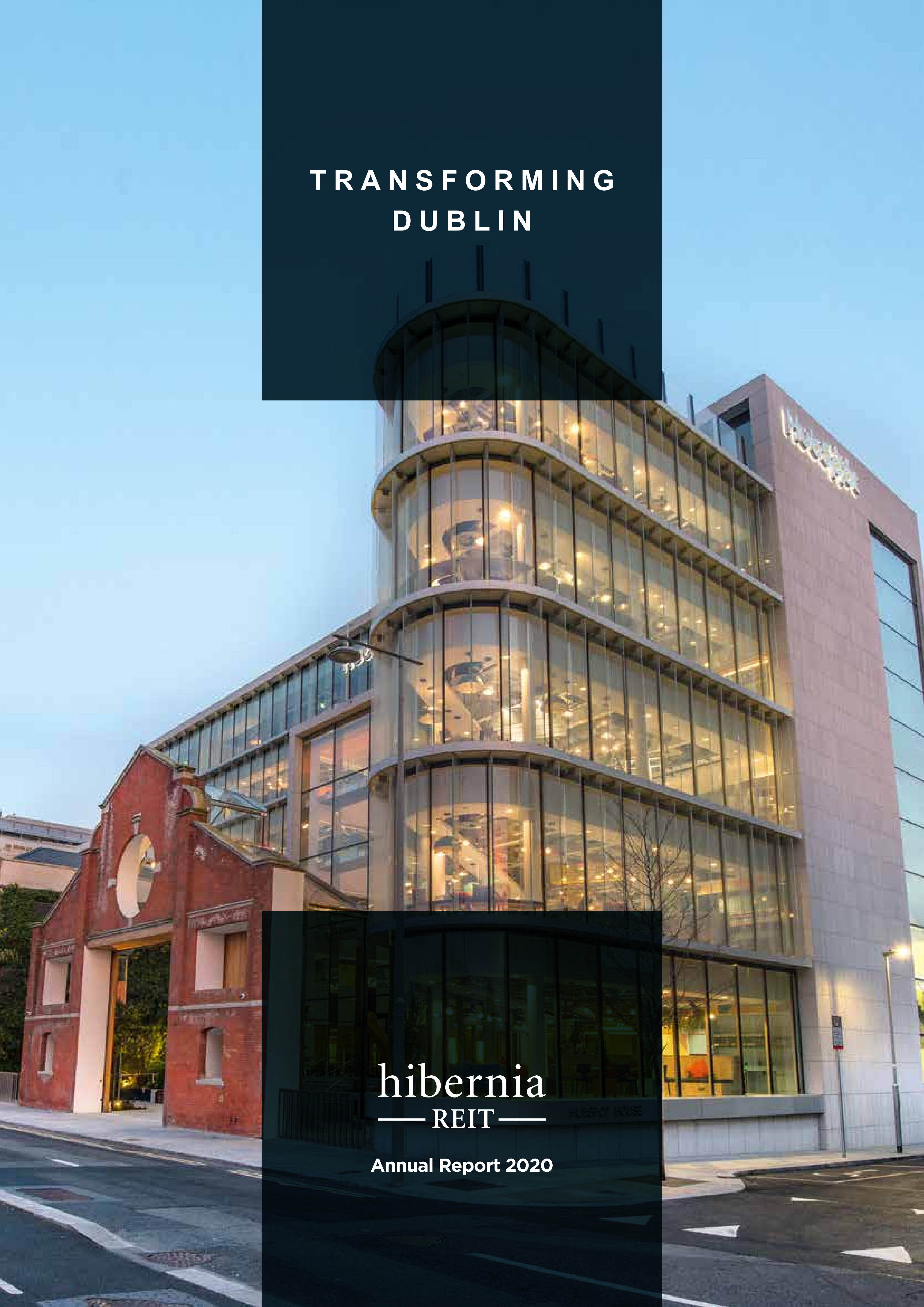


TRANSFORMING DUBLIN

hibernia REIT

Annual Report 2020

Hibernia REIT plc

WHO WE ARE

We are the largest Irish real estate investment trust ("REIT"), owning a property portfolio worth €1.5bn all of which is located in Dublin and mostly comprises city centre offices. We are listed on Euronext Dublin and the London Stock Exchange.

OUR PURPOSE

Our purpose is to improve the built environment in Dublin, primarily the stock of city centre offices, providing above average long-term returns for our shareholders and bringing benefits to all our stakeholders.

HOW WE DO IT

We use our knowledge and experience of the Dublin property market, together with modest levels of leverage, to upgrade buildings or deliver new ones at appropriate times in the property cycle and to grow our income through active asset management. We also recycle capital, selling assets with limited future potential and reinvesting in property with future (re)development opportunities. Our portfolio is mainly a mix of redeveloped properties held for income and assets held for future repositioning.

OUR CULTURE

- Transparent, honest and fair
- Hard-working and flexible
- Collaborative and inclusive
- Long-term perspective but pragmatic

OUR VALUES

- Openness
- Integrity
- Hunger
- Curiosity
- Passion
- Creativity
- Safety
- Sustainability

⊕ **Read more at www.hiberniareit.com**

Contents

THE YEAR IN SUMMARY

Financial highlights

Portfolio value	€1,465m	**LFL growth +2.0%** 2019: €1,395m
EPRA NAV per share	179.3c	**+3.5%** 2019: 173.3c
Net debt	€241m	**+11.2%** 2019: €217m
Loan to value (“LTV”)	16.5%	**+0.9pp** 2019: 15.6%
Cash and undrawn facilities net of committed capital expenditure	€136m	**-4.9%** 2019: €143m
Total property return	5.9%	**+1.5pp over benchmark** 2019: 11.6%, +4.1pp
Net rental income	€58.6m	**+9.9%** 2019: €53.3m
Profit after tax	€61.0m	**-50.6%** 2019: €123.5m
EPRA EPS	5.5c	**+39.9%** 2019: 4.0c
Dividend per share (full year)	4.75c	**+35.7%** 2019: 3.5c

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 187 to 197 of this Annual Report.

Operating highlights

- Contracted rent up 14.1% to €65.7m at Mar-20 due to:
  - Seven new lettings on 93,000 sq. ft. adding €5.7m (on average 9% ahead of last net ERV)
  - Nine rent reviews completed on 99,000 sq. ft. adding €2.7m (on average 2% ahead of ERV at review)
- 2 Cumberland development expanded 13% to 58,000 sq. ft.
  - Expected to complete in late 2020
  - 41% pre-let to 3M in April 2020 ahead of ERV
- Longer term pipeline expanded and advanced
  - Office pipeline +5% to 566k sq. ft. after new planning grants at Harcourt Square and Clanwilliam Court
  - Mixed-use pipeline +5% to 154.3 acres
- Net sales proceeds in FY19 of €60.3m reinvested:
  - €23.3m invested in nine acquisitions of property
  - €21.3m invested in capital expenditure on developments
  - €25.0m invested in share buyback programme
- COVID-19 impact and response (see page 15): 89% of Q2 2020 commercial rent collected within seven days of due date, 94% within 60 days

Stakeholders and responsibility

- While s.172 of the UK Companies Act, referenced in the UK Corporate Governance Code 2018 ("UK Code"), does not apply directly to Hibernia see pages 86 and 87 for how we comply
- Completed first formal stakeholder materiality assessment
- Improved sustainability performance further
  - 13% LFL reduction in energy consumption and carbon emissions against prior year
  - Three star rating in 2019 GRESB submission (the Group's second year of participation) and a score of 75%, up 17pp on prior year
- 1SJRQ office development (completed in prior year) received LEED Platinum certification in the year
- Helped organise and participated in third annual Dragons at the Docks event, which raised €349k for Dublin Simon and other local charities
- Founder member of Irish Institutional Property, which helps promote engagement between institutional property owners in Ireland and their stakeholders

Leadership and governance

- Appointment of Grainne Hollywood and Margaret Fleming as independent Non-Executive Directors ("NEDs"), taking total Board composition to 30% female and, for the non-executive Board, reducing average age to 65 years from 67 years and average tenure to 3.8 years from 4.3 years
- Board succession remains a priority (see pages 89 to 91)
- An external Board performance assessment was completed in May 2020 (see pages 82 and 83)
- Promotion of Edwina Governey to Chief Investment Officer
- Retirement of Mark Pollard as Director of Development from June 2020: Gerard Doherty promoted to the role
- Appointment of Neil Menzies as full-time Sustainability Manager to lead our sustainability efforts
- Second corporate governance roadshow (see page 85)

ALL OF OUR PORTFOLIO IS IN DUBLIN...

Our primary focus is on the Dublin city centre office market but we also own multi-family residential properties as we see similarly favourable dynamics in the long-term in this market. Consistent with our business model of asset management and asset improvement (see pages 22 to 23 for further details), our portfolio mainly comprises redeveloped properties held for income and older assets held for future repositioning. The majority of our tenant base (by rent) comprises large companies (especially in the TMT sector) or state entities.

Portfolio segments by value

€1,465m

Dublin office Traditional Core	30%
Dublin office IFSC	14%
Dublin office South Docks	38%
Dublin CBD office development	3%
Dublin residential	11%
Industrial/land	4%

Contracted rent by tenant

€65.7m

HubSpot Ireland Limited	16%
OPW	9%
Twitter International Company	8%
Zalando	4%
Autodesk Ireland Operations	4%
Informatica Ireland EMEA	3%
Riot Games	3%
Electricity Supply Board	3%
Travelport Digital Limited	3%
BNY Mellon Fund Services	2%
Remaining tenants	45%

Contracted rent by tenant sector

€65.7m

TMT	49%
Government/state entity	16%
Banking and capital markets	11%
Residential	9%
Professional services	7%
Other	5%
Insurance and reinsurance	2%
Serviced offices	1%

KEY STATISTICS
AT MAR-20

Properties
36

In-place offices
1.1m sq. ft.

Offices including fully developed pipeline
1.5m sq. ft.

In-place office vacancy
7%

Portfolio contracted annual rent
€65.7m

In-place office contracted annual rent
€57.7m

Average in-place office rent
€50psf

In-place office WAULT
6.4yrs

Rental uplift potential from current investment portfolio plus 2 Cumberland Place
€9.6m

...AND OUR PROPERTIES ARE WELL-LOCATED, CLOSE TO PUBLIC TRANSPORT LINKS...

All of our office buildings, which comprise c. 85% of our portfolio by value, are situated in the three main office sub-markets in central Dublin: the Traditional Core, the South Docks and the International Financial Services Centre ("IFSC"). Most are in prominent positions and a number are clustered together, improving the effectiveness of our asset management for tenants or offering the potential to do so in future. Many of the properties held for repositioning also have the potential for significantly increased building density on these sites in the future.

We also have 11% of the portfolio in multi-family residential assets, mostly in South Dublin and the balance is in industrial/land assets with future change of use potential.

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 One Earlsfort Terrace
16 Hardwicke House
17 Montague House
18 Harcourt Square
19 39-40 Harcourt Street
20 35-37 Camden Street
21 Dublin Industrial Estate
22 Newlands/Gateway
23 Malahide Road Industrial Park
24 Cannon Place
25 Dundrum View
26 Wyckham Point

Key

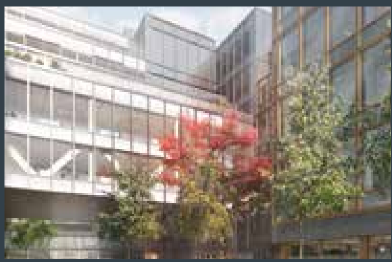
Transport links

DART/railway lines
LUAS lines
Residential
Office development
Completed office developments
Office
Industrial
Windmill Quarter
Clanwilliam Quarter
Harcourt Quarter

KEY CLUSTERS

The Windmill Quarter

The Windmill Quarter comprises six adjoining or adjacent buildings in Dublin's South Docks (there are two buildings on the 1WML site) with c. 400,000 sq. ft. of office accommodation plus further ancillary space and communal facilities. Four of the six buildings have been delivered by us and the Quarter is now valued at over €490m and produces rent of €24m per annum. As well as being our main regeneration scheme for the past few years, the Quarter also represents our first cluster of office buildings and is managed as one estate.

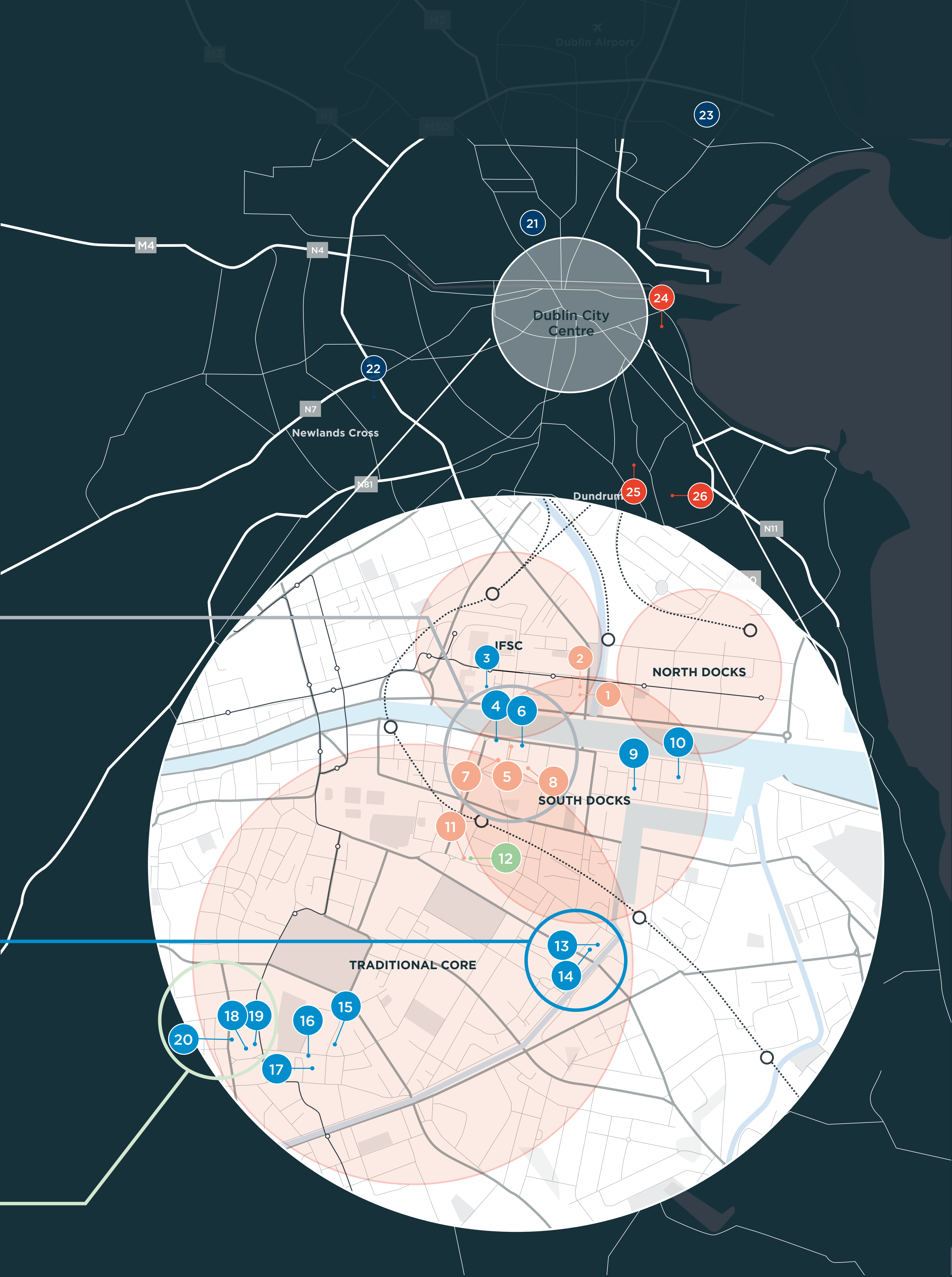


Clanwilliam Court and Marine House

Blocks 1, 2, & 5 Clanwilliam Court and Marine House are adjoining 1970s buildings fronting onto the Grand Canal. Together they comprise 134,000 sq. ft. of offices and some ancillary space on a c. 1.2 acre site. We have provisional planning for a scheme of 190,000 sq. ft. and, with leases expiring in 2020/21, optionality around development timing.

Harcourt Square and 39/40 Harcourt Street

Currently the properties have 122,000 sq. ft. of mostly 1970s office accommodation on a site of 1.9 acres. There is potential to deliver our third cluster on the site once the existing leases expire at the end of 2022. Planning has been received for c. 337,000 sq. ft. of office space.


Dublin Airport
M4
N4
N7
Newlands Cross
N81
Dundrum
N11
Dublin City Centre
IFSC
NORTH DOCKS
SOUTH DOCKS
TRADITIONAL CORE
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...UNDERPINNED BY FAVOURABLE MARKET FUNDAMENTALS IN THE LONGER TERM

While the outlook for the Dublin property market is negative in the near term on account of the impact of the COVID-19 pandemic, we remain positive on its longer term prospects. Ireland has been successful in attracting foreign direct investment to the country (and in particular to Dublin) for many years and, as the only major EU member where English is the primary language, we expect this to continue. In addition, we believe the growing population and trends towards greater urbanisation and a greater proportion of white collar jobs will support demand for offices and housing. Conversely, office and housing supply is constrained: there is little available land in central Dublin, a structural undersupply of housing, and limited availability of development funding. While COVID-19 may accelerate changes in working behaviour, we believe the city centre office's importance as a place for employees to work together and exchange information and ideas will persist.

FAVOURABLE LONG-TERM DYNAMICS

The only major EU member where English is the primary language
In addition the Irish legal system is similar to the US/UK

Dublin dominates within Ireland
Greater Dublin is home to more than
40%
of Ireland's 4.9m population and generates more than half of its gross value added (source: the CSO)

Favourable demographic trends
Greater Dublin population is expected to grow by
>10%
by 2026 (source: the CSO)

Growing office-based employment
Pre COVID expectations were for
>5%
growth in office jobs by the mid-2020s (source: Oxford Economics)

Supply constraints
Limited availability of land in central Dublin and speculative development funding scarce
Structural undersupply in residential sector

GOOD PROGRESS MADE ACROSS THE BUSINESS

Market conditions for most of our financial year to 31 March 2020 were favourable and I am pleased to report that results were strong. EPRA earnings for the year were €38.1m, an increase of 38.7% on last year, reflecting our success in growing rental income and the first full year of operations without any costs associated with the original external management structure. The gross value of our investment property portfolio at 31 March 2020 was €1,465m (2019: €1,395m), net debt was €241m (2019: €217m) and EPRA NAV per share was 179.3 cent, an increase of 3.5% in the year (+5.3% excluding the increase in stamp duty from Oct-19). The Total Property Return for our portfolio for the 12-month period was 5.9% while the MSCI Ireland Property All Assets Index (excluding Hibernia) returned 4.4%. Cash balances at year end were €28.4m (2019: €22.4m) and we are proposing a final dividend of 3.0 cent per share taking the full year dividend to 4.75 cent, up 35.7% on prior year.

The COVID-19 pandemic has affected us all in the first half of 2020 (calendar year). The health and economic impacts have been severe, particularly in the second quarter of the year for Europe and the US, and well covered by the media. Due in part to the actions we have taken during the last three years, selling some assets and completing the majority of our active development pipeline, we have gone into this crisis period with low leverage, a strong tenant base and little current development exposure. To date the impact on our business has not been significant although we are keeping in close contact with our tenants and providing assistance where needed. While our sole active development at 2 Cumberland Place was temporarily delayed by the lockdown initiated by the Irish Government we do not anticipate any material negative impact, and we pre-let over 40% of the building to 3M in April 2020, partly de-risking the project.

"Market conditions for most of the financial year were favourable and we are proposing a final dividend of 3.0 cent per share taking our full year dividend to 4.75 cent per share, an increase of 36% on the previous financial year."

The gradual reopening of the Irish economy, announced in early May, is a positive development. The full impact of the COVID-19 pandemic on market rents and property values is yet to be fully felt but we are well positioned to withstand it. Most of our staff have been working from home since mid-March with minimal disruption to operations and the Directors and I want to thank them sincerely for their dedication and commitment.

Our strategy remains unchanged: we continue to focus on improving the quality of Dublin's built environment, and in particular city centre offices, by upgrading existing buildings and delivering new buildings. We use modest levels of borrowing and look to grow our income through active asset management. Our aim is to provide above average long-term returns for our investors and deliver benefits to all stakeholders.

During the year two new independent Non-Executive Directors were appointed to the Board as part of our ongoing succession planning. In November 2019 we appointed Grainne Hollywood and in January 2020 Margaret Fleming. Grainne has extensive property development experience and has taken over as Chair of the Development Executive Committee. Margaret's experience is in the area of property investment and she was International Director – Capital Markets in JLL until October 2019. We are delighted that they have joined the Board: their skills and knowledge will be beneficial and will allow us to plan for the appointment of further Non-Executive Directors as existing Directors step down over the next 12-18 months. We completed our second external evaluation of the Board and its Committees this year. The findings were that the Board and Committees are working well with high standards of governance (see pages 82 and 83 for more).

Our focus on sustainability continues to increase and we have had extensive discussions with stakeholders on a variety of items, including sustainability, diversity and the UK Code. We appointed a full-time Sustainability Manager to help drive the sustainability agenda within the Group. The Board believes strongly in the positive value that can be generated in the longer term from good sustainability practices. We have made good progress in complying with the 2018 Code and are satisfied that our governance standards remain at a high standard.

We recently undertook our second corporate governance roadshow. Along with my fellow Non-Executive Director, Roisin Brennan, and our Company Secretary, Sean O'Dwyer, I spoke to some of our larger investors and I thank them for their time and their feedback. A more detailed report on the results of roadshow can be found on page 85. Employee engagement is also a high priority for us: our small size and open plan office layout ensure staff and Senior Management interact continuously. Some of my fellow Non-Executives sit on certain Executive Committees and meet staff regularly. As part of our compliance with the 2018 Code Margaret Fleming has agreed to take on the role of Designated Non-Executive Director for Workforce Engagement and will lead the Board's future interaction with staff. The results of our annual Company team performance survey were very positive and rank us in the top decile of the survey universe (1,500 companies).

The market outlook for our financial year ended 31 March 2021 is challenging due to the COVID-19 pandemic and the resulting global slowdown in economic activity. It is also uncertain how the behaviour of people and companies may change as a result of COVID-19. To date the impact on the Group has been limited, we have low levels of leverage, significant cash balances and uncommitted credit facilities and good assets. We believe that high-quality city centre office accommodation will remain in demand and that there may be opportunities for us to add to our portfolio over the coming months. The health and welfare of our staff, tenants and suppliers will remain our key priority and we will continue investing for the long term.

Daniel Kitchen
Chairman
16 June 2020

HIGHLIGHTS OF THE YEAR

Two new NEDs appointed bringing female ratio to:

30%

+17pp on prior year

Total Accounting Return ("TAR")

5.6%

-5.5pp on prior year

Total Property Return ("TPR")

5.9%

+1.5pp over benchmark

EPRA cost ratio

26.8%

-12.5pp on prior year

STRONG PERFORMANCE IN A YEAR OF MOSTLY FAVOURABLE MARKET CONDITIONS

"Our key priority in the present COVID-19 pandemic remains the health and safety of our staff, occupiers and suppliers."

