Transforming Dublin

hibernia
REIT

Annual Report 2019

Hibernia is an Irish real estate investment trust ("REIT"), listed on Euronext Dublin and the London Stock Exchange.

We own and develop property and have a portfolio worth €1.4bn, all in Dublin and predominantly in city centre offices.

Reception at 2WML

What we do

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

How we do it

We focus on improving buildings at appropriate times in the property cycle and on growing our income through active asset management. Our portfolio is mainly a mix of redeveloped properties and assets held for future repositioning.

Strategic report

2 Highlights
4 Our business at a glance
6 Creating value
16 Chairman's letter
18 Chief Executive Officer's review
22 Our market
24 Market review
26 Our stakeholders
30 Our business model
32 Our strategy
34 Key performance indicators
36 Risk management
39 Going concern and viability statement
40 Principal risks and uncertainties
50 Operational review
56 Financial review
59 Sustainability

Governance

64 Chairman's corporate governance statement
68 Board of Directors
70 The Senior Management Team
72 Corporate governance
84 Audit Committee report
91 Nominations Committee report
93 Remuneration Committee report
115 Directors' report
119 Directors' responsibility statement

Financial statements

120 Independent auditor's report
126 Consolidated income statement
127 Consolidated statement of comprehensive income
128 Consolidated statement of financial position
129 Consolidated statement of changes in equity
130 Consolidated statement of cash flows
131 Notes to the consolidated financial statements
177 Company statement of financial position
178 Company statement of changes in equity
179 Company statement of cash flows
180 Notes to the Company financial statements

Supplementary information (unaudited)

192 Five-year record
193 Alternative performance measures
194 EPRA performance measures
200 Other disclosures
202 Directors and other information
203 Glossary

Highlights of the year

Strong performance

Net rental income	Profit before tax
€53.3m	€124m
2018: €45.7m	2018: €107.1m
+16.6%	**+15.8%**

EPRA EPS	Dividend per share	Portfolio value	Net debt
4.0c	3.5c	€1,395m	€217m
2018: 2.8c	2018: 3.0c	2018: €1,309m	2018: €203m
+40.4%	**+16.7%**	**+7.9% LfL**	**+7.1%**

Loan-to-value (LTV)	Cash and undrawn facilities net of committed capital expenditure	EPRA NAV per share	Total property return
15.6%	€143m	173.3c	11.6%
2018: 15.5%	2018: €120m	2018: 159.1c	2018: 11.4%
+0.1pp	**+19.2%**	**+8.9%**	**+0.2pp**

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 193 to 199 of this Annual Report.

Strategic achievements

- *Complete developments:* Two schemes delivered totalling 172,000 sq. ft. of Grade A offices (>65% let), completing the Windmill Quarter
- *Increase rental income and duration:* Annual contracted rent roll now €57.6m, up 2.9% since March 2018, and in-place office portfolio WAULT to earlier of break/expiry of 7.5 years, up 2.7% in the year
- *Make selective investments:* €40.0m reinvested in seven acquisitions, including the purchase of 98.3 acres of land at Newlands in late 2018
- *Recycle capital to monetise gains and enhance future returns:* Sale of two properties for €100.3m (both modestly ahead of book value, with one completing after year end)
- *Maintain an efficient balance sheet and seek to diversify funding sources and maturity dates:* Debt refinanced in December 2018 and announced intention to return €35m to shareholders in April 2019
- *Continue to improve environmental efficiency of the portfolio:* Achieved a 5% reduction in energy consumption on a like-for-like basis in our multi-let portfolio and a recycling rate of >50% for the first time

Read more on page 8

Advancing and enhancing the development pipeline

Read more on page 10

Improving our sustainability

Read more on page 11

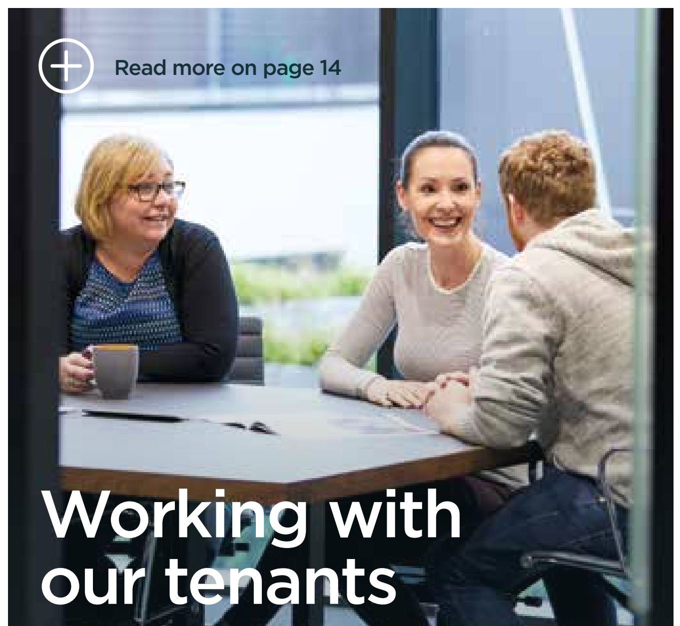
Crystallising value

Read more on page 12

Refinancing the business for the long term

Read more on page 13

Contributing to the community



Read more on page 14

Working with our tenants

A well-positioned portfolio

Our whole portfolio is located in Dublin, with 85% in city centre offices or office developments across the three main sub-markets, the Traditional Core, the South Docks and the International Financial Services Centre ("IFSC"). We also have 11% in multi-family residential assets in South Dublin and the balance is in industrial/land assets.

Portfolio statistics

In-place offices
1.1m sq. ft.

Offices including fully developed pipeline
1.4m sq. ft.

Properties
32

Portfolio contracted annual rent
€57.6m

Average office rent
€47psf

Reversionary potential
€3.7m

In-place office vacancy
12%

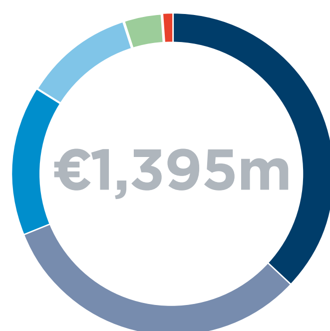
In-place office WAULT
7.5 yrs

Key

Our properties

1	1DC
2	2DC
3	The Forum
4	50 City Quay
5	1SJRQ
6	The Observatory
7	1WML
8	2WML
9	South Dock House
10	Central Quay
11	1 Cumberland Place
12	2 Cumberland Place
13	Marine House
14	Blocks 1, 2 & 5 Clanwilliam Court
15	Earlsfort Terrace
16	Hardwicke House
17	Montague House
18	Harcourt Square
19	39 Harcourt Street
20	35 – 37 Camden Street
21	129 Slaney Road
22	Newlands/Gateway
23	Cannon Place
24	Dundrum View
25	Wyckham Point

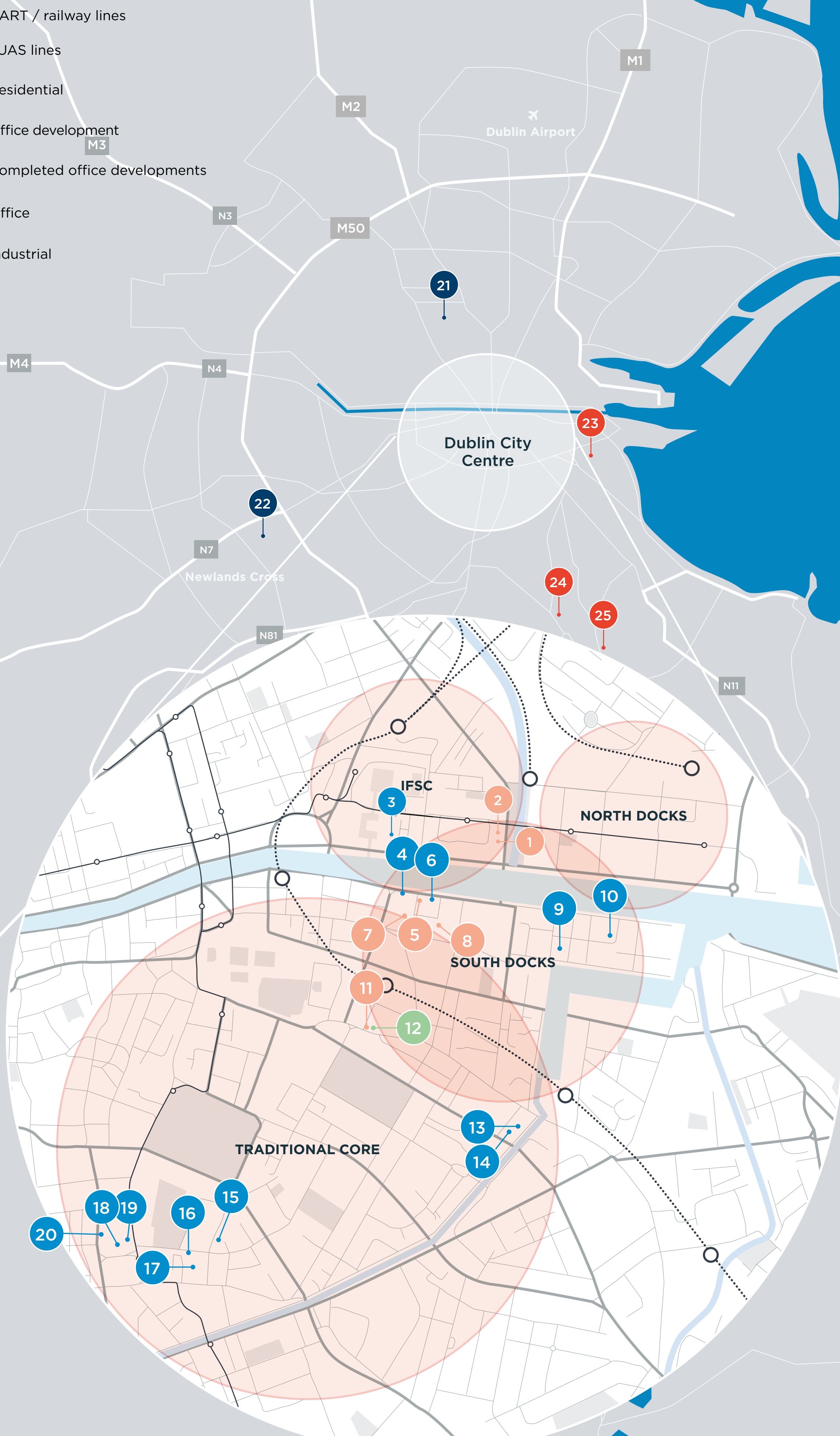
Portfolio segments by value



South Docks	37%
Traditional Core	32%
IFSC	15%
Dublin residential	11%
Industrial/land	4%
Dublin CBD office development	1%

In-place office rent by sector

Technology, media & telecoms	55%
Government	20%
Professional services	9%
Banking & capital markets	8%
Insurance & reinsurance	4%
Other	2%
Serviced offices	1%


Transport links
DART / railway lines
LUAS lines
Residential
Office development
Completed office developments
Office
Industrial
M1
M2
M3
N3
M50
Dublin Airport
M4
N4
Dublin City Centre
N7
Newlands Cross
N81
N11
IFSC
NORTH DOCKS
SOUTH DOCKS
TRADITIONAL CORE
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Completing our first cluster

The Windmill Quarter

With the completion of our 1 Sir John Rogerson's Quay ("1SJRQ") and 2 Windmill Lane ("2WML") developments in early 2019 the Windmill Quarter is now complete. It provides office space for over 3,000 people, together with further residential, food & beverage and gym facilities.

Clustering is a core part of our strategy: it allows us to spread the cost of communal areas and shared facilities between buildings, meaning tenants and their staff get a better working environment and experience. In the Windmill Quarter we have held various classes and two music events in the Townhall so far in 2019 and there will be more to follow. We intend to create similar clusters when we redevelop Clanwilliam Court and Harcourt Square and will apply our learnings from the Windmill Quarter to these.

Number of buildings:

6

Office area:

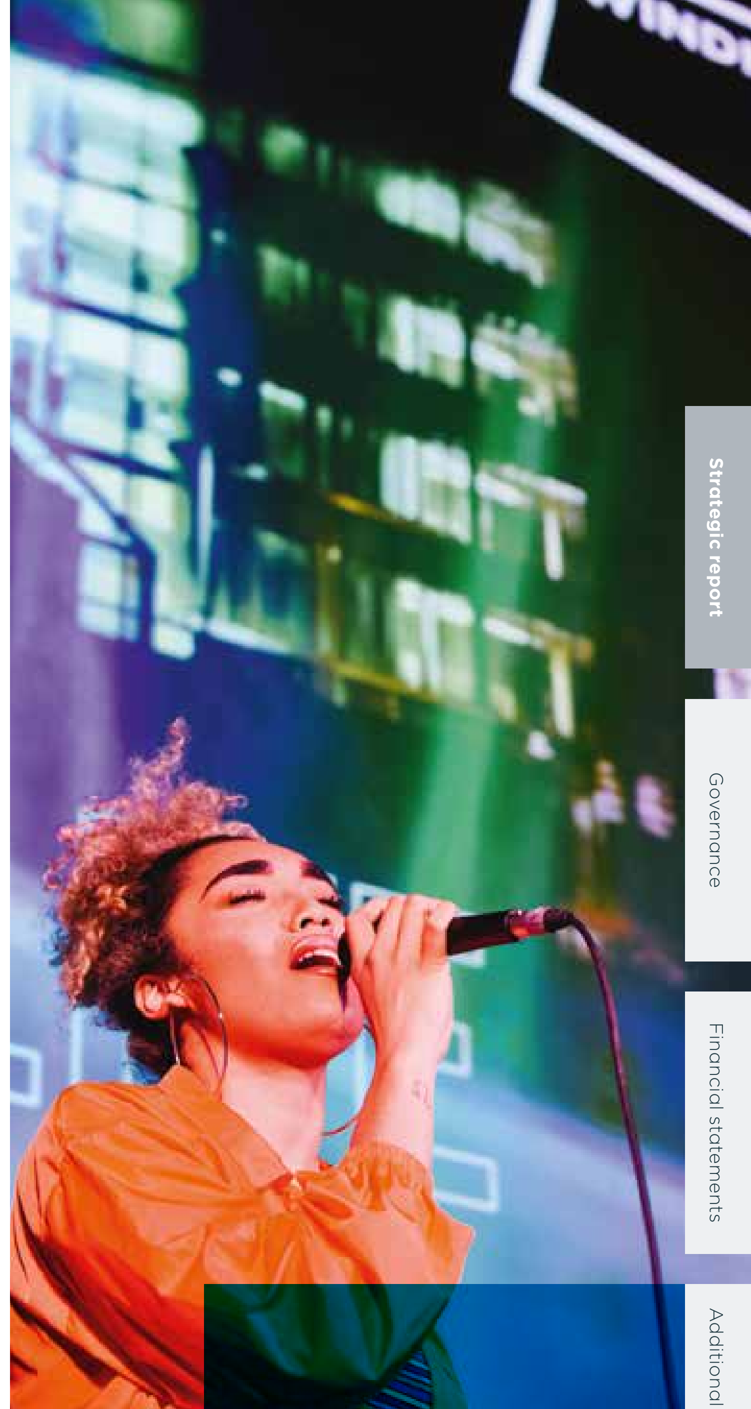
400k sq. ft.

Estimated rental value at March 19:

€24m

Strategic priorities:

1 2 3 5 6



Opposite page: restored tram yard gate at 1SJRQ

Top right: Erica Cody performing at the first Windmill Live event at the Townhall, 1WML

Top left: the original Tedcastle Line sign salvaged from the derelict Dockers pub and re-used in 1SJRQ

Middle left: interior Perpetua gym, 2WML

Bottom left: Reception, 2WML

Advancing and enhancing the development pipeline

Marine House, D2

In December 2018 we received planning permission for a refurbishment and extension of the building.

Timing: **mid-2020 onwards**

Current area:

41,000 sq. ft.

Planning granted for:

49,000 sq. ft.

Strategic priority:

1

Blocks 1, 2 & 5 Clanwilliam Court, D2

A planning application has been lodged for a redevelopment to form a cluster with Marine House similar to the Windmill Quarter.

Timing: **2021 onwards**

Strategic priority:

1

Current area:

93,000 sq. ft.

Applied for planning for:

152,000 sq. ft.

Harcourt Square, D2

In November 2018 we received revised planning permission for the redevelopment of the existing buildings, including 39 Harcourt Street, with a new scheme c. 12% larger than the previous planning permission of 277,000 sq. ft.

Timing: **early 2023 onwards**

Current area:

122,000 sq. ft.

Planning granted for:

309,000 sq. ft.

Strategic priority:

Newlands, D22

We acquired an additional 98.3 acres of land in the year for initial consideration of €28.7m, excluding acquisition costs, taking Hibernia's total interest in the area to 143.7 acres. Other than the Gateway industrial site, the remaining land is not currently zoned for development but in future we believe it is an ideal candidate for a mixed-use scheme, including a large element of infill residential, given its location and proximity to excellent transport infrastructure.

Timing: unclear. The current local authority development plan – under which zoning is determined – runs until 2022.

Strategic priority:

Improving our sustainability

5%
reduction in energy consumption across our managed portfolio on a like-for-like basis

>50%
recycling rate achieved for the first time at our managed properties

Strategic priority:
6

Read our Sustainability Report at www.hiberniareit.com

Crystallising value

We have continued to sell buildings which we do not expect to meet our target returns. In the year we realised net proceeds of €100.3m from the sale of New Century House and 77 Sir John Rogerson's Quay, up from net sales proceeds of €35.8m generated in the prior year. Both sales were made modestly ahead of last reported book value. €40.0m of the sales proceeds have been recycled into acquisitions during the year. In addition we have announced our intention to return the net sales proceeds of €35m from the sale of 77 Sir John Rogerson's Quay to shareholders starting with a €25m share buyback, which commenced in April 2019.

Strategic priority:

4

This page: interior of 77 Sir John Rogerson's Quay

Opposite page, right: the green wall at 1SJRQ

Opposite page, left: PV panels on the roof of 1WML

Net sales proceeds:

€100.3m

Average premium to book value:

2.7%

Refinancing the business for the long term

Weighted average debt maturity before refinancing:

1.9 years

Weighted average debt maturity after refinancing:

5.7 years

In December 2018 we refinanced Hibernia's debt, a €400m secured revolving credit facility (margin: 2.05%), with a €320m unsecured revolving credit facility (margin: 2.0%) and €75m of unsecured US private placement notes (average coupon: 2.53%). The refinancing significantly increased the average maturity of our debt and the move to an unsecured debt structure, the first for an Irish REIT, ensures we have access to the widest range of funding options in future. The overall cost of our debt remains similar thanks to a reduction in undrawn commitment fees on the revolving credit facility.

Strategic priority:

5

Contributing to the community

Proceeds raised in 2018:

>€300k

Dragons at the Docks

Hibernia was a co-founder of this event and has been an anchor sponsor since its inception in 2017.

Dragons at the Docks has raised over €530,000 for Dublin homeless charity Simon and other charities to date. In 2018 there were over 70 teams from six property related sectors and over 840 participants.

Opposite page: A tenant in 1WML

This page: Dragons at the Docks event

Working with our tenants

Working closely with our tenants to understand and meet their needs is key for us and it is one of the reasons why we brought our building management in-house in 2016. We have been working with HubSpot since they first leased 27,500 sq. ft. in One Dockland Central in 2015. Since then they have grown rapidly, taking a further 46,000 sq. ft. in Two Dockland Central in three lettings in 2017 and early 2018. In November 2018 they agreed to lease the entire 112,000 sq. ft. of office space in our 1SJRQ development from June 2019 as their EMEA headquarters building.

Total space let to HubSpot:

185,000 sq. ft.

Capacity for:

>1,500 employees

"We've seen tremendous growth in Dublin since opening our initial office in 2015 and our latest move to 1 Sir John Rogerson's Quay positions us well to continue our expansion in the region. Hibernia has been a great partner as we've grown, and we look forward to continuing to work with them in the future."

JD Sherman, President and COO of HubSpot

Opposite page: Tenants in their break-out area in 1WML

Strategic report
Governance
Financial statements
Additional information

An experienced team, a clear strategy

"The year to 31 March 2019 has been another successful one for Hibernia, with our portfolio significantly outperforming the MSCI/SCSI Ireland Quarterly Property All Assets Index."

Ireland, and Dublin in particular, has continued to record growing economic activity and foreign direct investment. Dublin continues to attract companies for many reasons, including access to EU markets, and existing businesses are also expanding their operations and taking more office space. This demand, together with the financial strength and professionalism of the Irish and international property firms now operating in Dublin, has led to a strong and vibrant real estate market.

The year to 31 March 2019 has been another successful one for Hibernia, with our portfolio delivering a total property return of 11.6%, a significant outperformance of the MSCI/SCSI Ireland Quarterly Property All Assets Index ("MSCI Ireland Index") (excluding Hibernia), which returned 7.5% over the same period. Hibernia's EPRA net asset value per share grew by 8.9% to 173.3 cent and net rental income increased by 16.6% to €53.3m enabling the Board to propose a final dividend of 2.0 cent per share, taking the total dividend for the year to 3.5 cent, up 16.7% on the prior year.

Our developments at 1 Sir John Rogerson's Quay and 2 Windmill Lane were successfully completed on budget meaning that the Windmill Quarter, our first office cluster, now comprises six adjacent buildings with c. 400,000 sq. ft. of office space and further ancillary space and communal facilities. Our tenants are delighted with the space we have created, and we will aim to deliver similar high quality space in our future developments.

During the year we disposed of two buildings for €100.3m and invested €40.0m in the purchase of a further 98.3 acres of land at Newlands and several other small acquisitions: we now own almost 144 acres of land at Newlands with potential for a very significant mixed-use scheme and are pursuing a strategy to achieve the re-zoning of these lands. We also invested €44.8m in capital expenditure on our active development schemes, principally the two buildings completed in the financial year.

Immediately after the year end we announced a €25m share buyback to continue our progress towards our leverage targets and we are seeking shareholder approval at our AGM to undertake a capital reorganisation to give us more flexibility in managing our capital structure in future. The successful refinancing of our debt and move to an unsecured structure, adding non-bank funding for the first time, has significantly extended our average debt maturity to 5.4 years at 31 March 2019 and broadens the range of funding options available to us in future.

Corporate governance and sustainability are becoming increasingly important to our stakeholders and we have invested significant resources in ensuring that we continue to meet high standards in these areas. During the year we appointed our first female Non-Executive Director, Roisin Brennan. She has significant experience of capital markets and as a board member of other public companies and this expertise will assist with the strategic development of Hibernia. I also undertook a roadshow earlier in 2019 and talked to a number of our larger shareholders who were appreciative of the opportunity to discuss corporate governance matters. Further details of the key points discussed are set out on page 81 in the corporate governance report. We have published our first standalone sustainability report this year, which is available on our website, illustrating our commitment to sustainability which is an important part of our strategic goals.

Our wider stakeholder group, which includes tenants, suppliers, employees and the communities in which we operate, is very important to us and we work hard to satisfy their needs and create long-term relationships. We actively seek the views of tenants and employees through regular surveys and other interactions and respond to the feedback. Our wellness campaign, which has been rolled out across our managed office portfolio, has been a great success and tenants have engaged. We place great emphasis on health and safety, particularly at all of our developments, and we are proud to say that we have had no serious accidents in our five years of operations. All our developments have been built to high standards of sustainability and have achieved very good ratings and we are committed to improving energy usage and waste management across our portfolio by actively working with our tenants. In the local communities in which we operate we engage with representative groups and seek to provide employment opportunities for people living in adjacent areas. A major charity fund-raising initiative has been the annual Dragons at the Dock event. In the year we helped to raise over €300,000 which has been used to support the homeless in Dublin as well as several other local charities. Another successful initiative was our recycling of the graffiti wall from the former Windmill Lane Studios. The charity focusing on men's mental health, Movember, has raised €120,000 to date selling parts of the restored wall to local businesses.

On behalf of the Board I want to thank our staff for their efforts and commitment during the year. They are an integral part of our success and their dedication to achieving high standards across all our activities is crucial to the delivery of our strategic priorities.

My colleagues on the Board continue to provide their full support to me and the Group and are always available for meetings. All the Directors make valuable contributions at meetings and their external experience is helpful in framing the discussions of the Board. We strive to operate as a team where everyone is encouraged to contribute fully, and I am very satisfied that everyone is prepared to give their opinion on issues being considered by the Board.

The anticipated continuing growth of Dublin, both economically and demographically, provides further opportunities for Hibernia over the medium term, though we must remain conscious that the open nature of Ireland's economy means it is highly exposed to global events. With our pipeline of future development projects and increasing rental income I am confident we can continue to create value for our shareholders.

Daniel Kitchen
Chairman
17 June 2019

Good progress made across the business

"We are reporting another set of strong financial results, including increasing our net asset value per share by almost 9% and growing net rental income and our full year dividend by over 16%."

We are pleased to report strong results, with our office developments and residential assets again performing particularly well. The total property return of our portfolio was 11.6% for the year, outperforming our benchmark, the MSCI Ireland Index (excluding Hibernia), which returned 7.5%. EPRA NAV per share grew by 8.9% to 173.3 cent and we have proposed a final dividend of 2.0 cent per share, taking the total dividend for the year to 3.5 cent, an increase of 16.7% over the prior year.

> "Despite the uncertainty caused by Brexit, Ireland continues to have one of the best performing economies in the euro area and foreign direct investment remains high."

Growing economy and favourable market conditions persist

Despite the uncertainty caused by Brexit, Ireland continues to have one of the best performing economies in the euro area and foreign direct investment remains high. Numbers in employment are at record levels and there is strong occupier demand, especially from the TMT sector and also for larger lettings. Dublin office take-up set a new record in 2018 and remained above trend in Q1 2019. The overall vacancy rate in Dublin at March 2019 was 5.4% and the Grade A vacancy rate in Dublin's city centre, where c. 85% of Hibernia's portfolio is located, was 4.5% at the same date. The supply of new offices in the city centre continues to be relatively constrained, which is helping support rents and in the residential sector rent levels continue to rise. On a like-for-like basis our office portfolio grew 3.7% in value (excluding developments) and our residential portfolio grew 9.8%.

Disciplined allocation of capital with sales proceeds reinvested or returned to shareholders

Consistent with our strategy of selling assets where we expect forward returns to be below our targets and reinvesting in opportunities that we expect to enhance our returns, we disposed of New Century House and 77 Sir John Rogerson's Quay ("77SJRQ") for €100.3m in the year and reinvested €40.0m in seven acquisitions, most notably the purchase of 98.3 acres of land at Newlands. We also invested €44.8m in capital expenditure on our development schemes.

In order to maintain progress towards our leverage targets, we have announced our intention to return the €35m sales proceeds from 77SJRQ to shareholders and we commenced a €25m on-market share buyback in April 2019. We also intend to undertake a capital reorganisation to enhance our flexibility for future capital management through converting a substantial amount of our share premium into distributable reserves and we are seeking approval from shareholders for this at the AGM on 31 July 2019.

De-risking developments and advancing pipeline of future schemes

We significantly de-risked our current development programme with the completion of 1 Sir John Rogerson's Quay ("1SJRQ") and 2 Windmill Lane ("2WML") in March and February 2019, respectively, delivering 172,000 sq. ft. of Grade A offices and 19,000 sq. ft. of retail/leisure space and generating a profit on cost of over 75%. As at 31 March 2019 over 65% of this office space had been taken, following the letting of 1SJRQ to HubSpot. The completion of 1SJRQ and 2WML finishes the Windmill Quarter, our first cluster, which now comprises six adjacent buildings in the South Docks and c. 400,000 sq. ft. of offices plus further ancillary space and communal facilities. Our development at 2 Cumberland Place, which will deliver 50,000 sq. ft. of new Grade A office space, remains on track to complete in the first half of 2020.

We have also made good progress on our pipeline of future schemes, obtaining new grants of planning permission for office developments at Harcourt Square and Marine House and growing our mixed-use schemes through the acquisition of a further 98.3 acres of land at Newlands (Gateway) and 3.8 acres at 129 Slaney Road. In total our four office schemes can deliver 538,000 sq. ft. of office space post completion and we now own 147.5 acres of land with potential for mixed-use schemes, 143.7 acres of which is at Newlands.

Income and WAULT increasing despite asset sales and growing EPRA earnings and dividend

We agreed new leases and rent reviews totalling €7.8m in the year or €5.8m net of lease expiries and surrenders. The net sales made in the year reduced contracted rent by €4.2m meaning overall contracted rent at 31 March 2019 grew 2.9% to €57.6m and our office weighted average unexpired lease term ("WAULT") to the earlier of break or expiry grew 2.7% to 7.5 years. Contracted rent from our completed office developments of €27.5m now exceeds the €22.9m of contracted rent from office assets we acquired with income.

EPRA earnings grew 41.6% to €27.5m (4.0 cent per share) for the financial year and the Board has proposed a final dividend of 2.0 cent per share, bringing the dividend for the year to 3.5 cent, up 16.7% on the prior year and representing a pay-out ratio of 89% of EPRA earnings. We see potential for further growth as we let our committed developments and vacant space (ERV: €10.8m), capture the €3.7m of reversionary potential in the portfolio (most of which will come in the next 2.1 years), and from our lower cost structure following the end of the IMA in November 2018.

Debt refinanced, progress towards leverage target expected

We successfully refinanced our debt in December 2018, moving to a fully unsecured structure and agreeing our first non-bank funding in the form of €75m of seven and 10-year US private placement notes. While the quantum of our facilities has remained broadly unchanged, the refinancing significantly extended the average maturity of our debt from 1.9 years to 5.7 years as at December 2018 (March 2019: 5.4 years, March 2018: 2.7 years) and the unsecured structure ensures we have access to the widest possible range of funding options in future.

As at 31 March 2019 net debt was €217.1m (March 2018: €202.7m) and the loan to value ratio was 15.6% (March 2018: 15.5%). While development and acquisition expenditure in the year was €84.8m, this was largely countered by the net sales proceeds received of €65.0m. A further €35.3m was received after the year end from the sale of 77SJRQ (contracted in March 2019) which we have committed to return to shareholders. We expect further progress towards the lower end of our target 20-30% loan to value range as we have a further €34.5m of committed development expenditure, most of which will occur in the year to March 2020. Net of this committed development spend and capital returns we have cash and undrawn facilities of €143m available.

Positive outlook

Market conditions remain favourable, with robust economic growth and continued foreign direct investment leading to strong demand for office space, while supply of new offices in central Dublin remains limited. These same dynamics are also in evidence within the residential sector. We are positive about our prospects: we have a talented team, a portfolio with near- and longer-term potential, and flexible, low cost funding available to support our plans.

Kevin Nowlan
Chief Executive Officer
17 June 2019

"We have continued to recycle capital, selling assets worth over €100m and reinvesting €85m in new acquisitions and our developments, where we expect better future returns."

Q+A with the CEO

How is Brexit affecting your thinking?
Given the strong occupational market in Dublin our key strategic priority has been increasing our portfolio income and WAULT through completing and leasing our developments, concluding rent reviews and letting the vacant space in our portfolio. We think Brexit thus far has been a net positive for the Dublin office market (both overtly, from relocations from the UK, and less visibly, through redirection of foreign direct investment flows away from the UK) but even without it, the occupational market would have been strong so it's unlikely our strategy would have been much different. Looking ahead, it's impossible to know how Brexit will play out but it is reassuring that the UK Parliament remains against exiting the EU without a deal, an outcome which we think could have a negative impact on the Dublin property market in the near term. That said, with our high quality portfolio and low leverage we believe we are well-positioned whatever the outcome of Brexit.

You've sold more assets than you've bought this year and announced a share buyback – why?
Our focus is on maximising shareholder returns: where we have assets that we don't expect to meet our forward returns targets or where we receive offers ahead of our assessment of value we look to sell. For these reasons we sold New Century House and 77 Sir John Rogerson's Quay in the year, both at prices modestly ahead of the last reported book value, generating proceeds of €100.3m. If we find opportunities which we think will enhance our returns we look to invest but equally if we can't we won't: this year we invested €40.0m in seven acquisitions, most notably at Newlands Cross. We are also conscious of maintaining an efficient balance sheet and that is behind our decision to return €35m from the sale of 77 Sir John Rogerson's Quay to shareholders, starting with an initial €25m share buyback.

Do you expect to continue this trend in the coming year?
We will continue to focus on shareholder returns and recycling capital: if the investment market remains as competitive as it is currently we are probably more likely to be net sellers than net buyers but one never knows what opportunities will arise.

"With our high quality portfolio and low leverage we believe we are well-positioned whatever the outcome of Brexit."

Why Dublin?

Why is Dublin an attractive place to invest?

Dublin is a capital city and by far the largest and wealthiest city in Ireland. Greater Dublin is home to more than 40% of Ireland's 4.8m population and generates over half its GDP (source: CSO). Dublin has four universities and a number of other higher education institutions and it has a young, highly-skilled and growing workforce. This, together with Ireland's language, legal system, time-zone, tax advantages and membership of the European Union, has attracted many international companies to Dublin, particularly from the technology and financial sectors. Greater Dublin is expected to continue to grow rapidly, with its population forecast to increase by over 17% in the next decade (source: National Planning Framework), and office-based employment forecast to grow by a similar amount (source: Oxford Economics).

Why has Hibernia concentrated on the office and residential sectors in Dublin?

Our primary focus is the Dublin office sector, which accounts for c. 85% of our portfolio: it is a large, relatively liquid market totalling over 40m sq. ft. (c. 22m sq. ft. in city centre) which attracts international investors and it is a sector where we expect growth over the next decade. Within the Dublin office sector we have invested solely in city centre offices as this is where most tenants and employees want to be – leading to higher rents. It is also where the barriers to entry are highest, on account of planning restrictions and scarcity of sites.

The same trend of secular growth and constrained supply is expected in the Dublin residential sector, which currently comprises c. 11% of our portfolio. And it is why we have made a number of acquisitions in the past year – most notably at Newlands, D22 – which we hope will enable us to deliver new residential rental stock in future.

Would you ever invest outside Dublin?

Our mandate is to invest in the Republic of Ireland. For the reasons mentioned already 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, gives us a competitive advantage.

Is Brexit good or bad for Dublin?
At the moment none of us knows exactly what the outcome of Brexit will be, so it's a difficult question to answer! While companies are often reticent about giving reasons for locating or increasing their presence in Dublin, we believe that since the UK's referendum on EU membership in June 2016 Dublin has benefited 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 the Dublin property market are likely to outweigh the negatives.

Are you seeing a change in the requirements of office tenants?
Human capital is increasingly important to employers and, as a result, good working environments and wellness are also rising in their priorities as they seek to attract and retain the best staff. As mentioned already this is a key reason why all Hibernia's office properties are located in the city centre: it is where the majority of employees prefer to work. It is also why we, along with delivering high quality new buildings, have sought to develop clusters of adjacent buildings, with the first completed being the Windmill Quarter: by doing so we are able to provide excellent communal areas, facilities and events without prohibitive costs for tenants.

Tenants are also becoming more focused on sustainability and are seeking greater flexibility in their leases, with some larger corporates now using serviced offices for part of their accommodation needs. Sustainability is an important strategic priority for us and with a series of targets for the delivery of new buildings and the management of the existing portfolio, we are well-positioned to meet evolving tenant needs in this regard (for further details please see pages 59 to 63). We have looked closely at the serviced office sector, helped by our joint arrangement with Iconic Offices in Clanwilliam Court which runs until January 2022. We will consider leasing space selectively to serviced office operators where we believe it will enhance the portfolio: they comprised 1% of our office contracted rent roll at 31 March 2019. We will also consider offering shorter lease terms with corporate tenants ourselves, where appropriate.

Market dynamics remain favourable

"The Dublin office market set a new record of 3.9m sq. ft. of take-up in 2018, up 8% on 2017 which was the previous record."

General economy
Ireland had another year as one of the top performing economies in Europe in 2018, with headline GDP growth of 6.7% versus 1.8% for the euro area (source: CBI, European Commission). Core domestic demand, which is regarded as a better measure of the strength of the economy, grew by 4.5% in 2018. There have been some modest downgrades to growth expectations recently, largely on account of the uncertainty around Brexit, but nonetheless economic momentum is expected to remain strong with growth in core domestic demand forecast to be 4.5% in 2019 and 3.7% in 2020 (source: Goodbody). The number of people in work reached a new high of 2.3m in December 2018, albeit with some moderation in future growth expected as the pool of available labour diminishes (source: CSO, CBI) and the same trends are being seen in Dublin, where the unemployment rate has fallen below 5% (to 4.9% in Q4 2018) for the first time since late 2007 (source: Dublin Economic Monitor). As the labour market has tightened wage growth has started to pick up, with salary inflation of 3.0% expected in 2019 and overall inflation of 0.9% expected (source: Department of Finance). In the construction sector tender prices are expected to increase by 3.4% in the first half of 2019 (source: SCSI).

With tax revenues ahead of expectations, the Government achieved a balanced budget in 2018 for the first time in over a decade and a budget surplus of 0.2% is forecast in 2019 (source: CSO, Department of Finance). National debt to GDP was 64.8% at the end of 2018 and is forecast to reduce to 61% by the end of 2019, marking near achievement of the target of 60% as set down by the EU (source: Department of Finance). The investment programme announced by the Government as part of Project Ireland 2040 has seen projected capital spending for 2019 rise to €7.9bn, well ahead of the initial €5bn expected in the 2016 Capital Investment Plan (source: Goodbody), and the National Broadband Plan, to deliver high-speed fibre capacity to the whole country, has just been announced at an expected cost to the State of €3bn.

Despite its current momentum, the open nature of Ireland's economy means it is particularly exposed to events beyond its borders and key risks include a disorderly Brexit, trade wars and an economic slowdown in the US. At present, foreign direct investment ("FDI") in Ireland remains high: 4,700 IDA-sponsored jobs have been created thus far in 2019, equivalent to 63% of the 2018 total which was itself a strong year, and Dublin has accounted for 80% of these new jobs (source: Davy, IDA).

Irish property investment market
In the 12 months to 31 March 2019 the MSCI/SCSI Ireland Quarterly Property All Assets Index (the "Index") excluding Hibernia delivered a total return of 7.5% (March 2018: 7.7%, including the 4% increase in commercial stamp duty introduced in October 2017). The industrial sector was the top performer with a total return of 12.9% followed by the office sector at 8.5% and "other" – which includes multi-family residential – at 7.3% (March 2018: 7.8%, 9.7% and 7.7%, respectively). Yields have remained broadly constant in the office sector since late 2017, with the agent consensus between 4% and 4.25%, though some suggest these are trending tighter. PRS yields are between 3.85% and 4%, down from 4.25% at March 2018, and are trending tighter as well (source: Cushman & Wakefield, CBRE).

2018 was another strong year for the investment market as total spend reached a record €3.6bn and a number of large transactions completed. The rate moderated slightly in Q1 2019, amounting to €0.6bn, and total investment volumes for 2019 are expected to reach €2.5bn but could be considerably higher depending on the outcome of the Green REIT sales process (source: JLL). The office and residential sectors comprised the majority of investment volumes in 2018 at 40% and 30%, respectively, and Dublin continues to be the principal location within Ireland, accounting for 85% of volumes (source: Knight Frank).

Office occupational market
The Dublin office market set a new record of 3.9m sq. ft. of take-up in 2018, up 8% on 2017 which was the previous record. The city centre continues to account for the majority of the take-up, representing 72% of lettings by area in 2018 (source: Knight Frank). Net take-up was 71% of the headline figure in 2018 (2017: 55%), suggesting robust underlying occupier demand. This demand has continued into 2019 with 1.4m sq. ft. taken up in the first quarter, equivalent to 35% of 2018's full-year total (source: Knight Frank). The trend towards large leasing deals has also persisted, with lettings greater than 50,000 sq. ft. accounting for 48% of take-up in 2018 and 79% of take-up in the quarter ended March 2019 (source: Knight Frank).

Top 10 office investment transactions (12 months to March 2019)

Building	Price	Price (psf)	Buyer	Buyer nationality
Dublin office swap, D1&D2	€160m	n/a	IPUT/State Street	Ireland/USA
Charlemont Exchange, D2	€144m	€1,171psf	Vestas	South Korea
No. 2 Dublin Landings, D1	€107m	€1,118psf	JR AMC	South Korea
The Beckett Building, D3	€101m	€532psf	Kookmin Bank	South Korea
Belfield Office Park, D4	€90m	€308psf	Spear Street Capital	USA
New Century House, D1	€65m	€818psf	Credit Suisse	Switzerland
The Infinity Building, D7	€57m	€452psf	Credit Suisse	Switzerland
The Sharp Building, D2	€56m	€1,260psf	Credit Suisse	Switzerland
The One Building, D2	€50m	€1,100psf	BNP REIM	France
77SJRQ, D2	€36m	€1,040psf	Patrizia	Germany

Source: Knight Frank

The amount of space accounted for by lettings under 50,000 sq. ft. has remained relatively consistent with 1.9m, 1.6m and 2.0m sq. ft. take-up in 2016, 2017 and 2018, respectively (source: CRBE, Knight Frank).

Top 10 office lettings (12 months to March 2019)

Tenant	Industry	Building	Area (sq. ft.)	% of total take-up
Facebook	TMT	Bankcentre, D4	870k	19%
Salesforce	TMT	Spencer Place, D1	430k	10%
Google	TMT	Bolands Quay, D2	221k	5%
Central Bank	State	4 & 5 Dublin Landings, D1	201k	4%
OPW	State	The Distillers Building, D8	182k	4%
Facebook	TMT	Nova Atria South, D18	174k	4%
WeWork	Serviced offices	Charlemont Exchange, D2	121k	3%
HubSpot	TMT	1SJRQ, D2	112k	3%
IDA	State	Three Park Place, D2	112k	2%
WeWork	Serviced offices	2 Dublin Landings, D1	100k	2%

Source: Knight Frank

The technology, media and telecommunications ("TMT") sector remains the biggest source of demand, accounting for 52% of 2018 take-up and 56% in Q1 2019 (2017: 51%), followed by co-working at 13% (Q1 2019: 1%). State bodies comprised 7% of take-up in 2018 and 31% in Q1 2019 (source: Knight Frank). As noted in previous results statements, we believe US technology companies redirecting investment that may otherwise have gone to the UK ("latent Brexit") are having a bigger impact on the Dublin office market than relocations from the UK. The serviced office sector is also growing strongly and as of Q1 2019 represents 2.9% of Dublin's CBD office stock, excluding period offices, up from 1.8% during the same quarter last year. By comparison, the sector's share of office stock in London and Paris is 5.6% and 2.1%, respectively (source: Knight Frank).

The overall Dublin office vacancy rate at March 2019 was 5.4% (March 2018: 6.2%) and the Grade A vacancy rate in the city centre where all of Hibernia's office portfolio is located was 4.5% at March 2019 (March 2018: 3.7%) (source: Knight Frank). CBRE notes that while prime city centre rents have remained stable at €65psf to end-April 2019, rental values in the suburbs have increased in recent months. Looking ahead, active demand remains strong at 4.2m sq. ft. at the end of March 2019 though it has reduced from 5.8m sq. ft. at the same time last year following the satisfaction of several large requirements during 2018 (source: Cushman & Wakefield).

Office development pipeline

The table below sets out delivery since 2017 and our expectations for upcoming supply across Dublin's city centre and for the whole of Dublin by year. Overall, we expect a total of 11.2m sq. ft. of gross new space between 2017 and 2022, of which 70% will be in the CBD.

Expected Dublin office development supply

Year	City centre supply	All Dublin supply
2017	0.9m sq. ft.	1.4m sq. ft.
2018	1.7m sq. ft.	2.1m sq. ft.
2019f	0.8m sq. ft. (66% pre-let)	1.6m sq. ft. (44% pre-let)
2020f	1.9m sq. ft. (45% pre-let)	2.4m sq. ft. (38% pre-let)
2021f	1.1m sq. ft. (36% pre-let)	1.9m sq. ft. (50% pre-let)
2022f	1.3m sq. ft. (0% pre-let)	1.8m sq. ft. (0% pre-let)
Total 2017-22	**7.8m sq. ft.**	**11.2m sq. ft.**

Source: Knight Frank/Hibernia

The pre- and mid-letting market remains active, with 47% of office stock under construction in the city having been let or reserved as at April 2019 (source: CBRE): recent lettings include the pre-let of the 160,000 sq. ft. Distillers Building in Smithfield to the OPW and Amazon's agreement to let 176,000 sq. ft. of space in the 2 Charlemont Square development.

Residential sector

Housing delivery continues to increase, with 18,000 new homes delivered in 2018 (versus 14,000 in 2017) and 60% of these delivered in the Dublin area. The same trend was exhibited in Q1 2019, as 4,275 units were completed nationally, up 23% year-on-year (source: CSO, Goodbody). However, this increased output accounts for only half of the estimated annual demand in the market (source: Goodbody). Completions are expected to grow further in 2019 and 2020, to 24,000 and 28,000 units, respectively, following increased planning permissions granted over the past year (source: Goodbody, CBI). House price inflation has moderated somewhat, standing at 4.3% annually on a national basis and at just 1.4% annually in Dublin at February 2019 (source: CSO).

While the realised and forecast increases in housing supply are welcome, delivery of affordable units remains a key concern. 2018 delivery suggests an excess of new homes at higher price ranges when compared to the number of people who can afford to buy them and, conversely, a deficit at more affordable prices (source: Goodbody). Apartment delivery continues to lag behind other housing types: planning for over 10,000 apartment units was approved in the 12 months to Q3 2018, a multiple of almost four times the actual delivery in 2018 (source: Goodbody). However, the removal of uncertainty around planning restrictions and heights in late 2018 is likely to spur greater delivery in 2019 and the build to rent sector is expected to be a significant contributor to supply: planning for a further 10,000 units has been applied for since the beginning of Q4 2018 (source: Goodbody). Strong growth in apartment delivery of 29% year-on-year in Q1 2019, albeit from a low base, suggests that apartment delivery can be a key contributor to housing supply in the coming years (source: CSO, Goodbody).

Despite increases in supply and a moderation in growth in capital values, there remains a large amount of international and domestic institutional capital looking to invest in the residential sector, particularly in the private rented sector ("PRS"). CBRE's latest research suggests that as much as €6.3bn is now targeting the sector in Ireland, up from €5.3bn this time last year.

Listening to our stakeholders

Hibernia recognises the importance of stakeholder engagement in achieving its strategic priorities and ensuring the long-term success of the Group.

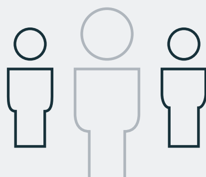
Listening to our stakeholders
Understanding views, perspectives, concerns and ideas from inside and outside the Group is vital to ensure our operations meet the changing needs of our stakeholders. Tenants are at the heart of everything we do and we use daily engagement and regular surveys to ensure we react proactively to their concerns.

Hibernia's approach to stakeholder engagement
The purpose of the business is to create value not only for shareholders but also for the wider stakeholder universe. To do this the Group considers not only its investors, but also its tenants, employees, investors, suppliers and the communities it operates in when planning its strategy and operating its business. Stakeholder engagement and management are key ingredients for the Group's continued success.

Central to our property business is sustainability, not only as this is increasingly a focus of regulation around property development and management, but also because our business can make a positive impact on a sustainable future and our stakeholders care about our green credentials.

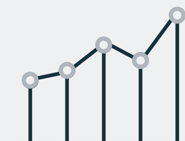
Tenant event at the Townhall, 1WML

Tenants



Read more on page 14

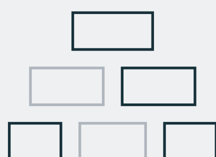
Investors



Read more on pages 81 to 83

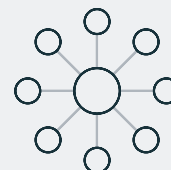
	Tenants	Investors
Why is it important to engage?		
	Our tenants are our customers: they expect high quality working environments and good service. Engaging with our tenants is crucial to ensuring that we fully meet their needs and requirements. Unlike many of our peers, who outsource this function, we have our own team of asset and building managers because we believe this is the best way to fully understand our tenants' experience.	Our shareholders are the owners of Hibernia. Other investors may become shareholders in future. Engagement allows investors to gain a greater understanding of Hibernia, its strategy and the dynamics of the market in which the Company operates. It also gives Hibernia's Board and Senior Management Team an insight into investors' views and any concerns they may have.
How we engage		
	Our building managers are located in our multi-let office buildings so they interact with our tenants every day. Our asset managers and our Sustainability Manager engage with tenants periodically (e.g. at review meetings) or as required. We run an annual tenant survey and use the information gathered, and feedback on initiatives undertaken, to further enhance our offering and service.	With the exception of restricted periods (e.g. in the run-up to releasing financial results), Hibernia's Board and Senior Management are always available to speak to or meet investors on any matter, including sustainability. Our Senior Management Team undertakes an extensive scheduled investor relations programme over the course of each year, encompassing both roadshows and attendance at key conferences. With respect to sustainability performance, Hibernia has started reporting to GRESB and from 2019 onwards its results will be available to investors who subscribe to GRESB. Hibernia also reports sustainability performance figures under the EPRA Sustainability Best Practices Recommendations ("sBPR").
Stakeholder expectation		
	Our tenants have a diverse range of businesses and needs. They expect us to deliver spaces that work for them. Many now also value sustainable spaces, quality of services and amenities for their employees and flexibility in lease arrangements and other terms.	Our investors expect a positive return. Many now expect that we align ourselves with sustainability benchmarks such as GRESB.
Relevance to the business model and strategy		
	Listening to tenants helps shape our future developments and refurbishments, plan delivery of workable spaces and informs us of our tenants' expectations and appreciation for amenities we provide such as shared social spaces and green initiatives.	Investors are the reason the business exists. Their expectations for income and capital growth inform our decisions on many levels, the mix of income generating properties versus development activities, the investment in sustainability improvements, dividend targets and leverage amongst others.

Suppliers



Read more on pages 59 to 63

Communities



Read more on pages 59 to 63

Why is it important to engage?

Suppliers: Our suppliers provide goods and services to Hibernia, without which we may not be able to achieve our strategic objectives. The successful delivery of our projects requires good relationships with the main contractors. It is important that Hibernia treats suppliers fairly so that they are willing to continue to provide goods and services. It is also important that suppliers fulfil their obligations from a commercial, environmental and social (e.g. health & safety) perspective.

Communities: For Hibernia to be successful in the long term it is important that it is a responsible owner and landlord and that its work brings benefit to the wider community. This is particularly the case where Hibernia is doing development work which potentially brings significant upheaval to surrounding communities. Engaging and supporting these communities is therefore an important part of our approach.

How we engage

Suppliers: We maintain a team of qualified individuals supporting our business who have good contacts and relationships with suppliers. Whilst we use a tender process to ensure best value, we place a large emphasis on quality and established track record. We ensure that we support all suppliers through fair and prompt payment. This helps us to keep a good working relationship with quality suppliers to continue to support our future pipeline. We have a Supplier Code of Conduct that sets out the standards we expect our suppliers to comply with.

