of development projects, lease commencement of new space, expected lease renewals, expected rental values and capital values are the main elements of planning reviewed at each quarterly Board meeting. 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 40 to 47.

For the purposes of this viability statement, the Directors have considered the decline in underlying operating profits and asset values that would be required before the Group would breach its debt covenants or the requirements of the Irish REIT regime. Having reviewed the results of this exercise, the Directors consider that all of these scenarios are extremely unlikely to occur within the three-year period 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.

A description of the Group's principal risks and uncertainties and the steps which the Group has taken to manage them is set out below.

RISK	IMPACT	PROBABILITY	RESIDUAL RISK IMPACT	EXPOSURE
STRATEGIC RISKS Strategic objective → 1 to 6				
Inappropriate business strategy				The Group's strategy is not consistent with market conditions affecting the ability of the Group to deliver its strategic objectives.
MARKET RISKS Strategic objective → 1 to 3				
Weakening economy				The value of the investment portfolio may decline and rental income may reduce as a consequence of a drop in levels of economic activity in Dublin and/or Ireland. As a relatively small and "open" economy Ireland is particularly sensitive to deterioration in macro-economic conditions elsewhere.
Under-performance of Dublin property market				Under-performance by the Dublin office property market compared to other Irish property sectors: to date all the Group's investments have been within Dublin.

Risk trend

Increasing Unchanged Decreasing

Impact trend

High Medium Low

MITIGATION	COMMENTS
The Group carries out strategic reviews on an annual basis which cover the next three years. The Group pays close attention to economic and market lead indicators and uses its network of contacts and advisers to ensure it has the best possible understanding of market conditions and likely economic changes. Budgets are prepared and reviewed by the Board each quarter looking at a rolling 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 Irish economy continues to perform strongly with growing numbers in employment. GDP growth in 2017 was 7.8% and for 2018 and 2019 it is forecast at 5.6% and 4% respectively. Tenant demand remains strong, particularly from domestic and overseas companies with existing bases in Dublin taking up further space for expansion.
The Group has set risk appetite limits for key operating indicators. The Group intends to maintain modest leverage levels throughout the cycle. The Group monitors economic lead indicators and market developments and undertakes regular financial forecasting and scenario planning to help it to anticipate and react to potential issues.	Uncertainty around the impact of the UK departure from the EU continues, and the impact of the recent US tax reforms remains unclear. Vacancy rates in Dublin were low at 6% at 31 March 2018 and take-up remains strong. The Group continues to increase WAULTs through lease renewals and letting of new space completed, thereby reducing the risk of rental income decreases and vacancy.
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.	There was record take-up in the Dublin office property market in 2017 and the trend has continued in 2018, with a strong first quarter. In addition, demand for office and residential assets has led to yield compression in the financial year ended 31 March 2018 despite the increase in stamp duty on commercial property.

RISK	IMPACT	PROBABILITY	RESIDUAL RISK IMPACT	EXPOSURE
DEVELOPMENT RISKS Strategic objective → 1 2				
Poor execution of development projects				Development projects are not managed properly causing possible delays, cost overruns and/or failure to achieve expected rental levels, all resulting in reduced returns.
INVESTMENT RISKS Strategic objective → 1 3 4				
Poor investment of capital or mis-timed sale of assets				Investment returns that are below the Group's target rate of return as a result of not reading/reacting to the cycle correctly.
Excessive concentration on single assets, locations, tenants or tenant sectors				Excessive exposure leading to poor performance or reduced liquidity.

MITIGATION	COMMENTS
The Group has a Development Committee which closely monitors 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 construction risk.	The Group completed two schemes in the year, which are now over 96% let and which completed on time and on budget. As at 31 March 2018 the Group had two committed schemes with a third added in May 2018, totalling 222k sq. ft. Two of these are on track to complete by late 2018. while the third is targeted for H1 2020. In the year the Group added to the development team to ensure that it remains fully resourced for the Group's pipeline of development projects.
The Group has an experienced Investment Team which is continually assessing the various Dublin sub-markets. The Group 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 has a portfolio valued at over €1.3bn: in the year ended 31 March 2018 it spent €39m principally in two acquisitions. It sold three properties for €36m. The Group expects further recycling of capital in future years.
The Group maintains risk exposure targets and limits regarding concentration risks and assesses its portfolio regularly against these.	All the Group's investments are within Dublin and the majority are in the office sector. The Group has built a balanced portfolio comprising 32 properties. As at 31 March 2018 the largest single asset represented 11% of the portfolio by value (11% as at March 2017). The 'in-place' office portfolio's top 10 tenants account for 61% of the contracted rent roll as at March 2018 (67% as at March 2017).

Principal risks and uncertainties continued

RISK	IMPACT	PROBABILITY	RESIDUAL RISK IMPACT	EXPOSURE
ASSET MANAGEMENT RISKS Strategic objective → 2 6				
Poor asset management				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 Strategic objective → 1 3 5				
Inappropriate capital structure for market conditions				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				Target returns impacted, new investment limited through lack of available funds meaning the Group is unable to exploit opportunities identified.
PEOPLE RISKS Strategic objective → 1 to 6				
Loss or shortage of key staff or lack of motivation				Ability to achieve strategic goals impacted through loss of expertise or key personnel or lack of motivation of staff. The expiry of the existing remuneration structure in November 2018 and the implementation of a new structure is a particular area of risk this year.

MITIGATION	COMMENTS
The Group has dedicated and experienced Asset and Building Management teams which have been expanded in the financial year. The Finance team actively monitors tenants both in terms of rent collection and also for changes in covenant strength. The Group's Building Management team manages most of the Group's multi-let office 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.	During the financial year, the Group has re-branded buildings, and increased tenant interactions including completion of a tenant satisfaction survey. Action points arising from this survey are being addressed. Most of the Group's multi-let buildings are under the direct management of the Group. Older stock continues to be refurbished and let at or above ERV. Sustainability goals have been set to improve environmental impact and work to improve this is well under way.
The Group has a target loan to value ratio of 20-30% through the cycle and under the investment policy is limited to a 40% LTV ratio at incurrence: these are well below the debt covenant limits. In addition, any new facilities must be approved by the Board. Hedging instruments are used to limit the Group's 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 2018 the Group indebtedness remained modest with a LTV ratio of 16% (31 March 2017: 13%), with committed capital expenditure in the next 24 months expected to increase the LTV ratio to c. 20%. No covenant breaches have occurred in the period. The Group is considering options to diversify its sources of debt funding and extend maturity dates which stood at 2.6 years at 31 March 2018.
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 2018 the Group had cash and undrawn facilities totalling €197m, or €120m net of committed capital expenditure (31 March 2017: €289 or €150m). The Windmill facility was repaid in February 2018. The Group continues to monitor capital requirements to ensure that future requirements are anticipated and met within the limits of its leverage targets. During the year the Group sold three properties and acquired two, spending €3m net.
The Group has a remuneration system that is linked closely to individual and Group performance. Remuneration includes a long-term incentive element to align employees' interests with shareholders' and encourage retention. Engagement with staff at all levels, improvements in the office environment, and an active social calendar encouraging staff to interact all help to foster a positive team spirit and help to ensure that Hibernia is a good place to work.	With the expiry of the current performance remuneration arrangements in November 2018, the Group has developed a new Remuneration Policy for approval by shareholders at the AGM in July 2018 and has consulted with its largest shareholders on this.

RISK	IMPACT	PROBABILITY	RESIDUAL RISK IMPACT	EXPOSURE
REGULATORY & TAX RISKS Strategic objective → 5				
Regulatory, legislative, tax, environmental or planning changes				Tax and other regulatory changes can impact returns. In 2017 the Government increased stamp duty on commercial property from 2% to 6% which impacted directly on the value of the Group's investment properties. Failure to comply with any legislative or regulatory changes may also result in reputational risk.
Failure to comply with requirements of Irish REIT Regime				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				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 effectively manage incidents occurring.
BUSINESS RISKS Strategic objective → 1 to 6				
An external event occurs (e.g. natural disaster, war, terrorism, civil unrest, cyber-attack) which significantly and negatively affects the Group's operations				Significant damage to the Group's business as a result of such an event.

MITIGATION	COMMENTS
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. A separate Sustainability Committee has been formed and actively monitors progress in improving sustainability.	Risk remains unchanged and is managed proactively. A major focus for 2018-19 is the improvement of sustainability measures.
Effective monitoring of REIT requirements compliance at a senior level with review by the 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 works to ensure 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 to complete the 'safe pass' course in advance. 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. A comprehensive health and safety strategy has been prepared with the assistance of an external consultant.
Within Dublin the Group monitors its geographic exposure, and maintains a balance between various sub-markets. The Group has developed business continuity plans, has improved its IT security measures during the year and has insurance in place to cover catastrophic events.	The threat of cyber security attacks has become more prevalent over the last few years. We continue to strengthen existing policies and procedures and implement improvements to minimise the threat of any such incidents. In addition, business continuity management and crisis management plans are reviewed regularly.

Our Sustainability Strategy is designed to provide goals which will enhance long-term value while minimising our environmental impact.

I am pleased to present the sustainability section of this year's Annual Report. We have already made significant progress against the targets we have set, and we are optimistic that we will continue to enhance our sustainability performance for the benefit of our investors, stakeholders and tenants.

Last year we launched our Sustainability Strategy in conjunction with our Sustainability Policy and Supplier Code of Conduct. Since then, we have formalised our sustainability management structure, enhanced our reporting in line with EPRA Best Practice Recommendations on Sustainability Reporting and achieved LEED Gold certification for 1WML (see our case study on pages 64 and 65), which includes the first LEED Gold certified residential complex in Ireland. We have also undertaken a tender process for the suppliers of services in our managed buildings with the aim of enhancing the customer experience for our tenants, improving efficiency and embedding best practice in our buildings.

We confirm our commitment to: delivering long term value to our stakeholders by delivering sustainable buildings; enhancing local environments and communities around our assets; and embedding sustainable and socially responsible practices across our business and supply chain.

Kevin Nowlan
Chief Executive Officer
13 June 2018

1WML Townhall, South Docks

Approved by the Board in May 2017, our Sustainability Policy and Sustainability Strategy have been developed to tie in with Hibernia's overall business strategy and to influence the future direction of the business. Hibernia's sustainability programme is managed by the Sustainability Committee, overseen by the Board and aligned with our risk management processes.

Our Sustainability Strategy identifies five priority areas where we are seeking to make significant progress across our business:

1. As a **responsible asset manager** we seek to reduce the environmental impact of our assets, enhancing overall performance and efficiencies.
2. We aim to **deliver sustainable buildings** by designing them so that they are efficient, meet the needs of our tenants and their employees, and improve the built environment of Dublin.
3. By supporting local initiatives around our assets we aim to **positively impact communities**.
4. Our employees are at the heart of the success of our business. **Developing and supporting our employees** remains one of the most important objectives of Hibernia.
5. We are aware of the responsibility and influence that we have over our suppliers. Having established our Supplier Code of Conduct last year, we aim to continue to **support our suppliers** to adhere to legislation and to embed sustainable practices within their own businesses.

Ensuring that all the work we do at Hibernia follows our Sustainability Strategy will help us deliver sustainable, long term value to our stakeholders against a set of strategic and ambitious targets.

Achieving this includes openly reporting on our financial, environmental, social and economic successes during the year, as well as the challenges we have faced.

Responsible asset management

Met · In progress · Not met

CURRENT TARGETS	PROGRESS		FUTURE TARGETS
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	Met	A 11% reduction has been achieved to date (calculated on a building intensity basis in line with EPRA standards).	Achieve a further 10% reduction by 2022 compared to March 2018 baseline on a like-for-like basis for our offices
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	Met	Target met: A 14% reduction has been achieved over the March 2017 baseline, for our offices.	Achieve a further reduction of 10% by 2022 compared to March 2018 baseline on a like-for-like basis for our offices.
Introduce an energy benchmarking system across the portfolio	In progress	Hibernia will benchmark its energy consumption on a building by building basis through reporting to GRESB (Global ESG Benchmark for Real Assets). Hibernia joined GRESB in 2017.	We aim to submit to GRESB in 2018 on a private basis with full disclosure to GRESB subscribers in 2019.
Monitor energy consumption in our headquarters in South Dock House with a view to setting effective targets for 2018-2019	In progress	Energy monitoring is underway at our headquarters.	Own office energy targets to be set in 2018-19.
Achieve a recycling rate of 50% or more at properties where we retain management responsibility	In progress	A recycling rate of 40% has been achieved. We have changed supplier and are working with building managers and tenants to improve this rate.	Continue to progress towards achieving a 50% target.
Tenant engagement: a. Engage with our new and existing tenants within our multi-let buildings to encourage optimum operation and efficiency of their demises b. Set up Environmental Working Groups for each of our multi-tenanted properties over 25,000 sq. ft. c. Undertake our first tenant satisfaction survey by March 2018	Met	We have implemented these three targets. The results of our tenant surveys have led to improvements within the buildings where issues have been raised.	a. Continue to work with our tenants to identify areas for improvement and deal with survey items identified where appropriate. b. Continue to set up Environmental Working Groups for all new multi-let offices of over 25,000 sq. ft. c. Repeat survey every year.

Enhancing operational efficiency of buildings

Taking the management of our multi-let office buildings in-house in 2016-17 has enabled us to assess and improve the daily operation of these buildings. Key actions we took during the year included:

- Replacing existing lighting with LED lights
- Improving operational alignment of building facilities (e.g. lighting, heating) within working hours
- Identifying areas where inefficiencies occur (e.g. air conditioning and heating systems in conflict) and eliminating them
- Actively monitoring meters to ensure any future issues are identified and resolved promptly

These actions have contributed to achieving an 11% like-for-like ("LfL") reduction in carbon emissions in our office portfolio. Electricity consumption was down 8% and LfL gas consumption was down 11%, meeting our targeted 10% LfL reduction target much earlier than expected. We have also engaged with our tenants to ensure optimum operational efficiency of their areas, and have switched electricity suppliers so that 100% of our electricity is now from renewable sources.

1SJRQ under construction

We believe we can make further improvements to the energy efficiency of our buildings and we are now targeting a further 10% LfL reduction in carbon emissions by March 2022 against our March 2018 baseline. One of the areas we are examining at present is the installation of photovoltaic ("PV") panels on the roofs of our buildings to further enhance efficiency for tenants. We intend to use 1WML as a test case to assess whether this technology could be extended more widely across the portfolio.

Tenant survey

We ran our first tenant satisfaction survey for all managed buildings in 2017. All respondents were satisfied with the overall management of their buildings and 75% indicated that the standard of service had improved since Hibernia took over the building management.

26 survey responses received across nine properties
Quality of building management since taken in-house:

Improvement in standard of service	Improvement in communication	Improvement in building reception
75%	**50%**	**50%**
(5% disimproved, 20% same standard)	(10% disimproved, 40% same standard)	(50% same standard)

The survey also focused on identifying potential improvements. Where appropriate, items identified have been implemented, including improved bicycle parking, on-site maintenance days for bikes, new shower facilities where they were absent and improvements to bathrooms and other tenant facilities.

The survey has been a starting point for us to engage more with our tenants on environmental issues through the Environmental Working Groups set up at our larger assets, and for increased engagement at our multi-let buildings to encourage energy efficiency. We intend to run the survey on an annual basis in order to continue designing and managing sustainable buildings.

Health and wellbeing

Health and wellbeing is an increasingly important topic for landlords and tenants alike. During 2017 we launched a trial of our "Step-up" campaign, an awareness-raising campaign intended to engage tenants and visitors and encourage healthy behaviour in the workplace with four key focus areas:

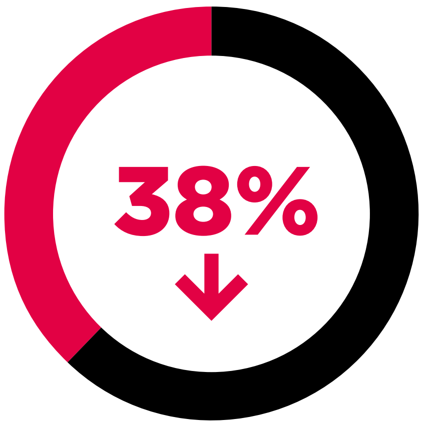
- Encouraging people to take the stairs over the lift
- Promoting cycling instead of driving
- Increasing recycling rates in the work place
- Being more health aware

To support the campaign, clear branding was developed to draw attention and engage employees. Tenant feedback has been positive across the three buildings where it has been piloted and, where possible, Hibernia will focus on implementing tenant suggestions as the campaign is broadened to more of our buildings including Central Quay and 1 Cumberland Place.

Hibernia REIT – Step-up trial campaign results

Decrease in use of lift

Hardwicke House



Montague House

35-40

People availed of our free service on bike repair day

Delivering sustainable buildings

Met · In progress · Not met

CURRENT TARGETS		PROGRESS	FUTURE TARGETS
Achieve a LEED Gold rating or better on all new office developments over 40,000 sq. ft.	Met	1WML was completed last year and achieved a LEED Gold rating.	Continue to target LEED Gold on all our 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	In progress	Partially achieved: 1WML development (BER B1), 2DC refurbishment (BER C2), Hanover Mills residential development (BER A3).	Achieve a minimum B1 energy rating (and usually A3) for office developments, a minimum A3 energy rating for residential developments and seek to improve ratings on refurbishment projects.
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	In progress	Pilot discussed with tenants and decision made to incorporate standards into buildings rather than incurring the cost of certification.	Incorporate the standards into our buildings where possible and practical.
Ensure that water optimisation systems are installed within our new development projects and as part of our refurbishment projects where feasible	Met	Achieved.	Remain the same.
Provide shower and bike facilities over and above the requirements of the building regulations within our office development and refurbishment projects	Met	Achieved.	Remain the same.
Divert 75% of non-hazardous waste generated at our development projects away from landfill	Met	Achieved a diversion from landfill rate of over 90% in the year.	Target is now set at over 90%.
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	Met	1WML has incorporated the original grain store wall and grind wheel. In 1SJRQ we have retained the tramway arch and incorporated the Dockers pub into the design.	Continue to retain historic features where feasible in future projects.
Where possible improve and/or enhance the public realm around development schemes we are undertaking	Met	In the Windmill Quarter considerable streetscaping has taken place in co-operation with Dublin City Council.	Continue where possible to improve the public realm around development schemes we undertake.
Achieve a WiredScore Platinum or Gold rating or all new office developments	Met	Achieved Platinum at 1WML.	Re-affirm our commitment to this standard.

Building certifications and energy ratings

We have delivered one new office development at 1WML, totalling 124,000 sq. ft. of offices, plus smaller areas designated for retail and residential. The entire complex, including the residential element of the scheme, achieved LEED Gold accreditation and is the first residential development in Ireland to achieve this certification. In addition, we are on track to deliver two further office developments in 2018, 1SJRQ and 2WML, both of which we expect to achieve LEED Gold certification as well.

To ensure that we consistently achieve improved levels of health and wellbeing and deliver benefits to our tenants beyond what is currently delivered in our buildings, we discussed running a pilot study of the WELL Building Standard at one of our assets. In response to tenant feedback about the cost of certification, we decided not to progress with the pilot study. We are now focusing on implementing the actual requirements of the WELL Building Standard where possible, focusing on water quality, air quality and natural indoor lighting. In addition, all our new buildings have bike and shower facilities which exceed minimum standards to encourage a healthy and active lifestyle amongst our employees and tenants.

We want all our new buildings to have industry-leading connectivity and as a result are working with WiredScore to implement a variety of recommendations and to achieve the best levels of connectivity wherever possible. 1WML achieved a Platinum rating and we have targeted the same rating for 2WML and 1SJRQ. We are also considering obtaining WiredScore accreditation for parts of our existing office portfolio.

WiredScore – Gold

WiredScore – Platinum

LEED Gold 60-79

LEED Platinum 80-110

Water and waste management

In the year we diverted over 90% of non-hazardous waste generated at our development projects away from landfill. This is well in excess of our target of 75% and consequently we have raised the target to a diversion rate in excess of 90%. We are also committed to investigating the feasibility of water recycling and re-use systems on all of our new developments and refurbishments.

Finally, we strive to ensure our buildings reflect and enhance the locations they are in by integrating historic buildings and features into our portfolio where possible, and by enhancing the public realm around our assets. Please see further details in the case study on pages 64 and 65.

Creating positive community impact, supporting our suppliers and developing our employees

Met In progress Not met

CURRENT TARGETS	PROGRESS		FUTURE TARGETS
Organise two work experience/educational/tours/presentations/initiatives for local schools and colleges during the year ending March 2018	Met	We have contributed towards facilities for local schools and football teams.	Continue initiatives in 2018-19 to benefit the local community. When the Windmill Quarter documentary is completed organise free viewings for schools.
Create and manage a significant charity event for the benefit of our community	Met	During 2017 we organised the first Dragons at the Docks charity regatta along with other property companies raising over €270k in donations which was given to Dublin Simon Community and other charities.	Continue to organise these events in future years.
Keep our Supplier Code of Conduct updated	Met	Our Code of Conduct has been kept under review and all new suppliers continue to sign up to it.	Keep our Supplier Code of conduct updated.
Undertake regular employee satisfaction and wellbeing reviews and implement revised policies and procedures based on their results	In progress	We undertake an annual employee survey. Suggestions and recommendations (e.g. improved social areas) are implemented where possible.	Continue with the same target.
Review our annual staff review process	Met	Staff review process has been reviewed and updated.	Continue to enhance our staff review process in light of new remuneration policies to be implemented in 2018/19.
Deliver at least six knowledge sharing meetings/presentations for our staff in the year ended March 2018	Met	Achieved.	Continue to provide information sharing sessions and in particular focus on NZEB buildings, WELL Building Standard certification and a recycling training campaign.
Survey and record the modes of transport our staff use to commute to and from work as part of our carbon measurement system	In progress	Survey completed.	Through cycle to work and the provision of shower facilities and secure bike stores we continue to encourage staff to reduce our carbon footprint.

People and community

Hibernia was proud to be one of the organisers of the inaugural Dragons at the Docks charity regatta in August 2017. The event brought members from across the property industry together to raise money for Dublin Simon Community, a charity supporting initiatives to help those who are homeless in the areas of Dublin, Kildare, Wicklow and Meath, and a variety of other local charities in the Grand Canal Dock area. The event raised €220,000 for Dublin Simon Community which helps families escape homelessness in Dublin. Additionally, €54,000 was donated to several local charities, including Liberty Saints Rugby Football Club and Young Social Innovators which were nominated by Hibernia. Given its success, this event will be an annual event, with the next regatta taking place on 30 August 2018.

Our suppliers

The Supplier Code of Conduct was launched in 2017, and covers key economic, social and environmental issues and risks that we believe are of high importance to our business. Since then, we are pleased with the positive response we have had from our suppliers and the commitment they have made to maintaining it. It is important to us that our suppliers comply with and adhere to our Supplier Code of Conduct and the sustainability commitments we have made as a business, however we also acknowledge our responsibility to be a supportive and reliable counterparty.

As we develop our business we envisage our suppliers developing their businesses too, through support and leadership. During 2017 Hibernia undertook a tendering process for all the key service contracts within our buildings including; energy, waste, mechanical & electrical, security and cleaning. The intention was to optimise the service provided for tenants by rationalising the list of suppliers used in our buildings down to those providing best in class service. A large proportion of the new supplier contracts commenced in early 2018 and we are working with our suppliers to enhance their efficiency further.

EPRA tables and sustainability summary

Introduction

We report on our energy, GHG emissions, water and waste impacts in accordance with the 3rd edition of the EPRA Sustainability Best Practice Recommendations (sBPR). Although it is not mandatory to report on social and governance impact categories for 2018 we have included these within our report for the financial year ending March 2018.

Our reporting response has been split into two sections:

1. Overarching recommendations
2. Sustainability performance measures

1. Overarching recommendations

Organisational boundaries

We use the operational control approach for our data boundary for our office and residential assets.

Coverage

We report on all properties within the organisational boundary defined above, and for which we are responsible for utilities consumption (see Boundaries – reporting on landlord and tenant consumption).

Data for our own office covers the headquarters at South Dock House only.

Estimation of landlord-obtained utility consumption

All energy data is based on meter readings and invoices where applicable, therefore no corresponding data is estimated. A small proportion of water data from 2017 is estimated by extrapolating consumption on a pro-rata basis for absent and/or incomplete invoices. In 2016 metering responsibility for water consumption transferred from Dublin City Council to Irish Water which limited data availability within the reporting timeframe. Full details of estimations from 2016 are available in our 2017 Annual Report.

Boundaries – reporting on landlord and tenant consumption

The consumption reported includes utilities (energy and water) that we purchase as landlords. Tenant data is therefore excluded with the exception of Montague House (office portfolio) which has no separate metering. Waste data covers tenant and landlord waste as we are responsible for waste contracts.

Analysis – normalisation

Intensity indicators are calculated using floor area (m^2) for whole buildings. We are aware of the mismatch between nominator and denominator, as our consumption for electricity for some properties relates to common areas only, whereas at other properties data covers the entire building as we cannot separate tenant and landlord consumption. For our own offices we report intensity performance measures using the floor area we occupy within the building.

Analysis – segmental analysis (by property type, geography)

Segmental analysis is reported in a manner consistent with the reporting to the Board of Directors of the Company. Our office portfolio includes Office IFSC, Office South Docks, Office Traditional Core and CBD Office Development sub-portfolios, which together account for approximately 88% of our total portfolio by value. Our residential portfolio accounts for approximately 10% of our total portfolio by value. We have not included our industrial portfolio as it is not considered material in relation to our portfolio impacts.

Third party verification

JLL Upstream Sustainability Services has verified this data in line with AA1000 standard.

Disclosure on own offices

Our utilities consumption from our own occupied offices is reported separately to our portfolio. Please see the table on page 61.

Narrative on performance

Between 2016 and 2017, we reduced our electricity consumption across our office portfolio by 8% on a like-for-like basis and our fuels consumption by 11% on a like-for-like basis. The reductions can be attributed to the rollout of energy saving initiatives highlighted in the 'Responsible asset management' section of this report on page 50.

Absolute electricity and fuels consumption in our office portfolio increased as we added two new buildings to our portfolio in 2017. However, the new buildings are energy efficient therefore the energy intensity of our office portfolio has reduced by 7%. In our residential portfolio, building energy intensity also reduced.

Despite the increase in the size of our office portfolio, the absolute water consumption reduced by 2% (and by 33% on a like for like basis due to over-estimated consumption data in 2016). We also diverted over 90% of waste from landfill, 100% of office assets are BER accredited and one asset has achieved LEED platinum.

Location of EPRA sustainability performance measures

EPRA sustainability performance measures for our portfolio and own offices can be found in the table on pages 58 to 59 of this report.

Reporting period

We provide two years of performance data covering the 2016 and 2017 calendar years for all performance measures.

Materiality

We report on all environmental performance measures that we are responsible for across our portfolio and include coverage on social and governance measures.

2. Sustainability Performance Measures

EPRA portfolio table

INDICATOR	EPRA CODE	UNIT OF MEASURE	2016
Total electricity consumption	Elec-Abs	kWh	4,951,000
		% from renewable sources	not available
Like-for-like electricity consumption	Elec-LFL	kWh	3,858,890
Total energy consumption from fuel	Fuels-Abs	kWh	6,735,000
Like-for-like consumption from fuel	Fuels-LFL	kWh	4,826,000
Building energy intensity	Energy-Int	kWh/m^3	260
Direct GHG emissions (total) Scope 1	GHG-Dir-Abs	tCO^2	1,347
Indirect GHG emissions (total) Scope 2	GHG-Indir-Abs	tCO^2 (location based)	2,277
Building GHG emissions intensity	GHG-Int	$kgCO^2/m^2$	81
Total water consumption	Water-Abs	Total m^3	36,836
Like-for-like water consumption	Water-LFL	m^3	29,118
Building water consumption intensity	Water-Int	(m^3/m^2)	0.99
Weight of waste by disposal route (total)	Waste-Abs	tonnes	255
		% recycled	not available
		% composted	not available
		% sent to incineration	not available
Weight of waste by disposal route (Like-for-like)	Waste-LFL	tonnes	228

OFFICE PORTFOLIO				RESIDENTIAL PORTFOLIO				
COVERAGE (BUILDINGS)	2017	COVERAGE (BUILDINGS)	CHANGE	2016	COVERAGE (UNITS)	2017	COVERAGE (UNITS)	CHANGE
9 of 9	5,466,000	10 of 10	10%	305,570	297 of 297	252,000	293 of 293	-18%
–	100%	–	–	not available	–	100%	–	–
6 of 6	3,567,000	6 of 6	-8%	299,738	293 of 293	252,000	293 of 293	-16%
9 of 9	7,586,000	11 of 11	13%	n/a	n/a	n/a	n/a	n/a
6 of 6	4,277,000	6 of 6	-11%	n/a	n/a	n/a	n/a	n/a
9 of 9	242	11 of 11	-7%	n/a	n/a	n/a	n/a	n/a
9 of 9	1,540	11 of 11	14%	n/a	n/a	n/a	n/a	n/a
9 of 9	2,236	10 of 11	-2%	138	297 of 297	103	293 of 293	-25%
9 of 9	70	11 of 11	-14%	473	297 of 297	679	293 of 293	44%
9 of 9	35,475	10 of 11	-2%	n/a	n/a	n/a	n/a	n/a
5 of 6	19,554	5 of 6	-33%	n/a	n/a	n/a	n/a	n/a
5 of 6	0.67	5 of 6	-32%	n/a	n/a	n/a	n/a	n/a
8 of 9	553	10 of 11	117%	161	297 of 297	182	293 of 293	13%
	40%		n/a	not available		47%		n/a
	10%		n/a	not available		0%		n/a
	50%		n/a	not available		53%		n/a
5 of 6	227	5 of 6	0%	161	293 of 293	182	293 of 293	+12%

			2017	TYPE OF CERTIFICATION
Type and number of assets certified	Cert-Tot	% of portfolio certified OR number of certified assets	100% (office portfolio)	BER
			22% (office portfolio by floor area)	LEED Platinum

Data qualifying notes:
DH&C-Abs & DH&C-LfL: None of our assets are supplied with District Heating & Cooling so this performance measure is not applicable (n/a).

Fuels-Abs & Fuels-LfL: Fuels relates to natural gas consumption only. The proportion of fuels from renewable sources is not reported as we have no contracts in place to purchase fuels from renewable sources. No landlord metred fuels are consumed across our residential portfolio so this performance measures is not applicable (n/a).

GHG-Dir-Abs: Scope 1 GHG emissions for our residential portfolio are not applicable as there are no landlord obtained fuels. Emissions from our office portfolio are calculated using the applicable emissions factors published the Sustainable Energy Authority of Ireland ("SEIA").

GHG-Indir-Abs: Scope 2 emissions are reported using emissions factors published the Sustainable Energy Authority of Ireland ("SEIA").

Water-Abs, Water-LfL & Water-Int: No landlord metred water is consumed across our residential portfolio so these performance measures are not applicable (n/a).

Waste-LfL: We are not able to report like-for-like waste disposal by route as 2017 is the first year we have reported this information across our portfolio.

EPRA own office table

INDICATOR	EPRA CODE	UNIT OF MEASURE	2017
Total electricity consumption	Elec-Abs	kWh	137,000
Like-for-like electricity consumption	Elec-LFL	kWh	140,000
Total energy consumption from fuel	Fuels-Abs	kWh	74,000
Like-for-like consumption from fuel	Fuels-LFL	kWh	141,000
Building energy intensity	Energy-Int	kWh/m²	254
Direct GHG emissions (total) Scope 1	GHG-Dir-Abs	tCO²	15
Indirect GHG emissions (total) Scope 2	GHG-Indir-Abs	tCO² (location based)	56
Building GHG emissions intensity	GHG-Int	tCO²/m²	71
Total water consumption	Water-Abs	m³	230
Like-for-like water consumption	Water-LFL	m³	207
Building water consumption intensity	Water-Int	m³/employee	0.28
Weight of waste by disposal route (total)	Waste-Abs	tonnes	n/a
		% recycled	n/a
		% sent to incineration	n/a
		% other	n/a
Weight of waste by disposal route (Like-for-like)	Waste-LFL	tonnes	n/a
		% recycled	n/a
		% sent to incineration	n/a
		% other	n/a

Data qualifying notes:
Elec-LfL, Fuels-LfL, Water-LfL: We have not collected 2016 consumption data so these performance measures are not applicable (n/a).

DH&C-Abs & DH&C-LfL: Our corporate offices are not supplied with District Heating & Cooling so these performance measure are not applicable (n/a).

Fuels-Abs: Fuels relates to natural gas consumption only. Consumption in 2017 was reduced due to corrections on billing from the previous year. The proportion of fuels from renewable sources is not reported as we have no contracts in place to purchase fuels from renewable sources.

GHG-Dir-Abs & GHG-Indir-Abs: Scope 1 and 2 emissions were calculated using the applicable national emissions factors published by the Sustainable Energy Authority of Ireland. Market based Scope 2 emissions data was not available at the time of reporting.

Waste-Abs, Waste-LfL: As our corporate offices are located on one floor of a mixed-use building we do not manage the waste contract and are not able to provide data on our waste consumption. Therefore these performance measures are not applicable (n/a).