Our key priority in the present COVID-19 crisis remains the health and safety of our staff, occupiers and suppliers and we describe in detail below and elsewhere in this document the actions we are taking in this regard and the impact the crisis is having on our business. With the first case of COVID-19 reported in Ireland in late February 2020 and Ireland's lockdown starting in mid-March 2020, there was little impact on our financial results for the year to 31 March 2020, which reflect the progress we made with our strategic priorities and the favourable market conditions that existed for the majority of the financial year. Given this, I have split my statement below into three distinct parts: the year ended 31 March 2020, our current position, and the outlook.

1) Year ended 31 March 2020
Favourable market conditions

With strong economic growth and foreign direct investment in Ireland driving high levels of occupier and investment demand and with limited new supply, the central Dublin Grade A office vacancy rate continued to be low (5.9% at 31 March 2020), prime headline rents remained in excess of €60psf and prime investment yields also remained around 4.0% (source: Knight Frank). 2019 saw 3.3m sq. ft. of Dublin office take-up, the third highest year on record, and, notwithstanding the impact of COVID-19 towards the end of the quarter, Q1 2020 saw a further 0.8m sq. ft. taken up, the second highest Q1 figure ever recorded (source: Knight Frank). 2019 also saw record investment volumes, with €7.2bn of Irish property transacting (including Green REIT plc) and the office and residential sectors accounting for 77% of volumes. 2020 also started strongly with €0.7bn traded in Q1 (source: Knight Frank) but, unsurprisingly, the outlook for both the investment and occupational markets has weakened since mid-March.

Positive portfolio performance and financial results, helped by developments

The Total Property Return of our portfolio was 5.9%, outperforming our benchmark (the MSCI Ireland Property All Assets Index excluding Hibernia) which returned 4.4%, and our EPRA NAV per share grew by 3.5% to 179.3 cent. This performance came despite the impact of the 1.5pp increase in stamp duty on commercial property in October 2019, which C&W, our Independent Valuer, estimates reduced the value of our property portfolio by €22m (1.5%) at 31 March 2020, a 3.2 cent (1.8%) reduction in our EPRA NAV per share. Even ignoring the impact of the stamp duty increase, revaluation gains on our portfolio were lower than in the prior year given the larger amount of development completions we had in the prior year and the yield compression seen, particularly in the residential sector, that year.

Growing rent roll and reduced costs leading to significant increase in distributable income

We had a busy year on the occupational side with new leases and rent reviews agreed adding €7.3m to our contracted rent, net of expiries, breaks, surrenders and adjustments. Acquisitions added a further €0.8m of rent meaning contracted rent grew by €8.1m (+14.1%) to €65.7m and our reported net rental income for the year grew €5.3m (+9.9%) to €58.6m. The WAULT of our in-place office portfolio at 31 March 2020 was 6.4 years, with the WAULT of our completed office developments of 9.1 years being offset by the WAULT of 3.3 years on our acquired office portfolio: approximately 40% of our acquired offices (by rent) are development pipeline assets with a WAULT of 2.0 years. At the same time, our cost structure has reduced materially following the expiry of the IMA in November 2018 and its replacement with a more standard incentive scheme and as a result EPRA earnings for the financial year grew €10.6m (+38.7%) to €38.1m, with EPRA EPS growing 39.9% to 5.5 cent. Diluted IFRS EPS fell 49.8% to 8.8c due to lower revaluation gains on the property portfolio compared with the prior year. The Board has proposed a final dividend of 3.0 cent per share, bringing the dividend for the year to 4.75 cent, up 35.7% on the prior year and representing a pay-out ratio of 86% of EPRA EPS in line with the requirements of the Irish REIT regime.

PERFORMANCE IN THE YEAR

Contracted rent

€65.7m

+14.1% on prior year

EPRA EPS

5.5c

+39.9% on prior year

Dividend per share

4.75c

+35.7% on prior year

LTV

16.5%

+0.9pp on prior year

⊕ Read more on page 57 to 60

De-risking current development and progressing pipeline of future schemes

We obtained planning permission for an extra floor at 2 Cumberland Place, our only active development scheme, increasing the new building's lettable area by 13% to 58,000 sq. ft.: by 31 March 2020 the building's frame was very substantially complete, façade works were well advanced and landlord fit-out work had commenced. Practical completion will be later than our previous expectation of Q3 2020 due to the shutdown of all non-essential construction sites from 28 March to 18 May 2020 but, at present, we still expect it to occur in 2020. Further progress occurred in April 2020 with the pre-leasing of 41% of the building to 3M, the science-based technology company. We received provisional grants of planning permission for our redevelopment schemes at Harcourt Square and Clanwilliam Court, increasing the overall space that the four office schemes in our pipeline can deliver by 5.2% to 566,000 sq. ft., and we grew our mixed-use pipeline by 4.6% to 154.3 acres of land through acquisitions. In April 2020 we received a final grant of planning for the revised 337,000 sq. ft. scheme at Harcourt Square.

Effective capital management

The net sales proceeds of €60.3m contracted to be received in the prior year were successfully reinvested. €23.3m was invested in nine acquisitions of property, most of which provide potential synergies with assets already in our portfolio. €21.3m was capital expenditure on developments, primarily 2 Cumberland Place, and €25.0m was spent in acquiring 17.6m of our own shares in an on-market share buyback programme. We received final Court approval in March 2020 for a capital reorganisation to convert €50m of share premium into distributable reserves in order to increase our flexibility for future capital management: this became effective in early April 2020.

2) Current position

Market update

The emergence of COVID-19 has created a lot of uncertainty in both the occupational and investment markets. However, as evidenced by our letting to 3M at 2 Cumberland Place, some leases are progressing, and we understand that c. 150,000 sq. ft. of office space has been leased in Dublin since the COVID-19 restrictions commenced in mid-March. Unsurprisingly, the picture for the rest of 2020 appears less positive than was expected at the start of the year and our own tenant demand tracker (run in conjunction with Cushman & Wakefield ("C&W")) saw a 20% fall in active demand to 2.5m sq. ft. between the end of February and end of April 2020. In the investment market, some transactions, where terms were already agreed (and due diligence completed) prior to lockdown, have proceeded to exchange of contracts and completion, most notably Bishop's Square, D2 for a price of €180m, an implied yield of approximately 4.0%, and we understand another large city centre office transaction is progressing through legal negotiations at a similar yield.

Business update

Since mid-March all our head office staff have been working remotely, supported by our cloud-based IT systems. Throughout the lockdown all our managed buildings have remained accessible by tenants as required. We have been preparing our buildings for greater usage as the lockdown eases and each building has an individual plan for access control, physical distancing measures, additional cleaning and sanitising, and signage, which we have been discussing with tenants. Work at 2 Cumberland Place, our only current development site, has now restarted, with appropriate precautionary measures, having been halted between 28 March and 18 May 2020. Mark Pollard, our Director of Development, is retiring at the end of June 2020 and will be succeeded by Gerard Doherty, who joined Hibernia in 2017 and has over 20 years of development and construction experience. Mark will continue to work with us on a part-time basis.

Our tenants are important stakeholders in the Group and we are working closely with them. The majority of our rental income comes from large companies in the technology sector or government/state entities. Where needed, we are assisting our commercial tenants (c. 90% of our rent roll) with their cashflow by allowing them to pay rent on a monthly basis. In addition, where our tenants are suffering particularly severe impacts from the restrictions on movement, we have allowed some deferral of rent. Overall, the impact on our rent collection statistics to date has been modest. 89% of our commercial rent for the quarter ended June 2020 was collected within seven days of due date (2019: 93%), rising to 94% within 60 days (2019: over 99%): the majority of the rent outstanding is due in June or is deferred. On the residential side, 97% of rent due for the month of May 2020 has been collected at this point compared with recent months at 99% or better.

Low leverage, significant headroom

Our balance sheet affords us significant strategic flexibility: at 31 March 2020 we had net debt of €241.4m and an LTV of 16.5%, making us amongst the lowest-levered European REITs, and at that date we could withstand a reduction in our portfolio value of 65% or a reduction in our underlying earnings of 76% before breaching our key debt covenants. Our weighted average debt maturity is 4.4 years and we have no debt repayable until December 2023. We have €136m of cash and undrawn facilities after committed capital expenditure and our debt is fully unsecured, giving us the widest range of potential funding options should opportunities arise requiring additional funding.

3) Looking ahead

Market outlook negative in the near term; we remain positive about the longer term

The full impact of the COVID-19 pandemic on market rents and property values is yet to be felt but we are well positioned to withstand it thanks to our experienced team, high-quality portfolio and robust balance sheet. We believe the current health crisis is underlining the importance of city centre offices as places for employees to work together and exchange information and ideas. We remain confident in the long-term prospects of the central Dublin office market and the Dublin residential market and will continue to manage the business and our pipeline of developments accordingly.

Kevin Nowlan

Chief Executive Officer

16 June 2020

A COMPELLING INVESTMENT CASE - WELL POSITIONED FOR THE FUTURE

1. EXPERIENCED TEAM AND OPERATIONAL EXCELLENCE

Read more on pages 78 to 81

2. LOW LEVERAGE AND HIGH QUALITY TENANT BASE

Read more on pages 58 and 59

3. CLEAR STRATEGY TO DRIVE RETURNS

Read more on pages 24 and 25

4. DEVELOPMENT PIPELINE RICH IN OPPORTUNITY

Read more on pags 54 and 55

5. SUSTAINABILITY AN INTEGRAL PART OF THE BUSINESS

Read more on pages 61 to 67

6. FAVOURABLE LONG-TERM DYNAMICS IN DUBLIN PROPERTY MARKET, INCLUDING BREXIT

Read more on pages 16 to 19

IMPACT OF COVID-19

While it is still too early to have visibility on the full impact of COVID-19 on Hibernia and the Irish property market, we have, throughout this document, described how the Group is positioned and the actions we are taking to mitigate the risks arising from the crisis. For ease of reference we summarise the points below.

Risk from COVID-19	Hibernia position / action
Health and safety of staff, tenants, suppliers and the community	• Hibernia head office staff have been working from home throughout the crisis • Dedicated manager selected to oversee Hibernia response to COVID-19 • Many tenant employees are also working from home although all our managed buildings have remained open and accessible as needed by tenant employees • We have prepared our buildings for increasing usage as the lockdown eases with individual building plans covering access control, physical distancing measures, cleaning/sanitising and signage • 2 Cumberland Place, our only development site, has now reopened, with appropriate precautionary measures, having been closed between 28 March and 18 May 2020 • We are allowing healthcare staff to stay in the 12 un-rented units in Cannon Place on a temporary, pro bono basis while they assist with the health crisis
Remote working and social distancing measures may disrupt business operations	• As part of our business continuity planning we had already ensured we were prepared for remote working: our main IT systems are cloud based and many staff have portable work computers • We are using software such as Microsoft Teams to communicate effectively within the Group (e.g. weekly all-staff update call) and outside it • 2 Cumberland Place, our only development site, has now reopened: completion is expected to be delayed by c. three months to late 2020
Investment market activity and property values may decline	• Having one of the lowest leverage levels in the European REIT sector (LTV at Mar-20: 16.5%) means Hibernia can withstand a 65% decline in portfolio value without breaching debt covenants (at Mar-20) • €136m of cash and undrawn facilities (net of committed capital expenditure) at Mar-20 to invest in opportunities that arise • Beyond our committed capital expenditure of €18m, primarily on 2 Cumberland Place, we have no current development exposure
Occupational market activity and rental values may decline	• As above, low leverage (LTV at Mar-20: 16.5%) means Hibernia can withstand a 76% decline in earnings before interest and tax (58% decline in rental income) without breaching debt covenants (as at Mar-20) • The WAULT on the Group's in-place office portfolio is 6.4 years • The Group has a diverse range of tenants, many of which are large multinational companies with strong balance sheets
Debt funding may become harder to find/more expensive	• We have low leverage (LTV at Mar-20: 16.5%), weighted average debt maturity of 4.4 years and no debt maturities before Dec-23 • We also have cash and undrawn facilities after committed capital expenditure and dividends of €136m and are maintaining a minimum cash balance of €20m for liquidity purposes • The Group's fully unsecured debt structure gives us access to the widest possible range of funding alternatives • Beyond our committed capital expenditure of €18m, primarily on 2 Cumberland Place, we have no current development exposure
Tenants may not be able to pay their rent	• The Group has a diverse range of tenants, many of which are large multinational companies (65% of our contracted rent is from the Technology, Media and Telecommunications ("TMT") sector and government/state entities), and to date our rent collection statistics have remained strong • The WAULT on the Group's in-place office portfolio is 6.4 years
Dividends may need to be cut	• We have proposed a final dividend for the financial year of 3.0 cent per share (taking the full year dividend to 4.75 cent or 86% of our EPRA EPS), subject to approval at the Annual General Meeting ("AGM") and payable at the end of July as normal • We intend to continue to comply with the requirement in the REIT legislation to distribute at least 85% of our rental profits annually via dividends • The Group has a diverse range of tenants, many of which are large multinational companies, and to date our rent collection statistics have remained strong • The business is well capitalised, with low leverage and significant cash and undrawn facilities (see above)

FAVOURABLE MARKET CONDITIONS PRE COVID-19: NEAR TERM OUTLOOK NEGATIVE

MARKET TRENDS		HOW WE ARE RESPONDING
Strong occupier and investor demand in year to March 2020		• We completed seven new lettings totalling 93,000 sq. ft. adding a gross €5.7m to our contracted rent roll • We are progressing with the office development at 2 Cumberland Place (58,000 sq. ft., now 41% pre-let) which should complete by the end of 2020 • We undertook only modest investment activity, with €23.3m spent on nine acquisitions
COVID-19 interruption		• We are providing support to our tenants, where needed • We are continuing to lease available space, where possible (e.g. 3M pre-lease) • We are well positioned with low leverage (LTV: 16.5%) and no debt maturities until Dec-23 • We are conserving cash while we see how the market is impacted by COVID-19
Housing shortage in Dublin remains acute		• We have 11% of our portfolio in multi-family residential blocks in Dublin • We have 154.3 acres of land in Dublin with potential for future mixed-use (predominantly residential) development
Office occupiers are seeking efficient space with strong wellness and sustainability credentials which helps them recruit and retain the best people		• We seek to develop high quality space which meets the latest wellness and sustainability standards: we expect our 2 Cumberland Place development to be LEED Platinum certified • Where possible we form clusters of office buildings (e.g. Windmill Quarter) to enable provision of additional services (e.g. townhall, retail and fitness facilities) • We have hired a full-time Sustainability Manager to drive further improvements in ESG • We are taking time to consider how the design of our buildings can meet or exceed the needs of our tenants, taking on board the learnings from COVID-19 • We will continue to show leadership in creating exciting and innovative workplaces in Dublin
Some office occupiers are seeking more flexible lease terms (e.g. shorter term)		• We remain cautious about serviced offices providers as tenants and our exposure remains low at <1% of contracted rent • In certain circumstances we are prepared to offer greater lease flexibility for better terms: – We signed a number of shorter leases (<10 years term certain) at premium rents (in particular in 2WML) – We provided one tenant in Observatory with 8,000 sq. ft. fully-fitted ("plug and play") on a three year contract, again at premium rents
In the longer term, Dublin office employment trends and overall demographics are likely to be favourable		• We have a pipeline of office developments which can deliver up to 566,000 sq. ft. of Grade A office accommodation in central Dublin • We have 154.3 acres of land in Dublin with potential for mixed-use (predominantly residential) development

GENERAL ECONOMY

For most of the year to 31 March 2020 economic conditions were positive. In 2019 global GDP growth was estimated at 2.9% (source: the IMF) and while some moderation in growth rates was generally expected for the largest developed economies (including China) in 2020, consensus was that the outlook remained benign. As recently as January 2020, forecasts were for global GDP growth of 3.3% in the year (source: the IMF). However, the rapid emergence of the COVID-19 pandemic and the extraordinary precautionary measures governments imposed in response are causing an unprecedented fall in economic activity and a global recession in 2020 now seems inevitable. At the time of writing, the IMF estimates global GDP will decline 3.0% in 2020, making it the first year of contraction since 2009, when global GDP fell 1.7% in the aftermath of the Global Financial Crisis (source: the World Bank). The main concern is that the current restrictions in movement will cause lasting economic damage despite the wide-ranging economic stimuli introduced: in the US, over 40m people have registered for unemployment benefits in the eight weeks to 18 May 2020, exceeding the number of jobs created in the preceding decade of expansion (source: US Employment and Training Administration).

Ireland's economic situation and outlook reflect the global picture: having experienced GDP growth of 5.5% in 2019 (helped by another strong year of foreign investment in Ireland) growth of 5.3% was expected in 2020 (source: Goodbody), Irish GDP is now expected to contract by 10.7% in 2020 before returning to growth in 2021 (source: Goodbody). Core domestic demand, our preferred measure of Irish economic activity, is expected to fall 11.7% in 2020 and then grow 6.7% in 2021 (source: Goodbody). Irish unemployment has risen significantly in a short space of time: in Q4 2019 the unemployment rate was 4.7%, near historic lows, but it is now around 27% and is expected to recover to approximately 10% by the end of 2021 (source: Goodbody).

Notwithstanding the external risks currently faced, after a decade of fiscal prudence the Irish economy is in a better position to withstand a recession than it was in the run-up to the Global Financial Crisis. While government debt to gross national income ("GNI"), a measure of output that excludes the distorting effect of some of the multinational sector, grew from 28% in 2007 to approximately 98% at the end of 2019, the current account position was in significant surplus in 2019 versus the large deficit that existed in 2007, the domestic banks' capital ratios and liquidity positions are much improved, household debt to disposable income fell from 200% in 2007 to 117% in 2019 and house prices are much lower relative to incomes (source: Goodbody). The composition of the economy has also shifted to one where the more resilient and export-orientated multinational sector makes up a greater share of output and construction is a much smaller part of the economy: the multinational sector accounted for just over 40% of GDP in 2019 vs 20% in 2006 (source: Davy).

IRISH PROPERTY MARKET OVERVIEW

Just as the Irish economy is in a better position to withstand a downturn than it was in 2007, so the structural changes that have occurred in the property sector since 2007 leave it much better placed to survive more challenging conditions. From 2001 to 2008, 100% of investment spend on Irish property was from domestic investors (source: CBRE). At the peak of the previous cycle in 2006, 36% of investment spend was attributable to developers, 26% to syndicates, 20% to private investors and 10% to institutional buyers, with the remainder attributable to others including investment funds, pension funds and occupiers (source: CBRE). Much of this investment was debt-funded, making it sensitive to fluctuations in value. Since 2013, ownership has shifted towards a more internationally diverse investor base, many of which are institutional investors seeking long term income. Since 2013, €11.4bn has been invested in Dublin offices, with Irish investors accounting for 20% of the spend, US 25%, Europe 19%, UK 15%, REITs 12% and Asian/other 9% (source: Knight Frank). Debt is generally a smaller proportion of the funding mix for both investment property and developments than it was prior to the Global Financial Crisis, and speculative development funding has been limited, resulting in more pre-leasing and overall new building supply more in proportion with occupier demand.

IRISH PROPERTY INVESTMENT MARKET

In the 12 months to 31 March 2020 the MSCI Ireland Property All Assets Index (the "Index") delivered a total return of 4.4% excluding Hibernia (March 2019: 7.5%). This included the c. 1.4% negative impact on values of commercial property as a result of the stamp duty increase introduced in October 2019. Over the past year the industrial sector has been the top performer in the Index with a total return of 7.7% followed by the office sector at 6.3% and 'other' – which includes multi-family residential – at 4.2% (March 2019: 12.9%, 8.5% and 7.3%, respectively). Prime office yields have remained broadly constant over the past two years and were at 4.0% as at 31 March 2020 (source: Knight Frank).

After record levels of investment of €7.2bn achieved in 2019 (including the Green REIT plc transaction), total investment spend was €0.7bn in Q1 2020 (Q1 2019: €0.5bn) (source: CBRE). The two key sectors that have dominated investment volumes are residential and offices which together accounted for 77% of volumes in 2019, up from 70% in 2018 (source: Knight Frank). As a result of the uncertainty (and in some cases the practicalities of carrying out property inspections) caused by COVID-19, investment activity has slowed significantly. Some transactions where terms were already agreed (and due diligence completed) prior to COVID-19 have proceeded to exchange of contracts, most notably Bishop's Square, D2, for a price of €180m, an implied yield of approximately 4.0%. However, given current economic conditions the risk is to the downside for property values at present.

Top 10 office investment transactions (12 months to March 2020)

Building	Price	Price	Buyer	Buyer nationality
The Green REIT Portfolio	€1,500m	n/a	Henderson Park	UK
The Cedar Portfolio	€530m	n/a	Blackstone	US
5 Hanover Quay, D2	€197m	€1,233psf	Union Investment	Germany
Nova Atria, Sandyford, D18	€165m	€465psf	Mapletree Investments	Singapore
The Reflector, D2	€155m	€1,260psf	Deka	Germany
The Treasury Building, D2	€116m	€923psf	Google	US
Citywest portfolio, D24	€105m	n/a	Henley Bartra	Ireland/UK
La Touche House, D1	€84m	€877psf	AXA IM Real Assets & BCP Capital	France/Ireland
Block 4&5 Harcourt Centre, D2	€54m	€942psf	Arena Invest	Germany
Elm Park, D4	€53m	€624psf	Quadoro Doric	Germany
Top 10 total	**€2,959m**			

Source: Knight Frank.

OFFICE OCCUPATIONAL MARKET

Despite a lull in the middle of 2019, overall occupier activity remained strong in the Dublin office market with total take-up of 3.3m sq. ft. in the year making it the third highest year on record (2018: 3.9m sq. ft.) (source: Knight Frank). Large lettings of 100,000 sq. ft. or greater were again prevalent, accounting for 52% of overall take-up in 2019 (2018: 37%), and the average letting size in the year was 17,500 sq. ft., continuing the trend away from its traditional level of around 10,000 sq. ft. (source: Knight Frank). The strong demand continued into 2020 with take-up of 0.8m sq. ft. recorded in Q1 2020, the second strongest opening quarter on record (Q1 2019: 1.4m sq. ft.) (source: Knight Frank). The city centre continued to be the preferred location for office occupiers, accounting for 68% of take-up in 2019 (2018: 72%), though in Q1 2020 this reversed due to the 249,000 sq. ft. letting to Mastercard in South County Business Park in the South Suburbs (source: Knight Frank).

In 2019 the Technology, Media and Telecommunications ("TMT") sector continued to account for the majority of space taken up at 55% (2018: 52%) and it also dominated take-up in Q1 2020 at 91% (Q1 2019: 56%). Over the past decade the TMT sector has accounted for 44% of total Dublin office take-up. State bodies accounted for 17% of take-up during 2019 (2018: 7%) while the co-working sector accounted for 3% in 2019 (2018: 13%) (source: Knight Frank). Overall, co-working and serviced office providers occupy approximately 4% of the city centre stock (excl. period properties), up from 3% at March 2019 (source: Knight Frank). This is similar to other international cities such as London, Paris and New York (Manhattan) at 6%, 3% and 4%, respectively (source: Knight Frank).