Communities: Where new developments are taking place we engage with local communities during the planning process. During the year, we engaged with a number of local initiatives designed to support local communities. Part of the historic graffitied wall of Windmill Lane Studios was donated to Movember, a men's mental health group that has raised €120k to date through selling restored pieces. We are one of the lead sponsors and organisers of the Dragons at the Docks event each summer which has so far raised over €300k for homeless and other local charities. We organised children's activities locally including a Christmas party in 1WML in the year. In the wider community we sponsored industry related events. We also co-sponsored the Haughton and Young Limited (HYL) 'Excellence in training' scheme for young apprentices.

Stakeholder expectation

Suppliers: Our suppliers expect to be paid promptly and treated fairly. Assuming they perform well they can reasonably expect to be used in future.

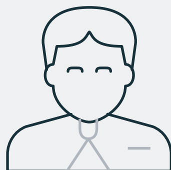
Communities: Local communities where our properties are located can have a wide range of expectations. Within the working population in our buildings, retail and social space and other amenities can be important. In the wider community, apprenticeship programmes, community support and engagement schemes are expected.

Relevance to the business model and strategy

Suppliers: Investing in our supplier relationships enables us to work with established and quality providers, particularly on our building contracts. Using supplier interactions and requiring adherence to a code of contact helps us to maintain our standards where activities and goods are sub-contracted externally.

Communities: Community engagement demonstrates our commitment to responsible and sustainable business and reduces the risk of reputational damage. It also helps us to understand the interactions of the various stakeholders and respond to their needs.

Employees



Read more on pages 59 to 63

Hibernia's employees work to execute the Group's strategy. Proper engagement is necessary to communicate the Group's goals, to encourage personal development and to make sure employees are happy and motivated.

The Board and Management encourage a culture of openness and transparency, which is helped by the Group's single, open-plan office. There are weekly Executive Committee meetings together with regular inter-departmental meetings and quarterly "all staff" town halls. There is a formal annual review process for every employee and an anonymous annual employee survey. In addition there are periodic training events and social events for those who wish to participate.

Employees expect not only a fair payment for their services but also a good working environment. Employees place value on good communication, a social network and the opportunity to participate in personal and community development as well as contribute to charitable endeavours.

Happy and motivated employees feel more connected and loyal to the Group and these efforts tend to promote retention and enhance recruitment efforts. All of this combines to support the business in the achievement of its KPIs. Alignment of employee remuneration to KPIs also ensures the greater likelihood of achieving corporate goals.

Government

Read more on pages 59 to 63

Government, central and local, sets the rules that govern Hibernia and its properties. Delivering on our development and refurbishment strategy requires interaction with local planning authorities and government.

We engage proactively in planning pre-application consultations with key stakeholders and adjust our approach accordingly. We ensure we are informed of and compliant with all regulations impacting our activities and we use advisers and consultants to aid us in this task. We engage at a community level with local councillors to help target community support priorities. We work closely with the council in order to complete our streetscaping around new buildings. We are a founding member of Irish Institutional Property, a representative group which represents the interests of institutional property companies.

We are expected to comply with regulations and planning guidelines. In some cases we are expected to contribute to the local area development in terms of the public realm and other amenities which are not necessarily part of our property. Local government's expectation also incorporates an element of community welfare and informs our interaction with the communities they serve.

At a basic level, non-compliance with regulation can cost us money and reputational damage. Proper management and interaction with this stakeholder can advance our goals in developing and creating value.

Creating long-term value

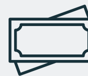
We focus on the Dublin office and residential markets. Our approach is based on active ownership of our properties (through repositioning buildings and asset management) and recycling of capital into new opportunities to generate above average long-term returns while using only modest leverage.

Read more on page 34

Our inputs

People and relationships
Experienced leadership with specialist investment, asset and building management, development and finance teams and a deep knowledge of the Dublin property market.

Innovations and tenant service
We seek to be at the forefront of changes in occupier needs. Our clustering strategy (see page 6) enables us to provide better experiences and services to our tenants. Unlike many property companies in Ireland we manage most of our buildings ourselves as we feel this is better for both tenant and landlord.



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

How we create value

Buy
Typically, we buy off-market and we are experienced in acquiring property through secured loans.

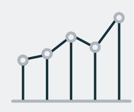
Active management
We seek close relationships with tenants and take a cycle-based approach to maturities.

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

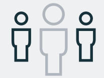
Asset improvement
We unlock value through refurbishment, redevelopment and change of use, increasing the rents tenants are prepared to pay.

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.

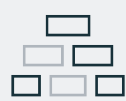
The value we share



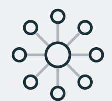
Investors
We aim to create value and grow income for our shareholders.



Tenants
Our well-located, attractive buildings offer tenants excellent space to work or live in.



Suppliers
We are responsible customers and seek to pay suppliers promptly.



Communities
Investing in our buildings and clusters improves locations and benefits local communities.

Employees
We give our employees the chance to gain experience and develop. Our review process gives concise feedback and we run training schemes for our employees.

Clear strategic thinking is key to our long-term success

	Strategic priorities 2018-19	Key targets	2018-19 progress	KPI impact and operational metrics
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 53 to 54**	• 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	• 1SJRQ and 2WML delivered, completing the Windmill Quarter • Construction commenced on 2 Cumberland Place: expected to complete in H1 2020 calendar year • Planning permission granted for revised scheme at Harcourt Square and new scheme at Marine House • Working up plans for other pipeline projects including Clanwilliam Court and Newlands	• Development profits enhance EPRA NAVPS and TPR • Lettings/pre-lets increase rent, WAULTs and reduce voids/void costs
2	Increase rental income and duration ⊕ **See page 55**	• Let 1SJRQ and 2WML • Deliver rental uplifts through rent reviews and lease renewals • Keep vacancy rates below 5%	• Contracted rent +2.9% to €57.6m and WAULT +2.7% to 7.5 years • 1SJRQ offices let to HubSpot at annual rent of €6.8m • New office leases added €7.1m (€6.9m excluding gym letting), with weighted average term certain of c.12 years • Vacancy rate now 12% following recent completion of 2WML and lease break in the Forum	• Lettings increase, contracted rents and WAULTs and may enhance EPRA NAVPS and TPR
3	Make selective investments ⊕ **See page 50**	• Make acquisitions or investments where we see opportunities to enhance Group returns	• €40m (incl. costs) invested in seven acquisitions • €45m invested in capital expenditure on our development schemes	• Investments should enhance EPRA NAVPS and TPR in longer term
4	Recycle capital to monetise gains and enhance future returns ⊕ **See page 50**	• Sell assets which do not meet our expectations for forward returns	• Sale of New Century House and 77 Sir John Rogerson's Quay for €100m (modestly above book value) with c. €85m invested in new acquisitions and development capex • Announced intention to return €35m from the sale of 77SJRQ to shareholders starting with an initial €25m share buyback	• Disposals above book value enhance TPR and EPRA NAVPS
5	Maintain an efficient balance sheet and seek to diversify funding sources and maturity dates ⊕ **See pages 56 to 58**	• Continue to progress towards target leverage level of 20-30% • Look to diversify debt funding away from purely bank debt and seek to extend debt maturity dates	• LTV of 15.6% at March 2019 compared to 15.5% at March 2018 • Refinanced entire €400m secured RCF with €320m unsecured RCF and €75m of PP notes • Weighted average debt maturity 5.4 years, up from 2.7 years at March 2018	• Efficient balance sheet should enhance EPRA NAVPS growth and DPS
6	Continue to improve environmental efficiency of the portfolio ⊕ **See pages 59 to 63**	• Reduce energy consumption and greenhouse gas emissions ("GHG") per square metre on 'like-for-like' ("LfL") and absolute basis • New office buildings delivered achieve at least LEED Gold	• LFL reductions in energy consumption and fuel consumption per square metre of 4.5% and 7.1%, respectively • 1SJRQ and 2WML on target to receive LEED Platinum and LEED Gold certifications, respectively	• See Sustainability Report 2019 available at www.hiberniareit.com

With a favourable occupational market and a competitive investment market our main focus at present is on maximising the value we deliver from our portfolio through reducing vacancy, capturing reversion, progressing developments and recycling capital.

	Strategic priorities 2019–20	Key targets	Risks
1	Increase rental income to drive dividends per share and, where possible, increase WAULTs ⊕ **See pages 53 to 55**	• Get office vacancy rate back below 5% • Agree outstanding and upcoming rent reviews to capture reversion	• Occupational market weakness • Existing tenants leave or become insolvent
2	Progress with our committed development scheme and prepare pipeline of future projects, especially where there is potential for more clusters similar to the Windmill Quarter ⊕ **See pages 8 to 9**	• Continue construction of 2 Cumberland Place and aim to complete as early as possible in 2020 calendar year • Obtain planning permission for redevelopment of Clanwilliam Court • Assess existing in-place portfolio for future value-add opportunities	• Market decline reduces development surpluses • Construction cost inflation or (sub) contractor failure does likewise • Buildings delivered do not meet tenant needs • Adverse planning decisions
3	Recycle capital to monetise gains and make selective investments ⊕ **See page 11**	• Continue to seek to dispose of assets which do not meet our expectations for forward returns • Make acquisitions or investments where we see opportunities to enhance Group returns	• Market decline means cannot achieve book value on disposals • No attractive acquisition or investment opportunities • Returns expectations wrong
4	Maintain an efficient balance sheet ⊕ **See page 58**	• Continue to progress towards target range of 20-30% LTV • Where net sales reduce leverage consider returning excess capital to shareholders	• Disposals exceed capital deployment, reducing LTV
5	Continue to improve environmental efficiency of the portfolio ⊕ **See our Sustainability Report 2019 at www.hiberniareit.com**	• Reduce energy consumption and GHG emissions per square metre on LfL and absolute basis • New office buildings delivered to 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 properties

Creating long-term value

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 determinants of variable remuneration. The previous remuneration scheme, which existed since IPO, expired in November 2018 and the Group's new policy took effect from that date.

Total accounting return ("TAR") %

Year	TAR %
2019	11.1
2018	10.5
2017	13.6

Reason
Measures the absolute growth in the Group's EPRA NAV per share plus ordinary dividends paid.

Commentary
Positive TAR shows that Hibernia continues to add value year on year for shareholders. While the share price on the market may be volatile, this shows the underlying capital and income growth Hibernia has delivered for the shareholders.

Link to remuneration
Old scheme
- Absolute performance fees

New scheme
- All staff annual bonuses
- Executive Directors and Senior Management LTIP (starting 1 Apr 2019)

EPRA earnings per share (cent)

Year	EPRA EPS (cent)
2019	4.0
2018	2.8
2017	2.2

Reason
Measures the profit after tax excluding revaluations and gains and losses on disposals and associated taxation (if any). For property companies it is a key measure of operational performance and capacity to pay dividends

Commentary
Steady growth in EPRA EPS shows the increase in our underlying rental income and in our ability to pay dividends.

Link to remuneration
Old scheme
- None

New scheme
- All staff annual bonuses

Total property return ("TPR") vs MSCI Ireland Index

Year			Total
2019	7.5	4.1	11.6
2018	7.7	3.7	11.4
2017	11.2	3.1	14.3

Reason
MSCI/SCSI Ireland Quarterly Property All Assets Index ("MSCI Ireland Index") measures the return of the property market in Ireland for all asset classes both including and excluding Hibernia assets.

Commentary
Demand in the core Dublin CBD market continues to be strong and the completion of two major developments during the financial year, together with gains from the rest of the portfolio, have combined to ensure that Hibernia delivered a strong performance for the financial year. Note: 2018 and 2017 data is restated using the methodology used for the new Remuneration Policy.

Link to remuneration
Old scheme
- Relative performance fees

New scheme
- All staff annual bonuses
- Executive Directors and Senior Management LTIP (starting 1 Apr 2019)

Total shareholder return ("TSR") %

Year	TSR %
2019	-5.2
2018	18.1
2017	-3.8

Reason
TSR measures the return to shareholders through growth in share price and dividends and enables comparison to peers.

Commentary
TSR is used as a KPI in the performance assessment for LTIPs under the new Remuneration Policy only and will only be relevant for the financial year ended 31 March 2020 onwards. It encourages long term performance for those responsible for strategic direction.

Link to remuneration
Old scheme
- None

New scheme
- Executive Directors and Senior Management LTIP (starting 1 Apr 2019)

Operational metrics

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

Investment	2019	2018
Purchases	**€40m**	€39m
(Disposals)	**€(100)m**	€(36)m
Net investment	**€(60)m**	€3m
Sales – premium to book value	**3%**	21%

⊕ See more on page 50

Development management	2019	2018
Capital expenditure	**€45m**	€45m
Committed capital expenditure	**€35m**	€77m
Profit on cost (completed in FY)	**>75%**	>65%
Yield on cost (completed in FY)	**8.9%**	8.7%

⊕ See more on pages 53 to 54

Asset management	2019	2018
Portfolio value	**€1,395m**	€1,309m
In-place office vacancy	**12%**	3%
Passing rent	**€51m**	€50m
Contracted rent	**€58m**	€56m
Office rent w/cap and collar or upwards only at next review	**26%**	36%
In-place office WAULT to break/expiry	**7.5yrs**	7.3yrs
Reversionary potential	**7%**	12%

⊕ See more on page 55

Financial management	2019	2018
EPRA earnings	**€27.5m**	€19.4m
Profit before tax	**€124m**	€107m
Net debt	**€217m**	€203m
LTV	**15.6%**	15.5%
Finance costs	**€8.2m**	€6.2m
Cash and undrawn facilities	**€178m**	€197m
Committed return of capital	**€35m**	–

⊕ See more on pages 56 to 58

Number of staff	2019	2018
Employee retention	**97%**	97%
Training per employee (average)	**20 hours**	11 hours

Alternative performance measures

The group uses a number of financial measures to describe performance which are not defined under IFRS and are therefore considered alternative performance measures ("APMS"). These are described on page 193.

Risk management

Effective management of risk is essential for the Group to achieve its strategic priorities and deliver strong performance over the long term. Overall the Group has a relatively low tolerance of risk.

The Board has ultimate responsibility for risk management and this is implemented through a risk management system which extends to all levels of the Group. The Group promotes a proactive risk management culture, encouraging all employees and Directors to identify, measure and manage risk on an on-going basis.

Our key focus areas in 2018-19

- Cycle position and appropriate risk appetite
- Brexit and its potential impact on our strategy
- Implementation of recommendations made in reports from internal auditors
- Compliance with GDPR post May 2018
- Cyber threats and other security risks
- External review of health and safety across the Group

Our key focus areas in 2019-20

- Cycle position and appropriate risk appetite
- Adapting to changes in tenant needs
- Monitoring the potential outcomes and impact of Brexit
- Continuing with the internal audit programme and implementation of any agreed recommendations
- Seeking ISO 45001 accreditation to provide additional assurance around health & safety and environmental, social and governance ("ESG") practices
- Expanding the CPD training programme within the Group to include further risk management training
- Reviewing GDPR implementation and ongoing compliance

Risk profile

As a Group with the majority of its assets in central Dublin offices, Hibernia is especially sensitive to any factors which impact on demand for office space in Dublin's city centre. Any decline in demand or material increase in supply could negatively impact the value of the Group's portfolio, its rental income and its ability to recycle capital or source new capital. In addition the Dublin property market is impacted by a range of factors, some local to Dublin or Ireland (e.g. planning regulations, cost of labour) and some international in nature (e.g. global trade, foreign direct investment in Ireland).

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, are dealt with by the Board. Overall the Group's risk appetite is relatively low and includes the following factors:

- **Moderate leverage:** Leverage should not exceed 40% of portfolio value at incurrence and the Group's through-cycle leverage target is 20-30% LTV: at 31 March 2019 LTV was 15.6%
- **Income producing assets:** The Group will meet its financing commitments and the REIT requirements in terms of dividend payments to its shareholders: in the year ended 31 March 2019 the Group had interest cover of 4.1 times and declared dividends of 3.5c per share, which is greater than 85% of our property rental profits in the year
- **Dublin property market focus:** Senior Management's expertise and value-adding capabilities are most suited to the Dublin property market. This focused strategy allows the Group to limit its foreign currency and geographical risks, though there are concentration risks: as at 31 March 2019 100% of the Group's assets were in Dublin, the majority comprising city centre offices
- **Limited development exposure:** The Group limits its exposure to higher risk development or speculative projects while allowing it to grow income through delivery of some new buildings: as at 31 March 2019 only one building (1% of the portfolio by value) was in development
- **Mid-range property values:** The Group primarily targets office properties in the €20m to €100m range. This reduces the administration costs associated with dealing with multiple smaller properties and decreases the concentration risk associated with high value single property assets, where exit options may be limited to a few major purchasers: as at 31 March 2019 66% of the Group's portfolio by value fitted into this category

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

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
- Senior Management is experienced and staff turnover remains low
- The Senior Management Team holds weekly management meetings and regular inter-departmental meetings to review progress in each area of the business
- PwC has been retained as internal auditor to provide an independent assessment of controls and risk management processes

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

The Group's risk management objectives are to:

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

The Group's risk management system and any updates to it are communicated to all relevant staff periodically and at least annually.

Internal audit: PwC continues to provide internal audit services to the Group. An agreed internal audit risk assessment and plan for the financial years 2018-2020 is in place. 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 84 to 90.

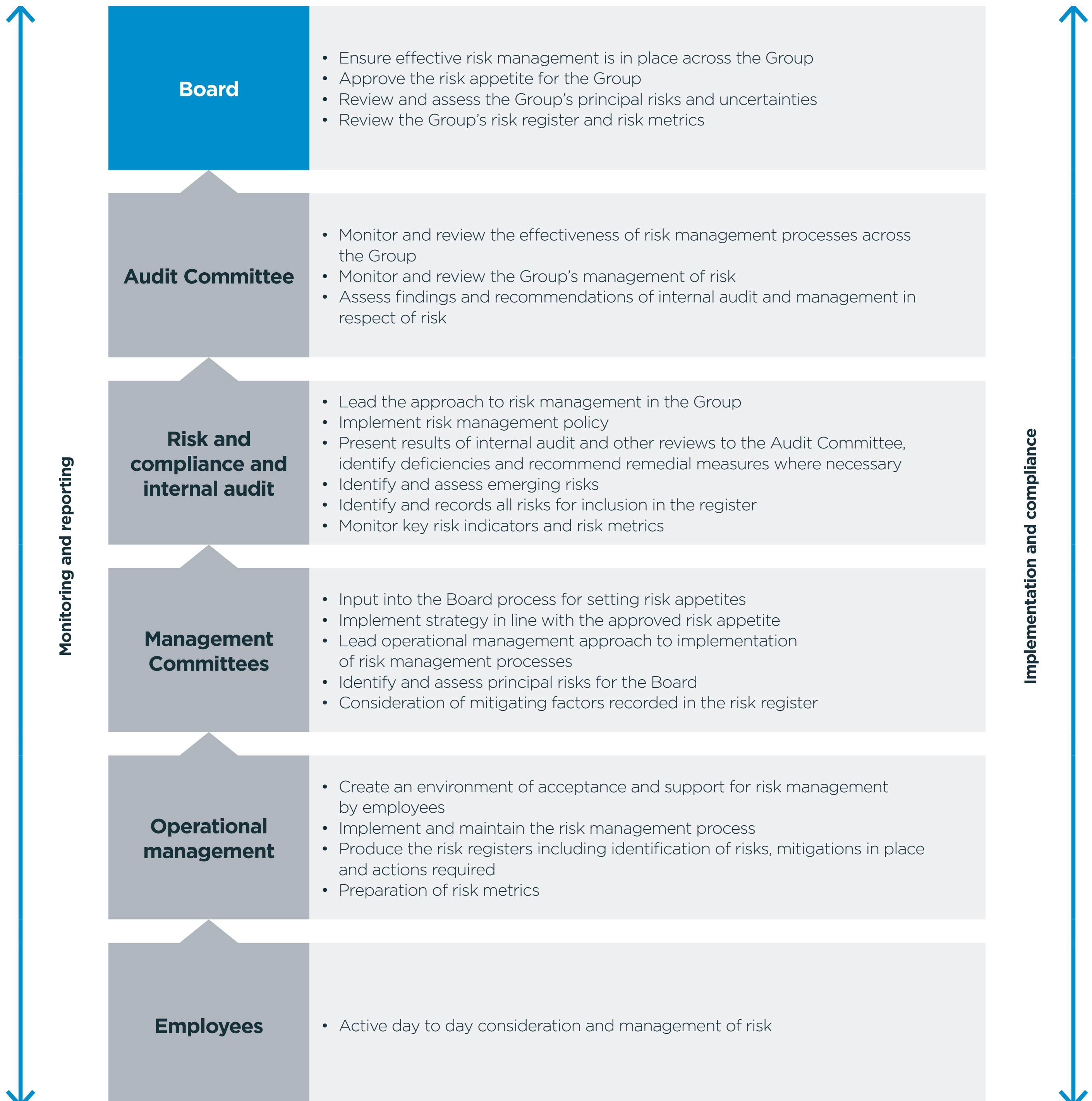
Risk register: The Group's risk register details risks across, *inter alia,* economic, political, investment, operational, IT, governance, regulatory and strategic areas of the business.

The register was comprehensively reviewed during the year with new risks added to include risk factors around planning, re-zoning and environmental issues, obtaining vacant possession, the increasing uncertainty around the Brexit process, political risk, the failure to anticipate or react to market trends in office and tenant behaviour and the increasing focus on sustainability reporting. Several risks were added including risk factors around the housing crisis, supply of commercial property, availability of sites, market concentration and market confidence.

Risk ratings were comprehensively reviewed and adjusted during the period reflecting the increasing threat of cyber security, increasing uncertainty over Brexit and its impact on the Group's strategy, the impact of the loss of key personnel, the use of gearing, management of tax and/or changes in the tax environment, access to funding/refinancing debt, reputational risk and fraud. Risk ratings were reduced for remuneration policies to reflect the expiry of the interim remuneration arrangements in November 2018, for insurance to reflect the strong mitigating measures in place and for regulatory, legislative and tax changes and professional negligence risks.

The risk register is reviewed and reported to the Board on an annual basis.

A register of errors and breaches is maintained and no material breaches were noted during this and the preceding financial year.


Monitoring and reporting
Implementation and compliance
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 and uncertainties
• Review the Group's risk register and risk metrics
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
• Identify and records all risks for inclusion in the register
• Monitor key risk indicators and risk metrics
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
• Consideration of mitigating factors recorded in the risk register
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
• Preparation of risk metrics
Employees
• Active day to day consideration and management of risk

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 2 to 63 of this Annual Report. This also covers the financial position of the Group, its liquidity position and debt 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 126 to 191 and in note 2.e to the consolidated financial statements. In addition, note 31 to the Annual Report includes details on the Group's financial risk management and exposures. The Directors have assessed the Group's liquidity position and have no reason 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 review is made drawing on expertise from across our team and includes an assessment of the macro-economic environment, forecasts of key property market metrics (including yields and rental growth) and rolling valuation progressions for each asset based on internal and market expectations. These elements are drawn into full financial projections for the current financial year and the following three years. These forecasts are updated for each quarterly Board meeting and key performance and sensitivity metrics are highlighted for the review period.

The Group has five strategic priorities (as set out on page 33). The Board has concluded that a three-year (six for the financial year ended 31 March 2019) period for a viability assessment remains appropriate when balancing the long-term nature of property investment with some of the more immediate strategic priorities.

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 rental income, 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 49.

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 Group refinanced its €400m secured revolving credit facility in December 2018 with a €320m unsecured revolving credit facility (the "Unsecured Facility") and €75m of unsecured US private placement notes (the "Notes"). The Unsecured Facility has a five-year term and the Notes have an average maturity of 8.5 years. This refinancing resulted in the increase of the weighted average maturity of the Group's debt from 1.9 years to 5.7 years as at 31 December 2018 (5.4 years as at 31 March 2019).

While the Directors have no reason to believe that the Group will not be viable over the longer term, based on their assessment of viability as described, 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 ending 31 March 2022.

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.

These represent the Board's view of the principal risks at this point in time and there may be other matters that are not currently known to the Board or that are currently considered of low likelihood which could emerge and give rise to material consequences. The mitigation measures that are maintained in relation to these risks are designed to provide a reasonable and not an absolute level of protection against the impact of the events in question. The Board has reviewed the principal risks and considers that while there has not been a significant change in these risks in the past year, they do continue to evolve.

		Change since last year	
Risk	**Exposure**	**Impact**	**Probability**
Market			
Weakening economy	• A drop in economic activity leading to declining property values and/or rental income • Ireland is a relatively small and "open" economy and is therefore particularly sensitive to deterioration in macro-economic conditions elsewhere	=	▲
Under-performance of Dublin property market	• Our portfolio is solely focused on the Dublin market	=	=
Adverse Brexit outcome	• Ireland is particularly exposed to the impact of Brexit due to its extensive trade with the UK • An orderly Brexit is likely to be beneficial to certain elements of the Irish economy, including the Dublin property market, even if others may suffer • In a disorderly Brexit scenario, the negative economic impact may outweigh positives, at least in the near term	=	▲

Risk trend
- Unchanged
- Increasing
- Decreasing

Risk impact
- High
- Medium
- Low

Read more on our strategic priorities on pages 32 to 33

Key controls and mitigants	Comments	Residual risk impact	Link to strategic priority
• Active monitoring of economic lead indicators and market developments • Regular financial forecasting, stress testing and scenario planning • Risk appetite limits are in place for key operating indicators • Group policy is to use modest leverage levels throughout the property cycle	Underlying economic activity in Ireland is expected to continue to grow at a good rate in the coming years. Core domestic demand growth was 5.7% in 2018 and is expected to be 4.5% in 2019 and 3.7% in 2020 (source: Goodbody). Brexit aside, global economic sentiment is weakening and risks related to international trade and taxation changes persist. These conditions may have an important bearing on the future performance of the Irish economy. The Group continues to increase WAULTs through lease renewals and letting of new space completed, the WAULT now standing at 7.5 years for the whole office portfolio as at 31 March 2019, up from 7.3 years at 31 March 2018, helping to reduce vacancy risks in a market downturn. While the Group's office vacancy rate at 31 March 2019 was 12% due to recent completions at 2WML and a lease break in Forum, this is expected to reduce in the near term. Vacancy rates in Dublin remain low (5.4% at 31 March 2019) and take-up remains strong.	Medium	1 2 3 4
• Strategy and asset allocation are regularly reviewed in light of economic and market trends • Risk appetites are set and monitored for concentration levels • Key risk indicators are reported to the Board on a quarterly basis	Dublin office take-up set a new record in 2018 (for the second year running) with 3.9m sq. ft. let and 2019 has started strongly. Investment demand for office and residential assets remains strong with record investment volumes in 2018.	Medium	1 2 3 4
• Low leverage (15.6% LTV) and financing in place for the medium to long term • High quality tenant base • Seeking to lease vacant space and extend WAULTs	The outcome of Brexit remains uncertain though it is reassuring that the British Parliament appears opposed to a "no-deal" Brexit. The Group's key strategic priority continues to be to grow our income and WAULTs through letting our developments, concluding rent reviews and reducing vacancy in the portfolio: these actions will also help protect the Group in the event of an adverse Brexit outcome.	Medium	1 2 3 4

Risk	Exposure	Change since last year: Impact	Change since last year: Probability
Investment			
Mistimed investment or sale through incorrect reading of property cycle	• Lower returns and/or losses • Missed investment opportunities	=	▲
Inappropriate concentration on single assets, locations, tenants or tenant sectors	• Excessive exposure leading to poor performance and/or reduced liquidity	=	▲
Development			
Poor or mistimed execution of development projects	• Poor returns and/or losses • Development projects not managed properly leading to delays and cost overruns • Failure to achieve expected rental levels	=	▼
Contractor or sub-contractor default	• Poor returns and/or losses • Significant delays in completing development projects	=	▼
Adverse outcome regarding re-zoning at Newlands (Gateway)	• Poor returns and/or losses • Delays	▲	=

Risk trend
- Unchanged
- Increasing
- Decreasing

Risk impact
- High
- Medium
- Low

Read more on our strategic priorities on pages 32 to 33

Key controls and mitigants	Comments	Residual risk impact	Link to strategic priority
• Experienced investment team in place • Close monitoring of market and economic lead indicators • Rigorous assessment of all acquisition and disposal opportunities and of projected portfolio returns • Board and Investment Committee overview	The Group's portfolio was valued at €1.4 billion at 31 March 2019 and comprised 32 properties. The Group has been a net seller of assets since 31 March 2018, disposing of two properties for €100m and recycling €40m into the acquisition of additional properties and land. The Chief Investment Officer, Richard Ball, resigned and left the Group on 31 March 2019 to pursue another opportunity. Edwina Governey, previously Senior Investment Manager and an experienced member of the team, has been appointed as Interim Chief Investment Officer.	Medium	3, 4
• Risk exposure targets and limits are set and monitored for risk concentration levels • Periodic assessment of covenant strength of key tenants • Regular review of portfolio mix and asset allocation and tenant exposure • Board and Investment Committee overview	All the Group's investments are within Dublin and the majority are in the office sector. The Group has assembled a balanced portfolio comprising 32 properties. As at 31 March 2019 the largest single asset represented 11% of the portfolio by value (11% as at March 2018). The in-place office portfolio's top 10 tenants account for 69% of the contracted rent roll as at March 2019 (61% as at March 2018). The Technology, Media and Communications sector ("TMT") accounts for 48% of Group contracted rent and reflects Ireland's success in attracting TMT companies. Following the letting of 1SJRQ, HubSpot has become Hibernia's largest tenant contributing 18% of Group contracted rent.	Medium	1, 3, 4
• Experienced development team • Close monitoring of market and economic lead indicators together with the supply pipeline • Rigorous monitoring of development expenditure against approved budgets • Board and Development Committee overview	As at 31 March 2019 the Group had one committed development scheme, totalling 50k sq. ft. of offices which is scheduled for completion in the first half of 2020 (calendar year). Two schemes, comprising 172k sq. ft. of Grade A office space successfully completed in February and March 2019 respectively, and both were completed on budget. More than 65% of this space is let following the HubSpot lease in 1SJRQ and discussions continue regarding the remaining vacant space.	Medium	1, 2, 5
• Due diligence is completed on key contractors • Use of reputable and larger contractors • Use of expert advisers to assist in management of contractors and sub-contractors • Close oversight by development team and project managers	The Group has an experienced development team, overseen by the Development Committee. It also uses expert advisers to help assess and manage contractors. The Group seeks to use contractors with proven track records which also helps to mitigate construction risks, including the risk of failing to comply with applicable building regulations.	Medium	1, 2, 5
• Experienced development team • Use of expert advisers • Board and Development Committee overview	The majority of the Group's 144 acres of land at Newlands is zoned for agricultural use under the current local authority development plan which applies until 2022. There is also a small element of the site that is zoned for industrial use. The Group is working to get the land re-zoned to enable mixed-use development but there is no certainty that this will happen or over the timing of this occurring. At present the land represents less than 4% of Hibernia's portfolio value so any negative impact is likely to be relatively modest.	Low	1, 2

Risk	Exposure	Change since last year: Impact	Change since last year: Probability
Asset management			
Poor asset management	• Income not maximised through poor asset management • Failure to proactively maintain assets leading to increased costs • Loss of tenants due to lack of satisfaction with space and service	▲	=
Failure to react to evolving tenant needs	• Space fails to attract new tenants • Assets become less attractive to investors • Reduction in income and capital returns generated	=	=

Risk trend
- Unchanged
- Increasing
- Decreasing

Risk impact
- High
- Medium
- Low

Read more on our strategic priorities on pages 32 to 33

Key controls and mitigants	Comments	Residual risk impact	Link to strategic priority
• All building and asset management for multi-let office portfolio is done in-house • Annual survey of tenants to assess satisfaction/areas for improvement • Analysis of covenant strength of prospective and existing tenants • Creation of Head of Occupier Services role to deliver an innovative tenant focused strategy • Focus on improving sustainability credentials	All building and asset management of the multi-let office portfolio is carried out by Group staff. This ensures best service for tenants and best management by the Group. As well as daily interactions with tenants by the Group's building managers, the Group carries out an annual tenant survey to assess satisfaction and areas for improvement. All prospective tenants are analysed by the finance team for covenant strength before leases are agreed. The covenant strength of the Group's key existing tenants is also assessed periodically. As outlined further below and elsewhere, the Group is also highly focused on sustainability.	Low	1, 3, 5
• Creation of Head of Occupier Services role to deliver an innovative tenant focused strategy and assess changing trends • Creation of clusters of offices to provide better communal areas, services and events for tenants and their staff • Regular, proactive maintenance and upgrading of older stock • Introduction of added value, e.g. wellness programmes, and ancillary and shared services • Annual tenant satisfaction surveys and one on one meetings with tenants to identify priorities • Focus on improving sustainability credentials	The Group instigates regular assessments of its buildings and upgrades as appropriate. Standard lease terms have been revised in line with tenant and investor interest in sustainability. Shared gym, meeting rooms and other services have been introduced where "clusters" of buildings facilitate this, leading to smaller tenants benefiting from high specification space for meetings and provision of other services for staff. Compliance with sustainability and environmental standards has been an increasing focus for the Group and its tenants. Sustainability targets include resource management and delivery of new, high quality buildings. The Group reports on EPRA sBPR standards annually and completed its first GRESB assessment during 2018 which includes benchmarking energy, waste and water usages for its buildings, on a private basis. It has identified areas to improve performance in future. Its 2019 GRESB results will be available for all GRESB subscribers to see once published.	Low	1, 2, 3, 4, 5

Risk	Exposure	Change since last year: Impact	Change since last year: Probability
Finance			
Lack of available funds for investment	• Failure to meet target returns due to funding limitations	=	▼
Inappropriate capital structure for market conditions	• Excessive gearing resulting in higher funding costs and risk of covenant breaches • Insufficient gearing leading to limited investment returns	=	▼
People			
Loss or shortage of staff to execute our business plan or failure to motivate staff	• Failure to achieve strategic goals • Replacement of departing staff in a competitive labour market may be challenging and/or costly	=	=

Risk trend
Unchanged
Increasing
Decreasing

Risk impact
High
Medium
Low

Read more on our strategic priorities on pages 32 to 33

Key controls and mitigants	Comments	Residual risk impact	Link to strategic priority
• Active monitoring and assessment of current and future financial and cashflow requirements and availability of funding • Quarterly budget and scenario analyses • Assessments of portfolio performance and whether any assets should be sold • Board and Finance & IR Committee oversight	At 31 March 2019 the Group had cash and undrawn facilities totalling €178m, or €143m net of committed capital expenditure (31 March 2018: €197m or €120m respectively). The refinancing of the Group's debt was completed in December 2018 resulting in the extension of weighted average maturity to 5.7 years from 1.9 years (5.4 years at 31 March 2019) and a move to a fully unsecured debt structure, maximising future funding options. During the financial year the Group has been a net seller, generating net proceeds of €100m of which it has reinvested €85m in acquisitions and capital expenditure on developments and has committed to return €35m to shareholders.	Low	1, 2, 3, 4, 5
• Policy of maintaining modest leverage throughout the cycle: target loan to value ratio of 20-30% and majority of interest rate exposure fixed or hedged • Active monitoring and assessment of current and future covenant compliance • Quarterly budget and scenario analyses performed • Assessments of portfolio performance and whether any assets should be sold • Board and Finance & IR Committee oversight: all new loan facilities must be approved by the Board.	At 31 March 2019 the Group had a LTV ratio of 15.6% (31 March 2018: 15.5%), with committed capital expenditure in the next 18 months expected to increase the LTV ratio to c. 18%. No covenant breaches occurred in the period. As a result of the refinancing of the Group's facilities, the weighted average maturity of the Group's debt increased from 2.7 years at 31 March 2018 to 5.4 at 31 March 2019. Further details on this refinancing can be found in note 26a of the financial statements. Given the net sales proceeds of €100m generated in the year, the Group has committed to return €35m to shareholders to maintain its progress towards the lower end of its leverage target.	Low	1, 2, 3, 4, 5
• Employee remuneration is strongly linked to Group and individual performance and annual staff appraisal system and variable pay includes deferred element • Periodic assessment of remuneration packages for all staff to ensure in line with market • Positive team spirit is fostered through social and training events. • Personal development and training requirements are reviewed annually	Staff turnover remains low, with only 3% in the 2019 financial year. A new Remuneration Policy was approved by shareholders at the AGM in July 2018 which replaced the existing arrangements which expired on 26 November 2018, as part of this a remuneration assessment was completed for all staff. The Group has an annual appraisal system for staff, with interim reviews every six months. As well as reviewing performance this system also sets targets for personal development. The Group also hosts regular training sessions at lunchtime to improve staff knowledge in all areas of the business and the industry.	Low	1, 2, 3, 4, 5

Risk	Exposure	Change since last year: Impact	Change since last year: Probability
Regulatory, tax and political			
Change in the political landscape in Ireland or globally may result in new laws or regulations which may have an adverse impact on the Group	• Changes in laws and/or regulations (including tax laws) may reduce returns	=	▲
Increased cost of compliance and/or risk of non-compliance with regulatory obligations including laws, planning, environmental, health and safety, tax and other legislation	• Cost of compliance impacts profits • Failure to comply may be costly and negatively affect reputation	=	▲
Business risk			
Cyber attack/threat	• Significant damage to the Group's business • Reputational damage	=	=
An external event occurs (e.g. natural disaster, war, terrorism, civil unrest) which significantly and negatively affects the Group's operations	• Significant disruption and damage to the Group's portfolio and/or operations.	=	=
Reputational damage	• Damage or losses due to fraud or error • Inability to attract and retain staff and thus higher costs • Regulatory sanctions in the event of a non-compliance issue	=	=

Risk trend
- Unchanged
- Increasing
- Decreasing

Risk impact
- High
- Medium
- Low

Read more on our strategic priorities on pages 32 to 33

Key controls and mitigants	Comments	Residual risk impact	Link to strategic priority
• The Group monitors news-flow and uses expert advisers to keep abreast of any proposed legislation	There is a shortage of housing, particularly in Dublin, and this could, for example, lead to further Government intervention through new laws and/or regulations. Global tax reforms could also impact on the attractiveness of Ireland and Dublin as a location for multi-national firms.	Medium	1, 2, 3, 5
• The Group spends substantial time, and retains external experts as necessary, to ensure compliance with current and possible future regulatory requirements • Frequent meetings take place with the Group's retained tax advisers • The Sustainability Committee monitors compliance with ESG standards • The Health and Safety Committee addresses regulation including building fire regulation compliance and construction sites	A consultant review of health and safety requirements was completed during the financial year. To promote ESG compliance, the Group participates in GRESB which assesses and benchmarks the ESG performance of real estate companies and provides standardised and validated data to investors. In this way the Group can measure its performance versus its peers. The implementation of GDPR was completed in this period. The Group is working towards achieving additional certification to ISO 45001 and ISO 14001 which will provide a framework to manage and improve sustainability performance and results.	Low	1, 2, 3, 4, 5
• External consultants complete regular testing of IT security and systems • Regular back-up schedules are in place for all Group information and data • Staff IT information security and cyber security training plan is in place	Cyber security continues to be a focus as the incidence and sophistication of cyber security attacks increases. The Group has continued to improve its IT security measures during the financial year 2019 by reviewing controls and working closely with our IT consultants.	Medium	1, 2, 3, 5
• Business continuity and crisis management plans are reviewed at least annually • Insurance policies include cover for catastrophic events • Security measures and emergency plans are in place for all our buildings	Business continuity plans are reviewed periodically and at a minimum on an annual basis. Other business interruption risks remain stable.	Low	1, 2, 3, 4, 5
• Effective internal controls and fraud prevention measures in place • Board scrutiny of compliance and related matters • Audit Committee's active role in the oversight of all risk within the Group • Internal audit monitors and provides assurance around internal processes and controls	The Group adheres to the highest standards of corporate governance. An internal audit function was added in 2018 and the first two internal audits have since been completed. The Group uses PwC to provide internal audit services. Building management has been brought in-house so the Group can manage its multi-let properties to its own rigorous standards and is not dependent on third parties for this. With an increasing focus on sustainability by investors and tenants alike, the Group has committed to industry standard benchmarking with its membership of GRESB.	Low	1, 2, 3, 4, 5

Operational review

Disposals and acquisitions

While we have continued to successfully recycle capital into new opportunities we have been net sellers in the financial year, generating net sales proceeds of €60.3m (€60.8m excluding transaction costs) (March 2018: €-3.6m) from the disposal of New Century House and 77SJRQ and several acquisitions, most notably at Newlands. Since the end of the financial year we have invested a further €6.9m in four acquisitions of assets, three of which are adjacent to our existing properties.

Disposals

- **New Century House, IFSC:** the sale of the 80,000 sq. ft. office building was agreed in July 2018 and completed in September 2018. The price of €65.3m was modestly ahead of the March 2018 valuation and equated to a net initial yield of 4.0%. The ungeared IRR for Hibernia since acquisition in 2014 was in excess of 12%
- **77SJRQ, South Docks:** contracts were exchanged for the sale of the 34,400 sq. ft. office building for €35.5m in March 2019 and the sale completed in May 2019. The sales price was modestly ahead of the property's December 2018 valuation and reflected a net initial yield of 4.6%. Hibernia's ungeared IRR on the property exceeded 15%

Acquisitions

- **129 Slaney Road, D11:** the 62,000 sq. ft. industrial building on a 3.8 acre site in the Dublin Industrial Estate was bought for €4.8m in July 2018. The property is fully let, producing rent of €0.5m per annum, with a WAULT of 8.5 years to expiry and a WAULT to break of 1.5 years at 31 March 2019. It has potential for a future mixed-use development (see further details in the developments and refurbishments section below)
- **50 City Quay, South Docks:** the 4,500 sq. ft. office building, which neighbours 1SJRQ and faces onto the River Liffey, was acquired for €2.7m in July 2018. The property expanded the Windmill Quarter to six buildings with c. 400,000 sq. ft. of office accommodation as well as retail and leisure facilities
- **Newlands, D22:** an additional 98.3 acres of agricultural land at Newlands was acquired in two acquisitions in August and November 2018. The initial consideration was €28.7m, with possible deferred consideration equating to a 44% share of the market value of all lands upon re-zoning, less the initial consideration paid to one vendor of €27.0m. Following these acquisitions Hibernia's property interest in the Newlands area totals 143.7 acres (see further details in the developments and refurbishments section below)
- **Other:** during the financial year €1.0m was spent on three small 'bolt-on' acquisitions which provide potential synergies with properties already owned by Hibernia. Since the financial year end, a further €6.9m has been invested in four further acquisitions, three of which are adjacent to our existing properties.

Disposals

€100.3m

(2018: €35.8m)

Acquisitions

€40.0m

(2018: €39.1m)

Portfolio overview

As at 31 March 2019 the property portfolio consisted of 32 investment properties valued at €1,395m (March 2018: 32 investment properties valued at €1,309m), which can be categorised as follows:

	Value as at March 2019	% of portfolio	Equivalent yield[1]	Passing rent €'m	Contracted rent €'m	ERV €'m
1. Dublin CBD offices						
Traditional Core	€444m	32%	4.9%[2]	€21.5m	€21.6m	€24.0m
IFSC	€207m	15%	4.7%	€8.3m	€8.3m	€11.0m
South Docks	€522m[3]	37%	4.5%	€13.7m	€20.5m	€26.7m
Total Dublin CBD offices	**€1,173m**	**84%**	**4.7%[2]**	**€43.5m**	**€50.4m**	**€61.7m**
2. Dublin CBD office development[4]	€16m	1%	–	–	–	€2.8m
3. Dublin residential[5]	€153m	11%	3.9%[6]	€5.9m[9]	€5.9m[9]	€7.0m[10]
4. Industrial/land	€53m	4%	1.9%[7]	€1.2m	€1.3m	€1.0m
Total	**€1,395m**	**100%**	**3.5%[2,6,7,8]**	**€50.6m[9]**	**€57.6m**	**€72.5m**

1. Yields on unsmoothed values and excluding adjustment for South Dock House owner-occupied space.
2. Harcourt Square, Clanwilliam Court and Marine House yields are calculated as the passing rent over the total value (after costs) which includes residual land value. Excludes Iconic Offices in Clanwilliam Court.
3. Excludes the value of space occupied by Hibernia in South Dock House.
4. 2 Cumberland Place.
5. Includes 1WML residential element (Hanover Mills).
6. Net yields assuming 80% net-to-gross and purchaser costs as per Cushman & Wakefield at March 2019.
7. Current rental value assumed as ERV as these assets are valued on a price per acre basis except for Slaney Road which is valued on an income basis.
8. Excludes all CBD office developments.
9. Residential rent on a net basis.
10. Net ERV assuming 80% net to gross (as per valuer assumptions).

The key statistics for the office element of our portfolio, which comprised 85% by value and 88% by contracted income at 31 March 2019 (March 2018: 88% and 89%, respectively), are set out below: contracted income from completed developments now exceeds that from our acquired in-place offices.

	Contracted rent	ERV	WAULT to review[1]	WAULT to break/expiry	% of rent upwards only	% of next rent review cap & collar	% of rent MTM[2] at next lease event
Acquired in-place office portfolio	€22.9m (€40psf)	€26.5m (€47psf)	2.1yrs	3.7yrs	18%	0%	82%
Completed office developments[3]	€27.5m (€53psf)	€27.6m (€54psf)	3.6yrs	10.6yrs	–	33%	67%
Whole in-place office portfolio	**€50.4m (€47psf)**	**€54.1m (€50psf)**	**2.9yrs**	**7.5yrs**	**8%**	**18%**	**74%**
Vacant in-place office	–	€7.6m (€51psf)	–	–	–	–	–
Committed office developments-unlet	–	€2.8m (€55psf)[4]	–	–	–	–	–
Whole in-place office portfolio (after vacancy)	**–**	**€64.5m (€52psf)**	**–**	**–**	**–**	**–**	**–**

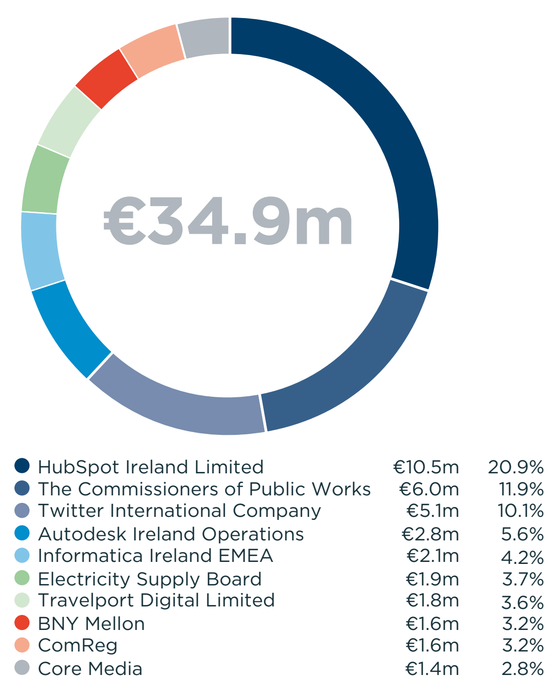
1. To earlier of review or expiry.
2. Mark-to-market.
3. 1 Cumberland Place, SOBO Works, 1&2DC, 1WML, 1SJRQ.
4. 2 Cumberland Place.

Increasing portfolio income and extending unexpired lease terms continue to be key priorities. In spite of net asset sales and the exercise of a break option in the Forum, we have added €1.6m to contracted rent since 31 March 2018 through:

- New office leases adding €7.1m (€6.9m excluding gym letting), with weighted average term certain of c. 12 years
- Rent reviews adding €0.7m (€0.4m from office rent reviews)
- Net asset sales reducing office income by €4.2m and lease expiries and breaks reducing income by €2.0m

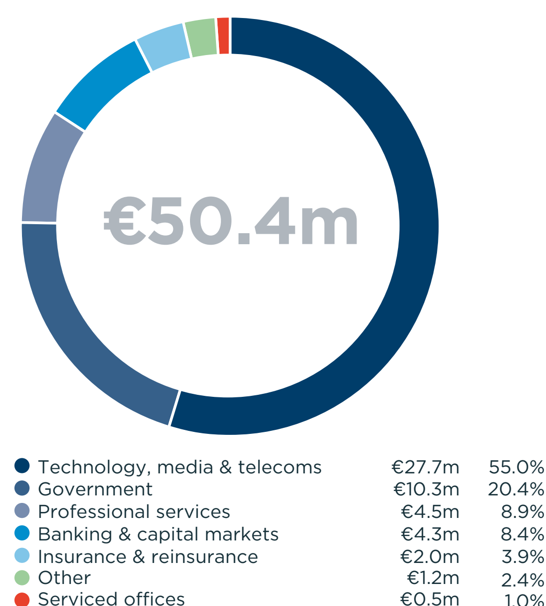
The in-place office portfolio vacancy rate was 12% by lettable area at 31 March 2019 (31 March 2018: 3%): for further details on the reasons for this move and the increase in rental income, please see asset management section below.

Top 10 in-place office occupiers by contracted rent and % of contracted in-place office rent roll



HubSpot Ireland Limited	€10.5m	20.9%
The Commissioners of Public Works	€6.0m	11.9%
Twitter International Company	€5.1m	10.1%
Autodesk Ireland Operations	€2.8m	5.6%
Informatica Ireland EMEA	€2.1m	4.2%
Electricity Supply Board	€1.9m	3.7%
Travelport Digital Limited	€1.8m	3.6%
BNY Mellon	€1.6m	3.2%
ComReg	€1.6m	3.2%
Core Media	€1.4m	2.8%

In-place office contracted rent by tenant business sector



Technology, media & telecoms	€27.7m	55.0%
Government	€10.3m	20.4%
Professional services	€4.5m	8.9%
Banking & capital markets	€4.3m	8.4%
Insurance & reinsurance	€2.0m	3.9%
Other	€1.2m	2.4%
Serviced offices	€0.5m	1.0%

Portfolio performance

In the financial year ended 31 March 2019 the portfolio value increased €99m or 7.9% on a like-for-like basis (i.e. excluding acquisitions, disposals and capital expenditure). In the year ended 31 March 2018 the portfolio value increased by €82m or 6.6% on a like-for-like basis.

	Value at March 2018	Capex	Acquisitions[1]	Disposals[2]	Revaluation	Value at March 2019	LfL change	
1. Dublin CBD offices								
Traditional Core	€436m	€1m	–	–	€7m	€444m	€7m	1.6%
IFSC	€261m	€2m	–	(€62m)	€6m	€207m	€6m	2.6%
South Docks	€322m[3]	€2m	€3m	(€34m)	€21m	€522m[3]	€22m	7.6%
Total Dublin CBD offices	**€1,019m**	**€5m**	**€3m**	**(€96m)**	**€34m**	**€1,173m**	**€35m**	**3.7%**
2. Dublin CBD office development	€134m	€42m	–	–	€48m	€16m	€48m	27.3%
3. Dublin residential	€138m	–	€1m	–	€14m	€153m	€14m	9.8%
4. Industrial/ land	€18m	–	€36m	–	(€1m)	€53m	€2m	17.2%
Total	**€1,309m**	**€47m**	**€40m**	**(€96m)**	**€95m**	**€1,395m**	**€99m[4]**	**7.9%[4]**

1. Including acquisition costs.
2. As at relevant valuation (smoothed) date (Mar-18 for New Century House and Sep-18 for 77 SJRQ). Total sales prices were €100.8m and net proceeds after sales costs were €100.3m.
3. Excludes the value of space occupied by Hibernia in South Dock House but Mar-19 includes reclassification of 1SJRQ and 2WML as CBD offices from office development.
4. €99m is "like-for-like" change on Mar-18 values and excludes gains/losses from acquisitions/disposals in the year to March 2019, e.g. acquisition of additional land at Newlands.