EPRA enhanced measures for reporting table (social and governance)

INDICATOR	EPRA CODE	SCOPE
Gender diversity	Diversity-Emp	Corporate operations
Gender pay	Diversity-Pay	Corporate operations
Training and development	Emp-Training	Corporate operations
Performance appraisals	Emp-Dev	Corporate operations (excludes Non-Exec)
New hires	Emp-Turnover	Corporate operations
		Corporate operations
Turnover		Corporate operations
		Corporate operations
Injury rate	H&S-Emp	Corporate operations
Lost day rate		Corporate operations
Absentee rate		Corporate operations
Fatalities		Corporate operations
H&S Impact Assessments	H&S-Asset	Office portfolio
		Residential portfolio
Number of incidents	H&S-Comp	Office portfolio
		Residential portfolio
Community Programmes	Comty-Eng	Office portfolio
		Residential portfolio
Board composition	Gov-Board	Corporate operations
Process for nominating and selecting the highest governance body	Gov-Select	Corporate operations
Conflicts of interest	Gov-Col	Corporate operations

Data qualifying notes:
H&S-Emp absentee rate: The absentee rate is not available as we do not currently collect this information in a single place.

H&S-Asset: Health and safety impact assessments are not regularly made by external inspectors, generally these are triggered on occurrence of a reportable incident. Hibernia carries out its own assessments and has implemented a formal health and safety policy.

UNITS OF MEASURE	2016	2017
% of female employees	39% for general employees, 0% at management level and above	50% for general employees; 0% at management level and above
Ratio of basic pay in Euro (average female versus average male)	1. Executive staff 76% 2. Management 0% 3. Exec directors 0% 4. Non-Exec directors 0%	1. Executive staff 92% 2. Management 0% 3. Exec directors 0% 4. Non-Exec directors 0%
Average hours per employee	6	11
% of total workforce	89%	94%
Total number	8	13
Rate	44%	42%
Total number	0	1
Rate	0	3%
Injuries per hours works	0	0
lost days per hours works	0	0
Days per employee	Not available	Not available
Total number	0	0
% of assets	100%	100%
	100%	100%
Total number	No instances of non-compliance	No instances of non-compliance
	No instances of non-compliance	No instances of non-compliance
% of assets	Not available	Not available
	Not available	Not available
Total number of Executive members	2	2
Total number of Independent members	5	5
Average tenure	2 years	3 years
Total number with competencies relating to environmental and social topics	0	0
Description	Terms of Reference governing the Nominations Committee for the Board of Directors is available on our website: http://www.hiberniareit.com/about-us/corporate-governance	
Involvement in another property vehicle in Ireland	Procedures for the avoidance of conflicts of interest are set out in the terms of reference that set the duties and responsibilities for our Nominations Committee and the Schedule of Reserved Matters for the Board. Both are available on our website: http://www.hiberniareit.com/about-us/corporate-governance	

Comty-Eng: This performance measure is not available as we not currently collect this information.

The Windmill Quarter during construction showing the retention of the grain store, the foundation of the original windmill, the tramyard gate and the Dockers pub

Windmill Quarter case study

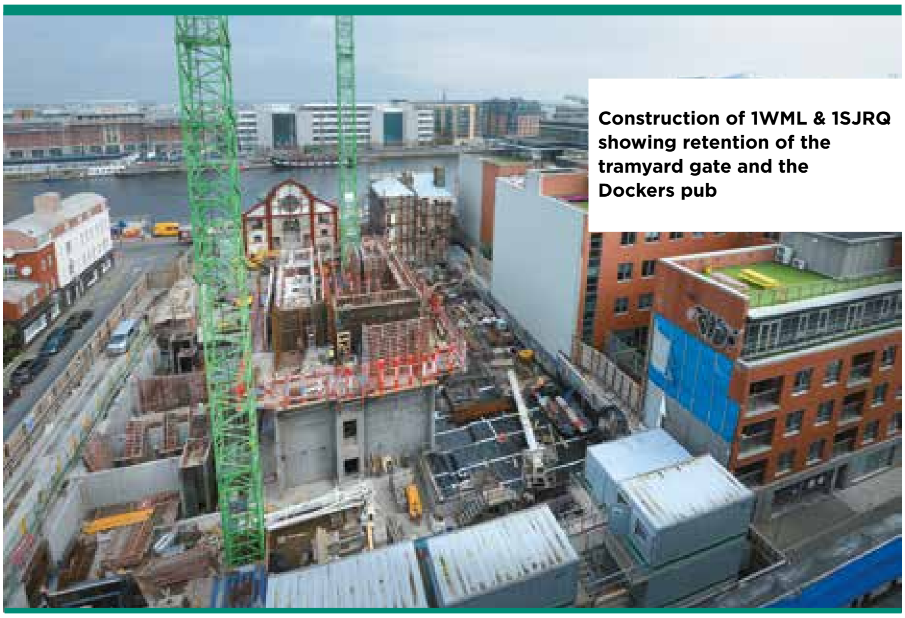
The Windmill Quarter is an urban regeneration project in the SOBO district of Dublin's South Docks which is bringing new life to the area whilst preserving its history with a mix of office, retail, residential and leisure facilities.

The Quarter, when fully completed, will comprise five buildings all fully-owned by Hibernia, and approximately 400,000 sq. ft. of office accommodation. Three of the buildings are complete and close to full occupation (1WML, the Observatory and SOBO Works) with the remaining two buildings (1SJRQ and 2WML) expected to be completed by the end of 2018. The Quarter has a long history both as part of Dublin's Docklands and later as the site of the Windmill Lane Recording Studios, where a number of world-famous artists recorded their albums.

Hibernia is committed to delivering sustainable buildings across our entire portfolio. All three new buildings (1WML, 1SJRQ, 2WML) are expected to achieve WiredScore Certified Platinum, with 1WML achieving LEED Gold for the office and residential elements in 2017, and 1SJRQ and 2WML on track to achieve LEED Gold. Key historic buildings including the tram shed façade, the Dockers pub and the grain store have been retained within the designs of 1SJRQ and 1WML. As well as the delivery of the new buildings, we are taking steps to improve environmental efficiency in the Observatory and SOBO Works.

We acknowledge that we need to develop and maintain healthy partnerships and relationships with the external community and our suppliers. We have therefore collaborated with key stakeholders, community groups and Dublin City Council, whilst investing €2.5 million into public realm enhancements along Windmill Lane and Creighton Street. These include installing new granite footpaths and traffic calming measures. Hibernia has supported the refurbishment of domestic science labs at a local secondary school, and has also sponsored sports facilities used by local football teams. The hospitality team at the Quarter, who are the

primary point of contact with suppliers, have created a calendar of events and activities to engage and build relationships with both our suppliers and occupiers. Hibernia has also commissioned a film to be made about the Quarter that will be shown on site to connect people with local history, and to illustrate the importance of the area to Dublin.



Construction of 1WML & 1SJRQ showing retention of the tramyard gate and the Dockers pub

Sustainability is an important focus for us – both in developing new buildings and in upgrading our standing portfolio.

Future outlook and governance

As set out in this report, we have made a good start on delivering against the targets we set ourselves last year in our Sustainability Strategy. Where we have successfully met our targets we have set new, more ambitious targets reflecting our commitment to embedding sustainability throughout the whole business. We expect to continue this progress in future years.

As well as progressing towards our sustainability targets, complying with EPRA Best Practice Recommendations on Sustainability Reporting is an important focus for us. This year we have started to implement and measure the social and governance indicators of the sBPR whilst targeting full implementation in the 2019 reporting cycle. We also expect to make a first submission to GRESB this year on a private basis, with fully published data available after the 2019 submission year.

Excellence in corporate governance is a focus for our Group and an overview of the structure can be found in our Corporate Governance Report on pages 77 to 79 of the Annual Report. Our Sustainability Committee is functioning effectively and with no proposed changes to the committee, we believe the positive trends we have witnessed over the last year will carry on into the future as we continue to embed sustainability throughout our business.

1WML Townhall interior showing retention of original grain store

"Hibernia is performing well and our aim is to ensure that the Group continues to do so and to maintain the highest standards of governance. We continue to work to ensure that risk management and internal controls are further enhanced."

Dear Shareholder

Governance

The Board of Hibernia remains committed to ensuring that the highest standards of corporate governance prevail at all levels in the Group.

On behalf of the Board, I am pleased to confirm that Hibernia has, throughout the financial year, complied fully with all relevant provisions of the UK Corporate Governance Code 2016 ("the UK Code") and the Irish Corporate Governance Annex ("the Irish Annex"). We continue to keep developments under review and confirm that the Group intends to remain fully compliant during the financial year ended 31 March 2019. Our corporate governance framework underpins effective decision-making and accountability, and is the basis on which we conduct our business and engage with our tenants and stakeholders.

The Group has continued with the strategic priorities established in prior years, focusing on the delivery of development projects and increasing the rental income of the portfolio while remaining alert to any acquisition and disposal opportunities that arise.

Board activity

The Board met eight times: four of these were regular, scheduled meetings which included a full agenda addressing all areas of the business. These meetings are attended by the relevant key management and other personnel where appropriate, ensuring the Board has a good interaction with the Group's staff and appropriate experts.

I seek to ensure that we always have the appropriate mixture of skills and experience on the Board.

Bill Nowlan retired from the Board on 25 July 2017 and I would like to thank him for his considerable contribution in the establishment and success of the Group. He continues in his role as a consultant until November 2018, as agreed during the Internalisation in 2015. With his retirement, the Nominations Committee sought a suitable replacement.

On 8 November 2017, Frank Kenny, another of the founders of Hibernia, a senior adviser to the Group and one of the Vendors in the Internalisation, was appointed to the Board as a Non-Executive Director. He has a wealth of experience in property markets in Ireland and the US and continues in his role as a senior adviser.

Culture and values

We aspire to the highest standards of behaviour based on honesty and transparency in everything we do. The Group has a single office and an open workspace which encourages communication and interaction between all employees. In addition, regular training sessions and social events are organised which are particularly important for those members of building management services who work across our properties. Our executive committee structure ensures a high level of oversight over the Group's day to day activities. Each of our executive committees meets every six weeks on rotation or more frequently if required. We communicate our standards to those who supply us with goods and services in our Suppliers' Code of Conduct. This sets out the standards we expect our suppliers to comply with to ensure that they are operating ethically and responsibly.

Now that most of our multi-let office buildings are managed by our building management team, we have taken steps to refresh and align the branding within the buildings and improve the level of service for our tenants. One such initiative this year has been the introduction of our "Step-Up" campaign, making sure staircases are clearly identified within the buildings and encouraging tenants and visitors to use them rather than the lifts. (See our Sustainability report on pages 48 to 67 for further information.)

Conflict of interest procedures

We have comprehensive conflict of interest procedures, including a gifts and inducements policy, designed to address not only any possible conflicts within the Board, but also of all employees. This includes situations where employees have personal direct or indirect connections with parties that may be involved in activities with the Group that give rise to financial rewards. The key principle is that gifts, benefits or inducements should neither be offered nor received if they could create or appear to create an obligation, could affect either party's impartiality or could constitute an undue influence on a business decision.

All Directors are required to declare external directorships to the Board and the Risk and Compliance Officer ("RCO") at the time of appointment so any potential conflicts can be addressed at that time. All changes in such directorships must be notified to the RCO and all potential conflicts declared at Board meetings. Directors must abstain from discussion of or voting on items in which they may have a conflict of interest. The Board considers that these procedures are working effectively.

Bill Nowlan and Frank Kenny have set up an investment fund concentrating on the development of social and affordable housing. While the Board believes it is unlikely that the business of this fund will overlap with that of

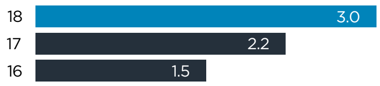
"The addition of an internal audit function has brought a further layer of review."

EPRA NAVPS

159.1c

Dividend per share

3.0c



Total property return vs IPD

4.8%

Hibernia, it was agreed that both parties will take steps to manage and deal with any potential conflicts of interest they may encounter in future.

Stakeholder engagement

The Group's success depends on its ability to engage and work constructively with a range of key stakeholders.

We talk about engagement with our shareholders in 'Communication with shareholders' on pages 84 to 87 of this Annual Report.

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 2017 we held our annual property tour for our main lending banks to view our key assets and developments.

We recognise the role and importance of our employees' contribution to the success of the 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 the rotating six-weekly meetings and all papers and minutes of the meetings are made available to employees. Periodically there are meetings 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 effectiveness

In 2017-18, the performance evaluation of the Board, its committees and individual Directors was internally facilitated by me, the Senior Independent Director and the Company Secretary. I am pleased to say that the results of this exercise were positive. Actions arising from last year's externally facilitated review were substantially completed during this financial year. More information on this process can be found in the Corporate Governance Report on page 83 of this Annual Report.

In 2018-19 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.

Board committees

Our Board committees have continued to perform effectively.

With the expiry of the current arrangements in November 2018, we are conscious of the need to ensure new remuneration arrangements are put in place and that they are sufficient, without being excessive, to incentivise performance and retain and motivate key staff. Consequently, a particular focus of the Remuneration Committee has been the proposed new policy, which will be subject to shareholders approval at the AGM.

The Audit Committee considered and approved the appointment of new valuers, Cushman & Wakefield, and a three-year rolling internal audit programme using PwC as the provider of internal audit services.

Director time commitments
Institutional Shareholder Services Inc. ("ISS"), a proxy voting adviser, issued revised United Kingdom and Ireland Proxy Voting Guidelines – Benchmark Policy Recommendations in January 2018 which are effective for meetings on or after 1 February 2018. These guidelines serve as a tool to assist institutional investors in meeting their responsibilities with respect to voting at meetings of listed companies. One of their recommendations deals with the concept of overboarding, i.e. where directors have excessive numbers of board appointments. ISS may recommend a vote against directors who they believe hold an excessive number of board roles at publicly-listed companies. ISS use the concept of mandates to define overboarding with one Non-Executive Directorship counting as one mandate, a Non-Executive Chairmanship counting as two mandates and an Executive Director role counting as three mandates. Any person holding more than five mandates is classified, by ISS, as overboarded. Based on ISS's definition of overboarding, both Colm Barrington and I are classified as overboarded.

I currently hold three non-executive chairmanships (Hibernia REIT plc, Workspace Group plc and Applegreen plc), which represents six mandates under ISS's formula and Colm Barrington is also classified as holding six mandates as he is an Executive Director of Fly Leasing Limited, a Non-Executive Director of Hibernia REIT plc, IFG Group plc and Vice Chairman of Finnair plc. Consequently, it is possible that ISS may recommend a vote against our re-election at the AGM on 31 July 2018. The Board has considered ISS's definition of overboarding and believe it is too formulaic and do not accept that either Colm or I are overboarded. Our other commitments have been fully disclosed and do not impact on our availability to Hibernia. The time commitment expected of us is fully understood and reviewed as part of the annual evaluation process. We also remain in full compliance with the UK Code requirements.

Conclusion
I would like to take this opportunity to thank my colleagues on the Board for their continued work and dedication.

On behalf of the Board, I would also like to extend my thanks to the Management Team and staff, without whose commitment and hard work these results would not be possible.

I believe the Group is well-placed to make continued progress on our goals and am confident that we can continue to deliver value for our shareholders.

Daniel Kitchen
Chairman
13 June 2018

Board of Directors

Daniel Kitchen
Non-Executive Chairman (66)

Independent
Yes

Appointment
23 August 2013

Nationality
Irish

Committee Membership
Nominations (Chair) and Remuneration

Current external appointments: Chairman of Workspace Group plc, Applegreen plc, a Non-Executive Director of LXB Retail Properties plc, Irish Takeover Panel Limited and a member of the Board of Governors of St Patrick's Hospital in Dublin.

Previous appointments: Danny was Deputy Chief Executive at Heron International plc between 2003 and 2008 and prior to that was Finance Director at Green Property from 1994 to 2002. He was appointed by the Irish Government as Non-Executive Chairman of Irish Nationwide Building Society between 2008 and 2011 and was a Non-Executive Director of Kingspan Group plc from 2009 to 2012.

Skills and business experience: Danny brings a strong financial background and expertise in the property investment and development sectors to his role as chairman. His experience as Chairman of other public companies is also beneficial in ensuring the Board operates in an effective manner.

Colm Barrington
Non-Executive Director and Senior Independent Director (72)

Independent
Yes

Appointment
23 August 2013

Nationality
Irish

Committee Membership
Audit, Nominations and Remuneration (Chair)

Current external appointments: Chief Executive Officer and Director of FLY Leasing, a Non-Executive Director of IFG Group plc and Non-Executive Vice Chairman of Finnair plc.

Previous appointments: Colm was Non-Executive Chairman of Aer Lingus Group plc from 2008 to 2015 and Managing Director of Babcock & Brown in Ireland between 1994 and 2007. Prior to 1994 he worked with GPA Group plc and GE Capital Aviation Services.

Skills and business experience: Colm's senior executive management experience and the range of public company non-executive board roles held by him add significant value to the Board from outside the property sector.

Stewart Harrington
Non-Executive Director (75)

Independent
Yes

Appointment
23 August 2013

Nationality
Irish

Committee Membership
Audit, Nominations and Remuneration, Chair of Investment and Development Committees (executive committees)

Current external appointments: Non-Executive Director of the parent company of BWG Group, Stafford Holdings, Killeen Properties and Activate Capital.

Previous appointments: Stewart was a partner in Jones Lang Wootton (now JLL), 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 also served as a Non-Executive Director of a number of Irish semi-state bodies.

Skills and business experience: Stewart has extensive knowledge and experience of the Irish property market gained over many years in a number of diverse roles. He provides valuable advice and assistance to executive management through chairing the Development and Investment Committees.

Frank Kenny
Non-Executive Director (65)

Independent
No

Appointment
8 November 2017

Nationality
Irish

Committee Membership
Member of Development, Investment and Asset Management Committees (executive committees)

Current external appointments: Founder and Chief Executive Officer of Willett Companies LLC, of Rye, New York, a property investment company specialising in multi-tenanted office and retail properties on the East Coast of the United States. Founder and Director of Urbeo Residential Fund ICAV, an Irish social and affordable housing fund.

Previous appointments: Frank was a Director of WK Nowlan REIT Management Limited, the former investment manager to Hibernia REIT plc. He trained as a chartered surveyor at Lisney, Dublin.

Skills and business experience: Frank has more than 35 years of experience in the Irish and US property markets in all aspects of commercial and residential property investment and development for both private investors and institutions. Frank's extensive property experience assists management in investment and development decisions.

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

Terence O'Rourke
Non-Executive Director
(63)

Independent
Yes

Appointment
23 August 2013

Nationality
Irish

Committee Membership
Audit (Chair), Nominations and Remuneration

Current external appointments: Chairman of Enterprise Ireland and Kinsale Capital Management, Non-Executive Director of the Irish Times. He is also Chairman of the Irish Management Institute as well as a member of their Council.

Previous appointments: Terence was Managing Partner of KPMG Ireland from 2006 to 2013 and a former member of the Global Board, the EMA Board and the Global Executive Team of KPMG International, 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.

Skills and business experience: Terence's accounting and management experience help to ensure the Board has the appropriate balance of skills, experience and knowledge. His accounting background ensures he is an effective Chair of the Audit Committee.

Kevin Nowlan
Chief Executive Officer
(47)

Independent
No

Appointment
5 November 2015

Nationality
Irish

Committee Membership
All executive committees

Skills and business experience: 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, where he held the same position from its inception in 2013. Previously, Kevin held senior roles in NAMA and Treasury Holdings and was Managing Director 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.

Thomas Edwards-Moss
Chief Financial Officer
(38)

Independent
No

Appointment
5 November 2015

Nationality
British

Committee Membership
All executive committees

Skills and business experience: Thomas Edwards-Moss joined the Board of Hibernia as Chief Financial Officer in November 2015, following the internalisation of the Investment Manager where he held the same role since joining in June 2014. Prior to this, he spent nine years at Credit Suisse in London as part of the UK & Ireland Investment Banking team. While there, he focused on corporate finance in the property sector and advised on the initial public offering of Hibernia. He is a graduate of Cambridge University and qualified as a Chartered Accountant at PwC.

Sean O'Dwyer
Company Secretary
(59)

Independent
n/a

Appointment
10 February 2017

Nationality
Irish

Committee Membership
None

Skills and business experience: Sean was appointed Company Secretary in February 2017 and is also the Risk and Compliance Officer for Hibernia, a role he performed for the Investment Manager from its inception in 2013. Prior to this, Sean 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.

Our Management Team

We are a team of 32 people (37 including the Non-Executive Directors). The team has grown from 27 last year (32 including the Non-Executive Directors) of which 25 were employees.

This growth comes mainly from the expansion of the building management department, with five on-site staff and a total of 11 employed in this area. We have also added expertise in development management reflecting our focus on the delivery of development projects.

As an organisation with a relatively low head count 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. To this end we have targeted in-house CPD sessions and enable staff to widen their skill sets.

Meet the team

Left to right:

Frank O'Neill
Chief Operations Officer

Thomas Edwards-Moss
Chief Financial Officer

Kevin Nowlan
Chief Executive Officer

Sean O'Dwyer
Company Secretary

Richard Ball
Chief Investment Officer

Mark Pollard
Director of Development

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 Management Team continued

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 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.

Kevin Nowlan
Thomas Edwards-Moss
Sean O'Dwyer

See biographies on pages 72 to 73.

Frank O'Neill
Chief Operations Officer
(59)

Skills and business experience:
Frank joined the Group from the Investment Manager following the internalisation in 2015. He has worked for more than 20 years in the Irish property market and has considerable experience in property transactions and advising financial institutions in relation to distressed borrowing. Previously, he was a director at Rohan Holdings, one of Ireland's leading private property investment and development companies. He is a Chartered Accountant and Chartered Surveyor.

Mark Pollard
Director of Development
(62)

Skills and business experience:
Mark joined the Group in May 2016, from the National Asset Management Agency ("NAMA") where he spent six years and was responsible for managing a number of key development assets in Dublin and London. Previously he held senior development roles at Treasury Holdings and Asda Property Holdings. He qualified as a Chartered Surveyor with Jones Lang Wootton (now "JLL") in London.

Richard Ball
Chief Investment Officer
(40)

Skills and business experience:
Richard joined the Group from the Investment Manager following the internalisation in 2015. Between 2007 and 2013 he worked in senior positions within Clancourt Group and Michael McNamara & Company. Prior to that, he worked for over three years in corporate finance at BDO, where he qualified as a Chartered Accountant. He has a Masters in Accounting from University College Dublin and a BSc from Trinity College Dublin.

Corporate governance report

The role of the Board and its committees

The Board of Directors of Hibernia ("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 2018. The main governance requirements are the Listing Rules of Euronext Dublin and the London Stock Exchange, the UK Code and the Irish Annex. To this end, the Board has established Audit, Remuneration and Nominations Committees, as described below, comprised entirely of independent Non-Executive Directors.

Governance structure

Board
- Strategy and oversight
- Regulatory and compliance
- Risk management
- Corporate governance and overall financial performance
- Culture, values and ethics

Audit Committee
- Oversight of financial and other reporting, ensuring integrity
- External audit and valuers oversight
- Risk management framework and oversight
- Internal control and the work of the internal auditor

See pages 88 to 94 for more

Remuneration Committee
- Executive remuneration, policy and packages
- Oversight of remuneration policy and issues
- *Advised by PwC London*

See pages 95 to 127 for more

Nominations Committee
- Review and recommendations on the size, composition and structure of the Board
- Succession planning
- New appointments planning

See pages 128 to 129 for more

Risk & Compliance Officer/ Company Secretary
- Risk and compliance
- Company secretarial responsibilities
- Corporate governance

Internal Audit
- External monitoring of internal controls and recommendations
- *Outsourced to PwC Ireland*

CEO/CFO
- Development and implementation of strategy
- Effective and motivated leadership
- Manage business performance
- Financial planning, cash management, operating and financial performance of the Group
- Investor and other stakeholder relations

1 to 6

Executive Committees

Investment
- Consider and recommend significant investment transactions

3 4

Development
- Propose development projects
- Budget, plan and monitor ongoing projects

1 2

Asset Management
- All items relating to the management of the property portfolio

1 2 4 6

Building Management
- Management of multi-tenanted properties

1 2 6

Finance and Investor Relations
- Financial performance and reporting
- Cash management
- Balance sheet management, including debt and other funding arrangements
- Strategic and corporate development
- Investor and other stakeholders relations

4 5

Sustainability and Marketing
- Development and implementation of the Group's sustainability policy
- Consideration of environmental, social and energy issues
- Corporate branding and marketing issues

1 6

Strategic priorities (see pages 16 and 17)

1 2 3 4 5 6

The Board is responsible for 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 risk 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, ensuring effective internal controls are in place • 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 and ensuring effective internal controls are in place • Works closely with the CEO and other members of the Management Team
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 executives has failed to resolve or for which such contact is inappropriate • To discuss the Chairman's performance with Non-Executive Directors, 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 shareholders
Non-Executive Director and Senior Adviser	Frank Kenny	• Brings considerable property experience and participates in investment and development decisions
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
Chair of Remuneration Committee	Colm Barrington	• Determines the strategy and policy in relation to remuneration including the roles, terms and conditions and specific total remuneration of the Chairman, the Non-Executive and Executive Directors and the Management Team • Determines and recommends the remuneration strategy of the Group to the Board and the policy as it applies to all employees • Specific fees payable to Non-Executive Directors are determined by the Board on the recommendation of the Remuneration Committee
Chair of Nominations Committee	Daniel Kitchen	• Develops and maintains formal procedures for making recommendations on appointments to the Board • Succession planning for the Board
Company Secretary	Sean O'Dwyer	• Provides advice and assistance to the Chairman and 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 • Ensures timely provision of information for Board meetings • Submits returns and other information • Is supported by the Assistant Secretary in company secretarial matters

Directors' attendance at Board and Committee meetings

Directors' attendance at Board meetings

	FOR FINANCIAL YEAR ENDED 31 MARCH 2018		FOR FINANCIAL YEAR ENDED 31 MARCH 2017	
	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	**8**	**8**	10	10
Colm Barrington	**8**	**7**	10	9
Thomas Edwards-Moss	**8**	**8**	10	10
Stewart Harrington	**8**	**8**	10	10
Kevin Nowlan	**8**	**8**	10	10
William Nowlan	**4**	**3**	10	10
Terence O'Rourke	**8**	**7**	10	8
Frank Kenny	**2**	**1**	–	–

All Directors attended all scheduled Board Meetings.

Directors' attendance at Board Committee meetings

	FOR FINANCIAL YEAR ENDED 31 MARCH 2018		FOR FINANCIAL YEAR ENDED 31 MARCH 2017	
	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**	**4**	4	3
Terence O'Rourke	**4**	**4**	4	4
Stewart Harrington	**4**	**4**	4	4
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	**3**	**3**	4	3
Stewart Harrington	**3**	**2**	4	4
Daniel Kitchen	**3**	**3**	4	4
Terence O'Rourke	**3**	**3**	4	4

All Directors attended the 2017 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.

William Nowlan stood down as a Non-Executive Director on 25 July 2017. He continues to act as a senior adviser to the Group. On 8 November 2017 Mr Frank Kenny was appointed to the Board.

The Directors' responsibilities statement is set out on pages 136 and 137.

What the Board did in financial year ended 31 March 2018

"2018 financial year saw the Group make good progress in its strategic goals. The focus now is on continuing to progress the Group's developments and optimising the portfolio, replacing lower performing assets with those with potential for greater returns through future redevelopment or asset management. The Board also focused on enhancing governance and controls, with the commencement of internal audits and enhancement of health and safety codes."

Daniel Kitchen,
Chairman

Timeline of activity

- Annual Report 2017 and Auditor's Report considered
- Performance fee and remuneration finalised and approved
- Approval of refurbishment of Hanover Building, renamed 2WML
- Sustainability policy, strategy and supplier code adopted
- Board changes – William Nowlan retirement
- Utilisation of the RCF to fund 1WML in place of DB facility
- Approval of the issue of shares for the settlement of deferred consideration for the year ended 31 March 2017

2WML (CGI)

Q1

A M J

Q2

J A S

77 Sir John Rogerson's Quay

- Considered appointment of new valuers in line with policy on rotation
- Trading update and AGM
- Proposal to negotiate sale of Chancery Building and apartments approved
- Acquisition of 77 Sir John Rogerson's Quay considered and approved
- Minor purchases adding to existing properties approved
- Review of investor feedback following release of annual results

Matters addressed at each scheduled meeting:

- Review operational reports and issues from all areas of the business
- Consideration of new business structures and investment/divestment opportunities
- Review and consideration of capital expenditure proposals
- Progress in leasing existing and upcoming vacant space
- Progress in rolling out own management of properties and Hibernia branding
- Profitability and other KPIs and operational metrics
- Liquidity status and financing issues
- Budget, viability and stress tests
- Compliance and risk levels
- Conflicts of interest and related-party transactions
- Updates from committees
- Trading updates, announcements, Annual and Interim Reports
- Investor relations

"A strong focus on sustainability was another key area of focus, in line with investor expectations. We look forward to financial year 2019 and hope to continue to make strides in the attainment of our strategic goals which are set out on pages 16 and 17 of this report."

Kevin Nowlan,
CEO

- Appointment of Cushman and Wakefield as new valuers
- Appointment of Frank Kenny to the Board
- Consideration of other sales, including Hanover Street East/Lime Street properties
- Interim report as at 30 September 2017 approved
- Assessment of impact of stamp duty increase considered
- Appointment of PwC to advise on preparation of new Remuneration Policy
- Update on strategic priorities and targets for achievement
- Appointment of PwC as internal auditors
- Review of risk register/risk metrics


South Dock House

Q3: O N D — Q4: J F M


Hanover Street East

- Review of compliance with UK Code and of Compliance Policy Statement
- Review of Terms of Reference of Board Committees
- Approval of potential property disposal
- Review of draft Remuneration Policy
- Discussion around General Data Protection Regulation ("GDPR") readiness

Board effectiveness
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 95 to 127.

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.

Board strategy
Strategy is reviewed constantly by the Board by regular updates on progress to date, forecasts and stress testing on forecasts, funding, capital expenditure and other topics relevant to the success of the Group's strategy. At its November meeting the Board specifically considered strategic priorities (see pages 16 and 17 of this Report) and addressed possibilities for advancement of the Group's targets in the coming year. The Management Team held a strategy day in January 2018 to discuss implementation of the current strategy.

Induction and development
New Directors receive a full and appropriate induction on joining the Board. This includes meeting 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 culture. They also receive a comprehensive package of information. Frank Kenny did not require the standard induction when he joined the Board in November 2017 as he was a founding member of the Group and has been closely involved in the operations of Hibernia since commencement. His knowledge of the Group and its workings was already extensive and he has been a regular attendee at Board meetings. His induction was therefore limited to ensuring that he was up to date on all aspects of procedures.

Information provided on induction:

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.

Professional development, support and training for Directors
Board members regularly attend presentations and seminars on topics relevant to the property sector and their area of professional expertise. These seminars are run by a variety of entities, including Euronext Dublin, professional bodies and advisers. Additionally, when new regulatory or legal requirements are implemented, specific advice is sought from the Company's own advisers. If requested, individual training requests are also facilitated.

Board evaluation 2017-18
In line with the UK Code recommendations that an external review be carried out every three years, the first external review was conducted in March 2017. The overall outcome was satisfactory and concluded that the Board was operating effectively in most areas. The areas requiring follow-up were:
- The business continuity plan was expanded to include crisis management procedures;
- Develop a new remuneration policy for implementation in November 2018 upon the expiry of the arrangements dating from the internalisation transaction completed in November 2015;
- Succession planning process needs to be better documented;
- Review and update the induction process to include meetings with external advisers where not already done and consider ongoing training;
- The Chairman should meet each Director individually at least annually; and
- The roles of the Chairman and CEO should be set out in writing.

These areas have been addressed by the Board. The new remuneration policy is substantially advanced and the Board intends seeking shareholder approval at the next AGM.

For 2017-18 the Directors undertook a self-evaluation of the Board and the Committees. 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 to the Board's effectiveness and also as to the Chairman's effectiveness. No follow-up action was identified from this self evaluation.

Board environment and access to appropriate information
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 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 with sufficient time allowed 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, operational reports covering asset management, investment updates and progress on development projects as well as cash and liability management and other activities.

The Board and its Committees have free access to management and staff, and may request whoever they like to attend any part of the meetings. The culture of openness and transparency means that the Board remains well-informed on all aspects of the business and issues arising. Visits to properties in the portfolio help keep the Board informed on the progress of the Group's activities.

Diversity
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 are examined in light of the current mix of skills and knowledge on the Board. As part of our EPRA sustainability measures, we disclose gender diversity information. The Directors believe that when making appointments to the Board it is important to ensure the proper mix of knowledge and experience. In that context, priority will be given to making appointments that improve diversity.

Conflicts of interest

The Board is committed to ensuring that its business activities are carried out in an honest and professional manner. It is the policy of the Group to avoid any conflict of interest, wherever possible, when performing its business activities. From time to time, the Group may, however, have interests which conflict with shareholders' interests. The Group's policy is to identify such instances and manage them accordingly.

The Board monitors any potential conflicts of interest that the Directors may have and reviews actions necessary to address such conflicts.

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 are reviewed annually and approved by the Board. These are available on the Group's website. Each of these committees reports separately within this section of the Annual Report.

Other information

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.

Key investor relations meetings in 2017-18

A
- Conference: Davy (Dublin)

M
- Investor roadshow: Dublin, London, Amsterdam, Paris, Zurich
- Equity sales meetings (3)

J
- Investor roadshow: New York, Boston, Montreal, Toronto, Singapore, Hong Kong, Beijing, Tokyo
- Conference: Morgan Stanley (London)

J
- Equity sales meeting (1)
- AGM

A

S
- Conference: EPRA (London)
- Lenders' tour (Dublin)
- Equity sales meeting (1)

Market Abuse Regulations 2016 ("MAR")
The Company continues to maintain a list of persons exercising managerial responsibilities ("PDMRs") and has complied with the MAR requirements during the year.