The vast majority of the lettings included in the Q1 2020 statistics were signed prior to the COVID-19 pandemic and the disruption it has caused. Unsurprisingly, despite there being more than 0.9m sq. ft.

Top 10 office lettings (12 months to March 2020)

Tenant	Industry	Building	Area (sq. ft.)	% of total take-up
LinkedIn	TMT	2, 3 & 4 Wilton Park, D2	434k	16%
Mastercard	Financial	1 & 2 South County Business Park, D18	249k	9%
Amazon	TMT	Charlemont Square, D2	170k	6%
Slack	TMT	Fitzwilliam 28, D2	135k	5%
Intercom	TMT	Cadenza, Earlsfort Terrace, D2	113k	4%
Paddy Power	Gambling	Belfield Office Park, Clonskeagh, D14	90k	3%
Guidewire	TMT	Stemple Exchange, D15	85k	3%
Google[1]	TMT	Block I Central Park, D18	75k	3%
Elavon	TMT	F1 Cherrywood Business Park, D18	68k	2%
Horizon	Pharma	70 St. Stephen's Green, D2	62k	2%
Top 10 total			**1,481k**	**54%**

1. Google also leased c. 35k sq. ft. of space in other Dublin office buildings during the 12 months to Mar-20
Source: Knight Frank.

of space reserved at the end of Q1 2020 (source: CBRE), there is considerable uncertainty around the demand outlook for the rest of 2020. Our demand tracker, run in conjunction with C&W, saw a 20% fall in active demand between the end of February and the end of April 2020 to a figure of 2.5m sq. ft. (March 2019: 4.2m sq. ft.) as businesses started to defer decisions.

The overall Dublin office vacancy rate (which includes 'shadow' or 'grey' space) fell to 6.5% at March 2020 from 7.0% at the end of Q4 2019 (March 2019: 5.4%) and the Grade A vacancy rate in the city centre, where all of Hibernia's office portfolio is located, was 5.9% at March 2020, down from 6.4% the previous quarter (March 2019: 4.5%) (source: Knight Frank). These low rates of vacancy will support the Dublin office market over the coming quarters if transactional activity declines as anticipated (source: CBRE) but nonetheless vacancy rates are likely to rise as un-let space is delivered. Prime city centre rents remained stable in the €62.50-€65.00psf range as at March 2020 (source: JLL, Knight Frank, CBRE) and there has been limited letting evidence seen since, though the risks are to the downside in the current economic environment.

OFFICE DEVELOPMENT PIPELINE

The table below sets out our expectation for upcoming supply in Dublin's city centre and for the whole of Dublin by calendar year. We currently expect 7.6m sq. ft. of gross new space to be delivered between 2020 and 2023 for the whole of Dublin, of which 67% will be in the city centre. 43% of office stock under construction in Dublin (45% in the city centre) has been let or reserved, meaning there is 3.1m sq. ft. under construction but not yet let (1.9m sq. ft. in the city centre) (source: Knight Frank/Hibernia).

The uncertainty caused by COVID-19 is likely to make securing project-specific debt funding for speculative office development even more challenging than it has been in recent years and as a result, as 2020 progresses, we may see some supply being delayed or postponed: at present construction has yet to commence for any of the forecast supply 2023 in the table above.

Year	Dublin city centre supply	All Dublin supply
2020f	1.2m sq. ft. (39% pre-let)	2.0m sq. ft. (34% pre-let)
2021f	1.8m sq. ft. (57% pre-let)	2.7m sq. ft. (62% pre-let)
2022f	0.8m sq. ft. (15% pre-let)	1.2m sq. ft. (18% pre-let)
2023f	1.3m sq. ft. (29% pre-let)	1.7m sq. ft. (21% pre-let)
Total 2020-23	**5.1m sq. ft. (39% pre-let)**	**7.6m sq. ft. (39% pre-let)**

Source: Knight Frank/Hibernia.

RESIDENTIAL SECTOR

Housing delivery continued to increase in 2019, with over 21,000 new homes delivered nationally (up from 18,000 in 2018) and 33% of these completions were delivered in the Dublin area (2018: 38%) (source: the CSO). When combined with the commuter counties around Dublin, the Greater Dublin Area ("GDA") accounted for 55% of completions in 2019 (57% in 2018) (source: the CSO). Growth in housing completions was already slowing prior to the arrival of COVID-19: 4,500 units were completed in Q1 2020, a 6% increase in completions over Q1 2019, the lowest year-on-year increase since 2013 (source: Goodbody). March 2020 saw the sharpest fall in construction activity since 2009 as the impact of the crisis began to be felt and the overall completion figures for 2020 are likely to be negatively affected, given site closures and general business interruption, with the Central Bank of Ireland estimating a drop of 25% in supply this year. Regardless of the impact of COVID-19, the 21,000 housing completions in 2019 was still well below the natural demographic demand for at least 35,000 units per annum.

Despite the Ireland 2040 policy papers' aspirations for compact urban growth there continues to be a surge in housebuilding in the commuter belt, up 36% in 2019, while completions in Dublin grew by just 2%, the lowest rate of growth in the country. Although apartment completions did grow rapidly in 2019 (up 60%), apartments continue to represent the lowest percentage of new housing delivery of any EU member state: the 3,600 apartments completed in 2019 represent just 17% of total completions, relative to an EU average of 59% (source: the CSO). In addition, due to the undersupply of housing, particularly within Dublin, and viability/affordability issues, Goodbody estimates that 80% of the apartments delivered are being purchased by Private Rental Sector ("PRS") investors and the ongoing delivery of apartments is likely to depend on continued demand from PRS investors.

The outlook for the Irish housing market will depend on how the current COVID-19 crisis evolves and the impact on the economy. Residential property prices increased by 1.1% nationally in the year to February 2020 (year to February 2019: 4.3%). In Dublin, residential property prices decreased by 0.1% in the year to February 2020 (source: the CSO). While transaction volumes in the residential sector are likely to be muted in the near term, institutional appetite for multi-family product is expected to remain strong as investors seek yield, with the sector widely seen as more defensive than some other property classes: the persistent undersupply of housing in Ireland only enhances these defensive characteristics (source: CBRE).

We recognise the importance of stakeholder engagement in achieving our strategic priorities and ensuring the long-term success of the Group.

Our purpose

Our purpose is to improve the built environment in Dublin, primarily the stock of city centre offices, providing above average long-term returns for our shareholders and bringing benefits to all our stakeholders.

Our approach

We define our strategic priorities, set our targets and risk appetites and monitor our progress and the likely outcomes. To do this stakeholder engagement and management are key ingredients for our continued success.

⊕ Read more on pages 22 and 23

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. Here we highlight how we engage and respond. This year we completed our first materiality survey to identify the issues of most important key stakeholders

⊕ Read more on:
- Culture and people (pages 76 and 77)
- Investor relations (pages 84 to 86)
- Sustainability and first materiality survey (pages 61 to 67)
- Section 172 statement (pages 86 and 87)

In all of this we recognise the need to act fairly and maintain our reputation for high standards of business conduct.

⊕ Read more on page 83

Our impact on the environment and the community

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.

⊕ Read more in our Sustainability Report 2020 which is available at www.hiberniareit.com

EMPLOYEES

What do they care about most?
- Fair pay
- Good working environment
- Clear communication
- Social network
- Opportunities for personal and community development

How we engage
- Open communication channels
- Departmental meetings
- Regular townhalls
- Clear policies
- Formal review process
- Employee surveys

How do we respond?
- Performance is rewarded
- Director for Workforce Engagement appointed
- New purpose-designed workspace in 1WML
- Active Social Committee

COMMUNITIES

What do they care about most?
- Positive engagement
- Provision of retail, social and other amenities
- Improvement of environment
- Community support programmes

How do we respond?
- Liaison during development projects
- Public realm improvements
- Quality buildings
- Preservation of historical features
- Charity events
- Local social events
- Sponsoring apprenticeships

How we engage
- Community liaison during developments
- Support local community projects
- Charitable events
- Social events

TENANTS

What do they care about most?
- Highest-quality, well-designed space
- Flexible working environments
- Best-in-class service
- Flexible lease and other arrangements
- Sustainability

How we engage
- Onsite Hibernia staff
- One-on-one meetings
- Engagement through crisis management
- Social events
- Tenant surveys

How do we respond?
- Onsite building managers
- Targeted service improvements
- Clusters of enhanced services
- Sustainability initiatives
- COVID-19 support measures

VISION

Investing for the long-term to improve Dublin

INVESTORS

What do they care about most?
- Positive returns
- Regular dividends
- Clear communication and disclosure
- Good governance practice
- Industry benchmarked sustainability

How we engage
- One-on-one meetings and site visits
- Roadshows and presentations
- Available for *ad hoc* conversations outside of closed periods
- Attendance at conferences
- Participation in industry benchmarks such as GRESB
- High quality materials and clear website

How do we respond?
- Investor relations programme
- Clear disclosures
- Address concerns and requests
- Aspire to best-in-class business practices
- Online survey

SUPPLIERS

What do they care about most?
- Prompt payment
- Fair terms
- Reliable workflow
- Reducing their carbon footprint

How we engage
- Supplier Code of Conduct
- Technology enhancements for paperless account management
- One-on-one engagement

How do we respond?
- Prompt payment
- Fair tender process
- Emphasis on quality and track record

CREATING LONG-TERM VALUE

OUR INPUTS

PEOPLE, RELATIONSHIPS AND PURPOSE

Experienced leadership with specialist investment, asset management, development, sustainability and finance teams and a deep knowledge of the Dublin property market. We have a clear purpose and an open and progressive culture.

⊕ Read more on pages 76 and 77

INNOVATIONS AND TENANT SERVICE

We seek to be at the forefront of understanding and responding to changes in occupier needs and to deliver world class workplaces. Our clustering strategy enables us to provide better experiences and services to our tenants and their staff. Unlike many property companies in Ireland we manage most of our buildings ourselves as we feel this is better for both tenant and landlord. Our specialist Sustainability Manager ensures we are assessing ways to reduce our environmental impact and working with tenants to reduce theirs too.

⊕ Read more on changing occupier needs on page 16

⊕ Read more on our clustering strategy on page 6

FINANCIAL RESOURCES

We run with low leverage: our through-cycle target is 20-30% LTV.

⊕ Read more on page 58

We focus primarily on central Dublin offices and on Dublin multi-family residential assets. Our approach is based on active ownership of our properties through asset management and/or redevelopment, assembling clusters of adjacent assets where possible, and recycling capital into new opportunities to generate above average long-term returns while using only modest leverage.

HOW WE ADD VALUE

THE VALUE WE SHARE

Investors

We aim to grow capital values and income for our shareholders.

Tenants

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

Suppliers

We are responsible customers and seek to pay suppliers promptly. We encourage the highest ethical standards in our supply chain and support our suppliers through training and information.

Communities

Investing in our buildings and clusters improves the built environment 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 2019-20

	Priority	Key targets	What we achieved
1	**Increase rental income to drive dividends per share and, where possible, increase WAULTs**	• Get office vacancy rate back below 5% • Agree outstanding and upcoming rent reviews to capture reversion	• Vacancy rate reduced from 12% to 7% • Contracted rent +14% to €65.7m (new leases added €6.3m and nine completed rent reviews added €2.7m) • WAULT reduced 15% to 6.4 years • Net rental income +10% to €58.6m and dividend +36% to 4.75c per share
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**	• 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	• 2 Cumberland Place development expected to complete in late 2020 calendar year following COVID-related delays and the addition of an extra floor to the planned building (+13% additional lettable space). 41% pre-let to 3M in Apr-20 • Provisional planning permission received for redevelopment of Clanwilliam Court. Potential to add significantly to existing areas across all three blocks and create an office cluster (with Marine House) • Planning permission granted for 337k sq. ft of offices (343k incl. reception areas) at Harcourt Square in Apr-20, an increase of 9% over previous planning • Mixed use pipeline increased by 5% to 154 acres through further acquisitions
3	**Recycle capital to monetise gains and make selective investments**	• 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	• 77 SJRQ was disposed of in March 2019, generating sales proceeds of €35.5m, received in April 2019 • €23.3m (incl. costs) was invested in nine acquisitions, most of which were assets adjoining or adjacent to existing Group properties • €21.3m was invested in capital expenditure on our development projects, primarily 2 Cumberland Place • €25.0m used to buy back shares (see below)
4	**Maintain an efficient balance sheet**	• Continue to progress towards target range of 20-30% LTV • Where net sales reduce leverage, consider returning excess capital to shareholders	• Net debt increased by 11% to €241m and LTV increased from 15.6% to 16.5% • €25m of property sales proceeds returned to shareholders via an on-market share buyback programme: in total 17.6m shares purchased and cancelled during the year at an average price of €1.42 per share, well below the prevailing Net Asset Value ("NAV") per share
5	**Continue to improve environmental efficiency of the portfolio**	• Reduce energy consumption and green-house gas ("GHG") emissions per square metre on LFL and absolute basis • New office buildings delivered to achieve at least LEED Gold	• LFL reductions in electricity and fuel consumption per square metre of 14% and 13% respectively • Reduction in LFL GHG emissions intensity per square metre across the office portfolio of 13% versus 2018 • 1SJRQ and 2WML office developments received LEED Platinum and LEED Gold certifications, respectively • 2 Cumberland Place on track for LEED Platinum certification

We are in a strong position with a high-quality portfolio, low leverage and little current development exposure. Given the COVID-19 crisis our current risk appetite has reduced.

Strategic priorities 2020-21

Impact on KPIs		Priority	Key targets	Risks
• Increased rent and WAULT may increase Total Accounting Return ("TAR"), EPRA EPS and relative Total Property Return ("TPR")	1	**Grow rental income and, where possible, WAULTs to drive dividends per share**	• Let remaining space in 2 Cumberland Place • Get office vacancy rate to 5% or below • Agree two outstanding rent reviews and five rent reviews upcoming during FY21 • Minimise impact from COVID-19 on rental income	• Occupational market weakness • Existing tenants leave or are unable to pay their rent
• Development profits enhance TAR and relative TPR • Receipt of planning permission may do likewise but to a much lesser extent	2	**Complete 2 Cumberland Place and work to optimise development pipeline to maximise risk-adjusted returns for shareholders (e.g. optimising clusters, progressing re-zonings)**	• Deliver 2 Cumberland Place on budget in late 2020 • Enhance and progress pipeline schemes to improve potential returns • Assess timing of upcoming projects in light of market conditions • Assess existing in-place portfolio for future value-add opportunities	• COVID-19 disrupts completion of 2 Cumberland Place • Market decline reduces development surpluses • Construction cost inflation or (sub-)contractor failure does likewise • Adverse planning or re-zoning decisions
• Disposals above market value enhance TAR and relative TPR • Investments should enhance TAR and relative TPR in the longer term	3	**Continue to recycle capital and make selective investments to enhance Group returns**	• 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 in the medium term	• Market decline means inability to achieve book value on disposals • No attractive acquisition or investment opportunities • Returns expectations wrong
• An efficient balance sheet should enhance TAR and EPRA EPS	4	**Maintain balance sheet flexibility to take advantage of investment opportunities as they arise**	• Maintain sufficient cash and undrawn facilities for any investment opportunities that arise • Ensure level of indebtedness does not bring the Group close to breaching any of the financial covenants in its debt facilities	• Insufficient funding to take advantage of investment opportunities • Insufficient covenant headroom to take advantage of investment opportunities
• Improving environmental efficiency should enhance TAR, relative TPR and EPRA EPS in the longer term	5	**Continue to improve environmental efficiency of the portfolio**	• Reduce energy consumption and GHG emissions per square metre on LFL and absolute basis • Achieve LEED Platinum certification at 2 Cumberland Place • Revise Sustainability Strategy	• Failure to improve sustainability performance could impact the Group's ability to attract tenants and/or the value of the Group's properties in the longer term

"Through a combination of leasing activity and rent reviews, we have achieved a double digit increase in rental income. And with 2 Cumberland Place expected to complete this year and 7% vacancy in the office portfolio, there is potential to increase rental income further."

Tom Edwards-Moss, CFO

Contracted rental income

+14.1% to €65.7m

FY20 net rental income

+9.9% to €58.6m

Letting activity reduced portfolio vacancy from 12% to 7% and contracted rent grew €8.1m in the year as a result of:

- New lettings, license agreements and lease variations adding €6.3m
- Nine rent reviews concluded adding €2.7m
- Acquisitions adding €0.8m
- Lease expiries, breaks, surrenders and adjustments reducing contracted rent by €1.7m

⊕ 2019-20 strategic priority 1

INCREASING OUR RENTAL INCOME

PROGRESS WITH DEVELOPMENTS

2 CUMBERLAND PLACE

"During the financial year we managed to obtain planning permission for an extra floor, adding 7,000 sq. ft. to the scheme. In spite of the site closure and associated disruption caused by COVID-19, 2 Cumberland Place is on track to complete by the end of 2020, bringing the total office and ancillary space on the 1.6 acre site to approximately 190,000 sq. ft."

Ger Doherty,
Head of Development Management

Lettable area

+13% to 58,000 sq. ft.

Proportion of building pre-let

41%

COVID-19 notwithstanding, construction work on 2 Cumberland Place is advancing well. In April 2020 we agreed to lease 24,000 sq. ft. to 3M, well ahead of its expected completion in late 2020. When fully let, the building is expected to deliver contracted rent in excess of €3m per annum.

⊕ 2019-20 strategic priorities 1, 2, 3, 4, 5

PROGRESS WITH DEVELOPMENTS:

ADVANCING THE PIPELINE

"We made good progress with our pipeline in the year, receiving provisional planning permission for Clanwilliam and the revised Harcourt scheme. In April 2020 we received full planning permission for Harcourt. We also increased the mixed-use pipeline by 6.8 acres."

Mark Pollard, Director of Development

Office development pipeline

+5% to 566,000 sq. ft.

Mixed-use pipeline

+5% to 154.3 acres

⊕ 2019-20 strategic priority 2

RECYCLING CAPITAL

"While maintaining our disciplined approach, we have successfully recycled the net sales proceeds of €60.3m generated in FY19 into accretive opportunities."

Kevin Nowlan, CEO

Development expenditure
€21.3m

Net acquisition expenditure
€23.3m

Share buyback
€25.0m

No sales were made in the financial year but €35.5m of proceeds from the sale of 77SJRQ were received. Net debt grew €24m to €241m, equating to an LTV of 16.5% (2019: 15.6%).

⊕ 2019-20 strategic priorities 3, 4

"I am excited to have joined Hibernia. The business has already made good strides in improving its sustainability performance but there is a lot more to come and I look forward to helping deliver it."

Neil Menzies,
Sustainability Manager

Reduction in energy consumption across our managed portfolio on LFL basis

13%

Reduction in GHG emissions across our managed portfolio on LFL basis

13%

In 2019 we made our second annual submission to GRESB improving our score by 17 percentage points to 75% and receiving a three star award (ranking us in the third quintile of companies assessed). We also recruited Neil Menzies as full-time Sustainability Manager: he joined in January 2020 and will help to further improve our sustainability performance in future.

⊕ 2019-20 strategic priority 5

IMPROVING OUR SUSTAINABILITY PERFORMANCE

MEASURING OUR PERFORMANCE

Our key performance indicators (“KPIs”) are the main metrics we use in running the business and assessing its performance. They also help determine variable remuneration.

TOTAL ACCOUNTING RETURN (“TAR”)

Reason
Measures the absolute growth in the Group’s EPRA NAV per share plus dividends per share paid, expressed as a percentage of the period’s opening EPRA NAV per share.

Link to remuneration (see pages 106 and 107 for further details)
A performance metric for:
- All annual bonuses
- Long Term Incentive Plan (“LTIP”)

Commentary
TAR was 5.6% or 7.5% excluding the increase in stamp duty introduced in the year. NAV per share increased due to an uplift in property values and an accretive share buyback. In addition dividends paid increased as rental income grew.

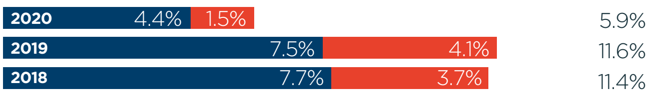
EPRA EARNINGS PER SHARE (“EPRA EPS”)

Reason
A key measure of the Group’s operating performance and capacity to pay dividends: it shows profit after tax per share excluding revaluations and any gains or losses on disposals. Please see note 14 to the Group financial statements for a reconciliation of this figure to IFRS profit.

Link to remuneration (see pages 106 and 107 for further details)
A performance metric for all annual bonuses.

Commentary
EPRA EPS grew 39.9% due to increased rental income (from leasing activity and rent reviews) and a reduction in operating expenses (primarily due to the expiry of the IMA in Nov-18 and its replacement with a new, lower-cost remuneration scheme).

TOTAL PROPERTY RETURN(“TPR”) VS MSCI IRELAND INDEX

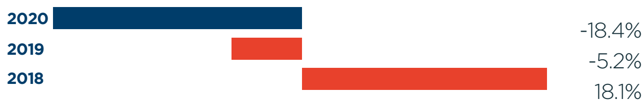


Reason
Measures the total return (i.e. capital and income return) of the Group’s property portfolio, as calculated by MSCI, and compares it against the TPR of the Irish property market as calculated by MSCI (the MSCI Ireland Quarterly Property All Assets Index) excluding Hibernia properties.

Link to remuneration (see pages 106 and 107 for further details)
A performance metric for:
- All annual bonuses
- LTIP

Commentary
The Group generated a TPR of 5.9% while the benchmark (excl. Hibernia) produced a TPR of 4.4%. The relative outperformance resulted primarily from the progress made with our 2 Cumberland Place development and our success in leasing 2WML in the year.

TOTAL SHAREHOLDER RETURN (“TSR”)



Reason
TSR measures shareholder value creation through increase in share price and dividends paid expressed as a percentage of the period’s opening share price. It enables comparison to peer companies.

The TSR of the Group is benchmarked against the FTSE/NAREIT Developed Europe index constituents.

Link to remuneration (see pages 106 and 107 for further details)
A performance metric for LTIP.

Commentary
TSR for the Group in the year was -18.4% versus the benchmark at -15.4%. The Group’s share price reduced significantly in the year due to the impact of the tax changes introduced in October 2019, the result of the General Election in early 2020 and the COVID-19 pandemic.