The key individual valuation movements in the period were:

- **1SJRQ, South Docks:** €33.3m/29% uplift driven by compression of the equivalent yield from 4.75% to 4% and an increase in the headline market rent from €56.19psf to €60psf following the completion of the development and the leasing of the entire office area
- **1WML, South Docks:** €14.1m/10% uplift driven by the equivalent yield on the office building moving from 4.56% to 4.22% as the Windmill Quarter has been completed
- **2WML, South Docks:** €13.9m/29% uplift as a result of the completion of the development during the year: the headline market rent increased from €53psf to €55.19psf and the equivalent yield compressed by 15bps from 5% to 4.85%
- **Block 3, Wyckham Point, D14:** €9.7m/11% uplift driven by yield compression from 4.03% NIY to 3.79% NIY. The valuer's assessment of open market rent also increased by 7%
- **1 Cumberland Place, D2:** €7.5m/6% uplift due to the movement of the equivalent yield on the building from 4.75% to 4.5%

Like-for-like increase in portfolio value

€99m (+7.9%)

(2018: €82m (+6.6%))

In-place office WAULT

7.5 years

(2018: 7.3 years)

In-place office vacancy

12%

(2018: 3%)

Yield on cost made on schemes completed in the year

8.9%

(2018: 8.7%)

Developments and refurbishments

Three development schemes were active in the year, of which two completed before year end. Capital expenditure on developments amounted to €44.8m (March 2018: €45.8m).

Schemes completed

The two schemes completed delivered 172,000 sq. ft. of new and refurbished Grade A office space. Both are in the Windmill Quarter in Dublin's South Docks, Hibernia's first cluster of buildings, and their delivery marked the completion of development work in the Windmill Quarter. At 31 March 2019, over 65% of the office space in the two schemes was let (see asset management section for further details). The schemes were:

- **1SJRQ:** the development of 112,000 sq. ft. of new office space and 7,000 sq. ft. of retail space (food & beverage) was completed on budget in March 2019 delivering a profit on cost of >90%. The office accommodation is fully let and the building will be yielding 8.9% on cost upon lease commencement on 1 June 2019 (expected yield on cost of 9.2% when the food & beverage accommodation is let)
- **2WML:** the refurbishment and extension of the building, which comprises 60,000 sq. ft. of office space and a 12,000 sq. ft. gym, was completed on budget in February 2019 and the gym has been let. The profit on cost at completion was >40% and the building is expected to deliver a yield on cost of 8.4% when fully let

Committed development schemes

2 Cumberland Place, D2, is our only scheme currently under construction: the basement works are now largely complete. The building remains scheduled to complete in the first six months of 2020. It will deliver 50,000 sq. ft. of new Grade A office space adjacent to 1 Cumberland Place, taking the total on the site to c. 180,000 sq. ft., and will have the potential either to link into the existing reception or to be separately accessed with the possibility to interlink certain floors with the existing building.

Please see further details on the committed development scheme below:

	Sector	Total area post completion (sq. ft.)	Full purchase price	Est. capex	Est. total cost (incl. land)	ERV[1]	Office ERV[1]	Expected practical completion ("PC") date
2 Cumberland Place	Office	50k office 1k retail/café	€0m	€30m	€600psf[2]	€2.8m	€54.61psf	H1 2020
Total committed		**50k office 1k retail/café**	**€0m**	**€30m**	**€600psf[2]**	**€2.8m**	**€54.61psf**	

1. Per C&W valuation at 31 March 2019.
2. Office demise only.

At 31 March 2019 Cushman & Wakefield, the Group's independent valuer, had an average estimated rental value for the unlet office space (110,000 sq. ft.) in 2WML and 2 Cumberland Place of €54.93psf and was assuming an average yield of 4.80% upon completion: based on these assumptions Cushman & Wakefield, expects a further €11m 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. €8m difference to the development profits, and a €2.50psf change in estimated rental value ("ERV") would result in a c. €6m difference. If current market conditions prevail, we would expect these yields to tighten once the buildings are completed and let.

A lift lobby in 2WML

1SJRQ courtyard

Development pipeline

We have split the Marine House scheme from Clanwilliam Court in the pipeline, given its likely earlier commencement date, and now have four office schemes in the pipeline which, if undertaken, would deliver up to an estimated 538,000 sq. ft. of high quality office space upon completion (a net increase over current areas of 260,000 sq. ft.): this figure has increased by 6.5% since 31 March 2018 due to the addition of 33,000 sq. ft. of extra space from grants of planning. In May 2019 we applied for planning permission for a 152,000 sq. ft. redevelopment scheme at Clanwilliam Court. Clanwilliam/Marine House and Harcourt Square both provide us with opportunities to create clusters of office buildings with shared facilities similar to the Windmill Quarter. In the longer term there is potential for mixed-use development schemes at Newlands (Gateway), where we now own 143.7 acres, and 129 Slaney Road, where we own 3.8 acres. In both cases, re-zoning will be necessary and so the timing of any future developments is uncertain at present.

At 31 March 2019 Cushman & Wakefield, the Group's valuer, had an average estimated rental value for three main schemes in the office development pipeline (497,000 sq. ft. of offices excluding Earlsfort Terrace) of €56.82psf and was assuming an average yield of 4.43% upon completion. Based on these assumptions and forecast capex of €260m (using current build costs including contingency but excluding effect of future tender price inflation) and assuming current market conditions, a further €167m of development profit (excluding finance costs) is expected to be realised through the completion and letting of these schemes. A 50-basis point movement in the average yield for the properties would make c. €55m of difference to the development profits, and a €5psf change in average estimated rental value ("ERV") would result in a c. €45m difference.

Office pipeline when completed

538,000 sq. ft.

(2018: 505,000 sq. ft.)

Office	Sector	Current area (sq. ft.)	Area post completion (sq. ft.)	Full purchase price[1]	Comments
Marine House	Office	41k	49k	€29m	• Planning granted December 2018 for 49k sq. ft. • Lower ground floor application may add approx. 1.5k sq. ft. • Vacant possession expected during 2020
Blocks 1, 2 & 5 Clanwilliam Court	Office	93k	141k office 11k ancillary	€54m	• Redevelopment opportunity post-2021 • Potential to add significantly to existing net internal areas ("NIA") across all three blocks and create an office cluster similar to Windmill Quarter (with Marine) • Planning application lodged for 152k sq. ft. redevelopment
Harcourt Square	Office	122k	307k office 2k retail	€75m	• Leased to the Office of Public Works until December 2022 • Site offers potential to create cluster of office buildings with shared facilities or a major HQ • Full 10-year planning grant for 309k sq. ft • Detailed building assessment underway by development team
One Earlsfort Terrace	Office	22k	28k	€20m	• Current planning permission for two extra floors (6k sq. ft.), expiring July 2021 • Potential for redevelopment as part of wider Earlsfort Centre scheme
Total office		**278k**	**538k**	**€178m**	
Mixed-use					
Newlands (Gateway)		143.7 acres	n/a	€48m[2]	• Strategic transport location • Potential for future mixed-use redevelopment subject to re-zoning
129 Slaney Road		62k on 3.8 acres	n/a	€5m	• Strategic transport location • Potential for future mixed-use redevelopment subject to re-zoning
Total mixed-use		**147.5 acres**	**n/a**	**€53m**	

1. Including transaction costs and capex spent to date
2. Initial consideration

Asset management

Capital expenditure on maintenance items amounted to €1.8m in the year (March 2018: €2.4m). Contracted rent grew 2.9% to €57.6m (March 2018: €56.0m) as a result of:

- Lettings and rent reviews adding €7.8m (see further details below)
- Lease expiries and surrenders reducing contracted rent by €2.0m
- Net property sales reducing contracted rent by €4.2m

At 31 March 2019 nine office rent reviews were active representing €2.5m of contracted rent with an ERV of €4.6m and the vacancy rate in the office portfolio was 12%, based on lettable area (March 2018: 3%). The principal reasons for the increase in vacancy rate were the completion of 2WML (60,000 sq. ft.) and the office tenant in the Forum vacating the building (47,000 sq. ft.), both of which occurred just before 31 March 2019. Together, these two events added nine percentage points to the vacancy rate.

Summary of letting activity in the year

Offices:

- Two new lettings totalling 113,000 sq. ft. and generating €6.9m per annum of incremental new rent. The weighted average periods to break and expiry for the new leases were 11.9 years and 19.9 years, respectively
- One rent review was concluded over 12,000 sq. ft., adding a further €0.4m of rent per annum: this rent review was over 140% ahead of previous contracted rents and ahead of ERV

Retail:

- The 12,000 sq. ft. gym in 2WML was let to Perpetua generating rent of €0.1m per annum, rising to €0.2m per annum by year three

Residential:

- 293 of the Company's 328 apartments are located in Dundrum and average rents achieved in new lettings in the year by the Company for two-bed apartments in Dundrum were €1,850 per month vs average two-bed passing rents of €1,831 per month
- Letting activity and lease renewals at Dundrum generated incremental gross annual rent of €0.3m in the period (new leases signed on 73 apartments and leases renewed on 237 apartments)
- All let units are subject to the rental cap regulations

Key asset management highlights

1SJRQ, South Docks

In November 2018 HubSpot agreed terms to occupy all 112,000 sq. ft. of office accommodation in the building on a 20-year lease, with 12 years term certain, commencing in June 2019. HubSpot will pay an initial rent of €6.8m (€59.75psf) per annum, commencing after a four-month rent free period. As part of the letting, HubSpot, which also occupies 73,000 sq. ft. in One and Two Dockland Central, has agreed to extend the date of its break options in these buildings by three and a half years to coincide with those at 1SJRQ. Hibernia remains in discussions with various food and beverage operators regarding the 7,000 sq. ft. of retail space in the building.

2WML, South Docks

In late 2018 Perpetua, a leading gym operator, agreed to let the ground floor, a 12,000 sq. ft. gym, at an initial rent of €0.1m per annum, rising to €0.2m per annum by year three, on a 10-year lease, with six years term certain. Discussions continue with potential occupiers for the 60,000 sq. ft. of office accommodation in the building which completed at the end of February 2019.

50 City Quay, South Docks

The 4,500 sq. ft. riverside office building, which occupies a prominent corner adjacent to the Windmill Quarter, was acquired vacant (see further details above). We are finalising plans for the refurbishment of the building.

Cannon Place, D4

The 16 residential units are vacant following the completion of remedial work which had to be carried out. We intend to retain the property and let the units.

Central Quay, South Docks

In late 2018, Daqri, which occupies the first floor (11,000 sq. ft.) and is paying rent of €0.6m per annum, served notice to exercise its break option and will vacate the property in June 2019. The remaining vacant space on part of the ground floor (5,000 sq. ft.) and the third floor (12,000 sq. ft.) continues to be marketed and talks are ongoing with potential occupiers.

Hardwicke House & Montague House, D2

At 31 March 2019 there were seven rent reviews outstanding in the buildings, relating to 82,000 sq. ft. of office accommodation, with passing rents of €2.4m and ERVs of €4.3m. We expect the majority of these to conclude shortly.

Marine House, D2

There are two rent reviews active, regarding a total of 4,300 sq. ft. of ground floor office space, which is let to WK Nowlan Real Estate Advisors.

Contracted rent roll

€57.6m

(2018: €56.0m)

South Dock House, South Docks

We are in discussions regarding the leasing of all 9,000 sq. ft. of the property to a party.

The Forum, IFSC

Depfa Bank, which previously occupied all 47,000 sq. ft. of office accommodation along with 50 car parking spaces at an annual rent of €2.0m, vacated the building in March 2019 having previously exercised a break clause in its lease. Hibernia continues to consider options for the building and is in preliminary discussions with interested parties.

The Observatory, South Docks

Riot Games, which occupies 44,000 sq. ft. across three floors in the building, has exercised a break option on part of its demise and will be vacating 8,000 sq. ft. in early July 2019 leading to a reduction in annual rent of €0.2m. We will seek to re-let the space when it becomes vacant. The remainder of the Riot Games demise, which is under-rented at present, will be subject to a rent review at 1 July 2019.

Windmill Quarter, South Docks

With the completion of 1SJRQ and 2WML the Windmill Quarter has been finished and now comprises six adjacent buildings with c. 400,000 sq. ft. of offices and further ancillary space and communal facilities. As well as the individual building managers we have a dedicated manager for the Quarter and are introducing features for tenants such as a smartphone app, with updates and information, and music events.

Flexible workspace arrangement

The flexible workspace arrangement with Iconic Offices ("Iconic") in 21,000 sq. ft. of Block 1 Clanwilliam Court is performing well, with all workstations (c. 90% of revenue from the arrangement) occupied and 77% of the available co-working memberships contracted as at 31 March 2019.

Other completed assets

The remaining completed properties in the portfolio remain 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 2.1 years.

Financial review

As at	31 March 2019	31 March 2018	Movement
IFRS NAVPS	**174.7c**	160.6c	+8.8%
EPRA NAVPS[1]	**173.3c**	159.1c	+8.9%
Net debt[1]	**€217.1m**	€202.7m	+7.1%
Group LTV[1]	**15.6%**	15.5%	+0.1pp
Financial period ended	**31 March 2019**	31 March 2018	Movement
Profit before tax for the period	**€124.0m**	€107.1m	+15.8%
EPRA earnings[1]	**€27.5m**	€19.4m	+41.6%
IFRS EPS	**17.8c**	15.5c	+14.8%
Diluted IFRS EPS	**17.6c**	15.4c	+14.3%
EPRA EPS[1]	**4.0c**	2.8c	+40.4%
Proposed final DPS[1]	**2.0c**	1.9c	+5.3%
FY19 DPS[1]	**3.5c**	3.0c	+16.7%

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 page 193 of this Annual Report.

The key drivers of EPRA NAV per share, which increased by 14.2 cent from 31 March 2018, were:

- 13.6 cent per share from the revaluation of the property portfolio, including 6.8 cent per share in relation to development properties
- 4.0 cent per share from EPRA earnings in the period
- 0.4 cent per share from profits on the sale of two investment properties
- Payment of the FY18 final dividend and FY19 interim dividend, which reduced NAV by 3.4 cent per share and other items, which reduced it by a further 0.4 cent

EPRA earnings were €27.5m, up 41.6% compared to the same period in the prior year. The uplift was principally due to increased rental income as a result of new lettings at our developments made in the prior financial year. Administrative expenses (excluding IMA performance-related payments) were €13.9m (March 2018: €13.5m) and included four months of cost from the Group's new remuneration scheme which commenced on 27 November 2018. IMA performance-related payments were €5.4m (Mar 2018: €6.6m) and related primarily to the Group's outperformance of the MSCI Ireland Index in the period to November 2018.

Profit before tax was €124.0m, an increase of 15.8% over the prior year, mainly due to higher revaluation gains in the financial period compared to the same period last year. For reference, the 12 months ended 31 March 2018 saw significant yield compression in the office sector but was also impacted by an increase in stamp duty on Irish commercial property transactions: the impact was to reduce the Group's revaluation gains by an estimated €53.7m.

EPRA EPS

4.0c

(2018: 2.8c)

Funding position

Group leverage target: our through-cycle leverage target remains 20-30%

In December 2018 we refinanced the Group's sole debt facility, a €400m secured revolving credit facility ("RCF") maturing in November 2020, with a margin of 2.05% over EURIBOR, with the following unsecured debt:

Instrument	Quantum	Maturity date	Interest cost	Security
Revolving credit facility (five year)	€320m	December 2023	2.0% over EURIBOR	Unsecured
Private placement notes (seven year)	€37.5m	January 2026	2.36% coupon (fixed)	Unsecured
Private placement notes (ten year)	€37.5m	January 2029	2.69% coupon (fixed)	Unsecured
Total	**€395m**	**n/a**	**n/a**	**n/a**

The refinancing extended the weighted average maturity of the Group's debt from 1.9 years to 5.7 years as at December 2018 (March 2019: 5.4 years, March 2018: 2.7 years) and moved the Group away from being wholly reliant on bank facilities for its debt funding. The move to an unsecured structure also ensures the Group has access to the widest range of possible funding options in future. Due to a reduction in the undrawn commitment fees payable on the new RCF, overall interest costs under the new funding arrangements remain broadly unchanged. The banks participating in the new RCF are Bank of Ireland, Wells Fargo, Barclays Bank Ireland and Allied Irish Banks. The private placement notes were placed with a single institutional investor and drawn in January 2019.

As at 31 March 2019, net debt was €217.1m (March 2018: €202.7m), equating to a loan to value ratio ("LTV") of 15.6% (March 2018: 15.5%). The key line items impacting net debt in the year were total capital expenditure of €47.2m and acquisition expenditure of €40.0m which were largely offset by the receipt of €65.0m from the sale of New Century House. The disposal proceeds from the sale of 77SJRQ of €35.3m were not received until May 2019 and are being returned to shareholders, a process which has commenced with the €25m share buyback programme launched in April 2019.

Cash and undrawn facilities as at 31 March 2019 totalled €178m or €143m net of committed capital expenditure (March 2018: €197m and €120m, respectively). Assuming full investment of the available facilities in property and taking into account the €25m share buyback, the LTV, based on property values at 31 March 2019, would be c. 25%.

Interest rate hedging

Group hedging policy: to ensure the majority of the interest rate risk on its drawn debt balances is fixed or hedged

As at 31 March 2019 the Group had €75m of fixed coupon private placement notes and the interest rate risk on the RCF drawings of €159.4m was protected by €225m of hedging instruments comprising:

Instrument	Notional	Strike rate	Exercise date	Effective date	Termination date
Cap	€100m	1%	n/a	November 2017	November 2019
Swaption	€100m	1%	November 2019	November 2019	November 2021
Cap	€125m	0.75%	n/a	February 2019	December 2021
Swaption	€125m	0.75%	December 2021	December 2021	December 2023

While the Group is "over-hedged" on its interest rate exposure at present, this causes no additional financial risk to the Group and is expected to cease by November 2019 when caps and swaptions over €100m of notional debt are due to expire. The reason for the over-hedging is that when seeking to put in place additional hedging for the period from November 2019 to the expiry of the new RCF in December 2023, it was found to be no more expensive to start the hedging from February 2019 than from November 2019.

Dividend

Group dividend policy: to distribute 85-90% of recurring rental profits via dividends each financial year, with the interim dividend in a financial year usually representing 30-50% of the total ordinary dividends paid in respect of the prior financial year

The Board has proposed a final dividend of 2.0 cent per share (2018: 1.9 cent), taking the total dividend for the financial year to 3.5 cent per share, an uplift of 16.7% on the prior year (2018: 3.0 cent). This represents 89% of the EPRA earnings per share for the financial year, in line with our policy and reduced compared to the last financial year when dividends amounted to 108% of EPRA earnings per share on account of the greater than expected performance fees.

Subject to approval at the Group's AGM on 31 July 2019, the final dividend will be paid on 2 August 2019 to shareholders on the register at 5 July 2019. All of the dividend will be a Property Income Distribution ("PID") in respect of the Group's property rental business as defined under the Irish REIT legislation.

Hibernia's Dividend Reinvestment Plan ("DRiP") is available to shareholders and allows them to instruct Link, the Company's registrar, to reinvest the dividends paid by Hibernia into 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.

Capital management

On 1 April 2019 we announced the sale of 77SJRQ and our intention to return the net proceeds of €35m to shareholders, starting with an on-market share buyback programme of up to €25m which commenced on 2 April. The purpose of the buyback is to maintain our progress towards the lower end of the Group's stated 20-30% leverage target. The buyback is expected to be accretive to EPRA NAV per share. At close of business on 14 June 2019, 6.3m shares had been repurchased and cancelled for aggregate consideration of €8.7m.

To enhance our flexibility for future capital management we intend to propose a capital reorganisation resolution at the AGM on 31 July 2019. This will seek permission to convert a substantial part of our share premium account, which had a balance of €624.5m at 31 March 2019, into distributable reserves in a process which will also require High Court approval. Subject to receiving the necessary approvals the capital reorganisation is likely to complete in late 2019.

Expiry of Investment Management Agreement

The Investment Management Agreement ("IMA") entered between Hibernia and WK Nowlan REIT Management Ltd (its former Investment Manager) prior to Hibernia's IPO expired on 26 November 2018. As part of the arrangements for the Internalisation of the Investment Manager in 2015 (the "Internalisation") it was agreed that any payments due under the IMA each financial year would be paid, mainly in shares, in lieu of a separate incentive scheme until the expiry of the IMA.

The final performance fee for the period 1 April 2018 to 26 November 2018 was €5.4m (15% of this is being used to fund the Group's Performance Related Remuneration Scheme for staff) and the final base fee top-up was €1.5m. The amounts due to the Vendors will be paid in new shares once the FY19 audit is completed using a share price of 135.1 cent (the average closing share price for the 20 trading days up to and including 26 November 2018) and will be subject to the same lock-up provisions as all other shares they have received.

From 27 November 2018 the Company's new Remuneration Policy, which was approved by shareholders at the Company's AGM in July 2018, took effect.

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, on pages 194 to 199 of this Annual Report. This includes their calculation and reconciliation to the consolidated financial statements as prepared under IFRS where applicable.

Summary EPRA measures

EPRA performance measure	Unit	**Financial year ended 31 March 2019**	Financial year ended 31 March 2018
EPRA earnings	€'000	**27,472**	19,403
EPRA EPS	cent	**4.0**	2.8
Diluted EPRA EPS	cent	**3.9**	2.8
Adjusted EPRA EPS	cent	**4.8**	4.1
EPRA cost ratio – including direct vacancy costs	%	**39.3%**	47.8%
EPRA cost ratio – excluding direct vacancy costs	%	**38.3%**	45.6%
Adjusted EPRA cost ratio including direct vacancy costs	%	**22.2%**	21.8%
Adjusted EPRA cost ratio excluding direct vacancy costs	%	**21.2%**	19.6%
EPRA performance measure	Unit	**As at 31 March 2019**	As at 31 March 2018
EPRA net initial yield ("NIY")	%	**3.6%**	3.8%
EPRA "topped-up" NIY	%	**4.1%**	4.3%
EPRA net asset value ("EPRA NAV")	€'000	**1,219,374**	1,112,075
EPRA NAV per share	cent	**173.3**	159.1
EPRA triple net assets ("EPRA NNNAV")	€'000	**1,218,539**	1,111,730
EPRA NNNAV per share	cent	**173.2**	159.1
Like-for-like rental growth	%	**7.6%**	7.6%
EPRA vacancy rate	%	**10.7%**	2.0%

Introduction to sustainability

"We have created our inaugural standalone Sustainability Report which provides a detailed overview of our approach to this important issue."

I am pleased to present the sustainability section of this year's Annual Report.

Sustainability remains a key priority for us: It is an integral part of our strategy and we believe it is crucial to delivering long-term value to our stakeholders. It is an area that occupational and investment markets are increasingly paying attention to, meaning good or bad performance in this area may have commercial consequences.

We are making good progress against the targets set in the five key areas of our Sustainability Strategy and have set out our targets for the future – you can read about our key impact areas in summary in this section and the full details of our sustainability performance and targets in our Sustainability Report 2019 which is separately published on our website.

We recently introduced a new Remuneration Policy and the achievement of sustainability performance targets will have a bearing on annual bonus awards for senior management colleagues and certain other staff.

Please do take the opportunity to read our inaugural standalone Sustainability Report at www.hiberniareit.com/sustainability and we will be pleased to receive any feedback on the content in this section, as well our Sustainability Report.

Kevin Nowlan
Chief Executive Officer
17 June 2019

Sustainability at Hibernia

Our Sustainability Policy (available on our website) has been developed to ensure that Hibernia operates in a responsible and sustainable manner, having regard to its tenants, staff, suppliers, local communities and the environment.

The policy consists of five key principles which run right through the business:

1) Responsible asset management
2) Deliver sustainable buildings
3) Positively impact communities
4) Support our suppliers
5) Develop our employees

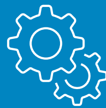
For each of the principles, we have a series of targets. These form our Sustainability Strategy which you can read more about in the coming pages.

How we manage sustainability
Hibernia's Board has ultimate oversight for all aspects of the business including sustainability. The Board reviews and approves the Group's Sustainability Strategy, Sustainability Policy and Supplier Code of Conduct, and receives updates from the Sustainability & Marketing Committee, which, along with other Executive Committees, meets at least once every two months. Day-to-day, Hibernia's sustainability programme is run by the Sustainability Manager, with input and support as required from the CFO and other team members.

How we apply our five key principles

3. Positively impact communities

We support the communities in which we operate. We are responsible neighbours and strive to develop and maintain good relationships.



1. Responsible asset management

We actively manage our buildings to minimise environmental impact while maximising asset performance and efficiency for our tenants and customers. Where possible, we adopt a "polluter pays" approach: we have set specific targets in this area to improve the performance of our buildings.

4. Support our suppliers

We support our suppliers through the prompt payment of invoices. In return, via our contractual relationship, we expect suppliers to adhere to our Supplier Code of Conduct.

2. Deliver sustainable buildings

We improve the local built environment by providing efficient new space, through developments or refurbishments, which offers lower running costs, fewer emissions and an enhanced occupier experience. We have set specific targets for new buildings, both in terms of certifications and more general impacts.

5. Develop our employees

We have an inclusive and open working environment. We encourage individuals and teams to realise their full potential for personal and collective growth and to enable the business to meet its strategic objectives.

Introduction
We report on our environmental, social and governance impacts in accordance with the third edition of the EPRA Sustainability Best Practice Recommendations (sBPR). An overview is provided here for convenience.

Summary of our approach
We use the operational control approach for our data boundary for our office and residential assets. In 2018 this included 12 office assets, and 293 apartments located over two buildings. This excludes three buildings which were under development during the year, 1 Sir John Rogerson's Quay, Two Windmill Lane (formerly the Hanover Building) and 2 Cumberland Place.

Our utilities consumption at our own occupied offices is reported separately to our portfolio. Our offices cover one floor of a mixed-use building that we occupy as a tenant. The rest of the portfolio, consisting of industrial units and land held for development, is excluded as it is not directly managed and is not considered material in relation to our other asset types. The consumption reported includes utilities (energy and water) that we purchase as landlords.

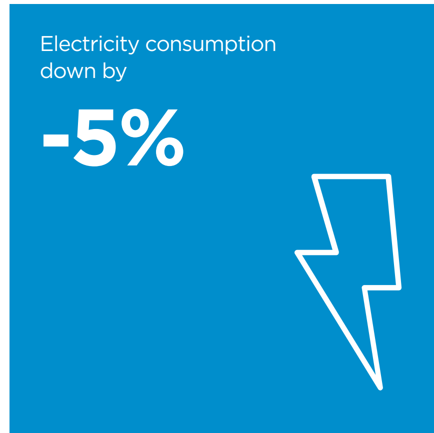
Certifications of assets
All office developments and major office refurbishments are registered for LEED Gold certification as a minimum in line with our sustainability targets for developing sustainable buildings. This means that over time we expect an increasing proportion of our portfolio to have sustainability-focused building certifications.

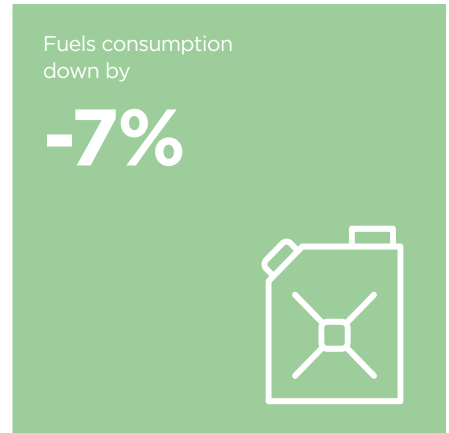
Location of EPRA sustainability performance measures
EPRA sustainability performance measures for our portfolio and own offices as well as our social and governance measures can be found in the Sustainability Report on pages 26 to 31 which is accessible via www.hiberniareit.com/sustainability.

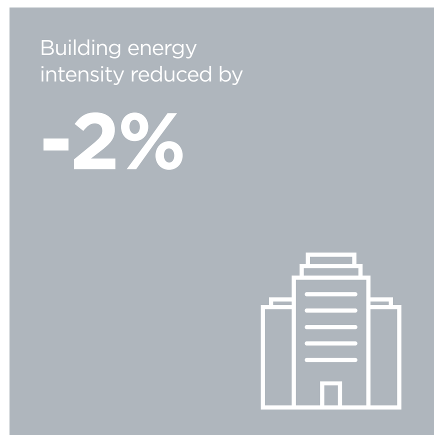
We have also published a separate download of our EPRA performance summary on our website www.hiberniareit.com/sustainability.

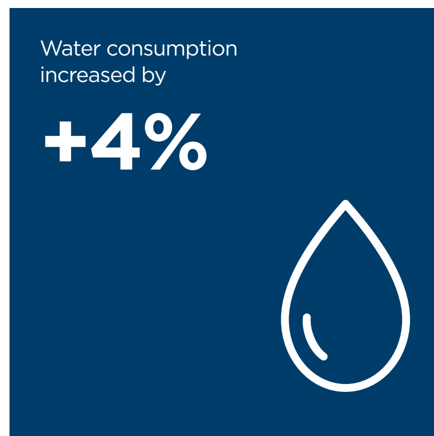
Third party verification
JLL Upstream Sustainability Services has assured our data in line with the AA1000 standard. JLL's assurance statement can be found on pages 32 to 34 of the Sustainability Report and is also available on our website www.hiberniareit.com/sustainability.

Our sustainability performance at a glance









Governance

We aspire to the highest standards of behaviour based on honesty and transparency in everything we do.

Governance
We set certain ethical standards for our employees and suppliers.

The key policies which set out our requirements include:

- Code of Conduct
- Anti-Bribery and Corruption Policy
- Modern slavery
- Diversity and Inclusion Policy
- Whistleblowing and grievance procedures
- Employment and labour practices
- Gifts and Inducements Policy

Health and safety
Our Health and Safety Committee monitors employee and contractor health and safety as well as other aspects. We report EPRA metrics In our separate Sustainability Report 2019 which is available on our website at www.hiberniareit.com/sustainability and on pages 59 to 62. All personnel visiting building sites must have completed the "Safe Pass" course, must wear appropriate safety equipment Hibernia provides at all times and be supervised by site professionals. We completed working space ergonomic reviews for all our staff in the reporting period and added improvements in working conditions where necessary. We provide standing desks and similar facilities where employees request them. In our new offices, we plan to provide adjustable height desks as a standard feature.

Diversity and equal opportunities
We are committed to developing the skills and diverse talents of our employees and Board members. We foster a culture that promotes fairness and where advancement reflects ability, potential, performance and teamwork.

Modern slavery
We have zero-tolerance of violations of anti-slavery and human trafficking laws. The risk of slavery and human trafficking in the recruitment and engagement of our employees is negligible as our investment property portfolio is located entirely in Dublin and our employees are all office-based professionals. All our suppliers are required to comply with our supplier code of conduct which includes a commitment to abide by anti-slavery and human trafficking laws and regulations.

Bribery and corruption
Bribery is not acceptable and is not tolerated, whatever its form. Staff are required to adhere to our gifts and inducements policy. The key principle of this is that gifts, benefits or inducements should neither be offered nor accepted if they create or appear to create an obligation, affect either party's impartiality or constitute an undue influence on a business decision.

Whistleblowing
The Group has detailed whistleblowing procedures to facilitate a confidential and accessible means for employees to raise any concerns in relation to how we conduct our business or interact with employees or other stakeholders.

Introduction from the Chairman

"Roisin Brennan's appointment is the first step in our Board succession planning."

Dear fellow shareholder
The Board of Hibernia is committed to ensuring the highest standards of corporate governance 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 be fully compliant with the 2018 Revised Code during the financial year ending 31 March 2020. Our corporate governance framework underpins effective decision-making and accountability and is the basis on which we conduct our business and engage with all stakeholders.

The Group has continued with the strategic priorities established in previous 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: five of these were regular, scheduled meetings. These meetings were 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.

Consistent with our goal of improving diversity, both in experience and gender, we have appointed Roisin Brennan as an Independent Non-Executive Director. Roisin joined the Board on 16 January 2019 and brings much experience in advising public companies and acting as a non-executive director of other listed companies. Roisin has joined our three Board Committees, Audit, Remuneration and Nominations.

We will continue to seek to improve diversity while focusing on succession planning as current Board members approach the end of their tenures.

Director time commitments

All Non-Executive Directors have been available to attend Board meetings as required and I have no concerns over the time commitments of individual Directors. Some investors have raised concerns in relation to overboarding, both in respect of me and of Colm Barrington.

I am Chairman of four public companies. None is operating in a complex or highly regulated sector such as financial services or pharmaceuticals. The time commitments required are well within my ability to manage, and this is evidenced by my availability to spend time meeting major shareholders of Hibernia on a corporate governance roadshow this year as well as in carrying out my duties on the Board Committees. Two of the companies I chair, Workspace and Sirius, are property businesses and are local, and non-complex. The companies' businesses are confined to limited and adjacent markets and the similarity in business leads to advantages in terms of market knowledge and strategy. The third, Applegreen, is a convenience food and beverage retailer and operator of petrol forecourts in Ireland, the UK and the US. I have resigned my position as Non-Executive Director of LXB Retail Properties. I have attended all meetings of Hibernia, both scheduled and other, over the past three years and in addition committed extra time in managing the recruitment and succession work of the Nominations Committee and undertaking the corporate governance roadshow during 2018-19.

Colm Barrington is CEO of Fly Leasing plc and a Non-Executive Director of Finnair plc. He resigned from his position as a Non-Executive Director of IFG Group plc during the year. Fly Leasing is a US company based on the west coast of America and, as Mr Barrington resides in Ireland, he is able to undertake other activities without any difficulty. His attendance and input at Board meetings is excellent. During 2018-19 we implemented a new Remuneration Policy and Mr Barrington made himself available to consult major shareholders in advance of finalising the policy.

Culture and values

We aspire to the highest standards of behaviour based on honesty and transparency in everything we do. The Group works from a single office and has an open workspace which encourages communication and interaction between all employees. In addition, the Senior Management Team arranges regular training sessions and social events which are particularly important for the building managers who spend most of their time on site at our properties. Our performance evaluations include annual surveys of our staff's assessment of management and their understanding and perception of the key pillars of our overall strategic goals. We have completed these surveys for each of the past three years and they help us ensure that everyone is engaged and understands the Group's goals and ethics. Regular communication in this way ensures we identify issues and tackle them proactively. Our Executive Committee structure ensures a high level of oversight over the Group's day-to-day activities. The Executive Committees met regularly throughout the year.

Data protection

The General Data Protection Regulation ("GDPR") came into force in May 2018. It has changed the way personal data is managed by the Group. Our policies and procedures were updated, and we verified that not only ourselves but also key suppliers were prepared for the changes. This work continues together with improvements in cyber security and making sure we have robust IT systems in place to ensure data integrity in all areas.

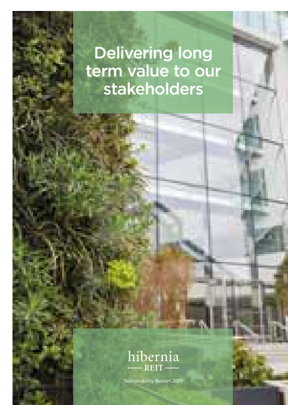
Stakeholder engagement

We are committed to building strong relationships with our stakeholders as we believe that is essential to ensure the long-term success of the Group for all interested parties.

Read more on stakeholder engagement on pages 26-29

We recognise that there is a wide universe of stakeholders in our business and have set goals and targets in managing their interests. Stakeholders include our tenants, employees, suppliers, agents, government and communities in addition to our investors. We also recognise our impact on the local environment and this year have published a separate Sustainability Report to not only report on environmental performance metrics but also on our targets and ambitions relating to social and governance activities.

Read our Sustainability Report 2019 >> www.hiberniareit.com/sustainability



"I feel the Management Team provide space for the wider team to give opinions and share ideas... I think it's important to foster this 'open' culture – I hope as we grow this will not be lost."

Response from staff member in annual survey

We include our employees in all aspects of governance and encourage frank and open exchanges. The Group's structure of Executive Committees enables employees to stay informed and be involved in strategic decisions and performance assessment. Our new Remuneration Policy recognises not only short-term performance but encourages long-term loyalty and interest in the Group's longer-term returns.

Board effectiveness

This year we undertook an internal Board performance review. The process, recommendations and actions to implement are summarised on pages 80 to 81.

In 2019-20 our challenge is to continue to focus on our strategic priorities while ensuring that we continue to uphold high standards of corporate governance.

Board Committees

Our Board Committees continued to perform effectively.

The Audit Committee considered the first outputs of internal audit from PwC as the provider of internal audit services, considered the implementation of the General Data Protection Regulation ("GDPR"), and continues to ensure an effective system of internal control and risk management is in place.

The Nominations Committee focused on succession planning, including the selection and appointment of a new Non-Executive Director, with a particular focus on broadening diversity, not only in gender, but also in experience. Roisin Brennan brings added public company expertise as well as additional capital markets/ corporate finance skills to support the Board. The focus for the coming year is on succession planning and continuing to maintain the breadth of experience and qualifications on the Board.

The Remuneration Committee carried over its work from last year with the submission of the new Remuneration Policy to shareholders at the 2018 AGM and its subsequent implementation. The Committee reports on progress on this and performance against key metrics in its remuneration report for the financial year ended 31 March 2019.

Conclusion

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

Read more on our Audit Committee on pages 84 to 90

Read more on our Nominations Committee on pages 91 to 92

Read more on our Remuneration Committee on pages 93 to 114

On behalf of the Board, I would also like to extend my thanks to the Senior 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 I am confident that we can continue to deliver value for our shareholders.

Daniel Kitchen
Chairman
17 June 2019

UK Corporate Governance Code 2018 (“the Code”)
A new Code comes into effect for our next financial year. The Group currently complies with the majority of the provisions of this Code and intends to comply during the financial year.

What’s coming next year:
- Workforce engagement policy
- Post employment shareholding requirements

UK Corporate Governance Code Principles and how the Company addresses them

	Principle	Topic	Reference
1	**Board leadership and Company purpose**	The role of the Board and its Committees	pages 72 to 73
		What the Board did in 2018-19	pages 77 to 79
		Business model	pages 30 to 31
		Strategic priorities	pages 32 to 33
		Stakeholder engagement	pages 26 to 29, 81 to 83
		KPIs and operational metrics	pages 34 to 35
		Remuneration Policy	pages 102 to 103
		Risk and internal control framework	pages 36 to 38
		Principal risks	pages 40 to 49
		Staff policies including whistle blowing, grievance process *et. al.*	page 63
2	**Division of responsibilities**	The role of the Board and its Committees	pages 72 to 73
		Board of Directors	pages 68 to 69
		Key management personnel	pages 70 to 71
		Governance structure	pages 72 to 73
3	**Composition, succession and evaluation**	Board of Directors	pages 68 to 69
		Succession planning	page 92
		Evaluation	pages 80 to 81
		Nominations Committee	pages 91 to 92
4	**Audit, risk and internal control**	Audit Committee	pages 84 to 90
		Strategic report	pages 2 to 63
		Risk report	pages 36 to 39
		Principal risks	pages 40 to 49
5	**Remuneration**	Remuneration Committee	pages 93 to 114
		Remuneration Policy	pages 102 to 103
		Shareholder consultation	page 94

The right skills and experience to deliver our strategy

1. Terence O'Rourke (64)

Independent Non-Executive Director; Irish

Committee memberships:
Audit (Chair), Remuneration and Nominations Committees

Appointed: 23 August 2013

Skills and expertise: As ex-Managing Partner of KPMG Ireland from 2006 to 2013 and a former President of the Institute of Chartered accountants in Ireland and a board member of the Chartered accountants Regulatory Board, Terence brings substantial management, regulatory, risk and financial experience.

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.

2. Colm Barrington (73)

Independent Non-Executive Director and Senior Independent Director; Irish

Committee memberships:
Audit, Remuneration (Chair) and Nominations Committees

Appointed: 23 August 2013

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

Current external appointments:
Chief Executive Officer and Director of Fly Leasing and a Non-Executive Director of Finnair.

3. Frank Kenny (66)

Non-Executive Director; Irish

Committee memberships:
Development Committee (Executive Committee)

Appointed: 8 November 2017

Skills and expertise: Frank is a Chartered Surveyor and has more than 35 years' experience in the Irish and US property markets and was one of the founders of Hibernia.

Current external appointments:
Founder and Chief Executive Officer of Willett Companies LLC, 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.

4. Daniel Kitchen (67)

Independent Non-Executive Chairman; Irish

Committee memberships:
Remuneration and Nominations (Chair) Committees

Appointed: 23 August 2013

Skills and expertise: Danny brings the benefit of his expertise and experience gained across a variety of property, finance and public company roles to his chairmanship of the Board and Nominations Committee.

Current external appointments:
Chairman of Workspace Group plc, Applegreen plc, Sirius Real Estate Limited and a Non-Executive Director of the Irish Takeover Panel Limited.

5. Kevin Nowlan (48)
Chief Executive Officer; Irish

Committee memberships:
All Executive Committees

Appointed: 5 November 2015

Skills and expertise: Kevin joined the Board as Chief Executive Officer following the Internalisation of the Investment Manager, where he held the same position from its inception in 2013. He is a Chartered Surveyor and has more than 20 years' experience in the Irish property market, including commercial agency, property management, investment, development and development financing, commercial loan portfolio management and debt restructuring. He is one of the founders of Hibernia.

Current external appointments:
None.

6. Stewart Harrington (76)
Independent Non-Executive Director; Irish

Committee memberships: Audit, Nominations and Remuneration, Chair of Investment and Development Committees (Executive Committees)

Appointed: 23 August 2013

Skills and expertise: Stewart has extensive knowledge and experience of the Irish property market gained over many years in a variety of roles including as a partner in JLL and BNP Paribas Real Estate Ireland and Managing Director at Dunloe Ewart Limited.

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

7. Roisin Brennan (54)
Independent Non-Executive Director; Irish

Committee memberships:
Audit, Nominations and Remuneration Committees

Appointed: 16 January 2019

Skills and expertise: Roisin has extensive experience in advising Irish public companies and acting as a non-executive director of listed, private and State organisations.

Current external appointments:
Non-Executive Director of Ryanair Holdings plc, Musgrave Group plc and Dell Bank International d.a.c.

8. Thomas Edwards-Moss (39)
Chief Financial Officer; British

Committee memberships:
All Executive Committees

Appointed: 5 November 2015

Skills and expertise: Tom joined the Board as Chief Financial Officer 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 where he focused on corporate finance, latterly in the property sector, and advised on the initial public offering of the Company. He is a Chartered Accounted and qualified at PwC.

Current external appointments:
None.

An experienced team with deep knowledge of the Dublin property market

"Our people are key to our achievements. During this financial year, after the expiry of the IMA arrangements, our new Remuneration Policy, which aligns rewards for all staff with delivery of our strategic goals and personal performance, commenced."

Our Senior Management Team
Standing, left to right:
Frank O'Neill
Director of Operations

Justin Dowling
Director of Property

Edwina Governey
Interim Chief Investment Officer

Sean O'Dwyer
Company Secretary
and Risk & Compliance Officer

Seated, left to right:
Thomas Edwards-Moss
Chief Financial Officer

Kevin Nowlan
Chief Executive Officer

Mark Pollard
Director of Development

The Senior Management Team

The Senior Management Team comprises each of our department heads and is responsible for running the business under the supervision of the Board. Two members of the Senior Management Team are also Executive Directors. The Senior 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 Senior 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.

Employees

We have a team of 34 full and part-time permanent employees (including the Senior Management Team).

Kevin Nowlan (48)

Chief Executive Officer

Appointed: 5 November 2015

Skills and expertise: Kevin joined the Board of the Company as Chief Executive Officer in November 2015 following the Internalisation of the Investment Manager, where he held the same position from its inception in 2013. He has more than 20 years' experience in the Irish property market, including commercial agency, property management, investment, development and development financing, commercial loan portfolio management and debt restructuring. He is one of the founders of Hibernia.

Current external appointments: None.

Edwina Governey (34)

Interim Chief Investment Officer

Appointed: Joined the Group in 2015 from the Investment Manager. Appointed Interim Chief Investment Officer in March 2019, prior to which she held the role of Senior Investment Manager.

Responsibilities and experience: Edwina is responsible for the identification, analysis and execution of investment opportunities, portfolio analysis and reporting, and the Group's research function. Previously she worked for Resolution Property and Mountgrange Investment Managers in London. She is a Chartered Surveyor.

Thomas Edwards-Moss (39)

Chief Financial Officer

Appointed: 5 November 2015

Skills and expertise: Tom joined the Board of the Company 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 where he focused on corporate finance, latterly in the property sector, and advised on the initial public offering of the Company. He is a Chartered Accountant and qualified at PwC.

Current external appointments: None.

Justin Dowling (43)

Director of Property

Appointed: Joined the Group as Head of Asset Management in 2015, having previously held the same role in the Investment Manager. Appointed Director of Property in January 2019

Responsibilities and experience: Justin is responsible for managing our standing portfolio. He has 20 years' experience in the Irish and UK property markets. Justin previously held senior roles in Rohan Holdings and WK Nowlan Property Limited. He is a Chartered Surveyor.

Mark Pollard (63)

Director of Development

Appointed: Joined the Group in 2016 as Director of Development

Responsibilities and experience: Mark is responsible for all aspects of our development and major refurbishment projects. He worked for the National Asset Management Agency ("NAMA") 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. Mark is a Chartered Surveyor.

Sean O'Dwyer (60)

Company Secretary and Risk & Compliance Officer

Appointed: Sean joined the Group as Risk & Compliance Officer in 2015 having previously held the same role in the Investment Manager. He was appointed Company Secretary in February 2017.

Responsibilities and experience: Sean is responsible for risk management and compliance as well as company secretarial duties. He worked for over 20 years in Bank of Ireland Asset Management (now State Street Global Advisers Ireland) where he had responsibility for finance, compliance and risk on a global basis. Between 2009 and 2013, he worked in a number of consulting roles with a variety of financial services firms. He has extensive experience of governance, regulation and risk in Ireland and overseas. He is a Chartered Accountant and qualified with EY.

Frank O'Neill (60)

Director of Operations

Appointed: One of the founders of Hibernia. Joined the Group as Chief Operations Officer in 2015 following the Internalisation of the Investment Manager where he had held the same role. Moved to Director of Operations role in January 2019.

Responsibilities and experience: Frank, in addition to providing input on strategic property matters and projects, is responsible for managing the Company's workspace and its HR and IT functions. He has worked for more than 30 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. Frank is a Chartered Accountant, Chartered Surveyor and holds an MSc in Planning.

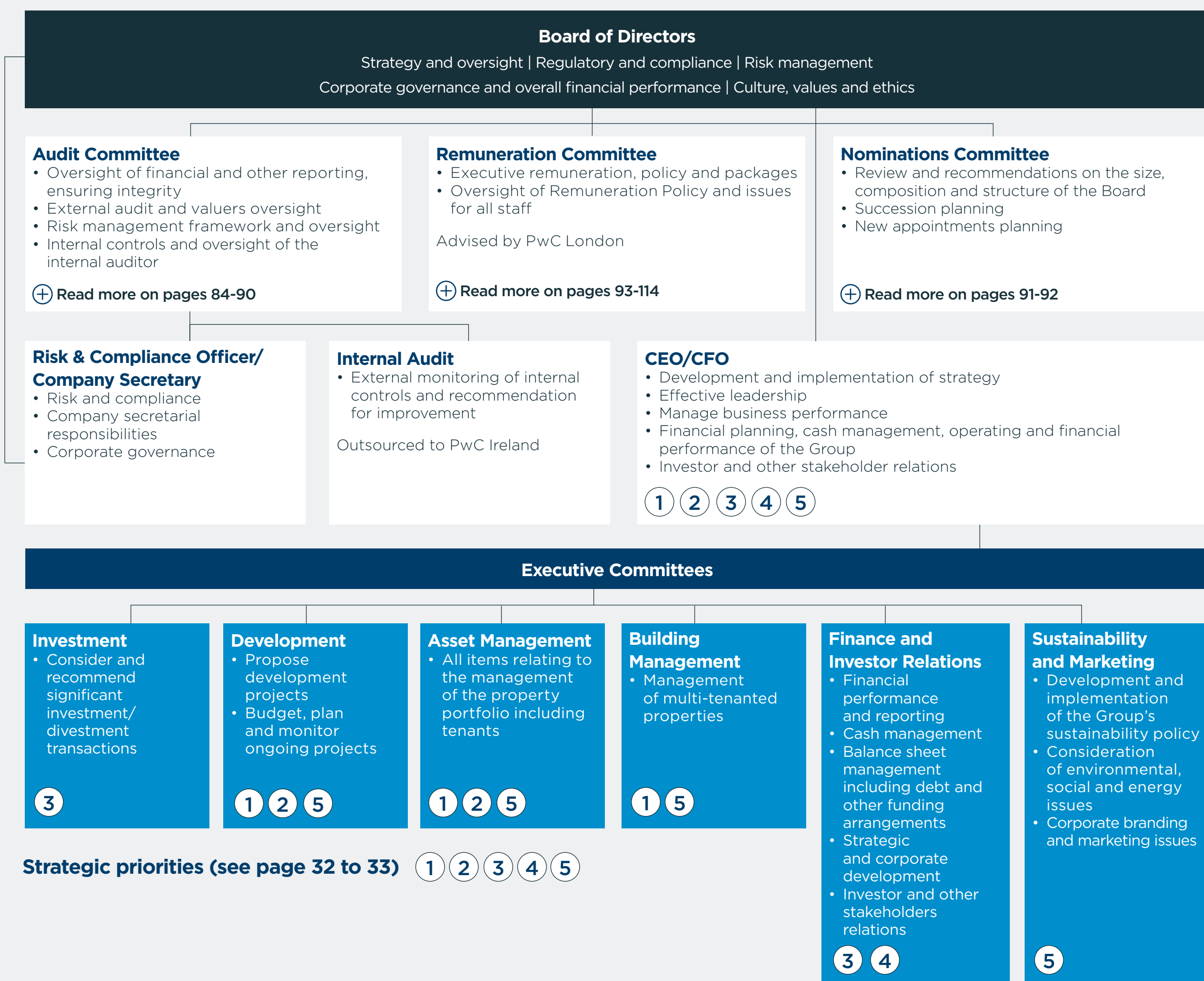
Leadership

The Board has Executive and Non-Executive Directors with a wide range of business experience including property (investment and development), finance, public company and other commercial experience.