Communications with shareholders
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. The Board therefore leads a comprehensive investor relations programme. See further details below.

Investor relations programme
The investor relations programme aims to maintain a regular dialogue with shareholders, debt providers and analysts. This year, members of the Management Team held meetings in Ireland, the UK and continental Europe as well as North America, Asia and South Africa. The programme is executed through one-on-one and group meetings, results presentations, investor and analyst events, industry conferences and property tours. Regular meetings with shareholders and investors gives them the opportunity to become familiar with the Management Team, understand the business model and strategy and give feedback on their concerns and questions on performance and other issues. The Company uses this feedback to guide strategic decisions and to ensure that the Company is effectively managed for the benefit of its shareholders. Meeting with analysts ensures that up to date and accurate information is available to them to produce guidance for investors. Digital communications include live webcasts of results presentations which are also available historically on our website together with digital copies of all reports.

While investor and analyst presentations and meetings are generally carried out by members of the Management Team including the Executive Directors, the Board is updated regularly on these activities and receives feedback on the discussions. The Chairman and Senior Independent Director are also available to meet investors independently of the Executive Directors when required.

O
- Conference: Goodbody (Amsterdam)
- Investor meetings: (Paris)

N
- Investor Roadshow: Dublin, London, New York, Brussels, Amsterdam, Zurich
- Conference: Goodbody (Boston)
- Equity sales meetings (3)

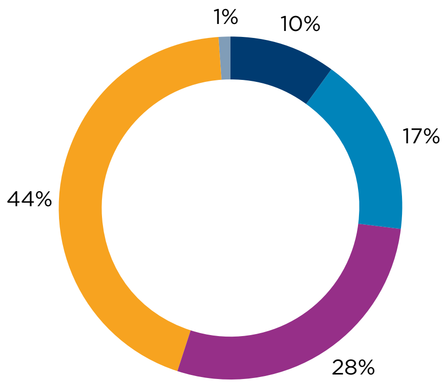
D
- Conferences: Goodbody (Dublin), HSBC (Cape Town)

J
- Conference: ULI (London)
- Investor meetings (London)

F
- Conference: Davy (Amsterdam)

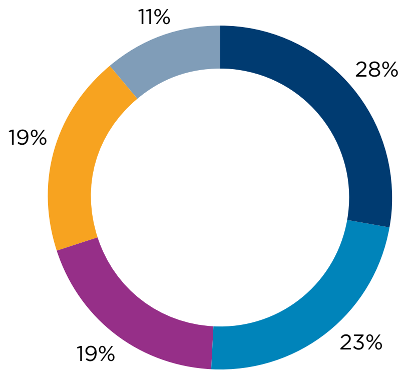
M
- Investor meetings (Amsterdam)

Shareholders by geography at 31 March 2018[1]



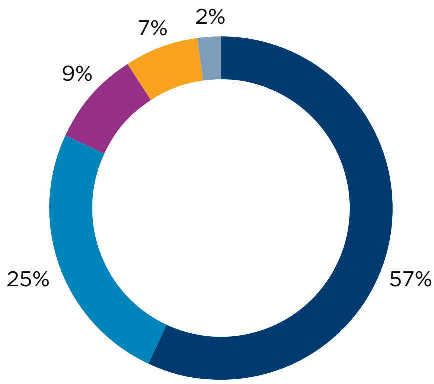
- Ireland
- Continental Europe
- UK
- USA & Canada
- Rest of World

Investor contact by location



- Ireland
- Continental Europe
- UK
- USA & Canada
- Rest of World

Investor contact by method



- Meeting
- Conference
- Tour
- Meeting & Tour
- Call

1. See significant shareholdings on page 133 for holdings 3% and over.

General meetings

The Company holds an AGM each year in addition to any other meetings 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.

AGM DETAILS (2017 AND 2018)	OVERVIEW
The 2017 AGM was held on 25 July 2017	• All directors attended • Votes in favour of the re-election of Directors > 90% other than for Colm Barrington where votes in favour were 70% • All resolutions approved – seven ordinary and five special
2018 AGM to be held on 31 July 2018 in 1WML, Dublin 2	• Full Director attendance expected • New Remuneration Policy to be tabled for approval • 10 ordinary resolutions and 5 special resolutions are being proposed to shareholders

Quorum

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

Voting rights

a. Votes of members: votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share carrying voting rights of which he/she 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;
    - Pre-emption rights;
    - Market purchase of own shares and reissuing;
    - Altering the articles of association of the company; and
    - Approving a change of the Company's name.

Market announcements

The Group discloses information to the market as required by the Central Bank of Ireland, Euronext Dublin and the 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; 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 the 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).

"This year saw the first rotation of the independent valuers and the selection process and oversight of the transition was an important item on our agenda for 2017-18."

Dear Shareholder

On behalf of the Audit Committee, I am pleased to present the Audit Committee's Report for the financial year ended 31 March 2018.

The following pages provide insight into our work and activities during the financial year as we discharge our responsibilities in relation to the integrity of financial reporting, the relationship with and independence of the external auditor, the effectiveness of internal controls and the risk management system and, new this year, the role and effectiveness of internal audit.

As part of our activities, we met regularly with the Management Team and the external auditors. We also met the independent valuers and assessed their work in valuing our investment properties. During this financial year the Company undertook the first rotation of its valuers and we oversaw the selection and appointment of the new firm. This was completed in September 2017 and the first full valuation exercise was completed for the interim reporting. Given the changeover we focused on the methods, assumptions and results with particular care to ensure there were no significant deviations as a result of this change.

In addition, the required rotation of the external audit partner will occur after the financial year end reporting is completed, and we have met with his successor and will supervise the changeover in the next financial year.

We also carried out our fourth self-evaluation, examining 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
13 June 2018

Audit Committee year in focus:
- Rotation of valuers
- Finalisation of internal audit plans for 2018-20
- External audit partner rotation
- Consideration of financial statements and key areas of judgement

Chairman of the Audit Committee:
Terence O'Rourke

Members of the Committee:
Colm Barrington and Stewart Harrington

All members have served since the establishment of the Company, a period of four years and four months to 31 March 2018.

Audit Committee report

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. All members are in their second three-year term.

The Audit Committee is constituted in compliance with the UK Code, the Irish Annex and the Company's Articles regarding the composition of the Audit Committee.

The Audit Committee is responsible for:
- Monitoring the financial reporting process;
- Identifying and considering key areas of judgement in the financial statements;
- Monitoring the effectiveness of internal controls and risk management systems;
- Monitoring the statutory audit of the annual consolidated financial statements and the review 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 relevant parties as required. The parties met were as follows:

INVITEE	REASON FOR ATTENDANCE
Deloitte Ireland LLP	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.
Cushman & Wakefield	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 bases of valuation (e.g. investment vs residual methodologies), estimated rental values and variations on yields experienced in the market. Other areas of focus were on the treatment of incentives, the recognition of lease commencement and similar issues around some more tailored lease arrangements. 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 the property valuations.
Representatives of the Company	Representatives of the Group, including the CEO, CFO, COO, CIO and the Company Secretary/ Risk and Compliance Officer ("RCO") met the Audit Committee in order to present the financial statements and investment property valuations, to discuss 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 2017–18 were as follows:

PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE		KEY AREAS DISCUSSED AND REVIEWED IN 2017–18
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 and reviewing significant financial reporting issues including 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 guidelines • 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 • Considering and approving the Group's viability and going concern statements • Reviewing the work of the independent valuers	• Results, commentary and announcements • Key accounting judgements and disclosures. • Discussions with IAASA on disclosures around share-based payments and the grant date of performance-related payments (see further details later on in this section) • External audit planning and reporting • Rotation of external audit partner in 2018 • Revision and amendment of accounting policies as required • Considered audit scope, risks assessment, findings and recommendations. Discussed materiality. Met the external auditor both with and without the presence of management • CBRE was replaced by Cushman & Wakefield in September 2017 after three years in the role as part of a periodic rotation of key advisers. This process was overseen by the Committee • Met new 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 • ESMA guidance on Alternative Performance Measures ("APMs")
Internal audit	• The scope of the internal audit plan and resourcing requirements • The independence, appropriateness and effectiveness of internal audit • Reviewing the recommendations and actions taken by management to address matters raised in internal audit review	• Target areas identified and prioritised and three-year plan prepared and reviewed by Audit Committee • First internal audit commenced in Q1 2018 focusing on budgeting and monitoring processes and procedures in relation to property development, property management and general expenses including approvals from the Management Team, Committees and Board

PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE		KEY AREAS DISCUSSED AND REVIEWED IN 2017–18
Internal control	• Responsibility for reviewing the effectiveness of the Group's system of internal control on behalf of the Board. This covers all material controls including financial, operational and compliance controls • Reviewed the effectiveness of the Group's system of internal control, including risk management • Review of the 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	• Review of all breaches in limits and internal controls and responses required. There were four breaches during the year none which resulted from a failure in internal controls or resulted in any losses • Revisions to internal controls through systems procedures and checklists. Confirmed that there were no significant failings or weaknesses identified during the financial year and up to the date of this Annual Report • Monitoring data security actions and policies
Risk management	• 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 in the Annual Report	• Risk management is dealt with in the risks and 'Risk management' section on pages 36 to 47 of the Annual Report. This section also covers the principal risks of the Group • Monitoring of risk register, including identification of principal risks and movements in exposures • Consideration of risk metrics and risk reporting
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 arrangements for staff to raise concerns about possible improprieties	• 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

Audit Committee report continued

The key issues considered by the Audit Committee during the financial year ended 31 March 2018 and the action taken by the Committee are set out below:

SIGNIFICANT ISSUES CONSIDERED	ACTION TAKEN BY COMMITTEE
Valuation of the Investment property portfolio	The Committee considered whether all the information provided to the independent valuers, Cushman and Wakefield ("C&W"), was complete and correct and that the results of their valuation judgements were in line with expectations based on the Committee's assessment of the market and knowledge of the properties. It also confirmed the valuation methods, estimated rental value and market-based yields and residual value method for development properties, were relevant and appropriate to the individual property circumstances. The Audit Committee challenged the assumptions made, considered the independence of the valuers and reviewed the results of these valuations. It considered whether any amendments needed 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 bases for assessing all properties in view of the change in valuers to ensure no anomalies presented themselves. All investment properties are valued in accordance with their current use, which is also the highest and best use except for: • Harcourt Square where the valuation takes into account its potential as a development asset which reflects the asset in its highest and best use • 1-6 Sir John Rogerson's Quay, a development property which is nearing completion, has been valued on an investment basis • Gateway, currently partly rented on short-term leases, has been valued on a price per acre basis as early stage plans are in place to redevelop this property in the future
Performance-related payments	As part of the cost of the internalisation of the former Investment Manager, the Group 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.
Grant date of share-based payments	In 2016, and following correspondence on a few topics, IAASA informed the Company that they would revert, after due consideration, as to their interpretation of the grant date for the share-based payments under the Share Purchase Agreement ("SPA") entered into as part of internalisation. In December 2017 IAASA wrote that they had determined the grant date to be the date of the SPA (November 2015) for all tranches of the performance fee to the expiry of Investment Management Agreement ("IMA") in November 2018 rather than 31 March each year. Having reviewed the accounting treatment, the Committee determined that no amendment to the accounting is required as the existing approach is consistent with IFRS 2 treatment of non market-based performance conditions. At the grant date, Hibernia granted possible future share awards to employees and service providers (Vendors) based on future performance conditions which include both service and other non market-based performance conditions. At that date, the Company had received no services, the service period is defined by the contract as the financial year commencing each 1 April until the expiry of the agreement. As there had been no services received, the Company did not therefore recognise any expense or increase in equity until commencement of the service (IFRS2.15). Therefore, these share-based payments are recognised over the service period, i.e. over the financial year to which they relate, and on the same basis as previously recognised.
Rotation of valuers	In accordance with the Company's policy, the rotation of the independent valuers was completed in September 2017. Cushman and Wakefield was appointed after a tendering process. The Committee oversaw the changeover and has focused closely on valuations during its reviews.

Re-appointment of the external auditor

The Audit Committee has recommended to the Board that the statutory audit firm, Deloitte Ireland LLP, 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 from 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 the audit partner
- 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. The audit partner, Mr Brian Jackson, will step away from this appointment after the completion of this 2018 Annual Report as he has reached the maximum years of service as audit partner for Hibernia before rotation is required. His replacement, Mr Christian MacManus, has met the Audit Committee who consider him to have sufficient knowledge and experience to take on the assignment.

Deloitte Ireland LLP 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 2018 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 2018

All of the work carried out by the external auditor during the year related to the audit of Group companies or the review of the Interim Report.

KPMG continues to act as tax adviser and provides taxation-related advice and support.

External auditor independence

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

Depositary

The Group had €23m (31 March 2017: €18m) 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. In addition to on-going reviews of processes and procedures the depositary undertook onsite and due diligence reviews during the year. No material or significant issues were identified and the depositary issued satisfactory reports.

Approval of reports

The Annual Report and financial statements were considered in draft on 16 May 2018. The Preliminary Statement, which included consolidated financial statements, was approved by the Board on 23 May 2018. The Annual Report was approved by the Board on 13 June 2018.

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 meetings;
- Formal documentation and approval of all significant transactions;
- Maintenance of a breaches register to record any failings and follow up corrective measures
- 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 failure of internal controls. During the financial year ended 31 March 2018 there were four such breaches recorded, none of which resulted from a failure in internal controls or resulted in any losses. The breaches were all identified through secondary internal controls or internal reviews and corrective controls were amended as required where appropriate.

Risk management

Risks and risk management are dealt with in the 'Risks management' section on pages 36 to 47 of the Annual Report. This section also covers the principal risks of the Group.

Committee evaluation

A self-evaluation of the Committee's work was carried out in early 2018. This evaluation found that the Committee was operating effectively. There were no items identified for the Audit Committee to follow up.

Remuneration Committee Chairman's Statement

"This year has been one of significant activity for the Committee as we have designed the first Remuneration Policy to apply after our transition to an internally managed company and which has been a 'ground up' exercise."

Dear Shareholder

On behalf of the Remuneration Committee I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2018. The Remuneration Committee is responsible for ensuring that the Group's remuneration policy supports the implementation of the strategic objectives of the Group in a way consistent with the Board's approved appetite for risk. The Remuneration Committee is responsible for oversight of remuneration for the entire Group with a specific focus on the Directors and senior management. The Committee's terms of reference are available on the Group's website at http://www.hiberniareit.com/about-us/corporate-governance.

2018 Remuneration Policy review and implementation

This year has been one of significant activity for the Committee as we have designed the first Remuneration Policy ("Policy") to apply after our transition to an internally managed company and which has been a "ground up" exercise. During the process of designing the Policy, we consulted extensively with our major shareholders and proxy advisers and their views have helped shape the Policy set out in this Report (see page 122 for a summary of the shareholder consultation process). The Group's philosophy is to pay for performance in a simple and transparent way and the Committee believe that the Policy which is being proposed will drive success over the long-term. The Policy which we are proposing will replace the interim arrangements, implemented following the internalisation of the Investment Manager in 2015, which expire on 26 November 2018.

When creating the Policy, the Committee took into account the extent to which the Group has evolved and matured over the past three years and the future long-term strategy. The Committee felt that fundamental changes were needed to the structure of the Executive Directors' remuneration to support the Company's profile, long-term business strategy and future developmental aspirations. The Committee has endeavoured to construct a Policy that is fair, competitive and focuses Executive

Remuneration Committee year in focus:
- New Remuneration Policy for approval at 2018 AGM
- Changes proposed to Executive Directors' base salaries and Non-Executive Director fee levels
- Performance-related remuneration to drive shareholder value

Chairman of the Remuneration Committee:
Colm Barrington

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

All members have served since the establishment of the Committee in February 2016, a period of two years and two months to 31 March 2018.

Remuneration Committee Chairman's Statement continued

Directors on executing the strategy to maximise long-term returns for shareholders. Further, the Committee was conscious of ensuring that the new framework delivered the best return on investment for shareholders and estimates that, under the new Policy, material cost savings will be delivered compared to the current remuneration arrangements which include the deferred consideration payments approved as part of the internalisation process (c.€7m per annum saving in the first full year of operation at target pay-outs).

The Committee is proposing to move to a framework that is aligned with Irish and UK corporate governance best practice and which comprises fixed remuneration with separate incentives (i.e. an annual bonus plan and a long-term incentive plan ("LTIP")). Minimum shareholding guidelines will also apply which are equal to 350% of the Executive Directors' salary.

The design of the annual bonus, coupled with the new LTIP, seeks to achieve a remuneration framework that is in line with the Group's peers, which we consider as our competitors for talent. When considering the annual bonus and LTIP, the Committee took into account a number of internal and external factors including: the Group's growth and development, remuneration levels within our peers and the Group's underlying principle of paying fairly for performance.

The key features of the annual bonus and LTIP, are outlined in the table below. The full details of the proposed Policy can be found on pages 110 to 121 and a summary is also included in the 'At a glance' section on pages 99 to 105.

INCENTIVE	QUANTUM	KEY FEATURES
Annual Bonus	Up to 150% of salary for the CEO and CFO	• Two-thirds paid in cash and the remaining third deferred into shares for three years subject to continued employment • Performance will be assessed over a financial year against the following metrics for the first year of the annual bonus: Relative Total Property Return (40%), Total Accounting Return (17.5%), EPRA Earnings (17.5%) and individual-specific strategic/operational measures (25%). Financial measures are calculated per share as appropriate. The strategic and operational objectives will include performance measures focused on environmental and sustainability targets as well as objectives relevant to the individual
LTIP	Up to 200% of salary for the CEO and CFO	• Awards of performance shares or nil-cost options • The LTIP incorporates a two-year holding period after a three-year performance period • Performance will be assessed over three years against the following metrics for the first grant to be made in the year commencing 1 April 2019: Relative Total Property Return (33.3%), Relative Total Shareholder Return (33.3%) and Total Accounting Return (33.3%). Measures are calculated per share, as appropriate

Variable incentive arrangements under the new Policy will take effect on the expiry of the internalisation arrangements in November 2018 and bonus outcomes under the new Policy will be pro-rated accordingly. First grants under the LTIP will be made in the year commencing 1 April 2019. Full details on the implementation of the Policy can be found on pages 103 to 105.

The Group is a small organisation in terms of the number of its employees and given its size, the Group's remuneration principles and the Policy are cascaded down the organisation. All our employees are eligible to participate in the annual bonus and the LTIP is extended to members of the Management Team and others on a discretionary basis.

Shareholder engagement

The Committee consulted extensively with approximately 65% of our shareholder base (by holding) and the main proxy advisers, (ISS and Glass Lewis) who represent the views of our shareholders, on the proposed Policy. Overall, our shareholders indicated they were supportive of the proposed Policy with many commenting that they felt the framework aligned strongly with shareholder interests. The key change shareholders suggested was around the inclusion of environmental and sustainability targets within the strategic and operational element of the annual bonus. The Committee has taken on-board this feedback and incorporated this into the 2019 annual bonus. The Committee is very grateful for the feedback received and we would like to thank those who engaged with us.

Company performance highlights and impact on remuneration outcomes for 2017-18

This year has been another year of strong performance for the Group despite the increase to stamp duty on Irish commercial property which had an adverse impact on our profit. Hibernia's portfolio returns significantly outperformed the Irish market delivering a total property return (excluding acquisition costs) of 11.6% compared to the benchmark IPD Ireland Index which returned 6.8%. EPRA NAV per share grew by 8.7% to 159.1 cent and net rental income grew by 15.1% to €45.7m. All of this has enabled the Company to increase its dividend by 36.4% this year to 3.0 cent.

The strong financial performance has fed into performance-related remuneration for all our employees under the internalisation arrangements. For the CFO, Thomas Edwards-Moss, the Committee determined that his outcome under the Performance Related Remuneration ("PRR") would be 108% of salary (72% of maximum of 150% of salary). The Committee has set out on page 101 details of the CFO's objectives for the year and how these have been assessed. As the CEO, Kevin Nowlan, was one of the Vendors of the Investment Manager, he is compensated under the Share Purchase Agreement (see note 34 of the consolidated financial statements for further information on performance-related payments for this financial year).

Key remuneration decisions during 2017-18

Base salary levels

One of the key activities of the Committee was the consideration of the Executive Directors' base salary levels. The Committee undertook a detailed review taking into account the Executive Directors' responsibilities, their performance in the role, the evolution of the Company and internal and external relativities. The review found that there is insufficient distance between the salary of the CEO, CFO and the next level of Management and that when compared to roles at companies that are similar in size, scope and complexity, the current levels are well below lower quartile.

As a result, the Committee proposed one-off salary increases to the CEO and CFO in line with the current Policy: CEO – €450,000 from €300,000 and CFO – €340,000 from €265,000. It is the Committee's view that the new base salary levels fairly reflect the individuals' responsibilities and the size, scope and complexity of the businesses and external relativities. The increases are subject to approval at the 2018 AGM and, if approved, will be paid with effect from 1 April 2018: a detailed explanation of the Committee's rationale including the external positioning can be found on pages 105 and 109. It should be noted that it is the Committee's intention not to increase the salaries of the Executive Directors over the Policy period other than potentially to reflect all employee or inflationary rises.

Non-Executive Director fee levels

The Board reviewed fees for the Non-Executive Directors and the Committee reviewed fees for the Chairman. This was the first review since the Company's IPO in 2013. The key findings of the review were that the current fee levels were not commensurate with the level of responsibility and time commitment required and that the overall fee structure was not aligned with the market and did not take into account additional time commitments and responsibilities for the additional roles undertaken by the Non-Executive Directors; for example, chairing the Audit Committee.

In order to ensure Non-Executive Director fees are competitive and fairly reflect the level of responsibility and time commitment required, the following fees are proposed which would be paid with effect from 1 April 2018 but subject to approval at the 2018 AGM:

- Chairman: €150,000 (€100,000 currently);
- NED Base fee: €60,000 (€50,000 currently);
- SID fee: €15,000 (none paid currently); and
- Committee Chair fee: €10,000 (none paid currently) (excludes Nominations Committee Chair).

At the 2018 AGM, ordinary resolutions on the Policy and Annual Report on Remuneration will be put to shareholders on an advisory basis. This will be accompanied by resolutions seeking approval for the rules for the Annual Bonus Deferred Share Plan and the LTIP. The Company is not incorporated in the UK and therefore is not required to implement the UK Directors' Disclosure Regulations; however the Board has voluntarily determined to follow the Regulations within the constraints of Irish Law.

Once again, I would like to thank those shareholders who engaged with us this year. As always, we are keen to engage with our shareholders and the Proxy Advisors and will continue to maintain an open and constructive approach to dialogue. I hope that we can rely on your vote in support of our approach to remuneration and the proposed Policy. If you would like to discuss any aspect of this report, I would be happy to hear from you. You can contact me through the Company Secretary, Sean O'Dwyer.

On behalf of the Committee and the Board,

Colm Barrington
13 June 2018

Remuneration Committee report

Remuneration at a glance

In this section, we summarise the principles which underpin our proposed Policy. We also highlight the remuneration outcomes for the 2017-18 financial year and the key remuneration decisions. In addition, we have also set out a summary of the Policy and how it will be implemented in the coming year. More detail can be found in the Remuneration Policy Report on pages 110 to 122 and Annual Report on Remuneration on pages 122 to 127.

Remuneration principles

Hibernia's Remuneration Policy aims to encourage, reward and retain the Executive Directors and ensure their actions support the implementation of the Group's strategy. The core principles which underpin remuneration across the Group are:

- Simplicity and transparency: Remuneration should be simple and transparent in terms of design and communication to internal and external stakeholders
- Long-term shareholder alignment: Remuneration outcomes should mirror the shareholder and wider stakeholder experience over the long-term
- Pay-for-performance: Remuneration outcomes should be clearly linked to the delivery of superior corporate results
- Market competitiveness: The remuneration opportunity provided should be fair and competitive against companies of a similar size, scope and complexity with a strong emphasis on variable elements
- Flexibility: Remuneration should be able to support potential changes in business priorities over time

Link to strategy

The Committee carefully considered the performance measures for the annual bonus and the LTIP in the context of the long-term strategy and believe that the final measures that were selected complement the business focus on income growth, asset improvement, portfolio management, delivery of developments and recycling of capital into new acquisitions. In addition, the combinations of absolute and relative measures focuses Executive Directors on both outperformance of the internal plan as well as industry benchmarks. The following table sets out a number of the Group's KPIs and how their satisfaction is encouraged by the Group's incentive framework:

Our strategic priorities

Complete committed near-term developments and prepare pipeline of future projects	Increase rental income and duration	Make selective investments	Recycle capital to monetise gains and enhance future returns	Maintain an efficient balance sheet and seek to diversify funding sources and maturity dates	Continue to improve environmental efficiency of the portfolio

Our key performance indicators

EPRA Earnings
Total Accounting Return (TAR)
Total Property Return (TPR)
Total Shareholder Return (TSR)

Annual bonus

Measures	Link to strategy	Link to KPIs
EPRA Earnings	• Linked to shareholder value • Key measure of organic growth • Focus on sustainable investment	✓
Relative TPR	• Measures how we are driving value in our portfolio • Focus on maximising rental income • Focus on outperformance	✓
Growth in TAR	• Link to shareholder value • Focus on sustainable investment • Execution of our dividend strategy	✓
Strategic/ operational	• Focus on operational efficiencies • Focus on specific internal projects	✓

Long-Term Incentives

Measures	Link to strategy	Link to KPIs
Relative TPR	• Measures how we are driving value in our portfolio • Focus on maximising rental income • Focus on outperformance	✓
Relative TSR	• Linked to shareholder value/ dividend strategy • Focus on outperformance	✓
Growth in TAR	• Link to shareholder value • Focus on sustainable investment • Execution of our dividend strategy	✓
Shareholding guidelines	• Linked to shareholder value	✓

Single figure of remuneration for 2017-18

	FINANCIAL YEAR 31 MARCH	BASE SALARY €'000	TAXABLE BENEFITS €'000	ANNUAL BONUS €'000	DEFERRED SHARES €'000	PENSION €'000	OTHER €'000	TOTAL €'000 (2018)	TOTAL €'000 (2017)
Kevin Nowlan (CEO)*	2018	300	22	–	–	45	–	367	364
Thomas Edwards-Moss (CFO)	2018	265	35	143	142	40	–	625	500

* 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 notes 11 and 34 to the financial statements.

Performance-related remuneration for 2017-18

Performance-related remuneration for all non-Vendor employees, including Thomas Edwards-Moss, is met out of arrangements under the internalisation agreement. Kevin Nowlan was one of the Vendors of the Investment Manager and therefore receives no variable compensation as he is compensated under the internalisation as disclosed in notes 11 and 34 to the consolidated financial statements. Further details on his compensation are set out on page 123.

Awards under the PRR scheme for the financial year ended 31 March 2018 follow the achievement of financial performance targets which lead to the payment of performance fees under the internalisation arrangements (see KPIs on page 18). Personal performance was also measured against specific objectives for the financial year. Details of the financial and personal performance for the CFO, Thomas Edwards-Moss, are set out in the table below:

OBJECTIVES	ASSESSMENT	COMMITTEE DETERMINATION
Total Property Return: outperform IPD Ireland Index	Hibernia TPR of 11.6% vs IPD annual return of 6.8%	The objective was fully met
EPRA NAV per Share growth in excess of 10% (including dividends paid in the year and excluding new shares issued)	EPRA NAV per Share increase of 11.3% (including dividends paid in the year and excluding new shares issued)	The objective was fully met
Ensure Hibernia has access to competitive, low cost funding when needed and investigate longer-term funding options	Hibernia has €120m of available, uncommitted debt funding in place and longer-term funding options have been investigated	The Committee felt that this objective was substantially met but that this is an area where there is always an opportunity for further improvement
No material breaches of corporate governance, regulatory, tax and banking requirements	Full compliance with all requirements.	The objective was fully met
Further improvement in quality of financial reporting to stakeholders	Achieved Gold award from EPRA for financial reporting and Silver award for sustainability reporting. Broadened sell-side analyst coverage	The Committee felt that this objective was substantially met but that this is an area where there is always an opportunity for further improvement
Management of finance team	Recruited new accountant and appointed a financial controller from within team	The Committee felt that significant steps had been taken this year but there was room for further improvement

Overall the Committee determined that the objectives has been satisfied at 72% giving rise to a bonus of 108% of salary (maximum available 150%). Note that 50% will be paid in cash and the other 50% will be awarded in Shares which will vest, net of tax, at the end of three years from the start of the financial year to which they relate.

Key remuneration decisions in 2017-18

Base salary increases for 2018-19

One of the key activities of the Committee was the consideration of the Executive Directors' base salary levels. The Committee undertook a detailed review taking into account their responsibilities, their performance in their role, the evolution of the Group and internal and external relativities (see information on pages 105 to 109. The key findings of the Committee's review were that there is insufficient distance between the salary of the CEO, CFO and the next level of Management and that when compared to roles at companies that are similar in size, scope and complexity, the current levels are well below lower quartile. As a result, the Committee proposed one-off salary increases to the CEO, Kevin Nowlan and the CFO, Thomas Edwards-Moss as follows:

- CEO, Kevin Nowlan: €450,000 from €300,000; and
- CFO, Thomas Edwards-Moss: €340,000 from €265,000.

The rationale for these increases is set out below:
- The current positioning is a result of the Company's historical focus on performance fee arrangements, whereby elements of fixed remuneration were considered secondary to delivering out-performance under the Investment Management Agreement. Whilst a salary increase was awarded to the CFO effective 1 January 2017 to start aligning his levels with peers, the CEO's salary has been in place since the IPO in December 2013.
- Remuneration opportunity should be fair and competitive and be aligned with levels amongst peers. In particular, it is the Committee's view that base salary levels should fairly reflect an individual's responsibilities, the size of the business and the complexity of the individual's role.
- Since internalisation in 2015, the CEO and CFO have executed a challenging strategy through hard work, dedication and knowledge of the market. Under their leadership, Hibernia has delivered solid results with the office portfolio growing in size by 65% to more than a million square feet through acquisitions and development activity, EPRA net asset value per share has increased by 42% to 159.1 cents (post stamp duty changes) and contracted rent roll has grown 144% to €56m. The returns of Hibernia's portfolio have also exceeded those of the wider Irish property market as represented by the IPD Ireland Index.
- The proposed increases align their total remuneration better against companies that the Committee considers to be key competitors for executive talent and positions the CEO and the CFO at the market median level in terms of target total remuneration which is in line with our stated Policy to pay within market ranges (see information on page 108). The overall package is also in line with our Policy to provide an appropriate balance between fixed and variable performance-related components, with a significant element of long-term variable pay given the long term nature of the business.

The increases are material but the Committee strongly believes that this is the right time in the Group's development to make such increases and ensure we have a stable team that continues to deliver against our KPIs for the benefit of our shareholders. They are also in line with the wider objective of this review, to have a policy that is fair and competitive against companies of a similar size and complexity. The Group is around the median by market capitalisation against selected comparators (see page 106) and proposed target total remuneration levels have been set broadly in line with this position.

The proposed salary levels are subject to approval at the 2018 AGM and, if approved, will be effective from 1 April 2018 (i.e. from the start of the financial year which is the usual date that salary increases take effect). It should noted that it is the Committee's intention not to increase the salaries of the Executive Directors over the Policy period other than potentially to reflect all employee or inflationary rises.

Non-Executive fee levels

The Board reviewed fees for the Non-Executive Directors and the Committee reviewed fees for the Chairman. The key findings of the review were that the current fee levels were not commensurate with the level of responsibility and time commitment required by the Non-Executive Directors and the fee levels themselves were below or at the lower quartile when compared to companies of similar size, scope and complexity. In addition, under the current structure fees are not provided to Committee Chairs and the Senior Independent Director to take into account additional time commitment and responsibilities.

In order to ensure Non-Executive Director fees reflect the increasing level of responsibility and time commitment as the Group grows, the following levels are proposed and subject to approval at the AGM, will be effective from 1 April 2018:
- Chairman: €150,000 (€100,000 currently);
- NED Base fee: €60,000 (€50,000 currently);
- Senior Independent Director ("SID") fee: €15,000 (none paid currently); and
- Committee Chair fee: €10,000 (none paid currently) (excludes Nominations Committee Chair).

The Chairman's proposed fee is positioned at the lower quartile of the market whilst the remainder of the proposed fee levels are around or below market median levels (the same comparators as used for the Executive Directors see page 106). It is envisioned that during the three-year Policy term there will be no further increases to fees other than potentially to reflect all employee rises or inflation.

Summary of the proposed Remuneration Policy and implementation for 2018-19

The Policy for Executive Directors supports Hibernia's core KPIs, which are set out on page 18. The Policy and its use of performance metrics appropriately support shareholder value creation by delivering sustainable performance consistent with the strategic drivers and appropriate risk management. The table below summarises key aspects of the Policy and sets out the Executive Directors' proposed remuneration arrangements for 2018-19.