Operational metrics

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

Investment

	2020	2019
Acquisitions	€23m	€40m
Disposals	€nil	€(100)m
Disposals – premium to book value	n/a	3%
Net acquisition spend	€23m	€(60)m

See more on page 51

Development

	2020	2019
Capital expenditure	€21m	€45m
Profit on cost (completed in FY)	n/a	>75%
Yield on cost (completed in FY)	n/a	9%
Income already secured on committed schemes	€1.5m	€nil
Committed capital expenditure	€18m	€35m

See more on page 54 and 55

Asset management

	2020	2019
In-place office vacancy	7%	12%
Contracted rent	€66m	€58m
In-place office WAULT to break/expiry	6.4yrs	7.5yrs
EPRA LFL rental growth	+4%	+8%
Premium to Estimated Rental Value (“ERV”) (market lettings)	+9%	+5%
Rent collected within 30 days	90%	97%

See more on pages 55 and 56

Financial management

	2020	2019
Net debt	€241m	€217m
LTV	16.5%	15.6%
Effective interest rate on debt	2.1%	2.1%
% of drawn debt interest rate fixed or hedged	76%	128%
Cash and undrawn facilities	€154m	€178m
Capital returned via share buyback	€25m	€nil

See more on pages 57 to 60

Our portfolio

	2020	2019
Portfolio value	€1,465m	€1,395m
LFL change in portfolio valuations	+2%	+8%
LFL change in portfolio valuations ex stamp duty	+4%	+8%
% of portfolio with medium-term redevelopment potential	18%	19%

See more on pages 52 to 54

Environmental, Social and Governance (“ESG”)

	2020	2019
Absolute GHG emissions (tCO_2)	3,514	4,045
LFL GHG emissions (tCO_2)	3,509	4,045
% of office schemes completed to date with LEED Gold certification or better	100%	100%
Amount raised for charity partners via DATD	€349k	€300k

See more on pages 61 to 67

Culture and people

	2020	2019
Number of employees	36	33
% female employees	31%	43%
Training per employee (average hours)	17hrs	20hrs
Employee retention (turnover)	14%	6%

See more on pages 76 and 77

Alternative performance measures

The Group uses a number of financial measures to describe performance which are not defined under IFRS and are therefore considered APMs. These are described on page 188.

MANAGING OUR RISKS AND OPPORTUNITIES

Our risk management strategy is designed to align the Group's interests with those of shareholders, by embedding the strategic priorities of the Group within risk management.

2019-20 HIGHLIGHTS

- Broadening the experience on the Board by appointing two additional independent Non-Executive Directors
- Focus on the future by hiring a full-time Sustainability Manager
- Consideration of the risks caused by the COVID-19 crisis and the mitigants to this
- Detailed review of the principal risks and uncertainties facing the Group
- General Data Protection Regulation ("GDPR") implementation and compliance
- A standalone Sustainability Report published along with the Annual Report
- Improving the Group's GRESB rating
- Completion of a cyber security audit
- New committees established for Risk & Compliance, Sustainability, Marketing, Health and Safety, and Operations

2020-21 FOCUS

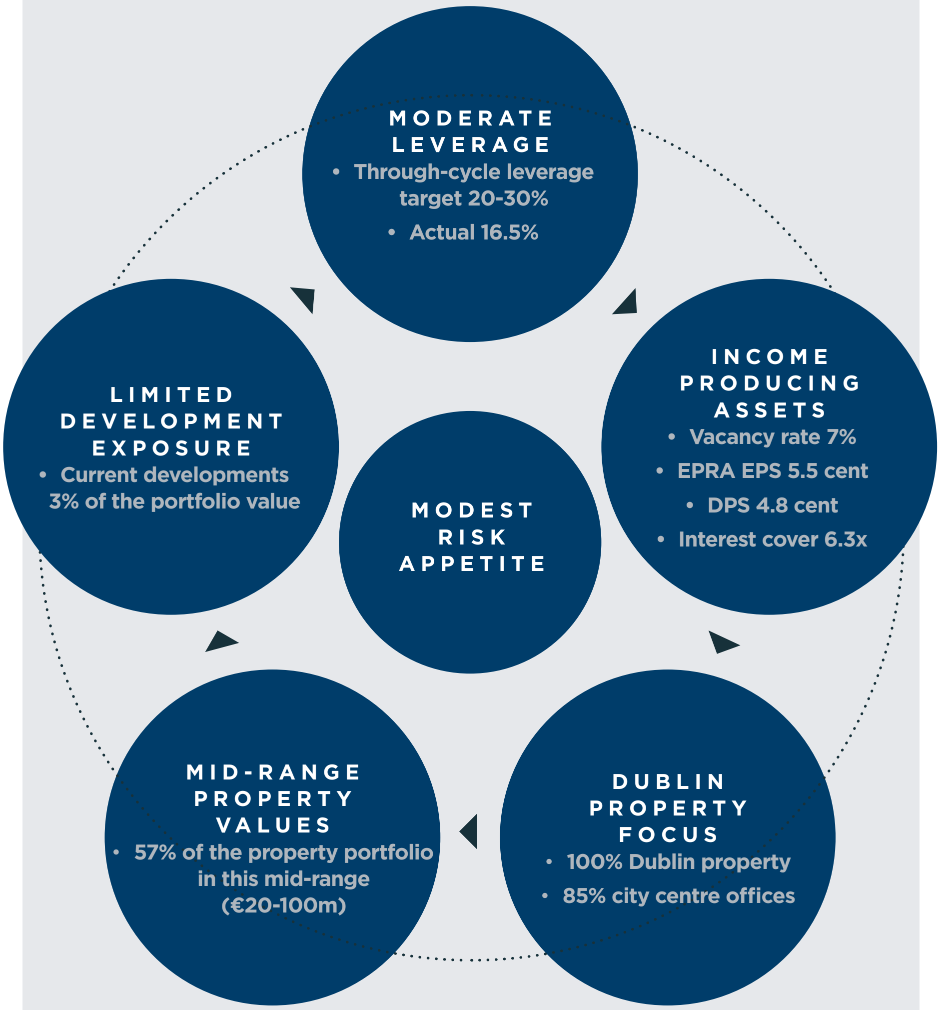
- COVID-19: manage the business to deal with the far-reaching impact of the pandemic on the economy
- Climate change: the impact of on the Group and its strategy
- Future proofing our portfolio with technology and efficiencies
- Broadening the Group's sustainability reporting though its standalone report
- Monitoring and adapting to evolving tenant needs
- Efficiency/optimisation and sustainable design of the development pipeline
- The impact of the new Government on the property sector and macro environment
- Monitoring the trade negotiations between the EU and UK, and other international developments
- Assessing the impact and ensuring flexible mitigation procedures are available to deal with exceptional events such as the COVID-19 crisis
- ISO 14001 and 45001 accreditation

Risk profile

As a Group with the majority of its assets in central Dublin offices, Hibernia is especially sensitive to any factors which impact 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. The Group has identified certain principal risks and uncertainties that could prevent the Group from achieving its strategic priorities and has assessed how these risks could best be mitigated through a combination of internal controls, risk management and the purchase of insurance cover. These risks are reviewed and updated on a regular basis and were last formally assessed by the Board in May 2020.

Risk appetite

Risk appetite defines the amount and type of risk the Group is prepared to accept in pursuit of its strategic priorities. As part of the overall framework for risk governance, it sets limits to risk taking. Risk appetite is defined in qualitative terms as well as quantitative terms, through a series of high-level limits and thresholds covering all areas of activity. As part of the risk management framework, risks are identified and the Board then decides the appropriate level of risk that should be taken and, if necessary, risk mitigations that should be put in place. The Audit Committee supports the Board in identifying and managing risk appetite. An overview of the Group's risk appetite is shown in the diagram below.



RISK CULTURE

The Group's risk appetite is the level of risk the Group is prepared to take to achieve its strategic priorities. The risk culture of the Group reflects the balance between:

- Risk management
- Risk taking and financial return

RISK REGISTER

The Group, through the Risk & Compliance Officer, maintains a risk register. The risk register details risks across, inter alia, economic, political, development, investment, asset management, financial, sustainability, operational, IT, governance, regulatory and strategic areas of the business.

The risk identification and assessment process involves four steps:

1. Identify the risks
2. Determine each risk's magnitude of impact
3. Determine the likelihood of the risk event occurring
4. Produce the risk rating

In order for the Board to be properly informed of the status of risks facing the Group, management is required to report regularly on risks assessed and progress with respect to their areas. The risk register is reviewed and reported to the Board on an annual basis. The Group's principal risks, those that could have a potentially material impact on the sustainability of the business model, are set out on pages 42 to 50 of this report.

NEW RISK: COVID-19

This is an extraordinary risk, meaning it is one that arises from a new situation and could significantly impact the Group's financial strength, performance or reputation over future periods. This risk has a high degree of uncertainty and is therefore monitored closely and factored into the Group's viability assessment and future strategic plans. In early 2020, a coronavirus variant, COVID-19, emerged as a rapidly spreading, life threatening pandemic. The impacts of this on the Group's business are discussed further in the Business Review on pages 51 to 60 of this Annual Report. Our initial focus was to ensure our staff, tenants and suppliers are safe and that our assets are secured. The potential impact on the Group remains high, and the mitigations in place are discussed on page 15.

PRINCIPAL RISKS OVERVIEW

Risk	Description	What measures have we taken?
COVID-19 pandemic	Most areas of the Group's business could be impacted leading to failure to achieve strategic goals and a negative impact on financial returns.	The Group is maintaining low leverage and has reduced its risk appetite accordingly. In addition safeguards for tenants and staff have been put in place. ⊕ Read more on page 15
Strategic	Inappropriate business strategy.	Experienced Senior Management Team and Board. Use of experts, regular tenant interaction. ⊕ Read more on pages 24 and 25
Climate change	Failure to respond appropriately and sufficiently to climate change.	Experienced Sustainability Manager appointed,. Sustainability Committee oversight. Reviewing approach to sustainability. ⊕ Read more on pages 61 to 67
Market	Weakening economy.	Active monitoring of lead indicators. Regular financial forecasting and stress testing. Risk appetite limits including leverage. ⊕ Read more on pages 16 to 19
Development	Poor or mistimed execution of development projects.	Experienced development team, impacts on and timing of pipeline projects continually assessed. ⊕ Read more on pages 54 and 55
Regulatory, tax and political	Changes to tax status or environment.	Impact of economic downturn and COVID-19 management on taxation.
Operational risk	Disruption from external threat.	Focus on business continuity and crisis management.

KEY CHANGES TO RISKS IN THE YEAR

Key risks added (excluding amalgamations):
- COVID-19 pandemic
- Climate change risk: Failure to respond appropriately and sufficiently to climate change

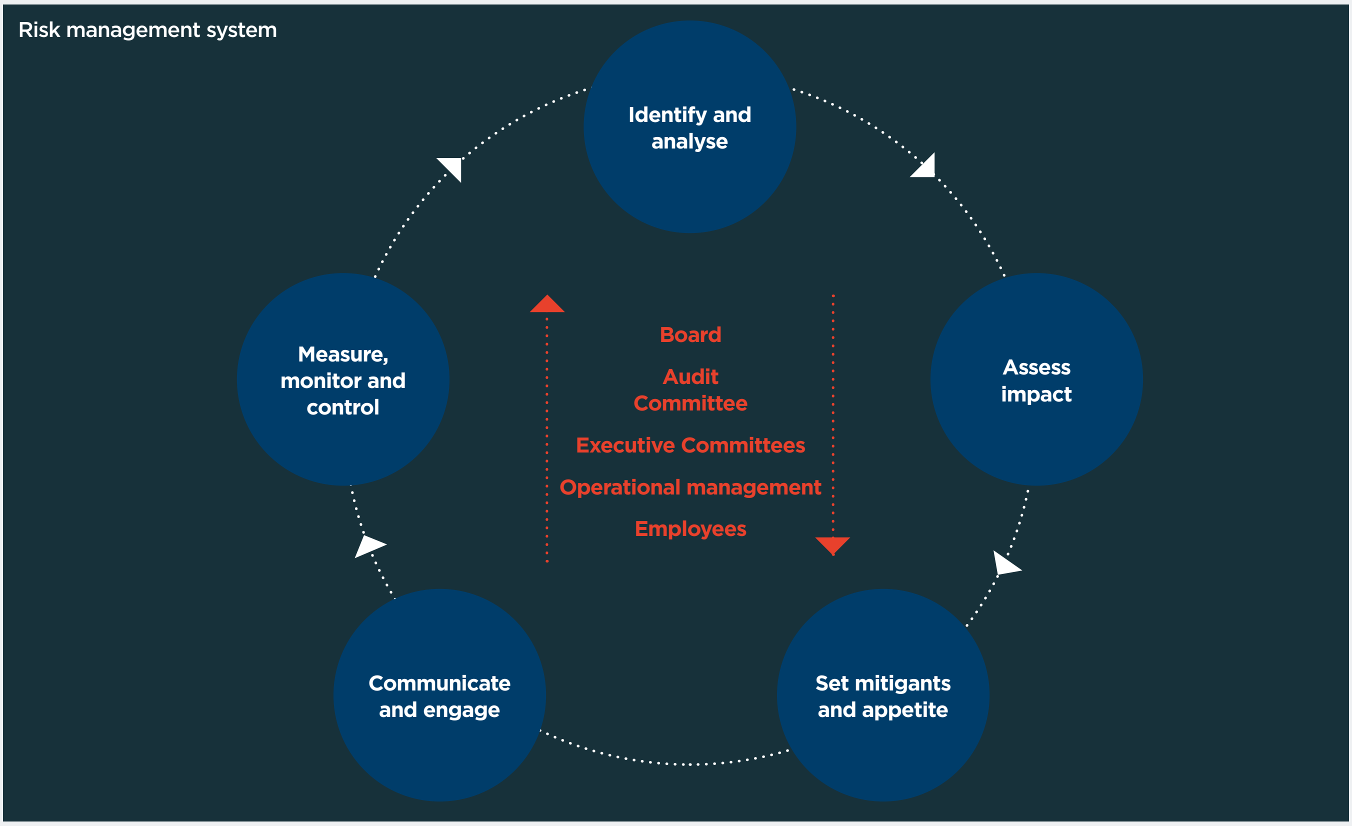
Key risks removed (excluding amalgamations):
- Development risk: Adverse outcome regarding re-zoning at Newlands

Residual impacts increased:
- Strategic risk: Inappropriate business strategy
- Market risk: Weakening economy
- Regulatory, tax and political risk: management of tax and changes to tax status or environment

Residual impacts reduced:
- None

RISK STRATEGY AND RISK MANAGEMENT FRAMEWORK

Risk strategy
The Group's risk strategy is to ensure that the Group's risk appetite is clearly defined, and that it has put appropriate governance processes and controls in place to protect its balance sheet and deliver sustainable profitability. 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's employees are the foundation of the system and a culture of openness and transparency is promoted, encouraging all employees and Directors to identify, measure and manage risk on an ongoing basis.



Risk management system
The Company's risk management system involves designing, implementing, monitoring, reviewing and continually improving risk management processes in the organisation. The risk management system's inputs include all risks, processes and controls applicable to the organisation. Quantitative and qualitative analyses are performed to identify and quantify the most important risks. The system's outputs include a risk register, risk metrics, risk monitoring plan and risk tolerance limits. The Group's risk management system and any updates to it are communicated to all relevant staff periodically and at least annually.

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 Company has documented procedures for risk management activities to include, inter alia, setting risk appetites, risk tolerance, risk capacity, stress testing, risk identification, risk monitoring, escalation processes and training
- The Board has delegated risk management and operational risk responsibility to the Risk & Compliance Officer
- The Audit Committee and the Risk & Compliance Committee have oversight of the risk management system
- Risks are owned by the appropriate designated person. The designated person is responsible for measuring and monitoring risk and implementing controls to mitigate the effect of risks
- 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; the Investment and Development Committees are chaired by a Non-Executive Director, 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 internal controls and risk management processes

COVID-19 pandemic

As discussed on page 39 the COVID-19 pandemic has emerged as a significant risk, the full impact of which it is not yet possible to quantify. In assessing both going concern and viability, the Directors have built their best estimation of the potential impacts of this risk into their models. Further information on the Group's response to the crisis and its impact on the Group's activities can be found on page 15 and pages 42 and 43 of this Annual Report.

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 67 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 128 to 186 and in note 2.e to the consolidated financial statements. In addition, note 30 to the consolidated financial statements includes details on the Group's financial risk management and exposures. Particular attention is drawn to the discussion on the impacts of the COVID-19 pandemic on page 15 of this report. The Directors have assessed the Group's liquidity position, including the potential impacts of COVID-19, 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 Board has assessed the viability of the Group over a three-year period to March 2023. They are satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable statement of viability. This assessment considers the Group's current position and the principal risks that it faces. All of these principal risks, as outlined on pages 42 to 50, are considered to be material in the assessment of viability. The most significant of these is the emerging risk of the COVID-19 pandemic and this has been the subject of intensive viability assessment by the Board over the last few months and will continue to be so for some time to come.

Given the cyclical nature of the Irish property market, impacted by both domestic and international factors, and the weighted average maturity of the Group's debt at 31 March 2020 of over four years, the Board believes a three-year forward-looking period is appropriate to complete financial projections and stress testing. The Board also considers the longer-term risks and opportunities of the Group; for example the office development pipeline extends to 2026 with longer-term mixed-use potential.

Financial projections for the current financial year and the following three years are updated and presented to the Board on a quarterly basis. 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.

Current position

The Group is financed by a €320m unsecured revolving credit facility maturing in December 2023, and €75m of unsecured US private placement notes with an average maturity of all facilities of 4.4 years. At 31 March 2020 the Group had net debt of €241m and cash and undrawn facilities of €154m. The Group's WAULT at 31 March 2020 stands at 6.4 years for the whole office portfolio with potential to grow rental income through lettings, reversions and the development pipeline over time.

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. The resilience of the interest cover ratio, LTV ratio and the minimum net worth of the Group is stressed in this way over the three-year period.

Due to the uncertainty surrounding the impacts of COVID-19, the Group has also been managing its cash position closely, monitoring the potential issues around rent collectability and trying to ensure that all potential impacts are identified, measured and managed. As of the date of this report 9% of the contracted rent roll is classified as high risk and the Group is in close communication with these tenants in order to manage any potential rent defaults.

Confirmation of viability

Having considered all the factors outlined above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment ending 31 March 2023.

Commercial rent collected within 7 days (June 2020 quarter)
89%

Contracted rent
€65.7m

% contracted rent considered 'high risk'
9%

WAULT
6.4 years

Vacancy rate
7%

Earliest debt maturity
Dec-23

LTV
16.5%

Available liquidity (net of commitments and reserved cash)
€136m

EBIT would have to fall by
76%
to breach bank covenants

Portfolio value would have to fall by
65%
to breach bank covenants

The Board has carried out a thorough assessment of the Group's emerging and principal risks, including those that could threaten the Group's business model, future performance, solvency or liquidity. It has assessed how these risks could best be mitigated through a combination of risk management, internal controls and insurance cover. The mitigation measures that are maintained in relation to these risks are designed to provide a reasonable and not absolute level of protection against the impact of the events in question. These risks and mitigants are reviewed and updated on a regular basis and represent the Board's current assessment of risk.

The principal risks and uncertainties facing the Group are set out on pages 42 to 51, together with the potential impact and the mitigating actions and controls in place. Further detail on the Group's approach to risk management and mitigation is on pages 38 to 41 of this Annual Report. The impact of the COVID-19 pandemic has increased risk ratings in a number of areas as well as the overall level of risk the Group is currently exposed to and the Board continues to monitor the situation closely. The COVID-19 pandemic and the Group's response are discussed in detail on page 15 of this Annual Report. The main changes to our principal risks since 31 March 2019 are on page 39.

Risk trend	Risk impact
Unchanged	High
Increased	Medium
Decreased	Low

Read more on our strategic priorities on pages 24 and 25

New risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
COVID-19 pandemic					
Most areas of the Group's business could be impacted by the pandemic leading to: • Failure to achieve strategic goals • Negative impact on business operations from staff illness. • Poor returns (capital and income) and/or losses • Delay to development projects resulting in lower returns • Increased cost of financing/lower availability of funding • Increased risk of cyber-attack	High	High	All head office staff have been working effectively from home using remote access infrastructure and cloud-based systems that were already in use by the Group. Close oversight by Board and Executive Committees of each area of business and frequent stress tests run as part of viability assessments. Dedicated manager selected to oversee our response to the COVID-19 pandemic. Increased tenant communication and tenant financial health being closely monitored to manage potential issues proactively. The Group policy is to have only modest financial leverage. IT and security updates are issued to all staff on a regular basis. Increased surveillance over IT and cyber security procedures.	A detailed discussion of the impact of the COVID-19 pandemic and the Group's response can be found on page 15 of this Annual Report. As mentioned, it has the potential to negatively impact most areas of the business and this is discussed under the relevant principal risks below. A high degree of uncertainty as to the longer-term impacts still exists. The Group has low leverage (16.5% LTV at Mar-20), cash and undrawn facilities after commitments of €136m and no debt repayments due until Dec-23, so it is well positioned to cope with the adverse impact in the near term and medium term. The Group carefully assesses the financial health of all prospective commercial tenants ahead of signing leases and continues to monitor them once they become tenants. In addition, the Group tries to agree long leases and its office portfolio (c. 90% of Group rental income) has a WAULT of 6.4 years at present. The Board is monitoring the evolving situation closely.	High

New risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Climate change risk: Failure to respond appropriately and sufficiently to climate change					
• Failure to achieve strategic goals • Assets become less attractive to investors and/or tenants without significant expenditure leading to a negative impact on income and/or capital returns • Failure to meet stakeholders' expectations resulting in reputational damage			Experienced Sustainability Manager appointed who sits on all of the Group's Executive Committees. The Sustainability Committee, Senior Management and the Board review environmental, social and governance matters regularly. The Group uses external experts to advise on operational and capital improvements to be made to investment assets and development assets. The Group's ESG performance is benchmarked against industry standards, including GRESB, giving visibility of its relative performance to the Group and its stakeholders.	The Sustainability section of the Group's website outlines the Group's targets, results and future plans in ESG. The Group is in the process of reviewing its Sustainability Strategy to seek improvements and a materiality review has been carried out to identify the issues material to the business and our stakeholders. Active daily monitoring of the energy consumption of the Group's multi-tenanted buildings is due to commence shortly. In 2019 the Group received an EPRA Gold Award for the quality of its sustainability disclosures for the second successive year and has received three green stars from GRESB with a score of 75% (an improvement of 17 percentage points on the prior year's submission). We are also intending to participate in the CDP benchmark in 2020.	

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Strategic risk: Inappropriate business strategy					
• Failure to anticipate/react to trends e.g. changes in office usage post COVID-19, changing occupier requirements more generally, underperformance of central Dublin offices • Mistimed investments or disposals through incorrect reading of the property cycle	=	▲	Experienced Senior Management and Board with significant expertise in property matters. Board and Investment Committee overview of investment/divestment decisions. Close monitoring of market and economic lead indicators and use of expert advisers. Rigorous assessment of all acquisition and disposal opportunities and of projected portfolio returns. Regular tenant interaction at all levels of the organisation.	Experienced market professionals in both Board and Senior Management closely monitor strategy alongside market and other trends. Having building management in-house and a full-time Sustainability Manager increases the frequency of interactions with tenants and therefore gives some visibility on their views and any changes to these. Compliance with sustainability and environmental standards has been an increasing focus for the Group and its stakeholders. The Group maintains low leverage (LTV of 16.5% at Mar-20) to enhance its strategic flexibility and ability to move quickly on strategic decisions.	