The Chairman leads the Board. He is Chair of the Nominations Committee and a member of the Remuneration Committee. All the Non-Executive Directors, other than Frank Kenny, are independent according to the provisions of the UK Corporate Governance Code. The Board meets regularly, with up to six scheduled meetings per year and a number of additional meetings depending on the needs of the Company business. The Chief Executive Officer is responsible for the day-to-day management of the business and is an Executive Director. The Chief Financial Officer is also an Executive Director and responsible for all finance, reporting and investor relations matters. Senior employees below Board level present to the Board on operational topics. Non-Executive Directors have access to all employees. The governance structure is set out in more detail below.

The role of the Board and its Committees
The Board is committed to developing and maintaining a high standard of corporate governance and complying with all applicable regulations. The main governance and regulatory requirements are the Listing Rules of Euronext Dublin and the Financial Conduct Authority, the UK Code, the Irish Annex and the Transparency and Market Abuse Regulations. To this end, the Board has established Audit, Remuneration and Nominations Committees, as described below, comprised entirely of independent Non-Executive Directors. 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.

Board and Committee structure



Governance structure

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 Senior 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 Senior Management Team at a high level. The Board reviews Group and Company 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 Senior Management Team
Independent Non-Executive Directors	Colm Barrington Roisin Brennan 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	Frank Kenny	• Brings considerable property experience, particularly in the area of development
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 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 Senior 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 and Risk & Compliance Officer	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 Sanne, the Assistant Company Secretary, in Company secretarial matters

Culture and people

At the core of our culture are the following values:

Communication
As an organisation with a relatively low head count we have a flat management structure and we prioritise a culture of open-ness and co-operation between individuals and teams. This is encouraged through an open-door policy and a communal working space specifically designed for informal meetings and discussions.

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 staff to develop broad skill sets and to be as flexible as possible. We encourage them to undertake training to develop their skills and enhance their careers. 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.

When we have a success such as winning an award we seek to include everyone's contribution in the celebrations.

Remuneration
We seek to remunerate in line with market salaries and have bonus arrangements to incentivise achievement of personal and Group objectives. Our Remuneration Policy is designed to reward current performance and promote retention over the longer term.

Diversity and equal opportunities

The Group is committed to developing the skills and diverse talents of its employees and Board members and to having a business and culture in place which supports this objective. Our aim is to foster a culture that promotes fairness and where success reflects ability, potential, performance and working as part of a team.

Equal opportunities
The Group is committed to providing equal opportunities to all its employees including recruitment, remuneration, training, promotion of staff and any other aspect of employment. All employees are trained, appraised and promoted on the basis of their relevant merits, qualifications, abilities and experience.

The Group has established and maintains appropriate procedures so that employees who feel that they are being unfairly treated can have their complaints investigated.

Full details of the Group's Equal Opportunities Policy are set out in the Employee Handbook.

Diversity
The Group's policy is to employ the best candidates regardless of sex, race, ethnic origin, nationality, socio-economic background, colour, age, religion or philosophical belief, sexual orientation, marriage or civil partnership, pregnancy, maternity, gender reassignment or disability.

Our employee profile includes a range of nationalities, a reasonable male to female ratio and a wide range of age profiles within the business. Our size, in terms of staff numbers, is likely always to limit our diversity somewhat; however, the Group is committed to building a strong, talented, experienced and diverse team and an inclusive working environment.

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 and all appointments to the Board are examined in light of the current mix of skills and knowledge on the Board.

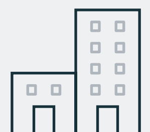
The Directors believe that when making appointments to the Board it is important to ensure the proper mix of knowledge and experience. In that context, priority will be given to making appointments that improve diversity.

As part of our EPRA sustainability measures, we disclose gender diversity information. Full details are available in our Sustainability Report available at www.hiberniareit.com/sustainability.

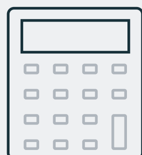
Summary
The Group has a wide range of policies and procedures and continuing professional development training is in place to support a diverse and inclusive working environment. All staff are responsible for ensuring that they are familiar with and comply with the Group's Diversity & Equal Opportunities Policy and that all equal opportunities principles are respected.

Board snapshot

Key skills and experience



Property investment, development and management



Financial and corporate finance

Public company experience

Average age
Total Board

61 years

(31 March 2018: 62 years)

Average age
Non-Executive

67 years

(31 March 2018: 69 years)

Average tenure
Total

3.9 years

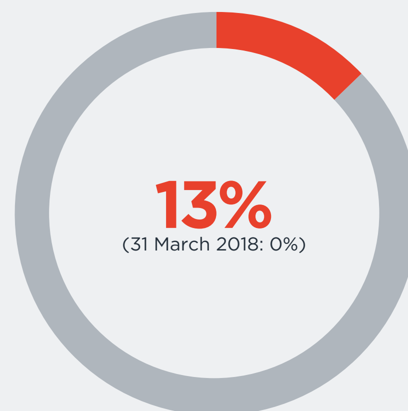
(31 March 2018: 3.4 years)

Average tenure
Non-Executive

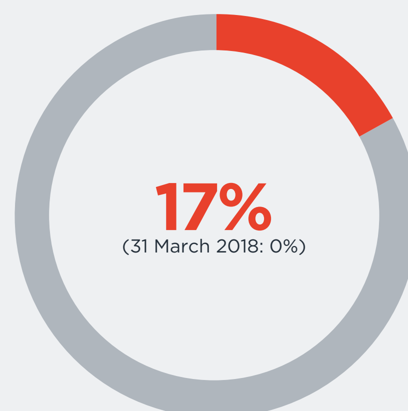
4.3 years

(31 March 2018: 3.8 years)

Gender (female)
Total Board



Gender (female)
Non-Executives



	Skills			
Name	**Finance**	**Public Company**	**Property**	**Regulatory**
Terence O'Rourke	✓			✓
Colm Barrington	✓	✓		
Frank Kenny			✓	
Daniel Kitchen	✓	✓	✓	
Kevin Nowlan			✓	
Stewart Harrington			✓	
Roisin Brennan	✓	✓		
Thomas Edwards-Moss	✓			

Directors' attendance at Board and Committee meetings

Directors' attendance at Board meetings	**Financial year ended 31 March 2019** Number of meetings held while a Board member	**Financial year ended 31 March 2019** Number of meetings attended while a Board member	Financial year ended 31 March 2018 Number of meetings held while a Board member	Financial year ended 31 March 2018 Number of meetings attended while a Board member
Daniel Kitchen	**8**	**8**	8	8
Colm Barrington	**8**	**8**	8	7
Roisin Brennan	**1**	**1**	–	–
Thomas Edwards-Moss	**8**	**8**	8	8
Stewart Harrington	**8**	**8**	8	8
Kevin Nowlan	**8**	**8**	8	8
William Nowlan	**–**	**–**	4	3
Terence O'Rourke	**8**	**8**	8	7
Frank Kenny	**8**	**7**	2	1

All Directors attended all scheduled Board meetings.

Directors' attendance at Board Committee meetings	**Financial year ended 31 March 2019** Number of meetings held while a Board member	**Financial year ended 31 March 2019** Number of meetings attended while a Board member	Financial year ended 31 March 2018 Number of meetings held while a Board member	Financial year ended 31 March 2018 Number of meetings attended while a Board member
Audit Committee				
Colm Barrington	**4**	**4**	4	4
Roisin Brennan	**1**	**1**	–	–
Terence O'Rourke	**4**	**4**	4	4
Stewart Harrington	**4**	**4**	4	4
Nominations Committee				
Daniel Kitchen	**4**	**4**	1	1
Colm Barrington	**4**	**4**	1	1
Roisin Brennan	**1**	**1**	–	–
Stewart Harrington	**4**	**4**	1	1
Terence O'Rourke	**4**	**4**	1	1
Remuneration Committee				
Colm Barrington	**5**	**5**	3	3
Roisin Brennan	**1**	**1**	–	–
Stewart Harrington	**5**	**5**	3	2
Daniel Kitchen	**5**	**5**	3	3
Terence O'Rourke	**5**	**5**	4	4

All Directors attended the 2018 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.

On 16 January 2019 Ms Roisin Brennan was appointed to the Board.

The Directors' responsibilities statement is set out on page 119.

What the Board did in the financial year ended 31 March 2019

The 2019 financial year saw the Group make good progress with its developments and in enhancing the portfolio. The secured revolving credit facility was refinanced with an unsecured facility and private placement notes, resulting in an extension of the Group's borrowings maturity to 5.4 years at financial year end (2018: 2.7 years) and diversifying the Group's funding away from being solely bank-sourced. Significant progress was made in sustainability, with the Group's first submission to Sustainability Benchmark ("GRESB") made in 2018 and the first GRESB rating to be published in 2019 and this increased importance is also reflected by the publication of our first standalone Sustainability Report. In 2020 the focus will continue on developments, in particular looking to advance the longer-term opportunities in the pipeline as well as seeking to make strides towards our ESG goals and enhanced reporting. The Group strengthened the Board with the addition of Roisin Brennan as a new independent Non-Executive Director and is working on further Board appointments and on succession. The Board also continues to make improvements on governance and controls.

"I enjoy being part of Hibernia's Board. It's a young company with some really interesting ideas and my fellow Board members bring a broad range of experiences which really adds to the debate."

Independent Non-Executive Director

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 considerations
- 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

Board skills	Board diversity	Board culture
The Board has a strong base in Irish property knowledge as well as a good mix of financial and capital markets knowledge. The skills of the Board reflect those of executives, allowing a robust challenge on operational matters. The addition of Roisin Brennan has increased listed public company and corporate finance experience.	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. The Board was established in 2013 and succession planning is now well underway. Gender and age diversity are priorities in succession planning and 2019 saw the appointment of the first female Non-Executive Director. Board nationality is mainly Irish with just one director from the UK, as the Group's business is entirely focused on Ireland the lack of diverse nationalities on the Board is not of concern. The international experience and activities of the Directors provides a good knowledge of matters outside Ireland.	The Board culture is one of open dialogue between Board and Senior Management and employees. The Chairman and CEO set a tone of openness and integrity which is carried through to the general workforce. Employees attend Board meetings as necessary. Executive Committees are chaired by Executive Directors, and in the case of the Development and Investment Committees the Chair is Stewart Harrington while Frank Kenny is a member of the Development Committee. All Directors are highly motivated and attendance and individual contribution at meetings was excellent during the year.

"This financial year saw a number of significant matters, in particular the expiry of the Investment Management Agreement arrangements and the refinancing of the Group's balance sheet. I look forward with interest to seeing our progress in 2019-20."

Independent Non-Executive Director

Timeline of activity

Q1 FY19

Risk and governance
- Preliminary Results 2018, Annual Report 2018 and Auditor's Report considered
- Performance fee and remuneration finalised and approved
- Recommended final dividend and agreed to propose at AGM
- Annual performance evaluation of Board and Committees
- Shareholder consultation on Remuneration Policy proposed
- GDPR and data protection policy and training
- Approval of the issue of shares for the settlement of IMA performance related payments for the year ended 31 March 2018

Business and strategy
- Newlands project considered and decided to pursue re-zoning
- Decision to progress further land acquisitions at Newlands and industrial unit on Slaney Road
- Consideration of potential acquisitions
- Consideration and approval of refinancing proposals
- Review of sustainability objectives 2017-18 and approval of objectives for 2018-19 as proposed by the Sustainability Committee

Q2 FY19

Risk and governance
- AGM arrangements
- Membership of Irish Institutional Property approved
- Consideration of results of the AGM in particular where there were material votes against a resolution
- Level of authority delegated to management for acquisitions

Business and strategy
- Approval of commercial terms of letting of 1SJRQ to HubSpot
- Trading Update
- Consideration and approval of refinancing proposals
- Disposal of New Century House
- Approval of acquisition of IRFU lands

Newlands land

1 SJRQ

Q3 FY19

Risk and governance
- Interim Results considered
- Application of new IFRS and first time reporting of same
- Approval of interim dividend
- Consideration of process for finalisation of performance fee due to 26 November 2018
- Amendment of consulting arrangements post termination of IMA agreement
- Employee benchmarking process review and recommendations
- Human resource changes and potential head office relocation

Business and strategy
- Final approval of private placement and pricing
- Final approval of new revolving credit facility

Q4 FY19

Risk and governance
- Approval of nine-month financial statements and final performance and top-up fee amounts following expiry of interim arrangements
- Appointment of new independent Non-Executive Director
- Compliance policy statement 2019
- Audit planning
- Results of internal audit reporting
- Matters reserved to the Board reviewed
- Review of Terms of Reference of Board Committees
- Board delegations and authorised signatories
- Resignation of Richard Ball
- Committee evaluations
- Corporate governance roadshow
- Review of Board time commitments and attendance

Business and strategy
- Clanwilliam Court development proposals
- Consideration and approval of hedging proposals
- Share buyback
- Trading Update
- Disposal of 77 Sir John Rogerson's Quay

2WML

Proposed Clanwilliam Court redevelopment (CGI)

Board effectiveness

Any Director appointed to the Board by the Directors is 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 93 to 114.

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 frequently 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 32 and 33 of this Report) and addressed possibilities for advancement of the Group's targets in the coming year. The Senior Management Team held a strategy day in October 2018 to review and consider the proposed strategy ahead of its consideration by the Board.

Induction and development

New Directors receive a full and appropriate induction on joining the Board. This includes meeting the other Board members, Senior 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 have access to a comprehensive package of information. Roisin Brennan completed this process on her appointment.

Board evaluation 2018-19

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 following matters were addressed arising out of this review:

- The business continuity plan was expanded to include crisis management procedures;
- A new Remuneration Policy was prepared and submitted for shareholder approval at the 2018 AGM. This has since been implemented;
- The Nominations Committee has been working on succession planning. The Board has been expanded adding diversity in experience and gender with the appointment of Roisin Brennan as an Independent Non-Executive Director. All other Non-Executive Directors save Frank Kenny have served more than five years and therefore succession planning is currently a priority for the Nominations Committee;
- The induction process has been reviewed and updated;

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; for example, in the design and implementation of the Remuneration Policy PwC LLC were engaged. If requested, individual training needs can also be facilitated.

- The Chairman and the Non-Executive Directors met without any executives present; and
- The roles of the Chairman and CEO have been set out in writing.

For 2018-19 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 the information necessary to assist them in the performance of their duties. The Board meets at least five 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 quarterly 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.

Conflicts of interest

The Group has 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 Company Secretary at the time of appointment so any potential conflicts can be addressed at that time. All changes in such directorships are also notified to the Company Secretary 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.

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

Share Dealing Code

The Company has a Share Dealing Code which imposes restrictions on share dealings for the purpose 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 Senior Management Team, any persons discharging managerial responsibilities as defined in Article 3.1 (25) of the Market Abuse Regulations and persons identified by the Board to fulfil this role, and anyone listed on the Company's Insider Lists on the pre-clearance notification procedures to be followed when dealing in the shares of any class of the Company or any other type of securities issued by or related to the Company.

Market Abuse Regulations 2016 ("MAR")

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

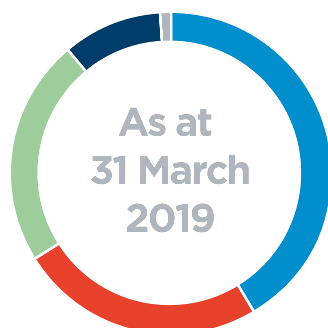
Communications with shareholders

See stakeholder engagement pages 26 to 29 for more on investor relations

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.

During this financial year, the Chairman and Company Secretary undertook the Company's first specific corporate governance roadshow. The Company's top institutional investors representing holdings of 1% or more (c. 79% of total shares and 27 institutional investors) were contacted and offered meetings or calls. Fourteen investors (46% of the shares in issue) accepted the invitation. Those met were appreciative of the opportunity to have dialogue with the Chairman. Feedback was positive on the new Remuneration Policy and in particular the shareholding requirement of 350% of salary for Executive Directors. Investors also expressed an increasing interest in the Group's sustainability policy and initiatives. Concerns expressed, aside from business issues, were around succession planning, potential time conflicts due to potential overboarding for both the Chairman and Colm Barrington, and issues around diversity in age, nationality and gender.

Shareholders by geography



USA & Canada	41%
UK	25%
Continental Europe	23%
Ireland	10%
Rest of World	1%

Investor contact by location

UK	71
Ireland	43
Continental Europe	34
USA & Canada	33

Investor contact by method

Meeting	103
Conference	48
Telephone call	13
Tour	11
Meeting & tour	6

General meetings

The Company holds an Annual General Meeting ("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 (2018 and 2019)	Overview
The 2018 AGM was held on 31 July 2018	• All directors attended • Votes in favour of the re-election of Directors > 90% other than for Colm Barrington where votes in favour were 69% (see page 65 for discussion on time commitments) • All other resolutions approved – 10 ordinary and five special with votes in favour >80% except the Directors' report on remuneration which passed with 62% of the vote (see page 94) for voting outcomes on remuneration
2019 AGM to be held on 31 July 2019 in The Townhall, 1WML, Windmill Lane, Dublin 2	• Full Director attendance expected • Resolution for a Capital Reorganisation to be proposed • Seven ordinary resolutions and six special resolutions are being proposed to shareholders

Key investor relations activities in FY19

April 2018

Conferences: Davy (Dublin)

May 2018

Investor roadshow: Dublin, London, Montreal, New York

Equity sales meetings: Dublin x3

June 2018

Investor roadshow: Boston, London, Zurich, Amsterdam, Edinburgh

July 2018

Annual General Meeting

Equity sales meetings: Dublin x1

September 2018

Conferences: EPRA (Berlin)

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).

October 2018

Debt roadshow: London, New York

November 2018

Investor roadshow: Dublin, Toronto, New York, London, Amsterdam, Zurich, Geneva, Paris, Edinburgh

Conferences: Goodbody (Boston), EPRA (London), Goodbody (Dublin)

Equity sales meetings: Dublin x2

January 2019

Corporate governance: Amsterdam, London

March 2019

Conferences: Davy (Amsterdam), Berenberg (London)

Audit Committee Chairman's report

Audit Committee year in focus:
- Expiry of IMA arrangements and final performance fee calculations;
- Capital reorganisation and share buyback;
- Consideration of results of first internal audits;
- External audit partner changeover;
- Consideration of financial statements and key areas of judgement;
- External audit and interim review planning and results.

Members of the Audit Committee:
Chair: Terence O'Rourke, Members: Colm Barrington, Roisin Brennan and Stewart Harrington

Roisin Brennan was appointed on 16 January 2019. Terence O'Rourke, Colm Barrington and Stewart Harrington have served since the establishment of the Company, a period of five years and four months to 31 March 2019.

Dear fellow shareholder
On behalf of the Audit Committee, I am pleased to present the Committee's report for the financial year ended 31 March 2019. I would like to welcome Roisin Brennan to the Audit Committee and I look forward to working closely with her. Roisin brings experience in corporate finance and accounting to the Audit Committee as well as considerable public company board experience.

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 the role and effectiveness of internal audit.

As part of our activities, we regularly met the Senior Management Team and the internal and external auditors. We also met the independent valuer and assessed their work in valuing our investment properties. During this financial year the Company saw the first rotation of its external audit partner, with Christian McManus replacing Brian Jackson. Mr McManus shadowed Mr Jackson for the 2018 audit and commenced his role in full for the interim review of the half year to 30 September 2018.

We met the internal auditors, PwC, as they presented the results of their first internal audit and plans for subsequent audits. These are addressed in the body of this report.

The remuneration arrangements which resulted from the Internalisation of the Investment Manager in 2015 under the Share Purchase Agreement, expired on 26 November 2018. We therefore agreed the process to determine the final performance fee calculations and amounts due to the Vendors of the Investment Manager during this financial year. We appointed Deloitte, the external auditor, to provide a limited assurance review of the calculation of the amount due. As this is an important related party transaction, we wanted assurance that the final amounts were correctly and fairly calculated in advance of disclosure. The amounts have been subject to a full audit as part of the annual audit.

Post the expiry of these interim arrangements, the new Remuneration Policy became effective. In addition, from 1 April 2018 the new accounting standards, IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers became effective. As a result, we have revised the Group's accounting policies for these changes during this financial year. As reported previously and expected, none of these changes in policy had a material effect on either the results or the financial position of the Company and Group.

We also carried out our fifth self-evaluation, examining both our own work and our interactions with external assurance providers such as the external auditor and valuer. 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
17June 2019

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. The Committee also has relevant industry and commercial experience. All members of the Audit Committee are independent Non-Executive Directors, appointed by the Board for a period of up to to three years, extendable by up to two additional three-year periods. All members except Roisin Brennan, who was appointed on 16 January 2019 and is in her first term, are in their second three-year terms.

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.

A full copy of the terms of reference is available on the Company's website at www.hiberniareit.com/about-us/corporate-governance

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 and results in respect of the annual audit, interim and limited assurance reviews, its analysis of the risks it identified within the Group and its recommendations for improvements in systems and controls.
PwC Dublin	The internal auditor attended to report on the findings from its initial review of the Company which focused on the budgeting practices and the related monitoring measures in place for development and operational expenditure and to agree the next review.
Cushman & Wakefield	The independent valuer met the Audit Committee to discuss its work and its significant assumptions in relation to the investment property valuations. The Audit 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 length of void period assumed after a tenant vacates 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 investment property valuations.
Representatives of the Group	Representatives of the Group, including the CEO, CFO, CIO, the Finance Team and the Company Secretary/Risk & 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 process and assisted them in making more informed decisions.

Principal responsibilities of the Audit Committee

The principal responsibilities of the Audit Committee and the key areas of discussion in 2018–19 were as follows:

<table>
<tr><th></th><th>Principal responsibilities of the Audit Committee</th><th>Key areas discussed and reviewed in 2018–19</th></tr>
<tr><td>Reporting and external audit</td><td>• 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 its terms of reference, approving its 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 Group'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</td><td>• Annual and interim results along with trading updates and announcements including the proposed capital reorganisation and share buyback
• Consideration of changes to accounting policies arising from the new Remuneration Policy, the transition to IFRS 9 and IFRS 15 and other minor changes during the financial year
• External audit planning and reporting including meeting the external auditor both with and without the presence of management
• Termination of interim arrangements resulting from the Internalisation of the Investment Manager in 2015
– Appointed the external auditor to provide limited assurance on the arrangements in place on the expiry of the interim arrangements, including a review of calculation of the final performance fees as these are a related party transaction
– Appointed the valuer to perform an additional valuation of the portfolio as at 31 December 2018 as the basis for the calculation of final performance fees to 26 November 2018
– Review and approval of the Management Accounts for 31 December 2018 and the calculation of the final performance fees
• Met the valuer independently during the year to discuss the valuation process and key risks
• Sustainability Report review as well as consideration of the AA1000 Assurance report
• Going concern and viability assessments
• Significant judgements and key estimates
• Liquidity reports and Depositary Board reports</td></tr>
<tr><td>Internal audit and internal controls</td><td>• The independence, appropriateness and effectiveness of internal audit
• Reviewing the recommendations and actions taken by management to address matters raised in the initial internal audit review
• Agreeing the terms of reference for the second internal audit within the agreed three-year plan
• 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 a loss to the Group</td><td>• Reviewed the recommendations arising out of the first completed internal audit within the three-year plan
• Terms of reference agreed for the second audit with the focus being on cyber security
• Review of all breaches in limits and internal controls and responses required. There were three breaches during the year none of which resulted from a failure in internal controls or resulted in any losses
• Revisions to some internal controls procedures following the recommendations put forward by the internal auditors following the completion of their first report
• Monitoring data security actions and policies</td></tr>
</table>

	Principal responsibilities of the Audit Committee	Key areas discussed and reviewed in 2018–19
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 49 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 • Market Abuse Regulations compliance • Reviewing dividend policy and distributions planned versus legislative requirements • Reviewing the Audit Committee's terms of reference and performance • Review of the arrangements for staff to raise concerns about possible improprieties	• Oversight of capital restructuring plans and share buyback programme • Review of the Audit Committee's terms of reference and effectiveness, including self-assessment which was agreed to be undertaken externally every three years • Review of JLL Upstream Sustainability AA1000 Assurance Report • Review of all correspondence with regulators • Reviewed the Company's compliance with the REIT legislation • Compliance with loan covenants • Ensured that the Company adhered to its Company Law requirements and had sufficient levels of distributable reserves in place when approving both the interim, final dividends paid and the share buyback during the financial year

The key issues considered by the Audit Committee during the financial year ended 31 March 2019 and the actions taken by the Audit Committee are set out below:

Significant issues considered	Action taken by Audit Committee
Valuation of the investment property portfolio	The Audit Committee considered whether the information provided to the independent valuer, Cushman & Wakefield, was complete and accurate and that the results of its valuation judgements were in line with expectations based on the Audit Committee's assessment of the market and knowledge of the properties. It confirmed the valuation methods, estimated rental value and market-based yields were relevant and appropriate to the individual property circumstances. It also considered the appropriateness of moving from a residual method appraisal to an investment method for development properties that had not yet reached practical completion. The Audit Committee challenged the assumptions made, considered the independence of the valuer 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 and prepaid letting fees. As at 31 March 2019, all investment properties are valued in accordance with their current use, which is also the highest and best use except for: • **Harcourt Square**, which is valued on a residual basis as this reflects its highest and best use as a development property. The present value of the residual income to December 2022 when the current lease expires is added to the residual value of the site. • **Gateway industrial site**, which is currently rented on short-term leases, and 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. • **Marine House and Clanwilliam Court Blocks 1, 2 and 5** are valued on an investment basis until the end of the leases (2020 and 2021 respectively) and on a residual basis thereafter, as it is the Directors' intention to undertake a refurbishment/redevelopment of both sites after the leases expire. Planning permission has been granted for Marine House and the Group is currently seeking planning permission for the redevelopment Clanwilliam Court Blocks 1, 2 and 5.

Significant issues considered	Action taken by Audit Committee
IMA performance-related payments	As part of the expiry of the agreements covering the Internalisation of the Investment Manager in 2015, the Group was obliged to make payments contingent on Group performance for the period to 26 November 2018. It was agreed that the final amount of fees for the period 1 April 2018 to 26 November 2018 would be based on the pro-rated performance to 26 November 2018, using management accounts prepared to 31 December 2018. The external valuer was engaged to perform a valuation of the Group's property portfolio as at this date for use in preparing these management accounts. While the quantum of fees payable was not material, it was considered significant because of its status as a related party transaction, The Audit Committee therefore requested that the external auditor perform a limited assurance exercise on the management accounts which were prepared for the nine months ending 31 December 2018. The external auditor performed limited procedures to review the management accounts including reconciling them to the accounting records and to the valuer's report as at 31 December 2018. It also reviewed the calculation of performance fees due to 26 November 2018 and recalculated these to compare with Management's calculation. The Audit Committee reviewed both Management's calculations and the externally prepared auditor's report and were satisfied that the calculations were properly made.
Changes to accounting policies	The Audit Committee considered the implication on the Group's accounting policies arising out of the application of new and revised IFRS. The following standards and interpretations were effective from 1 April 2018 but did not materially impact on the results or financial position of the Group or Company either at that date or at 31 March 2018: • IFRS 2 (amendment) Classification and Measurement of Share-based Payments Transactions • IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Measurement and Recognition • IFRS 15 Revenue from Contracts with Customers and the related Clarifications to IFRS 15 Revenue from Contracts with Customers replace IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related Interpretations The Audit Committee reviewed the amended Accounting Policies and Management's interpretation of the impact and agreed with their approach. Notes 3 and 37 to the consolidated financial statements give further information on the adoption of these standards. In addition to the changes in accounting policies arising from new standards or interpretations, the implementation of the new Remuneration Policy for the period starting from 26 November 2018 has had only a minimal impact on the financial statements. However, the issues are complex and PwC, who provides advice to the Remuneration Committee, is also providing advice on appropriate measurement and accounting, in particular for the Long-Term Incentive Plan ("LTIP"). This did not commence until 1 April 2019 and the Audit Committee is overseeing the amendments to the Group's accounting policies.
Internal audit review	The Audit Committee reviewed the recommendations outlined within the report issued by the internal auditors and agreed to implement the control recommendations proposed around the Company's online banking system and on setting detailed administrative expenditure budgets annually

Reappointment of the external auditor

The Audit Committee has recommended to the Board that the statutory audit firm, Deloitte Ireland LLP, should be reappointed 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 Audit 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
- Whether issues were raised at the right time by the appropriate level of audit staff with the appropriate Group staff member 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 the Audit Committee and Management and was sufficiently independent and technically qualified to justify the recommendation to reappoint. The audit partner, Mr Christian MacManus, who took over as lead audit partner for the current financial year, had met the Audit Committee throughout the course of the year and shadowed the previous partner for the prior year's audit and the Audit Committee was therefore satisfied that he had sufficient knowledge and experience to take on the assignment.

Deloitte Ireland LLP was appointed as the first statutory auditor to the Company on 5 December 2013. The Audit Committee will keep its 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 2019 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 2019

The Audit Committee in general avoids any non-audit services being sought from the external auditors. Such services can only be provided by the external auditor when they are best suited to undertake the work, do not have any conflict of interest and do not in any way compromise their independence by undertaking this work. All such engagements must be formally documented and approved by the Audit Committee.

All of the work carried out by the external auditor during the year related to the audit of Group Companies or the review of interim reports or accounts where the Audit Committee considered that the external auditor was best suited to the assignment. This work included a review of the management accounts as at 31 December 2018 and the calculation of the balance of the final IMA performance-related payments due as at 26 November 2018, which were pro-rated from these management accounts. The quantum of non-audit fees earned is immaterial in relation to the quantum of the fees for the audit of the Company, subsidiary companies and the Group.

External auditor independence

Deloitte Ireland LLP is a tenant of Hardwicke House, which is an investment property of the Group. Deloitte Ireland LLP was 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 which is currently under rent review, 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 €22m (31 March 2018: €23m) in cash at the financial year end. The depositary is responsible for monitoring the safe keeping of these assets in accordance with the Group's policy on cash management. In addition to ongoing reviews of processes and procedures the depositary undertook onsite due diligence reviews during the year. No material or significant issues were identified and the depositary issued satisfactory reports which were reviewed and approved by the Audit Committee.

Approval of reports

The Annual Report and financial statements were considered in draft on 15 May 2019. The Preliminary Statement, which included consolidated financial statements, was approved by the Board on 22 May 2019. The Annual Report was approved by the Board on 17 June 2019.

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 MSCI/ SCSI Ireland Quarterly Property All Assets Index.

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 particular transactions. In particular, the Policies and Procedures Manual establishes the necessary controls and authority levels to manage the Group's investment 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 a 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 2019 three minor breaches were recorded, none of which resulted from a failure in internal controls or resulted in any losses. The breaches were all identified through internal reviews and corrective controls were amended as required where appropriate.

Risk management

Risks and risk management are dealt with in the Risk Management section on pages 36 to 49 of this Annual Report. This section also covers the principal risks of the Group.

Audit Committee evaluation

A self-evaluation of the Audit Committee's work was carried out in early 2019. This evaluation found that the Audit Committee was operating effectively but that an external evaluation of the operation of the Audit Committee should take place every three years.

Nominations Committee report

"The Nominations Committee is focused on ensuring that the Board and Senior Management Team have the skills, knowledge and experience to meet the needs of the business and ensure compliance with best practice in governance."

Nominations Committee Terms of reference

Board composition and succession

- Reviews the structure, size and composition of the Board and makes recommendations to the Board regarding any changes
- Succession planning for Directors and other senior executives of the Company
- Responsible for recruitment of new Board members, taking account of existing mix of skills, knowledge, independence and experience
- Makes recommendations on reappointment of and re-election of Non-Executive Directors
- Implements and keeps under review the Diversity policy and steps to implement same

Leadership needs

- Succession planning for Directors and, in particular, the Chairman and Chief Executive
- Reviews the leadership needs of the Company with a view to ensuring the continued ability of the Company to compete effectively in the marketplace

Other

- Advises the Board in respect of compliance with and developments in best practice and rules generally with respect to matters within its remit
- Oversees the conduct of the annual evaluation
- Reports on its actions to the Board and to the shareholders in the Annual Report

A full copy of the terms of reference available on the Company's website at:

www.hiberniareit.com/about-us/corporate-governance

Report of the Nominations Committee

The Nominations Committee met four times during the financial year ended 31 March 2019. All members of the Nominations Committee are independent Non-Executive Directors, appointed by the Board for a period of up to three years, which may be renewed for further periods of up to three years. The Nominations Committee is constituted in compliance with the UK Code, the Irish Annex, and the Company's 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.

Composition of the Board and Senior Management Team

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 is working closely on ensuring succession given that four of the Non-Executive Directors have now served more than five years. In addition, lack of Board diversity was highlighted as a concern in the 2018 evaluation and in feedback from investors. The Committee had also identified a need to strengthen the Board's skill set and transition its age profile. The Committee identified a number of female candidates and after a selection process and approval by the Central Bank, Ms Roisin Brennan was appointed to the Board on 16 January 2019 and to all three Board Committees, Audit, Remuneration and Nominations. In accordance with Company policy, Roisin will offer herself for re-election at the 2019 AGM.

Following the expiry of the IMA the Committee approved the following organisational changes:- (i) Mr Frank O'Neill would begin working on a part time basis as Director of Operations; (ii) Mr Justin Dowling would be promoted to Director of Property; (iii) Mr Frank Kenny would remain as a Non-Executive Director and his consultancy agreement would be extended to 31 March 2019 and (iv) Mr Bill Nowlan would cease to provide consultancy services to the Company.

Mr Richard Ball, the Chief Investment Officer, resigned and left the Group on 31 March 2019 and Ms Edwina Governey, who has worked with the Group since shortly after its inception as Richard's deputy, has been appointed as Interim Chief Investment Officer.

Succession planning

Succession planning is one of the responsibilities of this Committee. The Group has a relatively small Senior Management Team and a flat structure and therefore the focus is on developing employees to become competent across disciplines 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. A review of the Company's resource requirements and succession planning is completed on an annual basis by the Committee with Management.

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.

Time commitments

The Committee noted that some investors had expressed concerns on the time commitments of certain members of the Board. Mr Barrington advised the Nominations Committee during the financial year of his resignation from his directorship of IFG Group plc. I have resigned my position as Non-Executive Director of LXB Retail Properties PLC. I have three other Chair positions, two of which are also property companies. None of the companies of which I am Chair operates in heavily regulated businesses, such as financial services, and only Applegreen has geographically diverse operations. I am able to manage my commitments to the benefit of all of the companies and there have been no occasions where I have not been available to the Group when required. Specifically in 2018-19, in addition to completing all my normal duties with the Group, I also spent a week meeting and speaking to Hibernia shareholders on corporate governance matters.

Key activities 2018-19

- Appointment of additional Non-Executive Director; Roisin Brennan
- Succession planning
- Board time commitments review

Focus for 2019-20

- Non-Executive Director succession
- External evaluation
- Further diversity action

Members of the Committee:
Chair: Daniel Kitchen,
Members: Colm Barrington, Roisin Brennan, Stewart Harrington, Terence O'Rourke

All members except Roisin Brennan have served since the establishment of the Company, a period of five years and four months to 31 March 2019. Roisin has served since her appointment on 16 January 2019.

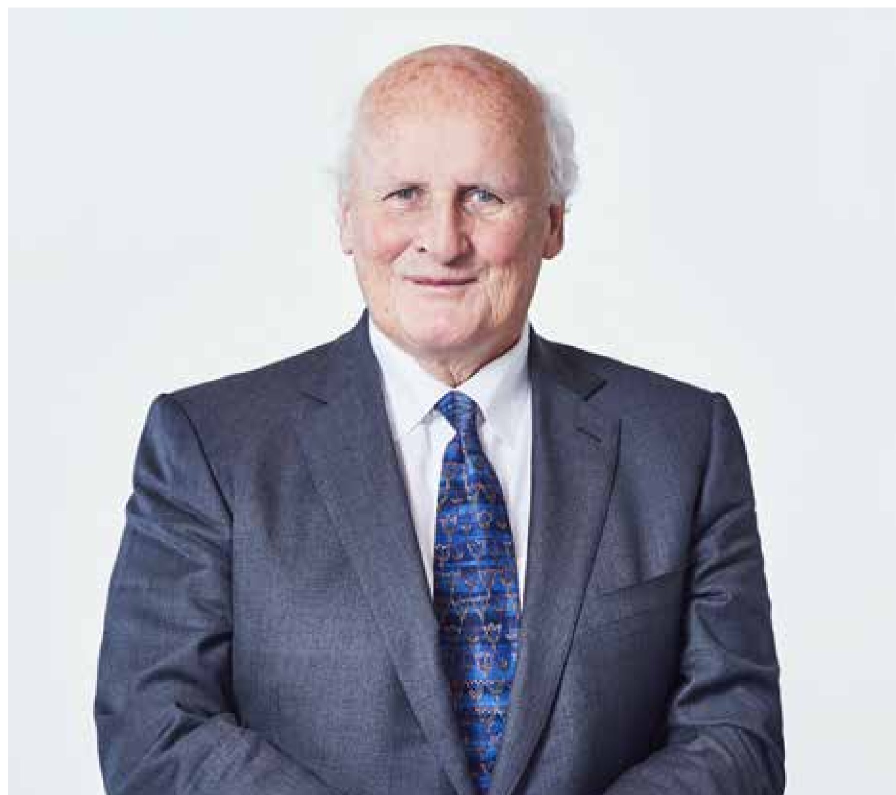
The Committee considered the time commitment and attendance of all Non-Executive Directors at meetings during the year and was satisfied that all Non-Executives were readily available for meetings and were able to devote sufficient time to properly deal with Group business. The Company Secretary also reported that there were no difficulties in arranging Board meetings, even at relatively short notice.

Committee evaluation

In 2019, the evaluation found that the Committee was operating effectively and the main item to progress in 2019-20 was planning for the orderly transition of the Non-Executive Directors over the medium term. This is likely to lead to an increase in the number of Directors on the Board in the short to medium term to allow for transition.

Daniel Kitchen
Chairman of the Nominations Committee
17June 2019

Remuneration Committee report



Member	Independent	Number of meetings attended
Colm Barrington (Chairman)	✓	5 of 5
Roisin Brennan	✓	1 of 1
Daniel Kitchen	✓	5 of 5
Stewart Harrington	✓	5 of 5
Terence O'Rourke	✓	5 of 5

All members except for Roisin Brennan have served since the establishment of the Committee in February 2016, a period of three years and two months to 31 March 2019. Roisin joined the Committee on 16 January 2019.

Matters covered during the year:
- New Remuneration Policy approved at 2018 AGM by 94% of our shareholders;
- Consideration of shareholder concerns regarding the levels of Board remuneration increases;
- Conclusion of the Investment Management Agreement in November 2018;
- Corporate governance roadshow to engage with our major investors on topics including remuneration, and understand their views;
- Consideration of conclusion of review of remuneration for all employees.
- Setting incentive scheme targets for 2019 using stretching financial and non-financial measures designed to align with strategic objectives and shareholder interests, which was implemented for entire workforce as well as Executive Directors and Senior Management;
- Consideration of revisions to the UK Corporate Governance Code and market practice;
- Determination of bonus outcomes under the Performance Related Remuneration ("PRR") Scheme and new annual bonus scheme;
- Appointment of new member Roisin Brennan in January 2019.

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. No Director plays a part in any decision about his/her own remuneration.

Role of the Remuneration Committee
The Committee's responsibilities include:

- Determine Remuneration Policy for the Company's Chairman, Executive Directors, the Company Secretary and other members of the Senior Management Team as delegated;
- Determine remuneration packages for Chairman and Executive Directors;
- Review the appropriateness of the Remuneration Policy on an ongoing basis and make recommendations to the Board on appropriate changes if required;
- Obtain up-to-date comparative market information and appoint remuneration consultants as required to advise or obtain information required;
- Approve design of and set targets for performance related incentives across the Company;
- Oversee any major changes to remuneration for employees;
- Ensure failure is not rewarded exercising discretion on outcomes of Remuneration Policies; and
- Agree policy for authorising director expense claims.

The Committee's terms of reference are available on the Group's website at www.hiberniareit.com/about-us/corporate-governance.

Our terms of reference were reviewed by the Remuneration Committee in light of the recent changes to the UK Corporate Governance Code and were subsequently amended and approved by the Board on 6 February 2019.

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.

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 with previous years we are putting our Annual Report on Remuneration to a shareholder advisory vote.

"Continued engagement with our shareholders has been a key focus for this year especially as we have implemented our new Remuneration Policy."

Colm Barrington
Chairman of the Remuneration Committee

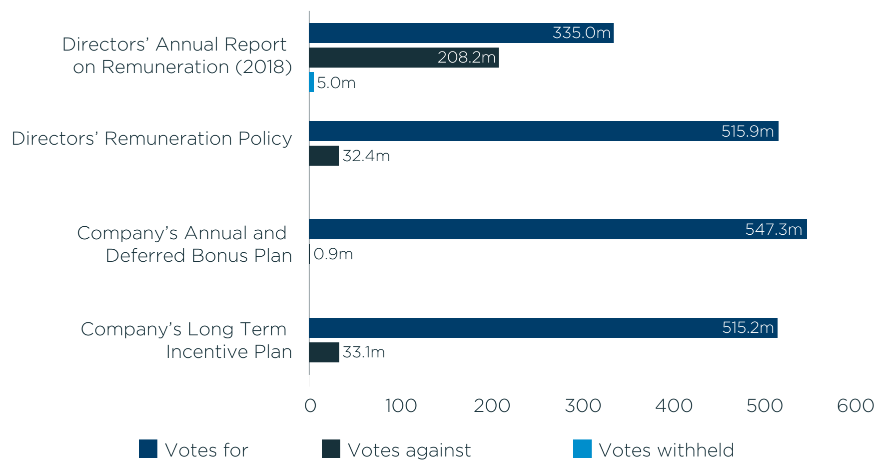
Looking ahead:

- Continue to set stretching short- and long-term incentive targets that are closely aligned with Group strategy and reward success in a measured and sustainable way;
- Continue to consider changes proposed to the UK Corporate Governance Code and put an action plan in place for compliance;
- Focus on ensuring disclosure of remuneration meets best practice standards;
- Ensure the application of Remuneration Policy and resulting packages supports the Group's long-term strategy and our culture; and
- Grant the first LTIP awards under the new Remuneration Policy.

Who advises the Committee?

During the year, the Committee received advice on the new Remuneration Policy, the shareholder consultation on the Policy and preparation of the Directors' Remuneration Report from PwC LLP. PwC's fees for this advice were €90k (March 2018: €43k), which were charged on a time/cost basis. PwC is a member of the Remuneration Consultants' Group, and as such chooses to operate pursuant to a code of conduct that requires remuneration advice to be given objectively and independently. The Committee is satisfied that the advice provided by PwC in relation to remuneration matters is objective and independent. The Company Secretary acts as secretary to the Committee and attends Committee meetings.

Voting outcomes 2018



At the 2018 AGM, 94% of shareholders voted in favour of the Remuneration Policy.

Dear fellow shareholder
On behalf of the Remuneration Committee I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2019 which sets out how the Committee has carried out its objectives and responsibilities during the year. This year we have taken the opportunity to refresh certain aspects of our report; we have included some more detail on Hibernia's remuneration philosophy, included a new "at a glance" summary and provided some additional context on Hibernia's remuneration arrangements. This year we have also provided more detailed information on our approach to wider workforce considerations. Our annual report on remuneration sets out how our Remuneration Policy was applied during the year and outcomes for our Executive Directors.

The Committee was also delighted to welcome Roisin Brennan, who joined us on 16 January 2019. Roisin has significant experience in corporate finance and serving on the boards of large companies and brings a wealth of insight to the Committee's deliberations.

Shareholder engagement on remuneration
Last year, we introduced a new Remuneration Policy which followed an extensive consultation with our major shareholders and the main proxy adviser firms. While our Policy was approved by 94% of shareholders at the 2018 AGM, the advisory vote on our Remuneration Report received 62% of votes for, which was lower than we hoped to achieve. We recognise that the primary concern for our shareholders was around the one-off increases to the Executive Directors' salaries. Whilst many shareholders understood and accepted the rationale for the increases and were appreciative of the level of market data the Committee set out in the Directors' Remuneration Report, a number of our shareholders and the proxy advisers felt they could not support the increases. The Committee felt strongly that the increases were in the best interests of the business and helped ensure that our overall remuneration package was fair and competitive against companies of a similar size and complexity. Nonetheless, we valued the time taken by shareholders to engage with us on this issue.

We are committed to continued engagement with our shareholders and the proxy advisers (ISS and Glass Lewis) on remuneration matters. This year we undertook a corporate governance roadshow where our Chairman, Danny Kitchen, and Company Secretary, Sean O'Dwyer, met in person or spoke to those of our major shareholders who indicated they would welcome such engagement. One of the key themes from the meetings was that many of our shareholders believe that the remuneration framework that we have in place for our Executive Directors strongly aligns the new Remuneration Policy with their long-term interests. We also discussed the increases which were implemented to Executive Directors' base salaries and confirmed 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 average employee or inflationary rises. On behalf of the Board, the Committee is once again grateful for the time invested by our shareholders and proxy advisers to meet with us and share their views. We will continue to maintain an open and transparent dialogue with our shareholders.

2019 business performance
2019 was another very strong year for Hibernia. We are pleased that the Company has continued to perform well and has made good strategic progress over the past year. Key performance highlights are as follows:

- EPRA EPS: 4.0 cent, +40.4%
- EPRA NAV per share: 173.3 cent, +8.9%
- Total accounting return ("TAR"): 11.1%
- Total property return ("TPR"): 11.6%

It is with this performance in mind, and in line with Hibernia's remuneration philosophy of paying only for performance, that the Committee has taken its decisions in respect of Executive Director remuneration arrangements for the year.

2019 incentive outcomes
2019 was a transitional year for the Group as the interim variable remuneration arrangements which were implemented as part of the Internalisation of the Investment Manager and relate back to the Investment Management Agreement ("IMA") were replaced by the new Remuneration Policy which took effect on 27 November 2018. Under the new Remuneration Policy, the Group's remuneration framework consists of fixed remuneration and separate incentive arrangements (annual bonus and a long-term incentive plan) and is aligned with Irish and UK Corporate Governance best practice.

Annual bonus
For the period from 1 April 2018 to 26 November 2018 (i.e. the final period of the IMA), Performance Related Remuneration ("PRR") for most non-Vendor employees, including Thomas Edwards-Moss, was met out of arrangements under the Internalisation agreement. Kevin Nowlan was one of the Vendors of the Investment Manager and therefore received no variable compensation for this period as he was compensated under the Internalisation arrangements as disclosed in notes 11.b and 36.b to the consolidated financial statements. Further details on his compensation are set out on pages 110 to 112.

For the period from 27 November 2018 to 31 March 2019 (i.e. the period subject to the new Remuneration Policy), both Kevin Nowlan and Thomas Edwards-Moss participated in the annual bonus plan.

The Remuneration Committee set annual bonus performance targets which applied for the full 2019 financial year as the Committee felt this approach was the most simple, transparent and robust.

Kevin Nowlan and Thomas Edwards-Moss' maximum annual bonus opportunity for the financial year was 150% of salary. In Kevin Nowlan's case, as he was one of the Vendors, bonus outcomes have been pro-rated for 27 November 2018 to 31 March 2019.

Annual bonus plan

The performance metrics and weightings used in 2019 were:

- Relative Total Property Return (40%);
- Total Accounting Return per share (17.5%);
- Growth in EPRA earnings per share (17.5%); and
- Individual-specific strategic/operational objectives (25%).

In assessing pay for performance against our stretching targets, the Committee approved annual bonus outcomes of 42% (as a % of salary and equivalent to 124% on a proforma annual basis) for the CEO and 120% (as a % of salary) for the CFO. As Kevin Nowlan did not participate in the annual bonus for the full financial year, his bonus outcome has been pro-rated for the period 27 November 2018 to 31 March 2019. The Committee has set out on page 101 and pages 111 to 112 full details of performance against the targets. The maximum bonus opportunity for the CEO and the CFO was 150% of salary.

In the CEO's case, two-thirds of the bonus payable under the Remuneration Policy, i.e. from 27 November 2018 to 31 March 2019, will be paid in the form of cash and the remaining third has been deferred for three years and will be payable in shares, subject to continued employment.

In the CFO's case, one half of the bonus payable from 1 April 2018 to 26 November 2018, i.e. falling under the IMA PRR, will be paid in cash and the balance has been deferred subject to continued employment and will be payable in shares, net of tax, at the end of two years from the end of the financial year to which it relates. For the other portion of the CFO's bonus, which is subject to the Remuneration Policy, two-thirds will be paid in the form of cash and the remaining third has been deferred for three years and will be payable in shares, subject to continued employment.

Discretions

The Committee felt that the above incentive outcomes were in line with the overall performance of the business during the relevant financial year and therefore did not exercise any discretion to alter the outcomes from the application of the performance conditions.

Long-Term Incentive Plan (LTIP)

There were no LTIP grants in the financial year 2019.

Approach to Directors' remuneration for the year ending 31 March 2020

As we noted last year, it is the Committee's intention not to increase the salaries of the Executive Directors over the Policy period other than potentially to reflect average employee or inflationary rises and this principle has been followed this year. For FY 2020, the Committee has determined that Executive Directors' salaries as well as Chairman and Non-Executive Directors' fees will be frozen. This is in line with the approach taken for the wider workforce.

The Group's philosophy is to pay for performance in a simple and transparent way and we remain committed to ensuring that the remuneration framework that is in place is consistent with this philosophy. The overall framework for the CEO and CFO's annual bonus arrangements will remain the same with a maximum bonus opportunity of 150% of salary. The performance metrics and their weightings will remain unchanged. We consider the targets to be commercially sensitive but we will continue to provide robust retrospective disclosure in next year's Directors' Remuneration Report.

The first grants under the LTIP scheme will be made in July 2019. The Committee disclosed the performance measures and targets for the first grant in last year's Director's Remuneration Report. We reviewed the performance targets again this year to ensure they remain fit for purpose and we are satisfied that the targets are sufficiently challenging taking into account the Group's business plan and the economic environment. The Committee has set out details of the performance targets on page 104.

Compliance with the UK Corporate Governance Code

One of the activities of the Committee this year was considering the current compliance of our approved Remuneration Policy and its operation with the new UK Corporate Governance Code, which applies to financial years beginning on or after 1 January 2019. While we were not required to comply with the new UK Corporate Governance Code for the current year being reported, the Committee has reviewed the Directors' Remuneration Policy in light of these changes. We are satisfied that the Remuneration Policy is well aligned with the provisions of the Code.

Key remuneration element of the 2018 UK Corporate Governance Code	Alignment with our approved Remuneration Policy
Five-year period between the date of grant and realisation for equity incentives.	• The LTIP has a five-year period including the performance and holding period.
Phased release of equity awards	• The LTIP ensures the phased release of equity awards through annual rolling grants.
Discretion to override formulaic outcomes for bonus and LTIP awards	• The Remuneration Policy contains the ability to override formulaic outcomes and apply discretion where deemed necessary.
Post-cessation shareholding requirement	• The Remuneration Policy does not currently include a post-cessation shareholding requirement but this is an area which the Committee will be keeping under review in the lead-up to our next Policy review.
Pension alignment	• The pension provision for the current Executive Directors is within the range provided to the wider workforce of the Group and this will continue to be the case for future Executive Directors.
Extended malus and clawback	• The current malus and clawback provision already exceeds the best practice suggested in relation to the new Code.