	KEY ELEMENTS AND TIME PERIOD (YEAR)					
	+1	+2	+3	+4	+5	OVERVIEW OF REMUNERATION POLICY IMPLEMENTATION FOR 2018-19*
Base salary						Kevin Nowlan (CEO): €450,000 p.a. Thomas Edwards-Moss (CFO): €340,000 p.a.
Pension						Kevin Nowlan (CEO): 15% of base salary. Thomas Edwards-Moss (CFO): 15% of base salary.
Benefits						Kevin Nowlan (CEO) and Thomas Edwards-Moss (CFO): Car allowance, death in service, long-term disability schemes, travel insurance and other benefits where necessary.
Annual bonus • Cash						Kevin Nowlan (CEO): Up to 150% of base salary. Thomas Edwards-Moss (CFO): Up to 150% of base salary. Subject to performance against a scorecard of financial and strategic/operational targets comprising EPRA earnings per share, relative total property return, total accounting return per share and a scorecard of strategic operational objectives (including sustainability and environmental targets and objectives relevant to the individual).
• Deferred share award						One third of any award deferred into shares for a period of three years with malus and clawback arrangements in place. Further details on how the annual bonus will be implemented are set out below under 'Implementation of variable remuneration arrangements' on page 104.
LTIP						Kevin Nowlan (CEO): Up to 200% of base salary. Thomas Edwards-Moss (CFO): Up to 200% of base salary. Performance will be assessed against relative total property return, relative total shareholder return and total accounting return per share. Incorporates a two-year holding period post the three year vesting period with malus and clawback arrangements applicable. Further details on how the LTIP will be implemented are set out below under 'Implementation of variable remuneration arrangements' on page 104.

*There will be no grant in 2018 and the first grants will be made in the year commencing 1 April 2019

Minimum shareholding requirements for Executive Directors

Under the new Policy, minimum shareholding requirements have been introduced to encourage long-term share ownership and enhance the alignment of the interests of Executive Directors with shareholders. The level of shareholding reflects the total annual performance-related remuneration an Executive Director is eligible to receive and is equal to 350% of salary. The Executive Directors have five years from the date of approval of the Policy to achieve this guideline.

The following table sets out all subsisting interests in the equity of the Company held by the Executive Directors at 31 March 2018:

		BASED ON SHAREHOLDINGS AS AT 31 MARCH 2018				
EXECUTIVE DIRECTOR	MINIMUM SHAREHOLDING REQUIREMENT AS A % OF SALARY (UNDER NEW POLICY)	BENEFICIALLY OWNED[1]	TOTAL INTERESTS SUBJECT TO PERFORMANCE CONDITIONS[2]	TOTAL INTERESTS NOT SUBJECT TO PERFORMANCE CONDITIONS[3]	TOTAL INTERESTS HELD AT 31 MARCH 2018	SHAREHOLDING MET
Kevin Nowlan (CEO)	350%	5,002,918	–	1,904,554	6,907,472	Yes
Thomas Edwards-Moss (CFO)	350%	98,147	–	288,533[2]	386,680	No

1. Current beneficial shareholding.
2. Shares subject to the achievement of performance conditions, shown gross.
3. Shares subject to continued employment only. Shown Gross. Actual amounts may be received net of taxes at 52%.

Implementation of variable remuneration arrangements

It is anticipated that variable incentive arrangements under the new Policy will take effect on the expiry of the internalisation arrangements in November 2018 and annual bonus outcomes under the new Policy will be pro-rated for the 2018-19 financial year. The first grants under the LTIP will be made in the year commencing 1 April 2019.

Annual bonus

The maximum bonus opportunity under the proposed Policy will be 150% of salary for the CEO and the CFO. The performance conditions and their weightings for the annual bonus are as follows:

PERFORMANCE MEASURES	WEIGHTING (AS A % OF MAXIMUM OPPORTUNITY)	DETAILS REGARDING TARGETS
Relative Total Property Return (TPR) TPR will be compared to the SCSI/IPD Ireland Quarterly Property Index (excluding Hibernia)	40%	PERFORMANCE / OUTCOME (% OF MAXIMUM) Below threshold: 0% Threshold: 20% At target: 50% Maximum: 100% Between threshold & target and target & maximum: Straight-line interpolation
Growth in EPRA earnings per share Growth in EPRA earnings will be assessed against challenging targets that will be retrospectively disclosed due to commercial sensitivity	17.5%	
Total Accounting Return per share (TAR) Growth in TAR will be assessed against challenging targets that will be retrospectively disclosed due to commercial sensitivity	17.5%	
Strategic and operational objectives The measures will comprise agreed strategic and operational objectives relevant to the individual and will include sustainability and environmental targets	25%	Objectives will include: delivery of risk management agenda, execution of strategy for major developments, diversification/ optimisation of financing and environmental and sustainability objectives

The Committee believes that the TPR outperformance target, EPRA earnings per share target, TAR target and details of the strategic and operational objectives for the coming year are commercially sensitive and these are not disclosed. These will be reported and disclosed retrospectively next year in order for shareholders to assess the basis for any bonus outcomes.

LTIP

The maximum LTIP opportunity under the proposed Policy will be 200% of salary for the CEO and the CFO. Set out below are the performance measures and targets for the first grant to be made in the year commencing 1 April 2019. If there is a material change to the economic environment or the business plans of the Group, the Committee will consult with shareholders if there are any proposed amendments to the performance conditions and/or targets set out below.

PERFORMANCE MEASURES	WEIGHTING (AS A % OF MAXIMUM OPPORTUNITY)	THRESHOLD VESTING* (20%)	MAXIMUM VESTING* (100%)
Relative Total Shareholder Return (TSR) Assessment of TSR will be against companies in the EPRA/ NAREIT Developed Europe Index	33.3%	Median	Upper quartile
Relative Total Property Return (TPR) TPR will be compared to the SCSI/IPD Ireland Quarterly Property Index (excluding Hibernia)	33.3%	Equal to index	Equal to index plus 1.5% p.a.
Total Accounting Return per share (TAR) Growth in TAR will be assessed against 3-year targets (Compound Annual Growth Rate "CAGR")	33.3%	4% CAGR p.a.	10% CAGR p.a.

* Straight-line interpolation between threshold and maximums.

External relativities

Policy external positioning

In line with the UK FRC Code the Committee considered relevant external relativities when setting the remuneration levels within the proposed Policy. The Committee looked at two comparator groups:

Comparator group 1: REIT comparators

This is the primary comparator group used which consists of those companies which the Committee believes are the most relevant to the Group and where individuals are likely to be recruited from or lost to.

Comparator group 2: Irish comparators

The secondary comparator group recognises that the Group is listed in Ireland and therefore the domestic market for executive talent is a relevant consideration when setting the Company's remuneration levels.

REIT COMPARATORS	IRISH COMPARATORS
COMPANY NAME	COMPANY NAME
Intu Properties	Smurfit Kappa Group
Derwent London	Kingspan Group
Shaftesbury	Glanbia
Great Portland Estates	Aryzta
Workspace Group	Cairn Homes
Big Yellow Group	C&C Group
LondonMetric Property	Irish Continental Group
Assura	Dalata Hotel Group
Hansteen Holdings	Origin Enterprises
Safestore Holdings	First Derivatives
Empiric Student Property	Glenveagh Properties
Capital & Regional	Total Produce
Helical Reit	Irish Residential Properties REIT
Mucklow (A & J) Group	Malin Corporation
Mckay Securities	Applegreen
	Kenmare Resources
	Hostelworld Group
	Datalex
	Mincon Group

REIT COMPARATORS			IRISH COMPARATORS	
	MARKET CAP €M*	NET ASSET VALUE €M*		MARKET CAP €M*
Upper Quartile	**2,010**	**2,386**	**Upper Quartile**	**1,176**
Median	**1,246**	**1,006**	**Median**	**826**
Lower Quartile	**559**	**610**	**Lower Quartile**	**446**
Hibernia	**940**	**1,013**	**Hibernia**	**940**

* Market capitalisation is based on the average market capitalisation in 2017 downloaded from Thomson Reuters Datastream. NAV is the latest available NAV from Thomson Reuters Datastream in January 2018.

CEO REIT comparators

	BASE SALARY €000	TARGET TOTAL CASH[1] €000	TARGET TOTAL DIRECT REMUNERATION[2] €000	TARGET TOTAL REMUNERATION[3] €000	MARKET CAP.[4] €M	NET ASSET VALUE[4] €M
Upper quartile	612	1,122	2,097	2,255	2,010	2,386
Median	528	860	1,341	1,439	1,246	1,006
Lower quartile	480	665	1,100	1,199	559	610
Hibernia (CEO)	**450**	**855**	**1,395**	**1,463**	**940**	**1,014**

CEO Irish comparators

	BASE SALARY €000	TARGET TOTAL CASH[1] €000	TARGET TOTAL DIRECT REMUNERATION[2] €000	TARGET TOTAL REMUNERATION[3] €M	MARKET CAP.[4] €M
Upper quartile	656	1,004	1,850	1,907	1,176
Median	488	776	1,144	1,206	826
Lower quartile	370	578	867	851	446
Hibernia (CEO)	**450**	**855**	**1,395**	**1,463**	**940**

CFO REIT comparators

	BASE SALARY €000	TARGET TOTAL CASH[1] €000	TARGET TOTAL DIRECT REMUNERATION[2] €000	TARGET TOTAL REMUNERATION[3] €000	MARKET CAP.[4] €M	NET ASSET VALUE[4] €M
Upper quartile	442	731	1,365	1,404	2,010	2,386
Median	372	617	1,109	1,081	1,246	1,006
Lower quartile	348	561	834	902	559	610
Hibernia (CFO)	**340**	**646**	**1,054**	**1,105**	**940**	**1,014**

CFO Irish comparators

	BASE SALARY €000	TARGET TOTAL CASH[1] €000	TARGET TOTAL DIRECT REMUNERATION[2] €000	TARGET TOTAL REMUNERATION[3] €000	MARKET CAP[4] €M
Upper quartile	369	563	941	991	1,176
Median	316	491	747	794	826
Lower quartile	237	354	523	553	446
Hibernia (CFO)	**340**	**646**	**1,054**	**1,105**	**940**

1. Target total cash: Base salary plus target annual bonus (target annual bonus is valued at 60% of a company's maximum bonus opportunity). Note, for benchmarking purposes, Hibernia's target annual bonus was also valued at 60% to ensure like-for-like comparison with the market remuneration data. However, under Hibernia's pay-out schedule for the annual bonus, target performance equals 50% of the maximum opportunity.
2. Target total direction remuneration: Target total cash plus expected value for LTIP (expected value for long-term incentives is based on a fair value of 60% of the award's face value).
3. Target total remuneration: Base salary, target bonus, expected value for long-term incentives plus employer pension contribution.
4. Market capitalisation is based on the average market capitalisation in 2017 downloaded from Thomson Reuters Datastream. NAV is the latest available NAV from Thomson Reuters Datastream in January 2018.

Policy position

The Committee's determination of the appropriate Policy position for remuneration is as follows:

- REIT Comparators (Hibernia is broadly at just below the median in terms of market capitalisation and at median for NAV) for both Executive Directors:
  - Lower quartile fixed pay;
  - Upper quartile incentive opportunities; and
  - Total target remuneration at around the median.
- The Committee felt that this approach retained the current performance-based culture with market level of rewards only being earned if performance was delivered with the opportunity to earn more than median for exceptional performance.
- Irish Comparators (Hibernia is median to upper quartile in terms of market capitalisation) for the CEO:
  - Below median fixed pay;
  - Upper quartile incentive opportunities; and
  - Total target remuneration at around the median to upper quartile.
- As above the Committee felt that this approach retained the current performance based culture with market level of rewards only being earned if performance was delivered with the opportunity to earn more than median for exceptional performance.
- In fact there is a reduction in the remuneration for the CEO under the proposed Policy. The remuneration (including consideration paid in respect of performance fees under the Investment Management Agreement) received by the CEO for 2017 was €3,526k. Under the proposed Remuneration Policy this is materially reduced to c. €2,487k based on maximum pay-outs and c. €1,520k based on-target pay-out.
- For the CFO the positioning is significantly higher against the Irish Comparators. However, given the Committee's view that the REIT Comparators are the primary group against which the Company should be compared this was the positioning which was given precedence. In addition, the Committee felt that the internal relativities between the CEO and CFO were more appropriate with the levels the Committee set. Further, given the international nature of finance skills and the small size of the Irish market for listed companies the Irish Comparators were felt to be less relevant.

Control group

The Committee looked at a further control group of internally managed REITs closest to the market capitalisation of the Company. The Committee felt that the results supported the findings of the main external relativity's exercise, the results of which are set out above. The companies that were part of the control group are:

- LondonMetric
- Assura
- Hansteen
- NewRiver
- Safestore
- RDI
- Empiric Student Property

	MARKET CAP (€M)	NET ASSET VALUE (€M)
Upper quartile	1,144	962
Median	1,039	869
Lower quartile	896	773
Hibernia	**940**	**1,013**

CEO control group

	MARKET CAP (€M)*	NET ASSET VALUE (€M)*	BASE SALARY (€000)	TARGET TOTAL CASH (€000)	TARGET TOTAL DIRECT REMUNERATION (€000)	TARGET TOTAL REMUNERATION (€000)
Upper quartile	1,144	962	537	948	2,082	2,166
Median	1,039	869	505	890	1,452	1,511
Lower quartile	896	773	455	850	1,246	1,320
Hibernia	**940**	**1,013**	**450**	**855**	**1,395**	**1,463**

CFO control group

	MARKET CAP (€M)	NET ASSET VALUE (€M)	BASE SALARY (€000)	TARGET TOTAL CASH (€000)	TARGET TOTAL DIRECT REMUNERATION (€000)	TARGET TOTAL REMUNERATION (€000)
Upper quartile	1,144	962	401	691	1,114	1,182
Median	1,039	869	370	656	1,011	1,067
Lower quartile	896	773	338	612	887	918
Hibernia	**940**	**1,013**	**340**	**646**	**1,054**	**1,105**

* Market capitalisation is based on the average market capitalisation in 2017 downloaded from Thomson Reuters Datastream. NAV is the latest available NAV from Thomson Reuters Datastream in January 2018.

Directors' Remuneration Policy

The following section sets out the Directors' Remuneration Policy, which is to be submitted as an advisory ordinary resolution to the AGM of the Company to be held in July 2018 and will take effect following the AGM. The Committee has established the Policy on the remuneration of the Executive Directors and the Chairman. The Board has established the policy on the remuneration of the other Non-Executive Directors.

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 Group cannot rely on UK statutory provisions, the resolution submitted to the AGM is advisory and non-binding in nature.

ELEMENT, PURPOSE AND LINK TO STRATEGY	OPERATION AND PERFORMANCE MEASURES	MAXIMUM OPPORTUNITY	CHANGES FROM THE PREVIOUS POLICY
Base salary			
Provides the basis for the overall market remuneration package and takes into account the role and skills of the individual. Salaries are set at a level to ensure the recruitment and retention of high calibre executives to implement the Group's strategy.	An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility. Changes will normally be effective from 1 April. When determining an appropriate level of salary, the Committee considers: • General salary rises to employees; • Remuneration practices within the group; • Any change in scope, role and responsibilities; • The general performance of the group; • The experience of the relevant director; • The economic environment; and • When the Committee determines a benchmarking exercise is appropriate – salaries within the ranges paid by the companies in the comparator groups used for remuneration benchmarking. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.	Typically, the base salaries of Executive Directors in post at the start of the policy period and who remain in the same role throughout the policy period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The exceptions to this rule may be where: • An individual is below market level and a decision is taken to increase base pay to reflect proven competence in role; or • There is a material increase in scope or responsibility to the Executive Director's role. The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to Hibernia and validated against other companies in the industry, so that they are competitive against the market (see page 106 for current comparators). The Committee intends to review the comparators periodically and may add or remove companies from the group as it considers appropriate. Any changes to the comparator groups will be set out in the section headed Implementation of Remuneration Policy, in the following financial year.	None except that operation of the Policy regarding recruitment and promotions has been clarified.

ELEMENT, PURPOSE AND LINK TO STRATEGY	OPERATION AND PERFORMANCE MEASURES	MAXIMUM OPPORTUNITY	CHANGES FROM THE PREVIOUS POLICY
Pension			
To provide a basis for post – retirement remuneration in line with comparable remuneration packages.	The Group provides a pension contribution allowance in line with practice relative to its comparators to enable the Group to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy. The pension plan is an optional defined contribution scheme with an independent pension provider and an employer contribution of between 5 – 15% for staff. When recruiting or promoting new Executive Directors the Committee will aim at aligning the pension contribution allowance to be provided with the current level of Executive Directors' contribution. If the circumstances require an alternative approach to be used, this will be fully explained in the Group's Annual Report.	The maximum pension contribution allowance for existing Executive Directors is 15% of salary. The Group will set out in the section headed Implementation of Remuneration Policy, in the following financial year the pension contributions for that year for each of the Executive Directors.	None.
Benefits			
To provide a market competitive benefits package.	Benefits may include: • Car allowance; • Death in service and long-term disability schemes; • Travel insurance; and • Other benefits as provided from time to time, for example where a director relocates. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver Group strategy. Additional benefits may therefore be offered such as relocation allowances on recruitment.	The maximum is the cost of providing the relevant benefits.	None.

ELEMENT, PURPOSE AND LINK TO STRATEGY	OPERATION AND PERFORMANCE MEASURES	MAXIMUM OPPORTUNITY	CHANGES FROM THE PREVIOUS POLICY
Annual bonus			
To incentivise the achievement of annual performance targets that support the Group's short term key performance indicators as well as providing long-term alignment with shareholders through the operation of bonus deferral.	Annual bonus awards are granted annually before agreeing the Annual Report and Accounts, usually in June. The performance period is one financial year with pay-out determined by the Committee following the year end, based on achievement against a range of financial and non-financial targets including having regard to environmental, health and safety issues. Two thirds of the bonus award will be paid out in cash with the further one third deferred into shares subject to a three year vesting period. There are no further performance targets on the deferred amount. Malus and clawback arrangements are in place. These are compliant with the FRC UK Corporate Governance Code and in line with best practice in this area. Performance targets will be set by the Committee annually based on a range of financial and strategic measures, including but not limited to: • Relative Total Property Return; • Growth in Total Accounting Return (calculated per share); and • Growth in EPRA earnings (calculated per share). The specific measures, targets and weightings may vary from year to year in order to align with the Group's strategy over each year. However, at least 50% of the awards will be linked to financial measures. The measures will be dependent on the Group's goals over the year under review and directly link to the key measurable strategic milestones to incentivise executives to focus on the execution of the strategy. The performance targets are calibrated each year to align with the announced strategic plan. The actual performance targets set are not disclosed at the start of the financial year, as they are considered to be commercially sensitive. These will be reported and disclosed retrospectively at the end of the year in order for shareholders to assess the basis for any bonus outcomes.	Maximum: 150% of salary. Threshold performance: 20% of maximum. On-target performance: 50% of maximum. Participants may be entitled to dividends or dividend equivalents on the deferred shares representing the dividends paid during the deferral period.	The CFO currently participates in the PRR which will expire in November 2018. Under this arrangement, the maximum opportunity is 150% of salary with 50% of the award paid in cash and remaining 50% awarded in shares which vest three years from the start of the year of the award. The CEO currently receives no variable remuneration on the basis that he was one of the vendors of WK Nowlan REIT Management Limited and is compensated under the Internalisation Share Purchase Agreement (note 34 to the consolidated financial statements). The annual bonus and LTIP will replace these previous arrangements upon expiration.

ELEMENT, PURPOSE AND LINK TO STRATEGY	OPERATION AND PERFORMANCE MEASURES	MAXIMUM OPPORTUNITY	CHANGES FROM THE PREVIOUS POLICY
LTIP			
To incentivise the achievement of long term sustainable shareholder return through the delivery of key financial performance indicators.	Under the Long-Term Incentive Plan, the Committee may award annual grants of performance share awards in the form of conditional awards or nil-cost options (LTIP awards) on an annual basis. LTIP awards will vest three years from the date of grant subject to the achievement of the performance measures. A two-year holding period will apply following the three-year vesting period for LTIP awards granted to the Executive Directors. Malus and clawback arrangements are in place. These are compliant with the FRC UK Corporate Governance Code and in line with best practice in this area. The performance measures for LTIP awards granted in the year commencing 1 April 2019 will be assessed against the following metrics: • Relative Total Property Return compared to the SCSI /IPD Ireland Quarterly Property index excluding the Group (33.3%); • Relative Total Shareholder Return compared to constituents of the EPRA/NAREIT Developed Europe Index (33.3%); and • Growth in Total Accounting Return per share (33.3%). The Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year. The Committee will review and set weightings and targets before each grant to ensure they remain appropriate. The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. No material change will be made to the type of performance conditions without prior shareholder consultation.	Maximum LTIP Awards are 200% of base salary. Threshold performance: 20% of maximum. Vesting is dependent on service and performance measures. Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the performance period on vested LTIP Awards.	New remuneration category for long-term performance.

ELEMENT, PURPOSE AND LINK TO STRATEGY	OPERATION AND PERFORMANCE MEASURES	MAXIMUM OPPORTUNITY	CHANGES FROM THE PREVIOUS POLICY
Operation of incentive plans			
	The Committee will operate all incentive plans according to the rules of each respective plan and the discretions contained therein. The discretions cover aspects such as the timing of grant and vesting of awards, determining the size of the award (subject to the policy limits), the treatment of leavers, retrospective adjustment of awards (e.g. for a rights issue, a corporate restructuring or for special dividends) and, in exceptional circumstances, the discretion to adjust previously set targets for an incentive award if events happen which cause the Committee to determine that it would be appropriate to do so. In exercising such discretions, the Committee will take into account generally accepted market practice, best practice guidelines, the provisions of the Listing Rules and the Company's approved Remuneration Policy. In exceptional circumstances the Committee retains the discretion to: • Change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; and • Make downward or upward adjustments to the amount of bonus or LTIP earned resulting from the application of the performance measures, if the Committee believe that the bonus or LTIP outcomes are not a fair and accurate reflection of business performance. *Cessation of employment and change of control provisions apply as set out on pages 117 to 119.*		

ELEMENT, PURPOSE AND LINK TO STRATEGY	OPERATION AND PERFORMANCE MEASURES	MAXIMUM OPPORTUNITY	CHANGES FROM THE PREVIOUS POLICY
Minimum shareholding requirements			
To align the interests of Executive Directors with those of shareholders over the long term.	The Committee has adopted formal shareholding requirements that will encourage the Executive Directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of salary. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned.	The minimum shareholding requirement for Executive Directors is 350% of salary.	Currently no shareholding requirements in place.

Legacy arrangements – performance-related remuneration scheme

Under the current Policy, variable incentive remuneration is primarily delivered through the performance-related payments (see note 11 of the consolidated financial statements). These are 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 and are contingent on the continuing performance of service for a further two years after the award. The maximum incentive award payable to a senior executive is 1.5 times annual base salary. Up to 40% 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.

These arrangements were introduced as an interim measure upon internalisation and come to an end on 26 November 2018.

Recruitment policy

The Group's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the current Executive Directors. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role.

In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any award.

The Group's detailed policy when setting remuneration for the appointment of new Directors is summarised below:

RECRUITMENT POLICY

Salary, benefits and pension	These will be set in line with the policy for existing Executive Directors.
Annual bonus	The Executive Director will be eligible to participate in the Annual Bonus Scheme as set out in the remuneration Policy table. The maximum level of variable remuneration that may be offered is 150% of base salary consistent with that of existing Executive Directors.
LTIP	The Executive Director will be eligible to participate in the LTIP as set out in the remuneration Policy table. The maximum level of variable remuneration that may be offered is 250% of base salary in exceptional circumstances for the year of recruitment. The normal maximum award level is 200% of salary.
Maximum variable remuneration	The maximum level of variable remuneration which may be offered in the year of recruitment is 400% of salary. The normal ongoing maximum is 350% of salary.
Buy-outs or replacement awards	The Committee's Policy is not to provide replacement awards as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a replacement award, the value of any incentives that will be forfeited on cessation of an Executive Directors' previous employment will be calculated taking into account the following: • the proportion of the performance period completed on the date of the director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value ("lapsed value"). The Committee may then grant a replacement award up to the equivalent value as the lapsed value where possible under the Company's incentives plans. Where the circumstances are such that this is not possible a bespoke arrangement may be used including in accordance with LR 6.4.2 of the Listing Rules of Euronext Dublin.
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from his/her normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance, disturbance allowances and schooling.
Internal promotions	In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to the terms on which it was originally granted. These would be disclosed to shareholders in the remuneration report for the relevant financial year.

The Group's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors, which is set out on page 121.

Cessation of employment

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Group while complying with contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

TREATMENT ON CESSATION OF EMPLOYMENT

General	The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising regarding the termination of an Executive Director's office or employment.
Salary, benefits and pension	These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.
Annual bonus – cash awards	**Good leaver reason** Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year. **Other reason** No bonus will be payable for year of cessation. **Discretion** The Remuneration Committee has the following elements of discretion: • To determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; and • To determine whether to pro-rate the bonus for time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.

TREATMENT ON CESSATION OF EMPLOYMENT

Annual bonus – deferred share awards	**Good leaver reason** All subsisting deferred share awards will vest. **Other reason** Lapse of any unvested deferred share awards. **Discretion** The Committee has the following elements of discretion: • To determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; • To vest deferred shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and • To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will determine whether or not to pro-rate based on the circumstances of the Executive Director's' departure.
LTIP	**Good leaver reason** Pro-rated for time and performance in respect of each subsisting LTIP award. **Other reason** Lapse of any unvested LTIP awards. **Discretion** The Committee has the following elements of discretion: • To determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; • To determine to pay cash in lieu of shares; • To measure performance over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; • To vest the LTIP award at the end of the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; • To determine whether the holding period will apply including whether in full or in part; and • To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will pro-rate awards for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.

Definition of 'good leaver'

A good leaver reason is defined as cessation in the following circumstances:

- Death;
- Ill-health;
- Injury or disability;
- Redundancy;
- Retirement (in agreement with the Company);
- Employing company ceasing to be a group company;

- Transfer of employment to a company which is not a group company; and
- Any reason, permitted by the Committee in its absolute discretion in any particular case except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal.

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

Change of control

TREATMENT ON CHANGE OF CONTROL

Annual bonus – cash awards	Pro-rated for time and performance to the date of the change of control. The Committee has discretion regarding whether to pro-rate the bonus for time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.
Annual bonus – deferred share awards	Subsisting deferred share awards will vest on a change of control. The Committee has discretion regarding whether to pro-rate the awards for time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.
LTIP	The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance. The Committee has discretion regarding whether to pro-rate the LTIP awards for time. The Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.

Malus and clawback

Annual bonus – cash awards	Malus will apply up to the date of bonus determination and clawback will apply for a period of two years post bonus payment.
Annual bonus – deferred share awards	Malus will apply during the share deferral period.
LTIP	Malus will apply during the vesting period and clawback will apply for a period of two years post-vesting.

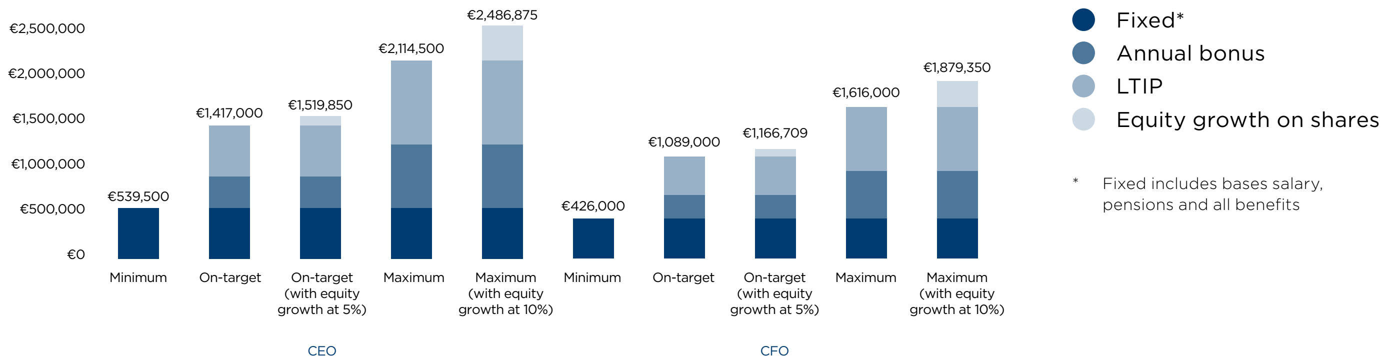
The circumstances in which malus and clawback could apply are as follows:
- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or Company;
- The assessment that any performance condition or condition in respect of the annual bonus or LTIP award was based on error, or inaccurate or misleading information;
- The discovery that any information used to determine the Group annual bonus or LTIP award was based on error, or inaccurate or misleading information;
- Action or conduct of a participant which amounts to fraud or gross misconduct; or
- Events or the behaviour of a participant have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of the Group or Company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

Remuneration scenario charts

The chart below seeks to demonstrate how pay varies with performance for the Executive Directors' based on the proposed Policy.

The minimum scenario reflects fixed remuneration of salary, pension and benefits only as the other elements are linked to future performance. Base salary is that to be paid in the year to 31 March 2019. Benefits are as shown in the single figure remuneration table for the year to 31 March 2018 on page 123. The on-target scenario reflects fixed remuneration as above plus 50% of the maximum annual bonus opportunity and 60% vesting for the LTIP awards. The maximum scenario reflects the fixed remuneration plus the maximum pay-out of all other incentive arrangements.

The on-target and maximum scenarios include an additional bar which shows the impact of share price growth over the relevant performance period to show how the package value is aligned to shareholders. We have used share price growth of 5% per annum for on-target performance and 10% per annum for maximum performance.



Service contracts for Executive Directors

When setting notice periods, the Committee has regard to market practice and corporate governance best practice. The table below summarises the service contracts for Executive Directors. The Executive Directors' contracts are available for shareholders to view at the AGM. The maximum notice period will be 12 months.

DIRECTOR	DATE OF CONTRACT	NOTICE PERIOD
Kevin Nowlan (CEO)	5 November 2015	n/a[1]
Thomas Edwards-Moss (CFO)	5 November 2015	6 months

1. Kevin Nowlan has a service agreement under arrangements which expire on 26 November 2018 and a new contract will be put in place.

The departure of Kevin Nowlan prior to November 2018 may trigger clawback arrangements under the criteria established in the internalisation in 2015.

All directors are subject to annual re-election at the AGM in line with best practice.

External appointments

Executive Directors are permitted to accept external, non-executive appointments with the prior approval of the Board where such appointments are not considered to have an adverse impact on their role within the Group. Both Kevin Nowlan and Thomas Edwards-Moss currently do not have any external appointments.

Non-Executive Director remuneration policy and letters of appointment

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.

The table below sets out our Non-Executive Directors' fees in greater detail.

ELEMENT, PURPOSE AND LINK TO STRATEGY	OPERATION AND PERFORMANCE MEASURES	MAXIMUM OPPORTUNITY	CHANGES FROM THE PREVIOUS POLICY AND IMPLEMENTATION FOR 2018
Non-Executive Directors fees			
Core element of remuneration, set at a level sufficient to attract and retain individuals with appropriate knowledge and experience in organisations of broadly similar size and complexity.	The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chairman's fees. Non-Executive Directors are paid an annual fee and additional fees for chairmanship of committees and the role of Senior Independent Director ("SID"). The Company retains the flexibility to pay fees for the membership of committees. In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties. Fees are normally reviewed annually with any changes generally effective from 1 April and are based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. Non-Executive Directors do not participate in any variable remuneration or receive any other benefits, other than being covered for disability benefits under the Company's insurance whilst travelling on Company business.	The fees for Non-Executive Directors are broadly set at a competitive level against a comparator group of companies of similar size and industry to Hibernia. The Committee intends to review the list of companies each year and may add or remove companies from the group as it considers appropriate. Any changes to the comparator groups will be disclosed in the part of the report setting out the operation of the policy for the future year. In general, the level of fee increase for the Non-Executive Directors and the Chairman will be set taking account of any change in responsibility and the general rise in salaries across employees. The Company will pay reasonable expenses incurred by the Non-Executive Directors and may settle any tax incurred in relation to these.	Introduction of fees for Chairmanship of Board Committees and the role of Senior Independent Director. Fees from 1 April 2018 are as follows: • Chairman: €150,000 (€100,000 currently); • NED Base fee: €60,000 (€50,000 currently); • SID fee: €15,000 (none paid currently); and • Committee Chair fee: €10,000 (none paid currently) (excludes Nominations Committee Chair).

Letters of appointment

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

NON-EXECUTIVE DIRECTOR	DATE OF CONTRACT	NOTICE PERIOD
Daniel Kitchen	August 2013	1 month
Colm Barrington	August 2013	1 month
Frank Kenny	November 2017	1 month
Stewart Harrington	August 2013	1 month
Terence O'Rourke	August 2013	1 month

In accordance with the requirements of the UK Code each of the Directors submits themselves for re-election each year.

Remuneration throughout the Group

The remuneration for all staff in the Group is based on the same principles and arrangements as described above for Executive Directors. The Group seeks to remunerate in line with market salaries and benefits. Bonus arrangements are cascaded down the organisation to incentivise the achievement of Group and personal objectives. Participation in the LTIP is extended to members of the Management Team and others on a discretionary basis. The Committee believes the Group approach to cascading its variable incentive arrangements down the organisation is fair.

Consideration of shareholder views

The Committee develops and implements the Policy taking into account the views of principal shareholders. In designing the new Policy, the Committee spent a significant period of time consulting with major shareholders to ensure that views of shareholders on the proposed Policy were considered.