Risk trend

- = Unchanged
- ▲ Increased
- ▼ Decreased

Risk impact

- ••• High
- •• Medium
- • Low

Read more on our strategic priorities on pages 24 and 25

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Market risk: Weakening economy					
• The COVID-19 pandemic is likely to have a severe negative impact on the global economy in 2020, despite the interventions of authorities around the world • Ireland's economy is a relatively small and open economy and is therefore sensitive to deterioration in macro-economic conditions elsewhere • A drop in economic activity usually leads to declining property values and/ or rental income	=	▲	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.	The full market impact of the COVID-19 pandemic is yet to be realised. These conditions may have an important bearing on the future performance of the Irish economy and, in turn, on the Group. Grade A vacancy rates in city centre Dublin offices at Mar-20 remain low at 5.9% and take-up in Q1 2020 was strong at over 0.8m sq. ft., though active demand fell by 20% between the end of February and the end of April 2020. Whilst early indications are present the negative impact of COVID-19 on the property market is yet to be fully felt. The Group targets long leases and tenants with strong covenants, helping to reduce vacancy risks in a market downturn and provide a level of protection in the short term. The Group's WAULT to the earlier of break/expiry on its office portfolio (c. 90% of rental income) was 6.4 years at 31 March 2020. Increased credit risk concerns due to the likely market downturn mean that the Group has placed an increased focus on credit risk management and collection of rents and service charges, which continue to hold up well (see page 59 for rent collection statistics).	•••

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Market risk: Negative impacts from political actions/trends nationally and internationally					
• Measures taken to recoup emergency government spending once the COVID-19 crisis is over could result in greater taxation on Irish companies including the Group • Similarly, the new Irish Government, when it is formed, could take policy decisions which adversely affect the Group • Though the UK's exit from the European Union may be beneficial for Dublin in the longer term, any disorderly end to the transitional arrangements in place at present could cause economic damage to Ireland, particularly in the near term • International tax reform may reduce Ireland's competitiveness as a destination for foreign direct investment	▲	▲	Regular reviews by Senior Management and discussion with economic and tax experts. Membership of Irish Institutional Property which represents the interests of institutional property owners in Ireland.	There is significant uncertainty at present about the ultimate impact of the COVID-19 crisis on the Irish economy and globally and similarly there is uncertainty as to how authorities in Ireland and globally will respond to whatever position the world finds itself in once the crisis is over.	••
Investment risk: Inappropriate concentration on single assets, locations, tenants or tenant sectors					
• Excessive exposure leading to poor performance and/or reduced liquidity	=	=	Key risk indicators regarding sector, tenant and geographic concentration as well as rent collection statistics are reported to Senior Management regularly and to the Board on a quarterly basis. Assessment of the covenant strength of commercial tenants is performed ahead of signing leases with them and periodically once they become tenants and on an ad-hoc basis where there are specific concerns. At the moment, given the economic uncertainty an enhanced level of scrutiny is being applied.	All the Group's investments are within Dublin and the majority are in the office sector. The Group focuses on multi-let buildings and has assembled a balanced portfolio comprising 36 properties with some held for investment purposes and some for their future (re)development potential. At Mar-20 the largest single asset represented 11% of the portfolio by value (11% at Mar-19). The Group's 'top 10' tenants account for 56% of the portfolio contracted rent roll as at Mar-20 (61% at Mar-19). See notes 4, 5 and 6 to the consolidated financial statements for more information on the disaggregation of our income.	••

Risk trend
- Unchanged
- Increased
- Decreased

Risk impact
- High
- Medium
- Low

Read more on our strategic priorities on pages 24 and 25

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Development risk: Poor or mistimed execution of development projects					
• Poor returns and/ or losses • Development projects not managed properly leading to delays and cost overruns • Inappropriate level of development as a percentage of overall portfolio • Failure to achieve expected rental levels	Unchanged	Unchanged	Experienced development team with established relationships with professional advisers. Board and Development Committee overview; new members have increased experience available to the Committee. Rigorous monitoring of development expenditure against approved budgets. Sustainable building design a key focus from early planning stage. Marketing of properties starts well in advance of completion date to de-risk the development portfolio.	At Mar-20 the Group had one active development scheme, 2 Cumberland Place. Practical completion has been delayed by the COVID-19 shutdown but at present it is expected to complete by the end of 2020 and is 41% pre-let which has reduced the risk of this development. Beyond this, the Group has no active developments and can make decisions about future development commencements based on prevailing market conditions. Construction cost inflation had been an increasing pressure on profitability in the Group's development planned projects; with no active contracts apart from 2 Cumberland Place, the Group is not locked into overly expensive tenders while the market value of property and construction contract pricing may be falling due to the impact of COVID-19. The Group's pipeline of developments is kept under review to ensure that the plans are in line with market trends. The Group has adopted LEED certification for its projects to provide an objective measure of building sustainability and targets Gold or Platinum Awards.	Medium

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Development risk: Contractor or sub-contractor default					
• Poor returns and/ or losses • Higher costs due to the loss of fixed pricing • Significant delays in completing development projects	▼	▲	Use of reputable and larger contractors. Use of expert advisers to assist in management of contractors and sub-contractors. Due diligence is completed on main contractors. Close oversight by experienced development team, project managers and Development Committee.	The Group uses expert advisers to supplement its in-house expertise in assessing and managing 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. Fixed price contracts are in place to remove inflation risk. 2 Cumberland Place is the only site currently under development and it is already well advanced so the impact of contractor default is anticipated to be less than it has been in recent years despite COVID-19.	
Regulatory, tax and political risk: Management of tax and changes to tax status or environment					
• Group's REIT status may be revoked if it fails to satisfy all the relevant tax and legislative requirements • Specific changes to tax on Irish property and REITs • Changes to the broader taxation environment may impact on the Group's operations	=	▲	Effective monitoring of tax and REIT requirements compliance is completed by the Finance Team and tax advisers and reviewed quarterly by the Board and the Audit Committee. Management, the Board and the Audit Committee spend substantial time, and retain external experts as necessary, to ensure compliance with current and possible future tax requirements.	The Group proactively reviews any tax changes specific to the Group and to the broader environment and has appointed expert advisers to review, assist and advise. Where necessary representations are made to government and other state agencies to highlight tax policies or changes that could have a negative impact. Compliance with the REIT regime is monitored by the Board and there have been no breaches to date. See page 60 for details of the impacts of tax changes introduced in the Finance Act 2019.	
Operations risk: Disruption from external threat					
• An external event causes significant disruption and damage to the Group's portfolio and/or operations	=	=	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. The Group has invested in its IT systems to ensure information is stored securely and is fully cloud based. Staff also have the ability to work remotely, as they are doing at present due to COVID-19. See page 15 for the impact of COVID-19.	

Risk trend
- Unchanged
- Increased
- Decreased

Risk impact
- High
- Medium
- Low

Read more on our strategic priorities on pages 24 and 25

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Operations risk: Cyber-attack/threat					
• Significant damage to the Group's business • Reputational damage	Unchanged	Increased	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. IT and security updates are issued to all staff on a regular basis. Increased surveillance over IT and cyber security procedures.	Cyber security continues to be a focus as the incidence and sophistication of cyber security attacks increase. The Group has continued to improve its IT security measures during the financial year 2020 by reviewing controls and working closely with our IT consultants. The probability of cyber-attack has increased in the last number of months as staff are working remotely as a result of the COVID-19 pandemic. The Group has seen an increased number of hacking attempts but has managed these incidents successfully, ensuring Group data was not compromised. A high-level review of selected cyber security/information security management, security operations, security technology management and IT continuity controls within the Group and its IT service providers was completed in April 2019. All internal audit recommendations have since been implemented.	Medium

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Operations risk: Loss or shortage of staff to execute our business plan or failure to motivate staff					
• Failure to achieve strategic goals • Replacement of departing staff may be challenging and/ or costly	=	▼	Employee remuneration is strongly linked to Group and individual performance and variable pay includes a deferred element. Periodic assessment of remuneration packages for all staff is completed to ensure they are 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 at only 14% in the 2020 financial year and vacancies have been successfully filled. 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. A confidential staff survey is completed annually: recent surveys have shown a high degree of employee satisfaction. The Group also hosts regular training sessions to improve staff knowledge in all areas of the business and the industry. During the COVID-19 pandemic, all head office staff have been working from home. Online video conferencing is helping to maintain togetherness during this difficult time: this includes a weekly all-hands online meeting led by the CEO.	•
Operations risk: Reputational damage					
• Damage or losses due to fraud, error or cyber crime • Inability to attract and retain staff resulting in higher costs • Regulatory sanctions in the event of a non-compliance issue • Health and safety risks	=	=	Effective internal controls and fraud prevention measures in place. Board, Audit Committee and internal audit scrutiny of compliance, internal controls and related matters. External consultants complete regular testing of IT security and systems. Health and Safety Committee meet quarterly to review all health and safety issues. The Group uses external advisers to complete regular risk assessments for the Group.	The Group adheres to the highest standards of corporate governance. The Group uses PwC to provide internal audit services to give additional assurances around internal controls. Building management is completed 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.	•

Risk trend

- = Unchanged
- ▲ Increased
- ▼ Decreased

Risk impact

- ••• High
- •• Medium
- • Low

⊕ Read more on our strategic priorities on pages 24 and 25

Existing risks

Exposure	Impact	Probability	Key controls and mitigants	Comments	Residual risk impact
Asset management risk: 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	=	=	All building and asset management for multi-let office portfolio is in-house to ensure regular interactions with our tenants. A regular survey of tenants is undertaken to assess satisfaction/ areas for improvement. Analysis of covenant strength of prospective and existing tenants. Focus on improving sustainability credentials.	As well as daily interactions with tenants by the Group's building managers and head of occupier services, the Group carries out regular tenant surveys to assess satisfaction and areas for improvement. The Group has also, as a result of the COVID-19 pandemic, introduced a tenant credit risk rating system, in order to monitor more closely those at greatest risk of default (see page 15 for more details) As outlined elsewhere, the Group is increasingly focused on sustainability, and has hired a dedicated Sustainability Manager.	•
Finance risk: Inappropriate capital structure/lack of funds for investment					
• Failure to meet target returns due to funding limitations • Incorrect balance between excess or lack of gearing	=	▲	The Group's policy is to maintain modest leverage with a target LTV ratio of 20-30% and the majority of interest rate exposure fixed or hedged. Fully unsecured debt structure maximises alternatives for the Group if additional funding is required. Active monitoring and assessment of current and future financial and cash flow requirements and availability of funding. Board and Finance Committee oversight.	As the Group has €136m uncommitted funding available at Mar-20 (Mar-19: €143m) the impact of liquidity tightening post COVID-19 is largely mitigated. The Group is focused on ensuring available liquidity remains strong, and so further returns of capital to shareholders beyond ordinary dividends are unlikely in the near term. At Mar-20 the Group had an LTV ratio of 16.5% (Mar-19: 15.6%), one of the lowest in the European REIT universe. The weighted average maturity of the Group's debt is 4.4 years at Mar-20 and the Group has no debt repayments due until Dec-23. No covenant breaches occurred in the period.	•

We remain alert for new opportunities though we will remain disciplined in pursuing these, particularly given the current market conditions.

OPERATIONS

From mid-March to early June our head office staff were working remotely, supported by our cloud-based IT systems, and most continue to work remotely. Throughout the lockdown all our managed buildings have remained accessible by tenants as required. We have been preparing our buildings for greater usage as the lockdown eases and each building has an individual plan, which we have been discussing with tenants, covering access control, physical distancing measures, additional cleaning and sanitising, and signage. Construction has recommenced at 2 Cumberland Place, our only current development site, with appropriate precautionary measures, having been shut between 28 March and 18 May 2020.

DISPOSALS AND ACQUISITIONS

It has been a less active year with no disposals made (2019: €100.3m) and only €23.3m invested in nine smaller acquisitions (2019: €40.0m), many of which are adjacent to existing Hibernia assets and were 'bolt-on' in nature. We continue to assess opportunities though we will remain disciplined in pursuing these, particularly given the current economic conditions and outlook.

Acquisitions

Malahide Road Industrial Park, D17: the property, which was acquired in July 2019 for €7.8m (including transaction costs), comprises 66,000 sq. ft. of warehousing and 17,000 sq. ft. of ancillary office accommodation on a 3.8 acre site. The property is occupied by Bunzl Irish Merchants on a short-term lease and is generating rent of €0.4m per annum. In the longer term we believe it has potential for mixed-use development (see further details in the developments and refurbishments section on page 54).

Dublin Industrial Estate, D11: some additional industrial units were acquired in the year for a total of €5.6m (including transaction costs). In total these have increased Hibernia's holding in Dublin Industrial Estate to 6.8 acres, with rent of €0.8m per annum at 31 March 2020. In the longer term we believe the property we hold has potential for mixed-use development (see further details in the developments and refurbishments section on page 54).

Other: during the period €9.9m was spent on five small acquisitions, most of which provide potential synergies with properties already owned by Hibernia.

Acquisitions

€23.3m

(2019: €40.0m)

Disposals

nil

(2019: €100.3m)

In-place office portfolio area
1.1m sq. ft.

Total portfolio contracted rent
€65.7m

In-place office contracted rent
€57.7m
(€50psf)

In-place office ERV
€58.8m
(€51psf)

In-place office WAULT
6.4yrs
(Completed office developments: 9.1yrs)

In-place office vacancy rate
7%

CONTRACTED RENT BY SECTOR/INDUSTRY

- TMT 49%
- Government/state entity 16%
- Banking and capital markets 11%
- Residential 9%
- Professional services 7%
- Other 5%
- Insurance and reinsurance 2%
- Serviced offices 1%

PORTFOLIO OVERVIEW

As at 31 March 2020 the property portfolio consisted of 36 investment properties valued at €1,465.2m (March 2019: 32 investment properties valued at €1,395.4m), which can be categorised as follows:

	Value as at March 2020* (all assets)	% of portfolio	Equivalent yield[1]	Passing rent	Contracted rent	ERV
Dublin CBD offices						
Traditional Core	€435m	30%	5.0%[2]	€23.4m	€23.4m	€24.4m
IFSC	€205m	14%	4.7%	€8.3m	€8.3m	€11.3m
South Docks	€557m[3]	38%	4.4%	€22.3m	€26.0m	€27.7m
Total Dublin CBD offices	**€1,197m**	**82%**	**4.7%[2]**	**€54.0m**	**€57.7m**	**€63.4m**
Dublin CBD office development[4]	€48m	3%	–	–	–	€3.3m
Dublin residential[5]	€159m[6]	11%	4.0%[7]	€6.1m[7]	€6.1m[7]	€6.7m[7]
Industrial/land	€61m	4%	2.8%[8]	€1.6m	€1.9m	€1.9m
Total	**€1,465m**	**100%**	**4.5%[2,7,8]**	**€61.8m[7]**	**€65.7m[7]**	**€75.3m[7]**

1. Yields on unsmoothed values and excluding the adjustment for 1WML 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 now occupied by Hibernia in 1WML.
4. 2 Cumberland Place.
5. Includes 1WML residential element (Hanover Mills).
6. Net yield assuming 80% net-to-gross and purchaser costs as per C&W at Mar-20.
7. Residential income on net basis assuming Hibernia cost.
8. Current rental value assumed as ERV as these assets are valued using a combination of price per acre and on an income basis.

Note: differences in summation of totals in above table are due to rounding.

* Note: In the Mar-20 valuation C&W included a material uncertainty clause, in line with RICS guidance. This is intended to indicate that less certainty and a higher degree of caution should be ascribed to the valuations than would normally be the case due to the impact of COVID-19.

The key statistics for the office element of our portfolio, which comprised 85% by value and 88% by contracted rent at 31 March 2020 (March 2019: 85% and 88%, respectively), are set out below: contracted rent from developments we have completed comfortably exceeds that from the offices we acquired with income.

	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	€26.4m (€47psf)	€27.1m (€48psf)	2.2yrs	3.3yrs	16%	–	84%
Development pipeline assets	*€11.1m (€42psf)*	*€11.1m (€42psf)*	*1.9yrs*	*2.0yrs*	*–*	*–*	*100%*
Investment assets	*€15.3m (€51psf)*	*€15.9m (€53psf)*	*2.5yrs*	*4.3yrs*	*28%*	*–*	*72%*
Completed office developments[3]	€31.3m (€54psf)	€31.7m (€55psf)	2.9yrs	9.1yrs	–	29%	71%
Whole in-place office portfolio	**€57.7m (€50psf)**	**€58.8m (€51psf)**	**2.6yrs**	**6.4yrs**	**8%**	**16%**	**77%**
Vacant in-place office	–	€4.6m[4] (€49psf)	–	–	–	–	–
Committed office developments-unlet[5]	–	€3.3m[6] (€57psf)	–	–	–	–	–
Whole in-place office portfolio (after vacancy)	**–**	**€66.7m (€52psf)**	**–**	**–**	**–**	**–**	**–**

1. To earlier of review or expiry.
2. Mark-to-market.
3. 1 Cumberland Place, SOBO Works, 1&2DC, 1WML, 2WML, 1SJRQ.
4. Includes approx. €150k of retail in office buildings.
5. 2 Cumberland Place.
6. In Apr-20 3M signed a pre-lease in 2 Cumberland Place, increasing contracted office rent to €59.2m.

Since 31 March 2019 we have, consistent with our strategic priority of increasing rental income, added €8.1m to Group contracted rent, principally through leasing activity and the completion of outstanding rent reviews. The in-place office portfolio vacancy rate was 7% by lettable area at 31 March 2020 (March 2019: 12%). For further details on the vacant space and the increase in contracted rent, please refer to the asset management section on pages 55 and 56.

At 31 March 2020 our 'top 10' tenants, most of which are large, multinational companies or government/state entities, accounted for 64% of our contracted office rent of €57.7m and 56% of our contracted portfolio rent of €65.7m. By sector, TMT and government/state entities accounted for 74% of contracted office rent and 65% of contracted portfolio rent (please see page 4). The composition of our tenant base, in particular the amount of large, well-capitalised technology companies and government/state entities gives us some comfort regarding its resilience and as noted elsewhere in this document, to date rent collection has remained strong.

PORTFOLIO PERFORMANCE

In the 12 months ended 31 March 2020 the portfolio value increased €28.1m, or 2.0% on a LFL basis (i.e. excluding acquisitions, disposals and capital expenditure). The 1.5pp increase in stamp duty, which took effect from October 2019, reduced the portfolio value at 31 March 2020 by an estimated €22m and without this the LFL increase in portfolio value would have been 3.5%. In the 12 months ended 31 March 2019 the portfolio value increased by €99.0m, or 7.9% on a LFL basis, helped by the completion of two major development projects and some yield compression in the residential market.

	Value at March 2019 (all assets)	Capex	Acquisitions[1]	Revaluation	Stamp duty impact	Value at March 2020* (all assets)	LFL change	
Dublin CBD offices								
Traditional core	€444m	€2m	€2m	(€2m)	(€11m)	€435m	(€13m)	(2.6%)
IFSC	€207m	–	–	€1m	(€3m)	€205m	(€1m)	(0.6%)
South Docks	€522m[2]	€8m	€7m	€27m	(€8m)	€557m[3]	€21m[2,3]	3.9%[2,3]
Total Dublin CBD offices	**€1,173m**	**€10m**	**€9m**	**€26m**	**(€21m)**	**€1,197m[3]**	**€7m[2,3]**	**0.7%[2,3]**
Dublin CBD office development	€16m	€14m	–	€19m	(€1m)	€48m	€18m	61.3%
Dublin residential	€153m	€1m	€1m	€5m	–	€159m	€5m	3.2%
Industrial/land	€53m	–	€13m	(€6m)	–	€61m	(€3m)	(4.9%)
Total	**€1,395m**	**€25m**	**€23m**	**€44m**	**(€22m)**	**€1,465m[3]**	**€28m[2,3]**	**2.0%[2,3]**

1. Including acquisition costs.
2. Excludes the value of space that was occupied by Hibernia in SDH.
3. Excludes the value of space occupied by Hibernia in 1WML.

* Note: In the Mar-20 valuation C&W included a material uncertainty clause, in line with RICS guidance. This is intended to indicate that less certainty and a higher degree of caution should be ascribed to the valuations than would normally be the case due to the impact of COVID-19.

The key individual valuation movements in the financial year (including the impact of the increase in stamp duty) were:

- **2 Cumberland Place, D2:** €18.2m/61% uplift as a result of a change from a residual to an investment valuation methodology as the development is nearing practical completion and as progress has been made on leasing (with 3M executing an agreement for lease shortly after year end). The uplift was also due to the addition of a sixth floor, increasing the size of the development by 7,000 sq. ft., growth in the headline office market rent from €54.61psf to €58.06psf and yield compression on the office space from 4.75% to between 4.40% and 4.50%.
- **2WML, South Docks:** €10.0m/16% uplift driven by two new leases agreed at rents well ahead of ERV resulting in the property being fully let at year end. The headline market rent across the office space increased from €55.19psf to €57.08psf and the equivalent yield compressed from 4.86% to 4.33%.
- **Observatory, South Docks:** €5.3m/6% uplift driven by the new licence agreement with N3 (8,000 sq. ft.) at a rent ahead of ERV and settlement of a rent review in line with ERV on 36,000 sq. ft. of space. In addition, a new lease on the fifth floor (6,000 sq. ft.) was agreed with an existing occupier at a rent ahead of ERV. The headline market rent across the office space increased from €55.06psf to €56.07psf and the equivalent yield compressed from 4.88% to 4.73%.
- **1WML, South Docks:** €4.4m/3% uplift as a result of the headline market rent on the office space increasing from €56.13psf to €58.06psf. The equivalent yield compressed during the period from 4.22% to 4.16%.

LFL increase in portfolio value

€28m
+2.0%

(2019: €99m, +7.9%)

LFL increase in portfolio value (excl. stamp duty increase)

€40m
+3.5%

(2019: €99m, +7.9%)

- **Blocks 1, 2 & 5 Clanwilliam Court, D2:** -€7.9m/-14% movement due to a reduction in the value of current contracted income as the unexpired term decreases, higher capital expenditure estimates for the development due to cost inflation and a 2% reduction in the assumed gross development value ("GDV"). The impact of the increase in stamp duty has a larger impact for developments and this accounted for 27% of the decrease in value.
- **Marine House, D2:** -€5.4m/-18% movement due to a reduction in the value of current contracted income as the unexpired term reduces, higher capital expenditure estimates for the development due to design improvements and cost inflation, and a 3% reduction in GDV. The impact of the increase in stamp duty is magnified in developments and this accounted for 17% of the decrease in value.
- **Newlands, D22:** -€2.8m/-8% movement due to a reduction in the land value per acre.

DEVELOPMENTS AND REFURBISHMENTS

Capital expenditure on developments in the year amounted to €21.3m (2019: €44.8m). No schemes were completed and 2 Cumberland Place remains under construction though work on site was temporarily halted between 28 March and 18 May 2020 due to COVID-19 restrictions and as a result expected completion has shifted to late 2020. The pipeline of future schemes was advanced and expanded by new grants of planning and acquisitions. Mark Pollard, our Director of Development, is retiring at the end of June 2020 and will be succeeded by Gerard Doherty, who joined Hibernia in 2017 and has over 20 years of development and construction experience. Mark will continue to work with us on a part-time basis.