We recognise there are areas of the Code that we need to keep under review in the lead-up to our next Policy review in 2021 and we will continue to consider how best to approach these areas.

We are also mindful that legislation was introduced in the UK which requires certain companies to disclose CEO pay ratios. As an Irish incorporated company, we are not required to comply with this legislation. However, the Committee seeks to follow best practice and we will consider this closely over the next year to determine what meaningful information we can provide to shareholders. FY 2020 will be the first full year where the CEO is remunerated fully through payroll and not through his association with the Investment Manager as was the case until 26 November 2018.

Wider workforce considerations

Hibernia is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner. The new Remuneration Policy was extended across the workforce and accompanied by an assessment exercise to ensure that salaries and other conditions were commensurate with market norms. As a result, we are satisfied that our total remuneration levels for employees are appropriate and little amendment was required for the most part. We also reviewed our benefits offerings for most employees other than the Executive Directors and Senior Management Team and, as a result of this exercise, we increased pension contribution for those employees to 7.5% of salary and introduced payment for private health insurance which brings us more in line with our peers.

The Committee has also taken steps to implement changes to the UK Code which came into effect at the beginning of 2019 and the expansion of our remit. We have set out on page 98 specific details of how we are responding to aspects of the Code.

In conclusion

As a Committee, we remain focused on ensuring that Hibernia's Remuneration Policy is fit for purpose in the context of the Group's long-term strategy. We trust that the information set out in this report provides you with what you need to be able to support the advisory resolution to be put to shareholders on this remuneration report at the Company's AGM on 31 July 2019.

Once again, I would like to thank those shareholders who have engaged with us this past year and a half. We very much value our ongoing dialogue with shareholders and as always, welcome your feedback. If you would like to discuss any aspect of this remuneration report, I would be happy to hear from you. You can contact me through the Company Secretary, Sean O'Dwyer. I will also be available at the Company's Annual General Meeting on 31 July 2019 to answer any questions in relation to this Remuneration Report.

On behalf of the Committee and the Board,

Colm Barrington
17 June 2019

Remuneration principles

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

Our remuneration principles

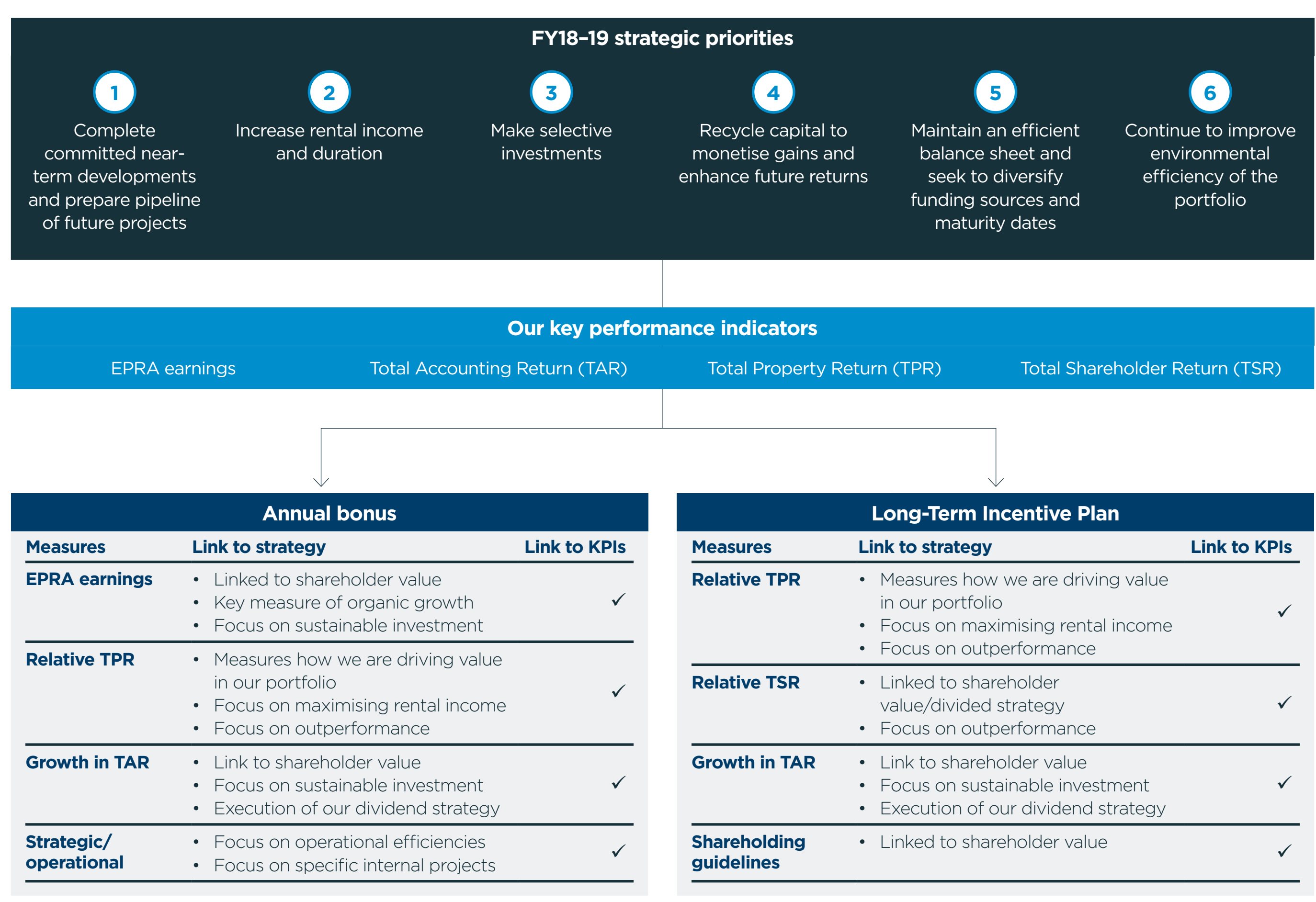
Simplicity and transparency:	Long-term shareholder alignment:	Pay-for-performance:	Market competitiveness:	Flexibility:
Remuneration should be simple and transparent in terms of design and communication to internal and external shareholders	Remuneration outcomes should mirror the shareholder and wider stakeholder experience over the long term	Remuneration outcomes should be clearly linked to the delivery of superior corporate results	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	Remuneration should be able to support potential changes in business priorities over time

How does the Committee address the requirements under provision 40 of the Corporate Governance Code?

Factor	How our Remuneration Policy aligns
Clarity	• Hibernia's performance remuneration is based on supporting the implementation of the Company's strategy measured through KPIs which are used for the annual bonus and LTIP. This provides clarity to all stakeholders on the relationship between the successful implementation of the Group's strategy and the remuneration paid.
Simplicity	• Hibernia operates a market standard approach to remuneration which is familiar to all stakeholders and aligned with best practice in Ireland and the UK.
Risk	The Remuneration Policy includes: • Setting defined limits on the maximum awards which can be earned; • Requiring the deferral of a substantial proportion of the incentives in shares for a material period of time; • Aligning the performance conditions with the strategy of the Company; • Ensuring a focus on long-term sustainable performance through the LTIP; and • Ensuring there is sufficient flexibility to adjust payments through malus and clawback and an overriding discretion to depart from formulaic outcomes. These elements mitigate against the risk of target-based incentives by: • Limiting the maximum value that can be earned; • Deferring the value in shares for the long term which helps ensure that the performance earning the award was sustainable and thereby discouraging short-term behaviours; • Aligning any reward to the agreed strategy of the Company; • Ensuring that the use of an LTIP supports a focus on the sustainability of the performance over the longer term; • Reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate; and • Reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Company.
Predictability	• Shareholders were given full information on the potential values which could be earned under the incentive plans prior to approval. In addition, all the checks and balances set out above under Risk were disclosed at the time of shareholder approval.
Proportionality	• The Company's incentive plans clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors and employees have a strong drive to ensure that the performance is sustainable over the long-term. Poor performance cannot be rewarded due to the Committee's overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance.
Alignment to culture	• A key tenet of Hibernia's culture is a focus on ensuring long-term sustainable performance. This is reflected directly in the type of performance conditions used in Hibernia's incentive plans which assess sustainable performance using a variety of non-financial and financial measures. • The focus on share ownership and long term sustainable performance is also a key part of the Company's culture. In addition, the measures used in the Incentive Plans support directly the implementation of the strategy.

How do our incentive performance measures align to our strategy?

The Committee carefully considers the performance measures for the annual bonus and the LTIP in the context of the long-term strategy and believes that the measures that were selected support the business focus on income growth, asset improvement, portfolio management, delivery of developments and capital discipline. In addition, the combination of absolute and relative measures focuses Executive Directors and the Senior Management Team on both outperformance of the strategic plan as well as industry benchmarks. The following table sets out a number of the Group's KPIs and how their satisfaction is supported by the Group's incentive framework:



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 Incentive Plan

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/divided 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	✓

Remuneration in respect of 2019

Business performance against our core KPIs

Hibernia portfolio returns significantly outperformed the Dublin market helped by successful completion of development schemes and capital recycling into new opportunities.

Relative Total Property Return (TPR) vs MSCI Ireland All Assets index

4.1%

(+3.7% – 2018)

Growth in EPRA earnings per share

40.4%

(+27.3% – 2018)

Total Accounting Return per share (TAR)

11.1%

(+10.5% – 2018)

Executive Director Remuneration for the year ended 31 March 2019

Fixed components

CEO, Kevin Nowlan	€'000
Base salary	450
Pension	68
Benefits	22

CFO, Thomas Edwards-Moss	€'000
Base salary	340
Pension	51
Benefits	29

2019 bonus outcomes

Annual bonus	Threshold	Target	Maximum	Hibernia actual	Performance achieved (as a % of maximum)	CEO bonus (value)*	CFO bonus (value)
Relative Total Property Return (TPR) TPR is compared to the MSCI/SCSI Ireland Quarterly Property Index (excluding Hibernia) (40% weighting)	Equal to Index	Index +1%	Index +2%	TPR of 11.6% vs MSCI Ireland Index annual return of 7.5%.	100%	**€92,466**	**€204,000**
Growth in EPRA Earnings per share (EPS) (17.5% weighting)	4.10 cent (47% growth)	4.74 cent (70% growth)	4.98 cent (79% growth)	4.0 cent (43% growth)	0%	**Nil**	**Nil**
Growth in Total Accounting Return per share (TAR) (17.5% weighting)	4%	6.7%	10%	11%	100%	**€40,454**	**€89,250**
Strategic and operational (25% weighting)	Further details are on page 112			Further details are on page 112	CEO: 100% CFO: 90%	**€57,791**	**€114,750**
Overall annual bonus outcome						**€190,711** **42% of salary***	**€408,000** **120% of salary**

* The CEO, Kevin Nowlan did not participate in the annual bonus for the full financial year as he was a Vendor of the Investment Manager and so his bonus outcome has been pro-rated for the period 27 November 2018 to 31 March 2019. On a proforma basis, the CEO's bonus is equal to 124% of salary.

2019 LTIP outcomes

Not applicable as the first LTIP grants are expected to be made in July 2019.

Total single figure of remuneration

	CEO	CFO
	€'000	€'000
2019	€731	€828
2018	€367	€625

1. The CEO, Kevin Nowlan did not participate in the annual bonus for the full financial year as he was a Vendor of the Investment Manager and so his bonus outcome has been pro-rated for the period 27 November 2018 to 31 March 2019. On a proforma basis, the CEO's bonus is equal to 124% of salary.
2. The figures for the CEO, Kevin Nowlan, do not include payments under the IMA which are disclosed in note 36.b to the consolidated financial statements. These payments are in respect of deferred consideration on the Internalisation rather than remuneration.

Remuneration under the new Policy – how the Policy was implemented in 2019 and how it is proposed to implement the Policy in 2020

The Policy for Executive Directors supports Hibernia's KPIs, which are set out on page 34. 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. The Policy itself is published on our website at www.hiberniareit.com.

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Operation
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.	●					Salaries are set on appointment and reviewed annually. When determining salary the Committee considers: • General employee salary rises; • Remuneration practices in the Group; • Scope, role and experience; • Performance of the Group and economic environment; and • Salaries paid in relevant comparator group.
Pension To provide a basis for post-retirement remuneration in line with comparable remuneration packages.	●					Directors may participate in a defined contribution scheme. The pension plan is an optional defined contribution scheme with an independent pension provider and an employer contribution of between 7.5% and 15% for staff and Senior Management respectively.
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 needed to attract and retain Directors (e.g. relocation allowances).
Annual bonus To incentivise the achievement of annual performance targets that support the Group's short-term key performance as well as providing long-term alignment with shareholders through the operation of bonus deferral in shares for three years.	●	●	●	●		Awards are granted annually with performance measured over one financial year. At least 50% of awards will be linked to financial measures although specific measures, targets and weightings may vary from year to year. A third of any bonus earned is deferred into shares subject to a further three-year vesting period. Participants may be entitled to dividends or dividend equivalents on the deferred shares representing the dividends paid during the deferral period. Malus and clawback arrangements apply.
LTIP To incentivise the achievement of long-term sustainable shareholder return through the delivery of key financial performance indicators.	●	●	●	●	●	The Committee may award annual grants of performance share awards which vest three years from the date of grant subject to the achievement of the performance measures. A further two-year holding period applies to vested shares. Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the performance period on vested LTIP Awards. Malus and clawback arrangements apply.
Shareholding requirement To ensure Executive Directors' interests are aligned with shareholders over the long term.	●	●	●	●	●	Formal shareholding requirements which will encourage the Executive Directors to build up shareholdings over a five-year period and then subsequently hold a shareholding equivalent to a percentage of salary.
Non-Executive Directors' fees To attract and retain NEDs of the highest calibre with experience relevant to the Company.	●					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.

Opportunity	Implementation for financial year ended 31 March 2019	Implementation for financial year ended 31 March 2020
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. Average annual percentage increase in salaries for Executive Directors will be in line with the average for other employees in the Group. Exceptions to this rule are: • If an individual is below market level; and • Material increase in scope or responsibility.	Kevin Nowlan (CEO): €450,000 p.a. Thomas Edwards-Moss (CFO): €340,000 p.a.	Salaries for FY 2020 have been frozen for Executive Directors in line with the wider workforce. Salaries are as follows: Kevin Nowlan (CEO): €450,000 p.a. Thomas Edwards-Moss (CFO): €340,000 p.a.
The maximum pension contribution allowance for existing Executive Directors is 15% of salary.	15% of base salary for Executive Directors.	No change.
The maximum is the cost of providing the relevant benefits.	Car allowance, death in service, long-term disability schemes, travel insurance and other benefits where necessary.	No change.
Maximum: 150% of salary. 20% of maximum is paid out for threshold performance; 50% of maximum for on target performance; and 100% of maximum for maximum performance.	Maximum opportunity of 150% of base salary for Executive Directors. Performance conditions and weightings: • 40% Relative Total Property Return (TPR) • 17.5% growth in EPRA Earnings Per Share (EPS) • 17.5% Total Accounting Return (TAR) per share • 25% Strategic and operational objectives Executive Directors awarded bonuses in FY 2019 of: • CEO 42% (as a % of salary and equivalent to 124% on a proforma annual basis) • CFO 120% (as a % of salary) Information on bonus outcomes can be found on page 101 and pages 111 to 112. Note: the CEO, Kevin Nowlan did not participate in the annual bonus for the full financial year as he was a Vendor of the Investment Manager and so his bonus outcome has been pro-rated for the period 27 November 2018 to 31 March 2019.	No change to maximum bonus opportunity or performance conditions. Actual performance targets are not disclosed prospectively as they are considered to be commercially sensitive. Full disclosure will be published at the end of the financial year.
Maximum: 200% of salary. 20% vesting for threshold and 100% vesting for maximum performance.	FY 2020 will be the first year of operation of the LTIP – no grants were made in 2019.	Maximum opportunity of 200% of base salary for Executive Directors. Performance conditions and weightings: • 33.3% Relative TPR compared to the MSCI/SCSI Ireland Quarterly Property index • 33.3% Relative Total Shareholder Return (TSR) compared to constituents of the EPRA/NAREIT Developed Europe Index (33.3%); • 33.3% growth in TAR per share
The minimum shareholding requirement for Executive Directors is 350% of salary.	Current shareholdings of the Executive Directors are: • CEO: 2,051% of salary; • CFO: 58% of salary.	No change.
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.	Non-Executive Director fees were set as follows: • Chairman: €150,000; • NED Base fee: €60,000; • SID fee: €15,000; and • Committee Chair fee: €10,000 (excludes Nominations Committee Chair). In formulating the 2018 Remuneration Policy the Board reviewed fees of the Chairman and Non-Executive Directors. The revised fee levels were disclosed as part of the Policy approval and are as a result of the repositioning exercise described in full detail in last year's Directors' Remuneration Report.	Chairman and NED fees for FY 2020 have been frozen in line with the wider workforce. Fees from 1 April 2019 will be as follows: • Chairman: €150,000; • NED Base fee: €60,000; • SID fee: €15,000; and • Committee Chair fee: €10,000 (excludes Nominations Committee Chair).

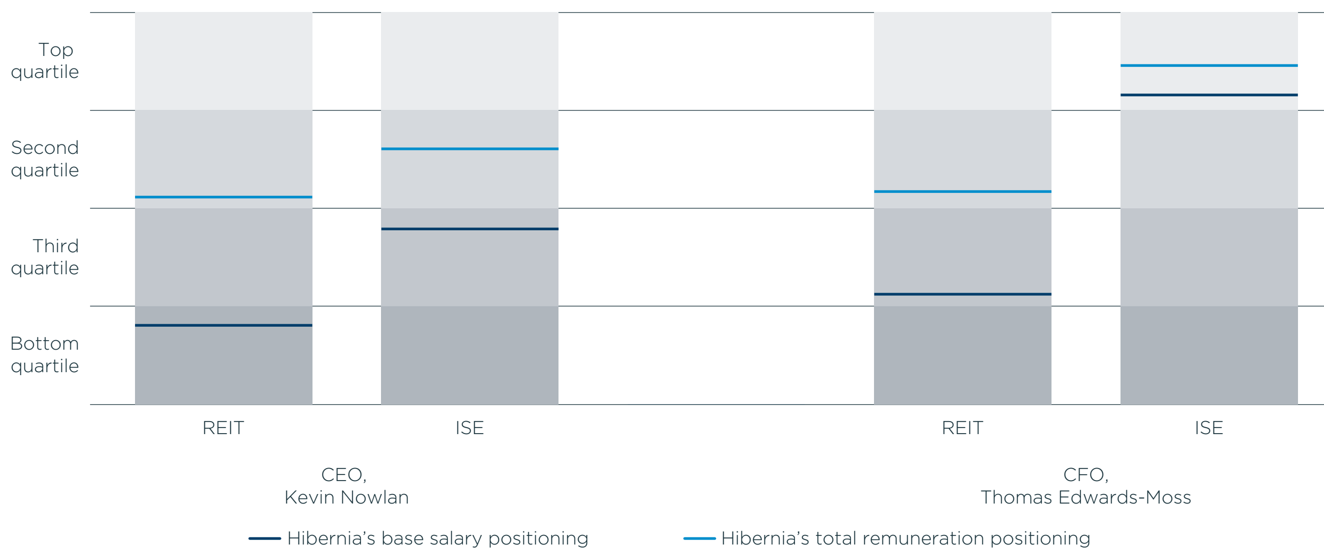
First grant of LTIP awards

The maximum LTIP opportunity is 200% of salary for the CEO and the CFO. It is expected that the first grant will be made in July 2019. The performance measures and targets which will apply to the final grant are 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 MSCI/SCSI Ireland Quarterly Property All Assets 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 three-year targets (Compound Annual Growth Rate "CAGR")	33.3%	4% CAGR p.a.	10% CAGR p.a.

*Straight-line interpolation between threshold and maximums.

How do our remuneration levels compare to our peers?
The following chart shows the relative position of base salaries and target total remuneration for our Executive Directors compared to our peers (see below for positioning):



Additional information on Hibernia's remuneration positioning policy
The Committee's determination of the appropriate Policy position for remuneration is as follows:

- REIT comparators for both Executive Directors:
  - Lower quartile fixed pay;
  - Upper quartile incentive opportunities; and
  - Total target remuneration at around the median.

- 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.

For the CFO the positioning is significantly higher against the Irish comparators. However, the Committee's view is that the REIT comparators are the primary group against which the Company should be compared for this role.

External relativities

Policy external positioning

In line with the UK Corporate Governance 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.

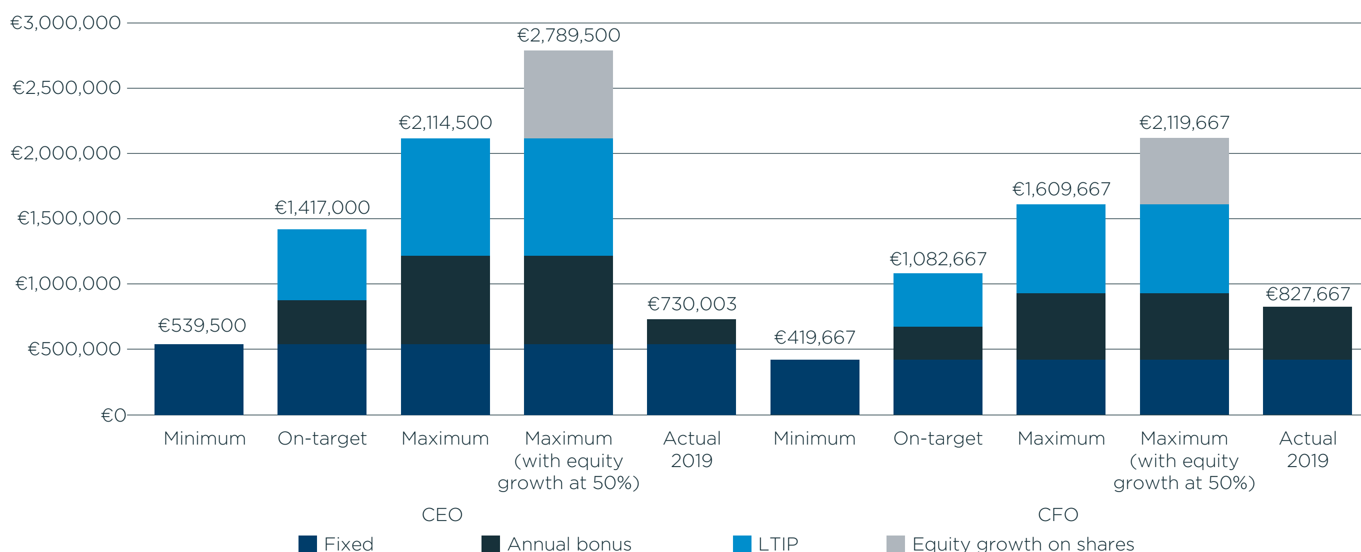
REIT comparators	Irish comparators
Company name	**Company name**
Intu Properties	Smurfit Kappa Group
Derwent London	Kingspan Group
Shaftesbury	Glanbia
Great Portland Estates	Aryzta
Workspace Group	Cairn Homes
Big Yellow Group	C&C Group
LondonMetric Property	Irish Continental Group
Assura	Dalata Hotel 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[3]	Market cap €m[1]	Net asset value €m[2]	Irish comparators	Market cap €m[1]
Upper quartile	2,121	2,414	Upper quartile	1,115
Median	1,465	1,149	Median	774
Lower quartile	467	552	Lower quartile	451
Hibernia	980	1,219	Hibernia	980

1. 1 year average Market Capitalisation to 31/03/2019. Source: Thomson Reuters Refinitiv.
2. Latest available NAV available from Thomson Reuters Refinitiv as at June 2019.
3. In the case of REIT comparators, it should be noted that Market Capitalisation is the average for the year to 31 March 2019 and the NAV is the last reported. This table is simply intended to provide a snapshot of the size of REIT comparator companies for remuneration benchmarking purposes.

What is our 2019 single figure compared to our current policy?

The charts set out below are updated versions of charts which appeared in the Directors' Remuneration Policy approved in July 2018. These set out an illustration of the Directors' Remuneration Policy compared to the actual Executive Director remuneration paid in 2019.



Notes

The minimum scenario reflects fixed remuneration of salary, pension and benefits only as the other elements are linked to future performance.

Base salary is current base salary effective 1 April 2019.

Benefits are as shown in the single figure remuneration table for the year to 31 March 2019 on page 110.

The on-target scenario reflects fixed remuneration as above plus 50% of the maximum annual bonus opportunity and 60% vesting for the LTIP awards.

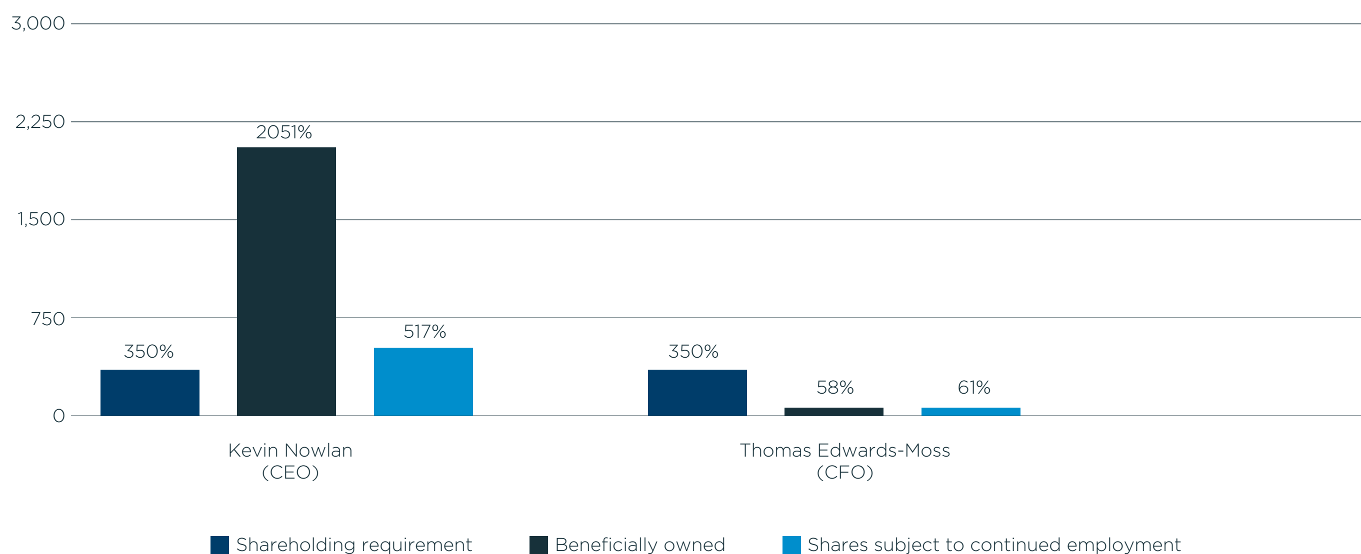
The maximum scenario reflects the fixed remuneration plus the maximum pay-out of all other incentive arrangements.

The maximum scenarios include an additional bar which shows the impact of 50% share price growth on the LTIP over the relevant performance period in line with the remuneration reporting regulations.

What is our minimum shareholding requirement and has it been met?

The Company has a shareholding requirement for Executive Directors. 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 Remuneration Policy to achieve this guideline.

Using the Company's closing share price of €1.336 on 31 March 2019, compliance with these requirements was as follows:



Additional information on shareholding requirements

Shares counting towards the achievement of the guideline include beneficially owned shares (including shares held by connected persons) and the net of tax value of deferred shares which are subject to continued employment only.

As there were no LTIP grants in FY 2019, shares which are subject to performance are not shown but this will be indicated in future years.

Overall link to remuneration, equity and wealth of the Executive Directors

It is the Committee's view that it is important when considering the remuneration paid in the year under the single figure to take a holistic view of the Director's total wealth linked to the performance of the Company. In the Committee's opinion, the impact on the total wealth of the Director is more important than the single figure in any one year; this approach encourages Directors to take a long-term view of the sustainable performance of the Company; this is critical in a cyclical business. The ability for the Directors to gain and lose dependent on the share price performance of the Company at a level which is material to their total remuneration is a key facet of the Company's Remuneration Policy.

The following table sets out the single figure for 2019, the number of shares held by the Executive Directors at the beginning and end of the financial year and the impact on the value of these shares taking the opening price and closing price for the year. Shares held includes those owned outright as well as any conditional shares held under incentive plans which have not yet vested.

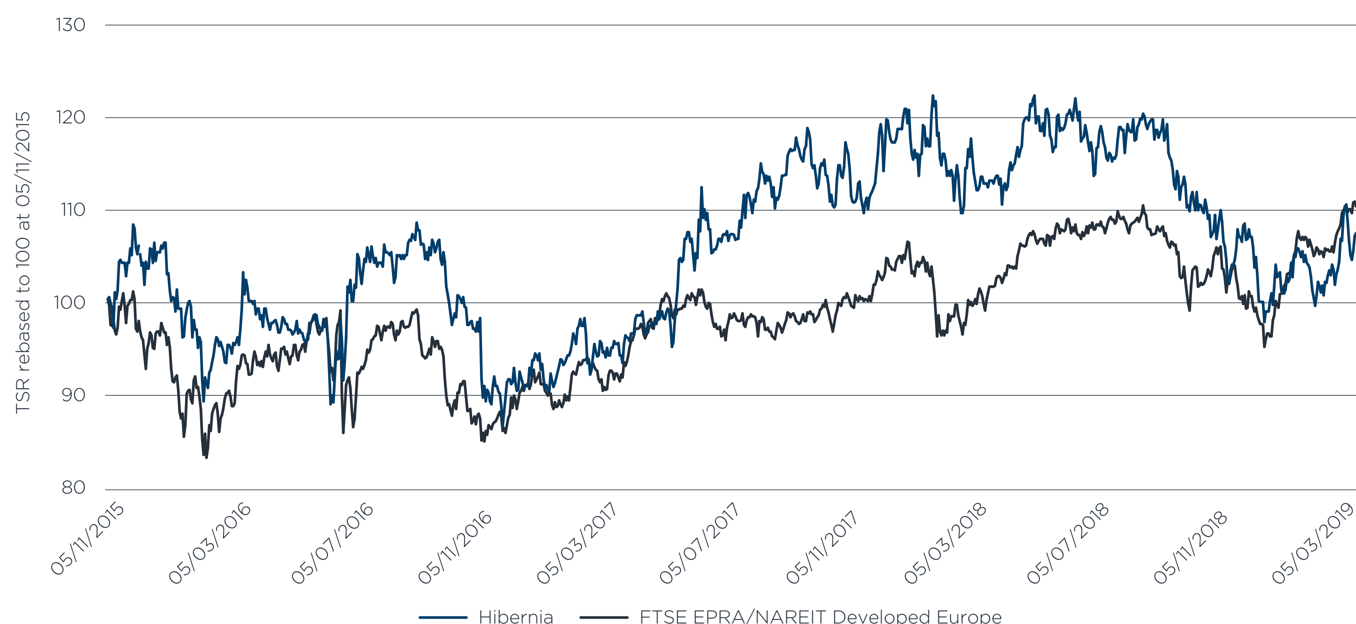
	2018-19 single figure	Shares held at start of year	Shares held at end of year	Value of shares at start of year	Value of shares at end of year	Difference
	€'000	'000 shares	'000 shares	€'000	€'000	€'000
CEO, Kevin Nowlan	731	5,003	6,907	7,224	9,228	2,004
CFO, Thomas Edwards-Moss	828	98	147	142	196	54

In the CEO's case, the difference of €2,004,170 shows that the CEO's shareholding is meaningful in comparison to his single figure. Therefore, a material proportion of the CEO's wealth is tied to the share price of the Company, aligning him with the ownership experience of other shareholders during the period. It should be noted that the increase in value for both the CEO and the CFO is as a result of an increase in the number of shares owned by the CEO and CFO during the year with the actual share price having fallen during the period (€1.44 at the start of the year and €1.34 at the end of the year).

Other pay comparisons used by the Committee

Total Shareholder Return

The chart below shows the Company's Total Shareholder Return (TSR) since Internalisation of the management team on 5 November 2015. The Committee believes European industry benchmarks represent the most relevant benchmark for comparison.



CEO remuneration and percentage change in CEO remuneration

The table below details the total remuneration of Kevin Nowlan, our CEO, for the financial year. The percentage change in remuneration is equivalent to an increase of 99% as compared to the prior year. 2018-2019 is a transitional year with partial implementation of the new Remuneration Policy and therefore a year on year comparison is not particularly meaningful. Kevin Nowlan was one of the Vendors of the Investment Manager and therefore, received no variable remuneration until after 26 November 2018 when the IMA expired as he was compensated under the Share Purchase Agreement. The variable remuneration shown is therefore for the period from 27 November 2018 to 31 March 2019. The table below excludes Kevin's compensation under the Share Purchase Agreement as this is not remuneration but details of this can be found in note 36.b to the consolidated financial statements.

In next year's Directors' Remuneration Report we will expand this disclosure to include the CEO's percentage change in remuneration relative to the average of the wider workforce and other senior employees as this provides more meaningful information.

	Financial year ended 31 March	Base salary €'000	Taxable benefits €'000	Pension €'000	Annual bonus €'000	Total €'000
Kevin Nowlan (CEO)	**2019**	**450**	**22**	**68**	**191**	**731**
	2018	300	22	45	–	367

Relative importance of 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	2019	2018	% Change
Staff costs for all non-vendor employees (€'m)[1]	**5.3m**	4.4m	+21%
Distributions paid to shareholders (€'m)	**23.7m**	17.7m	+34%

1. €0.9m (31 March 2018: €0.8m) in staff costs is excluded from this as it is recovered through service charge arrangements on Hibernia-managed buildings.

Fairness, diversity and wider workforce considerations

The Remuneration Committee's remit

The Remuneration Committee is responsible for ensuring that the Company's overall Remuneration Policy is consistent with the strategic objectives of the Company and takes account of risk management implications. The Committee is responsible for oversight of remuneration across the Company with specific regard for Directors and Senior Management.

The Committee also has oversight of wider workforce pay and policies and incentives, which enables it to ensure that the approach to executive remuneration is consistent with that applied to the wider workforce. The Committee is provided with additional information from the Company in order to carry out these responsibilities.

In order for the Committee to carry out the current oversight review of wider workforce pay, policies and incentives in line with the UK Corporate Governance Code, the current process is being refined. The Committee currently receive an annual summary setting out the key details of remuneration changes for the wider work force and approve the details of changes for the Senior Management Team.

The Committee is aware that clearly the level and type of remuneration offered will vary across employees depending on the employee's level of seniority and the nature of his or her role. The Committee is not looking for a homogeneous approach to remuneration; however, when conducting its review, it pays particular attention to: whether the element of remuneration is consistent with the Company's remuneration philosophy; if there are differences, they are objectively justifiable; and whether the approach seems fair and equitable in the context of Hibernia's Senior Management and Hibernia's wider workforce. Details of the findings on the alignment of pay across the Group will be communicated to employees and reported on in next year's Directors' Remuneration Report.

Competitive pay and cascade of incentives

As outlined in the Chairman's statement, the Remuneration Policy was extended to set structures for the wider workforce and in the context of the cascade of incentives throughout the Company.

We undertook an assessment exercise to ensure pay and other incentives were competitive and fair with respect to the market at large, underscoring the Company's commitment to fair pay, and internally in relation to gender balance and other relevant factors. As a result of this exercise, as well as salary adjustments applied from 1 January 2019, the Company increased the employer pension contribution for staff from 5% to 7.5% and introduced a health insurance payment scheme for employees other than the Executive Directors and Senior Management Team.

We believe that employees should also share in the success of the Company, and therefore all employees are set performance targets that encompass not only personal objectives but also Company performance targets. The balance between personal and Company performance targets is set depending on the employee's ability to influence outcomes, but all employees have an element of Company performance comprised within their targets. All employees therefore participate in the Annual Bonus element of the Remuneration Policy and selected Senior Management participate in the LTIP portion of the remuneration scheme.

Competitive pay & cascade of incentives

Organisational level	Employee #[1]	Maximum bonus percentage of salary	Proportion of bonus payable in cash	Proportion of bonus deferrable in shares	Maximum LTIP award percentage of salary
Group Chief Executive Officer	1	150%	67%[2]	33%[2]	200%
Group Chief Financial Officer	1	150%	67%[2]	33%[2]	200%
Senior Management Team	5	125%	67%[2]	33%[2]	150%

Note:

1. Employees of the Group as at 31 March 2019.
2. Minimum deferral has been set at 33%.

We have 27 other employees, all of whom are eligible to participate in our bonus plan. Maximum bonus opportunities vary within this group depending on the individual's seniority and role.

Diversity and equal opportunities

The Group is committed to developing the skills and diverse talents of its employees and Board members and has a business and culture in place which supports this objective. Our aim is to foster a culture that promotes fairness and where success reflects ability, potential, performance and working as part of a team. The Group's policy is to employ the best candidates regardless of sex, race, ethnic origin, nationality, socio-economic background, colour, age, religion or philosophical belief, sexual orientation, marital status, pregnancy, maternity, gender reassignment or disability. However, where possible, recruitment at all levels seeks to add diversity. Along with our commitment to EPRA Sustainability Basic Principles, we publish gender diversity and pay ratios in our Sustainability Report which can be found on our website at www.hiberniareit.com/sustainability.

Fairness through our supply chain

Having established our Supplier Code of Conduct in 2017, we aim to continue to support our suppliers to adhere to legislation and to embed sustainable practices within their own businesses. Our Supplier Code of Conduct, which can be found on our website at www.hiberniareit.com/sustainability, sets out our expectations that our suppliers support fair pay and working time practices and operate an ethical business policy.

Annual report on remuneration for the financial year ended 31 March 2019

The 2019 annual report on remuneration contains details of how the Company's Remuneration Policy for Directors was implemented during the financial year ended 31 March 2019. 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.

Single total figure of remuneration for Executive Directors (Audited)

	Financial year ended 31 March	Base salary €'000	Taxable benefits €'000	Annual bonus €'000	Pension €'000	Other €'000	Total €'000
Kevin Nowlan (CEO)	**2019**	**450**	**22**	**191**	**68**	**–**	**731**
	2018	300	22	-	45	–	367
Thomas Edwards-Moss (CFO)	**2019**	**340**	**29**	**408**	**51**	**-**	**828**
	2018	265	35	285	40	–	625

Note

The CEO, Kevin Nowlan did not participate in the annual bonus for the full financial year as he was a Vendor of the Investment Manager and so his bonus outcome has been pro-rated for the period 27 November 2018 to 31 March 2019.

Incentive outcomes for 2019 (audited)
The annual bonus outcomes for the financial year ended 31 March 2019 are made up of two elements:

- For the period from 1 April 2018 to 26 November 2018 (i.e., the final period of the IMA), Performance Related Remuneration ("PRR") for all non-Vendor employees, including Thomas Edwards-Moss, was 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.b and 36.b to the consolidated financial statements. Further details on his compensation are set out on pages 110 to 112.
- For the period from 27 November 2018 to 31 March 2019 (i.e., period subject to the new Remuneration Policy), both Kevin Nowlan and Thomas Edwards-Moss participated in the annual bonus plan.

The Remuneration Committee set annual bonus performance targets which applied for the full 2019 financial year as the Committee felt this approach was the most simple, transparent and robust. Kevin Nowlan and Thomas Edwards-Moss' maximum annual bonus opportunity for the financial year was 150% of salary. In Kevin Nowlan's case, as he was one of the Vendors, bonus outcomes have been pro-rated to 27 November 2018 to 31 March 2019. In Thomas Edwards-Moss' case, the bonus is split between the PRR under the IMA and the annual bonus plan under the Remuneration Policy.

The performance metrics, targets and outcomes for each metric are shown below:

Annual bonus	Threshold	Target	Maximum	Hibernia actual	Performance achieved (as a % of maximum)	CEO bonus (value)*	CFO bonus (value)
Relative Total Property Return (TPR) TPR is compared to the MSCI/ SCSI Ireland Quarterly Property Index (excluding Hibernia) (40% weighting)	Equal to Index	Index +1%	Index +2%	TPR of 11.6% vs MSCI Ireland Index annual return of 7.5%.	100%	**€92,466**	**€204,000**
Growth in EPRA Earnings per share (EPS) (17.5% weighting)	4.10 cent (47% growth)	4.74 cent (70% growth)	4.98 cent (79% growth)	4.0 cent (43% growth)	0%	**Nil**	**Nil**
Growth in Total Accounting Return per share (TAR) (17.5% weighting)	4%	6.7%	10%	11%	100%	**€40,454**	**€89,250**
Strategic and operational (25% weighting)	Further details are on page 112			Further details are on page 112	CEO: 100% CFO: 90%	**€57,791**	**€114,750**
Overall annual bonus outcome						**€190,711** **42% of salary***	**€408,000** **120% of salary**

* The CEO, Kevin Nowlan did not participate in the annual bonus for the full financial year as he was a Vendor of the Investment Manager and so his bonus outcome has been pro-rated for the period 27 November 2018 to 31 March 2019. On a proforma annual basis, the CEO's bonus is equal to 124% of salary.

In the CEO's case, two-thirds of the bonus payable under the Remuneration Policy, i.e. from 27 November 2018 to 31 March 2019, will be paid in the form of cash and the remaining third has been deferred for three years and will be payable in shares, subject to continued employment.

In the CFO's case, one half of the bonus payable to the CFO from 1 April 2018 to 26 November 2018, i.e. falling under the IMA PRR, will be paid in cash and the balance has been deferred subject to continued employment and will be payable in shares, net of tax, at the end of three years from the start of the financial year to which they relate. For the other half of the CFO's bonus, two-thirds will be paid in the form of cash and the remaining third has been deferred for three years and will be payable in shares, subject to continued employment.

As a result, the following cash bonus and deferred bonus shares will be awarded:

	Cash bonus	Deferred bonus
CEO	€127,141	€63,570
CFO	€227,288	€180,712

CEO – bonus assessment for 2018-2019

Financial objectives	Assessment	Committee Determination
Total Property Return: outperform IPD Ireland Index (ex- Hibernia) (40%)	Hibernia TPR of 11.6% vs MSCI Ireland Index annual return of 7.5%. Maximum pay-out at Index + 2%	The objective was fully met
Growth in EPRA earnings per share (17.5%)	EPRA earnings per share growth of 4.0 cent. Threshold was 4.1 cent.	The objective was not met
Growth in Total Accounting Return per share (17.5%)	Growth in Total Accounting Return of 11%. Maximum pay-out at 10% growth	The objective was fully met
Strategic and Operational Measures (25%)		
Deliver current development projects and prepare pipeline of future projects	1 Sir John Rogerson's Quay and 2 Windmill Lane projects completed. Work commenced on 2 Cumberland Place. Additional 90 acres acquired in Newlands.	The objective was fully met
Deploy capital into acquisitions and development projects and recycle capital to monetise gains and enhance future returns	€40m of new acquisitions and €45m invested in development projects. Disposals of €100m and commencement of share buyback programme.	The objective was fully met
No material breaches of corporate governance, regulatory, tax and banking requirements	Full compliance with all requirements and no material breaches.	The objective was fully met
Management of Senior Management Team	Structures put in place to allow team to perform and internal appointment as Interim Chief Investment Officer demonstrates depth of talent	The objective was fully met
Environmental and Sustainability Objectives	Separate Sustainability Report produced this year highlighting progress made against targets. First GRESB submission made in 2018 and 2019 results available to all GRESB subscribers when published. EPRA gold Award received. Continued involvement in charity fund raising events.	The Committee felt significant progress has been made in achieving this objective and work is continuing to make improvements in this area.

Overall the Committee determined that the objectives had been satisfied at 82.5% giving rise to a proforma annual bonus of 123.75% of salary which is prorated to 42% for the period from 27 November 2018 to 31 March 2019 (maximum available 150% of salary).

CFO – bonus assessment for 2018-2019

Financial objectives	Assessment	Committee Determination
Total Property Return: outperform IPD Ireland Index (ex- Hibernia) (40%)	Hibernia TPR of 11.6% vs MSCI Ireland Index annual return of 7.5%. Maximum pay-out at Index + 2%	The objective was fully met
Growth in EPRA Earnings per Share (17.5%)	EPRA Earnings per Share growth of 4.0 cent. Threshold was 4.1 cent.	The objective was not met
Growth in Total Accounting Return per share (17.5%)	Growth in Total Accounting Return of 11%. Maximum pay-out at 10% growth	The objective was fully met
Strategic and Operational Measures (25%)		
Ensure Hibernia has access to competitive, low cost funding with longer term duration and increased flexibility	Debt refinanced in December 2018 with duration extended from 1.9 years to 5.7 years. Move to unsecured structure giving increased funding options. €75m of private placement notes issued	The objective was fully met
No material breaches of corporate governance, regulatory, tax and banking requirements	Full compliance with all requirements and no material breaches	The objective was fully met
Further improvement in quality of financial and sustainability reporting to stakeholders	Achieved Gold awards from EPRA for financial reporting and sustainability reporting. Separate Sustainability Report produced for 2018/19 and full participation in GRESB	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	Structures put in place to enable team members to develop and grow and take more responsibility for finance activities	The Committee felt good progress had been made in this area with scope for continuing improvement
Environmental and Sustainability Objectives	Separate Sustainability Report produced this year highlighting progress made against targets. First GRESB submission made in 2018 and 2019 results available to all GRESB subscribers when published. EPRA Gold Award received. Continued involvement in charity fund raising events.	The Committee felt significant progress has been made in achieving this objective and work is continuing to make improvements in this area.

Overall the Committee determined that the objectives had been satisfied at 80% giving rise to a bonus of 120% of salary (maximum available 150% of salary).

LTIP (audited)
No LTIP awards were made or vested during the financial year.

Payments to past Directors (audited)
There were no payments to past Directors during the financial year, other than consultancy related payments to Mr William Nowlan, who retired from the Board on 25 July, which are outlined further in Note 36.b to the consolidated financial statements.

Payments for loss of office (audited)
There were no payments for loss of office during the financial year.

Single figure remuneration table for Non-Executive Directors (audited)
The remuneration of Non-Executive Directors showing the breakdown between components with comparative figures for the prior year is shown below.

		Fees[1] €'000	Other €'000	Total €'000
Daniel Kitchen	**2019**	**150**	**–**	**150**
	2018	100	–	100
Colm Barrington	**2019**	**85**	**–**	**85**
	2018	50	–	50
Roisin Brennan	**2019**	**12**	**-**	**12**
	2018	–	–	–
Terence O'Rourke	**2019**	**70**	**–**	**70**
	2018	50	–	50
Frank Kenny	**2019**	**60**	**–**	**60**
	2018	20	–	20
Stewart Harrington	**2019**	**70**	**–**	**70**
	2018	50	–	50

1. In formulating the 2018 Remuneration Policy the Board reviewed the fees of the Chairman and Non-Executive Directors. The revised fee levels were disclosed as part of the Policy approval and are as a result of the repositioning exercise described in full detail in last year's Director's Remuneration Report.

Statement of Directors' shareholdings
Directors' share interests are set out below.

Director	31 March 2019 beneficially owned[1]	Total interests subject to performance conditions[2]	Total interests not subject to performance conditions[3]	% of share capital (2019)	% of share capital (2018)	1 April 2018[4]
Kevin Nowlan (CEO)	**6,907,472**	**n/a**	**1,717,605**	**1.25%**	0.99%	5,002,918
Thomas Edwards-Moss (CFO)	**146,673**	**n/a**	**156,388**	**0.04%**	0.05%	98,147
Daniel Kitchen	**100,371**	**n/a**	**n/a**	**0.01%**	0.01%	100,371
Colm Barrington	**1,100,000**	**n/a**	**n/a**	**0.16%**	0.16%	1,100,000
Roisin Brennan	**63,777**	**n/a**	**n/a**	**0.01%**	–	63,777
Frank Kenny	**6,799,936**	**n/a**	**1,129,837**	**1.15%**	0.97%	5,530,234
Terence O'Rourke	**157,523**	**n/a**	**n/a**	**0.02%**	0.02%	154,566
Stewart Harrington	**104,512**	**n/a**	**n/a**	**0.01%**	0.01%	102,550
Sean O'Dwyer (Company Secretary)	**121,982**	**n/a**	**72,457**	**0.03%**	0.03%	102,574

On 4 April 2019 45,472 shares were issued to Thomas Edwards-Moss pursuant to the settlement of performance-related remuneration in respect of the financial year ended 31 March 2017. Other than this, there were no movements in Directors' shareholdings between 31 March 2019 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 (net of tax) granted under the interim incentive scheme, subject to continued employment conditions, and shares due to vendors under Internalisation.
4. Or date of appointment if later.

Statement of implementation of Remuneration Policy for the year ending 31 March 2020
See pages 102 to 103.

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.

Director	Date of contract	Notice period
Kevin Nowlan (CEO)	27 November 2018	6 months
Thomas Edwards-Moss (CFO)	5 November 2015	6 months

Letters of appointment for Non-Executive Directors
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 letter	Notice period
Daniel Kitchen	August 2013	1 month
Colm Barrington	August 2013	1 month
Roisin Brennan	January 2019	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.

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. Neither Kevin Nowlan nor Thomas Edwards-Moss has any external appointments currently.

On behalf of the Committee and the Board,

Colm Barrington
17 June 2019

Directors' report

The Directors submit their report for the financial year ended 31 March 2019. The strategic report, on pages 2 to 63 is incorporated into the Directors' report by reference.

Financial highlights and a discussion thereon can be found on pages 56 to 58 of the Strategic Report.

Directors' responsibilities

These are set out in the Directors' responsibility statement on page 119 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 56 to 58 The principal subsidiary and associate undertakings are listed in note 36.a to the consolidated financial statements and form part of this Report.

Results for the financial year

Group results for the financial year are set out in the Group consolidated income statement on page 126. The profit for the financial year ended 31 March 2019 was €123.5m (March 2018: €107.1m), including unrealised gains on investment property of €95.5m (31 March 2018: €81.4m).

The key performance indicators used in evaluating the achievement of strategic objectives, and as performance measurements for remuneration, are as follows:

- Total property return ("TPR") %: Measures the relative performance of the Company's investment property portfolio versus the MSCI Ireland All Property Index (excluding Hibernia).
- Total accounting return ("TAR") %: Measures the absolute growth in the Group's EPRA NAV per share plus any ordinary dividends paid during the period.
- EPRA earnings per share (cent): Measures the profit after tax excluding revaluations and gains and losses on disposals and associated taxation (if any). For property companies it is a key measure of a company's operational performance and capacity to pay dividends.
- Total shareholder return ("TSR") %: Measures growth in share value over a period assuming dividends are re-invested in the purchase of shares. Allows comparison to other companies in the Group's listed peer group.

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 32 to 35 of this Annual Report.