The Chair of the Committee consulted with the Company's key shareholders, contacting the top 24 shareholders who together represented c. 65% of the issued share capital as well as Proxy Advisors (Glass Lewis and ISS). The Committee is grateful for shareholders' comments and engagement during the consultation process. At the end of the process the Committee was pleased that the majority of shareholders consulted expressed support for the Policy.

The Committee will continue to maintain an open and constructive dialogue with its major shareholders and Proxy Advisors and where appropriate, will always seek to consult.

Annual report on remuneration for the financial year ended 31 March 2018

The 2018 Annual report on remuneration contains details of how the Company's Remuneration Policy for Directors was implemented during the financial year ended 31 March 2018. 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 practicable under Irish legislation. An advisory ordinary resolution to approve this report and the Annual Statement will be put to shareholders at the AGM.

Executive Director Remuneration for the year ended 31 March 2018

Single figure remuneration table (audited)

The remuneration of Executive Directors showing the breakdown between components with comparative figures for the prior year is shown below. Figures provided have been calculated in accordance with regulations.

	FINANCIAL YEAR ENDING 31 MARCH	BASE SALARY €'000	TAXABLE BENEFITS[2] €'000	ANNUAL BONUS €'000	DEFERRED SHARES[3] €'000	PENSION €'000	OTHER €'000	TOTAL €'000
Kevin Nowlan (CEO)[1]	**2018**	**300**	**22**	**-**	**-**	**45**	**-**	**367**
	2017	300	19	–	–	45	–	364
Thomas Edwards-Moss (CFO)	**2018**	**265**	**35**	**143**	**142**	**40**	**-**	**625**
	2017	217	17	117	117	32	–	500

1. 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 (note 34 of the consolidated financial statements).
2. Taxable benefits comprise car and travel allowances,and professional subscriptions mainly.
3. Share price of €1.444 was used to value 2018 deferred shares.

As noted on page 100, performance-related remuneration for most non-Vendor employees, including Thomas Edwards-Moss, is met out of arrangements under the internalisation agreement. 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. Further details on Kevin's compensation under this Agreement are set out in note 34 to the consolidated financial statements.

Awards under the PRR scheme for 2018 reflect the strong progress in respect of the key strategic objectives to support the growth of the Company. For the CFO, Thomas Edwards-Moss, the Committee determined that his objectives had been satisfied at 72% giving rise to a bonus of 108% of salary (maximum opportunity – 150% of salary). Note that 50% will be paid in cash and the other 50% will be awarded in shares, which will vest, net of tax, at the end of three years from the start of the financial year to which they relate.

Details of the of the Committee's assessment of Thomas Edwards-Moss' performance-related remuneration are set out on page 101 in the 'At a glance' section.

Payments to past Directors or for loss of office

Mr William Nowlan resigned from the Board on 25 July 2017. During the year he was paid €16k in fees for his role as a Non-Executive Director, €84k in consulting fees and €1.4m in performance related payments as a Vendor. Other than this, there were no payments to past Directors and there were no payments for loss of office.

Non-Executive Directors remuneration

Single figure remuneration table (audited)

The remuneration of Non-Executive Directors showing the breakdown between components with comparative figures for the prior year is shown below. Figures provided have been calculated in accordance with regulations.

		FEES €'000	OTHER €'000	TOTAL €'000
Daniel Kitchen	**2018**	**100**	**–**	**100**
	2017	100	–	100
Colm Barrington	**2018**	**50**	**–**	**50**
	2017	50	–	50
Terence O'Rourke	**2018**	**50**	**–**	**50**
	2017	50	–	50
Frank Kenny	**2018**	**20**	**–**	**20**
	2017	–	–	–
Stewart Harrington	**2018**	**50**	**–**	**50**
	2017	50	–	50
William Nowlan	**2018**	**16**	**–**	**16**
	2017	50	–	50

Statement on implementation of the Policy for the year ending 31 March 2019

Pages 103 to 105 within the 'At a glance' section set out in detail how the Policy will be implemented for the year ending 31 March 2019.

Statement of Directors' shareholdings

Directors' share interests are set out below. From 1 April 2018 onwards, minimum shareholding requirements have been introduced and the requirement equal 350% of salary. The Executive Directors have five years from the date of the Policy to achieve this guideline.

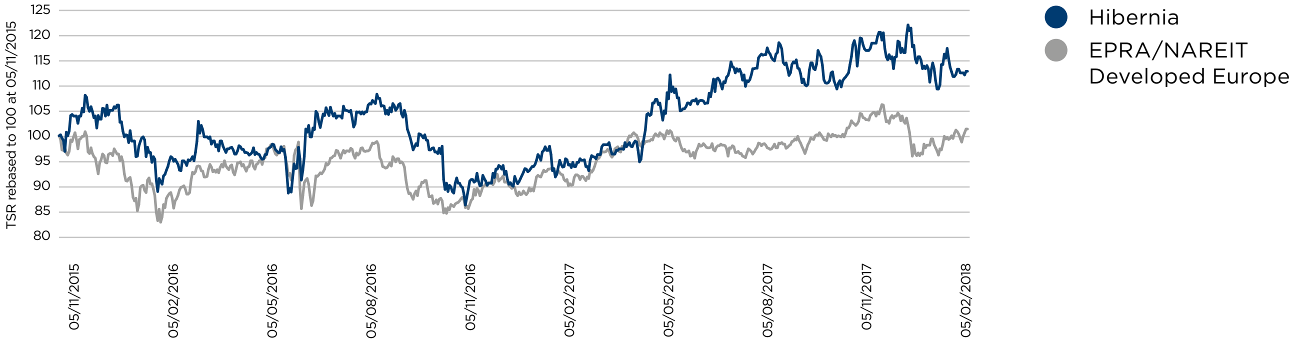
	INTERESTS HELD						
DIRECTOR	31 MARCH 2018 BENEFICIALLY OWNED[1]	TOTAL INTERESTS SUBJECT TO PERFORMANCE CONDITIONS[2]	TOTAL INTERESTS NOT SUBJECT TO PERFORMANCE CONDITIONS[3]	SHAREHOLDING REQUIREMENT MET	% OF SHARE CAPITAL (2018)	% OF SHARE CAPITAL (2017)	1 APRIL 2017[5]
Kevin Nowlan (CEO)[4]	5,002,918	n/a	1,904,554	Y	0.99%	0.85%	5,824,458
Thomas Edwards-Moss (CFO)	98,147	n/a	288,533	N	0.05%	0.01%	96,824
Daniel Kitchen	100,371	n/a	n/a	n/a	0.01%	0.01%	100,371
Colm Barrington	1,100,000	n/a	n/a	n/a	0.16%	0.16%	1,100,000
Frank Kenny	5,530,234	n/a	1,269,702	n/a	0.97%	0.81%	5,530,234
Terence O'Rourke	154,566	n/a	n/a	n/a	0.02%	0.02%	152,482
Stewart Harrington	102,550	n/a	n/a	n/a	0.01%	0.01%	101,167
William Nowlan[4]	4,131,056	n/a	952,277	n/a	0.73%	0.50%	3,438,200
Sean O'Dwyer (Company Secretary)	102,574	n/a	121,127	n/a	0.03%	0.01%	101,191

On 9 April 2018 45,773 shares were issued to Thomas Edwards-Moss pursuant to the settlement of performance related remuneration in respect of the financial year ended 31 March 2016. Other than this, there were no movements in Directors' shareholdings between 31 March 2018 and the date of this report.

1. Beneficial interests include shares held directly or indirectly by connected persons.
2. There are currently no unvested LTIP shares subject to performance conditions. The first grant under the new Long Term Incentive Plan will be made in the financial year starting 1 April 2019.
3. Total interests not subject to performance conditions include deferred shares granted under the interim incentive scheme, subject to continued employment conditions, and shares due to vendors under internalisation.
4. William Nowlan and Kevin Nowlan are related.
5. Or date of appointment if later.

Performance graph

The chart below shows the Company's Total Shareholder Return (TSR) since internalisation of the management team on 5 November 2015. During this period Hibernia has experienced significant growth and outperformed European industry benchmarks. The Committee believes European industry benchmarks represent the most relevant benchmark for comparison.



CEO remuneration and percentage change in the CEO's remuneration

The table below details the total remuneration of Kevin Nowlan for the period from the Company's internalisation to 31 March 2018. The percentage change in remuneration is equivalent to +0.82%. Kevin Nowlan was one of the Vendors of the Investment Manager and therefore, receives no variable remuneration as he is compensated under the Share Purchase Agreement. The table below excludes Kevin's compensation under the Share Purchase Agreement as this is not remuneration but details can be found in note 11 to the consolidated financial statements.

	FINANCIAL YEAR ENDED 31 MARCH	BASE SALARY €'000	TAXABLE BENEFITS €'000	PENSION €'000	OTHER €'000	TOTAL €'000
Kevin Nowlan (CEO)	**2018**	**300**	**22**	**45**	**–**	**367**
	2017	300	19	45	–	364

Relative importance on spend on pay

The table below sets out the overall spend on pay for all employees compared with the returns distributed to shareholders.

SIGNIFICANT DISTRIBUTIONS	2018	2017	% CHANGE
Staff costs for all non-vendor employees (€'m)[1]	4m	3m	+24%
Distributions to shareholders (€'m)	21m	15m	+36%

1. €1m in staff costs is excluded from this as it is recovered through service charge arrangements on Hibernia managed buildings.

Considerations by the Committee of matters relating to Directors' remuneration for 2018

The Committee complies with the UK Corporate Governance Code. The Committee makes recommendations to the Board, within agreed terms of reference, on remuneration for the Executive Directors and Chair of the Board and has oversight of remuneration arrangements for senior management. The Committee's full terms of reference are available on the Company's website at www.hiberniareit.com.

Remuneration Committee members

COMMITTEE MEMBERS	INDEPENDENT	NUMBER OF SCHEDULED MEETINGS HELD DURING THE YEAR	NUMBER OF MEETINGS ATTENDED
Colm Barrington (Chair)	Yes	3	3
Daniel Kitchen	Yes	3	3
Terence O'Rourke	Yes	3	3
Stewart Harrington	Yes	3	2

The matters covered by the Committee over the course of the meetings were as follows: consideration of the 2017 bonus outcomes, consideration of the 2018 performance fee arrangements, approving the 2017 Directors' Remuneration Report, review of the Committee's terms of reference, review of the selection process for independent advisers to the Committee and review of market remuneration/fee data for Executive Directors and Non-Executive Directors. In addition, a large portion of the Committee's time was spent in relation to the new Remuneration Policy and engagement with shareholders and Proxy Advisors.

None of the Committee members has any personal financial interest (other than as shareholders) in the decisions made by the Committee, conflicts of interest arising from cross-directorships or day-to-day involvement in running the business.

Advisers to the committee
PwC are independent advisers to the Committee. The advisers were selected through a competitive tender overseen by the Chairman of the Committee in December 2017. PwC is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. On this basis, the Committee is satisfied that the advice received is objective and independent.

PwC also provided the Company with outsourced internal audit service during the financial year. The Committee reviewed the nature of the services provided and was satisfied that no conflict of interest exists or existed in the provision of these services. The total fees paid to PwC in respect of services to the Committee during the year were €42,550.

Shareholder voting
The table below shows the results of the latest shareholder votes on the Directors' remuneration report.

	VOTES FOR	%	VOTES AGAINST	%
Remuneration Report (2017)	396.7m	87%	60.0m	13%

On behalf of the Committee and the Board,

Colm Barrington
13 June 2018

"2017-18 saw the first change in the Board since the foundation of the Company."

Report of the Nominations Committee

The Nominations Committee met once during the financial year ended 31 March 2018. The Nominations Committee is chaired by Daniel Kitchen, who is also the 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, the Irish Annex, 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 required. The Terms of Reference for the Nominations Committee, which is available on the Group's website, was updated in 2017 and reviewed in 2018 with no amendments.

Composition of the Board

Mr William Nowlan indicated his desire to retire as a Director during the financial year and did not put himself forward for re-election at the 2017 AGM. He will continue to provide consulting services until November 2018 in line with the agreements made during the Internalisation.

The Committee continued to discharge its responsibility for ensuring that the balance of skills, knowledge and experience on both the Board and its Committees remains appropriate, such that they can carry out their roles effectively. The Committee considered the effect of the departure of Mr William Nowlan from the Board and decided it was necessary to replace him and to appoint someone with a similar level of knowledge and experience in the property business.

Chairman of the Nominations Committee
Daniel Kitchen

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

All members have served since the establishment of the Company, a period of four years and four months to 31 March 2018.

After due consideration, the Committee decided to appoint Mr Frank Kenny to the Board: he brings to the role more than 35 years of experience in the Irish and US property markets in all aspects of commercial and residential property investment and development for both private investors and institutions. Apart from his knowledge of the property market in general, Mr Kenny was one of the founding members of the Company and has an intimate knowledge of its business, management and employees. In his role as Senior Adviser he has attended meetings of the Board and has also attended Executive Committee meetings. After being approved to the position by the Central Bank of Ireland, Mr Frank Kenny was appointed on 8 November 2017 and will offer himself for re-election at the 2018 AGM.

The Committee did not use an external consultant or advertising when appointing Mr Kenny to the Board as he was well-known to the Directors and his property knowledge and expertise were the attributes that had been identified by the Directors as being required for this appointment.

Committee evaluation
In 2017, the evaluation found that the Committee was operating effectively and the following items were identified for the Nominations Committee in 2017 for follow up:
- Better documenting of succession planning process;
- Additional board training is recommended and the induction process should include meetings with external advisers where not already done; and
- The roles of the Chairman and CEO should be set out in writing.

These items were completed during the year. A self-evaluation of the Committee's work was also carried out in the 2018. This assessment found that the members of the Committee are satisfied that the Committee is functioning well, that it has the right mixture of skills and that the processes in place to make new appointments are appropriate and in line with best practice. The Committee reviewed the time and attention given by the Directors to their duties and was 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. There were no issues arising from this review.

The Board has discussed the gender and age diversity within the Board and 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 continue to 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 necessary to identify measurable objectives in relation to diversity. However, priority will be given to making appointments that improve diversity.

Succession planning
Succession planning is one of the responsibilities of this Committee. The Group has a relatively small management team and a flat structure and therefore the focus is on developing employees to become competent across disciplines so as to provide personal development and resource flexibility. The Committee also recognises the contribution of more experienced individuals who are closer to retirement and wish to work on a more 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.

Directors' report

The Directors submit their report for the financial year ended 31 March 2018. The Strategic Report, on pages 2 to 67 is incorporated into the Directors' Report by reference.

Financial highlights and a discussion thereon can be found on pages 33 to 35 of the strategic report.

Directors' responsibilities

These are set out in the Directors' responsibility statement on pages 136 to 137 of this report.

Principal activity and business review

The principal activity of the Group is property investment. Further details on the Group's development and performance for the financial year under review are set out in the 'Financial results and position' on pages 33 to 35.

The principal subsidiary and associate undertakings are listed in note t to the Company 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 146. The profit for the financial year ended 31 March 2018 was €107.1m (March 2017: €118.6m), including unrealised profits on investment properties of €81.4m (31 March 2017: €103.5m).

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 absolute returns. 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 in the Strategic report on pages 16 to 17 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 strategic priorities. 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 1.9 cent per share (c.€13.3m) (31 March 2017: 1.45 cent per share or c.€10.1m) which will be paid, subject to shareholder approval, on 3 August 2018. Together with the interim dividend of 1.1 cent, the total dividend for the financial year is 3.0 cent per share or c.€ 20.9m (31 March 2017: 2.2 cent or c.€15.2m) based on the number of shares estimated to be in issue at that date.

Principal risks and uncertainties

The Directors confirm 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 principal risks and uncertainties are discussed in the 'Risks management' section on pages 40 to 47 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 2018 and 2017, respectively.

Share capital

At 31 March 2018 the Company had 692,347,106 units of ordinary stock in issue (31 March 2017: 685,451,875 units).

On 9 April 2018 162,996 shares were issued pursuant to the settlement of performance-related remuneration awards for the year ended 31 March 2016 thereby increasing total issued shares to 692,510,102.

Approximately 6.6m shares will be issued in relation to performance-related payments for the financial year ended 31 March 2018 (31 March 2017: 7.6m).

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 2 to 67 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 and viability statement

The financial statements have been prepared on a going concern basis. Going concern and viability are addressed on page 39 of the Risk report. The principal risks of the Group are set out on pages 40 to 47.

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 these scenarios are considered extremely unlikely to occur within the three-year horizon examined. The current €400m revolving credit facility extends until November 2020, and the Directors fully expect to be able to refinance this.

As a result of these assessments, the Directors expect 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
Frank Kenny
Kevin Nowlan (CEO)
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. William Nowlan retired on 25 July 2017 and Frank Kenny was appointed on 8 November 2017. Apart from this there were no changes to the Board or Company Secretary during the financial year.

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 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 95 to 127 of this Annual Report.

In accordance with provision B.7.1 of the UK Code and the Irish Annex, the Directors individually retire at each AGM of the Company and submit themselves for re-election if appropriate. All the current Directors 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 83 of the Annual Report.

In the financial year under review, each Director has been subject to the evaluation process recommended by the UK 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 2018

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 page 125. 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 2018 the Company has been notified of the following substantial interests (3% or more of the issued share capital) in the Company's shares:

	HOLDING	
HOLDER	'000 SHARES	%
Invesco Ltd	41,543	6.00
Standard Life Aberdeen plc	36,521	5.27
TIAA-CREF Investment Management LLC	34,936	5.04
Oppenheimer Funds Inc.	34,839	5.03
Blackrock Inc.	34,634	5.00
BNP Paribas Asset Management France SAS	27,744	4.01
FMR LLC	27,732	4.00
Wellington Management Group LLP	27,584	3.98
The Capital Group Companies, Inc	21,443	3.10

As at 12 June 2018 the Company has been notified of the following changes:

	HOLDING	
HOLDER	'000 SHARES	%
Invesco Ltd	34,625	4.99
BNP Paribas Asset Management Holding SA	34,947	5.05
Bailie Gifford & Co	20,892	3.02
FMR LLC	26,727	3.86

Corporate governance

The Group is committed to high standards of corporate governance, details of which are given in the Corporate governance report on pages 77 to 87 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 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 48 to 67.

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 29 to the consolidated financial statements and note q of the Company financial statements.

Independent auditor
The auditor, Deloitte Ireland LLP, 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 88 to 94 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 fourth Annual General Meeting ("AGM") of the Company was held on 25 July 2017. The fifth AGM will be held on 31 July 2018. Notice of the 2018 AGM, together with details of the resolutions to be considered at the meeting, will be circulated to the shareholders in June 2018.

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 aware of any relevant audit information and to establish that the statutory auditor is aware of that information.

Kevin Nowlan
Chief Executive Officer
13 June 2018

Thomas Edwards-Moss
Chief Financial Officer
13 June 2018

Directors’ responsibility statement

The Directors, whose names and details are listed on pages 72 to 73 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 Article 4 of IAS Regulations.

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, the Companies Act 2014, and the Listing Rules issued by Euronext Dublin (formerly the Irish Stock Exchange), 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, amongst other things, a fair review of the development and performance of the Group’s business and of its position 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; and
- Enable the financial statements to be audited.

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 are responsible for the maintenance and integrity of certain corporate and financial information included on the Group’s website (www.hiberniareit.com).

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 72 to 73, 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 2018 and of the result for the financial year then ended for the Group and Company;
- The Directors' Report 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 2018, 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, are fair, balanced and understandable and provides the information necessary for shareholders to assess the position and performance, strategy and business model of the Group and Company.

This responsibility statement was approved by the Board of Directors on 13 June 2018 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 the financial statements of Hibernia REIT plc (the 'Company')

In our opinion the Group and Company financial statements:

- Give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 March 2018 and of the profit of the Group for the financial year then ended; and
- Have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014 and as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements we have audited comprise:

The Group financial statements:

- The Consolidated income statement;
- The Consolidated statement of comprehensive income;
- The Consolidated statement of financial position;
- The Consolidated statement of changes in equity;
- The Consolidated statement of cash flows; and
- The related notes 1 to 35, including a summary of significant accounting policies as set out therein.

The Company financial statements:

- The Statement of financial position;
- The Statement of changes in equity;
- The Statement of cash flows; and
- The related notes a to x, including a summary of significant accounting policies as set out therein.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of investment properties; and • Performance-related payments.
Materiality	We determined materiality for the Group to be €10.75 m which is 1% of Group net assets.
Significant changes in our approach	There were no significant changes in our approach which we feel require disclosure to the members.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- The disclosures on pages 40 to 47 to the annual report that describe the principle risks and explain how they are being managed or mitigated;
- The directors' confirmation in the annual report on page 130 that they have carried out a robust assessment of the principal risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- The directors' statement on page 152 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- Whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 6.8.3(3) is materially inconsistent with our knowledge obtained in the audit; or
- The director's explanation on page 39 in the annual report as to how they have assessed the prospects of the Group and the Company, 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 and the Company 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Key audit matter description	The valuation of the Group's investment properties of €1,309m (2017: €1,167m) requires significant judgement and estimation to be made by the Directors taking into consideration advice from the external valuer and management. Any input inaccuracies or inappropriate assumptions used in these judgements (such as in respect of estimated rental value and market based yields applied) could result in a material misstatement of the financial statements. Please refer to page 92 (Audit Committee Report), page 152 (Note 2 – Significant judgements and analysis of sources of estimation uncertainty and page 171 (Note 17 – Investment properties).

Valuation of investment properties

How the scope of our audit responded to the key audit matter	We evaluated the design and determined the implementation of the key controls the Company has implemented over the valuation of investment properties. We challenged 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 evaluated the competence, independence and integrity of the external valuer including reading their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or that may have imposed scope limitations upon their work. We also considered fee arrangements between the external valuer and the Group. We met 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 compared the recorded 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 set an expected range for yield and capital value movements, determined by reference to published benchmarks and our experience and knowledge of the market. Where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigation and when necessary, held further discussions with the external valuer and obtained evidence to support explanations received. We performed audit procedures to assess the accuracy and completeness of information provided to the external valuer including agreeing 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. We considered the reasonableness of forecast costs to complete included in the valuations as well as identified contingencies, exposures and remaining risks. We evaluated the disclosures made in the financial statements. In particular, we challenged management to ensure the disclosures were sufficiently clear in highlighting the significant estimates that exist in respect of valuation of investment properties and the sensitivity of their fair value to changes in the underlying assumptions.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to the valuation of investment properties.

Performance-related payments

Key audit matter description	The calculation of performance-related payments of €8.3m (2017: €9.3m) as disclosed on page 163 (Note 11a Performance related payments) is manual, the basis of the calculation is complex in nature and the recipients of payments are related parties of the Group. These factors increases the risk of error. A portion of the performance-related payments is settled 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 92 (Audit Committee Report) and page 162 (Note 11a Performance related payments).
How the scope of our audit responded to the key audit matter	We evaluated the design and determined implementation of the key controls the Company has implemented over the calculation and approval of the performance-related payments. We obtained the details of the performance-related payment calculation as detailed in the investment management agreement and tested that the calculation prepared by management was consistent with this agreement. We considered the inputs to the performance-related payments calculation and where appropriate we have compared the inputs to entity or market data to evaluate the accuracy of the inputs. We assessed the accounting treatment of the performance-related payments and considered that the accounting charge recorded has been accounted for in accordance with the requirements of IFRS.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to the performance-related payments.

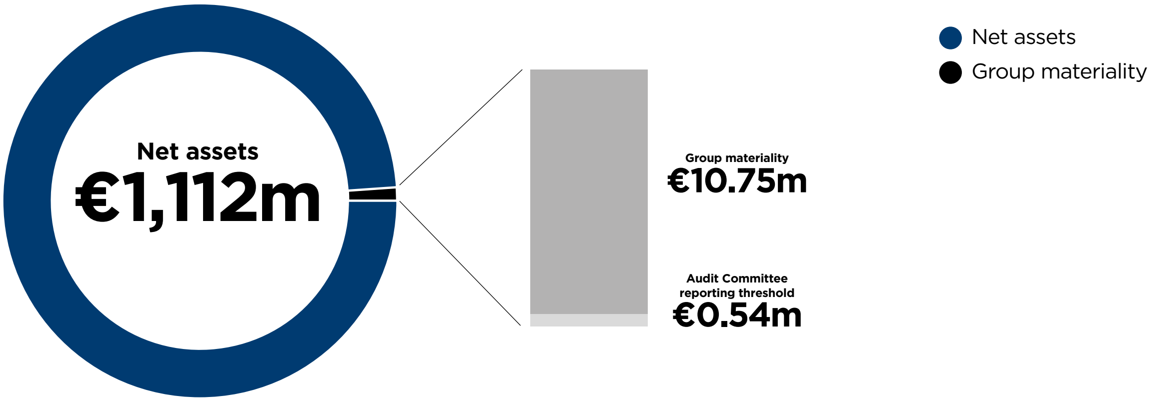
Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above,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

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be €10.75m which is 1% of Group net assets. 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 have considered quantitative and qualitative factors such as understanding the entity and its environment, history of mistatements, complexity of the company and the reliability of the control environment.

Independent auditors' report to the members of Hibernia REIT plc continued



We agreed with the Audit Committee that we would report to them any audit differences in excess of €0.54m, as well as differences below that threshold which, 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

We determined the scope of our Group audit 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. Based on that assessment, a full scope audit was performed by the Group audit team for all subsidiaries of the Group. This gives coverage over substantially all of the Group.

Our 2018 audit was planned and executed having regard to the fact that the Group's operations were largely unchanged in nature from the previous year. Additionally, there have been no significant changes to the valuation methodology and accounting standards relevant to the Group. In light of this, our approach to the audit in terms of scoping and areas of focus was largely unchanged.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Financial Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- Audit Committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex containing provisions specified for review by the auditor in accordance with Listing Rule 6.8.3(7) and Listing Rule 6.8.3(9) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code or the Irish Corporate Governance Annex.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the (consolidated) financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the Company’s members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- 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 Statement of Financial Position is in agreement with the accounting records
- In our opinion the information given in the directors’ report is consistent with the financial statements and the directors’ report has been prepared in accordance with the Companies Act 2014

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 77 to 87 that, in our opinion the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 Companies Act 2014 is consistent with the company’s statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with section 1373 of the Companies Act 2014.

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors’ remuneration and transactions specified by law are not made.

The Listing Rules of the Irish Stock Exchange require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors’ remuneration committee. We have nothing to report in this regard.

Other matters which we are required to address

Following the recommendation of the Audit Committee we were appointed on 5 December 2013 to audit the financial statements for the financial year ended 31 March 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ending 2014 to 2018.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (Ireland) 260.

Brian Jackson
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte House, Earlsfort Terrace, Dublin 2

13 June 2018

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Consolidated income statement
For the financial year ended 31 March 2018

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Total revenue	5	**54,168**	46,372
Income			
Rental income		**49,075**	42,519
Property expenses	6	**(3,352)**	(2,838)
Net rental income		**45,723**	39,681
Gains and losses on investment properties	7	**87,802**	103,525
Other gains and (losses)	8	**(41)**	2,476
Total income after revaluation gains and losses		**133,484**	145,682
Expense			
Performance-related payments	11	**(6,599)**	(8,215)
Administration expenses	9	**(13,517)**	(12,770)
Total operating expenses		**(20,116)**	(20,985)
Operating profit		**113,368**	124,697
Finance income	12	**7**	10
Finance expense	12	**(6,243)**	(5,671)
Profit before tax		**107,132**	119,036
Income tax	13	**(31)**	(450)
Profit for the financial year		**107,101**	118,586
Earnings per share			
Basic earnings per share (cent)	15	**15.5**	17.4
Diluted earnings per share (cent)	15	**15.4**	17.2
EPRA earnings per share (cent)	15	**2.8**	2.2
Diluted EPRA earnings per share (cent)	15	**2.8**	2.2

The notes on pages 151 to 193 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the financial year ended 31 March 2018

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Profit for the financial year		**107,101**	118,586
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land and buildings	18	**657**	186
Items that may be reclassified subsequently to profit or loss:			
Net fair value loss on hedging instruments entered into for cash flow hedges	24b	**(112)**	(105)
Total other comprehensive income		**545**	81
Total comprehensive income for the financial year attributable to owners of the Company		**107,646**	118,667

The notes on pages 151 to 193 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 March 2018

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Assets			
Non-current assets			
Investment properties	17	**1,308,717**	1,167,387
Property, plant and equipment	18	**5,411**	4,801
Other financial assets	21	**240**	267
Trade and other receivables	22	**7,787**	8,536
Total non-current assets		**1,322,155**	1,180,991
Current assets			
Trade and other receivables	22	**7,239**	10,108
Cash and cash equivalents	20	**22,521**	18,148
		29,760	28,256
Non-current assets classified as held for sale	19	**534**	385
Total current assets		**30,294**	28,641
Total assets		**1,352,449**	1,209,632
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	23	**686,696**	678,110
Other reserves	24	**9,620**	9,759
Retained earnings	25	**415,414**	325,983
Total equity		**1,111,730**	1,013,852
Non-current liabilities			
Financial liabilities	26	**219,218**	171,138
Total non-current liabilities		**219,218**	171,138
Current liabilities			
Trade and other payables	27	**21,501**	24,642
Total current liabilities		**21,501**	24,642
Total equity and liabilities		**1,352,449**	1,209,632
IFRS NAV per share (cents)	16	**160.6**	147.9
EPRA NAV per share (cents)	16	**159.1**	146.3
Diluted IFRS NAV per share (cents)	16	**159.1**	146.3

The notes on pages 151 to 193 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 146 to 193 were approved and authorised for issue by the Board of Directors on 13 June 2018 and signed on its behalf by:

Kevin Nowlan
Chief Executive Officer

Thomas Edwards-Moss
Chief Financial Officer

Consolidated statement of changes in equity
For the financial year ended 31 March 2018

		FINANCIAL YEAR ENDED 31 MARCH 2018				
	NOTES	SHARE CAPITAL €'000	SHARE PREMIUM €'000	RETAINED EARNINGS €'000	OTHER RESERVES €'000	TOTAL €'000
Balance at start of financial year		**68,545**	**609,565**	**325,983**	**9,759**	**1,013,852**
Total comprehensive income for the financial year						
Profit for the financial year		**–**	**–**	**107,101**	**–**	**107,101**
Total other comprehensive income		**–**	**–**	**–**	**545**	**545**
		68,545	**609,565**	**433,084**	**10,304**	**1,121,498**
Transactions with owners of the Company, recognised directly in equity						
Dividends	14	**–**	**–**	**(17,656)**	**–**	**(17,656)**
Issue of Ordinary Shares in settlement of share-based payments	23	**690**	**7,896**	**–**	**(8,586)**	**–**
Share issue costs	23	**–**	**–**	**(14)**	**–**	**(14)**
Share-based payments expense	11	**–**	**–**	**–**	**7,902**	**7,902**
Balance at end of financial year		**69,235**	**617,461**	**415,414**	**9,620**	**1,111,730**

		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		–	–	(10,624)	–	(10,624)
Issue of Ordinary Shares in settlement of share-based payments	23	420	5,292	–	(5,712)	–
Share issue costs		–	–	(19)	–	(19)
Share-based payments expense		–	–	–	9,254	9,254
Balance at end of financial year		68,545	609,565	325,983	9,759	1,013,852

The notes on pages 151 to 193 form an integral part of these consolidated financial statements.

Consolidated statement of cashflows
For the financial year ended 31 March 2018

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Cash flows from operating activities			
Profit for the financial year		**107,101**	118,586
Gain on sales of investment properties	7	**(6,425)**	-
Other gains and losses		**-**	380
Adjusted for non-cash movements:	28	**(62,479)**	(83,889)
Operating cash flow before movements in working capital		**38,197**	35,077
(Increase)/decrease in trade and other receivables		**(989)**	7,224
Increase/(decrease) in trade and other payables		**1,829**	(1,805)
Net cashflow from operating activities		**39,037**	40,496
Cash flows from investing activities			
Cash expended on investment property	28	**(93,787)**	(137,200)
Cash received from sales of investment properties	7	**35,815**	-
Purchase of fixed assets	18	**(238)**	(225)
Cash received in relation to other non-current assets held for sale		**-**	9,534
Income tax (paid)		**(4)**	(367)
Finance income		**7**	10
Finance expense		**(5,378)**	(4,521)
Net cashflow absorbed by investing activities		**(63,585)**	(132,769)
Cashflow from financing activities			
Dividends paid	25	**(17,656)**	(10,624)
Borrowings drawn	26	**86,454**	97,877
Borrowings repaid	26	**(39,674)**	-
Derivatives premium paid		**(189)**	-
Share issue costs		**(14)**	(19)
Net cash inflow from financing activities		**28,921**	87,234
Net increase/(decrease) in cash and cash equivalents		**4,373**	(5,039)
Cash and cash equivalents start of financial period		**18,148**	23,187
Increase/ (decrease) in cash and cash equivalents		**4,373**	(5,039)
Net cash and cash equivalents at end of financial period		**22,521**	18,148

The notes on pages 151 to 193 form an integral part of these consolidated financial statements.

Notes to the financial statements
For the year ended 31 March 2018

Section 1 – General

This section contains the significant accounting policies and other information that apply to the Group's financial statements as a whole. Those policies applying to individual areas such as investment properties are described within the relevant note to the consolidated financial statements. This section also includes a summary of the new European Union endorsed accounting standards, amendments and interpretations that have not yet been adopted and their expected impact on the reported results of the Group.