Committed development schemes

At 2 Cumberland Place, D2, construction progressed well in the year and we obtained planning permission for an extra floor, adding 7,000 sq. ft. of office space and taking the overall building to 58,000 sq. ft. of Grade A office accommodation. At 31 March 2020 the frame was very substantially complete, façade works were well advanced and landlord fit-out work had commenced. Due to the Irish Government's decision to suspend all non-essential construction activity because of COVID-19, work on site was temporarily halted from 28 March until 18 May 2020. As a result practical completion will be later than Q3 2020: our current expectation, assuming work is able to continue uninterrupted, is that practical completion will occur in late 2020. In April 2020 we agreed to lease 24,000 sq. ft. to 3M Digital Science Community Ltd, a subsidiary of 3M Company, on a 10-year lease on terms ahead of the September 2019 ERV. Please see further details on the scheme below:

	Total area post completion (sq. ft.)	Full purchase price	Est. capex	Capex to complete	Est. total cost (incl. land)	ERV[1]	Office ERV[1]	Expected practical completion ("PC") date
2 Cumberland Place, D2	58k office[2] 1k retail/café	€0m[3]	€35m	€16m[4]	€605psf[5]	€3.3m	€56.53psf	Q4 2020
Total committed	**58k office[2] 1k retail/café**	**€0m[3]**	**€35m**	**€16m[4]**	**€605psf[5]**	**€3.3m**	**€56.53psf**	

1. Per C&W valuation at Mar-20.
2. At Mar-20 none of the building was let. In Apr-20, 24,000 sq. ft. was pre-let to 3M on a 10-year lease, taking the office accommodation to 41% let.
3. The site forms part of Cumberland Place and at the time of acquisition of Cumberland House no value was ascribed to it.
4. Future capitalised interest cost until completion is estimated to be €0.2m.
5. Office demise only.

Development pipeline

The office pipeline has grown by 5% (28,000 sq. ft.) since March 2019 due to new grants of planning and now has the potential to deliver up to 566,000 sq. ft. of Grade A office space upon completion, a net increase of 288,000 sq. ft. over the areas in the existing buildings. The majority of this will be in two clusters of office buildings in Dublin's traditional core (Dublin 2): Clanwilliam Court (incl. Marine House) and Harcourt Square. In the year we received a provisional grant of planning for the 152,000 sq. ft. redevelopment scheme at Clanwilliam Court, though this remains subject to appeal. We also received a provisional grant of planning to expand our planned scheme at Harcourt Square by 28,000 sq. ft. to 337,000 sq. ft. (343,000 sq. ft. including reception areas), with the final grant of planning received in April 2020.

Based on the current planning approvals we have for Clanwilliam Court (incl. Marine House) and Harcourt Square, the valuations of these properties at 31 March 2020, which include the present value of the income remaining on the leases, equate to aggregate capital values of €319[1] per buildable foot and the estimated capital expenditure required to deliver the schemes is €550 per buildable foot, an all-in cost of c. €870 per buildable foot[2].

The quantity of land owned with potential for mixed-use development schemes in the longer term increased to 154.3 acres (2019: 147.5 acres) with the acquisition of an additional 6.8 acres of industrial sites in Dublin Industrial Estate, D11, and Malahide Road Industrial Park, D17. Re-zoning will be necessary in all cases and consequently the timing of any future developments remains uncertain at present.

Yield on cost on schemes completed in the year

n/a

(2019: 8.9%)

Office pipeline when completed

566,000 sq. ft.

(2019: 538,000 sq. ft.)

Mixed-used pipeline

154.3 acres

(2019: 147.5 acres)

1 Existing income within this figure represents €38 per buildable foot.
2 To calculate Net Development Value note that standard purchasers' costs are 9.96%.

Office	Sector	Current area (sq. ft.)	Area post completion (sq. ft.)	Full purchase price[1]	Comments
Marine House	Office	41k	49k	€30m	– Planning granted for 49k sq. ft. refurbishment/ extension – Lower ground floor application may add approx. 1.5k sq. ft. – Flexibility to obtain vacant possession during 2020
Blocks 1, 2 & 5 Clanwilliam Court	Office	93k	141k office 11k ancillary	€59m	– Redevelopment opportunity post 2021 – Potential to add significantly to existing NIA across all three blocks and create an office cluster similar to Windmill Quarter (with Marine House) – Provisional planning received for 152k sq. ft. redevelopment – subject to appeal
Harcourt Square	Office	122k	337k office	€77m	– Leased to OPW until Dec-22 – Site offers potential to create cluster of office buildings with shared facilities or a major HQ – Planning granted for 337k sq. ft of offices (343k including reception), +9% over previous planning
One Earlsfort Terrace	Office	22k	28k	€20m	– Current planning permission for two extra floors (6k sq. ft.), expiring Jul-21 – Potential for redevelopment as part of wider Earlsfort Centre scheme
Total office & ancillary		**278k**	**566k**	**€186m**	– Total area post completion +5% since Mar-19
Mixed-use					
Newlands (Gateway)	Logistics/ land	143.7 acres	n/a	€48m[2]	– Strategic transport location – Potential for future mixed-use redevelopment subject to re-zoning
Dublin Industrial Estate	Logistics	119k on 6.8 acres	n/a	€11m	– Strategic transport location – Potential for future mixed-use development subject to re-zoning
Malahide Road Industrial Park	Logistics	66k warehouse & 17k office on 3.8 acres	n/a	€8m	– Potential for future mixed-use development subject to re-zoning
Total mixed-use		**154.3 acres**	**n/a**	**€67m**	– Total land area +5% since Mar-19

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

ASSET MANAGEMENT

Net capital expenditure on maintenance items amounted to €0.8m in the financial year or €0.4m net of a refund (2019: €1.8m). Contracted rent increased by 14.1% to €65.7m (March 2019: €57.6m) as a result of:

- New lettings/licence agreements and variations to existing leases adding €6.3m;
- Rent reviews concluded adding €2.7m;
- Acquisitions adding €0.8m; and
- Lease expiries, breaks, surrenders and adjustments reducing contracted rent by €1.7m.

Some other key statistics at 31 March 2020:

- The vacancy rate in the in-place office portfolio was 7% based on lettable area (March 2019: 12%), and this available space has an ERV of €4.0m (March 2019: €8.0m);
- Average rent across the in-place office portfolio was €50psf (March 2019: €47psf);
- Two office rent reviews were active over 30,000 sq. ft. of office space, with a modest (<€1m) uplift in contracted rent expected (March 2019: nine rent reviews active over 86,000 sq. ft. with a €2.1m uplift expected). Please see page 56; and
- Please see page 59 in the Financial review for rent collection statistics.

Portfolio contracted rent roll

€65.7m

(2019: €57.6m)

In-place office vacancy rate

7%

(2019: 12%)

Summary of letting activity in the financial year

Offices:

- Five new lettings and one licence agreement on 91,000 sq. ft., adding gross rent of €5.7m per annum, or €4.3m per annum net of expiries, breaks, surrenders and adjustments on let or licensed space. The weighted average periods to break and expiry for the new agreements were 6.0 years and 11.9 years, respectively
- Nine rent reviews concluded over 99,000 sq. ft., adding a further €2.7m of rent per annum: in aggregate the revised rents were approximately 96% above the previous contracted rents and 2% ahead of the ERV at the date of review

Retail:

- One new letting of 2,000 sq. ft. at an initial rent of €0.1m per annum

Residential:

- Letting activity and lease renewals on our 331 residential units added incremental net annual rent of €0.2m in the financial year
- All let units are subject to the rental cap regulations

Summary of letting activity since financial year end

Offices:

- One pre-let on 24,000 sq. ft., generating €1.5m per annum of new rent. The period to expiry for the new lease is 10 years

Key asset management transactions by property

- **2WML, South Docks:** all 60,000 sq. ft. of office accommodation in the building was let to Udemy and Zalando in the financial year, at rents well ahead of the prevailing ERVs. The weighted average term of the leases was 12.8 years and the term certain was 6.1 years.
- **2 Cumberland Place, D2:** the 58,000 sq. ft. building remains under construction (see further details on page 54). In April 2020 we agreed to lease 24,000 sq. ft. to 3M Digital Science Community Ltd, a subsidiary of 3M Company, on a 10 year lease on terms ahead of the September 2019 ERV.
- **Cannon Place, D4:** following the completion of necessary remedial works in the financial year the 16 units were furnished and are now being re-let. As at 31 March 2020 four units were let. The remaining units are occupied on a temporary, pro bono basis by healthcare staff assisting with the COVID-19 crisis.
- **Hardwicke House & Montague House, D2:** six of the seven rent reviews outstanding in the buildings at 31 March 2019 were settled in the financial year. The reviews covered 58,000 sq. ft. and resulted in an aggregate €1.6m increase (+97%) in the passing rent to €3.3m per annum. Two rent reviews over 30,000 sq. ft. are outstanding.
- **The Observatory, South Docks:** we completed two lettings on 14,000 sq. ft. and one rent review on 36,000 sq. ft., adding a net €1.6m to our contracted rent. The weighted average term of the new agreements was 4.6 years and the term certain was 3.8 years.
- **South Dock House, South Docks:** all 9,500 sq. ft. of the property, part of which was occupied by Guggenheim and part of which served as the Hibernia head office, was let to Irish Residential Properties REIT plc on a lease with term certain of 10 years, which commenced in December 2019. The Hibernia head office has moved to the ground floor suite in 1WML.
- **Flexible workspace arrangement:** the flexible workspace arrangement with Iconic Offices in 21,000 sq. ft. of Block 1, Clanwilliam Court performed well in the year. 99% of workstations were occupied at 31 March 2020 (c. 90% of revenue from the arrangement) and 76% of the available co-working memberships were contracted at the same date. At 30 April 2020 96% of workstations were occupied and 65% of the co-working memberships were contracted.

Key in-place office properties with vacancy at year end

As noted above, the in-place office portfolio vacancy rate reduced from 12% at 31 March 2019 to 7% at 31 March 2020 as a result of letting activity in the year. The main office investment assets with vacancy are:

- **Central Quay, South Docks:** 25,500 sq. ft. of office accommodation is available to lease.
- **The Forum, IFSC:** all 47,000 sq. ft. of office accommodation and 50 car parking spaces are available to lease.
- **Other:** 11,000 sq. ft. of available space.

SUSTAINABILITY

As set out in the Sustainability Report we publish each June (see www.hiberniareit.com/sustainability for more details), we are making good progress in improving our sustainability performance. In the 12 months to 31 December 2019 we achieved reductions of 13% for both LFL energy consumption (gas and electricity) and greenhouse gas emissions (Scope 1 and Scope 2 emissions) from the areas under our control in our offices. Since 2016, we have achieved a reduction of over 25% in greenhouse gas emissions intensity from landlord-obtained utilities in our offices on a LFL basis and a reduction of over 20% on an absolute basis. In the financial year we received our second successive EPRA Gold Award for the quality of our sustainability performance disclosures and we received three stars in the GRESB 2019 Assessment, improving our score by 17 percentage points over prior year to 75%.

Reflecting the increasing importance of sustainability and to ensure we continue to improve in all aspects of our sustainability performance we created a full-time Sustainability Manager position and recruited Neil Menzies to the role in January 2020. Some specific areas of focus for us include:

- Improving the speed and scope of our sustainability data collection to allow us to drive further efficiencies in the operation of our assets;
- Integrating climate change measures by moving the portfolio towards net zero carbon emissions and considering science-based sustainability targets.

GRESB three stars with

75% score

(2019: GRESB three stars with 58% score)

FINANCIAL REVIEW

As at	31 March 2020	31 March 2019	Movement
IFRS NAVPS	**179.8c**	174.7c	+2.9%
EPRA NAVPS[1]	**179.3c**	173.3c	+3.5%
Net debt[1]	**€241.4m**	€217.1m	+11.2%
Group LTV[1]	**16.5%**	15.6%	+0.9pp
Financial period ended	**31 March 2020**	31 March 2019	Movement
Profit after tax	**€61.0m**	€123.5m	-50.6%
EPRA earnings[1]	**€38.1m**	€27.5m	+38.7%
Diluted IFRS EPS	**8.8c**	17.6c	-49.8%
EPRA EPS[1]	**5.5c**	4.0c	+39.9%
Proposed final DPS[1]	**3.0c**	2.0c	+50.0%
FY20 DPS[1]	**4.75c**	3.5c	+35.7%

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 Supplementary Information at the end of this report.

The key drivers of the 6.0 cent increase in EPRA NAV per share from 31 March 2019 were:

- 6.5 cent per share from the revaluation of the property portfolio, including 2.7 cent per share in relation to developments;
- 5.5 cent per share from EPRA earnings;
- Other items, primarily the share buyback, increased NAV by 1.0 cent per share;
- Payment of the FY19 final and FY20 interim dividends, which reduced NAV by 3.8 cent per share; and
- The 1.5pp increase in commercial stamp duty, which reduced portfolio value and NAV by 3.2 cent per share.

EPRA earnings were €38.1m, up 38.7% compared with the prior year as a result of:

- A €5.3m increase in net rental income (+9.9%) to €58.6m (2019: €53.3m), principally due to the commencement of the office lease in 1SRJQ in June 2019 and the successful completion of a number of new lettings and rent reviews. This increase came despite the sale of two assets in the prior year and the cessation of the office lease in the Forum in March 2019; and
- A €5.9m reduction in operating expenses (-30.6%) to €13.4m (2019: €19.3m) mainly due to the expiry of the Investment Management Agreement in November 2018 and its replacement with a new, lower-cost remuneration scheme.

Profit after tax was €61.0m, a reduction of 50.6% over last year, primarily because of higher revaluation gains in the prior year and due to the stamp duty increase in October 2019 which reduced portfolio value by an estimated €22m in the year. The prior year saw the delivery of our major development projects at 1SJRQ and 2WML and also saw significant yield compression within the residential sector.

EPRA EPS
5.5c
(2019: 4.0c)

FY20 DPS
4.75c
(2019: 3.5c)

FUNDING POSITION

Group leverage target: *our through-cycle target remains a loan to value ratio of 20-30%.*

The Group's debt funding is fully unsecured and comprises a revolving credit facility ("RCF") and private placement notes. The weighted average maturity of the Group's debt at 31 March 2020 was 4.4 years (2019: 5.4 years) and no repayments are due before December 2023. Please see the table below for further details.

Instrument	Quantum	Maturity date	Interest cost	Security
Revolving credit facility (five year)	€320m	December 2023	2.0% over EURIBOR on drawn funds 0.8% undrawn comm't fee (fixed)	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**

At 31 March 2020, net debt was €241.4m (2019: €217.1m), equating to an LTV of 16.5% (2019: 15.6%). The main capital expenditure items increasing the net debt in the financial year were development expenditure of €21.3m, gross acquisition expenditure of €23.3m and the share buyback of €25.0m (see further details on each of these on page 53, 54 and below in this Annual Report), which were partly offset by the receipt of €35.2m from the sale of 77 SJRQ, which was agreed in the prior year. Cash and undrawn facilities at 31 March 2020 amounted to €154m or €136m, net of committed expenditure (2019: €178m and €143m, respectively). Assuming full investment of the available facilities in property, the LTV, based on market values at 31 March 2020, would be c. 25%.

The Group has significant headroom on the financial covenants on its borrowings: the table below outlines the principal financial covenants and the headroom above each as at 31 March 2020. Nonetheless, given the potential financial impact of COVID-19 on our business and our markets, we are seeking to preserve capital wherever possible. We have also increased the minimum cash balance we maintain at all times to €20m for liquidity reasons.

Key covenant	Calculation	Requirement	**At 31 March 2020**	Headroom to covenant limit
Loan to value	Gross debt / (portfolio value + cash)	<50%	**17.5%**[1]	Portfolio value would have to fall 65% before breach
Interest cover ratio	Underlying EBIT / total finance costs	>1.5x	**6.3x**[2]	Underlying EBIT would have to fall 76% before breach
Net worth	Net Asset Value	>€400m	**€1,231m**	Net Asset Value would have to fall 68% before breach

1. Please note, reported LTV is calculated as net debt / portfolio value, giving 16.5%.
2. Based on 12 month historic interest cover.

INTEREST RATE HEDGING

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

At 31 March 2020 the Group had €75m of fixed coupon private placement notes and the interest rate risk on the RCF drawings of €187m was mitigated by hedging instruments covering €125m of notional exposure as set out below. This means 67% of the interest rate risk on the RCF drawings was hedged and 76% of the Group's overall interest rate risk on its debt was fixed or hedged.

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

CAPITAL MANAGEMENT

In November 2019 we completed a €25m on-market share buyback programme, having repurchased and cancelled a total of 17.6m shares at an average price of €1.42 per share, well below the prevailing EPRA NAV per share. The buyback programme was launched in April 2019 to return the majority of the proceeds of €35m from the sale of 77 SJRQ to shareholders.

In March 2020 we received final Court approval for a capital reorganisation to convert €50m of share premium into distributable reserves in order to increase our flexibility for future capital management following approval from shareholders to do so at the AGM in July 2019. As at 31 March 2020 our share premium account had a balance of €630.3m and we had distributable reserves of €35.5m. The capital reorganisation was effective as of 9 April 2020. Given current economic conditions we have no plans to return further capital to shareholders at present.

RENT COLLECTION

Our tenants are important stakeholders in our business and we have been working closely with them to offer support, where needed, through the current COVID-19 crisis.

Commercial tenants

We are assisting our commercial tenants (c. 90% of our rent roll) with their cash flow by allowing them, where needed, to pay rent on a monthly basis. In addition, where our tenants are suffering particularly severe negative impacts from the restrictions on movement, we have allowed some deferral of rent. Overall, the impact on our rent collection statistics to date has been modest, as set out below:

Rent collected	Quarter ending June 20	Quarter ending March 20	Quarter ending June 19
Within seven days	89%	93%	92%
Within 14 days	89%	94%	97%
Within 30 days	90%	98%	97%
Within 60 days	94%	99.5%	99.5%
More than 60 days	95%	100%	100%
Monthly rent	0.5%	–	–
Deferred rent	3.5%	–	–
Rent outstanding	1%	–	–

Residential tenants

Where requested we are also assisting those residential tenants who are in difficulty. Again, the overall impact on our residential rent collection statistics to date has been modest with 97% of the rent due for the month of May having been collected at this point, compared to recent months which have tended to be 99% or better.

DIVIDEND

Group dividend policy: *to distribute 85-90% of rental profits via dividends each financial year, in compliance with the requirement of the Irish REIT legislation to distribute at least 85%. The interim dividend in a financial year will usually be 30-50% of the total ordinary dividends paid in respect of the prior financial year.*

The Board has proposed a final dividend of 3.0 cent per share (2019: 2.0 cent), taking the total dividend for the financial year to 4.75 cent per share. This is a 35.7% increase on prior year (2019: 3.5 cent) and represents 86% of EPRA EPS for the financial year (2019: 89%). Subject to approval at the Group's AGM on 29 July 2020, the final dividend is expected to be paid on 31 July 2020 to shareholders on the register at 3 July 2020. The final dividend will be a Property Income Distribution 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 Group's registrar, to reinvest the cash dividends paid by Hibernia in the purchase of existing ordinary shares in the Company. The terms and conditions of the DRiP and information on how to apply are available on the Group's website.

Q/E June rent collected within 30 days

90%

(2019: 97%)

Q/E June rent collected within 60 days

94%

(2019: 99.5%)

TAX CHANGES INTRODUCED IN FINANCE ACT 2019

In the 2020 Budget announced in early October 2019 and the subsequent Finance Act, which came into law in December 2019, the Irish Government announced a number of changes to the taxation of Irish property which can be categorised into those that directly impact the Group (either immediately or possibly at some point in future) and those that do not. We summarise these changes below and estimate the impact for the Group where possible and/or appropriate.

Main tax changes directly impacting the Group

Overview	Type of change	Effective from	Impact on Hibernia
Stamp duty increased from 6% to 7.5% on all commercial property transactions in Ireland	Market change	9 October 2019 (unless a binding contract was in place before this date and it completed by 31 December 2019)	• C&W, the Group's Valuer, estimates that without the increase in stamp duty, the value of the Group's portfolio at 31 March 2020 would have been 1.5% higher (€22m) • This means the increase in stamp duty resulted in a 1.8% (3.2c) reduction in the Group's NAV per share at 31 March 2020
Increase in the rate of dividend withholding tax ("DWT") from 20% to 25% for all dividends paid by Irish companies	Market change	1 January 2020	• The change affects shareholders directly • The impact will vary depending on the individual circumstances of each shareholder and whether relief is available under a tax treaty
Where an entity ceases to be a REIT, there will no longer be a deemed disposal and reacquisition of the assets at market value unless the REIT has been in existence for 15 years or more	REIT change	9 October 2019	• No immediate change for the Group • If Hibernia ceased to be a REIT before the expiry of the 15-year period (i.e. before December 2028), this means the original tax base cost of the assets would apply to subsequent disposals, not the market value at the date of cessation • This could create latent tax for any bidder and reduce the price it would be prepared to pay to acquire the Group
85% of any proceeds a REIT generates from the sale of a rental property which are not: • Reinvested within a three-year window (spanning one year before and two years afterwards) • Used to repay debt specifically used to acquire, enhance or develop that rental property • Distributed to shareholders within two years of sale (and thus subject to DWT) will be taxed at 25% (an effective rate of 21.25% on the uninvested proceeds)	REIT change	9 October 2019	• No immediate impact • With low LTV and a pipeline of potential future development projects with significant capital expenditure requirements, it is unlikely that Hibernia will fail to reinvest any future sales proceeds within the three-year window in the near term or the medium term
REITs are now subject to a 'wholly and exclusively' test for expenses in arriving at exempt income. Any amount of expenses deemed not to be incurred 'wholly and exclusively' for the purposes of the property rental business of the REIT will be subject to a 25% tax charge	REIT change	1 January 2020	• No immediate impact • It is understood that this measure is not intended to create a tax charge for expenses incurred 'wholly and exclusively' for the residual business of the REIT

Tax changes not directly impacting the Group

Irish Real Estate Investment Funds ("IREFs"): anti-avoidance rules were introduced for IREFs. Broadly these seek to counteract perceived aggressive tax planning by some IREFs by disincentivising the use of high levels of debt and excessive costs as a means of reducing profits liable to IREF tax. While the changes do not directly impact the Group, with almost €17bn of property held within IREF structures at the end of 2017 (source: Central Bank of Ireland) any changes which negatively impact IREFs may indirectly affect the wider property market

Schemes of arrangement: stamp duty on corporate acquisitions undertaken by a scheme of arrangement was increased to 1% (previously 0%).

SUSTAINABILITY AT HIBERNIA

SUSTAINABILITY HIGHLIGHTS OF THE YEAR

Appointment of Neil Menzies as Sustainability Manager

Carried out sustainability materiality assessment and corporate governance roadshow with investors

Alignment to the United Nations Sustainable Development Goals

13%
reduction in absolute energy consumption across total portfolio

13%
reduction in LFL Scope 1 and Scope 2 greenhouse gas ("GHG") emissions intensity across our multi-let office portfolio

Measured impact of our Scope 3 GHG emissions for the first time

Zero waste sent to landfill

1SJRQ development received LEED Platinum certification

€349,000
raised for Dublin Simon and other charities through Dragons at the Docks 2019

For more information, read our Sustainability Report 2020

"The sustainability priorities we had previously identified remain broadly relevant and are now aligned with the UN SDGs."

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

Sustainability is an integral part of our strategy and something we believe is crucial to achieving our target of delivering long-term value to our stakeholders. Our ambition is to make Hibernia a leader in sustainability in Ireland, both in the property sector and more broadly, and we set out how we plan to achieve this, and our progress to date, in our standalone Sustainability Report 2020 which is available on our website at www.hiberniareit.com.