Dividends

The Directors maintain a dividend which adheres to 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 reinvest proceeds from disposals of assets in accordance with the Group's strategic priorities or return funds to shareholders (see below "Share buyback programme"). 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 2.0 cent per share (c. €14m based on the number of ordinary shares in issue as at close of business on 14 June 2019 as adjusted for expected share issues prior to the payment date) (31 March 2018: 1.9 cent per share or c. €13.3m) which will be paid, subject to shareholder approval, on 2 August 2019. Together with the interim dividend of 1.5 cent, the total dividend for the financial year is 3.5 cent per share or c. €24.4m (31 March 2018: 3.0 cent or c. €20.9m).

Share buyback programme

On 1 April 2019 the Company announced the sale of 77 Sir John Rogerson's Quay and its intention to return the net sales proceeds from the sale (€35m) to shareholders, commencing with an initial share buyback of up to €25m. The share buyback programme started on 2 April 2019, in accordance with the Company's general authority to repurchase ordinary shares as approved by shareholders at the Company's AGM on 31 July 2018, and may continue until 31 December 2019 subject to renewed general repurchase authority at the 2019 AGM, market conditions, the ongoing capital requirements of the business and termination provisions customary for arrangements of this nature. The maximum number of ordinary shares to be repurchased under the Share Buyback Programme is 69,758,891.

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 49 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 2019 and 2018, respectively.

Share capital
At 31 March 2019 the Company had 697,588,911 units of ordinary stock in issue (31 March 2018: 692,347,106).

On 4 April 2019, 121,519 shares were issued pursuant to the settlement of performance-related remuneration awards to staff for the year ended 31 March 2017. In addition, as of 14 June 2019, 6,285,487 shares had been repurchased and cancelled as part of the initial share buyback programme.

Approximately 5.6m shares will be issued in relation to performance-related payments for the financial year ended 31 March 2019 (31 March 2018: 6.2m).

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 24 to 25 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 49.

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 Company refinanced its €400m secured revolving credit arrangement that was due to expire in November 2020 with a €320m unsecured revolving credit facility and €75m of unsecured US private placement notes: overall the Group has an average debt maturity of 5.4 years.

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)
Roisin Brennan
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. Roisin Brennan was appointed on 16 January 2019. 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. 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 93 to 114 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 reappointment 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 pages 80 to 81 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 reappointment 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 2019

The interests of the Directors and Company Secretary in the shares of the Company are set out in the Report on the Directors' Remuneration on pages 110 to 114. 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 2019 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	%
BNP Paribas Asset Management Holding SA	41,991	6.02
TIAA-CREF Investment Management LLC	35,107	5.03
Oppenheimer Funds Inc.	34,839	5.03
BlackRock Inc.	34,634	5.00
Standard Life Aberdeen plc	28,895	4.14
FMR LLC	28,133	4.03
Baillie Gifford & Co	21,622	3.10
Heitman Real Estate Securities LLC	20,938	3.00

As at 14 June 2019 the Company has been notified of the following changes:

	Holding	
Holder	'000 Shares	%
Invesco Ltd*	46,409	6.69
BNP Paribas Asset Management Holding SA	41,676	6.00
FMR LLC	21,164	3.04
Kempen Capital Management N.V.	20,950	3.01
Heitman Real Estate Securities LLC	20,583	2.97
Oppenheimer Funds Inc*	-	-

* Following the completion of Invesco's acquisition of Oppenheimer Funds.

Corporate governance
The Group is committed to high standards of corporate governance, details of which are given in the corporate governance report on pages 64 to 114 which forms part of the Directors' report.

Health, safety and security
The Group has a Health and Safety Committee to monitor compliance with all regulations. 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 the Group's insurance broker. There have been no major incidents at any of the Group's properties in this or the previous financial year. All employees receive health and safety training. All must achieve relevant certification before attending construction sites. The Group works closely with its partners to ensure that customers, employees, contractors and visitors are safe and secure in all the Group's 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 its stakeholders. More details on the Group's policies and progress can be found in the Sustainability Report for the year ended 31 March 2019 which is published separately and available on our website at www.hiberniareit.com and summarised in this Annual Report on pages 60 to 63.

Accounting records
The Directors believe that they have complied with the provisions of sections 281 to 285 of the Companies Act 2014 with regard to accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Group and Company are maintained at the registered office located at South Dock House, Hanover Quay, Dublin D02 XW94, Ireland.

Political contributions
The Group made no political contributions during the financial year.

Financial risk management
The financial risk management objectives and policies of the Group and Company are set out in note 31 to the consolidated financial statements and note s 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 38 to the consolidated financial statements.

Annual Report
The Board, having reviewed the Annual Report in its entirety, is satisfied it is fair, balanced and understandable and gives the reader all the information required to understand the business model, strategy, position 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 84 to 90 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 fifth Annual General Meeting ("AGM") of the Company was held on 31 July 2018. The sixth AGM will be held on 31 July 2019. Notice of the 2019 AGM, together with details of the resolutions to be considered at the meeting, will be circulated to the shareholders in June 2019.

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

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

The Directors Report was approved by the Board of Directors on 17 June 2019 and is signed on their behalf by:

Kevin Nowlan
Chief Executive Officer

Thomas Edwards-Moss
Chief Financial Officer

Directors' responsibility statement

The Directors, whose names and details are listed on pages 68 to 69 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 a 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 68 to 69, 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 2019 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 2019, 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 provide 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 17 June 2019 and is signed on their behalf by:

Kevin Nowlan
Chief Executive Officer

Thomas Edwards-Moss
Chief Financial Officer

Report on the audit of the financial statements

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 2019 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 38, including a summary of significant accounting policies as set out in the notes.

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 aa, including a summary of significant accounting policies as set out in the notes.

The relevant financial reporting framework that has been applied in the preparation of the Group and Company financial statements 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 • Accuracy of IMA performance-related payments.
Materiality	We determined materiality for the Group and Company to be €12.2 million which is 1% of Group and Company 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 report, add or draw attention to:

- the Directors' confirmation in the Annual Report on page 115 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 disclosures on pages 40 to 49 of the Annual Report that describe those principal risks and explain how they are being managed or mitigated;
- the Directors' statement on page 132 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 Directors' 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 their 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 judgement, 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 property	
Key audit matter description	The valuation of the Group's investment properties of €1,395m (2018: €1,309m) 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 valuation models (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 pages 84 to 90 (Audit Committee Report), pages 132 to 133 (Notes 2f and 2g – Significant judgements and analysis of sources of estimation uncertainty and pages 152 to 155 (Note 17 – Investment property).
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 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 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.

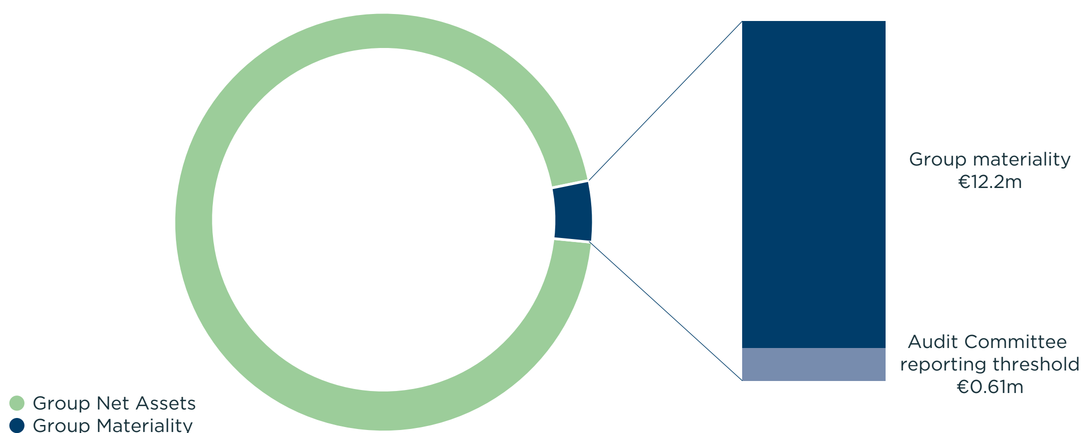
Accuracy of IMA performance-related payments	
Key audit matter description	The calculation of IMA performance-related payments of €6.9m (2018: €8.3m) as disclosed on page 145 (Note 11.b IMA performance-related payments to Vendors and staff) is manual, the basis of the calculation is complex in nature and the recipients of payments are related parties of the Group. These factors increase the risk of error and as a result we have assessed this as qualitatively material to the financial statements as a whole. A portion of the IMA 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 88 (Audit Committee Report) and page 145 (Note 11.b IMA 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 IMA 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 IMA 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 and disclosures of the IMA 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 IMA 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 and Company to be €12.2m which is 1% of Group and Company 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 misstatements, complexity of the Company and the reliability of the control environment.



We agreed with the Audit Committee that we would report to them any audit differences in excess of €0.61m, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also reported 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 Group level. Based on that assessment, a full scope audit was performed by the Group audit team for all major subsidiaries of the Group (please see note 36.a to the consolidated financial statements for further information). This gives coverage over substantially all of the Group.

Our 2019 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 position and 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 judgement 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.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may be reasonably thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 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 64 to 114 that:

- In our opinion, based on the work undertaken during the course of the audit, 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 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 Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended); and
- 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 Euronext Dublin 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. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is six years, covering the years ending 2014 to 2019.

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.

Christian MacManus
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2
17 June 2019

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 2019

	Notes	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Revenue	5	**61,387**	54,094
Rental income	5	56,027	49,075
Property operating expenses	5	(2,718)	(3,352)
Net rental and related income	5	**53,309**	**45,723**
Gains and losses on investment property	7	98,105	87,802
Other gains and (losses)	8	140	(41)
		151,554	**133,484**
Operating expenses			
Administration expenses	9	(13,890)	(13,517)
IMA performance-related payments	11	(5,401)	(6,599)
Total operating expenses		**(19,291)**	**(20,116)**
Operating profit		**132,263**	**113,368**
Finance income		5	7
Finance expense		(8,226)	(6,243)
Net finance expense	12	**(8,221)**	**(6,236)**
Profit before income tax		**124,042**	**107,132**
Income tax expense	13	(583)	(31)
Profit for the financial year		**123,459**	**107,101**
EPRA earnings for the financial year	15	**27,472**	19,403
Earnings per share			
Basic earnings per share (cent)	15	**17.8**	15.5
Diluted earnings per share (cent)	15	**17.6**	15.4
EPRA earnings per share (cent)	15	**4.0**	2.8
Diluted EPRA earnings per share (cent)	15	**3.9**	2.8

The notes on pages 131 to 176 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the financial year ended 31 March 2019

	Notes	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Profit for the financial year		**123,459**	**107,101**
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	24.a	723	657
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain/(loss) on hedging instruments entered into for cashflow hedges	24.b	41	(112)
Total other comprehensive income		**764**	**545**
Total comprehensive income for the financial year attributable to owners of the Company		**124,223**	**107,646**

The notes on pages 131 to 176 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March 2019

	Notes	31 March 2019 €'000	31 March 2018 €'000
Assets			
Non-current assets			
Investment property	17	1,395,418	1,308,717
Property, plant and equipment	18	5,902	5,411
Other financial assets	21	194	240
Trade and other receivables	22	7,928	7,787
Total non-current assets		**1,409,442**	**1,322,155**
Current assets			
Trade and other receivables	22	40,164	7,239
Cash and cash equivalents	20	22,372	22,521
		62,536	**29,760**
Non-current assets classified as held for sale	19	534	534
Total current assets		**63,070**	**30,294**
Total assets		**1,472,512**	**1,352,449**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	23	694,242	686,696
Other reserves	24	9,157	9,620
Retained earnings	25	515,140	415,414
Total equity		**1,218,539**	**1,111,730**
Non-current liabilities			
Financial liabilities	26.a	231,048	218,409
Deferred tax liabilities	27	547	–
Total non-current liabilities		**231,595**	**218,409**
Current liabilities			
Financial liabilities	26.a	507	809
Trade and other payables	28	19,863	19,756
Contract liabilities	29	2,008	1,745
Total current liabilities		**22,378**	**22,310**
Total equity and liabilities		**1,472,512**	**1,352,449**
IFRS NAV per share (cent)	16	**174.7**	160.6
Diluted IFRS NAV per share (cent)	16	**173.2**	159.1
EPRA NAV per share (cent)	16	**173.3**	159.1

The notes on pages 131 to 176 form an integral part of these consolidated financial statements. The consolidated financial statements on pages 126 to 176 were approved and authorised for issue by the Board of Directors on 17 June 2019 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 2019

	Notes	Financial year ended 31 March 2019 Share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
Balance at start of financial year		**69,235**	**617,461**	**415,414**	**9,620**	**1,111,730**
Total comprehensive income for the financial year						
Profit for the financial year		–	–	123,459	–	123,459
Total other comprehensive income		–	–	–	764	764
		69,235	**617,461**	**538,873**	**10,384**	**1,235,953**
Transactions with owners of the Company, recognised directly in equity						
Dividends paid	25	–	–	(23,719)	–	(23,719)
Issue of ordinary shares in settlement of share-based payments	23	524	7,022	–	(7,546)	–
Share issue costs		–	–	(14)	–	(14)
Share-based payments expense/cash settlement	11	–	–	–	6,319	6,319
Balance at end of financial year		**69,759**	**624,483**	**515,140**	**9,157**	**1,218,539**

	Notes	Financial year ended 31 March 2018 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 paid	25	–	–	(17,656)	–	(17,656)
Issue of ordinary shares in settlement of share-based payments	23	690	7,896	–	(8,586)	–
Share issue costs		–	–	(14)	–	(14)
Share-based payments expense/cash settlement	11	–	–	–	7,902	7,902
Balance at end of financial year		**69,235**	**617,461**	**415,414**	**9,620**	**1,111,730**

The notes on pages 131 to 176 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the financial year ended 31 March 2019

	Notes	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Cash flows from operating activities			
Profit for the financial year		123,459	107,101
Adjustments from:			
Gain on sales of investment property	7	(2,578)	(6,425)
Other gains and losses		(140)	41
Cash-settled share-based payments	11.b	(339)	–
Finance expense		8,221	6,236
Non-cash movements	30.a	(85,359)	(68,746)
Operating cash flow before movements in working capital		**43,264**	**38,207**
(Increase) in trade and other receivables		(961)	(962)
(Decrease)/increase in trade and other payables		(447)	945
Increase in contract liabilities		263	884
Net cash inflow from operating activities		**42,119**	**39,074**
Cash flows from investing activities			
Cash expended on investment property	30.b	(86,847)	(93,787)
Cash received from sales of investment property	30.c	64,016	35,815
Purchase of fixed assets	18	(52)	(238)
Cash received from loans repaid		170	–
Income on other assets		122	(41)
Finance income		5	7
Finance expense		(9,546)	(5,378)
Net cash flow absorbed by investing activities		**(32,132)**	**(63,622)**
Cash flow from financing activities			
Dividends paid	25	(23,719)	(17,656)
Borrowings drawn	26.a	340,412	86,454
Borrowings repaid	26.a	(326,372)	(39,674)
Derivatives premium paid		(443)	(189)
Share issue costs		(14)	(14)
Net cash (outflow)/inflow from financing activities		**(10,136)**	**28,921**
Net (decrease)/increase in cash and cash equivalents		**(149)**	**4,373**
Cash and cash equivalents start of financial period		**22,521**	**18,148**
(Decrease)/increase in cash and cash equivalents		(149)	4,373
Net cash and cash equivalents at end of financial period		**22,372**	**22,521**

The notes on pages 131 to 176 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Section I – 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 property are described within the relevant note to the consolidated financial statements. This section also includes a summary of the new European Union ("EU") endorsed accounting standards, amendments and interpretations that have not yet been adopted and their expected impact on the reported results of the Group.

The Group has applied IFRS 9 and IFRS 15 for the first time in these financial statements (notes 3 and 37). There was no material impact on the financial results or on the financial position as at 1 April 2018 as a result of adopting these standards.

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 International Accounting Standards Board ("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 IASB standards (note 3).

b. Alternative performance measures

The Group uses alternative performance measures to present certain aspects of its performance. These are explained and, where appropriate, reconciled to equivalent IFRS measures in the Supplementary Information section at the back of this report. The main alternative performance measures used are those issued by the European Public Real Estate Association ("EPRA") which is the representative body of the listed European real estate industry. EPRA issues guidelines and benchmarks for reporting both financial and sustainability measures. These are important in allowing investors to compare and measure the performance of real estate companies across Europe on a consistent basis. EPRA earnings and EPRA NAV are presented within the consolidated financial statements and fully reconciled to IFRS as these two measures are among the key performance indicators for the Group's business.

c. 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.

d. Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Company and entities controlled by the Company (its subsidiaries). The accounting policies of all consolidated entities are consistent with the Group's accounting policies. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Basis of preparation continued

e. 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 this statement and are satisfied that the Group is appropriately capitalised. The Group has a cash balance as at 31 March 2019 of €22m (March 2018: €23m), is generating positive operating cash flows and, as discussed in note 26, has in place debt facilities with average maturity of 5.4 years and an undrawn balance of €160.6m at 31 March 2019 (March 2018: €179m). 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.

f. Significant judgements

The preparation of the consolidated 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 consolidated 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 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 property

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

- **Harcourt Square**, which is valued on a residual basis as this reflects its highest and best use as a development property. The present value of the residual income to December 2022 when the current lease expires is added to the residual value.
- **Gateway industrial site,** which is currently rented on short-term leases, and 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.
- **Marine House and Clanwilliam Court Blocks 1, 2 and 5** are valued on an investment basis until the end of the leases (2020 and 2021 respectively) and on a residual basis thereafter, as it is the Directors' intention to undertake a refurbishment/development of both sites after the leases expire. Planning permission has been granted for Marine House and the Group is currently seeking planning permission for Clanwilliam Court Blocks 1, 2 and 5.

Residential assets: 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, 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 each 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 is 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 significant judgement is required in the interpretation and application of IFRS 2 to these arrangements. The calculation of the absolute element of the performance fee required some judgement around adjustments to EPRA NAV and while not material in nature, due to the related party nature of the IMA performance-related payments, these were reviewed by the Audit Committee.

2. Basis of preparation continued

g. Analysis of sources of estimation uncertainty

Valuation of investment property

The Group's investment properties are held at fair value and were valued at 31 March 2019 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 Board conducts a thorough review of the property valuations 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 valuations are 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 valuer refers to market evidence and recent transaction prices for similar properties.

The Directors are satisfied that the valuation of the Group's investment property is appropriate for inclusion in the consolidated financial statements. The fair value of these properties is based on the valuation provided by C&W.

In accordance with the Group's policy on income recognition from leases, the valuation provided by C&W is adjusted by the fair value of the income accruals ensuing from the recognition of lease incentives and the deferral of lease costs. The total reduction in the external valuer's investment property valuation in respect of these adjustments was €6.7m (March 2018: €6.8m).

There were no other significant judgements or key estimates that might have a material impact on the consolidated financial statements at 31 March 2019.

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

Changes in accounting standards

The following Standards and Interpretations are effective for the Group from 1 April 2018 but did not have a material impact on the results or financial position of the Group:

IFRS 2 (amendment) *Classification and Measurement of Share-based Payment Transactions* changes the classification and measurement of certain cash-based and mixed share-based payments. This applies to minor amounts of equity settled share-based payments which may have a cash element in settling employee tax obligations (note 11).

IFRS 9 *Financial Instruments* replaces *IAS 39 Financial Instruments: Measurement and Recognition* and includes revised requirements on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. It also carries forward the requirements on recognition and derecognition of financial instruments from IAS 39. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of "held-to-maturity", "loans and receivables" and "available for sale". Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost or fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL). The classification is dependent on the business model for managing the financial assets and on whether the cash flows represent solely the payment of principal and interest.

The Group has elected to adopt the new general hedge accounting model in IFRS 9. Under IFRS 9, the Group's hedges on interest rates on its debt continue to be recognised as cash flow hedges. Accounting for the cost of hedging, which is not material, has been applied prospectively, without restating comparatives.

The Group has quantified the impact on its consolidated financial statements resulting from the application of IFRS 9. A small amount of the Group's receivables is classified as financial assets, the majority of which are of a very short-term nature, are within agreed terms and have no historic losses. The move from an incurred loss model to an expected loss model has therefore had an immaterial effect on balances. The implementation of IFRS 9 resulted in the reclassification of the Group's loans held (notes 3 and 37) from amortised cost to fair value through profit or loss (FVPL) which has also had an immaterial effect. This loan was realised during the financial year (note 21).

On this basis, the classification and measurement changes do not have a material impact on the Group's consolidated financial statements and IFRS 9 was therefore adopted with no restatement of comparative information and no adjustment to retained earnings on application at 1 April 2018. In line with the transition guidance in IFRS 9, the Group has not restated the 31 March 2018 prior year. Please refer to note 37 for further information on transition.

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

Changes in accounting standards continued

IFRS 15 *Revenue from Contracts with Customers* and the related Clarifications to *IFRS 15 Revenue from Contracts with Customers* (hereinafter referred to as 'IFRS 15') replace IAS 18 *Revenue, IAS 11 Construction Contracts*, and several revenue-related interpretations. In preparation for the transition to IFRS 15, the Group reviewed all material contracts to identify contracts with customers that fall within the scope of IFRS 15. The Group has reviewed its policies and disclosures to ensure that users of the accounts can understand the nature, amount, timing and uncertainty of revenue. The adoption of this standard applied to the accounting for service charge income and expense but excluded rent receivable, the Group's main source of income, which is still within the scope of IAS 17 (and from 1 April 2019 IFRS 16). The Group has completed its implementation of this standard with no material impact on the financial statements. 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 that has been used to recognise these elements of revenue and related expenditure under the previous accounting policy.

Implementation of this standard has not resulted in any restatement of comparatives presented nor equity balances carried forward. New policies are disclosed where relevant in the notes to the financial statements and disclosures have been reviewed and amended as appropriate in the relevant notes to these consolidated financial statements. Please refer to note 37 for further information on transition.

IAS 40 (amendment) *Investment Property* – an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. This has had no impact as no transfers have taken place into or out of investment property since April 2018.

Impacts expected from new or amended standards

The following standards and amendments are not expected to have a significant impact on reported results or disclosures of the Group, and, were not effective at the financial year end 31 March 2019 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 16 *Leases* is applicable for annual reporting periods beginning on or after 1 January 2019. IFRS 16 will result in almost all leases being recognised on the balance sheet as it removes the distinction between operating and finance leases for lessees. As the Group is mainly a lessor, the introduction of IFRS 16 on 1 April 2019 will have minimal impact on the Group financial statements. As at the reporting date the Group has no operating leases.

IFRS 17 *Insurance Contracts* requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. The Group does not currently envisage any impact from the introduction of this standard. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

IFRIC 23 *Uncertainty over Income Tax Treatments* addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It is currently not expected to be applicable to the Group's financial statements. It is applicable to annual reporting periods beginning on or after 1 January 2019.

Amendments to IAS 19 *Employee Benefits* are effective for annual reporting periods beginning on or after 1 January 2019: this applies to defined benefit pension schemes and will therefore have no impact on the Group's consolidated financial statements.

Amendments to IFRS 3 *Business Combinations* clarify the definition of a business and have no impact on the Group's consolidated financial statements. They apply to business combinations that take place in annual reporting periods that commence on or after 1 January 2020.

Amendments to IAS 1 *Presentation of Financial Statements* and **IAS 8** *Accounting Policies, Changes in Accounting Estimates and Errors* clarify the definition of "material" and are effective for annual reporting periods that commence on or after 1 January 2020. These amendments are not expected to have a significant impact on the Group.

Annual Improvements to IFRS Standards 2015-2016 Cycle – effective for annual reporting periods beginning on or after 1 January 2019. Makes amendments to the following standards:

IFRS 12 Disclosure of Interests in Other Entities clarifies the scope of the standard by specifying the disclosure requirements in the standard that apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

IAS 28 Long-term Interests in Associates and Joint Ventures clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

These amendments are not expected to have a significant impact on the Group.

Section II – Performance

This section includes notes relating to the performance of the Group for the year, including segmental reporting, earnings per share and net asset value 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 either generating rental income or are available to let. 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 undergoing refurbishment the asset remains in this category.
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"), Total Accounting Return ("TAR"), and Total Portfolio Return ("TPR"). Once completed these assets are transferred to the office assets segment at fair value.
Residential assets	This segment contains the Group's completed multi-tenanted residential assets.
Industrial/land assets	This segment contains industrial units and agricultural land which generate some rental income.
Other assets	This segment contains other assets that are 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 include 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 property is transferred to income-generating segments. These transfers are made at fair value on an arm's length basis using values determined by the Group's independent valuer.

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), 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 alternative performance measures ("APMs") (detailed in the supplementary section on pages 194 to 199) measure the cash passing rent returns on market value of investment properties before and after an adjustment for the expiry of a rent-free period or other lease incentives, respectively.

4. Operating segments continued
b. Information about reportable segments continued

An overview of the reportable segments is set out below:

Group consolidated segment analysis
For the financial year ended 31 March 2019

	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial/land assets €'000	Other assets €'000	Central assets and costs €'000	Group consolidated position €'000
Total revenue	**53,497**	**–**	**6,862**	**1,028**	**–**	**–**	**61,387**
Rental income	48,137	–	6,862	1,028	–	–	56,027
Property operating expenses	(1,373)	–	(1,314)	(31)	–	–	(2,718)
Net rental and related income	**46,764**	**–**	**5,548**	**997**	**–**	**–**	**53,309**
Gains and (losses) on investment property	37,837	48,020	13,559	(1,311)	–	–	98,105
Other gains and (losses)	–	–	–	–	–	140	140
	84,601	**48,020**	**19,107**	**(314)**	**–**	**140**	**151,554**
Administration expenses	–	–	–	–	–	(13,606)	(13,606)
Depreciation	–	–	–	–	–	(284)	(284)
IMA performance-related payments	–	–	–	–	–	(5,401)	(5,401)
Total operating expenses	**–**	**–**	**–**	**–**	**–**	**(19,291)**	**(19,291)**
Operating profit/(loss)	**84,601**	**48,020**	**19,107**	**(314)**	**–**	**(19,151)**	**132,263**
Finance income	–	–	–	–	–	5	5
Finance expense	(2,861)	–	–	–	–	(5,365)	(8,226)
Profit before income tax	**81,740**	**48,020**	**19,107**	**(314)**	**–**	**(24,511)**	**124,042**
Income tax	–	–	–	(547)	–	(36)	(583)
Profit for the financial year	**81,740**	**48,020**	**19,107**	**(861)**	**–**	**(24,547)**	**123,459**
Total segment assets	**1,224,888**	**16,199**	**153,606**	**53,144**	**534**	**24,141**	**1,472,512**
Investment property	**1,173,140**	**16,199**	**153,079**	**53,000**	**–**	**–**	**1,395,418**

For the financial year ended 31 March 2018

	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial/land assets €'000	Other assets €'000	Central assets and costs €'000	Group consolidated position €'000
Total revenue	**46,954**	**–**	**6,475**	**665**	**–**	**–**	**54,094**
Rental income	41,935	–	6,475	665	–	–	49,075
Property operating expenses	(2,019)	–	(1,257)	(16)	(60)	–	(3,352)
Net rental and related income	**39,916**	**–**	**5,218**	**649**	**(60)**	**–**	**45,723**
Gains and losses on investment property	34,311	38,405	16,781	(1,695)	–	–	87,802
Other gains and (losses)	–	–	–	–	–	(41)	(41)
	74,227	**38,405**	**21,999**	**(1,046)**	**(60)**	**(41)**	**133,484**
Administration expenses	–	–	–	–	–	(13,232)	(13,232)
Depreciation	–	–	–	–	–	(285)	(285)
IMA performance-related payments	–	–	–	–	–	(6,599)	(6,599)
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 income 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 property	**1,017,937**	**134,500**	**138,480**	**17,800**	**–**	**–**	**1,308,717**

4. Operating segments continued

c. Geographic information

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

d. Major customers

The Group uses information on its top 10 tenants to monitor its major customers. This is presented below based on contracted rents as at the financial year end. This is concentrated on office tenants as the next major segment, residential, consists mainly of small household tenants and therefore contains no major concentration of credit risk.

The Group's top 10 tenants are as follows, expressed as a percentage of contracted office rent:

As at 31 March 2019

Tenant	Business sector	Contracted rent (€m)	%
HubSpot Ireland Limited	TMT	10.5	20.9%
The Commissioners of Public Works ("OPW")	Government Agency	6.0	11.9%
Twitter International Company	TMT	5.1	10.1%
Autodesk Ireland Operations Limited	TMT	2.8	5.6%
Informatica Ireland EMEA	TMT	2.1	4.2%
Electricity Supply Board ("ESB")	Government Agency	1.9	3.7%
Travelport Digital Limited	TMT	1.8	3.6%
BNY Mellon Fund Services	Banking & Capital Markets	1.6	3.2%
Commission for Communications Regulation ("ComReg")	Government Agency	1.6	3.2%
Core Media	TMT	1.4	2.8%
Top 10 tenants		**34.8**	**69.2%**
Remaining tenants		15.6	30.8%
Whole office portfolio		**50.4**	**100.0%**

As at 31 March 2018

Tenant	Business sector	Contracted rent (€m)	%
The Commissioners of Public Works ("OPW")	Government Agency	6.0	12.1%
Twitter International Company	TMT	5.1	10.2%
HubSpot Ireland Limited	TMT	3.8	7.6%
Bank of Ireland	Banking and Capital Markets	2.9	5.7%
Autodesk Ireland Operations Limited	TMT	2.8	5.7%
Informatica Ireland EMEA	TMT	2.1	4.3%
Depfa Bank plc	Banking and Capital Markets	2.0	4.1%
Electricity Supply Board ("ESB")	Government Agency	1.9	3.8%
Travelport Digital Limited	TMT	1.8	3.7%
IWG	Co-working	1.8	3.6%
Top 10 tenants		**30.2**	**60.8%**
Remaining tenants		19.4	39.2%
Whole office portfolio		**49.6**	**100.0%**

5. Revenue and net rental and related income

Accounting policy

The Group recognises revenue from the following major sources:

- Rental income
- Service charge income
- Other ad-hoc income such as surrender premia and fees from other activities associated with the Group's property business.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Rental income

Rental income is the Group's major source of income and arises from properties under operating leases. Rental income, including fixed rental uplifts, 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

The Group manages the majority of its multi-let buildings under service contracts. These contracts operate for a one-year period over which the Group provides communal services such as security, cleaning, waste and other occupation services to the tenants in its buildings. The tenants pay a service charge, based on the area they occupy, which is collected in advance based on budgeted costs. This income stream is recognised as revenue in accordance with the policy described under property-related income and expense below.

Other income

All other income is recognised in accordance with the following model:

1. Identify the contract with a customer
2. Identify all the individual performance obligations within the contract
3. Determine the transaction price
4. Allocate the price to the performance obligations
5. Recognise revenue as the performance obligations are fulfilled

Property-related income and expenses

Property-related income and expenses comprise service charge income (revenue from contracts with customers) and service charge expenses (costs of goods and services) as well as other property expenses. The Group enters into property management arrangements with tenants as part of its activities. These arrangements constitute a separate performance obligation to the obligations under the rental leases. Buildings with multiple tenants share the costs of common areas and pooled services under these arrangements. The Group manages these costs for tenants and earns a management fee for the provision of shared services on a cost-plus basis. As a landlord, costs of vacant areas are absorbed by the Group and included in other property expenses.

The service charge income stream is accounted for as a single performance obligation which is satisfied over time because the tenant simultaneously receives and consumes the benefits of the Group's activities in providing services under the agreement. Service charge income and expenditure is therefore recognised on an input basis. Tenants reimburse expenses in advance based on budgets with over and under spends reconciled and settled annually. Service charge accounts are maintained for each managed building and the application and management of funds are independently reviewed on the tenants' behalf.

Property operating expenses comprise expenses relating to properties that are not recharged to tenants, i.e. void costs, residential management costs and other related property expenses.

5. Revenue and net rental and related income continued

Revenue can be analysed as follows:

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Gross rental income	56,242	46,306
Rental incentives	(215)	2,769
Rental income	**56,027**	**49,075**
Revenue from contracts with customers[1]	5,360	5,019
Total	**61,387**	**54,094**

1. Revenue from contracts with customers is service charge income.

Net rental and related income

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Total revenue	61,387	54,094
Cost of goods and services[1]	(5,482)	(5,224)
Property expenses	(2,596)	(3,147)
Net rental and related income	**53,309**	**45,723**

1. Cost of goods and services are service charge expenses.

Further information on the sources and characteristics of revenue and rental income is provided in note 6.

Included in other property expenses is an amount of €0.5m (March 2018: €1.2m) relating to void costs on office properties, i.e. costs relating to office properties which were available to let but were not income-generating during the financial period.

Property operating expenses

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Service charge income	5,360	5,019
Service charge expenses	(5,482)	(5,224)
Property expenses	(2,596)	(3,147)
Property operating expenses	**(2,718)**	**(3,352)**

6. Disaggregation of revenue and rental income

The Group's business is the rental of its investment properties, the development of properties for its investment portfolio and the provision of managed multi-let buildings to its tenants. The Group's revenue consists of rental income, service charge income and other ad hoc receipts from its property business such as surrender premiums. The majority of its contracts are longer term, with some being 10 years or more excluding residential tenancy arrangements which are generally one year in duration. Service charge arrangements are generally provided for under the lease contract but constitute a different performance obligation, the conditions attaching to which are negotiated annually.

Note 4: Operating segments discloses the analysis of revenue and income and expense in line with the Group's business model, i.e. by investment property category. In order to complete the disaggregation of revenue by categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors, analyses of the revenue for the period by duration of lease contracts (to next break date) and by tenant industry sector are provided below. Additional information on portfolio characteristics that impact on income is set out in the business review.

Total revenue by duration of lease contract (based on next break date or expiry)

Service charge income is included within the current leases segment as these arrangements, while provided for under the lease contracts, are negotiated on an annual basis. Other income is once-off in nature and is recognised in the one year or less segment, for example rental income on other assets.

Financial year ended 31 March 2019

	One year or less				
Lease contracts:	**Assets sold €'000**	**Current leases €'000**	**Between one and five years €'000**	**Greater than five years €'000**	**Total €'000**
Office assets	2,926	10,360	16,710	23,501	53,497
Office development assets	–	–	–	–	–
Residential assets	–	6,862	–	–	6,862
Industrial/land assets	–	–	698	330	1,028
	2,926	**17,222**			
Total segmented revenue		**20,148**	**17,408**	**23,831**	**61,387**

Financial year ended 31 March 2018

	One year or less				
Lease contracts:	Assets sold €'000	Current leases €'000	Between one and five years €'000	Greater than five years €'000	Total €'000
Office assets	995	8,822	15,376	21,761	46,954
Office development assets	–	–	–	–	–
Residential assets	–	6,475	–	–	6,475
Industrial/land assets	–	570	95	–	665
	995	**15,867**			
Total segmented revenue		**16,862**	**15,471**	**21,761**	**54,094**

Rental income by tenant industry sector

	Financial year ended 31 March 2019		Financial year ended 31 March 2018	
	€'000	**%**	€'000	%
Technology, media and telecommunications	19,977	35.7%	14,557	29.7%
Government agency	10,362	18.5%	10,434	21.3%
Banking and capital markets	8,501	15.2%	8,285	16.9%
Residential	6,862	12.2%	6,441	13.1%
Professional services	5,276	9.4%	5,497	11.2%
Co-working	2,230	4.0%	690	1.4%
Insurance and reinsurance	1,246	2.2%	1,593	3.2%
Logistics	1,028	1.8%	665	1.4%
Other	545	1.0%	913	1.8%
Rental income	**56,027**		**49,075**	

7. Gains and losses on investment property

The Group sold New Century House during the period for €65m, net of costs, realising a profit of €2.4m on book value at the sales date. 77 Sir John Rogerson's Quay ("77SJRQ") was contracted to be sold in March 2019 for a €0.2m gain over book value. Sales of three properties in the financial year ended 31 March 2018 realised proceeds of €35.8m and a profit over book value of €6.4m after costs.

	Note	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Revaluation of investment property	17	95,527	81,377
Gains on sale of investment property		2,578	6,425
Gains and losses on investment property		**98,105**	**87,802**

8. Other gains and losses

Other gains and losses arose from amounts received or paid in relation to assets other than investment property and realised gains or losses on the resolution of loans measured at fair value. €0.1m of this amount related to a reduction in monies accrued in relation to development bonds. The balance of the amount for the financial year ended 31 March 2019 related to a profit on the realisation of an outstanding loan measured at fair value and small amounts of rental income and costs relating to assets other than investment property. Amounts for the financial year ended 31 March 2018 related to surpluses and deficits on assets other than investment property.

9. Administration expenses

Accounting policy

Administration expenses are recognised on an accruals basis in the consolidated income statement.

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

	Note	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Non-Executive Directors' fees		447	286
Professional valuer's fees		394	281
Prepaid remuneration expense		2,679	4,444
Depository fees		299	278
Depreciation	18	284	285
"Top-up" Internalisation expenses	11.b	1,482	1,743
Staff costs	10	4,516	3,405
Other administration expenses		3,789	2,795
Administration expenses		**13,890**	**13,517**

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 €140k in consulting fees as well as payments in relation to his interest as a Vendor of the Investment Manager during the financial year (note 36.b). Annual Non-Executive Directors' fees increased from €300k to €495k as at 31 March 2019 due to increases effective from 1 April 2018 and the addition of Roisin Brennan to the Board.

Prepaid remuneration expense related to the recognition of payments to the Vendors of the Investment Manager that were 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 Company by employment or service contracts. The clawback arrangements over one-third of these payments were removed on each anniversary of the acquisition date until 26 November 2018. Given the expiry of the arrangements on 26 November 2018, the balance included in trade and other receivables for this at 31 March 2019 was €nil (March 2018: €2.7m) (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.b). There are no further top-up fees due after the expiry of these arrangements on 26 November 2018.

Professional valuer's fees are paid to Cushman & Wakefield ("C&W"), in return for its services in providing independent valuations of the Group's investment properties on an at least twice-yearly basis. The fees are charged on a fixed rate per property valuation. In the financial year ended 31 March 2019 additional valuation work was carried out at 31 December 2018 for the calculation of the final IMA performance-related amounts at 26 November 2018 (note 11) and for the refinancing of the secured revolving credit facility.

9. Administration expenses continued

Auditor's remuneration (excluding VAT)

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Group		
Audit of the Group financial statements	113	107
Other assurance services[1]	72	44
Tax advisory services	–	–
Other non-audit services	–	–
Total	**185**	**151**

1. Other assurance services include the review of the Interim Report, audit of Group subsidiary financial statements and a review of the final IMA performance calculation in early 2019.

10. Employment

The average monthly number of persons (including Executive Directors) directly employed during the financial year in the Group was 33 (March 2018: 28).

Total employees at financial year end:

Group

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
At financial year end:		
Building management services		
Head office staff	6	6
On-site staff	5	5
	11	**11**
Administration	23	21
Total employees	**34**	**32**

No amount of salaries and other benefits were 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 2019 €'000	Financial year ended 31 March 2018 €'000
Wages and salaries	4,953	4,023
Social insurance costs	430	415
Employee share-based payment expense	587	570
Pension costs – defined contribution plan	310	235
Total	**6,280**	**5,243**

Staff costs are allocated to the following expense headings:

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Administration expenses	4,516	3,405
Net property expenses[1]	954	848
IMA performance-related payments	810	990
Total	**6,280**	**5,243**

1. Most of the €954k is recovered directly from tenants via the service charge arrangements within Hibernia managed office buildings.

11. Share-based payments

Accounting policy

The Group has a number of share-based payment 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.

The equity-settled share-based awards granted under these plans are measured at the fair value of the equity instrument at the date of grant. The cost of the award is charged to the consolidated income statement over the vesting period of the awards based on the probable number of awards that will eventually vest, with a corresponding credit to shareholders' equity.

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. When these shares vest they are assessed for tax purposes at the current market share price and employee taxes are settled through payroll in cash. Employees therefore receive the number of shares net of taxes at the vesting date.

Movements in share-based payments during the financial year by share-based payment scheme:

Summary of share-based payments financial year ended 31 March 2019

	Opening balance		**Paid**		**Provided**[1]		**Closing balance**	
	€'000	**'000 Shares**	**€'000**	**'000 Shares**	**€'000**	**'000 Shares**	**€'000**	**'000 Shares**
a. New remuneration policy – Annual Bonus provided	–	–	–	–	23	17	23	17
b. IMA performance-related payments payable to Vendors	7,332	5,079	(7,334)	(5,079)	6,071	4,495	6,069	4,495
b. IMA performance-related payments payable to employees	1,373	1,044	(551)	(428)	386	282	1,208	898
c. Employee long-term incentive plan – interim arrangements	78	60	–	–	178	129	256	189
Balance at period end	**8,783**	**6,183**	**(7,885)**	**(5,507)**	**6,658**	**4,923**	**7,556**	**5,599**

1. The average closing share price for the 20 days prior to 26 November 2018 was €1.3513.

Summary of share-based payments financial year ended 31 March 2018

	Opening balance		Paid		Provided[1]		Closing balance	
	€'000	'000 Shares	€'000	'000 Shares	€'000	'000 Shares	€'000	'000 Shares
b. IMA performance-related payments payable to Vendors	8,586	6,895	(8,586)	(6,895)	7,332	5,079	7,332	5,079
b. IMA performance-related payments payable to employees	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 average closing share price for the 20 days prior to the financial year end was €1.448.

11. Share-based payments continued

Movements in share-based payments during the financial year – total amounts

	As at 31 March 2019		As at 31 March 2018	
	€'000	No. of shares '000	€'000	No. of shares '000
Balance at beginning of financial year	**8,783**	**6,183**	**9,467**	**7,603**
Issue of ordinary shares in settlement of share-based payments	**(7,546)**	**(5,242)**	**(8,586)**	**(6,895)**
Share-based payments expense/cash settlement:				
Cash-settled amounts	(339)	(265)	–	–
Provided during the financial year	6,677	4,944	7,902	5,475
Forfeited and other minor movements	(19)	(21)	–	–
Share-based payments expense/cash settlement – total	**6,319**	**4,658**	**7,902**	**5,475**
Balance at end of financial year	**7,556**	**5,599**	**8,783**	**6,183**

a. New remuneration policy effective from 27 November 2018

Since the expiry of the IMA arrangements on 26 November 2018, share-based payments arise only in relation to remuneration. The Group introduced a new Remuneration Policy during the year which was ratified by shareholders at the AGM on 31 July 2018. These arrangements are summarised below.

The new Remuneration Policy is designed to align with Irish and UK corporate governance best practice and comprises fixed remuneration with separate variable incentives (i.e. an annual bonus plan and a long-term incentive plan ("LTIP")). It also encompasses required minimum shareholding levels for Executive Directors.

Remuneration consists of the following:

1. Basic pay
2. Annual Bonus
3. Long-term incentive plan ("LTIP")

The split between personal and Group performance targets is set depending on an employee's ability to influence Group outcomes, but all employees have an element of Group performance within their targets. All Group employees are eligible to participate in the Annual Bonus while the LTIP applies to Executive Directors and to members of the Senior Management Team and potentially others on a discretionary basis.

Only the Annual Bonus, further described below, commenced in the financial year ended 31 March 2019, the LTIP commences from 1 April 2019. Therefore only the Annual Bonus element of the new Remuneration Policy gives rise to share-based payment provisions in this financial year.

Full details on the new Remuneration Policy were presented in the Annual Report 2018. For further information, please also refer to the Remuneration Committee Report on pages 93 to 114.

Annual Bonus

The Annual Bonus is measured on personal and Group performance targets that are set by the Remuneration Committee every year. Each employee is assigned a target at the start of the financial year and the actual amounts are determined post year end and only after Group performance results have been audited. One third of the amount awarded consists of the grant of the option to acquire shares in the Company at nil cost subject to a three-year service condition. If the service condition is met, then the employees can exercise their option at any date after the third anniversary of the financial year to which they relate.

This qualifies as an equity settled share-based payment under IFRS 2 *Share-based Payments* although it is settled net of taxes. IFRS 2 allows that this transaction is classified as equity-settled in its entirety if the entire share-based payment would otherwise be classified as equity-settled without the net settlement feature for taxes.

The variable incentive elements of the awards are subject to the absolute discretion of the Remuneration Committee and therefore the grant date will be the date when the award letter is presented to the participants setting out the number of deferred shares they have been granted as approved by the Remuneration Committee, i.e. when all the conditions are understood and agreed by the parties to the arrangement and any required approval process has been completed.

The deferred shares awarded under the Annual Bonus are subject only to continued employment. The fair value of the share award is therefore the number of Plan shares granted at the closing share price on the date of grant.

Employees have an expectation of this award from the start of the financial year to which they relate and therefore the award is amortised from the start of the financial year to which it relates to the vesting date after appropriate consideration of the impact of potential employee departures. Therefore, the value of the deferred shares for the period 27 November 2018 to 31 March 2019, €293k, is estimated as at January 2019, as this was the first date that participants received details of their potential Annual Bonus awards and what element would be deferred. The amount provided for in the period ended 31 March 2019 is €23k.

11. Share-based payments continued

b. IMA performance-related payments to Vendors and staff

IMA performance-related payments refer to those payments that were made under the IMA for each financial year and settled mainly in shares of the Company until the expiry of the agreement on 26 November 2018. The Board considered how best to calculate any performance fees and other related payments for the final period of the IMA from 1 April 2018 to 26 November 2018. Since the IPD Ireland Index, which was used in the calculation of any relative performance fees, reports on a quarterly basis, the Board determined that it was most appropriate to measure the Group's performance to 31 December 2018, being the nearest quarter end, and to pro-rate any performance fees due for the fact that the final IMA period expired on 26 November 2018. Accordingly, the property portfolio was valued by Cushman & Wakefield as at 31 December 2018 and the Group produced management accounts to the same date. The increase in NAV to 31 December 2018 was pro-rated to 26 November 2018 and this resulted in a final performance fee of €5.4m and a final base fee top-up of €1.5m, both payable mainly in shares once the audit of the accounts for year ended 31 March 2019 is completed using a share price of €1.351, being the average closing price for the 20 trading days ending 26 November 2018.

A portion of the IMA performance-related payments, up to 15%, is set aside to fund employee bonus amounts that would have originally been paid by the Investment Manager. Approximately half of this, 7.5%, may be payable in cash. The balance payable in shares is deferred, subject only to continued employment, for two years after the end of the financial year to which they apply.

Shares are forfeited should the employee 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.

The final arrangements are summarised below.

Summary of IMA performance-related payments

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Total IMA performance-related payments for the financial year	**5,401**	**6,599**
"Top-up" Internalisation expenses (note 9)	1,482	1,743
Total	**6,883**	**8,342**
Of which are:		
Payable to Vendors	6,073	7,352
Payable to employees	810	990
Total	**6,883**	**8,342**

Approximately €0.4m of the above total performance payment of €6.9m accrued will be paid in cash bonuses to staff, the balance of €6.5m will be payable in shares to staff and Vendors.

Shares issued relating to IMA 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 issued to Vendor recipients are beneficially owned by the recipients and all voting rights and rights to dividends accrue to them. Employees who receive deferred share awards under these arrangements are paid the dividends accruing during the period prior to vesting through payroll.

11. Share-based payments continued
b. IMA performance-related payments to Vendors and staff continued

IMA performance-related payments payable to Vendors
Grant date: 27 October 2015

Measurement date: The interim arrangements expired on 26 November 2018 as described above. The final amount of any IMA performance-related payments under this arrangement for the period from 1 April 2018 was measured at 31 December 2018 and calculated on a pro-rated basis to 26 November 2018.

Grant date: 27 October 2015 Measurement date: 26 November 2018	Share price €	**Financial year ended 31 March 2019** **€ '000**	**Number of shares '000**	Financial year ended 31 March 2018 € '000	Number of shares '000
Opening balance at start of financial year	1.444	**7,332**	**5,079**	**8,586**	**6,895**
Payment made during the financial year		**(7,334)**	**(5,079)**	**(8,586)**	**(6,895)**
Amounts provided during the financial year:					
IMA performance-related payments		6,883	5,094	8,322	5,763
Less: payable to employees		(810)	(599)	(990)	(684)
Other amendments		(2)	–	–	–
Net amount provided during the financial year		**6,071**	**4,495**	**7,332**	**5,079**
Closing balance at end of financial year	1.336	**6,071**	**4,495**	**7,332**	**5,079**

The settlement of IMA performance-related fees to the Vendors for the financial year ended 31 March 2018 was made on 20 July 2018, resulting in the listing of 5,078,809 new ordinary shares when the prior day's closing price of the Company's shares was €1.490.

The settlement of IMA 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 day's closing price of the Company's shares was €1.375.

IMA performance-related payments payable to employees
Grant date: 27 October 2015

Measurement date: The interim arrangements expired on 26 November 2018 as described above. The final amount of any IMA performance-related payments under this arrangement was measured at 31 December 2018 and calculated on a pro-rated basis to 26 November 2018.

Grant date: 27 October 2015 Measurement date: 26 November 2018	Share price €	**Financial year ended 31 March 2019** **€ '000**	**Number of shares '000**	Financial year ended 31 March 2018 € '000	Number of shares '000
Opening balance at start of financial year	1.444	**1,373**	**1,044**	**881**	**708**
Payment made during the financial year:					
Shares issued		(212)	(163)	–	–
Cash-settled share-based payments (taxes)		(223)	(177)	–	–
Cash-settled share-based payments		(116)	(88)	–	–
Total payments made in financial year		**(551)**	**(428)**	**–**	**–**
Amounts provided during the financial year:					
IMA performance-related payments		810	606	990	680
Cash bonus element		(405)	(303)	(498)	(344)
Other amendments		(19)	(21)	–	–
Net amount provided during the financial year		**386**	**282**	**492**	**336**
Closing balance at end of financial year	1.336	**1,208**	**898**	**1,373**	**1,044**

During this period, 346k shares vested under this arrangement. 163k shares were issued valued at €0.2m. The balance, 177k shares equivalent, was paid to Revenue in cash on the employees' behalf through normal payroll. €0.2m was released from the share-based payment reserve relating to these shares. The difference between the IFRS 2 value based on measurement date and the fair value at vesting date has been charged to staff costs in this period. No shares vested under this arrangement in the financial year ended 31 March 2018.

11. Share-based payments continued

c. Employee long-term incentive plan – interim arrangements

Employees who fell outside 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, were also paid bonuses on a similar basis to those paid to the employees qualifying at b. above, except that the share-based payment is cash-settled. These shares are also subject to a two-year vesting period and this scheme also expired on 26 November 2018 when all employees moved to the new Remuneration Policy.

	Share price €	**Financial year ended 31 March 2019** € '000	**Financial year ended 31 March 2019** Number of shares '000	Financial year ended 31 March 2018 € '000	Financial year ended 31 March 2018 Number of shares '000
Opening balance at start of financial year		**78**	**60**	–	–
Share-based bonus awards recognised		178	129	78	60
Closing balance at end of financial year	1.336	**256**	**189**	**78**	**60**

A further 0.3m shares (March 2018: 0.4m) are due to be recognised over the remainder of the vesting period.