1. General Information

Hibernia REIT plc, the "Company", registered number 531267, together with its subsidiaries and associated undertakings (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 Euronext Dublin (formerly 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 Euronext Dublin 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 derivative 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 IFRS 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.

2. Basis of preparation continued

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 signing of this statement and are satisfied that the Group is appropriately capitalised. The Group has a cash balance as at 31 March 2018 of €23m (31 March 2017: €18m), is generating positive operating cashflows and, as discussed in note 26, has in place a debt facility with a period to maturity of 2.6 years and an undrawn balance of €179m at 31 March 2018 (31 March 2017: €289m). The Group has assessed its liquidity position and there are no reasons to expect that the Group will not be able to meet its liabilities as they fall due for the foreseeable future.

e. 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 (see note 11 for more details), 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 redevelopment 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
- 1-6 Sir John Rogerson's Quay, a development property which is nearing completion, has been valued on an investment basis, using market rental values capitalised with a market capitalisation rate, from which remaining capital expenditure has been deducted
- Gateway, which is currently partly rented on short-term leases, has been valued on a price per acre basis as early stage plans are in place to redevelop this property in the future and this approach reflects the highest and best use of this property

Block 3 Wyckham Point and Hanover Mills: Both properties are held for long-term property rental and were developed on this basis. VAT was payable on the acquisition (in the case of Block 3 Wyckham Point only) and on the construction costs for both schemes which has been treated as irrecoverable and recognised as part of the capital costs of both projects. If either property is sold within five years of completion (i.e. before mid-2020 in the case of Block 3 Wyckham Point), 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 neither property is intended to be sold within the five-year period, in the opinion of the Directors, no amendment to the Valuer's valuation of either asset was deemed necessary.

Share-based payments

The Group has a number of share-based payment arrangements in place. The determination of the grant date in particular can be complex in nature and requires significant judgement in the interpretation and application of IFRS 2 to these arrangements. The determination of grant date for the performance-related payments element of share-based payments (note 11) was given particular attention by the Audit Committee. Although the grant date of the payments at note 11a and 11b (those arising from internalisation) has been amended from 31 March each financial year to the date of original agreement of the conditions of the payment, the Directors have determined that there is no impact on the accounting for this payment as it is dependent on future performance conditions which include both service and other non-market performance conditions and can only therefore be measured during the period in which it is earned, i.e. during each financial year. This is considered a significant judgement due to the quantum of performance-related payments shown in note 11 each year. The calculation of the absolute element of the performance fee requires some judgement around adjustments to EPRA NAV and while not material in nature, due to the related party nature of the performance-related payments, these are reviewed by the Audit Committee.

f. Analysis of sources of estimation uncertainty

Valuation of investment properties

The Group's investment properties are held at fair value and were valued at 31 March 2018 by the external valuer, Cushman and Wakefield ("C&W"), a firm employing qualified valuers in accordance with the appropriate sections of the Professional Standards ("PS"), the Valuation Technical and Performance Standards ("VPS") and the Valuation Applications ("VPGA") contained within the RICS Valuation – Global Standards 2017 ("the Red Book"). It follows that the valuations are compliant with the International Valuation Standards ("IVS"). Further information on the valuations and the sensitivities is given in note 17. The Group's investment properties at 31 March 2017 were valued by CBRE Unlimited, the Group's previous valuers. C&W was appointed by Hibernia in September 2017 following a tender process after a rotation of the Group's valuers was considered and approved by the Audit Committee.

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 material 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 are satisfied that the valuation of the Group's properties is appropriate for inclusion in the financial statements. The fair value of the Group's properties is based on the valuation provided by C&W. This valuation is based on future cashflows from rental income both for the current lease period and future estimated rental values.

2. Basis of preparation continued

In accordance with the Group's policy on lease incentives, the valuation provided by C&W 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 €6.8m (31 March 2017: €4.1m).

There were no other significant judgements or key estimates that might have a material impact on the consolidated financial statements at 31 March 2018.

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

Impacts expected from relevant new or amended standards

The following standards and amendments will be relevant to the Group but were not effective at the financial year end 31 March 2018 and have not been applied in preparing these consolidated financial statements. The Group's current view of the impact of these accounting changes is outlined below:

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.

The Group's financial instruments consist of its borrowings and a small number of hedging instruments and loans. There are also some minor amounts in trade receivables and payables which will also be classified as financial instruments. These are analysed further in note 29. We have carried out an assessment of the impacts and implemented these changes from 1 April 2018. While there are some minor amendments to the treatment of financial instruments due to the implementation of IFRS 9, there is no material impact and retained earnings are not expected to be materially impacted based on unaudited calculations.

IFRS 15 *Revenue from Contracts with Customers* is effective 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 IAS 17. IFRS 15 will apply to service charge income, performance fees and miscellaneous minor contracts. This is effective for the financial year commencing 1 April 2018 and therefore implementation has commenced. The impact of this standard on the recognition of revenue is minor. The service charge income stream is accounted for as a single performance obligation satisfied over time by measuring its progress towards complete satisfaction of that performance obligation. Management fees relating to the provision of services to tenants are recognised as these services are provided. This is in line with the prior recognition approach.

IFRS 16 *Leases* is applicable for annual periods beginning on or after 1 January 2019.

This standard will apply to the operating leases applicable to the Group's Investment properties 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 Group has some immaterial lease arrangements for minor office assets and recognising these in accordance with IFRS 16 will have no material impact on its financial statements.

Section 2 – Performance

This section includes notes relating to the performance of the Group for the year, including segmental reporting, earnings per share and net assets per share as well as specific elements of the consolidated statement of income.

4. Operating segments

a. Basis for segmentation

The Group is organised into six business segments, against which the Group reports its segmental information. These segments mainly represent the different investment property classes. The Group has divided its business in this manner as the various asset segments differ in their character and returns profiles depending on market conditions and reflect the strategic objectives that the Group has targeted. The following table describes each segment:

REPORTABLE SEGMENT	DESCRIPTION
Office Assets	Office assets comprise central Dublin completed office buildings, all of which are generating rental income. Those assets which are multi-tenanted or multi-let are mainly managed by the Group. Income is therefore rental income and service charge income, including management fees, while expenses are service charge expenses and other property expenses. Where only certain floors of a building are under-going refurbishment the asset usually remains in this category, as was the case in Two Dockland Central.
Office Development Assets	Office development assets are not currently revenue generating and are the properties that the Group has currently under development in line with its strategic objectives. Development profits, recognised in line with completion of the projects, enhance Net Asset Value (“NAV”) and Total Portfolio Return (“TPR”). Once completed these assets are transferred to the appropriate segment at fair value.
Residential Assets	This segment contains the Group’s income generating multi-tenanted residential assets.
Industrial Assets	This segment contains industrial units with adjacent agricultural land which generates some rental income.
Other Assets	This segment contains other assets not part of the previous four strategic segments. It originally represented the “non-core” assets, i.e. those assets identified for resale from loan portfolio purchases. Currently this segment contains assets held for sale.
Central Assets and Costs	Central Assets and Costs includes the Group head office assets and expenses.

The Board reviews the internal management reports, including budgets, at least quarterly at its scheduled meetings. There is some interaction between reportable segments, for example completed development properties transferred to income-generating segments, for example 1WML, in this financial year. These transfers are made at fair value on an arm’s length basis using values determined by the Group’s independent Valuers.

b. Information about reportable segments

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. These 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.

4. Operating segments continued

An overview of the reportable segments is set out below:

Group consolidated segment analysis
For the financial year ended 31 March 2018

	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
Total revenue	47,028	-	6,475	665	-	-	54,168
Rental income	41,935	-	6,475	665	-	-	49,075
Property expenses	(2,019)	-	(1,257)	(16)	(60)	-	(3,352)
Net rental income	39,916	-	5,218	649	(60)	-	45,723
Gains and losses on investment properties	34,311	38,405	16,781	(1,695)	-	-	87,802
Other gains and (losses)	-	-	-	-	-	(41)	(41)
Total income	74,227	38,405	21,999	(1,046)	(60)	(41)	133,484
Performance-related payments	-	-	-	-	-	(6,599)	(6,599)
Administration expenses	-	-	-	-	-	(13,232)	(13,232)
Depreciation	-	-	-	-	-	(285)	(285)
Total operating expenses	-	-	-	-	-	(20,116)	(20,116)
Operating profit/(loss)	74,227	38,405	21,999	(1,046)	(60)	(20,157)	113,368
Finance income	-	-	-	-	-	7	7
Finance expense	(2,838)	-	-	-	(103)	(3,302)	(6,243)
Profit before tax	71,389	38,405	21,999	(1,046)	(163)	(23,452)	107,132
Income tax	-	-	-	-	-	(31)	(31)
Profit for the financial year	71,389	38,405	21,999	(1,046)	(163)	(23,483)	107,101
Total segment assets	1,034,046	134,500	139,025	17,800	686	26,392	1,352,449
Investment properties	1,017,937	134,500	138,480	17,800	-	-	1,308,717

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
Total revenue	36,403	2,930	6,434	562	43	–	46,372
Rental income	35,490	33	6,434	562	–	–	42,519
Property expenses	(1,243)	(100)	(1,194)	(83)	(218)	–	(2,838)
Net rental 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)
Administration expenses	–	–	–	–	–	(207)	(207)
Depreciation	–	–	–	–	–	(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
Finance income	–	–	–	–	–	10	10
Finance expense	(2,145)	(167)	–	–	–	(3,359)	(5,671)
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

c. Geographic information
All of the Group's assets, revenue, and costs are based in Ireland, mainly in central Dublin.

d. Major customers
Included in gross rental income are rents of €11.1m (31 March 2017: € 11.7m) which arose from the Group's two largest tenants, both of which contributed more than 10% of the rental income. No other single tenant contributed more than 10% of the Group's revenue in 2018 or 2017.

5. Total revenue

Accounting policy

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, including fixed rental uplifts, arises on the Group's investment properties and is recognised in the consolidated income statement on a straight-line basis over the term of the lease. 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 therefore recognised on the same straight-line basis over the lease term. Contingent rents, being lease payments that are not fixed at the inception of a lease, such as turnover rents, are recorded as income in the period in which they are earned.

Service charge income and other sums receivable from tenants are recognised as revenue in the period in which the related expenditure is recognised.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Gross rental income	**46,306**	41,215
Rental incentives	**2,769**	1,304
Rental income	**49,075**	42,519
Service charge income	**5,019**	1,048
Windmill promote fee	**-**	2,511
Other income	**74**	294
Total revenue	**54,168**	46,372

6. Net property expenses

Accounting policy

Net property expenses comprise service charges and other costs directly recoverable from tenants and non-recoverable costs directly attributable to investment properties. 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, vacancy costs and other costs of commercial properties.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Service charge income	**(5,019)**	(1,048)
Service charge expense	**5,224**	1,205
Other property expenses	**3,147**	2,681
	3,352	2,838

Included in other property expenses is an amount of €1.2m (31 March 2017: €0.9m) relating to void costs, i.e. costs relating to assets which were not income-generating during the financial year.

7. Gains and losses on investment properties

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Revaluation of investment properties	17	**81,377**	103,525
Gain on sale of investment properties		**6,425**	–
		87,802	103,525

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Sale price of investment properties	**35,815**	–
Carrying value at sales date	**(29,390)**	–
	6,425	–

8. Other gains and losses

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Gains on sales of non-current assets classified as held for sale	**–**	43
Windmill promote fee	**–**	2,511
Other (losses)	**(41)**	(78)
Other (losses)/gains	**(41)**	2,476

9. Administration expenses

Accounting policy

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

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

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Non-executive Directors' fees		**286**	300
Professional Valuers' fees		**281**	418
Prepaid remuneration expense		**4,444**	4,444
Depository fees		**278**	296
Depreciation	18	**285**	207
'Top-up' internalisation expenses for financial year	11	**1,743**	1,101
Staff costs	10	**3,405**	2,760
Other administration expenses		**2,795**	3,244
Total administration expenses		**13,517**	12,770

All fees paid to Non-Executive Directors are for services as Directors to the Company. Non-Executive Directors receive no other benefits other than Frank Kenny who also received €181k in consulting fees during the year and 1.3m shares or €1.8m as a Vendor (note 34). Further information on Directors emoluments can be found in the Directors' remuneration report on pages 122 to 127 of the Annual Report.

9. Administration expenses continued

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 the service. These payments were made in November 2015 as part of the internalisation of the Investment Manager and were made subject to clawback arrangements for those Vendors who remain tied to the Group by employment or service contracts. These clawback arrangements over one-third of this payment are removed on each anniversary of the acquisition date until November 2018. €2.7m (31 March 2017: €7.1m) is included in trade and other receivables as prepaid remuneration (note 22).

'Top-up' internalisation expenses relate to additional management fees that would have been due under the IMA due to increases in NAV in the period since internalisation. These are payable in shares of the Company (note 11).

Professional valuers' fees are paid to Sherry FitzGerald (Commercial) Limited, trading as Cushman & Wakefield (formerly DTZ Sherry FitzGerald) ("C&W"), in return for their services in providing independent valuations of the Group's investment properties on an at least twice-yearly basis. Professional valuers' fees are charged on a fixed rate per property valuation. The fees for the period from September 2017 to 31 March 2018 were agreed in September 2017 through a letter of engagement. The fees payable to C&W are less than 5% of their fee income for the financial year 31 December 2016.

Auditors' remuneration (excluding VAT)

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Company		
Audit of entity financial statements	**71**	70
Other assurance services	**-**	-
Tax advisory services	**-**	-
Other non-audit services	**-**	-
Company total	**71**	70
Group		
Audit of the Group financial statements	**36**	35
Audit of subsidiaries financial statements	**28**	30
Other assurance services[1]	**16**	23
Tax advisory services	**-**	-
Other non-audit services	**-**	-
Group total	**80**	88
Total	**151**	158

1. Other assurance services include the review of the Interim Report.

10. Employment

The average monthly number of persons (including executive Directors) directly employed during the financial year in the Group was 28 (31 March 2017: 18). The single largest area of growth since last year was building management services, as the number of buildings under Hibernia's direct management increased.

Total employees at financial year end:

Group

	FINANCIAL YEAR ENDED 31 MARCH 2018 NUMBER	FINANCIAL YEAR ENDED 31 MARCH 2017 NUMBER
At financial year end:		
Building management services		
Head office staff	**6**	4
On-site staff	**5**	3
	11	7
Administration	**21**	16
Total employees	**32**	23

Company

	FINANCIAL YEAR ENDED 31 MARCH 2018 NUMBER	FINANCIAL YEAR ENDED 31 MARCH 2017 NUMBER
At financial year end:		
Administration	**21**	16

No amount of salaries and other benefits is capitalised into investment properties. Staff costs are allocated to the following expense headings:

Group

The staff costs for the above employees were:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Wage and salaries	**4,023**	2,974
Social insurance costs	**415**	251
Employee share-based payment expense	**570**	443
Pension costs – defined contribution plan	**235**	195
Total	**5,243**	3,863

Staff costs are allocated to the following expense headings:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Administration expenses	**3,405**	2,760
Net property expenses[1]	**848**	217
Performance-related payments	**990**	886
Total	**5,243**	3,863

1. Most of the €848k is recovered directly from tenants via the service charge arrangements within Hibernia managed buildings.

10. Employment continued

Company

The staff costs for the above employees were:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Wage and salaries	**3,261**	2,785
Social insurance costs	**350**	231
Employee share-based payment expense	**570**	443
Pension costs – defined contribution plan	**214**	187
Total	**4,395**	3,646

Staff costs are allocated to the following expense headings:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Administration expenses	**3,405**	2,760
Performance-related payments	**990**	886
Total	**4,395**	3,646

11. Share-based payments

Accounting policy

The Group has a number of share-based arrangements in place. These share-based payments are transactions in which the Group receives services in exchange for its equity instruments or by incurring liabilities for cash amounts based on the price of the Group's shares. Share-based payments settled in the Group's shares are measured at the grant date except where they are subject to non-market performance conditions which include a service condition in which case they are measured over the relevant service period.

Share-based payments that are granted to employees at the end of each financial year, and that have a vesting period subject to service conditions, are recognised at fair value at the grant date and amortised through the consolidated income statement over the vesting period. Share-based payments that are cash-settled are re-measured at fair value at each accounting date. 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 share-based payment reserve.

The following share-based payment arrangements were in place during the financial year.

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 calculated as under the IMA for each financial year and settled mainly in shares of the Company until the expiry of the agreement in November 2018. It was agreed that up to 15% of any performance fees would be set aside for the payment of cash bonuses and deferred share-based payments (see part b below) to employees. This was agreed within the Share Purchase Agreement ("SPA") which was signed on 23 September 2015 and approved by shareholders at an EGM on 27 October 2015. As all parties had a shared understanding of the terms and conditions of the arrangement and approval was obtained on 27 October 2015, the grant date is determined to be this date for payments made under this arrangement (see Audit Committee report on pages 88 to 94 for further information).

At the grant date, the Company has granted possible future share awards based on future performance conditions which include both service and other non-market performance conditions. The service period is defined in the contract as each financial year until the expiry of the agreement on 26 November 2018. Expenses are therefore recognised over each financial year as services are provided.

Performance-related payments comprise absolute and relative performance fees as described under the IMA as well as ‘top-up’ internalisation expenses that relate to management fees that would have been due under the IMA as a result of increases in NAV in the period since internalisation.

At the start of each financial year, as part of the budgeting process, the Board estimates the level of performance-related fees that are expected to be earned over the period. The number of shares expected to issue in payment of these fees is estimated by reference to the share price at each accounting date. At the year end, the calculation of the monetary value of the performance-related payments is determined using the EPRA Net Asset Value of the Group at the financial year end and the Total Property Return as determined by IPD and using calculation protocols as were set out in the Investment Management Agreement and as subsequently modified by shareholder agreement at an Extraordinary General Meeting (“EGM”) on 26 October 2016. The number of shares which will be issued to satisfy these payments is determined using the average closing price of Hibernia shares on Euronext Dublin for the 20 business days preceding the date of the financial year end.

The Directors have calculated the amount of fees that are payable under this arrangement for the financial year ended 31 March 2018 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-based payment reserves (see also part b). In addition, amounts fell due in December 2016 in relation to the achievement of return targets on the termination of the Windmill Lane joint arrangement and these were provided in the financial year ended 31 March 2017.

Summary of performance-related payments

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Performance-related payments	**6,599**	5,907
Windmill promote and development management fees	**–**	2,308
Total performance-related payments for the financial year	**6,599**	8,215
‘Top-up’ internalisation expenses (note 9)	**1,743**	1,101
Total	**8,342**	9,316
Of which are:		
Payable to Vendors (share-based, see 11.a below)	**7,352**	8,430
Payable to employees (approximately 50% share-based – see part b below)	**990**	886
Total	**8,342**	9,316

Shares issued relating to performance-related payments to Vendors 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 the issue date. All shares are beneficially owned by the recipients and all voting rights and rights to dividends accrue to them.

11. Share-based payments continued

Share-based performance-related payments during the financial year

€0.5m of the above total performance payment of €8.3m will be paid in cash bonuses to staff, the balance of €7.8m will be payable in shares.

	SUMMARY OF SHARE-BASED PAYMENTS OUTSTANDING AS AT 31 MARCH 2018							
	PAYMENT PROVIDED AT START OF FINANCIAL YEAR		PAID DURING FINANCIAL YEAR		PROVIDED DURING FINANCIAL YEAR[1]		BALANCE OUTSTANDING AT END OF FINANCIAL YEAR	
	€'000	'000 SHARES	€'000	'000 SHARES	€'000	'000 SHARES	€'000	'000 SHARES
a. Performance-related payments	**8,586**	**6,895**	**(8,586)**	**(6,895)**	**7,332**	**5,079**	**7,332**	**5,079**
b. Employee long-term incentive plan – IMA portion	**881**	**708**	**-**	**-**	**492**	**336**	**1,373**	**1,044**
c. Employee long-term incentive plan – interim arrangements	**-**	**-**	**-**	**-**	**78**	**60**	**78**	**60**
Balance at period end	**9,467**	**7,603**	**(8,586)**	**(6,895)**	**7,902**	**5,475**	**8,783**	**6,183**

1. The 20-day average share price prior to the financial year end was 1.448.

	SUMMARY OF SHARE-BASED PAYMENTS OUTSTANDING AS AT 31 MARCH 2017							
	PAYMENT PROVIDED AT START OF FINANCIAL YEAR		PAID DURING FINANCIAL YEAR		PROVIDED DURING FINANCIAL YEAR[1]		BALANCE OUTSTANDING AT END OF FINANCIAL YEAR	
	€'000	'000 SHARES	€'000	'000 SHARES	€'000	'000 SHARES	€'000	'000 SHARES
a. Performance-related payments	5,469	4,200	(5,469)	(4,200)	8,586	6,895	8,586	6,895
b. Employee long-term incentive plan – IMA portion	456	350	–	–	425	358	881	708
c. Employee long-term incentive plan – interim arrangements	–	–	–	–	–	–	–	–
Balance at period end	5,925	4,550	(5,469)	(4,200)	9,011	7,253	9,467	7,603

1. The 20-day average share price prior to the financial year end was 1.237.

		FINANCIAL YEAR ENDED 31 MARCH 2018		FINANCIAL YEAR ENDED 31 MARCH 2017	
GRANT DATE: 27 OCTOBER 2015 MEASUREMENT DATE: 31 MARCH 2018	SHARE PRICE	**€'000**	**NUMBER OF SHARES '000**	€'000	NUMBER OF SHARES '000
Opening balance at start of financial year	1.245	**8,586**	**6,895**	5,469	4,200
Payment made during the financial year		**(8,586)**	**(6,895)**	(5,469)	(4,200)
Amounts provided during the financial year		**8,322**		9,472	
Less: payable to employees (b)		**(990)**		(886)	
Share-based payment due to vendors		**7,332**	**5,079**	8,586	6,895
Closing balance at end of financial year	1.444	**7,332**	**5,079**	8,586	6,895

The settlement of performance-related fees for the financial year ended 31 March 2017 was made on 3 July 2017 resulting in the listing of 6,895,231 new Ordinary Shares when the prior days closing price of the Company's shares was €1.375.

b. Employee long-term incentive plan – IMA portion

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 these performance-related payments. Shares awarded under the PRR, approximately 50% of the total award or up to 7.5% of the performance fee element of the performance-related payments at a. above, are in the form of a contingent award 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. These shares are a part of the payments outlined at part a. above and the grant and measurement dates are determined on the same basis. 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 measurement 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 2018 is €0.5m (31 March 2017: €0.4m). When these shares vest they are assessed for tax purposes at the current market share price. Employee taxes are recognised through payroll.

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 from any possible departures relating to these shares.

GRANT DATE: 27 OCTOBER 2015 MEASUREMENT DATE: 31 MARCH 2018	SHARE PRICE	**FINANCIAL YEAR ENDED 31 MARCH 2018** **€'000**	**NUMBER OF SHARES '000**	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000	NUMBER OF SHARES '000
Opening balance at start of financial year	1.245	**881**	**708**	456	350
Amounts provided during the year[1]		**990**		870	
Of which is payable in cash		**(498)**		(445)	
Share-based element this year		**492**	**336**	425	358
Closing balance at end of financial year	1.444	**1,373**	**1,044**	881	708

1. These amounts are paid out of the deductions from performance-related payments in a. above. Share-based payments awards amount to approximately 50% of the total, the balance being paid in cash.

11. Share-based payments continued

c. Employee long-term incentive plan – interim arrangements

Employees who fall outside of the arrangements at b. above, i.e. those who provide services that were not part of the IMA arrangements, e.g. new staff including building management and development staff, are also paid bonuses on a similar basis to those paid to the employees qualifying at b. above. Until the expiry of the IMA and the introduction of the new remuneration arrangements as described in the Remuneration Committee report on pages 95 to 127 of the Annual Report, these arrangements are approved by the Board each year. Shares granted to these employees are determined to have a grant date of the date of approval by the Board of these awards. These shares vest two years after the end of the financial year to which they relate. Employees who leave before the vesting date will lose entitlement to these shares. These amounts are amortised over the vesting period by reference to the fair value of the shares granted and after appropriate consideration of the potential impact of employee departures. Due to the low level of turnover in the Group to date, the fact that the relevant employees have mainly joined within the last year, and the likely immaterial amounts involved, the Directors have made no amendment to the amount provided for expected forfeiture of shares due to departures. When these shares vest they are assessed for tax purposes at the current market share price.

		FINANCIAL YEAR ENDED 31 MARCH 2018		FINANCIAL YEAR ENDED 31 MARCH 2017	
GRANT DATE: 24 MAY 2017	SHARE PRICE	**€'000**	**NUMBER OF SHARES '000**	€'000	NUMBER OF SHARES '000
Opening balance at start of financial year	–	**-**	**-**	–	–
Payment made during the financial year		**-**	**-**	–	–
Amounts provided during the financial year		**78**	**60**	–	
Closing balance at end of financial year	1.444	**78**	**60**	–	–

Total shares awarded at the grant date 24 May 2017 were 0.1m. These vest on 31 March 2019.

A further 0.4m shares are expected to be granted and, if granted, will vest on 31 March 2020.

12. Finance income and expense

Accounting policy

Finance expenses directly attributable to the construction or production of investment properties which take a considerable length of time to prepare 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.

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 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Interest income on cash and cash equivalents	**7**	10
Effective interest expense on borrowings	**(6,243)**	(5,671)
	(6,236)	(5,661)

Interest costs capitalised in the financial year were €2.0m (31 March 2017: €0.9m) 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 from borrowings.

13. Income tax expense

Accounting policy

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except insofar as it applies to business combinations or to items recognised in other comprehensive income.

Current tax: current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. 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.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Income tax on residual income	**21**	342
Tax on the disposal of non-core assets	**-**	28
Under provision in respect of prior periods	**10**	80
Income tax expense for the financial year	**31**	450

Reconciliation of the income tax expense for the financial year

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Profit before tax	**107,132**	119,036
Tax charge on profit at standard rate of 12.5%	**13,392**	14,880
Non-taxable revaluation surplus	**(10,172)**	(13,016)
REIT tax-exempt profits	**(3,220)**	(1,511)
Other (additional tax rate on residual income)	**21**	17
Under provision in respect of prior periods	**10**	80
Income tax expense for the financial year	**31**	450

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

14. Dividends

Accounting policy

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 at the AGM.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Interim dividend for the financial year ended 31 March 2018 of 1.1 cent per share (31 March 2017: 0.75 cent per share)	**7,616**	5,141
Proposed final dividend for the financial year ended 31 March 2018 of 1.9 cent per share[1] (31 March 2017: 1.45 cent per share)	**13,254**	10,040

1. An estimated 697.6m shares are entitled to the proposed final dividend.

The Board has proposed a final dividend of 1.9 cent per share (31 March 2017: 1.45 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 3 August 2018. All of this proposed final dividend of 1.9 cent per share will be a Property Income Distribution ("PID") in respect of the Group's tax-exempt property rental business (31 March 2017: 1.45 cent). The total dividend, interim paid and final proposed for the financial year ended 31 March 2018 is 3.0 cent per share (31 March 2017: 2.2 cent per share) or €20.9m (31 March 2017: €15.2m).

Under the REIT regime, the Company is required to distribute a minimum of 85% of the Group's property rental business income. The actual amounts are compared to the property rental income:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Profit for the period	**107,101**	118,586
Less gains and losses on investment properties	**(87,802)**	(103,525)
Add back other losses	**41**	35
Property income of the Property Rental Business	**19,340**	15,096
85% thereof	**16,439**	12,832
Total dividends	**20,870**	15,181
% of property income to be distributed	**108%**	101%

15. Earnings per share

There are no convertible instruments, options, or warrants on Ordinary Shares in issue as at the financial year ended 31 March 2018. However, the Company has established a reserve of €8.8m (31 March 2017: €9.5m) which is mainly for the issue of Ordinary Shares relating to the payment of performance-related amounts due under the performance-related payment element of the Share Purchase Agreement relating to the internalisation of the Investment Manager (note 11). It is estimated that approximately 6.6m Ordinary Shares (31 March 2017: 7.6m shares) will be issued in total, 6.2m of which are provided for at 31 March 2018 and a further 0.4m which will be recognised over the next two years. Details on share-based payments are set out in note 11. The dilutive effect of these shares is disclosed below.

The calculations are as follows:

WEIGHTED AVERAGE NUMBER OF SHARES	**FINANCIAL YEAR ENDED 31 MARCH 2018 '000**	FINANCIAL YEAR ENDED 31 MARCH 2018 '000
Issued share capital at beginning of financial year	**685,452**	681,251
Shares issued during the financial year	**6,895**	4,201
Shares in issue at end at financial year end	**692,347**	685,452
Weighted average number of shares	**688,900**	683,351
Estimated additional shares due for issue for long-term incentive plan/performance fee	**6,599**	7,603
Diluted number of shares	**695,499**	690,954

The estimated additional shares are calculated as follows:

	FINANCIAL YEAR ENDED 31 MARCH 2018 '000	FINANCIAL YEAR ENDED 31 MARCH 2017 '000
Share-based payments due at financial year end (note 11)	**6,183**	7,603
Non-IMA share-based payment awards granted post year end	**416**	-
Number of shares to be issued	**6,599**	7,603

BASIC AND DILUTED EARNINGS PER SHARE (IFRS)	**FINANCIAL YEAR ENDED 31 MARCH 2018 €'000**	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Profit/(loss) for the financial year attributable to the owners of the Company	**107,101**	118,586
	'000	'000
Weighted average number of ordinary shares (basic)	**688,900**	683,351
Weighted average number of ordinary shares (diluted)	**695,499**	690,954
Basic earnings per share (cent)	**15.5**	17.4
Diluted earnings per share (cent)	**15.4**	17.2

EPRA EARNINGS PER SHARE AND DILUTED EPRA EARNINGS PER SHARE1	**FINANCIAL YEAR ENDED 31 MARCH 2018 €'000**	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Profit for the financial year attributable to the owners of the Company	**107,101**	118,586
Exclude:		
Gains and losses on investment properties	**(87,802)**	(103,525)
Profit or (loss) on disposals of non-core assets	**-**	(43)
Income tax on profit or loss on disposals	**-**	(30)
Fair value of derivatives	**104**	1
EPRA earnings	**19,403**	14,989
	'000	'000
Weighted average number of ordinary shares (basic)	**688,900**	683,351
Weighted average number of ordinary shares (diluted)	**695,499**	690,954
EPRA earnings per share (cent)	**2.8**	2.2
Diluted EPRA earnings per share (cent)	**2.8**	2.2

1. EPRA Earnings per share are an alternative performance measure and are calculated in accordance with the EPRA Best Practice Recommendations Guidelines November 2016. Further information is available in the Supplementary information section on pages 211 to 216 of this report.

16. IFRS and EPRA NAV per share

Accounting policy

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: November 2016.

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.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
IFRS net assets at end of financial year	**1,111,730**	1,013,852
Ordinary Shares in issue	**692,347**	685,452
IFRS NAV per share (cent)	**160.6**	147.9
Ordinary Shares in issue	**692,347**	685,452
Estimated additional shares due for issue for long-term incentive plan/performance fee	**6,599**	7,603
Diluted number of shares	**698,946**	693,055
Diluted IFRS NAV per share (cent)	**159.1**	146.3

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
IFRS net assets at end of financial year	**1,111,730**	1,013,852
Net mark to market on financial assets	**345**	117
EPRA NAV	**1,112,075**	1,013,969
EPRA NAV per share (cent)	**159.1**	146.3

The Company has established a reserve of €8.8m (31 March 2016: €9.5m) against the issue of 6.2m Ordinary Shares relating to shares due to issue for payments due to the Vendors of the Investment Manager and employees as detailed in note 11.

Section 3 – Tangible assets

This section contains information on the Group's investment properties and other tangible assets. All investment properties are fully owned by the Group. The Group's investment properties are carried at fair value and its other tangible assets at depreciated cost except for land and buildings which are adjusted to fair value.

17. 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 2e and 2f.

The valuations of investment properties and investment properties under development are prepared in accordance with the appropriate sections of the Professional Standards ("PS"), the Valuation Technical and Performance Standards ("VPS") and the Valuation Applications ("VPGA") contained within the RICS Valuation – Global Standards 2017 ("the Red Book"). It follows that the valuations are compliant with the International Valuation Standards ("IVS"). 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 12.

In accordance with the Group's policy on revenue recognition (note 5), the value of accrued income in relation to the recognition of lease incentives under operating leases over the term of the lease is adjusted 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.

17. Investment properties continued

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.

At 31 March 2018

FAIR VALUE CATEGORY	OFFICE ASSETS LEVEL 3 GROUP €'000	OFFICE DEVELOPMENT ASSETS LEVEL 3 GROUP €'000	RESIDENTIAL ASSETS LEVEL 3 GROUP €'000	INDUSTRIAL ASSETS LEVEL 3 GROUP €'000	TOTAL LEVEL 3 GROUP €'000
Carrying value at 31 March 2017	**869,748**	**168,042**	**116,429**	**13,168**	**1,167,387**
Additions:					
Property purchases	**32,075**	**-**	**923**	**6,160**	**39,158**
Development and refurbishment expenditure	**12,250**	**36,953**	**815**	**167**	**50,185**
Revaluations included in income statement	**29,875**	**38,405**	**14,792**	**(1,695)**	**81,377**
Disposals:					
Sales[1]	**(26,990)**	**-**	**(2,400)**	**-**	**(29,390)**
Transferred between segments[2]	**100,979**	**(108,900)**	**7,921**	**-**	**-**
Carrying value at 31 March 2018	**1,017,937**	**134,500**	**138,480**	**17,800**	**1,308,717**

1. The Chancery Building, Hanover Street East and 11 Lime Street were sold during the year, generating €6.4m in gains in excess of their carrying values.
2. 2WML (formerly the Hanover Building) was transferred from 'Office Assets' to 'Office Development Assets' as re-development commenced in the period. 1WML and Hanover Mills Apartments were completed during the period and moved from 'Office Development Assets' to 'Office Assets' and 'Residential Assets', respectively.