The COVID-19 outbreak is causing considerable disruption to the way we work and to the economy at large. Very few of our stakeholders, from tenants through to our local communities, will not have been impacted by the pandemic and we have been working hard to support them. Our teams will continue to adapt and support our stakeholders as the COVID-19 situation develops over the coming months. Please refer to page 15 of this report for a summary of the impacts and actions to date.

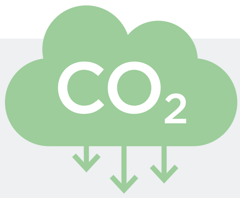
Please do take the opportunity to read our Sustainability Report 2020 and we will be pleased to receive any feedback you have.

Kevin Nowlan
Chief Executive Officer

Greenhouse gas emissions ("GHG")

In 2019 we reduced our Scope 1 and 2 GHG emissions 13% LFL. We have determined our Scope 3 emissions for the first time in this Report with the intention being to set a net zero carbon pathway for the business.

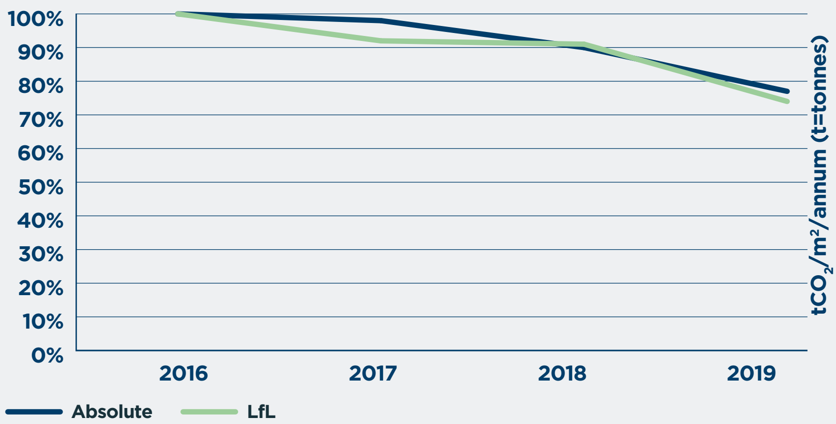
Read more in our Sustainability Report 2020 on pages 5 and 21



Scope 3 GHG emissions

22,000 tCO_2e

Carbon intensity reduction from 2016 through to 2019 ($tCO_2/m^2/yr$)



SUSTAINABILITY AT HIBERNIA

Our Sustainability Policy has been developed to ensure that Hibernia operates in a responsible and sustainable manner, having regard to its stakeholders and the environment. The Policy's principles were reviewed in the light of our recent corporate governance roadshow and the materiality assessment carried out in early 2020, and have been aligned with the UN SDGs.

Read our Sustainability Policy at www.hiberniareit.com

HOW WE DEFINE SUSTAINABILITY

The policy consists of five key principles which are embodied in our day-to-day business:

1. RESPONSIBLE ASSET MANAGEMENT
2. DELIVERING SUSTAINABLE BUILDINGS
3. POSITIVELY IMPACT COMMUNITIES
4. SUPPORTING OUR SUPPLIERS
5. DEVELOPING OUR EMPLOYEES

For each of the principles, we have a series of targets. These form our Sustainability Strategy.

Read more about our targets in our Sustainability Report 2020 on pages 20 to 33

HOW WE MANAGE SUSTAINABILITY

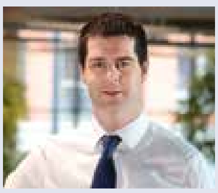
Hibernia's Board has ultimate oversight for all aspects of the business, including sustainability. The Board reviews and approves the Group's Sustainability Strategy, Sustainability Policy and other policies, and receives updates from the Sustainability Committee, which, along with other Executive Committees, meets at least once a quarter.

Day-to-day, Hibernia's sustainability programme is run by Neil Menzies, our Sustainability Manager, with input and support as required from the CFO and other team members.

We identify stakeholders on pages 20 and 21 and our corporate governance roadshow is discussed on page 85.

Thomas Edwards-Moss
CFO

Neil Menzies
Sustainability Manager



OUR GOVERNANCE FRAMEWORK

Board of Directors
Sustainability programme oversight

Sustainability Committee
Sustainability programme implementation
Chaired by CEO
Attended by heads of departments and others

Sustainability Manager
Neil Menzies

Management of the programme

Internal engagement
Asset management
Development
Finance and IR
Governance and risk
Investment
Marketing
Operations
Events

External engagement
Charities
Communities
Consultants
Educational institutions
ESG ratings organisations
Industry organisations
Industry peers
Investors
Local authorities
Suppliers
Tenants

OUR ALIGNMENT WITH THE UN SDGS REFLECTS OUR COMMITMENT TO A SUSTAINABLE FUTURE

THE UN HAS ESTABLISHED THE UN SDGS THAT REPRESENT THE MOST SIGNIFICANT CHALLENGES AND KNOWLEDGE GAPS IN THE WORLD TODAY

The UN SDGs are a set of 17 interconnected goals with 169 actionable targets designed to help our planet achieve an environmentally and socially sustainable future. The goals address the most pervasive global challenges, including poverty, quality of education, and climate change. As a property owner and developer, we are committed to doing our part in addressing the applicable UN SDGs in the local context.

HOW WE APPLY OUR FIVE KEY PRINCIPLES

THE RELEVANT SDGs

RESPONSIBLE ASSET MANAGEMENT

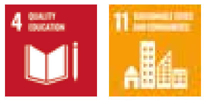
We actively manage our buildings to minimise environmental impact while maximising asset performance and efficiency for our tenants and customers. Where possible, we adopt a 'polluter pays' approach: we have set specific targets in this area to improve the performance of our buildings.

DELIVERING 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.

POSITIVELY IMPACT COMMUNITIES

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

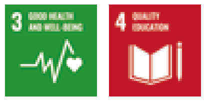


SUPPORTING OUR SUPPLIERS

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.

DEVELOPING 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.

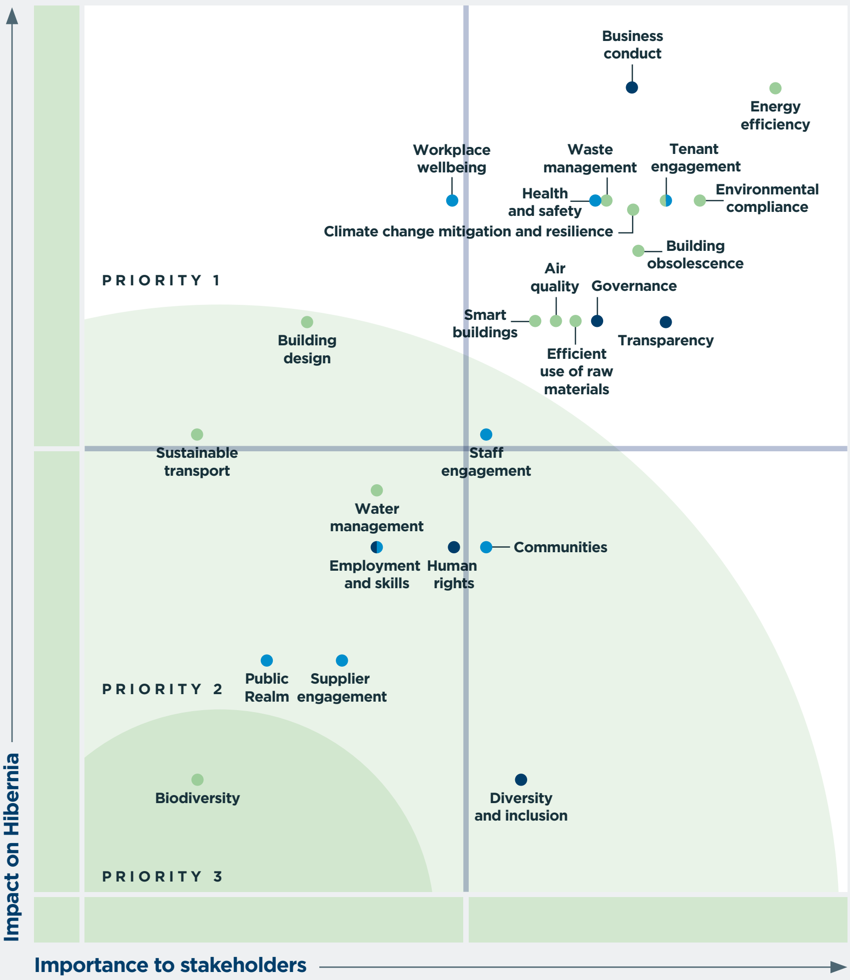


MATERIALITY ASSESSMENT

To reassess the sustainability issues, risks and opportunities that are most important to Hibernia and our stakeholders, we completed our first sustainability materiality assessment in 2020. Together with our other interactions with our stakeholders (see pages 20 and 21), this allows us to prepare the priorities for our strategy as identified below.

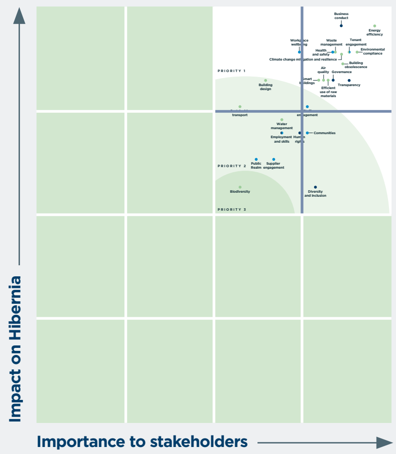
MATERIALITY MATRIX

The chosen topics can be seen in the materiality matrix below and are integrated into the Sustainability Strategy through alignment with the 5 key principles.



Key
● Environmental ● Social ● Governance

GRAPH DETAIL



The materiality matrix is broken into three groups based on their level of priority:

Priority 1:
Report on in detail and where possible include measurable KPI or goal and include external assurance

Priority 2:
Report at least in narrative and wherever possible include a measurable KPI

Priority 3:
Topic to be monitored and managed internally but no reporting required

⊕ Read more in our Sustainability Report 2020 on pages 10 and 11.

OUR POLICIES

Hibernia has created a number of policy documents to ensure we act responsibly in everything that we do across all material ESG issues identified by our stakeholders. These policy documents support our five key principles, laying out how we always manage our Sustainability Strategy and implement our processes and procedures to improve our performance in an ethical and transparent manner. We review and amend our policies as our sustainability risks and material issues change, and develop new policies to assist our employees in meeting their own sustainability goals.

⊕ Read more on pages 77 and 83.

Q&A WITH OUR SUSTAINABILITY MANAGER, NEIL MENZIES

How have you found your first six months at Hibernia and what are you most excited about?
I've really enjoyed my time so far and the Company's open and collaborative culture. Hibernia has already achieved a lot, but what I am really excited about is the next stage. I will be helping to bring the Sustainability Strategy to the next level and setting new and ambitious targets, informed by new real-time performance data across our managed portfolio, whilst engaging with colleagues, tenants and suppliers to bring about meaningful change. These goals, as well as driving the climate change agenda to reduce the carbon impact of our business, really excite me. Hibernia is in a great position to be at the forefront of change in Ireland and I look forward to helping the Group achieve this.

What do you see as being the key sustainability challenges?
As we emerge from the COVID-19 pandemic we need to develop a greater understanding of the major risks for our business, in particular climate change and how it impacts our assets and the needs and requirements of our key stakeholders, our investors and tenants. Only then can we develop efficient solutions to mitigate these risks and future proof the business. Achieving a meaningful reduction in our overall environmental impact is also dependent on the actions of our suppliers and tenants so we need to work closely with them in this, as well as other areas.

To what level is sustainability embraced by Hibernia? Is there room for improvement?
I am pleased to say that sustainability is embraced across the organisation. For example, we had a very good level of engagement from our Non-Executive Directors in the sustainability materiality assessment undertaken to inform the latest strategy and we held, via conference call, another corporate governance roadshow earlier this year. Similarly, our building managers are enthusiastic about learning to make the operation of our managed buildings more efficient, driving down our carbon impact as they do so. The next level will be to set a framework for how we develop buildings more sustainably, working collaboratively with tenants to evolve our sustainability strategy and engaging suppliers to bring about new solutions and technologies that will support our staff in our efforts.

"We consider climate change to be one of the principal risks to the business."

What drives the emphasis on making a difference in your communities?
We are developing buildings that provide a unique user experience for our tenants but we have to be mindful of the impact that these buildings also have on the local community, from the disturbance that is caused during development right through to the potential for positive interactions and job creation once the building is open. The Windmill Quarter is a great example, where we have sponsored local sports teams and youth group trips, upgraded school facilities and made extensive improvements to the public realm making it a safer and more enjoyable environment in which to live. We have brought local school and university students into our 1WML building to show them the finished product and unique design features. One of the five key principles of our Sustainability Policy is to positively impact communities and we must follow through on our commitment and strengthen our community engagement focus by getting all staff involved in the process. I look forward to further developing relationships with universities and outreach groups to support local employment initiatives for the property industry.

Why has Hibernia chosen to align with the UN SDGs?
I have always been an advocate of the 17 UN SDGs and the role that business should be playing in working towards their 169 targets. By carrying out a sustainability

materiality assessment and aligning our Sustainability Strategy with the SDGs, we are demonstrating our commitment to local and global change for the better. An added benefit is how well the SDGs resonate with staff, which will further assist with embedding sustainability within the organisation. You can read more about the SDGs and our alignment with them on pages 12 and 13.

How is Hibernia addressing the issue of climate change resilience?
We consider climate change to be one of the principal risks to the business. We must fully understand the impact that we are having and the risk that climate change poses to us. We have reported our Scope 1 and 2 emissions for several years now and this year we are also disclosing our estimate of our indirect, Scope 3, emissions. The next step will be to assess pathways to net zero carbon for the business over the next 20 to 30 years, looking at how we remove, reduce and offset our emissions. Alongside this, we will assess the transition risks and physical risks of climate change with a view to adopting the TCFD recommendations.

And what about your own approach to sustainability, outside of work?
I am passionate about living a sustainable life and believe that we can all do our bit to protect the environment and help to shape better communities. I have been keeping bees in my garden for three years now and have planted flowers and trees to attract not just the honey bees, but lots of other insects and wildlife vital for biodiversity. The honey that I harvest each year is enjoyed by my family and friends. I try to keep my travel-related emissions to a minimum, so I drive a fully electric car and take public transport to get to and from work. Producing your own food is also important and at home I grow my own vegetables and have chickens, whilst a number of years ago I was involved in the development of a community-based allotment project which now has over 300 plots. We can all do our part and have fun doing so.

OUR PRIORITIES IN 2020

Real-time data system

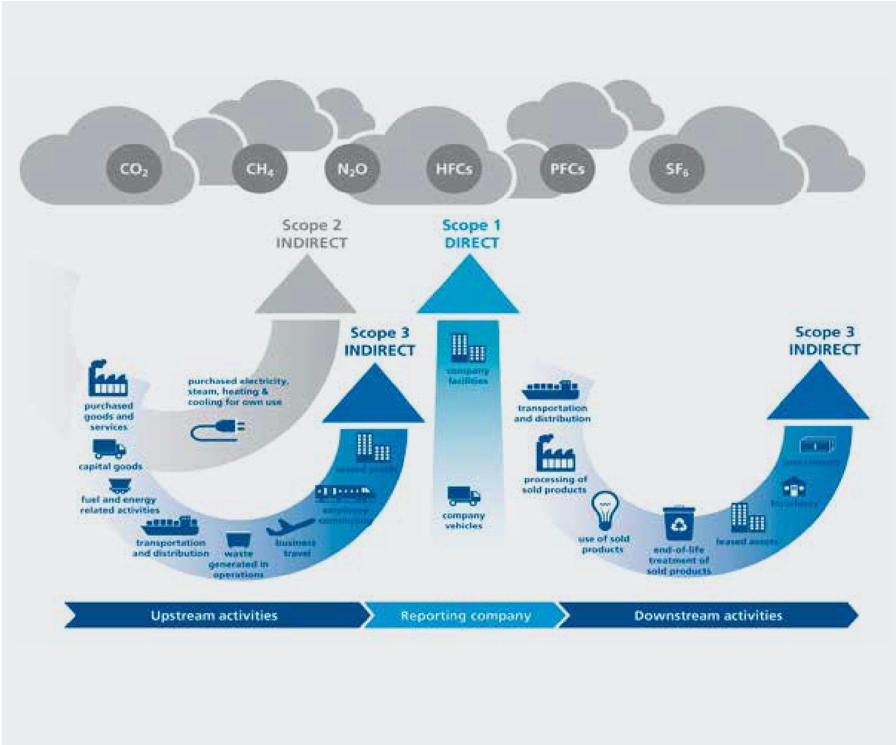
In 2020 we will continue to roll out our real-time energy and resource use data monitoring system across all of our managed assets to empower our building managers to make more informed decisions when optimising the building management systems for our tenants. We will allow tenants the option to have their own energy data added to the system and explore further options to monitor plant and equipment and ambient conditions of tenant spaces in real time to further drive efficiencies.

CDP

We intend to report to CDP under the climate change real estate questionnaire for the first time in summer 2020. This will prepare us for integrating the TCFD recommendations into our Strategy for 2021 and support our overall climate change objectives.

TCFD integration

We are aware of the importance of having clarity on the climate-related risks to our business and are considering implementing the recommendations of the TCFD. This will involve input from a number of departments and will embed a greater understanding of the risks that face the company and the potential for 'stranded assets' if such risks are left unaddressed.



Suppliers and tenants scope 3 GHG emissions

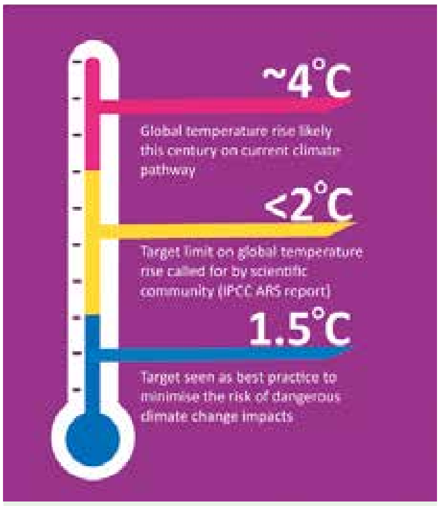
Suppliers and tenants contribute to the majority of our Scope 3 GHG emissions. In 2020 we will start to put together a strategy for how we intend to work with both sets of stakeholders, firstly to gain the most accurate information on their associated GHG emissions and, further to this, to support them in how we can work side by side to reduce such emissions. This will create a win-win for both Hibernia as well as our suppliers and tenants.

ESG due diligence in investment decisions

When we acquire new assets, our investment team will be required to delve deeper into the sustainability risks and opportunities associated with target properties and sites. To assist them, we will develop a sustainability investment brief outlining the minimum and additional ESG due diligence requirements that should be completed for each acquisition before Board approval is sought.

Science-based targets

In line with our plans to develop a net zero carbon pathway and to keep our GHG emissions reduction strategy in check and aligned with the latest findings of the IPCC, we will consider science-based targets that will clearly define our pathway to future proof growth by specifying how quickly and by how much we need to reduce our GHG emissions.



Net zero carbon pathway

In order to drive down our carbon footprint and future proof our assets given the certainty of climate change and related increased costs of construction and management of buildings, we are assessing setting out a pathway for the business over the next 10, 20 and 30 years, looking at how we remove, reduce and offset our GHG emissions.

Tenant engagement

Our tenant engagement will be bolstered by the introduction of our new Sustainability Manager who will be the face of our Sustainability Strategy, meeting with tenants regularly, hosting sustainability events at our Windmill Quarter Townhall, sending out quarterly communications and partnering with tenants to help them meet their own sustainability goals. We will use our tenant survey to further inform the decisions we make to improve the sustainability of our buildings and inform how we proceed with future developments, particularly in regard to post COVID-19 measures to protect tenant health and safety at all times.

Development sustainability brief

Clear sustainability strategies for each new build and refurbishment will future proof our assets. To achieve this, we will create a sustainable development brief that will be the basis of each development's journey to completion, setting out our expectations of all contractors working on the project across all ESG material issues. Central to this will be the carbon footprint of each building and how we reduce the embodied carbon associated with the products and materials used to construct the fabric of each building.

Community engagement

How we engage with our communities requires a formal policy, which we intend to implement in 2020, setting out how we will forge long-lasting partnerships and be good neighbours to those living in the vicinity of our buildings. We will include details of how employees can be a part of the process and what we will commit to supporting on an annual basis.

ONE DOCKLAND CENTRAL, IFSC

CORPORATE GOVERNANCE

CONTENTS

OUR COMMITMENT

We are committed to good governance and transparency as a key element of the Group's strategy.

We had calls with investors representing

32%

of our issued shares on our corporate governance roadshow 2020

(March 2019: 46%)

⊕ Read more on page 85

Board succession was a priority this year with

two

new Non-Executive Directors appointed in the financial year

(March 2019: one)

⊕ Read more on pages 90 and 91

30%

female representation on our Board following the appointment of two female Non-Executive Directors during the financial year

(March 2019: 13%)

INTRODUCTION FROM THE CHAIRMAN

Daniel Kitchen
Chairman

HIGHLIGHTS IN FINANCIAL YEAR 2020

- **Board strategy day to plan future direction**
- **New appointments and succession planning**
- **2018 UK Corporate Governance Code implementation**
- **Capital management and share buyback**
- **Corporate governance roadshow**
- **Established Risk & Compliance Committee (Executive)**

FOCUS FOR FINANCIAL YEAR 2021

- **Succession planning and implementation**
- **Sustainability, alignment with UN Sustainable Development Goals and materiality**
- **Managing through the COVID-19 pandemic**
- **Development pipeline**
- **Review of Remuneration Policy**
- **Consider suggested improvements from Board evaluation review**

Dear fellow shareholder,
This year has been a busy one: while occupational and investment markets were favourable for most of the financial year, we have had to contend with tax changes announced in the October 2019 Budget (see page 60) and more recently the COVID-19 pandemic. COVID-19 has been particularly challenging for everyone, and we discuss this in detail on page 15. From a governance perspective, most of our staff commenced working remotely in mid-March 2020, and the challenge is to keep that environment secure and the Group functioning. All our meetings are for the time being virtual, including our Board meetings. Our information systems were already cloud based and so the move to remote working has been relatively seamless. The impact on the business risks and operational risks has been significant and this is discussed in more detail in our risk management report on pages 38 to 40 and in the principal risks section on pages 42 to 50.

On a more positive note, Hibernia celebrated its sixth birthday as a public company in December 2019. The Group has matured; net rental income has grown to €58.6m, an increase of 10% over 2019 as our completed developments are fully let and have commenced generating rents. Our focus now has shifted more to the future and to medium-term and longer-term projects in our pipeline.