12. Finance income and expense

Accounting policy

Finance expenses directly attributable to the construction 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 income statement 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 2019 €'000	Financial year ended 31 March 2018 €'000
Interest income on cash and cash equivalents	5	7
Effective interest expense on borrowings	(6,803)	(6,243)
Early amortisation of arrangement fees on refinancing of unsecured bank borrowings	(1,423)	–
Net finance expense	**(8,221)**	**(6,236)**

In December 2018 the Company refinanced the Group's borrowings (note 26.a). As a result €1.4m relating to arrangement fees on the refinanced borrowings were expensed in accordance with the relevant accounting policy.

Interest costs capitalised in the financial year were €0.6m (March 2018: €2.0m) 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. Deferred tax is recognised on unrealised gains on assets where future taxes may be payable on these gains.

Reconciliation of the income tax expense for the financial year

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Profit before tax	**124,042**	**107,132**
Tax charge on profit at standard rate of 12.5%	15,506	13,392
Non-taxable revaluation surplus	(11,729)	(10,172)
REIT tax-exempt profits	(3,580)	(3,220)
Other (additional tax rate on residual income)	381	21
Under-provision in respect of prior periods	5	10
Income tax expense for the financial year	**583**	**31**

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 2019 €'000	Financial year ended 31 March 2018 €'000
Interim dividend for the financial year ended 31 March 2019 of 1.5 cent per share (March 2018: 1.1 cent per share)	10,465	7,616
Proposed final dividend for the financial year ended 31 March 2019 of 2.0 cent per share[1] (March 2018: 1.9 cent per share)	13,969	13,254
Total	**24,434**	**20,870**

1. Based on shares in issue at close of business at 21 May 2019 of 693.9m along with the 4.5m of share to be issued in settlement of the IMA performance-related payments for the period ended 26 November 2018.

The Board has proposed a final dividend of 2.0 cent per share (March 2018: 1.9 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 2 August 2019. All of this proposed final dividend of 2.0 cent per share will be a Property Income Distribution ("PID") in respect of the Group's property rental business (March 2018: 1.9 cent). The total dividend, interim paid and final proposed for the financial year ended 31 March 2019 is 3.5 cent per share (March 2018: 3.0 cent per share) or €24.4m (March 2018: €20.9m).

Under the Irish REIT regime, the Company is required to distribute a minimum of 85% of the Group's property rental business profits and the Group's dividend policy is to pay out 85-90% of its property rental business profits. The Company has complied with this requirement, the total dividends for the year ended March 2019 equate to 89% of EPRA earnings (March 2018: 108%).

15. Earnings per share

There are no convertible instruments, options or warrants on ordinary shares in issue as at 31 March 2019. However, the Company has established a reserve of €7.6m (March 2018: €8.8m) which is mainly for the issue of ordinary shares relating to the payment of IMA performance-related payments. It is estimated that approximately 6.0m ordinary shares (March 2018: 6.6m shares) will be issued in total, 5.6m of which are provided for at 31 March 2019 and a further 0.4m of 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 2019 €'000**	Financial year ended 31 March 2018 €'000
Issued share capital at beginning of financial year	692,347	685,452
Shares issued during the financial year	5,242	6,895
Shares in issue at financial year end	**697,589**	**692,347**
Weighted average number of shares	**694,968**	**688,900**
Number of shares to be issued under share-based schemes	6,028	6,599
Diluted number of shares	**700,996**	**695,499**

	Financial year ended 31 March 2019 '000	Financial year ended 31 March 2018 '000
Number of shares due to be issued under share-based schemes recognised at financial year end (note 11)	5,599	6,183
Number of shares due under share-based schemes not recognised at financial year end[1]	429	416
Number of shares to be issued under share-based schemes	**6,028**	**6,599**

1. Included here are all amounts from share-based payments described in notes 11.a and 11.c which are either granted at the year-end or shortly after and which have not been recognised at year-end but will be recognised over the next two to three years.

Basic and diluted earnings per share (IFRS)	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Profit/(loss) for the financial year attributable to the owners of the Company	123,459	107,101
	'000	'000
Weighted average number of ordinary shares (basic)	694,968	688,900
Weighted average number of ordinary shares (diluted)	700,996	695,499
Basic earnings per share (cent)	**17.8**	**15.5**
Diluted earnings per share (cent)	**17.6**	**15.4**

EPRA earnings per share and diluted EPRA earnings per share[1]	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Profit for the financial year attributable to the owners of the Company	**123,459**	**107,101**
Less:		
Gains and losses on investment property	(98,105)	(87,802)
Profit or (loss) on disposals of other assets	(140)	–
Deferred tax in respect of EPRA adjustments	547	–
Changes in fair value of financial instruments and associated close-out costs	1,711	104
EPRA earnings	**27,472**	**19,403**
	'000	'000
Weighted average number of ordinary shares (basic)	694,968	688,900
Weighted average number of ordinary shares (diluted)	700,996	695,499
EPRA earnings per share (cent)	**4.0**	**2.8**
Diluted EPRA earnings per share (cent)	**3.9**	**2.8**

1. EPRA earnings per share is an alternative performance measure and is calculated in accordance with the EPRA Best Practice Recommendations Guidelines November 2016. Further information is available in the Supplementary Information section on page 194.

16. IFRS NAV, EPRA NAV per share and total accounting return

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 assets 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 movement of financial instruments and deferred tax. It is calculated on a diluted basis.

Total accounting return, a key performance indicator and alternative performance measure, is calculated as the increase in EPRA NAV per share over the previous financial year-end EPRA NAV and adding back dividends per share paid, expressed as a percentage of opening EPRA NAV.

	As at 31 March 2019	As at 31 March 2018
IFRS net assets at end of financial year (€'000)	1,218,539	1,111,730
Ordinary shares in issue ('000)	697,589	692,347
IFRS NAV per share (cent)	**174.7**	**160.6**
	'000	'000
Ordinary shares in issue	697,589	692,347
Number of shares to be issued under share-based schemes (see note 15)	6,028	6,599
Diluted number of shares	**703,617**	**698,946**
Diluted IFRS NAV per share (cent)	**173.2**	**159.1**
	€'000	€'000
IFRS net assets at end of financial year	1,218,539	1,111,730
Deferred tax	547	–
Net mark to market on financial assets	288	345
EPRA NAV	**1,219,374**	**1,112,075**
Diluted number of shares ('000)	**703,617**	**698,946**
EPRA NAV per share (cent)	**173.3**	**159.1**

Total accounting return

	As at 31 March 2019	As at 31 March 2018
Opening EPRA NAV per share	159.1c	146.3c
Closing EPRA NAV per share	173.3c	159.1c
Increase in EPRA NAV per share	**14.2c**	**12.8c**
Dividends per share paid in financial year	3.4c	2.55c
Total return	**17.6c**	**15.35c**
Total accounting return ("TAR")	**11.1%**	**10.5%**

The Company has established a reserve of €7.6m (March 2018: €8.8m) against the issue of approximately 5.6m ordinary shares relating to shares due to issue for payments due to the Vendors of the Investment Manager and employees as detailed in note 11.

Section III – 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 property

Accounting policy

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 notes 2f and 2g.

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.

An investment property is de-recognised on disposal, i.e. when the significant risks and rewards of ownership 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.

Amendments to IAS 40 clarified the recognition of transfers into or out of investment property. In accordance with these amendments, the Group recognises or de-recognises investment property when the property meets or ceases to meet the definition of an investment property and there is evidence of the change in use. This amendment has no impact on the recognition of investment properties in the Group's consolidated statement of financial position.

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 its 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 13. 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 financial year ended 31 March 2019, 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.

17. Investment property continued

Accounting policy continued

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 techniques. Using this approach for the Group's investment properties, values of investment properties are arrived at by discounting forecasted net cash flows 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. Thus 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 complete, 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 €6.7m (March 2018: €6.8m) to the valuer's valuations to factor in the impact of the accounting policy on the recognition of rental incentives allowed to tenants and the costs of setting up leases. This deduction is a measure of the impact on the property valuation of the difference between cash and accounting approaches to the recognition of net rental income.

At 31 March 2019

Fair value category	**Office assets Level 3 €'000**	**Office development assets Level 3 €'000**	**Residential assets Level 3 €'000**	**Industrial/land assets Level 3 €'000**	**Total Level 3 €'000**
Carrying value at 31 March 2018	**1,017,937**	**134,500**	**138,480**	**17,800**	**1,308,717**
Additions:					
Property purchases	2,956	–	980	36,094	40,030
Development and refurbishment expenditure	5,244[1]	41,500	60	417	47,221
Revaluations included in income statement	35,259	48,020	13,559	(1,311)	95,527
Disposals:					
Sales[2]	(96,077)	–	–	–	(96,077)
Transferred between segments[3]	207,821	(207,821)	–	–	–
Carrying value at 31 March 2019	**1,173,140**	**16,199**	**153,079**	**53,000**	**1,395,418**

1. This includes capital expenditure on 1WML and 2DC after their transfer to the office segment in the prior year.
2. New Century House and 77 Sir John Rogerson's Quay were sold or contracted to be sold during the year, generating €2.6m in gains in excess of their carrying values.
3. 2WML (formerly the Hanover Building) and 1SJRQ were transferred from 'Office development assets' to 'Office assets' as they were completed before 31 March 2019.

At 31 March 2018

Fair value category	Office assets Level 3 €'000	Office development assets Level 3 €'000	Residential assets Level 3 €'000	Industrial/land assets Level 3 €'000	Total Level 3 €'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.

There were no transfers between fair value levels during the financial year. Approximately €0.6m of financing costs were capitalised at an effective interest rate of 2.05% in relation to the Group's developments and major refurbishments (March 2018: €2.0m). No other operating expenses were capitalised during the financial year.

17. Investment property 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	1,173	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 (2022) and on a residual basis thereafter. • Marine House and Clanwilliam Court Blocks 1, 2 and 5 are valued on an investment basis until the end of the leases (2020 and 2021 respectively) and on a residual basis thereafter.	No change in valuation technique except: • Marine House and Clanwilliam Court Blocks 1, 2 and 5 at 31 March 2018 were valued on an investment basis but are now valued on a hybrid of an investment basis until the end of the leases (2020 and 2021 respectively) and on a residual basis thereafter.
Office development assets	16	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, allowances for purchasers' costs, assumptions for voids and/or rental free periods). • Total Development Cost ("TDC"): this includes, but is not limited to, construction costs, land acquisition costs, professional fees, levies, marketing costs and finance costs. • Profit or "Profit on Cost" which 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 except that 2WML changed from a residual to an investment basis during the financial year.
Residential assets	153	Yield methodology using rental values capitalised with a market capitalisation rate.	No change in valuation technique.
Industrial/ land assets	53	Yield methodology using market rental values capitalised with a market capitalisation rate. The Newlands site, including adjacent lands, is valued as an early stage development site on a price per acre basis.	No change in valuation technique.

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

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Valuation per valuer's certificate	**1,407,740**	**1,320,581**
Owner occupied (note 18)	(5,643)	(5,029)
Income recognition adjustment[1]	(6,679)	(6,835)
Investment property balance at financial year end	**1,395,418**	**1,308,717**

1. Income recognition adjustment: this relates to the difference in valuation that arises as a result of property valuations using a cash flow based approach while income recognition for accounting purposes spreads the costs of tenant incentives and lease set up over the lease term.

17. Investment property continued

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

The valuation technique used in determining the fair value for each of the categories of assets is market value as defined by VPS4 of the Red Book 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 capped by agreement with the contractors 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, are not generally directly observable and therefore classified as Level 3. Yields depend on the valuer's assessment of market capitalisation rates and are therefore Level 3 inputs.

The tables below summarise the key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2019. 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 mainly 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 property

31 March 2019

		Estimated rental value		Equivalent yield	
	Market value €'000	**Low**	**High**	**Low**	**High**
Office	**1,173,140**	**€15.00 psf**	**€60.00 psf**	**4.04%**	**7.30%**
Office development	**16,199**	**€30.00 psf**	**€57.50 psf**	**4.75%**	**4.75%**
Residential[1]	**153,079**	**€23,400 pa**	**€31,800 pa**	**5.16%**	**6.00%**
Industrial/land	**53,000**	**€5.25 psf**	**€5.25 psf**	**8.02%**	**8.02%**

1. Average ERV based on a two-bedroom apartment; yields are gross.

31 March 2018

		Estimated rental value		Equivalent yield	
	Market value €'000	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/land	17,800	€5.50 psf	€5.50 psf	7.45%	7.45%

1. Average ERV based on a two-bedroom apartment, yields are gross.

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 2019, the Group's investment property portfolio would increase or decrease in value by approximately €62m (March 2018: €60m). A 25bp increase in equivalent yields would decrease the value of the portfolio by €83m (March 2018: €69m) and a 25bp decrease would result in an increase in value of €95m (March 2018: €78m).

31 March 2019

	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	52.6	(53.7)	(72.8)	80.2
Office development	1.9	(2.0)	(2.1)	2.2
Residential	7.5	(7.5)	(8.2)	12.1
Industrial/land	0.1	(0.1)	(0.1)	0.1
Total	**62.1**	**(63.3)**	**(83.2)**	**94.6**

17. Investment property continued

31 March 2018

Sensitivities	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	
	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/land	0.5	(0.6)	(0.4)	0.4
Total	**59.7**	**(59.7)**	**(69.0)**	**78.0**

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 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 cost 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

At 31 March 2019
Group

	Land and building €'000	Office and computer equipment €'000	Leasehold improvements and fixtures and fittings €'000	Total €'000
Cost or valuation				
At 1 April 2018	**5,219**	**161**	**590**	**5,970**
Additions	–	46	6	52
Revaluation recognised in other comprehensive income	723	–	–	723
At 31 March 2019	**5,942**	**207**	**596**	**6,745**
Depreciation				
At 1 April 2018	**(190)**	**(104)**	**(265)**	**(559)**
Charge for the year	(109)	(48)	(127)	(284)
At 31 March 2019	**(299)**	**(152)**	**(392)**	**(843)**
Net book value at 31 March 2019	**5,643**	**55**	**204**	**5,902**

18. Property, plant and equipment continued

At 31 March 2018

Group

	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 South Dock House, was revalued at 31 March 2019 and at 31 March 2018 by the Group's independent valuer and in accordance with the valuation approach described under note 17. It was measured at fair value at the period end using a yield methodology using market rental values capitalised with a market capitalisation rate. These fair value measurements use significant unobservable inputs. The inputs used are disclosed in the table below.

Valuation inputs	**31 March 2019**	31 March 2018
ERV per sq. ft.	**€57.50**	€52.50
Equivalent yield	**5.0%**	5.0%

19. Non-current assets classified as held for sale

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Balance at start of financial year	**534**	385
Recognised during the year	–	149
Balance at end of financial year	**534**	534

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 (March 2018: €5.0m) before tax and after costs. The Directors have therefore concluded that the fair value of these assets is at least their carrying value.

The balance carried forward from 31 March 2018 contains some assets which remain from a portfolio of assets deemed not to be part of the Group's core property rental business. There have been unforeseen delays beyond the Group's control 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 IV – 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.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity. The Group has identified financial assets and liabilities in its financial position and the accounting policy for these is summarised in this note. Financial instruments may be further analysed between current and non-current depending on whether these will fall due within 12 months after the balance sheet date or beyond.

Financial assets: This classification depends on the business model and the contractual terms of the cash flows. Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal or interest are measured at amortised cost. Financial assets measured at amortised cost are principally trade receivables. At initial recognition the Group measures the financial assets at fair value plus (except for those at fair value through profit or loss) transaction costs.

On initial recognition the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured subsequently at amortised cost.

The Group's financial assets comprise trade and other receivables, loans receivable and derivative instruments.

The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Relevant costs incurred with the disposal of a financial asset are deducted in computing the gain or loss on disposal.

Financial liabilities: These are initially recognised at the fair value of the considerations received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are recognised at amortised costs. The difference between the recognition value and the redemption value is recognised in the income statement over the contractual terms using the effective interest rate method. This category includes trade and other payables and borrowings. Financial liabilities are de-recognised in full when the Group is discharged from its obligation, they expire, or they are replaced by a new liability with substantially modified terms.

The Group's non-equity financing is all unsecured and comprises a revolving credit facility and private placement notes. The majority of this debt is fixed rate or hedged through derivatives to protect against major rises in 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 or payments (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 financial asset or liability, or, where appropriate, a shorter period, to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Impairment of financial assets: The Group recognises a loss allowance for expected credit losses on debt instruments, trade receivables and other financial assets. The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables (see note 22). For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In order to perform this assessment, the Group classifies its assessment into three stages:

- Stage 1 includes financial assets that are expected to perform in line with their contractual terms and which have no signs of increased credit risk since initial recognition. 12-month expected credit losses are recognised.
- Stage 2 includes financial assets where the credit risk has significantly increased since initial recognition but which are not yet credit impaired. Lifetime credit losses are recognised.
- Stage 3 applies to credit-impaired financial instruments.

20. Cash and cash equivalents

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Cash and cash equivalents	**22,372**	22,521

Cash and cash equivalents includes cash at banks in current accounts and deposits held on call with banks. The management of cash and cash equivalents is discussed in note 31.d. Please also refer to note 26.b on the net debt calculations. In addition, the Company holds funds in excess of its regulatory 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. Those that are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding are measured at amortised cost. Loans that are not held within this model are measured at fair value through profit or loss.

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

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Derivatives at fair value	194	88
Loans carried at fair value through profit or loss	–	152
Balance at end of financial year end – current	**194**	**240**

Cash flow hedges are the Group's hedging instruments on its borrowings. The Group has a policy of having the majority of its interest rate exposure on its debt hedged or fixed. As at 31 March 2019, as well as having €75m of fixed coupon private placement notes, it has hedged the interest rate exposure on €225m of its revolving credit facility (March 2018: €245m) using a combination of caps and swaptions to limit the EURIBOR element of interest payable to 1% on €100m of drawn debt and 0.75% on €125m of drawn debt.

Loans carried at fair value through profit or loss consisted of one loan which was repaid by the sale of the underlying property during the financial year. This loan was acquired by the Group as part of a portfolio of loans which were settled by the sale of collateral. It was reclassified from "carried at amortised costs" to "carried at fair value through profit or loss" on 1 April 2018 as part of the implementation of IFRS 9. There was no impact on retained earnings as a result of this reclassification.

22. Trade and other receivables

Accounting policy

Trade and other receivables are initially recognised when they are originated. Trade and other receivables that do not contain significant financing components, which is assessed at initial recognition, are measured at the transaction price. Trade receivables that are held within a business model where the objective is to hold the financial asset in order to collect cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest are recognised at fair value at the recognition date and subsequently measured at amortised cost using the effective interest rate method.

As trade receivables do not contain a significant financing element the Group has adopted a simplified approach to calculating impairment losses. Expected credit losses on trade receivables are estimated using a provision matrix which uses a fixed provision rate based on the number of days a trade receivable is outstanding.

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Non-current		
Property income receivables	7,163	5,681
Other receivables	765	2,106
Balance at end of financial year – non-current	**7,928**	**7,787**
Current		
Receivable from investment property sales	34,639	–
Deposits paid on investment property	145	–
Prepaid remuneration[1]	–	2,679
Property income receivables	4,105	2,885
Prepayments	548	1,077
Recoverable capital expenditure	314	416
Income tax refund due	54	102
VAT refundable	359	80
Balance at end of financial year – current	**40,164**	**7,239**
Balance at end of financial year – total	**48,092**	**15,026**
Of which are classified as financial assets	**37,630**	**2,092**

1. This consisted of the balance of the payment to service providers relating to the Internalisation transaction.

The non-current balance is mainly non-financial in nature; €0.8m (March 2018: €0.5m) relates to amounts receivable from two tenants in relation to capital expenditure funded initially by the Group, with the balance consisting of deferred income and expenditure amounts relating to the lease incentives and deferred lease costs. €34.6m was receivable in respect of a property sale; the balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments (note 31.d).

Trade receivables are managed under a "held to collect" business model. The cash collected represents principal and interest where applicable. The trade receivables have been assessed under the simplified credit loss approach using a provision matrix which refers to the number of days that they have been outstanding. Balances at 31 March 2018 were assessed during the implementation of IFRS 9 (notes 3 and 37). There is no material provision for lifetime expected credit losses required either at 31 March 2019 or 1 April 2018.

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 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 2019				Financial year ended 31 March 2018			
	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	692,347	69,235	617,461	686,696	685,452	68,545	609,565	678,110
Shares issued during the financial year (see below)	5,242	524	7,022	7,546	6,895	690	7,896	8,586
Balance at end of financial year	**697,589**	**69,759**	**624,483**	**694,242**	**692,347**	**69,235**	**617,461**	**686,696**

Shares issued during the period are as follows:

5,241,805 ordinary shares with a nominal value of €0.10 were issued during the period in settlement of share-based payments totaling €7.5m (note 11): 162,996 shares were issued on 9 April 2018 and 5,078,809 shares were issued on 20 July 2018 and the associated costs were €14k.

Share capital

Ordinary shares of €0.10 each:

	31 March 2019 ’000 of shares	31 March 2018 ’000 of shares
Authorised	**1,000,000**	1,000,000
Allotted, called up and fully paid	**697,589**	692,347
In issue at end of financial year	**697,589**	692,347

There are no shares issued which are not fully paid.

Share premium: On 23 May 2019 the Group announced its intention to undertake a share capital reorganisation to convert a substantial part of its share premium into distributable reserves to give it greater flexibility for capital management in future. A resolution will be proposed at the Group’s AGM on 31 July 2019 and, if approved, the Group will proceed through the Court process necessary to enact the capital reorganisation.

Under the terms of the agreement under which the Group internalised the Investment Manager, the Vendors were entitled, until 26 November 2018, 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 2019 amounted to €7.6m at the financial year end (March 2018: €8.8m) and are all payable in shares (note 11). A further 5.6m shares are expected to be issued in relation to these payments.

24. Other reserves

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Property revaluation	1,889	1,166
Cash flow hedging	(288)	(329)
Share-based payment reserve	7,556	8,783
Balance at end of financial year	**9,157**	**9,620**

a. Property revaluation reserve

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Balance at beginning of financial year	**1,166**	**509**
Increase arising on revaluation of properties	723	657
Balance at end of financial year	**1,889**	**1,166**

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). If the property is sold the property revaluation reserve will be transferred directly to retained earnings.

b. Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve 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 period are included in the following line items:

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Balance at beginning of financial year	**(329)**	**(217)**
Released to profit and loss	–	58
Gain/(loss) arising on fair value of hedging instruments entered into for cash flow hedges	41	(170)
Balance at end of financial year	**(288)**	**(329)**

c. Share-based payment reserve

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Balance at beginning of financial year	**8,783**	**9,467**
IMA performance-related payments provided	6,658	7,902
Settlement of 2018 IMA performance-related payments	(7,885)	(8,586)
Balance at end of financial year	**7,556**	**8,783**

The share-based payment reserve comprises amounts reserved for the issue of shares in respect of IMA performance-related and other payments. These are discussed further in note 11.

25. Retained earnings, distributable reserves and dividends on equity instruments

Retained earnings

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Balance at beginning of financial year	**415,414**	**325,983**
Profit for the financial year	123,459	107,101
Share issuance costs	(14)	(14)
Dividends paid	(23,719)	(17,656)
Balance at end of financial year	**515,140**	**415,414**

Distributable reserves – Company only

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Retained earnings at end of financial period (Company only)	**436,014**	**344,758**
Unrealised gains on investment property[1]	(388,791)	(320,501)
Dividends payable post period end (estimated) (note 14)	(13,969)	(13,254)
Distributable earnings after post period end dividends	**33,254**	**11,003**

1. Unrealised inter-company profits arising on the transfer of investment properties to subsidiaries of the Company have been eliminated for the purpose of the above calculation.

In August 2018 a dividend of 1.9 cent per share (€13.3m) and in January 2019 an interim dividend of 1.5 cent per share (€10.5m) were paid to the holders of fully paid ordinary shares.

The Directors confirm that the Company continues to comply with the dividend payment obligations contained within the Irish REIT legislation.

26. Financial liabilities

Accounting policy

A financial instrument is classified as a financial liability where it contains an obligation to repay. These are accounted for at amortised cost. Financial liabilities that are classified as amortised cost are initially measured at fair value minus any transaction costs. Accounting at amortised cost means that any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss or capitalised into investment property over the period of the borrowings using the effective interest method (see Section IV introduction).

a. Borrowings

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Non-current		
Unsecured bank borrowings	156,524	218,409
Unsecured private placement notes	74,524	–
Total non-current borrowings	**231,048**	**218,409**
Current		
Unsecured bank borrowings	149	809
Unsecured private placement notes	358	–
Total current borrowings	**507**	**809**
Total borrowings	**231,555**	**219,218**

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
The maturity of non-current borrowings is as follows:		
Less than one year	507	809
Between one and two years	–	–
Between two and five years	156,524	218,409
Over five years	74,524	–
Total	**231,555**	**219,218**

26. Financial liabilities continued

a. Borrowings continued

Movements in borrowings during the financial year:

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Balance at beginning of financial year	**219,218**	**171,138**
Bank finance drawn during the financial year	340,412	86,454
Bank finance repaid during the financial year	(326,372)	(39,674)
Interest payable[1]	(1,703)	1,300
Balance at end of financial year	**231,555**	**219,218**

1. Balance in the current year is negative due to the capitalisation of arrangement fees on the refinancing of the RCF and the issue of private placement notes.

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 and has a through cycle leverage target of 20-30% loan-to-value ("LTV"). Under the Irish REIT rules the LTV ratio must remain under 50%. The Group has no finance leases. In December 2018, the Group refinanced its €400m secured revolving credit facility ("RCF"), which was due to expire in November 2020, with €395m of debt comprising:

- A €320m unsecured revolving credit facility expiring 19 December 2023; and
- €75m of unsecured US private placement notes, €37.5m dated 23 January 2026 and €37.5m dated 23 January 2029, with fixed rate coupons of 2.36% and 2.69%, respectively.

The unsecured revolving credit facility has a five-year term and is provided by Bank of Ireland, Wells Fargo, Barclays Bank Ireland and Allied Irish Banks. This facility is denominated in euro and is subject to a margin of 2.0% over three-month EURIBOR. The Group has entered into derivative instruments so that the majority of its EURIBOR exposure is capped at 1% or 0.75% in accordance with the Group's hedging policy (note 31.d.ii)

The private placement notes have an average maturity of 8.3 years at 31 March 2019 and were placed with a single institutional investor. Coupons are fixed so long as the Group's credit rating remains at investment grade.

Where debt is drawn to finance material refurbishments and developments that take a substantial period of time to take into use, the interest cost of this debt is capitalised.

All costs related to financing arrangements are amortised using the effective interest rate. The Directors confirm that all covenants have been complied with and are kept under review.

b. Net debt reconciliation and LTV

Net debt and LTV are key metrics in the Group. Net debt is redemption value of borrowings as adjusted by cash available for use. LTV or "loan to value" is the ratio of net debt to investment property value at the measurement date.

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Cash and cash equivalents	22,372	22,521
Cash reserved[1]	(5,050)	(4,830)
Gross debt – fixed interest rates	(75,000)	–
Gross debt – variable interest rate	(159,413)	(220,373)
Net debt at period end	**(217,091)**	**(202,682)**
Investment property at period end	1,395,418	1,308,717
Loan to value ratio	**15.6%**	**15.5%**

1. Cash is reduced by the amounts held in relation to rent deposits, sinking funds and similar arrangements as these balances are not viewed as available funds for the purposes of the above calculation.

26. Financial liabilities continued

b. Net debt reconciliation and LTV continued

Reconciliation of opening to closing net debt:

	Assets	Liabilities			
	Cash and cash equivalents €'000	Secured borrowings €'000	Unsecured borrowings €'000	Private placement notes €'000	Total €'000
Net debt due as at 1 April 2017	**18,148**	**(173,593)**	**–**	**–**	**(155,445)**
Cash inflow	–	(86,454)	–	–	(86,454)
Cash outflow	–	39,674	–	–	39,674
Movement in cash and cash equivalents	4,373	–	–	–	4,373
Movement in cash reserved[1]	(4,830)	–	–	–	(4,830)
Net debt as at 31 March 2018	**17,691**	**(220,373)**	**–**	**–**	**(202,682)**
Restatement on adoption of IFRS 9	–	–	–	–	–
Net debt at as at 1 April 2018	**17,691**	**(220,373)**	**–**	**–**	**(202,682)**
Cash inflow	–	(31,000)	(234,413)	(75,000)	(340,413)
Cash outflow	–	251,373	75,000	–	326,373
Movement in cash and cash equivalents	(149)	–	–	–	(149)
Movement in cash reserved[1]	(220)	–	–	–	(220)
Net debt as at 31 March 2019	**17,322**	**–**	**(159,413)**	**(75,000)**	**(217,091)**

1. Cash is reduced by the amounts held in relation to rent deposits, sinking funds and similar arrangements as these balances are not viewed as available funds for the purposes of the above calculation.

27. Deferred tax liabilities

Accounting policy

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are only recognised where it is probable that the amounts will be recoverable.

The Group is not generally liable for corporate taxes as it has REIT status (see note 13). Where it is anticipated that certain assets may not qualify as assets of the property rental business (defined in legislation), deferred tax liabilities may be recognised on unrealised gains recognised on these assets as future taxes may be payable on these gains. There were no unrecognised deferred tax assets in the period that might be available to offset against these liabilities.

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
The balance comprises temporary differences attributable to:		
Unrealised gains on residual business	**547**	**–**

28. 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.

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Current		
Investment property payable	5,667	5,118
Rent prepaid	7,013	7,313
Rent deposits and other amounts due to tenants	1,222	1,569
Sinking funds	1,926	2,053
Trade and other payables	3,742	3,540
PAYE/PRSI payable	293	163
Balance at end of financial year	**19,863**	**19,756**
Of which classified as financial instruments	**3,231**	**1,369**

Cash is held against balances due for service charges prepaid and sinking fund contributions, €3.9m (March 2018: €3.6m), and rental deposits from tenants, €1.2m (March 2018: €1.2m). Sinking funds are monies put aside from annual service charges collected from tenants as contributions towards expenditure on larger maintenance items that occur at irregular intervals 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 trade and other payables approximates to their fair value.

29. Contract liabilities

Accounting policy

Contract liabilities arise as a result of service charge contracts, the accounting for which is discussed in note 5.

Contract liabilities arise from service charge payables. Service charge arrangements form a single performance obligation under which the Group purchases services for multi-let buildings and recharges them to tenants. The movements for the purchase of services and income relating to these activities are presented below. The comparative numbers for 31 March 2018 were previously included in trade and other payables (note 28) but have been separately presented here for clarity.

	Contract liabilities €'000
At 1 April 2017	**861**
(Revenue)/expense recognised during the period	205
Amounts received from customers under contracts	4,853
Amounts paid to suppliers	(4,174)
At 31 March 2018	**1,745**
(Revenue)/expense recognised during the period	243
Amounts received from customers under contracts	6,311
Amounts paid to suppliers	(6,291)
At 31 March 2019	**2,008**

30. Cash flow information

a. Non-cash movements in operating profit

	Notes	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Revaluation of investment property	17	(95,527)	(81,377)
Share-based payments	11	6,658	7,902
Prepaid remuneration expense	9	2,679	4,444
Depreciation	18	284	285
Deferred tax	27	547	–
Non-cash movements in operating profit		**(85,359)**	**(68,746)**

b. Cash expended on investment property

	Notes	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Property purchases	17	40,030	39,158
Development and refurbishment expenditure	17	47,221	50,185
Financing arrangement fee write-off		–	(522)
Deposit paid on investment property		145	–
(Increase)/decrease in investment property costs payable		(549)	4,966
Cash expended on investment property		**86,847**	**93,787**

c. Cash received from sales of investment property

	Notes	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Property sales	17	96,077	29,390
Profit on sales	7	2,578	6,425
(Increase) in receivable from investment property sales		(34,639)	–
Cash received from sales of investment property		**64,016**	**35,815**

d. Non-cash investing and financing activities

The Group has no non-cash investing and financing activities.

31. Financial instruments and risk management

a. Financial risk management objectives and policy

The Group takes calculated risks to realise its 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.

31. Financial instruments and risk management continued

b. Financial assets and financial liabilities

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

Asset/Liability	Carrying value	Level	Fair value calculation technique	Assumptions
Trade and other receivables	Amortised cost	2	Discounted cash flow	Most trade receivables are very short term, the majority less than one month, and therefore face value approximated fair value on a discounted basis.
Financial liabilities	Amortised cost	2	Discounted cash flow	The fair value of financial liabilities held at amortised cost has been calculated by discounting the expected cash flows at prevailing interest rates.
Derivative financial instruments	Fair value	2	Calculated fair value price	The fair value of derivative financial instruments is calculated using pricing based on observable inputs from financial markets.
Trade and other payables	Amortised cost	2	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.
Contract liabilities	Amortised cost	2	Discounted cash flow	All contract liabilities 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 to 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 2019

	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	48,092	37,630	–	37,630	37,630	37,630
Derivatives at fair value	2	194	194	194	–	194	194
Borrowings	2	(231,555)	(231,555)	–	(231,555)	(231,555)	(231,555)
Trade and other payables	2	(19,863)	(3,231)	–	(3,231)	(3,231)	(3,231)
Contract liabilities[1]	2	(2,008)	(2,008)	–	(2,008)	(2,008)	(2,008)
		(205,140)	**(198,970)**	**194**	**(199,164)**	**(198,970)**	**(198,970)**

1. Contract liabilities were reclassified as part of the implementation of IFRS 15 (notes 3 and 37).

31. Financial instruments and risk management continued
c. Fair value hierarchy continued
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[1]	3	152	152	–	152	152	152
Derivatives at fair value	2	88	88	88	–	88	88
Borrowings	2	(219,218)	(219,218)	–	(219,218)	(219,218)	(219,218)
Trade and other payables	2	(19,756)	(1,369)	–	(1,369)	(1,369)	(1,369)
Contract liabilities[2]	2	(1,745)	(1,745)	–	(1,745)	(1,745)	(1,745)
		(225,453)	**(220,000)**	**610**	**(220,610)**	**(220,000)**	**(220,000)**

1. The balance of loans as at 31 March 2018 was reclassified from amortised cost to fair value through the profit or loss on the adoption of IFRS 9 and has since been repaid (note 21).
2. Contract liabilities were reclassified as part of the implementation of IFRS 15 (notes 3 and 37).

Movements of Level 3 fair values

This reconciliation includes investment property, loans and other financial assets which are included in trade payables, trade receivables and contract liabilities. Measurement of these assets is described in note 17 (investment property) and in the table at the start of this note.

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Balance at beginning of financial year	**1,308,869**	**1,167,539**
Transfers out of Level 3	–	–
Purchases, sales, issues and settlement		
Purchases[1]	87,251	89,343
Sales	(96,077)	(29,390)
Loan redemption	(152)	–
Fair value movement	95,527	81,377
Balance at end of financial year	**1,395,418**	**1,308,869**

1. Includes development, refurbishment and remedial expenditure.

d. Financial risk management
This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	Derivative products – cap/swaption arrangements
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis, credit ratings where applicable	Cash investment policy with minimum ratings Diversification of deposits where merited
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts are completed as part of budgeting process	Availability of borrowing facilities

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

31. Financial instruments and risk management continued

d. Financial risk management continued

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, conducted by PwC Ireland, 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 cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The Group has no financial assets or liabilities denominated in foreign currencies. The Group's financial assets mainly comprise trade receivables. Financial liabilities comprise short-term payables, private placement notes and bank borrowings. Therefore the primary market risk is interest rate risk.

The Group has both fixed and variable rate borrowings. Variable rate borrowings consist of an unsecured revolving credit facility and the Group has partly hedged against increasing rates by entering into interest rate caps and swaptions to restrict EURIBOR costs to a maximum of 1%.

The following therefore illustrates the potential impact on profit and loss for the financial year of a 1% or 2% increase in EURIBOR:

As at 31 March 2019

	€'000	Impact on profit +1% EURIBOR Increase €'000	Impact on profit +2% EURIBOR Increase €'000
Amount drawn	(159,413)	(1,594)	(3,188)
Hedging (caps)			
€100m expires November 2019: strike 1.00%[1]	34,413	–	344
€125m expires November 2021: strike 0.75%	125,000	313	1,563
Impact on profit after hedging		**(1,281)**	**(1,281)**

1. This calculation uses the more advantageous hedge first and therefore shows the best-case scenario.

As at 31 March 2018

	€'000	Impact on profit +1% EURIBOR Increase €'000	Impact on profit +2% EURIBOR Increase €'000
Amount drawn	(220,373)	(2,204)	(4,407)
Hedging (caps)			
€45m expires January 2019: strike 1.00%	44,700	–	447
€100m expires November 2018: strike 1.00%	100,000	–	1,000
€100m expires November 2019: strike 1.00%	75,673	–	756
Impact on profit after hedging		**(2,204)**	**(2,204)**

Exposure to interest rates is limited to the exposure of the Group's earnings from borrowings. Variable rate borrowings were €159.4m (March 2018: €220.4m) and net debt (note 26.b) was €217.1m in total, of which €75.0m was fixed rate private placement notes (March 2018: €202.7m of which €nil was fixed). The Group's drawings under its facilities were based on a EURIBOR rate of 0% throughout the period.

31. Financial instruments and risk management continued
d. Financial risk management continued
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.

The Group has the following types of financial assets and cash that are subject to credit risk:

Cash and cash equivalents: These are held with major Irish and European financial 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 Group also retains the services of a Depository to ensure the security of the cash assets.

Trade and other receivables: Rents are generally received one quarter in advance from tenants and therefore there tends to be a low level of credit risk associated with this asset class. An amount of €34.6m was due in relation to the sale of an investment property at 31 March 2019 which was received shortly after the financial year end (March 2018: nil). Otherwise, the Group has small balances in trade receivables which are immaterial in the context of credit risk.

Trade receivables are managed under a "held to collect" business model as described in note 22. On that basis, the loss allowance at 1 April 2018 on adoption of IFRS 9 and at 31 March 2019 was immaterial. There are no contract assets at either 1 April 2018 or 31 March 2019.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there are no reasonable expectations of recovery are, inter alia, the failure of a debtor to engage with the Group and make a payment plan, a failure to make contractual payments for more than 120 days, and the expectation that amounts may be irrecoverable as the tenant has vacated and refuses to engage further.

In the prior year under the previous accounting policy (before the introduction of IFRS9), the impairment of trade receivables was assessed on an incurred loss model, i.e. balances known to be irrecoverable were written down by reducing the carrying amount directly. The Group had no such write-offs as at 31 March 2019 or 31 March 2018.

The maximum amount of credit exposure is therefore:

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Other financial assets	194	240
Trade and other receivables	37,630	2,092
Cash and cash equivalents	22,372	22,521
Balance at end of period	**60,196**	**24,853**

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:

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Net current assets at the period end	**40,692**	**7,984**

The nature of the Group's activities means that the management of cash is particularly important and is managed over a four-year period. The budget and forecasting process includes cash forecasting, capital and operational expenditure projections, cash inflows and dividend payments on a quarterly basis over the four-year horizon. This allows the Group to monitor the adequacy of its financial arrangements.

The Group had access at 31 March 2019 to €161m (March 2018: €187m) in undrawn amounts under its revolving credit facility (note 26.a), which matures in December 2023. Cash and undrawn facilities as at 31 March 2019 totalled €178m or €143m net of committed capital expenditure (March 2018: €197m and €120m, respectively).

31. Financial instruments and risk management continued
d. Financial risk management continued
iv. Liquidity risk continued

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% throughout the period.

At 31 March 2019

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	>5 years
Non-derivatives							
Borrowings	234,413	265,390	2,541	2,541	5,082	173,765	81,461
Trade payables	3,231	3,231	3,231	–	–	–	–
Contract liabilities	2,008	2,008	2,008	–	–	–	–
Total	**239,652**	**270,629**	**7,780**	**2,541**	**5,082**	**173,765**	**81,461**

At 31 March 2018

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	>5 years
Non-derivatives							
Borrowings	219,218	251,399	19,355	2,259	4,518	225,267	–
Trade payables	1,369	1,369	1,369	–	–	–	–
Contract liabilities	1,745	1,745	1,745	–	–	–	–
Total	**222,332**	**254,513**	**22,469**	**2,259**	**4,518**	**225,267**	**–**

v. Capital management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust capital, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. On 1 April 2019, the Company announced a share buyback programme to return an initial €25m, the majority of the net sales proceeds (€35m) from the sale of 77SJRQ, to shareholders (note 38). The Group is also obliged to distribute at least 85% of its property rental income under the REIT regime regulations.

Capital comprises share capital, reserves and retained earnings as disclosed in the consolidated and Company statement of changes in equity. At 31 March 2019 the total capital of the Group was €1,219m (March 2018: €1,112m).

The key performance indicators used in evaluating the achievement of strategic objectives, and as performance measurements for remuneration, are as follows:

- **Total property return ("TPR") %**: Measures the relative performance of the Company's investment property portfolio versus the Irish property market, as calculated. by the MSCI/SCSI Ireland Quarterly Property All Assets Index ("MSCI Ireland Index").
- **Total accounting return ("TAR") %**: Measures the absolute growth in the Group's EPRA NAV per share plus any ordinary dividends paid during the period.
- **EPRA earnings per share (cent):** Measures the profit after tax excluding revaluations and gains and losses on disposals and associated taxation (if any). For property companies it is a key measure of a company's operational performance and capacity to pay dividends.
- **Total shareholder return ("TSR") %**: Measures growth in share value over a period assuming dividends are re-invested in the purchase of shares. Allows comparison to other companies in the Group's listed peer group.

The Group seeks to leverage its equity capital in order to enhance returns (note 26.a). The loan to value ratio ("LTV") is expressed as net debt (note 26.b) divided by total investment property value (as shown in the balance sheet). The Group's policy is to maintain an LTV ratio of 20-30% on a through cycle basis and not to incur debt above an LTV ratio of 40% (see note 26.b).

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following key financial covenants:

- The LTV ratio must not exceed 50%; and
- Interest cover must be greater than 1.5 times on both an historic and forward basis for a 12-month period.

The Group has complied with these key covenants throughout the reporting period.

31. Financial instruments and risk management continued
d. Financial risk management continued
v. Capital management continued
Other
In addition, the LTV ratio must remain under 50% under the rules of the Irish REIT regime.

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 V – Other
This section contains notes that do not belong in any of the previous categories.

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

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Operating lease receivables due in:		
Less than one year	55,395	54,680
Between two and five years	162,407	166,096
Greater than five years	195,291	150,565
Total	**413,093**	**371,341**

The Group leases its investment properties under operating leases. The weighted average unexpired lease term ("WAULT") at 31 March 2019, excluding residential properties and weighted on contracted rents, based on the earlier of lease break or expiry date, was 7.5 years (March 2018: 7.3 years).

These calculations are based on all leases in place at 31 March 2019, i.e. including leases that have not yet commenced.

33. 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 this or the previous financial year.

34. 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 €35m (March 2018: €77m).

35. 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.

36. Related parties

a. Subsidiaries

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

The following are the major subsidiaries of the Group:

Name	Registered address/ country of incorporation	Shareholding/ number of shares held	Directors	Company secretary	Nature of business
Hibernia REIT Holding Company Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Holdco One Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Holdco Two Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Edwina Governey Kevin Nowlan Mark Pollard	Sean O'Dwyer	General Partner
Hibernia REIT Holdco Three Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Frank O'Neill	Sean O'Dwyer	Property development
Hibernia REIT Holdco Four Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Building Management Services Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Property management
WK Nowlan REIT Management Limited	South Dock House, Hanover Quay, Dublin D02 XW94, Ireland	100%/300,000	Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Investment holding company

36. Related parties continued

b. Other related party transactions

The Group earned rent of €115k from WK Nowlan Real Estate Advisors in Marine House in the financial year ended 31 March 2019 (March 2018: €115k). The lease is currently under review and the Group calculates that it is owed approximately €73k at 31 March 2019 (March 2018: nil).

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 €92k in consulting fees for the financial year ended 31 March 2019 (March 2018: €84k). Nothing was due to him at 31 March 2019 (March 2018: €25k). This consultancy arrangement has now ceased.

As part of the IMA performance-related payments for the financial year (note 11), the following payments are due:

Kevin Nowlan: €2.3m, Frank Kenny: €1.5m, William Nowlan: €1.1m and Frank O'Neill: €0.5m. (March 2018: Kevin Nowlan: €2.8m, Frank Kenny: €1.8m, William Nowlan: €1.4m and Frank O'Neill: €0.6m.)

As part of his consultancy agreement with the Company, Frank Kenny earned €140k in fees for the financial year ended 31 March 2019 (March 2018: €181k). He also received a fee of €60k during the period in relation to his role as a Non-Executive Director. An amount of €35k in respect of consultancy fees was owed to him at the period end (March 2018: €nil). This consultancy arrangement has now ceased.

Thomas Edwards-Moss (CFO) rents an apartment from the Group at market rent and paid €12k in rent during the period (March 2018: €14k).

For further information on Directors' emoluments please refer to the Directors' Remuneration report on pages 93 to 114 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:

Justin Dowling	Director of Property (from 1 January 2019 (formerly Head of Asset Management))
Richard Ball	Chief Investment Officer (to 31 March 2019)
Edwina Governey	Interim Chief Investment Officer (from 31 March 2019)
Sean O'Dwyer	Company Secretary and Risk & Compliance Officer
Frank O'Neill	Director of Operations (from 1 January 2019 (formerly 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 2019 €'000	Financial year ended 31 March 2018 €'000
Short-term benefits	3,035	2,381
Post-employment benefits	226	200
Other long-term benefits	–	–
Share-based payments	353	379
Total for the financial year	**3,614**	**2,960**

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

37. Impact of transition to new accounting policies

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements.

Impact on the financial statements

As a result of the changes in the Group's accounting policies there were no restatements of the prior year financial statements, and therefore no impact on balances as at 1 April 2018. There were amendments to presentations to reflect changes in classifications arising from the new policies. There was no impact on profit or loss or reserves from the adoption of either IFRS so this is not shown.

	31 March 2018 As originally presented €'000	IFRS 9 €'000	IFRS 15 €'000	1 April 2018 €'000
Assets				
Non-current assets				
Investment property	1,308,717	–	–	1,308,717
Property, plant and equipment	5,411	–	–	5,411
Other financial assets	240	–	–	240
Trade and other receivables	7,787	–	–	7,787
Total non-current assets	**1,322,155**	–	–	**1,322,155**
Current assets				
Trade and other receivables	7,239	–	–	7,239
Cash and cash equivalents	22,521	–	–	22,521
Non-current assets classified as held for sale	534	–	–	534
Total current assets	**30,294**	–	–	**30,294**
Total assets	**1,352,449**	–	–	**1,352,449**
Equity and liabilities		–	–	
Capital and reserves	686,696	–	–	686,696
Issued capital and share premium	9,620	–	–	9,620
Other reserves	415,414	–	–	415,414
Retained earnings	**1,111,730**	–	–	**1,111,730**
Total equity				
Non-current liabilities				
Financial liabilities	**218,409**	–	–	**218,409**
Total non-current liabilities	**218,409**	–	–	**218,409**
Current liabilities				
Financial liabilities	809	–	–	809
Trade and other payables	21,501	–	(1,745)	19,756
Contract liabilities	–	–	1,745	1,745
Total current liabilities	**22,310**	–	–	**22,310**
Total equity and liabilities	**1,352,449**	–	–	**1,352,449**

IFRS 9 *Financial Instruments*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 has had minimal impact on the financial statements as the Group does not have a large number of financial instruments and has only cash flow hedging on its revolving credit facility.

Adoption resulted in the reclassification of one loan from "carried at amortised cost" to "at fair value", as it did not meet the solely payments of principal and interest test ("SPPI test"). This loan was non-performing and was recovered by the sale of collateral during the financial year ended 31 March 2019.

37. Impact of transition to new accounting policies continued
IFRS 9 Financial Instruments continued
As at 1 April 2018

	Level	Total €'000	Financial instruments €'000	At fair value €'000	At amortised cost €'000	Carrying value €'000	Fair value €'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 assets		**15,266**	**2,332**	**610**	**1,722**	**2,332**	**2,332**
Reclassification of loans to at fair value				152	(152)		
Financial assets as restated		**15,266**	**2,332**	**762**	**1,570**	**2,332**	**2,332**

Impairment of financial assets
The Group has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Trade receivables for rental income and other property income; and
- Loans receivable.

The Group's trade receivables that are classified as financial assets are mainly of a very short-term nature. Trade receivables that are financial assets are managed under a "held to collect" business model and the cash collected represents principal and interest where applicable. The Group has adopted the simplified credit loss approach in assessing impairment on these as they do not contain a significant financing component. The move from an incurred loss model to an expected loss model has therefore had an immaterial effect on balances and there is no restatement of prior year financial statements required.

The Group had one loan receivable at 31 March 2018 which was settled during the financial year 31 March 2019 by the sale of the underlying property and the payment of the proceeds to clear the full balance of the loan outstanding plus a small surplus after costs. Therefore the fair value of this loan was determined to be carrying value and there was therefore no need for impairment nor any restatement of prior year financial statements.

Hedge positions
The interest rate swaps and caps in place at 31 March 2018 qualified as cash flow hedges under IFRS 9 and there was therefore no change in classification or measurement of these positions in transitioning from IAS 39 either at 31 March 2018 or 1 April 2018. The Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

Financial liabilities
There was no impact on financial liabilities of the Group due to the adoption of IFRS 9.

IFRS 15 *Revenue from Contracts with Customers*
In the current year, the Group has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a five-step approach to revenue recognition. However, the Group's revenue is mainly from rental income under lease contracts which falls under IAS 17 (IFRS 16 from 1 April 2019).

IFRS 15 applies to the Group's property management revenues and service charge income. The accounting policy in respect of this activity is described in note 5. The adoption of IFRS 15 resulted in no re-measurements of balances included in the financial statements. It resulted in one change in presentation of amounts in the consolidated statement of financial position as at 31 March 2018 (and 1 April 2018) as illustrated in the table above. An amount of €1.7m was reclassified from trade payables to contract liabilities. This represents amounts due in relation to performance obligations under service charge arrangements. See note 5 "Net property expenses" and note 29 "Contract liabilities" for further details and note 3 for transition notes.

38. Events after the reporting period
1. On 1 April 2019 the Company announced its intention to return the net sales proceeds from the sale of 77SJRQ (€35m) to shareholders, commencing with an initial share buyback of up to €25m. The share buyback programme commenced on 2 April 2019, in accordance with the Company's general authority to repurchase ordinary shares as approved by shareholders at the Company's AGM on 31 July 2018 and may continue until 31 December 2019 subject to renewed general repurchase authority at the 2019 AGM. The maximum number of ordinary shares to be repurchased under the share buyback programme is 69,758,891. As at close of business on 14 June 2019 the Company had repurchased and cancelled 6,284,457 ordinary shares for aggregate consideration of €8.7m.
2. The Directors have proposed a final dividend of 2.0 cent per share that is subject to approval at the AGM to be held on 31 July 2019.
3. To enhance our flexibility for future capital management, the Company is proposing a capital reorganisation resolution at the AGM on 31 July 2019. This seeks permission to convert a substantial part of its share premium account into distributable reserves in a process which will also require High Court approval. Subject to receiving the necessary approvals, the capital reorganisation will likely complete in late 2019.
4. Between 31 March 2019 and 17 June 2019 the Group invested €6.9m in the acquisition of four investment properties, three of which are adjacent to existing properties.
5. 69,080 shares, which were due to vest and be issued to an employee post 31 March 2019, became forfeit upon the departure of the employee and, under the Internalisation arrangements, will be returned to the Vendors and will be included in the shares being issued in respect of the final payment under the Performance Fee arrangement in July 2019.