At 31 March 2017

FAIR VALUE CATEGORY	OFFICE ASSETS LEVEL 3 GROUP €'000	OFFICE DEVELOPMENT ASSETS LEVEL 3 GROUP €'000	RESIDENTIAL ASSETS LEVEL 3 GROUP €'000	INDUSTRIAL ASSETS LEVEL 3 GROUP €'000	TOTAL LEVEL 3 GROUP €'000
Carrying Value at 31 March 2016	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)
Transferred between segments[1]	126,650	(126,650)	–	–	-
Carrying Value at 31 March 2017	869,748	168,042	116,429	13,168	1,167,387

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

The valuations used to determine fair value for the investment properties in the consolidated financial statements are determined by C&W, the Group's independent Valuer, and are in accordance with the provisions of IFRS 13. C&W 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) to the consolidated financial statements, 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 appropriate sections of the Professional Standards ("PS"), the Valuation Technical and Performance Standards ("VPS") and the Valuation Applications ("VPGA") contained within the RICS Valuation – Global Standards 2017 ("the Red Book"). It follows that the valuations are compliant with the International Valuation Standards ("IVS"). 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 2018, 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 summarises 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.

In valuing the Group's investment properties, the Directors have applied a reduction of €6.8m (31 March 2017: €4.1m) 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 €2.0m of financing costs were capitalised in relation to the Group's developments and refurbishments (31 March 2017: €0.9m). No other operating expenses were capitalised during the financial year.

Notes to the financial statements continued
For the year ended 31 March 2018

17. 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	CHANGES IN THE FAIR VALUE TECHNIQUE DURING THE FINANCIAL YEAR
Office assets	1,018	Yield methodology using market rental values capitalised with a market capitalisation rate. *Exceptions to this*: Harcourt Square is valued on an investment basis until the end of the lease and on a residual basis thereafter at 31 March 2018. The present value of the residual land value was added to the investment value of the existing income.	No change in valuation technique. *However:* At 31 March 2017, 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. The whole property is now valued on a residual basis when the lease expires.
Office development assets	135	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"): this includes, 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. *However:* the following properties changed the method applied during the period: • The office element at 1SJRQ, which is nearing completion, has been valued on an investment basis using market rental values capitalised with a market capitalisation rate, from which remaining capital expenditure has been deducted. • 1WML was completed during the year and transferred to the office segment. Hanover Mills apartments, part of the 1WML development, were moved to the residential segment on completion. • 2WML (formerly the Hanover Building), where a redevelopment has commenced, was transferred into this segment and is valued on a residual basis.
Residential assets	138	Yield methodology using market rental values capitalised with a market capitalisation rate.	No change in valuation technique apart from Cannon Place which was previously valued on a break-up basis and is now valued on an investment basis reflecting the highest and best use.

DESCRIPTION OF INVESTMENT PROPERTY ASSET CLASS	FAIR VALUE OF THE INVESTMENT PROPERTY €'M AT THE FINANCIAL YEAR END	NARRATIVE DESCRIPTION OF THE TECHNIQUES USED	CHANGES IN THE FAIR VALUE TECHNIQUE DURING THE FINANCIAL YEAR
Industrial assets	18	Yield methodology using market rental values capitalised with a market capitalisation rate.	The technique has changed in relation to the Gateway complex, the Group's only industrial property. This is now valued on a price per acre basis. Early stage plans are in place to redevelop in the future and this approach currently reflects the highest and best use of this property.

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 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Valuation per Valuers' certificate	**1,320,581**	1,175,926
Owner occupied (note 18)	**(5,029)**	(4,473)
Rental incentives adjustment[1]	**(6,835)**	(4,066)
Investment property balance at financial year end	**1,308,717**	1,167,387

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 2017, 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 therefore observable and not 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.

17. Investment properties continued

The table below summarises the key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2018. 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 2018

	MARKET VALUE €'000	ESTIMATED RENTAL VALUE € PER SQ. FT.		EQUIVALENT YIELD %	
		LOW	HIGH	LOW	HIGH
Office	**1,017,937**	**€20.00 psf**	**€60.00 psf**	**4.56%**	**7.17%**
Office development	**134,500**	**€30.00 psf**	**€58.00 psf**	**4.75%**	**5.25%**
Residential[1]	**138,480**	**€19,800 pa**	**€ 31,800 pa**	**5.20%**	**6.43%**
Industrial	**17,800**	**€5.5 psf**	**€5.5 psf**	**7.45%**	**7.45%**

1. Average ERV based on a two-bedroom apartment.

31 March 2017

	MARKET VALUE €'000	ESTIMATED RENTAL VALUE € PER SQ. FT.		EQUIVALENT YIELD %	
		LOW	HIGH	LOW	HIGH
Office	869,748	€26.00 psf	€55.00 psf	4.89%	6.57%
Office development	168,042	€50.00 psf	€55.00 psf	4.90%	5.60%
Residential[1]	116,429	€19,800 pa	€ 22,800 pa	4.60%	4.60%
Industrial	13,168	€2.26 psf	€5.75 psf	6.50%	6.50%

1. 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 2018, the Group's investment property portfolio would increase or decrease in value approximately €60m (31 March 2017: €57m). A 25bp increase in equivalent yields would decrease the value of the portfolio by €69m (31 March 2017: €62m) and a 25bp decrease results in an increase in value of €78m (31 March 2017: €68m).

31 March 2018

	IMPACT ON MARKET VALUE OF A 5% CHANGE IN THE ESTIMATED RENTAL VALUE		IMPACT ON MARKET VALUE OF A 25BP CHANGE IN THE EQUIVALENT YIELD	
SENSITIVITIES	INCREASE €'M	DECREASE €'M	INCREASE €'M	DECREASE €'M
Office	**42.2**	**(42.2)**	**(52.5)**	**59.6**
Office development	**10.0**	**(10.0)**	**(10.4)**	**11.7**
Residential	**7.0**	**(6.9)**	**(5.7)**	**6.3**
Industrial	**0.5**	**(0.6)**	**(0.4)**	**0.4**
Total	**59.7**	**(59.7)**	**(69.0)**	**78.0**

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

18. Property, plant and equipment

Accounting policy

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 materially from those that would be determined using fair values at the end of each accounting period.

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

18. Property, plant and equipment continued

At 31 March 2018

	LAND AND BUILDINGS €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Cost or valuation				
At 1 April 2017	**4,562**	**96**	**417**	**5,075**
Additions	**–**	**65**	**173**	**238**
Revaluation recognised in other comprehensive income	**657**	**–**	**–**	**657**
At 31 March 2018	**5,219**	**161**	**590**	**5,970**
Depreciation				
At 1 April 2017	**(89)**	**(40)**	**(145)**	**(274)**
Charge for the year	**(101)**	**(64)**	**(120)**	**(285)**
At 31 March 2018	**(190)**	**(104)**	**(265)**	**(559)**
Net book value at 31 March 2018	**5,029**	**57**	**325**	**5,411**

Land and buildings: 54% of the Group's investment property South Dock House is used as the Group's headquarters. This was revalued at 31 March 2018 and 31 March 2017 by the Group's independent Valuers and in accordance with the valuation approach described under note 17. It is measured at fair value at the financial year end using a yield methodology using market rental values capitalised with a market capitalisation rate. This fair value measurement uses the following significant unobservable inputs:

VALUATION INPUTS	31 MARCH 2018	31 MARCH 2017
ERV per sq. ft.	**€52.50**	€52.50
Equivalent yield	**5.0%**	5.4%

At 31 March 2017

	LAND AND BUILDINGS €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Cost or valuation				
At 1 April 2016	2,725	45	243	3,013
Additions	1,651	51	174	1,876
Revaluation recognised in other comprehensive income	186	–	–	186
At 31 March 2017	4,562	96	417	5,075
Depreciation				
At 1 April 2016	(22)	(13)	(32)	(67)
Charge for the year	(67)	(27)	(113)	(207)
At 31 March 2017	(89)	(40)	(145)	(274)
Net book value at 31 March 2017	4,473	56	272	4,801

19. Non-current assets classified as held for sale

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at start of financial year	**385**	3,921
Recognised during the year	**149**	–
Sold during the year	**–**	(3,536)
Balance at end of financial year	**534**	385

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 2017: €5.0m) 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.

The balance carried forward from 2017 contains two assets which remain from assets deemed not to be part of the Group's core property rental business. There have been unforeseen delays in the sales of these assets but the Directors expect that the assets will be sold in the near future and they are therefore retained as held for sale.

Section 4 – Financing including equity and working capital

This part focuses on the financing of the Group's activities, including the equity capital, bank borrowings and working capital. It also covers financial risk management.

All of the Group's non-equity financing is currently via a revolving credit facility which is secured on the Group's investment properties. The majority of this debt has been hedged through derivatives to protect against rising interest rates.

Effective interest method: the Group uses the effective interest method of calculating the amortised cost of a debt instrument and of allocating interest income and expense 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.

20. Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash at banks in current accounts, deposits held on 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.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Cash and cash equivalents	**22,521**	18,148

The management of cash and cash equivalents is discussed in detail in note 29. Please also refer to note 26 on the net debt calculations. In addition, the Company holds funds in excess of its minimum capital requirement at all times.

21. Other financial assets

Accounting policy

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 YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Derivatives at fair value	**88**	115
Loans carried at amortised cost	**152**	152
Balance at end of financial year end – current	**240**	267

Derivatives at fair value are the Group's hedging instruments on its borrowings. The Group has hedged up to €244m of its revolving credit facility (31 March 2017: €100m) using a combination of caps and swaptions to limit the EURIBOR interest rate element of interest payable to 1%.

22. Trade and other receivables

Accounting policy

Trade receivables 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.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Non-current		
Prepaid remuneration[1]	**–**	2,679
Property income receivables	**5,681**	4,066
Other receivables	**2,106**	1,791
Balance at end of financial year – non-current	**7,787**	8,536
Current		
Prepaid remuneration[1]	**2,679**	4,444
Receivable from loan redemptions	**–**	137
Property income receivables	**2,885**	4,538
Prepayments	**1,077**	789
Recoverable capital expenditure	**416**	–
Income tax refund due	**102**	128
VAT refundable	**80**	72
Balance at end of financial year – current	**7,239**	10,108
Balance at end of financial year – total	**15,026**	18,644

1. This consists of the balance of the payment to service providers relating to the internalisation transaction.

There are no amounts past due. The non-current balance is mainly non-financial in nature; €0.5m (31 March 2017: €0.7m) relates to amounts receivable from a tenant with the balance consisting of deferred income and expenditure amounts relating to the lease incentives and deferred lease costs. The balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments (note 29). The Directors therefore consider that the carrying value of trade and other receivables approximates to their fair value.

23. Issued capital and share premium

Accounting policy

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.

	FINANCIAL YEAR ENDED 31 MARCH 2018				FINANCIAL YEAR ENDED 31 MARCH 2017			
	NO. OF SHARES IN ISSUE '000	SHARE CAPITAL €'000	SHARE PREMIUM €'000	TOTAL €'000	NO. OF SHARES IN ISSUE '000	SHARE CAPITAL €'000	SHARE PREMIUM €'000	TOTAL €'000
Balance at beginning of financial year	**685,452**	**68,545**	**609,565**	**678,110**	681,252	68,125	604,273	672,398
Shares issued during the financial year (see below)	**6,895**	**690**	**7,896**	**8,586**	4,200	420	5,292	5,712
Balance at end of financial year	**692,347**	**69,235**	**617,461**	**686,696**	685,452	68,545	609,565	678,110

Shares issued during the financial year as follows:

6,895,231 Ordinary Shares with a nominal value of €0.10 were issued during the period in settlement of performance-related fees giving a total recorded of €8.6m in settlement of fees due. All of these shares were issued on 3 July 2017 and the associated costs were €14k.

Share capital

Ordinary Shares of 10 cents each:

	FINANCIAL YEAR ENDED 31 MARCH 2018 NO. OF SHARES	FINANCIAL YEAR ENDED 31 MARCH 2017 NO. OF SHARES
Authorised	**1,000,000**	1,000,000
Allotted, called up and fully paid	**692,347**	685,452
In issue at end of financial year	**692,347**	685,452

There are no shares issued which are not fully paid.

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 2018 amounted to €8.8m at the financial year end (31 March 2017: €9.5m) and are all payable in shares (note 11). A further 6.2m shares are expected to be issued in relation to these payments.

24. Other reserves

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Property revaluation	**1,166**	509
Cash flow hedging	**(329)**	(217)
Other reserves	**8,783**	9,467
Balance at end of financial year	**9,620**	9,759

a. Properties revaluation reserve

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**509**	323
Increase arising on revaluation of properties	**657**	186
Balance at end of financial year	**1,166**	509

The Group's headquarters are carried at fair value and the remeasurement of this property is made through other comprehensive income or loss (note 18). On disposal, that portion of the properties revaluation reserve relating to the premises sold will be transferred directly to retained earnings.

b. Cashflow hedging reserve

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**(217)**	(112)
Released to profit and loss	**58**	–
(Loss) arising on fair value of hedging instruments entered into for cash flow hedges	**(170)**	(105)
Balance at end of financial year	**(329)**	(217)

The cashflow hedging 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 is reclassified to profit or loss when the hedged transaction affects the profit or loss consistent with the Group's accounting policy.

No income tax arises on this item.

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

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Finance expense	**104**	1

c. Share-based payment reserve

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**9,467**	5,925
Performance-related payments provided	**7,902**	9,011
Settlement of 2017 performance fees	**(8,586)**	(5,469)
Balance at end of financial year	**8,783**	9,467

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 11.

25. Retained earnings and dividends on equity instruments

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**325,983**	218,040
Profit for the financial year	**107,101**	118,586
Share issuance costs	**(14)**	(19)
Dividends paid	**(17,656)**	(10,624)
Balance at end of financial year	**415,414**	325,983

In August 2017, a dividend of 1.45 cent per share (total dividend €10m) was paid to the holders of fully paid Ordinary Shares.

In January 2018 a dividend of 1.1 cent per share (total dividend €7.6m) was paid to the holders of fully paid Ordinary Shares. The Directors propose a final dividend of 1.9 cent per share to be paid to shareholders on 3 August 2018. 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 €13.3m (note 14).

The Directors confirm that the Company continues to comply with the dividend payment conditions contained in the Irish REIT legislation as described in the Director's report on pages 130 to 135.

26. Financial liabilities

Accounting policy

The Group has a general borrowing facility secured by a floating charge over its assets. 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 (see note 12).

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**171,138**	72,724
Bank finance drawn during the financial year	**86,454**	97,877
Bank finance repaid during the financial year	**(39,674)**	-
Interest payable	**1,300**	537
Balance at end of financial year	**219,218**	171,138

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
The maturity of non-current borrowings is as follows:		
Less than one year	**809**	192
Between two and five years	**218,409**	170,946
Total	**219,218**	171,138

The Group seeks to leverage its equity capital to achieve higher returns within agreed limits. 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 loan-to-value ("LTV") ratio must remain under 50%.

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

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 29).

Net debt and LTV

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Financial liabilities	**219,218**	171,138
Add: arrangement fees	**1,963**	3,718
Deduct: accrued interest payable	**(808)**	(1,450)
Cash and cash equivalents	**(22,521)**	(18,148)
Amounts held for sinking funds and other deposits received	**4,830**	–
Net debt at period end	**202,682**	155,258
Investment property at period end	**1,308,717**	1,167,387
Loan to value ratio	**15.5%**	13.3%

Cash is reduced by the amounts collected from tenants for deposits, sinking funds and similar arrangements as this expenditure is viewed as paid for the purposes of the above calculation.

27. Trade and other payables

Accounting policy

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Current		
Investment property payable	**5,118**	10,083
Rent prepaid	**7,313**	8,589
Rent deposits and other amounts due to tenants	**1,569**	2,269
Sinking funds	**2,053**	–
Deferred revenue	**241**	1,067
Trade and other payables	**5,044**	2,496
PAYE/PRSI payable	**163**	138
Balance at end of financial year	**21,501**	24,642

Cash is held against balances due for service charges prepaid and sinking fund contributions, €3.6m (31 March 2017: €1.0m), and rental deposits from tenants, €1.2m (31 March 2017: €1.2m). Sinking funds are monies put aside out of annual service charges collected from tenants as contributions towards expenditure on larger maintenance items that occur at irregular intervals, such as replacement of boilers, in buildings managed by Hibernia. 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.

28. Cashflow statement

Non-cash movements in operating profit

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Revaluation of investment properties	17	**(81,377)**	(103,525)
Share-based payments	11	**7,902**	8,874
Deferred remuneration paid	9	**4,444**	4,444
Depreciation	18	**285**	207
Net finance expense	12	**6,236**	5,661
Income tax	13	**31**	450
Non-cash movements in operating profit		**(62,479)**	(83,889)

Cash expended on investment property

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Property purchases	17	**39,158**	85,378
Development and refurbishment expenditure	17	**50,185**	52,479
Financing arrangement fee write-off		**(522)**	296
Decrease/(increase) in investment property costs payable		**4,966**	(953)
Cash expended on investment property		**93,787**	137,200

29. 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
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	Discounted cash flow	Only a small element of trade and receivables are financial in nature
Financial liabilities	Amortised cost	2	Discounted cash flow	The fair value of financial liabilities held at amortised cost have been calculated by discounting the expected cashflows at prevailing interest rates.

ASSET/LIABILITY	CARRYING VALUE	LEVEL	FAIR VALUE CALCULATION TECHNIQUE	ASSUMPTIONS
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	Discounted cash flow	All trade and other payables that could be classified as financial instruments are very short-term, the majority less than one month, and therefore face value approximated fair value on a discounted basis.

The carrying value of non-interest-bearing financial assets and financial liabilities 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

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 2018					
	LEVEL	TOTAL €'000	OF WHICH ARE ASSESSED AS FINANCIAL INSTRUMENTS €'000	MEASURED AT FAIR VALUE €'000	MEASURED AT AMORTISED COST €'000	TOTAL FINANCIAL INSTRUMENTS €'000	FAIR VALUE FINANCIAL INSTRUMENTS €'000
Trade and other receivables	**2**	**15,026**	**2,092**	**522**	**1,570**	**2,092**	**2,092**
Loans	**3**	**152**	**152**	**-**	**152**	**152**	**152**
Derivatives at fair value	**2**	**88**	**88**	**88**	**-**	**88**	**88**
Financial liabilities	**2**	**(219,218)**	**(219,218)**	**-**	**(219,218)**	**(219,218)**	**(219,218)**
Trade and other payables	**2**	**(21,501)**	**(3,114)**	**-**	**(3,114)**	**(3,114)**	**(3,114)**
		(225,453)	**(220,000)**	**610**	**(220,610)**	**(220,000)**	**(220,000)**

29. Financial instruments and risk management continued

		AS AT 31 MARCH 2017					
	LEVEL	TOTAL €'000	OF WHICH ARE ASSESSED AS FINANCIAL INSTRUMENTS €'000	MEASURED AT FAIR VALUE €'000	MEASURED AT AMORTISED COST €'000	TOTAL €'000	FAIR VALUE €'000
Trade and other receivables	2	18,644	4,581	754	3,827	4,581	4,581
Loans	3	152	152	–	152	152	152
Derivatives at fair value	2	115	115	115	–	115	115
Financial liabilities	2	(171,138)	(171,138)	–	(171,138)	(171,138)	(171,138)
Trade and other payables	2	(24,642)	(5,267)	–	(5,267)	(5,267)	(5,267)
		(176,869)	(171,557)	869	(172,426)	(171,557)	(171,557)

A small amount of trade receivables relating to the recovery of fit-out costs are carried at fair value as they relate to tenant receivables that are receivable in future years.

Movements of Level 3 fair values

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

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**1,167,539**	927,808
Transfers out of level 3	**–**	(1,651)
Purchases, sales, issues and settlement		
Purchases[1]	**89,343**	137,857
Sales	**(29,390)**	–
Fair value movement	**81,377**	103,525
Balance at end of financial year	**1,308,869**	**1,167,539**

1. Includes development and refurbishment expenditure.

d. Financial 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. Risk management framework

The Group's Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee is responsible for developing and monitoring the Group's risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. All of these policies are regularly reviewed in order to reflect changes in the market conditions and the Group's activities. The Audit Committee is assisted in its work by internal audit which undertakes periodic reviews of different elements of risk management controls and procedures.

ii. 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 mainly comprise trade receivables which are classified as financial assets. Financial liabilities comprise short-term payables and bank borrowings. All of these items are denominated in Euro. 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 and swaptions to restrict EURIBOR interest costs to a maximum of 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 €220.4m (31 March 2017: €173.4m). While interest rates remain at historic lows, the hedging strategy means there will not be an impact on earnings if EURIBOR rate increases over 1%. The Group's drawings under its facilities were based on a EURIBOR rate of 0% throughout the year and therefore the impact of a rise in EURIBOR to 1% for a full year would be approximately €2.2m (31 March 2017: €1.7m).

iii. 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.

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, maximum balances of €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.

Trade and other receivables: rents are generally received a quarter in advance from tenants, except for the residential segment which is approximately 13% of rental income and therefore there tends to be a low level of credit risk associated with this asset class. There are no concentrations of credit risk at the financial year end (31 March 2017: approximately €2.2m was due from a previous tenant in relation to scheduled lease break payments). The balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments.

The Group has small balances in financial assets which are immaterial in the context of credit risk.

The maximum amount of credit exposure is therefore:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Financial assets	**240**	267
Trade and other receivables	**2,092**	4,581
Cash and cash equivalents	**22,521**	18,148
Balance at end of period	**24,853**	22,996

29. Financial instruments and risk management continued

iv. 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, a measure of the Group's ability to meet its current liabilities, at the financial year end were:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Net current assets at the period end	**8,793**	3,999

The nature of the Group's activities means that the management of cash is particularly important and is managed over a three-year period. The budget and forecasting process includes cash forecasting, capital and operational expenditure projections, cash in-flows and dividend payments on a quarterly basis over the three-year horizon. This allows the Group to monitor the adequacy of its financial arrangements. At 31 March 2018 €179m (31 March 2017: €241m) remains undrawn on the Group's revolving credit facility.

Exposure to liquidity risk

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

AT 31 MARCH 2018	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS
Non-derivatives						
Borrowings	**219,218**	**251,399**	**19,355**	**2,259**	**4,518**	**225,267**
Trade payables	**3,114**	**3,114**	**3,114**	**–**	**–**	**–**
Total	**222,332**	**254,513**	**22,469**	**2,259**	**4,518**	**225,267**

AT 31 MARCH 2017	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	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 payables	5,267	5,267	5,267	–	–	–
Total	176,405	188,534	6,897	2,345	18,119	161,173

e. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The key performance indicators used in evaluating the achievement of strategic objectives are return on capital (growth in EPRA NAV) and dividends to ordinary shareholders (dividend per share) as well as the total return of the Group's property portfolio versus IPD Ireland.

Capital comprises share capital, reserves and retained earnings as disclosed in the Consolidated and Company Statement of changes in equity. At 31 March 2018 the total capital of the Group was €1,112m (31 March 2017: €1,014m).

The Group seeks to leverage capital in order to enhance returns. See note 26 for more details.

The Company's share capital is publicly traded on Euronext Dublin and the London Stock Exchange.

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.

Section 5 – Other

This section contains notes that do not belong in any of the previous categories.

30. Operating leases receivables

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

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Operating lease receivables due in:		
Less than one year	**54,680**	45,773
Between two and five years	**166,096**	137,766
Greater than five years	**150,565**	162,841
	371,341	346,380

The Group leases its investment properties under operating leases. The weighted average unexpired lease term ("WAULT") at 31 March 2018, excluding residential properties and weighted on contracted rents, based on the earlier of lease break or expiry date 7.3 years (31 March 2017: 6.7 years).

These calculations are based on all leases entered into at 31 March 2018, i.e. including pre-lets.

31. Investment in subsidiary undertakings

Accounting policy

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.

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. 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.

There were no business combinations during the period. In the prior financial year, the Company acquired a 50% holding in Windmill Lane Development Company Limited, thereby acquiring 100% of the share capital and the full ownership of 1WML and Hanover Mills apartments.

32. Capital commitments

The Group has entered into a number of development contracts to develop buildings in its portfolio. The total capital expenditure commitment in relation to these over the next one to two years is approximately €77m (31 March 2017: €95m).

33. Contingent liabilities

Accounting policy

Contingent liabilities are possible obligations depending on whether some uncertain future event occurs, or present obligations where payment is not probable or the amount cannot be measured reliably. Contingent liabilities are not recognised but are disclosed unless the possibility of an outflow of economic resources is remote.

The Group has not identified any contingent liabilities which are required to be disclosed in the financial statements.

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, had one director (William Nowlan) in common with the Company during part of the financial year. 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 €0.2m for the financial year to 31 March 2017 (31 March 2017: €0.8m). No amounts were due to WK Nowlan Real Estate Advisors at the financial year end (31 March 2017: €30k).

The Group received rent of €140k (gross) from WK Nowlan Real Estate Advisors during the financial year (31 March 2017: €140k) for the space it leases in Marine House which Hibernia acquired after the lease had been entered into. 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 received to €84k in consulting fees for the financial year ended 31 March 2018 (31 March 2017: €50k). William Nowlan also received a fee of €16k during the financial year in relation to his role as a non-executive Director. An amount of €25k 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 11) the following payments are due:

Kevin Nowlan: €2.8m, Frank Kenny: €1.8m, William Nowlan: €1.4m and Frank O'Neill: €0.6m.
(31 March 2017: Kevin Nowlan: €3.2m, Frank Kenny: €2.1m, William Nowlan: €1.6m and Frank O'Neill: €0.6m).

As part of his consultancy agreement with the Company, Frank Kenny earned €181k in fees for the financial year ended 31 March 2018 (31 March 2017: €200k). He also received a fee of €20k during the financial year in relation to his role as Non-Executive Director. These were paid in full during the financial year.

Thomas Edwards-Moss rents an apartment from the Group at market rent and paid €14k in rent during the financial year (31 March 2017: €17k).

For further information on Directors' emoluments please refer to the Directors' Remuneration report on pages 95 to 127 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 above key management personnel during the financial year was as follows:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Short-term benefits	**2,381**	2,121
Post-employment benefits	**200**	163
Other long-term benefits	**–**	–
Share-based payments	**379**	263
Total for the financial year	**2,960**	2,547

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 1.9 cent per share, or €13.3m, that is subject to approval at the AGM to be held on 31 July 2018. Other than this, there were no significant events after the reporting date.

Company statement of financial position
As at 31 March 2018

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Assets			
Non-current assets			
Investment properties	d	**1,128,292**	1,057,427
Property, plant and equipment	e	**5,409**	4,795
Investment in subsidiaries	f	**26,235**	26,235
Loans to subsidiaries	g	**113,139**	47,067
Other financial assets	h	**2**	98
Trade and other receivables	i	**5,631**	8,247
Total non-current assets		**1,278,708**	1,143,869
Current assets			
Trade and other receivables	i	**5,977**	9,434
Cash and cash equivalents		**21,795**	17,881
		27,772	27,315
Non-current assets classified as held for sale	j	**534**	385
Total current assets		**28,306**	27,700
Total assets		**1,307,014**	1,171,569
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	k	**686,696**	678,110
Other reserves	l	**9,718**	9,759
Retained earnings	m	**344,758**	279,528
Total equity		**1,041,172**	967,397
Non-current liabilities			
Financial liabilities	n	**246,859**	184,102
Total non-current liabilities		**246,859**	184,102
Current liabilities			
Trade and other payables	o	**18,983**	20,070
Total current liabilities		**18,983**	20,070
Total equity and liabilities		**1,307,014**	1,171,569

The Parent Company's profit after tax for the financial year ended 31 March 2018 determined in accordance with IFRS is €82.9m (31 March 2017: €78.5m).

The notes on pages 197 to 207 form an integral part of these Company financial statements. The Company financial statements on pages 194 to 207 were approved and authorised for issue by the Board of Directors on 13 June 2018 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 2018

	NOTES	SHARE CAPITAL €'000	SHARE PREMIUM €'000	RETAINED EARNINGS €'000	OTHER RESERVES €'000	TOTAL €'000
		FINANCIAL YEAR ENDED 31 MARCH 2018				
Balance at start of financial year		**68,545**	**609,565**	**279,528**	**9,759**	**967,397**
Total comprehensive income for the financial year						
Profit for the financial year		**–**	**–**	**82,900**	**–**	**82,900**
Total other comprehensive income		**–**	**–**	**–**	**643**	**643**
		68,545	**609,565**	**362,428**	**10,402**	**1,050,940**
Transactions with owners of the Company, recognised directly in equity						
Dividends		**–**	**–**	**(17,656)**	**–**	**(17,656)**
Issue of Ordinary Shares in settlement of share-based payments		**690**	**7,896**	**–**	**(8,586)**	**–**
Share issue costs		**–**	**–**	**(14)**	**–**	**(14)**
Share-based payments		**–**	**–**	**–**	**7,902**	**7,902**
Balance at end of financial year		**69,235**	**617,461**	**344,758**	**9,718**	**1,041,172**

	NOTES	SHARE CAPITAL €'000	SHARE PREMIUM €'000	RETAINED EARNINGS €'000	OTHER RESERVES €'000	TOTAL €'000
		FINANCIAL YEAR ENDED 31 MARCH 2017				
Balance at start of financial year		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)
Issue of Ordinary Shares in settlement of share-based payments		420	5,292	–	(5,712)	–
Share issue costs		–	–	(19)	–	(19)
Share-based payments				–	9,254	9,254
Balance at end of financial year		68,545	609,565	279,528	9,759	967,397

The notes on pages 197 to 207 form an integral part of these Company financial statements.

Company statement of cashflows
For the financial year ended 31 March 2018

	NOTES	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Cash flows from operating activities			
Profit for the financial year		**82,900**	78,518
Gains on sale of investment properties		**(6,425)**	–
Adjusted for non-cash movements:	p	**(39,691)**	(42,900)
Operating cash flow before movements in working capital		**36,784**	35,618
(Increase)/decrease in trade and other receivables		**1,485**	7,073
Increase/(decrease) in trade and other payables		**527**	(242)
Net cash flow from operating activities		**38,796**	42,449
Cash flows from investing activities			
Cash expended on investment properties	p	**(43,206)**	(91,902)
Cash received from sales of investment properties		**35,815**	–
Cash received in relation to other non-current assets held for sale		**-**	9,534
(Increase) in loans to subsidiaries		**(66,072)**	(31,769)
Business acquisition		**-**	(10)
Purchase of fixed assets		**(226)**	(218)
Income tax received/(paid)		**(42)**	(388)
Finance income		**7**	10
Finance expense		**(5,470)**	(4,720)
Net cash flow absorbed by investing activities		**(79,194)**	(119,463)
Cash flow from financing activities			
Dividends paid		**(17,656)**	(10,624)
Dividends received		**610**	355
Borrowings drawn	n	**83,500**	84,000
Borrowings repaid	n	**(22,128)**	–
Share issue costs		**(14)**	(19)
Net cash inflow from financing activities		**44,312**	73,712
Net Increase/(decrease) in cash and cash equivalents		**3,914**	**(3,302)**
Cash and cash equivalents at start of financial period		**17,881**	21,183
Increase/(decrease) in cash and cash equivalents		**3,914**	(3,302)
Net cash and cash equivalents at end of financial period		**21,795**	17,881

The notes on pages 197 to 207 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 the notes to the consolidated financial statements on pages 151 to 193 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 152 to 154 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. Operating profit

Operating profit for the financial year is stated after charging:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Non-executive Directors' fees	**286**	300
Professional valuers' fees	**281**	418
Prepaid remuneration expense	**4,444**	4,444
Depository fees	**278**	296
Depreciation (see note e)	**269**	206
'Top-up' internalisation expenses for financial year	**1,743**	1,101
Staff costs	**3,405**	2,760
Other administration expenses	**2,567**	2,948
Total administration expenses	**13,273**	12,473

For further information on expenses please refer to note 9 of the consolidated financial statements.

b. Operating profit continued

Auditor's remuneration

For further information on Auditor's remuneration, please refer to note 9 of the consolidated financial statements.

c. Employment

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

d. Investment properties

31 March 2018

FAIR VALUE CATEGORY	OFFICE ASSETS LEVEL 3 GROUP €'000	OFFICE DEVELOPMENT ASSETS LEVEL 3 GROUP €'000	RESIDENTIAL ASSETS LEVEL 3 GROUP €'000	INDUSTRIAL ASSETS LEVEL 3 GROUP €'000	TOTAL LEVEL 3 GROUP €'000
Carrying Value at 31 March 2017	**869,748**	**58,082**	**116,429**	**13,168**	**1,057,427**
Additions:					
Property purchases	**1,377**	**-**	**923**	**6,160**	**8,460**
Development and refurbishment Expenditure	**9,997**	**22,174**	**815**	**167**	**33,153**
Revaluations included in income statement	**24,321**	**22,074**	**13,942**	**(1,695)**	**58,642**
Disposals:					
Sales	**(26,990)**	**-**	**(2,400)**	**-**	**(29,390)**
Transferred between segments[1]	**(32,170)**	**32,170**	**-**	**-**	**-**
Carrying Value at 31 March 2018	**846,283**	**134,500**	**129,709**	**17,800**	**1,128,292**

1. 2WML was moved from 'Office Assets' to 'Office Development Assets' as re development commenced in the period.