Company statement of financial position

As at 31 March 2019

	Notes	**31 March 2019 €'000**	31 March 2018 €'000
Assets			
Non-current assets			
Investment property	d	1,207,742	1,128,292
Property, plant and equipment	e	5,905	5,409
Investment in subsidiaries	f	26,339	26,235
Loans to subsidiaries	g	148,946	113,139
Other financial assets	h	–	2
Trade and other receivables	i	5,389	5,631
Total non-current assets		**1,394,321**	**1,278,708**
Current assets			
Trade and other receivables	i	4,202	5,977
Cash and cash equivalents		20,733	21,795
		24,935	27,772
Non-current assets classified as held for sale	j	534	534
Total current assets		**25,469**	**28,306**
Total assets		**1,419,790**	**1,307,014**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	k	694,242	686,696
Other reserves	l	9,445	9,718
Retained earnings	m	436,014	344,758
Total equity		**1,139,701**	**1,041,172**
Non-current liabilities			
Financial liabilities	n	259,294	246,050
Deferred tax liabilities	o	547	–
Total non-current liabilities		**259,841**	**246,050**
Current liabilities			
Financial liabilities	n	507	809
Trade and other payables	p	18,123	17,563
Contract liabilities	q	1,618	1,420
Total current liabilities		**20,248**	**19,792**
Total equity and liabilities		**1,419,790**	**1,307,014**

The Parent Company's profit after tax for the financial year ended 31 March 2019 determined in accordance with IFRS is €115.0m (31 March 2018: €82.9m).

The notes on pages 180 to 191 form an integral part of these Company financial statements. The Company financial statements on pages 177 to 191 were approved and authorised for issue by the Board of Directors on 17 June 2019 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 2019

Financial year ended 31 March 2019

	Share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
Balance at start of financial year	**69,235**	**617,461**	**344,758**	**9,718**	**1,041,172**
Total comprehensive income for the financial year					
Profit for the financial year	–	–	114,989	–	114,989
Total other comprehensive income	–	–	–	954	954
	69,235	**617,461**	**459,747**	**10,672**	**1,157,115**
Transactions with owners of the Company, recognised directly in equity					
Dividends	–	–	(23,719)	–	(23,719)
Issue of ordinary shares in settlement of share-based payments	524	7,022	–	(7,546)	–
Share issue costs	–	–	(14)	–	(14)
Share-based payments expense/cash settlement	–	–	–	6,319	6,319
Balance at end of financial year	**69,759**	**624,483**	**436,014**	**9,445**	**1,139,701**

Financial year ended 31 March 2018

	Share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
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 expense/cash settlement	–	–	–	7,902	7,902
Balance at end of financial year	**69,235**	**617,461**	**344,758**	9,718	**1,041,172**

The notes on pages 180 to 191 form an integral part of these Company financial statements.

Company statement of cash flows

For the financial year ended 31 March 2019

	Notes	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Cash flows from operating activities			
Profit for the financial year		114,989	82,900
Adjustments from:			
Gain on sales of investment property		(2,397)	(6,425)
Other gains and losses		(123)	–
Dividends received		(9,469)	(610)
Cash-settled share-based payments		(339)	–
Finance expense		8,581	6,935
Non-cash movements:	r	(74,848)	(46,027)
Operating cash flow before movements in working capital		**36,394**	**36,773**
(Increase)/decrease in trade and other receivables		(517)	1,454
(Decrease)/increase in trade and other payables		(676)	527
Increase in contract liabilities		198	–
Net cash flow from operating activities		**35,399**	**38,754**
Cash flows from investing activities			
Cash expended on investment property	r	(55,109)	(43,206)
Cash received from sales of investment property	r	64,156	35,815
(Increase) in loan to subsidiaries	g	(35,807)	(66,072)
Purchase of fixed assets	e	(54)	(226)
Income on other assets		123	–
Finance income		5	7
Finance expense		(9,551)	(5,470)
Net cash flow absorbed by investing activities		**(36,237)**	**(79,152)**
Cash flow from financing activities			
Dividends paid		(23,719)	(17,656)
Dividends received		9,469	610
Borrowings drawn	n	340,412	83,500
Borrowings repaid	n	(326,372)	(22,128)
Share issue costs		(14)	(14)
Net cash outflow/inflow from financing activities		**(224)**	**44,312**
Net (decrease)/increase in cash and cash equivalents		**(1,062)**	**3,914**
Cash and cash equivalents start of financial period		**21,795**	**17,881**
(Decrease)/increase in cash and cash equivalents		(1,062)	3,914
Net cash and cash equivalents at end of financial period		**20,733**	**21,795**

The notes on pages 180 to 191 form an integral part of these 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 131 to 176 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 significant judgements and analysis of sources of estimation uncertainty is set out in notes 2(f) and 2(g) to the consolidated financial statements on pages 126 to 176 of the Group's Annual Report.

Changes in accounting policies

For further information on changes in accounting policies please also refer to note 3 of the consolidated financial statements.

IFRS 9: *Financial Instruments*

The Company implemented IFRS 9 during the period. There was no material impact on the Company financial statements either from reclassification or re-measurement of prior period amounts. The following Company financial assets fall to be accounted for under IFRS 9:

- Loans to subsidiaries – see note g for further information
- Trade and other receivables – see note i for further information
- Other financial assets – see note h for further information

Impairment review of shares in Group undertakings

The Company reviews its shares in Group undertakings for impairment at each reporting date. Impairment testing involves the comparison of the carrying value of the investment with its recoverable amount. The recoverable amount is the higher of the investment's fair value or its value in use. Value in use is the present value of expected future cash flows from the investment. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Impairment testing inherently involves a number of judgemental areas: the preparation of cash flow forecasts for years that are beyond the normal requirements of management reporting, the assessment of the discount rate appropriate to the business, estimation of the fair value of the investment, and the valuation of the separable assets comprising the overall investment in the Group undertaking. The use of reasonably possible alternative assumptions would not materially impact the carrying value of the Company's shares in Group undertakings.

b. Operating profit

Operating profit for the financial year is stated after charging:

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Non-Executive Directors' fees	447	286
Professional valuers' fees	394	281
Prepaid remuneration expense	2,679	4,444
Depository fees	299	278
Depreciation (see note e)	281	269
"Top-up" Internalisation expenses for financial year	1,482	1,743
Staff costs	4,516	3,405
Other administration expenses	3,706	2,567
Total administration expenses	**13,804**	**13,273**

For further information on expenses please refer to note 9 of the consolidated financial statements.

b. Operating profit continued

Auditor's remuneration

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Company		
Audit of the financial statements	72	70
Other assurance services[1]	26	16
Tax advisory services	–	–
Other non-audit services	–	–
Total	**98**	**86**

1. Other assurance services include a review of the final IMA performance-related payment calculation in early 2019.

For further information on the Auditor's remuneration, please refer to note 9 of the consolidated financial statements.

c. Employment

The average monthly number of persons (including Executive Directors) directly employed during the financial year in the Company was 22 (31 March 2018: 21).

Total employees at financial year end:

	Financial year ended 31 March 2019 Number	Financial year ended 31 March 2018 Number
At financial year end:		
Administration	**23**	**21**

The staff costs for the above employees were:

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Wages and salaries	4,097	3,261
Social insurance costs	360	350
Employee share-based payment expense	587	570
Pension costs – defined contribution plan	282	214
Total	**5,326**	**4,395**

Staff costs are allocated to the following expense headings:

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Administration expenses	4,516	3,405
IMA performance-related payments	810	990
Total	**5,326**	**4,395**

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

d. Investment property

31 March 2019

Fair value category	Office assets Level 3 €'000	Office development assets Level 3 €'000	Residential assets Level 3 €'000	Industrial assets/land Level 3 €'000	Total Level 3 €'000
Carrying value at 31 March 2018	**846,283**	**134,500**	**129,709**	**17,800**	**1,128,292**
Additions:					
Property purchases	2,956	–	980	6,882	10,818
Development and refurbishment expenditure	3,400[1]	41,500	60	417	45,377
Revaluations included in income statement	21,271	48,020	13,159	2,564	85,014
Disposals:					
Sales[2]	(61,759)	–	–	–	(61,759)
Transferred between segments[3]	207,821	(207,821)	–	–	–
Carrying value at 31 March 2019	**1,019,972**	**16,199**	**143,908**	**27,663**	**1,207,742**

1. This includes capital expenditure on Two Dockland Central after its transfer to the office segment in the prior year.
2. New Century House was sold during the year, generating €2.4m in gains in excess of its carrying value.
3. 2 Windmill Lane (formerly the Hanover Building) and 1 Sir John Rogerson's Quay were transferred from 'Office development assets' to 'Office assets' as they were completed before 31 March 2019.

31 March 2018

Fair value category	Office assets Level 3 €'000	Office development assets Level 3 €'000	Residential assets Level 3 €'000	Industrial assets/land Level 3 €'000	Total Level 3 €'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[1]	(26,990)	–	(2,400)	–	(29,390)
Transferred between segments[2]	(32,170)	32,170	–	–	–
Carrying value at 31 March 2018	**846,283**	**134,500**	**129,709**	**17,800**	**1,128,292**

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. 2 Windmill Lane (formerly the Hanover Building) was transferred from 'Office assets' to 'Office development assets' as redevelopment commenced in the period.

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 1 Windmill Lane, Hanover Mills and part of the lands at Newlands which are held through wholly owned subsidiaries of the Company (March 2018: 1 Windmill Lane, Hanover Mills and 77 Sir John Rogerson's Quay). The tables below provide information on inputs and sensitivities for the calculations of fair value for the properties held by the Company.

Key unobservable inputs used in the valuation of the Company's investment property

31 March 2019

		Estimated rental value		Equivalent yield	
	Market value €'000	Low	High	Low	High
Office	**1,019,972**	**€15.00 psf**	**€60.00 psf**	**4.04%**	**7.30%**
Office development	**16,199**	**€30.00 psf**	**€58.00 psf**	**4.75%**	**4.75%**
Residential[1]	**143,908**	**€23,400 pa**	**€31,800 pa**	**5.16%**	**6.00%**
Industrial/land	**27,663**	**€5.525 psf**	**€5.25 psf**	**8.02%**	**8.02%**

1. Average estimated rental value based on a two-bedroom apartment.

31 March 2018

		Estimated rental value		Equivalent yield	
	Market value €'000	Low	High	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/land	17,800	€5.50 psf	€5.50 psf	7.45%	7.45%

1. Average estimated rental value based on a two-bedroom apartment.

d. Investment property continued

31 March 2019

Sensitivities	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	
	Increase €'m	**Decrease €'m**	**Increase €'m**	**Decrease €'m**
Office	47.3	(48.3)	(63.9)	70.2
Office development	1.9	(2.0)	(2.1)	2.2
Residential	7.2	(7.2)	(7.7)	11.7
Industrial/land	0.1	(0.1)	(0.1)	0.1
Total	**56.5**	**(57.6)**	**(73.8)**	**84.2**

31 March 2018

Sensitivities	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	
	Increase €'m	Decrease €'m	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/land	0.5	(0.6)	(0.4)	0.4
Total	**52.6**	**(52.6)**	**(59.0)**	**66.3**

e. Property, plant and equipment

At 31 March 2019

	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 2018	**5,217**	**144**	**588**	**5,949**
Additions	–	44	10	54
Revaluation recognised in other comprehensive income	723	–	–	723
At 31 March 2019	**5,940**	**188**	**598**	**6,726**
Depreciation				
At 1 April 2018	**(188)**	**(88)**	**(264)**	**(540)**
Charge for the year	(109)	(45)	(127)	(281)
At 31 March 2019	**(297)**	**(133)**	**(391)**	**(821)**
Net book value at 31 March 2019	**5,643**	**55**	**207**	**5,905**

At 31 March 2018

	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 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 2018: 54%) of the office space in its South Dock House property. This property was revalued as at 31 March 2019 and 31 March 2018 by the Group's valuer in accordance with the valuation approach described under note 2. (g). of the consolidated financial statements.

For further information on the Company's property, plant and equipment refer to note 18 of the consolidated financial statements.

f. Investment in subsidiaries

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Balance at end of financial year	**26,339**	**26,235**

For further information on the Company's subsidiaries refer to note 36.a of the consolidated financial statements.

g. Loans to subsidiaries

Accounting policy

Classification and measurement

On 1 April 2018 the Company's Management assessed which business model applies to the above loans and has determined that loans to subsidiaries are financial assets that are managed under a "held to collect" business model. The cash collected represents "solely principal and interest" (the "SPPI" test) where applicable.

Loans to subsidiaries are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans to subsidiaries are measured at amortised cost using the effective interest method, less any impairment losses. As these are repayable on demand the loan amount approximates to fair value at recognition.

Loans to subsidiaries are assessed under a three-stage model:

- Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 months expected credit loss ("ECL"), and recognise interest (if any) on a gross basis
- Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest (if any) on a gross basis
- Stage 3: Financial asset is credit impaired and lifetime ECL recognised

Once it is determined which stage a loan to a subsidiary is at, the ECL is calculated and applied where relevant. Loans to subsidiaries are usually repayable on demand and are without a significant financing component. Therefore ECLs are based on the assumption that the repayment of the loan is demanded at the reporting date or earliest possible call date where another date has been agreed. If the recovery strategies indicate that the Company would fully recover the balance outstanding on the loans, the ECL is limited to the effect of discounting, at the loans' effective discount rate, the amount due over the period to collection.

IFRS 9 transition

Management has assessed the loans held at 31 March 2018 on this basis and determined that they expect to recover the balances outstanding in full and that therefore no impairment loss needs to be recognised at that date nor at 1 April 2018 nor is there any impact on retained reserves.

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Balance at beginning of financial year	**113,139**	**47,067**
Loan advances	36,629	66,474
Loan repayments	(822)	(402)
Interest income at effective interest rate	–	–
Balance at end of financial year	**148,946**	**113,139**
The maturity of inter-company loans are as follows:		
Less than one year	**148,946**	**113,139**

The majority of the above balance, €148m, is due from three subsidiaries, Hibernia REIT Holding Company Limited (1 Windmill Lane office building and Hanover Mills residential apartments), Hibernia REIT Hold Co One Limited (77 Sir John Rogerson's Quay ("77SJRQ")) and NL7 Limited Partnership (Newlands development project). €35.5m related to 77SJRQ which was contracted for sale at 31 March 2019 and the funds were received shortly after this date. 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 they are held at amortised cost. Management assessed the loans for recovery and determined that there has been no significant increase in credit risk since initial recognition, all loans to subsidiaries remain at stage 1 and they expect to recover the balances outstanding in full and that no material impairment loss has been recognised.

h. Other financial assets

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Derivatives at fair value	**–**	**2**

For further information on other financial assets refer to note 21 of the consolidated financial statements

i. Trade and other receivables

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Non-current		
Property income receivables	4,624	4,231
Other receivables	765	1,400
Balance at end of financial year – non-current	**5,389**	**5,631**
Current		
Prepaid remuneration	–	2,679
Deposits paid on investment property	145	–
Property income receivables	2,746	2,042
Prepayments	518	606
Recoverable capital expenditure	333	416
Income tax refund due	42	88
VAT refundable	418	146
Balance at end of financial year – current	**4,202**	**5,977**
Balance at end of financial year – total	**9,591**	**11,608**
Of which classified as financial assets	**1,987**	**2,191**

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

For further information on trade and other receivables refer to note 22 of the consolidated financial statements.

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 and share premium refer to note 23 of the consolidated financial statements

l. Other reserves

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Property revaluation	1,889	1,166
Cash flow hedging	–	(231)
Other reserves	7,556	8,783
Balance at end of financial year	**9,445**	**9,718**

i. Property revaluation reserve

For further information on the property revaluation reserve refer to note 24.a of the consolidated financial statements.

ii. Cash flow hedging reserve

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Balance at beginning of financial year	**(231)**	**(217)**
Released to profit and loss	231	54
Gain/(loss) arising on fair value of hedging instruments entered into for cash flow hedges	–	(68)
Balance at end of financial year	**–**	**(231)**

iii. Share-based payment reserve

For further information on the share-based payment reserve refer to note 24.c of the consolidated financial statements.

m. Retained earnings, distributable reserves and dividends on equity instruments

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Balance at beginning of financial year	**344,758**	**279,528**
Profit for the financial year	114,989	82,900
Share issuance costs	(14)	(14)
Dividends paid	(23,719)	(17,656)
Balance at end of financial year	**436,014**	**344,758**

For further information on retained earnings, distributable reserves and dividends on equity instruments refer to note 25 of the consolidated financial statements.

n. Financial liabilities

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Non-current		
Unsecured bank borrowings	156,524	218,409
Debenture issued to subsidiary	28,246	27,641
Unsecured Notes	74,524	–
Total non-current	**259,294**	**246,050**
Current		
Unsecured bank borrowings	149	809
Unsecured Notes	358	–
Total current	**507**	**809**
Total financial liabilities	**259,801**	**246,859**

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
The maturity of non-current financial liabilities is as follows:		
Between one and two years	507	809
Between two and five years	184,770	246,050
Over five years	74,524	–
Total	**259,801**	**246,859**

Movements in financial liabilities during the financial year:

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Balance at beginning of financial year	**246,859**	**184,102**
Finance drawn during the financial year	340,412	83,500
Finance repaid during the financial year	(326,372)	(22,128)
Interest payable	(1,098)	1,385
Balance at end of financial year	**259,801**	**246,859**

For further information on financial liabilities refer to note 26.a of the consolidated financial statements.

o. Deferred tax liabilities

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

p. Trade and other payables

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Current		
Investment property payable	5,500	4,269
Rent prepaid	6,188	7,288
Rent deposits and other amounts due to tenants	883	1,568
Sinking funds	1,862	2,037
Trade and other payables	3,430	2,257
PAYE/PRSI payable	260	144
Balance at end of financial year	**18,123**	**17,563**
Of which classified as financial instruments	**3,195**	**1,831**

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

q. Contract liabilities

	Total €'000
Contract liabilities at 1 April 2017	**862**
(Revenue)/expense recognised during the period	–
Amounts received from customers under contracts	4,190
Amounts paid to suppliers	(3,632)
Contract liabilities at 31 March 2018	**1,420**
(Revenue)/expense recognised during the period	–
Amounts received from customers under contracts	5,006
Amounts paid to suppliers	(4,808)
Contract liabilities at 31 March 2019	**1,618**

For further information on contract liabilities refer to note 29 of the consolidated financial statements.

r. Cash flow statement

Non-cash movements in operating profit

	Notes	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Revaluation of investment property	d	(85,014)	(58,642)
Share-based payments	11	6,659	7,902
Prepaid remuneration expense		2,679	4,444
Depreciation	e	281	269
Deferred tax	o	547	–
Non-cash movements in operating profit		**(74,848)**	**(46,027)**

Cash expended on investment property

	Notes	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Property purchases	d	10,818	8,460
Development and refurbishment expenditure	d	45,377	33,153
Deposit paid on investment property	i	145	–
Decrease/(increase) in investment property costs payable	p	(1,231)	1,593
Cash expended on investment property		**55,109**	**43,206**

Cash received from sales of investment property

	Notes	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Property sales	d	61,759	29,390
Profit on sales		2,397	6,425
(Increase)/decrease in receivable from investment property sales		–	–
Cash received from sales of investment property		**64,156**	**35,815**

s. Financial instruments and risk management

The Company has identified exposure to the following risks:

- Market risk
- Credit risk
- Liquidity risk

The substantial majority of these risks for the Group are held by the Company and managed at the Group level. Therefore, the policies for managing each of these and the principal effects of these policies on the results for the financial year are summarised in note 31 to the consolidated financial statements. 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 €187.0m while the receivable from the sale of 77SJRQ was €35.5m (31 March 2018: €180.4m collateral value).

The following tables present the classification of financial assets and liabilities within the fair value hierarchy and the changes in fair value measurements at Level 3 estimated for the Company only for the purposes of making the disclosures in note 31 of the consolidated financial statements. Assets held at Level 3 include investment properties in addition to the loans to subsidiaries.

s. Financial instruments and risk management continued

Classification of financial assets and liabilities

At 31 March 2019

	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 of financial instruments €'000
Trade and other receivables	**2**	9,591	1,987	–	1,987	1,987	1,987
Loans to subsidiaries	**3**	148,946	148,946	–	148,946	148,946	148,946
Borrowings	**2**	(259,801)	(259,801)	–	(259,801)	(259,801)	(259,801)
Trade and other payables	**2**	(18,123)	(3,195)	–	(3,195)	(3,195)	(3,195)
Contract liabilities	**2**	(1,618)	(1,618)	–	(1,618)	(1,618)	(1,618)
		(121,005)	**(113,681)**	**–**	**(113,681)**	**(113,681)**	**(113,681)**

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 of financial instruments €'000
Trade and other receivables	2	11,608	2,191	523	1,668	2,191	2,191
Loans to subsidiaries	3	113,139	113,139	–	113,139	113,139	113,139
Derivatives at fair value	2	2	2	2	–	2	2
Borrowings	2	(246,859)	(246,859)	–	(246,859)	(246,859)	(246,859)
Trade and other payables	2	(17,563)	(1,831)	–	(1,831)	(1,831)	(1,831)
Contract liabilities	2	(1,420)	(1,420)	–	(1,420)	(1,420)	(1,420)
		(141,093)	**(134,778)**	**525**	**(135,303)**	**(134,778)**	**(134,778)**

Changes in fair value measurement at level 3	**Financial year ended 31 March 2019 €'000**	Financial year ended 31 March 2018 €'000
Balance at beginning of financial year	**1,241,431**	1,104,495
Transfers out of Level 3	–	–
Purchases, sales, issues and settlement:		
Purchases	56,195	41,613
Sales	(61,759)	(29,390)
Advances	36,629	66,473
Repayments	(822)	(402)
Fair value movement	85,014	58,642
Balance at end of financial year	**1,356,688**	**1,241,431**

Maximum credit exposure	**As at 31 March 2019 €'000**	As at 31 March 2018 €'000
Financial assets	–	2
Trade and other receivables	1,987	2,191
Cash and cash equivalents	20,733	21,795
Balance at end of financial year	**22,720**	**23,988**

Liquidity risk	**As at 31 March 2019 €'000**	As at 31 March 2018 €'000
Net current assets at end of financial year	**5,221**	**8,514**

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

	As at 31 March 2019 €'000	As at 31 March 2018 €'000
Operating lease receivables due in:		
Less than one year	47,856	46,977
Between two and five years	134,007	130,494
Greater than five years	148,689	84,383
Total	**330,552**	**261,854**

u. Dividends
For information on the dividends paid and proposed during the financial year please refer to note 14 of the consolidated financial statements.

v. Investment in subsidiary undertakings
The major subsidiaries of the Company are disclosed in note 36.a of the consolidated financial statements. 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.

w. 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 €32m (31 March 2018: €74m).

x. Related parties
i. Subsidiaries
Please refer to note 36.a of the consolidated financial statements.

ii. Other transactions
Transactions with related parties are the same as those disclosed in note 36.b of the consolidated financial statements.

iii. Key management personnel
For information on key management personnel refer to note 36.c of the consolidated financial statements.

y. 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 from 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 2019 determined in accordance with IFRS is €115.0m (31 March 2018: €82.9m).

z. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Company's financial statements.

Impact on the financial statements

As a result of the changes in the entity's accounting policies, there was no restatement of the prior year financial statements and therefore no impact on balances as at 1 April 2018. There were minor amendments to presentations to reflect changes in classifications arising from the new policies. There was no impact on profit or loss or reserves from the adoption of either IFRS so this is not shown.

IFRS 9 *Financial Instruments*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 has had minimal impact on the financial statements as the Company does not have a large number of financial instruments.

There were no reclassifications of financial assets or liabilities as a result of the adoption of IFRS 9 in the Company financial statements.

Impairment of financial assets

The Company has two types of financial assets that are subject to IFRS 9's new expected credit loss model.

- Trade receivables for rental income and other property income
- Loans receivable

The Company has a small balance of trade receivables that are classified as financial assets and that are mainly of a very short-term nature. Trade receivables that are financial assets are managed under a "held to collect" business model and the cash collected represents principal and interest where applicable. The Company has adopted the simplified credit loss approach in assessing impairment on these as they do not contain a significant financing component. The move from an incurred loss model to an expected loss model has therefore had an immaterial effect on balances and there is no restatement of prior year financial statements required.

The Company has a number of loans outstanding to subsidiaries that have no interest payable and are repayable on demand. In order to repay these loans, the subsidiaries would have to sell the underlying buildings these loans have funded. The Company has assessed these balances as at 1 April 2018 and the future strategies associated with the properties and determined that as at this date, recovery strategies indicate that the Company would have fully recovered the balances on these loans as at that date and as a result of this assessment the expected credit losses on transition to IFRS 9 were immaterial.

Financial liabilities

There was no impact on financial liabilities of the Company due to the adoption of IFRS 9.

IFRS 15 *Revenue from Contracts with Customers*

The Company's revenue is mainly from rental income under lease contracts and therefore falls under IFRS 17 (IFRS 16 from 1 April 2019). The adoption of IFRS 15 therefore resulted in no re-measurements of balances included in the financial statements. It resulted in one change in presentation of amounts in the statement of financial position as at 31 March 2018 (and 1 April 2018) as illustrated in the table above. An amount of €1.4m was reclassified from trade payables to contract liabilities. This represents amounts due in relation to performance obligations under service charge arrangements.

See note q (Contract liabilities) for further details and notes 3 and 37 of the consolidated financial statements for transition notes.

aa. Events after the reporting date

For information on events after the reporting date refer to note 38 of the consolidated financial statements.

Supplementary information (unaudited)

I. Five-year record

Based on the Group's financial statements for the year ended 31 March:

Consolidated statement of financial position	2019 €'m	2018 €'m	2017 €'m	2016 €'m	2015 €'m
Investment property	1,395	1,309	1,167	928	641
Other assets	77	44	43	61	167
Financial liabilities	(231)	(219)	(171)	(73)	–
Other liabilities	(23)	(22)	(25)	(19)	(55)
Net assets	**1,218**	**1,112**	**1,014**	**897**	**753**
Financed by:					
Share capital	694	687	678	673	658
Reserves	524	425	336	224	95
Total equity	**1,218**	**1,112**	**1,014**	**897**	753
IFRS NAV per share (cent)	**174.7**	**160.6**	**147.9**	**131.6**	**112.4**
EPRA NAV per share (cent)	**173.3**	**159.1**	**146.3**	**130.8**	**111.8**

Consolidated income statement	2019 €'m	2018 €'m	2017 €'m	2016 €'m	2015 €'m
Net rental income	53	46	40	30	18
Gains and losses on investment property	98	88	104	125	86
Other gains and losses	–	–	2	–	3
Total operating expenses	(19)	(21)	(21)	(15)	(12)
Operating profit	**132**	**113**	**125**	**140**	**95**
Net finance expense	(8)	(6)	(6)	(4)	(2)
Profit before income tax	**124**	**107**	**119**	**136**	**93**
Income tax expense	(1)	–	–	–	–
Profit for the financial year	**123**	**107**	**119**	**136**	**93**
Basic earnings per share (cent)	**17.8**	**15.5**	**17.3**	**20.2**	**18.4**
Diluted earnings per share (cent)	**17.6**	**15.4**	**17.2**	**20.1**	**18.3**
EPRA earnings per share (cent)	**4.0**	**2.8**	**2.2**	**1.5**	**0.8**
Diluted EPRA earnings per share (cent)	**3.9**	**2.8**	**2.2**	**1.5**	**0.8**
Dividend per share (cent)	**3.5**	**3.0**	**2.2**	**1.5**	**0.8**

II. Alternative performance measures

The Group has applied the European Securities and Markets Authority (ESMA) "Guidelines on Alternative Performance Measures" in this report. An alternative performance measure ("APM") is a measure of financial or future performance, position or cash flows 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	Contracted rent under the lease agreements, and excluding all incentives or rent abatements, for the portfolio as at the reporting date.
EPRA cost ratios	IFRS operating expenses	III.b	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 EPRA earnings	IFRS profit after tax	III.a	As EPRA earnings is used to measure the operational performance of the Group, 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. Adjusted EPRA earnings include some further adjustments made to assist investors in understanding the underlying earnings of the Group.
EPRA earnings per share ("EPRA EPS")	IFRS earnings per share	Note 15 III.a	EPRA earnings on a per share basis.
EPRA like-for-like rental growth reporting	n/a	III.d	Like-for-like ("LfL") 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.f	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.f	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.f	Reports EPRA NAV including fair value adjustments for any material balance sheet items which are not included in EPRA NAV at fair value.
EPRA NNNAV per share	IFRS NAV via EPRA NAV	III.f	EPRA NNNAV on a per share basis.
EPRA Net Initial Yield ("EPRA NIY")	n/a	III.e	Inherent yield of the completed portfolio using passing rent at the reporting date.
EPRA topped-up Net Initial Yield ("EPRA topped-up NIY")	n/a	III.e	Inherent yield of the completed portfolio using contracted rent at the reporting date.
EPRA vacancy rate	n/a	III.c	Estimated rental value ("ERV") of the vacant space over the total ERV of the completed portfolio.
Loan to value ("LTV")	n/a	Note 26.b	Net debt as a proportion of the value 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.b	Financial liabilities net of cash balances (as reduced by the amounts collected from tenants for deposits, sinking funds and similar) available.
Passing rent	n/a	n/a	Annualised gross property rent receivable on a cash basis as at the reporting date.
Property-related capital expenditure	n/a	Note 17 III.g.ii	Property-related capital expenditure analysed so as to illustrate the element of such expenditure that is maintenance rather than investment.
Reversionary potential	n/a	III.g.i	Potential rent uplift available from leases with break dates, expiring or review events in future periods.
Total accounting return ("TAR")	Indirectly through EPRA NAV	Note 16	Measures the absolute growth in the Group's EPRA NAV per share plus any ordinary dividends paid in the accounting period.
Total property return ("TPR")	n/a	n/a	Total property return is the return for the period of the property portfolio (capital and income) as measured by the MSCI/SCSI Ireland Quarterly Property All Assets Index.

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 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 details on these measures are set out below, including their calculation and reconciliation to the financial statements where applicable.

III.a EPRA earnings

EPRA earnings are presented as they are important for investors in assessing the extent to which dividends are supported by recurring income.

EPRA earnings per share and diluted EPRA earnings per share	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Profit for the financial year attributable to the owners of the Company	123,459	107,101
Less:		
Gains and losses on investment property	(98,105)	(87,802)
Profit or loss on disposals of other assets	(140)	–
Deferred tax in respect of EPRA adjustments	547	–
Changes in fair value of financial instruments and associated close-out costs	1,711	104
EPRA earnings	**27,472**	**19,403**
	'000	'000
Weighted average number of ordinary shares (basic)	694,968	688,900
Weighted average number of ordinary shares (diluted) (note 15)	700,996	695,499
EPRA earnings per share (cent)	**4.0**	**2.8**
Diluted EPRA earnings per share (cent)	**3.9**	**2.8**

Impact of Internalisation: In order to show the impact of items relating to the original external management structure and the subsequent Internalisation, which ceased to be an expense to the Group on 26 November 2018, EPRA earnings are shown below adjusted to remove Internalisation-related costs. All IMA related amounts are removed and the estimated annual cost of the new remuneration scheme when fully in effect added in.

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
EPRA earnings as calculated above	**27,472**	**19,403**
Prepaid remuneration expense	2,679	4,444
"Top-up" Internalisation expenses	1,482	1,743
New remuneration scheme expense	608	–
IMA performance-related payments	5,401	6,599
Underlying earnings excluding effects of management charges	**37,642**	**32,189**
Estimated annual costs of new remuneration scheme	(4,000)	(4,000)
Adjusted EPRA earnings	**33,642**	**28,189**
Weighted average number of shares	**694,968**	**688,900**
Adjusted earnings per share (cent)	**4.8**	4.1

III. European Public Real Estate Association ("EPRA") performance measures continued

III.b EPRA cost ratios

EPRA costs are calculated below. These costs ceased on 26 November 2018 with the expiry of the IMA. Adjusted costs ratios are provided to show indicative impacts on ratios for future financial years.

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Total operating expenses under IFRS	19,291	20,116
Property expenses	2,596	3,147
Net service charge costs/fees	122	205
EPRA costs including direct vacancy costs	**22,009**	23,468
Direct vacancy costs	(545)	(1,073)
EPRA costs excluding direct vacancy costs	**21,464**	22,395
Gross rental income	56,027	49,075
EPRA cost ratio including direct vacancy costs	**39.3%**	47.8%
EPRA cost ratio excluding direct vacancy costs	**38.3%**	45.6%

The Group has not capitalised any overheads in the current or the prior financial year.

	Financial year ended 31 March 2019 €'000	Financial year ended 31 March 2018 €'000
Costs adjusted for Internalisation		
EPRA costs including direct vacancy costs	22,009	23,468
Prepaid remuneration expense	(2,679)	(4,444)
"Top-up" Internalisation expenses	(1,482)	(1,743)
IMA performance-related payments	(5,401)	(6,599)
Estimated annual costs of new remuneration scheme	4,000	4,000
Costs excluding Internalisation effects	**16,447**	**14,682**
Direct vacancy costs	(545)	(1,073)
Costs excluding direct vacancy costs	**15,902**	**13,609**
Gross rental income	56,027	49,075
Adjusted EPRA cost ratio including direct vacancy costs	**29.4%**	**29.9%**
Adjusted EPRA cost ratio excluding direct vacancy costs	**28.4%**	**27.7%**

III.c EPRA vacancy rate

This provides comparable and consistent vacancy data for investors based on the independent valuer's 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 2019 €'000	Financial year ended 31 March 2018 €'000
Annualised ERV vacant units	7,265	1,283
Annualised ERV completed portfolio	67,760	65,571
EPRA vacancy rate	**10.7%**	**2.0%**

III. European Public Real Estate Association ("EPRA") performance measures continued

III.d EPRA like-for-like rental growth

Like-for-like ("LfL") net rental growth compares the growth in 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 the impact of changes in vacancy rates. 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 2019

	Whole portfolio		**Like for like portfolio – year ended 31 March 2019**				
	Value – all assets	**Net rental income**	**Value LfL assets**	**Net rental income LfL assets current year**	**Net rental income LfL assets prior year**	**Growth in net rental income**	
Segment	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**	**%**
Office assets	1,173.1	43.9	725.8	35.3	32.5	2.8	8.5%
Residential assets	153.1	5.5	134.1	5.2	5.1	0.1	2.1%
Industrial/land assets	53.0	1.0	12.8	0.7	0.7	0.0	5.8%
Total in-place portfolio	**1,379.2**	**50.4**	**872.7**	**41.2**	**38.3**	**2.9**	**7.6%**
Development assets	16.2	–					
Assets sold		2.9					
Total portfolio	**1,395.4**	**53.3**					

Buildings excluded from LfL as at 31 March 2019

Developments/refurbishments concluded: 1WML, 1SJRQ, 2WML, Two Dockland Central, Hanover Mills, Cannon Place apartments.

Developments in progress/sites: 2 Cumberland Place, Newlands land.

Properties acquired: 50 City Quay, 129 Slaney Road Industrial Park, Clanwilliam Apartments.

Properties sold: New Century House, 77 SJRQ (The Chancery, Hanover Street East and Lime Street sold in the year ended 31 March 2018).

Financial year ended 31 March 2018

	Whole portfolio		Like for like portfolio – year ended 31 March 2018				
	Value – all assets	Net rental income	Value LfL assets	Net rental income LfL assets current year	Net rental income LfL assets prior year	Growth in net rental income	
	€'m	€'m	€'m	€'m	€'m	€'m	%
Office assets	1,017.9	39.1	484.6	21.1	19.5	1.6	8.2%
Residential assets	138.5	5.2	121.0	5.1	4.9	0.2	4.1%
Industrial/land assets	17.8	0.6	12.8	0.7	0.6	0.1	16.6%
Total in-place portfolio	**1,174.2**	**44.9**	**618.4**	**26.9**	**25.0**	**1.9**	**7.6%**
Development assets	134.5	–					
Assets sold		0.8					
Total portfolio	**1,308.7**	**45.7**					

Buildings excluded from LfL as at 31 March 2018

Developments/refurbishments concluded: 1WML, One & Two Dockland Central, Hanover Mills, Cannon Place apartments.

Developments in progress/sites: 1SJRQ, 2WML, 2 Cumberland Place, Newlands land.

Properties acquired: 77SJRQ, Clanwilliam Apartments (Clanwilliam Court acquired in year end March 2017).

Properties sold: The Chancery, Hanover Street East and Lime Street (no assets sold in the year ended 31 March 2017).

III. European Public Real Estate Association ("EPRA") performance measures continued

III.e EPRA Net Initial Yield ("EPRA NIY") and EPRA "topped-up" Net initial yield

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.

EPRA "topped-up" NIY: This measures the yield based on rents adjusted for the expiration of lease incentives, i.e. on a contracted rent basis.

At 31 March 2019

	Office €'000	**Residential €'000**	**Industrial/land €'000**	**Total €'000**	**Development €'000**	**Total €'000**
Investment property at fair value	1,173,140	153,079	53,000	1,379,219	16,199	1,395,418
Less: Development/refurbishment	–	–	(35,500)[1]	(35,500)	(16,199)	(51,699)
Completed property portfolio	**1,173,140**	**153,079**	**17,500**	**1,343,719**	**–**	**1,343,719**
Allowance for purchasers' costs[2]	99,248	6,827	1,481	107,556		
Gross up completed property portfolio	**1,272,388**	**159,906**	**18,981**	**1,451,275**		
Annualised cash passing rental income[3]	46,401	7,099	1,135	54,635		
Property outgoings	(755)	(1,232)	(31)	(2,018)		
Annualised net rents	**45,646**	**5,867**	**1,104**	**52,617**		
Expiry of lease incentives and fixed uplifts[4]	6,929	–	130	7,059		
"Topped-up" annualised net rent	**52,575**	**5,867**	**1,234**	**59,676**		
EPRA NIY	**3.6%**	**3.7%**	**5.8%**	**3.6%**		
EPRA "Topped-up" NIY	**4.1%**	**3.7%**	**6.5%**	**4.1%**		

1. Lands at Newlands are excluded as held for future development.
2. Purchasers' costs are 8.46% for commercial and 4.46% for residential.
3. Cash passing rent includes residential rents gross as property outgoings are included separately.
4. Expiry of lease incentives and fixed uplifts are mainly within one year.

At 31 March 2018

	Office €'000	Residential €'000	Industrial/land €'000	Total €'000	Development €'000	Total €'000
Investment property at fair value	1,017,937	138,480	17,800	1,174,217	134,500	1,308,717
Less: Development/refurbishment	–	–	(5,000)[1]	(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[2]	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[3]	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**		
Expiry of lease incentives and fixed uplifts[4]	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. Lands at Newlands are excluded as held for future development.
2. Purchasers' costs are 8.46% for commercial and 4.46% for residential.
3. Cash passing rent includes residential rents gross as property outgoings are included separately.
4. Expiry of lease incentives and fixed uplifts are all within one year.

III. European Public Real Estate Association ("EPRA") performance measures continued

III.f 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 2019		Financial year ended 31 March 2018	
	€'000	**Cent per share**	€'000	Cent per share
IFRS NAV	**1,218,539**		1,111,730	
Deferred tax	547		–	
Fair value of financial instruments	288		345	
EPRA NAV	**1,219,374**	**173.3**	**1,112,075**	**159.1**
Deferred tax	(547)		–	
Fair value of financial instruments	(288)		(345)	
EPRA NNNAV	**1,218,539**	**173.2**	**1,111,730**	**159.1**
Ordinary shares in issue including shares to be issued – "diluted" (note 16)	703,617		698,946	

III.g Portfolio information

Portfolio information can be generally found in the strategic report. Below is further information based on the guidelines issued by EPRA.

i. Reversionary potential

The following data is calculated for the in-place office and industrial portfolio (inclusive of the Iconic arrangement) and based on the earliest of review, break or expiry dates. Residential data is excluded as reversion to ERV is limited to 4% in rent-controlled areas where all the residential assets are based, and residential leases generally roll annually. Contracted rent is used to avoid overstating uplifts to ERV as fixed uplifts are generally in the first year of lease and are accounted for on a smoothed period over the lease term in the financial data. Further details on portfolio rent statistics can be found in the strategic report.

As at 31 March 2019

	Rent subject to rent reviews				
Financial year ended 31 March	**2020**	**2021**	**2022-2024**	**>2024**	**Total**
Contracted rent	3.9	1.6	19.9	8.9	34.3
Uplift to ERV[1]	3.1	–	(0.1)	0.2	3.2
Total	7.0	1.6	19.8	9.1	37.5
% increase/(decrease) possible	**80%**	**0%**	**(1)%**	**2%**	**9%**
From vacant space	7.4	–	–	–	7.4
Total	14.4	1.6	19.8	9.1	44.9
	Rent subject to break or expiry				
Financial year ended 31 March	**2020**	**2021**	**2022–2024**	**>2024**	**Total**
Contracted rent	1.9	2.7	13.6	–	18.2
Uplift to ERV	0.7	–	(0.3)	–	0.4
Total	2.6	2.7	13.3	–	18.6
% increase/(decrease) possible	**37%**	**–**	**(2)%**	**–**	**2%**
Total reversion from review and break/expiry (excluding vacancy)					
Total contracted rent	5.8	4.3	33.5	8.9	52.5
Total uplift to ERV	3.8	–	(0.4)	0.2	3.6
% total increase/(decrease) possible	**53%**	**–**	**(1)%**	**2%**	**7%**
% increase possible including vacancy					**21%**

1. ERV uplift includes all "in-place" office potential uplifts. The Group may develop some of these properties in the longer term and therefore these reversions may not be obtained.

III. European Public Real Estate Association ("EPRA") performance measures continued
III.g Portfolio information continued
i. Reversionary potential continued
As at 31 March 2018

Financial year ended 31 March	Rent subject to rent reviews 2019	2020	2021-2023	>2023	Total
Contracted rent	7.7	1.5	24.1	–	33.3
Uplift to ERV[1]	4.5	0.2	0.1	–	4.8
Total	12.2	1.7	24.2	–	38.1
% increase/(decrease) possible	**59%**	**13%**	**0%**	–	**15%**
From vacant space	1.2	–	–	–	1.2
Total	13.4	1.7	24.2	–	39.3

Financial year ended 31 March	Rent subject to break or expiry 2019	2020	2021–2023	>2023	Total
Contracted rent	4.2	1.8	11.4	–	17.4
Uplift to ERV	0.3	0.2	0.5	–	1.0
Total	4.5	2.0	11.9	–	18.4
% increase possible	**8%**	**11%**	**4%**	**–**	**6%**
Total reversion from review and break/expiry (excluding vacancy)					
Total contracted rent	11.9	3.3	35.5	–	50.7
Total uplift to ERV	4.8	0.4	0.6	–	5.8
% increase possible	**40%**	**12%**	**2%**	**–**	**11%**
% increase possible including vacancy					**14%**

1. ERV uplift includes all "in-place" office potential uplifts. The Group may develop some of these properties in the longer term and therefore these reversions may not be obtained.

ii. Property-related capital expenditure

Capital expenditure on the investment portfolio is analysed to allow an understanding of the investment in the portfolio during the period. Further information on capital expenditure is available in note 17 to the consolidated financial statements as well as in the operational review section of this report.

	Financial year ended 31 March 2019 €'m	Financial year ended 31 March 2018 €'m
Acquisitions	**40.0**	**39.1**
Capital expenditure	**47.2**	**50.2**
Developments[1]	44.8	45.8
LFL portfolio	1.8	2.4
Other[2]	0.6	2.0
Total capital expenditure for period	**87.2**	**89.4**

1. Capital expenditure relating to development or major refurbishment of 1SJRQ, 1&2WML, Two Dockland Central and 2 Cumberland Place.
2. Financing expenses capitalised.

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 shareholders and investors are made on the Company's website: www.hiberniareit.com.

Financial information disclosures

There were €2.6m gains arising on the sale of investment properties (31 March 2018: €6.4m). Included within the unrealised gains disclosed under IFRS there is a total of €8.1m (31 March 2018: €15.3m) in unrealised losses and €103.6m (31 March 2018: €96.7m) 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 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 93 to 114 of the Annual Report. Performance-related remuneration takes account of personal 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 €6,279,755 of which €4,485,063 comprised fixed remuneration and €1,794,692 comprised variable remuneration (31 March 2018: €5,243,190 of which €3,794,219 comprised fixed remuneration and €1,448,971 comprised variable remuneration). The average number of identified staff during the financial year was 33 (31 March 2018: 28).

Non-financial information statement

We are not obliged to comply with the new non-financial reporting requirements contained in the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (the "2017 Regulations"). However, the table below, and the information it refers to, is intended to help readers of the Group's Annual Report find key non-financial information relevant to the Group.

Reporting requirement	Policies and standards that govern our approach[1]	Read more here	Page
Business model		Our business model	30 to 31
Key performance indicators relevant to our business		Key performance indicators Operational metrics	34 35
Environmental matters	Sustainability Policy[2]	Sustainability Sustainability Report 2019[2]	59 to 63 4 to 5
Social and employee matters	Diversity policy Anti-bullying and harassment policy[1] Disability policy[1] Equal opportunities policy[1] Health and safety policy[1]	Corporate governance report	74
Human rights	Supplier Code of Conduct[2] Data protection policy[2] Modern slavery statement	Supplier Code of Conduct[2] Sustainability Report 2019[2]	 21
Bribery and corruption	Anti-bribery policy[1] Whistle-blowing policy[1] Money laundering policy[1] Gifts and inducement policy[1]		
Diversity	Diversity policy	Corporate governance report	74

1. Certain Group policies and guidelines are not published externally.
2. Further information is available on our website, including our Supplier Code of Conduct, our Sustainability Policy and our Sustainability Report 2019.

Occupiers representing over 0.5% of contracted rent at 31 March 2019

Tenant	€'m	%
HubSpot Ireland Limited	10.5	20.9
The Commissioners of Public Works	6.0	11.9
Twitter International Company	5.1	10.1
Autodesk Ireland Operations Limited	2.8	5.6
Informatica Ireland EMEA	2.1	4.2
Electricity Supply Board	1.9	3.7
Travelport Digital Limited	1.8	3.6
BNY Mellon Fund Services (Ireland) DAC	1.6	3.2
The Commission for Communications Regulation	1.6	3.2
Core Media	1.4	2.8
Riot Games Limited	1.2	2.4
AWAS Aviation Acquisitions Limited	1.2	2.4
O.D.S Company (Eversheds Sutherland)	1.0	2.1
Deloitte Ireland LLP	1.0	2.0
Pay & Shop Ltd T/a Realex Payments	0.9	1.8
An Bord Bia	0.8	1.5
Capita Life & Pension Services Irl Limited	0.7	1.4
Quinn McDonnell Pattison Limited	0.7	1.3
Park Rite	0.7	1.3
Invesco Global Asset Management Limited	0.6	1.2
Daqri International Limited	0.6	1.2
Pinsent Masons Services Ireland Limited	0.6	1.1
Weston Office Solutions Limited	0.5	1.0
Renaissance Svcs of Europe Limited	0.4	0.9
Hines Real Estate Ireland Limited	0.4	0.8
Crowe Horwath Bastow Charleton	0.4	0.8
ENI Insurance DAC	0.3	0.7
Bearingpoint Ireland Limited	0.3	0.6
Morgan Stanley Fund Services (Irl.) Limited	0.3	0.5
Altify Ireland Limited	0.3	0.5
BCWM plc	0.3	0.5
ALD RE DAC	0.2	0.5
Guggenheim Partners Europe Limited	0.2	0.5

Directors and other information

Directors
Daniel Kitchen (Chairman)
Colm Barrington (Senior Independent Director)
Roisin Brennan (from 16 January 2019)
Thomas Edwards-Moss (CFO)
Stewart Harrington
Frank Kenny
Kevin Nowlan (CEO)
Terence O'Rourke

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Sean O'Dwyer

Assistant Secretary
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Glossary

AIF is an Alternative Investment Fund.

AIFM is an Alternative Investment Fund Manager.

Brexit is the UK exit from the European Union.

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

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% and 25%.

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

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 property companies. 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 is the profit after tax excluding revaluations and gains and losses on disposals and associated taxation (if any).

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

EPRA net 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.

ERV or estimated rental value is the external valuer's opinion as to what the open market rental value of the property is on the valuation date, and which could reasonably be expected to be the rent obtainable on a new letting on that property on the valuation date.

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

FRI lease is a full repairing and insuring lease.

GRESB is the Global ESG benchmark for real estate 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 active development and refurbishment projects and land.

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.

IPMS are the international property measurement standards as issued by the Royal Institute of Chartered Surveyors.

IRR is internal rate of return.

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

LEED ("Leadership in Energy and Environmental Design") is a green building certification System developed by the US Green Building Council (USGBC). Its aim is to be an objective measure of building sustainability.

Like-for-like ("LfL") rental income growth is the growth in net rental income on properties owned through the current and previous periods under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either financial year or properties with guaranteed rental reviews.

Loan to value ("LTV") is the ratio of the Group's net debt to the value of its investment properties.

Long-term incentive plan ("LTIP") aims to encourage key employee retention and align their interests with those of the Group through the payment of rewards based on the Company and individual's performance through shares in the Company that vest after a future period of service.

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

MSCI/SCSI Ireland Quarterly Property All Assets Index ("MSCI Ireland Index") is the index produced by MSCI which measures the return of the property market in Ireland for all asset classes and which is calculated by MSCI both including and excluding Hibernia assets and is used to calculate our KPI 'Total property return' or TPR.

NAVPS is the net asset value in cent per share.

Net development value is the external valuer's 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 lettable or net internal area ("NIA") is the usable area within a building measured to the internal face of the perimeter walls at each floor level.

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

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 which refers to residential properties held for rent.

Psf is per square foot.

REIT is a Real Estate Investment Trust. Irish REITs follow section 705E of the Taxes Consolidation Act 1997.

Remuneration Policy is the Remuneration Policy approved by shareholders at the 2018 AGM and which took effect from 27 November 2018.

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. is square feet.

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

Term certain is the lease period to the next break or expiry.

TMT sector is the technology, media and telecommunications sector.

Total Accounting Return ("TAR") measures the absolute growth in the Group's EPRA NAV per share plus any ordinary dividends paid.

Total Property Return ("TPR") is the return for the period of the property portfolio (capital and income) as measured by the MSCI/SCSI Ireland Quarterly Property All Assets Index ("MSCI Ireland Index").

Total Shareholder Return ("TSR") is the growth in share value over a period assuming dividends are reinvested to purchase additional units of stock.

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

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

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 & Wakefield. Previously the Group used CBRE.

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

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