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

Note 17 to the Group consolidated financial statements contains further information in relation to the Company's investment properties. All Group investment properties are held directly by the Company except for the 1 Windmill Lane, Hanover Mills and 77 Sir John Rogerson's Quay properties which are held through wholly owned subsidiaries of the Company. The tables below provide information on inputs and sensitivities for the calculations of fair value for the properties held by the Company.

31 March 2018

	MARKET VALUE €'000	ESTIMATED RENTAL VALUE € PER SQ. FT. LOW	HIGH	EQUIVALENT YIELD % LOW	HIGH
Office	**846,283**	**€35.00 psf**	**€60.00 psf**	**4.61%**	**7.17%**
Office development	**134,500**	**€30.00 psf**	**€58.00 psf**	**4.75%**	**5.25%**
Residential[1]	**129,709**	**€19,800 pa**	**€31,800 pa**	**5.20%**	**6.43%**
Industrial	**17,800**	**€5.50 psf**	**€5.50 psf**	**7.45%**	**7.45%**

1. Average ERV based on a two-bedroom apartment

31 March 2017

	MARKET VALUE €'000	ESTIMATED RENTAL VALUE € PER SQ. FT. LOW	HIGH	EQUIVALENT YIELD % LOW	HIGH
Office	869,748	€26.00 psf	€55.00 psf	4.89%	6.57%
Office development	58,082	€50.00 psf	€55.00 psf	4.90%	5.60%
Residential[1]	116,429	€19,800 pa	€22,800 pa	4.60%	4.60%
Industrial	13,168	€2.26 psf	€5.75 psf	6.50%	6.50%

1. Average ERV based on a two-bedroom apartment.

31 March 2018

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	**35.5**	**(35.5)**	**(43.2)**	**48.3**
Office development	**10.0**	**(10.0)**	**(10.0)**	**11.7**
Residential	**6.6**	**(6.5)**	**(5.4)**	**5.9**
Industrial	**0.5**	**(0.6)**	**(0.4)**	**0.4**
Total	**52.6**	**(52.6)**	**(59.0)**	**66.3**

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

e. Property, plant and equipment

At 31 March 2018

	LAND AND BUILDING[1] €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Cost or valuation				
At 1 April 2017	**4,560**	**90**	**416**	**5,066**
Additions	**–**	**54**	**172**	**226**
Revaluation recognised in other comprehensive income	**657**	**–**	**–**	**657**
At 31 March 2018	**5,217**	**144**	**588**	**5,949**
Depreciation				
At 1 April 2017	**(87)**	**(40)**	**(144)**	**(271)**
Charge for the year	**(101)**	**(48)**	**(120)**	**(269)**
At 31 March 2018	**(188)**	**(88)**	**(264)**	**(540)**
Net book value at 31 March 2018	**5,029**	**56**	**324**	**5,409**

1. The Group occupies 54% (31 March 2017: 54%) of the office space in its South Dock House property. This property was revalued as at 31 March 2018 and 31 March 2017 by the Group's Valuers in accordance with the valuation approach described under note 2. (f). of the consolidated financial statements

At 31 March 2017

	LAND AND BUILDINGS[1] €'000	OFFICE AND COMPUTER EQUIPMENT €'000	LEASEHOLD IMPROVEMENTS AND FIXTURES AND FITTINGS €'000	TOTAL €'000
Cost or valuation				
At 1 April 2016	2,723	45	243	3,011
Additions	1,651	45	173	1,869
Revaluation recognised in other comprehensive income	186	–	–	186
At 31 March 2017	4,560	90	416	5,066
Depreciation				
At 1 April 2016	(20)	(13)	(31)	(64)
Charge for the year	(67)	(27)	(113)	(207)
At 31 March 2017	(87)	(40)	(144)	(271)
Net book value at 31 March 2017	4,473	50	272	4,795

1. The Group occupies 54% (31 March 2017: 54%) of the office space in its South Dock House property. This property was revalued as at 31 March 2018 and 31 March 2017 by the Group's Valuers in accordance with the valuation approach described under note 2. (f). of the consolidated financial statements.

f. Investment in subsidiaries

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at end of financial year	**26,235**	26,235

For further information on the Company's subsidiaries refer to note 31 of the consolidated financial statements and note t below.

g. Loans to subsidiaries

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**47,067**	15,298
Loan advances	**66,474**	32,901
Loan repayments	**(402)**	(1,132)
Interest income at effective interest rate	**–**	–
Balance at end of financial year	**113,139**	47,067
The maturity of intercompany loans are as follows:		
Less than one year	**113,139**	47,067

The majority of the above balance, €112m, is due from two subsidiaries, Hibernia REIT Holding Company Limited (1 Windmill Lane office building and Hanover Mills residential apartments) and Hibernia REIT Hold Co One Limited (77 Sir John Rogerson's Quay). These funds have been provided from the Group's borrowings, as loans repayable on demand, to finance the assets held. There is no interest payable and their carrying amount is the amount lent due to their short-term nature.

h. Other financial assets

	€'000	€'000
Derivatives at fair value	**2**	98

i. Trade and other receivables

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Non-current		
Prepaid remuneration	**–**	2,679
Property income receivables	**4,231**	4,067
Other receivables	**1,400**	1,501
Balance at end of financial year – non-current	**5,631**	8,247
Current		
Prepaid remuneration	**2,679**	4,444
Property income receivables	**2,042**	4,319
Prepayments	**606**	576
Recoverable capital expenditure	**416**	–
Income tax refund due	**88**	95
VAT refundable	**146**	–
Balance at end of financial year – current	**5,977**	9,434
Balance at end of financial year – total	**11,608**	17,681

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

j. Non-current assets classified as held for sale

For further information on non-current assets classified as held for sale refer to note 19 of the consolidated financial statements.

k. Issued share capital and share premium

For information on issued share capital refer to note 23 of the consolidated financial statements

l. Other reserves

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Property revaluation	**1,166**	509
Cash flow hedging	**(231)**	(217)
Other reserves	**8,783**	9,467
Balance at end of financial year	**9,718**	9,759

i. Property revaluation reserve

For further information on the property revaluation reserve refer to note 24a of the consolidated financial statements.

ii. Cashflow hedging reserve

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**(217)**	(112)
Released to profit and loss	**54**	–
(Loss) arising on fair value of hedging instruments entered into for cash flow hedges	**(68)**	(105)
Balance at end of financial year	**(231)**	(217)

	31 MARCH 2018 €'000	31 MARCH 2017 €'000
Finance expense	**82**	1

iii. Share-based payment reserve

For further information on the share-based payment reserve refer to note 24c of the consolidated financial statements.

m. Retained earnings

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**279,528**	211,653
Profit for the financial year	**82,900**	78,518
Share issuance costs	**(14)**	(19)
Dividends paid	**(17,656)**	(10,624)
Balance at end of financial year	**344,758**	279,528

For further information on retained earnings and dividends refer to note 25 of the consolidated financial statements.

n. Financial liabilities

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**184,102**	98,574
Bank finance drawn during the financial year	**83,500**	84,000
Bank finance repaid during the financial year	**(22,128)**	–
Interest payable	**1,385**	1,528
Balance at end of financial year	**246,859**	184,102

The maturity of non-current borrowings is as follows:

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Bank finance	**219,218**	157,068
Debenture issued to subsidiary	**27,641**	27,034
Balance at end of financial year	**246,859**	184,102
Less than one year	**809**	429
Between two and five years	**246,050**	183,673
Total	**246,859**	184,102

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

o. Trade and other payables

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Current		
Investment properties payable	**4,269**	5,863
Rent prepaid	**7,047**	8,589
Rent deposits and other amounts due to tenants	**1,568**	2,269
Sinking funds	**2,037**	–
Deferred revenue	**241**	975
Trade and other payables	**3,677**	2,211
PAYE/PRSI payable	**144**	125
Tax payable	**–**	38
Balance at end of financial year	**18,983**	20,070

For further information on trade and other payables refer to note 27 of the consolidated financial statements.

Notes to the Company financial statements continued

p. Cashflow statement

Non-cash movements

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Revaluation of investment properties	d	**(58,642)**	(63,153)
Other gains and losses		**-**	25
Share-based payments (see Group note 28)		**7,902**	8,874
Deferred remuneration	b	**4,444**	4,444
Depreciation	e	**269**	206
Net finance expense		**6,325**	6,238
Income tax		**11**	466
Non-cash movements in operating profit		**(39,691)**	(42,900)

Cash expended on investment properties

	NOTE	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Property purchases	d	**8,460**	52,388
Development and refurbishment expenditure	d	**33,153**	36,756
Decrease in Investment property costs payable		**1,593**	2,758
Cash expended on investment properties		**43,206**	91,902

q. Financial instruments and risk management

The Company has identified exposure to the following risks:

- Market risk
- Credit risk
- Liquidity risk

The substantial majority of these risks for the Group are held by the Company and managed at the Group level. Therefore, the policies for managing each of these and the principal effects of these policies on the results for the financial year are summarised in note 29 of the Annual Report. The following tables measure the risks discussed on a Company only basis for the purpose of these discussions.

In addition to the assets and liabilities of the Group, the company has loans to subsidiaries that are repayable on demand. These loans are therefore carried at their amortised costs which approximates their fair value. These loans are made by the parent company in order to fund the purchase of and capital expenditure on investment properties which are secured to the parent. The fair value of the collateral properties is €180.4m (31 March 2017: €110.0m).

The following tables present the classification of financial assets and liabilities within the fair value hierarchy and the changes in fair values measurements at Level 3 estimated for the Company only for the purposes of making the disclosures in note 29 of the Annual Report. Assets held at Level 3 include investment properties in addition to the loans and receivables.

	LEVEL	TOTAL €'000	OF WHICH ARE ASSESSED AS FINANCIAL INSTRUMENTS €'000	MEASURED AT FAIR VALUE €'000	MEASURED AT AMORTISED COST €'000	CARRYING VALUE €'000	FAIR VALUE €'000
		AS AT 31 MARCH 2018					
Trade and other receivables	**2**	**11,607**	**2,191**	**523**	**1,668**	**2,191**	**2,191**
Loans	**3**	**113,139**	**113,139**	**–**	**113,139**	**113,139**	**113,139**
Derivatives at fair value	**2**	**2**	**2**	**2**	**–**	**2**	**2**
Financial liabilities	**2**	**(246,859)**	**(246,859)**	**–**	**(246,859)**	**(246,859)**	**(246,859)**
Trade and other payables	**2**	**(18,983)**	**(3,251)**	**–**	**(3,251)**	**(3,251)**	**(3,251)**
		(141,094)	**(134,778)**	**525**	**(135,303)**	**(134,778)**	**(134,778)**

	LEVEL	TOTAL €'000	OF WHICH ARE ASSESSED AS FINANCIAL INSTRUMENTS €'000	MEASURED AT FAIR VALUE €'000	MEASURED AT AMORTISED COST €'000	CARRYING VALUE €'000	FAIR VALUE €'000
		AS AT 31 MARCH 2017					
Trade and other receivables	2	17,681	4,196	754	16,927	17,681	17,681
Loans	3	47,067	47,067	–	47,067	47,067	47,067
Derivatives at fair value	2	98	98	98	–	98	98
Financial liabilities	2	(184,102)	(184,102)	–	(184,102)	(184,102)	(184,102)
Trade and other payables	2	(20,070)	(2,196)	–	(2,196)	(2,196)	(2,196)
		(139,326)	(134,937)	852	(122,304)	(121,452)	(121,452)

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Balance at beginning of financial year	**1,104,495**	922,079
Transfers out of level 3	**–**	(1,651)
Purchases, sales, issues and settlement		
Purchases	**41,613**	89,144
Sales	**(29,390)**	–
Advances	**66,473**	32,901
Repayments	**(402)**	(1,132)
Fair value movement	**58,642**	63,154
Balance at end of financial year	**1,241,431**	1,104,495

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Financial assets	**2**	98
Trade and other receivables	**2,191**	4,196
Cash and cash equivalents	**21,795**	17,881
Balance at end of period	**23,988**	22,175

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Net current assets at the period end	**8,789**	7,245

r. Operating lease receivables

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

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Operating lease receivables due in:		
Less than one year	**46,977**	41,550
Between two and five years	**130,494**	120,714
Greater than five years	**84,383**	134,541
	261,854	296,805

s. Dividends

For information on the dividends paid and proposed during the financial year please refer to note 14 of the consolidated financial statements

t. Investment in subsidiary undertakings

The Company has the following interests in Ordinary Shares in the following material subsidiary undertakings at 31 March 2018. 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	Sanne Corporate Administration Services Ireland Limited	Holding property interests
Hibernia REIT Hold Co One Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Richard Ball, Kevin Nowlan, Frank O'Neill	Sanne Corporate Administration Services Ireland 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	Sanne Corporate Administration Services Ireland 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	Sanne Corporate Administration Services Ireland 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	Sanne Corporate Administration Services Ireland Limited	Holding company
Windmill Lane Development Company Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/100	Richard Ball, Kevin Nowlan	Sanne Corporate Administration Services Ireland Limited	Development and management of real estate

The Group has other subsidiary companies which are generally property management companies and are not considered material in the Group's operations.

The Group has no interests in unconsolidated subsidiaries.

u. Capital commitments

The Company has entered into a number of development contracts to develop buildings in its portfolio. The total capital expenditure commitment in relation to these over the next one to two years is approximately €74m (31 March 2017: €76m).

v. Related parties

i. Subsidiaries

Please refer to note t.

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.

w. 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 2018 determined in accordance with IFRS is €82.9m (31 March 2017: €78.5m).

x. Events after the reporting date

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

Supplementary information (unaudited)
I. Four-year record

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**2018 €'M**	2017 €'M	2016 €'M	2015 €'M
Investment properties	**1,309**	1,167	928	641
Other assets	**44**	43	61	167
Financial liabilities	**(219)**	(171)	(73)	–
Other liabilities	**(22)**	(25)	(19)	(55)
Net assets	**1,112**	1,014	897	753
Financed by:				
Share capital	**687**	678	673	658
Reserves	**425**	336	224	95
Total equity	**1,112**	1,014	897	753
IFRS NAV per share (cents)	**160.6**	147.9	131.6	112.4
EPRA NAV per share (cents)	**159.1**	146.3	130.8	111.8

CONSOLIDATED INCOME STATEMENT	**2018 €'M**	2017 €'M	2016 €'M	2015 €'M
Net rental income	**46**	40	30	18
Gains and losses on investment properties	**88**	104	125	86
Other income	**-**	2	–	3
Total operating expenses	**(21)**	(21)	(15)	(12)
Operating profit	**113**	125	140	95
Net finance expense	**(6)**	(6)	(4)	(2)
Profit for the financial year	**107**	119	136	93
Basic earnings per share (cent)	**15.5**	17.3	20.2	18.4
Diluted earnings per share (cent)	**15.4**	17.2	20.1	18.3
EPRA earnings per share (cent)	**2.8**	2.2	1.5	0.8
Diluted EPRA earnings per share (cent)	**2.8**	2.2	1.5	0.8
Dividend per share (cent)	**3.0**	2.2	1.5	0.8

Supplementary information (unaudited) continued
II. Alternative performance measures

The Group has applied the European Securities and Markets Authority (ESMA) ‘Guidelines on Alternative Performance Measures’ in this annual report. An alternative performance measure (“APM”) is a measure of financial or future performance, position or cashflows of the Group which is not a measure defined by International Financial Reporting Standards (“IFRS”).

The following are the APMs used in this report together with information on their calculation and relevance.

APM	RECONCILED TO IFRS MEASURE:	REFERENCE	DEFINITION
Contracted rent roll	n/a	n/a	Annualised rent of the portfolio adjusted for the inclusion of rent that is subject to a rental incentive such as a rent-free period or reduced rental year.
EPRA cost ratio	IFRS operating expenses	III.e	Calculated using all administrative and operating expenses under IFRS net of service fees. It is calculated including and excluding vacancy costs.
EPRA earnings and adjusted earnings	IFRS Profit after tax	III.a	As EPRA Earnings is used to measure the operational performance, it excludes all components not relevant to the underlying net income performance of the portfolio, such as the change in value of the underlying investments and any gains or losses from the sales of investment properties.
EPRA Earnings per share (“EPRA EPS”)	IFRS earnings per share	Note 15 III.a	Earnings on a per share basis
EPRA like-for-like rental growth reporting	n/a	III.a	Like-for-like rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described.
EPRA NAV	IFRS NAV	Note 16 III.b	The objective of the EPRA NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation surpluses are therefore excluded.
EPRA NAV per share	IFRS NAV per share	Note 16 III.c	EPRA NAV calculated on a diluted basis taking into account the impact of any options, convertibles, etc. that are ‘dilutive’.
EPRA NNNAV	IFRS NAV via EPRA NAV	III.c	Reports EPRA NAV including fair value adjustments for any material balance sheet items which are not included in EPRA NAV at fair value.
EPRA Net Initial Yield (“EPRA NIY”)	n/a	III.d	Inherent yield of the portfolio using cash passing rent at the reporting date.

Supplementary information (unaudited) continued
II. Alternative performance measures

APM	RECONCILED TO IFRS MEASURE:	REFERENCE	DEFINITION
EPRA topped-up Net Initial Yield (“EPRA topped-up NIY”)	n/a	III.d	Inherent yield of the portfolio using contracted rent the reporting date.
EPRA vacancy rate	n/a	III.f	In order to encourage the provision of comparable and consistent disclosure of vacancy measures, EPRA has identified a single vacancy measure that can be clearly defined,
Loan to value (“LTV”)	n/a	Note 26	Net debt as a percentage of investment properties
Final and interim dividend per share	Dividend per share	Note 14	Number of cent per share to be distributed to shareholders in dividends.
Net debt	Financial liabilities	Note 26	Financial liabilities net of cash balances (as reduced by the amounts collected from tenants for deposits, sinking funds and similar) available expressed as a percentage of the value of investment properties.
Passing rent	n/a	n/a	Annualised gross property rent receivable on a cash basis as at the reporting date.
Total property return	n/a	n/a	Total property return is the return for the period of the property portfolio (capital and income) as calculated by MSCI, the producers of the MSCI/IPD Ireland Index.

Supplementary information (unaudited) continued

III. European Public Real Estate Association ("EPRA") Performance Measures

EPRA performance measures are calculated according to the EPRA Best Practices Recommendations November 2016. 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.

Further detail on these measures are set out below, including their calculation and reconciliation to the financial statements where applicable.

		FINANCIAL YEAR ENDED 31 MARCH 2018		FINANCIAL YEAR ENDED 31 MARCH 2017	
		€'000	**CENT PER SHARE**	€'000	CENT PER SHARE
EPRA Earnings	– basic	**19,403**	**2.8**	14,989	2.2
	– diluted	**19,403**	**2.8**	14,989	2.2
Adjusted earnings[1]	– basic	**32,189**	**4.7**	26,441	3.9
EPRA NAV		**1,112,075**	**159.1**	1,013,969	146.3
EPRA NNNAV		**1,111,730**	**159.1**	1,013,852	146.3
EPRA Like-for-like rental growth reporting			**6.5%**		4.0%
EPRA NIY			**3.8%**		4.4%
EPRA 'topped-up' NIY			**4.3%**		4.7%
EPRA cost ratio including vacancy costs			**47.8%**		56.0%
EPRA cost ratio excluding vacancy costs			**45.6%**		54.4%
Costs adjusted for internalisation[1]					
Adjusted EPRA cost ratio including vacancy costs			**21.8%**		23.7%
Adjusted EPRA cost ratio excluding vacancy costs			**19.6%**		22.0%
EPRA vacancy rate			**2.0%**		2.7%

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

a. 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 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
IFRS Profit for the financial year after taxation	**107,101**	118,586
Exclude:		
Changes in fair value of investment properties	**(81,377)**	(103,525)
Profits on disposals of investment properties	**(6,425)**	–
Other profits or losses on assets disposals net of tax	**-**	(73)
Fair value of derivatives	**104**	1
	19,403	14,989
Weighted average number of shares		
Basic	**688,900**	683,351
Potential shares to be issued	**6,599**	7,603
Diluted number of shares	**695,499**	690,954
EPRA Earnings per share – (cent)	**2.8**	2.2
Diluted EPRA earnings per share (cent)	**2.8**	2.2

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 an expense to the Group after November 2018, EPRA earnings are shown below adjusted to remove internalisation-related costs. While the adjusted earnings number does not factor in the cost of any replacement incentive scheme, this is likely to be a significantly lower cost.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
EPRA earnings as calculated above	**19,403**	14,989
Prepaid remuneration amortised	**4,444**	4,444
Performance-related payments	**6,599**	5,907
'Top-up' internalisation expenses	**1,743**	1,101
Underlying earnings excluding effects of management charges	**32,189**	26,441
Weighted average number of shares	**688,900**	683,351
Adjusted earnings per share – (cent)	**4.7**	3.9

b. EPRA like-for-like rental growth reporting

Like-for-like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described. Information on the growth in rental income other than from acquisitions and disposals, allows stakeholders to arrive at an estimate of organic growth. This can be used to measure whether the reversions feed through as anticipated, and whether the vacancy rates are changing. This measure excludes rental income on disposals and acquisitions and properties under development or refurbishment during the period. All rental income is from properties based in Dublin, Ireland and the greater Dublin area.

	FINANCIAL YEAR ENDED 31 MARCH 2018	FINANCIAL YEAR ENDED 31 MARCH 2017
Office assets	**7.1%**	3.9%
Residential assets	**3.3%**	–
Industrial assets[1]	**18.4%**	7.2%
Total	**6.5%**	4.0%

1. A new lease on vacant space commenced during the period.

c. 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. The fair value of derivative instruments is excluded from EPRA NAV on the basis that these are hedging instruments and intended to be held to maturity. EPRA NNNAV is the EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations (if any).

	FINANCIAL YEAR ENDED 31 MARCH 2018		FINANCIAL YEAR ENDED 31 MARCH 2017	
	€'000	**CENT PER SHARE**	€'000	CENT PER SHARE
IFRS NAV	**1,111,730**		1,013,852	
Fair value of financial instruments	**345**		117	
EPRA NAV	**1,112,075**	**159.1**	1,013,969	146.3
Fair value of financial instruments	**(345)**		(117)	
EPRA NNNAV	**1,111,730**	**159.1**	1,013,852	146.3
Ordinary Shares in issue	**692,347**		685,452	
Estimated additional shares due for issue from performance reserve	**6,599**		7,603	
Ordinary Shares in issue including shares to be issued – 'diluted'	**698,946**		693,055	

d. 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 expiry 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.

Supplementary information (unaudited) continued

III. European Public Real Estate Association ("EPRA") Performance Measures

At 31 March 2018

	OFFICE €'000	RESIDENTIAL €'000	INDUSTRIAL €'000	TOTAL €'000	DEVELOPMENT €'000	€'000
Investment properties at fair value	**1,017,937**	**138,480**	**17,800**	**1,174,217**	**134,500**	**1,308,717**
Less: Development/refurbishment	**-**	**-**	**(5,000)**	**(5,000)**	**(134,500)**	**(139,500)**
Completed property portfolio	**1,017,937**	**138,480**	**12,800**	**1,169,217**		**1,169,217**
Allowance for purchasers' costs[1]	**86,117**	**6,176**	**1,083**	**93,376**		
Gross up completed property portfolio	**1,104,054**	**144,656**	**13,883**	**1,262,593**		
Annualised cash passing rental income[2]	**43,836**	**6,816**	**695**	**51,347**		
Property outgoings	**(1,662)**	**(1,229)**	**-**	**(2,891)**		
Annualised net rents	**42,174**	**5,587**	**695**	**48,456**		
Expiration of lease incentives and fixed uplifts	**5,798**	**47**	**10**	**5,855**		
'Topped-up' annualised net rent	**47,972**	**5,634**	**705**	**54,311**		
EPRA NIY	**3.8%**	**3.9%**	**5.0%**	**3.8%**		
EPRA "Topped-up" NIY	**4.3%**	**3.9%**	**5.1%**	**4.3%**		

1. Purchasers costs increased from 4.46% to 8.46% on commercial properties only after an increase in stamp duty in October 2017.
2. Cash passing rent includes residential rents gross as property outgoings are included in the line below.

At 31 March 2017

	OFFICE €'000	RESIDENTIAL €'000	INDUSTRIAL €'000	TOTAL €'000	DEVELOPMENT €'000	€'000
Investment properties 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 purchaser's 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[2]	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 2WML were in the office segment at the financial year end 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.
2. Cash passing rent includes residential rents gross as property outgoings are included in the line below.

e. 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 expiry 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 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Total operating expenses under IFRS	**20,116**	20,985
Property expenses	**3,147**	2,681
Net service charge costs/fees	**205**	157
EPRA costs including vacancy costs	**23,468**	23,823
Direct vacancy costs	**(1,073)**	(695)
EPRA costs excluding vacancy costs	**22,395**	23,128
Gross rental income[1]	**49,075**	42,519
EPRA cost ratio including vacancy costs	**47.8%**	56.0%
EPRA cost ratio excluding vacancy costs	**45.6%**	54.4%

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

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Costs adjusted for internalisation		
EPRA costs including vacancy costs	**23,468**	23,823
Prepaid remuneration amortised	**(4,444)**	(4,444)
'Top-up' internalisation expenses for financial year	**(1,743)**	(1,101)
Performance-related payments	**(6,599)**	(8,215)
Costs excluding internalisation effects	**10,682**	10,063
Direct vacancy costs	**(1,073)**	(695)
Costs excluding direct vacancy costs	**9,609**	9,368
Gross rental income[1]	**49,075**	42,519
EPRA cost ratio including vacancy costs	**21.8%**	23.7%
EPRA cost ratio excluding vacancy costs	**19.6%**	22.0%

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

f. 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 ERV of vacant space expressed as a percentage of the total ERV.

	FINANCIAL YEAR ENDED 31 MARCH 2018 €'000	FINANCIAL YEAR ENDED 31 MARCH 2017 €'000
Annualised ERV vacant units	**1,283**	1,468
Annualised ERV completed portfolio	**65,571**	54,535
EPRA vacancy rate	**2.0%**	2.7%

g. Portfolio information

Analysis of lease expiration profile

Rent subject to lease break or expiry – passing rent at 31 March 2018

For period 31 March

	2019 €'M	2020 €'M	2021-2023 €'M
Office	**3.1**	**2.2**	**18.0**
Residential	**6.8**	**–**	**–**
Industrial	**0.5**	**0.2**	**–**
Total	**10.4**	**2.4**	**18.0**
Percentage of passing rent	**20.2%**	**4.7%**	**35.0%**
Potential uplift at current ERV	**0.2**	**1.6**	**3.6**

Rent subject to review – passing rent at 31 March 2018

For period 31 March

	2019 €'M	2020 €'M	2021-2023 €'M
Office	**9.2**	**2.9**	**31.7**
Residential	**6.8**	**–**	**–**
Industrial	**0.5**	**0.2**	**–**
Total	**16.5**	**3.1**	**31.7**
Percentage of passing rent	**30.7%**	**5.9%**	**63.4%**
Potential uplift at current ERV	**3.5**	**1.9**	**0.8**

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
Total	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 uplifts due to the expiry of incentives and similar arrangements, there was €2.9m in leases due to commence 31 March 2018 (31 March 2017: €2.1m).

Supplementary information (unaudited) continued
IV. 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 €6.4m gains arising on the sale of investment properties (31 March 2017: €nil). Included within the unrealised gains disclosed under IFRS there is a total of €15.3m (31 March 2017: €1.1m) in unrealised losses and €96.7m (31 March 2017: €104.6m) 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 95 to 127 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 (via cash and deferred shares and inclusive of amounts recouped via service charges from tenants), all of whom are engaged in managing the Group activities, was €5,243,190 of which €3,794,219 comprised fixed remuneration and €1,448,971 comprised variable remuneration (31 March 2017: €3,863,125 of which €2,981,483 comprised fixed remuneration and €881,642 comprised variable remuneration). The average number of identified staff during the financial year was 28 (31 March 2017: 23).

Supplementary information (unaudited) continued
Other disclosures

Occupiers representing over 0.5% of contracted rent at 31 March 2018

TENANT	€'M	%
The Commissioners of Public Works (OPW)	6.0	10.6%
Twitter International Company	5.1	8.9%
Hubspot Ireland Limited	3.8	6.6%
The Governor & Co. of the Bank of Ireland	2.8	5.0%
TMT Tenant	2.8	5.0%
Informatica Ireland EMEA	2.1	3.7%
Depfa Bank plc	2.0	3.6%
Electricity Supply Board	1.9	3.3%
Travelport Digital Limited	1.8	3.2%
Wyvern Business Centre Limited (IWG plc)	1.8	3.2%
BNY Mellon Fund Services (Ireland) Ltd	1.6	2.8%
COMREG	1.6	2.8%
Mediavest Limited (Core Media)	1.6	2.8%
Riot Games Limited	1.2	2.1%
AWAS Aviation Acquisitions Limited	1.2	2.1%
O.D.S Company (Eversheds Sutherland)	1.0	1.8%
Deloitte Ireland LLP	1.0	1.8%
Pay & Shop Ltd (t/a Realex Payments)	0.9	1.6%
An Bord Bia	0.7	1.3%
Capita Life & Pension Services Irl Ltd.	0.7	1.2%
Park Rite	0.6	1.0%
Invesco Global Asset Management Limited	0.6	1.0%
Daqri International Limited	0.6	1.0%
Pinsent Masons Services Ireland Ltd	0.6	1.0%
Weston Office Solutions Limited (t/a Iconic Offices)	0.4	0.8%
Renaissance Services of Europe Ltd.	0.4	0.8%
Hines Real Estate Ireland Limited	0.4	0.7%
Crowe Horwath Bastow Charleton Cons. Ltd.	0.4	0.7%
ENI Insurance DAC	0.3	0.6%
Bearingpoint Ireland Limited	0.3	0.5%
Quinn McDonnell Pattison Limited	0.3	0.5%
Morgan Stanley Fund Services (Irl.) Ltd.	0.3	0.5%
Altify Ireland Limited	0.3	0.5%
BCWM plc	0.3	0.5%

Directors and Other Information

Directors
Daniel Kitchen (Chairman)
Colm Barrington (Senior Independent Director)
Thomas Edwards-Moss (CFO)
Stewart Harrington
Frank Kenny (appointed 8 November 2017)
Kevin Nowlan (CEO)
William Nowlan (resigned 25 July 2017)
Terence O'Rourke

Company Secretary
Sean O'Dwyer

Assistant Secretary
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Ireland

Registrar
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Principal Legal Adviser
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IFSC
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Goodbody Stockbrokers
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D04 YW83
Ireland

Credit Suisse International
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London E14 4OJ
United Kingdom

Glossary

AIF is an Alternative Investment Fund.

AIFM is an Alternative Investment Fund Manager.

Brexit is the UK exit from the EU.

Cash passing rent is the gross property rent receivable on a cash basis as at the reporting date.

CBD is Central Business District.

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 year.

Developer's profit is the profit on cost estimated by valuers which is typically a percentage of developer's costs, usually between 10% to 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.

DoF is the Department of Finance.

DPS is dividend per share.

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. It produces guidelines for number of standardised performance measures (e.g. EPRA earnings, EPRA NAV).

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 or EPRA NAVPS is the EPRA NAV divided by the diluted number of shares at the period end.

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

EPRA Net Initial Yield ("NIY") is the 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 passing rent for contractually agreed uplifts, where these are not in lieu of rental growth.

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

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

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

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

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

FRI Lease Full Repairing and Insuring Lease.

GRESB is the Global ESG Benchmark for Real Assets.

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 passing rent as adjusted for the spreading of these incentives.

Hibernia is Hibernia REIT plc, the Group or the Company.

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

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

IPO is the Initial public offering, i.e. the first equity raising of the Company.

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

IRR is internal rate of return.

MSCI/IPD Index is the MSCI/SCSI/Investment Property Databank Limited Ireland Quarterly Property Index – All Property (the ''MSCI/IPD 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 U.S. Green Building Council (USGBC). Its aim is to be an objective measure of building sustainability.

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

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

Long-Term Incentive Plan ("LTIP") 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.

NAVPS is the net asset value in cent per share.

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) assumes rent is received annually in arrears.

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

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

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

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

Passing rent is the annualised 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.

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.

PRS is the private rented sector.

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.

Royal Institute of Chartered Surveyors ("RICS") Professional Standards, RICS Global Valuation Practice Statements and the RICS Global Valuation Practice Guidance – Applications contained within the RICS Valuation – Global Standards 2017 (the "Red Book") issued by the Royal Institute of Chartered Surveyors provide the standards for preparing valuations on property.

Sq. ft. square feet.

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

Term certain is the lease period to the next break or expiry.

TMT sector is the technology, media and telecommunications sector.

Total Property Return ("TPR") is the return for the period of the property portfolio (capital and income) as calculated by MSCI, the producers of the MSCI/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/industry-market-sectors/securities-markets/transparency-regulation

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.

Ungeared IRR is the internal rate of return excluding gearing.

Valuer is the independent valuer appointed by the Group to value the Group's investment properties at the date of the consolidated financial statements. From September 2017 the Group has used Cushman and Wakefield. Previously the Group used CBRE.

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

Notes

Notes

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