We held a strategy session in December 2019 to reassess our goals and plans. Most of our returns to date have been generated through the completion of our developments and we see our development pipeline as significant in terms of shareholder returns. Management of development risk is therefore of foremost importance. Climate change risk is also a key focus. Future proofing our portfolio means an increasing focus on its green credentials – 2 Cumberland Place is our first fully Nearly Zero Energy Building ("NZEB") compliant project. We continue to be mindful of the importance of good corporate governance and the implementation of relevant provisions of the UK Corporate Governance Code 2018 ("UK Code") was a priority for this financial year. (see pages 86 and 87 for more) We comply with the UK Code and the Irish Corporate Governance Annex ("Irish Annex") except for the provisions on pensions alignment and post-employment shareholdings which are still to be implemented.

With regard to the requirements of 's172', which are included in the UK Code and with which the Company therefore complies, the Directors continue to have regard to the interests of the Group's employees and other stakeholders (see 'Stakeholders' section opposite).

Board activity and composition
The Board met eight times: six 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.

Board succession is an important focus for the Board as four members of the current Board reach the nine-year limit on

THE IMPORTANCE OF PURPOSE, CULTURE AND VALUES

Our purpose
To improve the built environment in Dublin, primarily the stock of city centre offices, providing above average long-term returns for our shareholders and bringing benefits to all our stakeholders.

Our culture
- Transparent, honest and fair
- Hard-working and flexible
- Collaborative and inclusive
- Long-term perspective but pragmatic

Our values
- Openness
- Integrity
- Hunger
- Curiosity
- Passion
- Creativity
- Safety
- Sustainability

⊕ **Read more on pages 76 and 77**

100%

attendance for all Directors at scheduled meetings in FY20

their tenures in 2022. We have appointed Grainne Hollywood and Margaret Fleming as independent Non-Executive Directors during the year. Both bring strong Irish property experience. Both have also joined the Nominations Committee and the Investment and Development Committees (executive). We will continue to seek diversity both in experience and gender in future appointments.

Time commitments
The Board noted that some investors had expressed concerns on possible overboarding by certain members of the Board. I have announced that I will step down from the Chair of Workspace Group in July 2020, reducing my Chair positions to three including Hibernia. None of the companies of which I am Chair operates in heavily regulated businesses, such as financial services or the pharmaceutical industry, and only Applegreen has geographically diverse operations. I am able to manage my commitments to the benefit of all of the companies. In addition to completing all my normal duties with the Group, I also undertook our second corporate governance roadshow during the period and oversaw the appointments of Grainne Hollywood and Margaret Fleming to the Board (see pages 90 and 91.

Stakeholder engagement
We believe that engaging with our stakeholders helps us to understand how we can create value in ways that are meaningful to them. To do this the Group considers not only its investors, but also its tenants, employees, suppliers and the communities it operates in when planning its strategy and operating its business. Stakeholder engagement is key to ensure we are meeting their expectations as well as acting responsibly.

We have worked with the Senior Management Team to ensure a continued focus on the engagement of all our people, from Board to employees, through our framework for understanding the critical components of, and actions needed to improve, team functioning and performance. This is a process facilitated externally and around which the whole Group builds its goals, values and culture. As detailed on page 76, we nominated Margaret Fleming as our Designated Non-Executive Director for Workforce Engagement with a view to enhancing Board and employee engagement mechanisms and to strengthening the employee voice in making decisions. This, together with our other efforts to engage with stakeholders, will continue to enhance and inform our decisions.

⊕ **Read more on stakeholder engagement on pages 20 and 21 and on pages 86 and 87.**

Board effectiveness
This year we undertook an external Board performance review. The process, recommendations and actions we plan to take are summarised on pages 82 and 83. I have evaluated the performance of each Director and am satisfied that each Director is committed to their role, provides constructive challenge and devotes sufficient time and energy to contribute effectively to the performance of the Board. The table on page 75 provides a summary of competencies, important to the long-term success of the Group, that each Director seeking re-election at the 2020 AGM brings to the Board. Their full biographies are set out on pages 78 and 79.

Board Committees
Our three Board Committees, Nominations, Audit, and Remuneration, report on pages 89 to 116. In addition to their normal activities, the Audit Committee focused on sustainability, with the publication of our first standalone Sustainability Report in 2019 and the enhanced focus on climate change risks. The Nominations Committee has been busy ensuring Board succession. The Remuneration Committee continues to implement the 2018 Remuneration Policy; the first LTIPs were awarded in July 2019 and the Committee will be commencing its work towards the Remuneration Policy review in 2021. Remuneration reporting is also being continually enhanced; we added our CEO pay ratio for the first time this year, as with the expiry of the IMA arrangements, FY20 was the first year that the CEO was remunerated fully under the Remuneration Policy and this is now meaningful.

Conclusion
In 2020-21 we will continue to focus on delivery of the Group's strategy. Specific tasks include ensuring smooth Board succession, the planned 2021 review of the Remuneration Policy and improvements in our focus on culture and values. We also increasingly look at the risks associated with climate change and, in light of our pipeline of projects over the next few years, on development risks in particular.

I would like to take this opportunity to thank my colleagues on the Board for their continued work and dedication. On behalf of the Board, I would also like to extend my thanks to the 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 strategic goals and I am confident that we can continue to deliver value for our shareholders.

Daniel Kitchen
Chairman
16 June 2020

WHAT THE BOARD DID IN THE FINANCIAL YEAR ENDED 31 MARCH 2020

In the 2020 financial year the Group completed and fully let its first cluster, the Windmill Quarter. The development at 2 Cumberland Place has also almost completed and is now 41% pre-let. Our medium-term developments, Clanwilliam Court and Harcourt Square, have received grants of planning and we will receive vacant possession in due course to allow all the projects to commence. The Marine House refurbishment, part of the Clanwilliam Court cluster, can start from as soon as late 2020.

Sustainability has been an important focus in FY20. The cost of climate change is not only in the potential physical risks to Hibernia's portfolio but also the possible impact on returns to investors due to building 'obsolescence'. In planning our developments and major refurbishments, we aim to ensure that sustainability remains a priority. 2 Cumberland Place is our first NZEB development. A dedicated Sustainability Manager has been appointed and he joined us in January 2020. In the year Hibernia made its second, and first public, submission to GRESB, an important European benchmark for the real estate industry, and achieved three stars. Hibernia's membership enables stakeholders to see how the Group compares to other industry members, and the progress that it has made towards improving its sustainability credentials. In FY21 Hibernia is focused on setting a longer-term strategy and improving our sustainability performance in all areas.

The Group continues to work on ensuring Board succession and strength with the appointment of Grainne Hollywood in November 2019 and Margaret Fleming in January 2020. Both have significant Irish property expertise and add both extensive property knowledge as well as diversity to the Board.

"Investors increasingly look for commitment to greener business and Hibernia is a leader in the Dublin office market with 2 Cumberland Place to be one of the first NZEB projects to complete."

KEY ACTIVITIES OF THE BOARD DURING 2019-20

Board discussions have covered a wide range of topics with a significant amount of time spent on the following strategic topics:

Business and strategy

- Overall strategy
- Consideration of new business structures and investment/divestment opportunities
- Review and consideration of development projects
- Progress in leasing existing and upcoming vacant space
- Profitability including KPIs and operational metrics
- Recommended final and interim dividends
- Review of strategic objectives in 2018-19 and approval of objectives for FY20
- Tax changes in Budget 2020
- COVID-19 pandemic monitoring impact and planning response

Stakeholder engagement

- AGM arrangements and consideration of results of the AGM in particular where there were material votes against a resolution
- Review of investor feedback
- Results and corporate governance roadshows
- Employee remuneration and management
- Appointment of Designated Non-Executive Director for Workforce Engagement director (Margaret Fleming)

Risk management and internal controls

- Monitoring and update of risk register
- Establishment of risk appetites and selection and monitoring of risk appetite metrics
- Budget, viability, going concern and stress tests
- Compliance and risk levels
- Levels of authority delegated to management
- Compliance policy statement 2020
- Results of internal audit reporting
- Results of depositary audits due diligence and onsite visit reports
- Managing the risks surrounding COVID-19 both from a business impact and operational response
- Compliance with REIT legislation

Governance

- Conflicts of interest and related party transactions
- Updates from Committees
- Annual performance evaluation of Board and Committees
- Update policies and procedures pursuant to UK Corporate Governance Code 2018 update
- Appointments of two new Non-Executive Directors as recommended by the Nominations Committee as well as discussion around succession plan
- Review of Terms of Reference of Board Committees
- Board delegations and authorised signatories
- Review of Board time commitments and attendance
- Appointment of Edwina Governey as CIO

Corporate reporting and performance monitoring

- Review and approval of external reporting (including recommendations from the Audit Committee); trading announcements and updates, Preliminary Results 2019, Annual Report 2019 and Auditor's Report; Interim Report 2019; Sustainability Report 2019
- External audit, planning and results
- Review and discussion of management reports, KPIs and rolling forecasts
- Remuneration finalised and approved
- First grant of LTIP made
- Remuneration Policy, remuneration awards and performance assessment for Directors and Senior Management Team
- Approval of the issue of shares for the final settlement of IMA performance-related payments for the year ended 31 March 2019

Funding and balance sheet management

- Liquidity status and financing considerations
- Capital management including share buyback, capital reorganisation and gearing
- Compliance with debt covenants

BOARD SNAPSHOT

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 also 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.

Key experience

Property investment, development and management

Financial and corporate finance

Public company experience

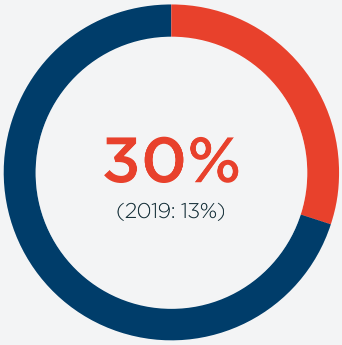
Average age
Non-Executive
65 years
(2019: 67 years)

Average tenure
Total
3.9 years
(2019: 3.9 years)

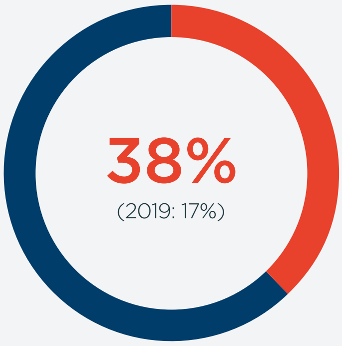
Average tenure
Non-Executive
3.8 years
(2019: 4.3 years)

Gender diversity

Gender (female)
Total Board



Gender (female)
Non-Executives



• Female

Board skills and experience

Name	Finance	Public company	Property	Sustainability	Regulatory
Daniel Kitchen	•	•	•		•
Colm Barrington	•	•			•
Roisin Brennan	•	•			•
Thomas Edwards-Moss	•			•	•
Margaret Fleming			•	•	
Stewart Harrington	•	•	•		
Grainne Hollywood			•	•	
Frank Kenny			•		
Kevin Nowlan			•	•	
Terence O'Rourke	•			•	•

A WIDE RANGE OF BUSINESS EXPERIENCE

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

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 Central Bank, the Listing Rules of Euronext Dublin and the Financial Conduct Authority, the UK Code, the Irish Annex, the Transparency and Market Abuse Regulations and AIFMD rules. 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. 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.

See page 72 for key activities of the Board in FY20

The Board is composed of highly skilled individuals with a range of professional skills, perspectives and corporate experience.

See page 73 for a Board snapshot

See pages 78 and 79 for Board members' biographies

Board of Directors

The Board is collectively responsible for the long-term success of the Group.

The Board ensures that the Group's policy, practices and behaviours throughout the business are aligned with the Group's purpose, culture and values. Our aim is to foster a culture that promotes fairness and where success reflects ability, potential, performance and teamwork.

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

See Schedule of reserved matters at www.hiberniareit.com/about-us/corporate-governance

Biographies: see pages 78 and 79

Board activities in 2019-20: see page 72

Roles and responsibilities: see pages 75

Delegation: Certain matters are delegated to its three principal Committees

Audit Committee
- Oversight of financial and other reporting, including sustainability, ensuring integrity
- Oversight of external auditor and Valuers
- Risk management framework and oversight
- Internal controls and oversight of the internal auditor

Report: see pages 92 to 95

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

Report: see pages 89 to 91

Remuneration Committee
- Executive remuneration, policy and packages
- Oversight of Remuneration Policy and remuneration for all staff
- Advised by PwC London

Report: see pages 98 to 116

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

Senior Management Team

The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Senior Management Team.

Our strategy: see pages 24 and 25

The Team: see pages 80 and 81

Executive Committees

These have oversight of key business activities and risks including:

Investment, development, asset management, risk and compliance, operations, sustainability, health and safety, marketing, finance and investor relations.

Membership comprises Directors, Senior Management Team members and other staff as appropriate.

A formal schedule of matters reserved to the Board is maintained and a copy is available on our website:

See schedule of reserved matters at www.hiberniareit.com/about-us/corporate-governance

The Senior Management Team, with the Executive Committees, 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 oversees the performance of the Group's activities and reviews Group and Company performance and management accounts on a quarterly basis. Strategy is also reviewed periodically.

2018 UK Corporate Governance Code implementation

The Group is compliant with most of the required parts of the UK Code and has discussed pensions alignment and post-employment shareholding requirements with investors and considered market practice. It is our intention to implement policies in respect of these two areas in 2020-21.

Read more on page 86 and 87

Board roles

Role	Incumbent	Responsibilities:
Chairman	Daniel Kitchen	– Leading the Board – Constructive input to mission and strategy – Board and CEO effectiveness and performance – Setting the 'tone from the top' on purpose, values and culture – Meeting with stakeholders and ensuring that their views are understood and included
CEO	Kevin Nowlan	– Setting strategic direction – Implementing agreed strategy – Operational and financial performance – Day-to-day management – Oversight of culture and values – Informing the Board
CFO	Thomas Edwards-Moss	– Financial management and reporting – Managing funding and balance sheet requirements – Investor and other stakeholder relations – Supporting the CEO in developing and implementing strategy
Non-Executive Directors	**Independent Non-Executive Directors:** Colm Barrington, Roisin Brennan, Margaret Fleming, Stewart Harrington, Grainne Hollywood, Terence O'Rourke **Non-Executive Director:** Frank Kenny	– Providing an external perspective and diverse knowledge – Providing constructive challenge and support to decisions – Monitoring the delivery of the strategy within the agreed risk framework – Promoting high standards of corporate governance and integrity
Senior Independent Director	Colm Barrington	– Available for shareholders as an independent voice and approach – Is an independent point of contact in whistleblowing process – Carrying out the performance evaluation of the Chairman – Providing a sounding board for the Chairman and serving as an intermediary for the other Directors when necessary
Designated Non-Executive Director for Workforce Engagement	Margaret Fleming	– Enhancing Board and employee interactions
Company Secretary and Risk & Compliance Officer	Sean O'Dwyer	– Providing advice and assistance to the Chairman and the Board on corporate governance practice, risk management, compliance and induction training and development – Ensuring that all applicable regulations, filings and rules are identified and complied with – Ensuring timely provision of information for Board meetings – Is supported by an independent Assistant Company Secretary in company secretarial matters

The composition of the Board is reviewed regularly to ensure that the Board has an appropriate mix of expertise and experience. The Articles of Association (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. In keeping with best corporate governance practice, corporate policy is that all Directors seek re-election each year at the AGM. 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.

Details of the remuneration of Directors are set out in the Report of the Remuneration Committee on pages 98 to 116.

OUR PURPOSE IS TO IMPROVE THE BUILT ENVIRONMENT IN DUBLIN, PRIMARILY THE STOCK OF CITY CENTRE OFFICES, PROVIDING ABOVE AVERAGE LONG-TERM RETURNS FOR OUR SHAREHOLDERS AND BRINGING BENEFITS TO ALL OUR STAKEHOLDERS.

Our strength is our team
Together we define our culture as part of our performance model. Hibernia has only 36 employees, including Executive Directors and Senior Management Team members, so it is relatively easy for everyone to meet and contribute. However, to keep communication lines open, the Company has designated one of its Non-Executive Directors to be in charge of workforce engagement. An overview of this role is on the right, but it is expected that this is flexible; it will change as feedback is received and requirements change.

OUR CULTURE IS:

Transparent, honest and fair
We aspire to be honest and direct; team members have different insights and opinions that can improve future decisions.

We encourage a culture of open communication and we work together in an open plan office.

Hard-working and flexible
We support flexible working arrangements.

We work with energy and commitment and support and empower our people to develop their skills and experience.

Collaborative and inclusive
We all celebrate our successes.

We encourage teams to take ownership of projects and support each other.

Long-term perspective but pragmatic
We drive sustainable long-term value through best-in-class buildings.

We work with tenants and others to find solutions.

AT THE CORE OF OUR CULTURE ARE THE FOLLOWING VALUES:

Passion and creativity
We are passionate about improving the built environment of Dublin and doing so in creative ways.

Sustainability
We work to ensure the demands of the present do not compromise the future

Read more in our Sustainability Report at www.hiberniareit.com/sustainability

Hunger and curiosity
We value hunger and curiosity to succeed and explore; we encourage our people to have fun while they do this

Safety
We promote the highest standards of health and safety
Read more on page 77

Integrity and openness
Our teams act with integrity and honesty and strive to do the right thing
Read more on page 83

Hibernia believes that the working environment is one of the important aspects of building the excellent teams needed to support the strategy. The office space is designed as open plan, so everyday communication is encouraged; informal engagement strengthens team cohesiveness and performance. The Board and Committees encourage participation by all team members. Informal events and feedback sessions foster good relationships within the team.

EMPLOYEE ENGAGEMENT WITH THE BOARD

Margaret Fleming has been appointed to the newly formed role of Designated Non-Executive Director for Workforce Engagement in February 2020. This appointment is in response to changes introduced in the UK Code. The Board debated the best approach to these changes and has decided this is the most appropriate response for a company of our size.

We have 36 employees operating in one location and mostly out of one open plan office. There is therefore a high level of visibility of the Board to employees and vice versa. There was already a significant amount of engagement by the Board with employees. Non-Executive Directors are engaged in a number of Executive Committees. Employees regularly attend Board meetings to present and discuss particular issues. The Board and the Senior Management Team have more formal meetings, through Board and Committee meetings and regular strategy days.

This is a new role. We will review its operation and revise responsibilities and actions as they either arise or are agreed between employees and Board in the future. We want this engagement to be flexible and responsive as we feel this is the best way for it to be beneficial for all concerned in future.

As an initial remit we have identified the following actions to implement this role:

- Organise a ‘meet the Board event’ subject to COVID-19 restrictions
- Set up a confidential email address to which employees can submit questions or items for discussion at all staff events
- Attend townhall meetings to present on Board activities and actions and be available to meet with employees as required
- Have input into and review the results of the annual employee feedback survey and other employee surveys that are conducted
- Provide feedback to the Board on employee issues and topics

OUR POLICIES IN FOCUS

Communication
Hibernia actively fosters a team environment. Central to this structure are the team's culture and values. Communication is key to success, both in setting the goals and in ensuring all understand them and work together towards them.
The Board sets the tone for this process by ensuring that everyone understands the strategy, has an opportunity to contribute and is supported towards the goals by resource allocation and by celebration of successes.

Personal development
Staff are encouraged to develop broad skill sets and to be as flexible as possible by facilitating training, mentoring and cross-discipline knowledge sessions. We arrange for external experts to present to the team on a regular basis.

Read more in our Sustainability Report 2020 pages 32 and 33

Performance
People are aligned with the Group's strategy through objective setting and periodic performance reviews. Individual and Group KPIs are linked to variable remuneration. When there is a success such as winning an award, everyone is included in the celebrations.

Read more on pages 111 to 113

Remuneration
Our Remuneration Policy is designed to reward current performance and promote retention over the longer term. The remuneration structure cascades down from the Board; the Remuneration Committee is responsible for setting the policy and managing performance objectives.

Read more on page 112

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 support this objective. Equality and inclusion are core values. The Group has established and maintains appropriate procedures so that any employee who feels that they are being unfairly treated can have their complaints investigated.

As part of our EPRA sustainability measures, we disclose gender diversity information. Full details are available in our Sustainability Report 2020 available at **www.hiberniareit.com/sustainability** page 40.

Employment and labour practices
All employees are made aware of the Group's policies through the Employee Handbook and regular bulletins and also receive training appropriate to their roles and responsibilities. The Employee Handbook also includes formal grievance procedures should normal communication lines break down.

Whistleblowing and grievance procedures
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. Any matters reported under the Whistleblowing Policy are investigated by the Company Secretary or Senior Independent Director. During the year, there were no whistleblowing incidents reported.

The Whistleblowing Policy is available to all employees as part of the Employee Handbook.

Health and safety
Our Health and Safety Committee oversees health and safety practices in the Group and monitors employee and contractor health and safety as well as other aspects.

We report EPRA metrics In our separate Sustainability Report 2020 available at **www.hiberniareit.com/sustainability** on pages 34 to 41. The Health and Safety Policy is available at **www.hiberniareit.com/about-us/policies.**

THE RIGHT SKILLS AND EXPERIENCE TO DELIVER OUR STRATEGY

1. Terence O'Rourke (65)
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, 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 its Council.

2. Grainne Hollywood (57)
Independent Non-Executive Director; Irish

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

Appointed: 5 November 2019

Skills and expertise: Grainne is a Chartered Surveyor and is a specialist in property construction and development matters. She brings more than 35 years of property experience and expertise to the Board of Hibernia.

Current external appointments: Managing Director of Property Solutions and Resolutions Ltd.

3. Stewart Harrington (77)
Independent Non-Executive Director; Irish

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

Appointed: 23 August 2013

Skills and expertise: Stewart is a Chartered Surveyor and 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.

4. Kevin Nowlan (49)

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.

5. Margaret Fleming (55)

Independent Non-Executive Director; Irish

Committee memberships: Nominations Committee Investment and Development Committees (Executive Committees)

Appointed: 20 January 2020

Skills and expertise: Margaret is a Chartered Surveyor with over 30 years' experience in the Irish property market. Until recently she was International Director, Capital Markets at JLL Ireland.

Current external appointments: Non-Executive Director of Activate Capital and Trustee of the Iveagh Trust.

6. Daniel Kitchen (68)

Independent Non-Executive Chairman; Irish

Committee memberships: Remuneration Committee 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 the Nominations Committee.

Current external appointments: Chairman of Workspace Group plc (retiring in summer 2020). Applegreen plc and Sirius Real Estate Limited.

7. Frank Kenny (67)

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; he is one of the founders of Hibernia.

Current external appointments: Founder and Chief Executive Officer of Willett Companies LLC, a property investment company in the US,; Founder and Director of Urbeo Residential Fund ICAV, an Irish housing fund.

8. Roisin Brennan (55)

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.

9. Colm Barrington (74)

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 and Vice Chairman of Finnair.

10. Thomas Edwards-Moss (40)

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 Accountant and qualified at PwC.

Current external appointments: None.

The Directors' responsibilities statement is set out on page 121.

WE USE OUR KNOWLEDGE AND EXPERIENCE OF THE DUBLIN PROPERTY MARKET TO DELIVER OUR STRATEGY.

"Our people are key to our achievements. Our remuneration scheme aims to attract and retain talent and ensure alignment with shareholders by focusing on long-term as well as shorter-term goals."

Our Senior Management Team
Standing, left to right:

Frank O'Neill
Director of Operations

Justin Dowling
Director of Property

Edwina Governey
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

1

Frank O'Neill (61)
Director of Operations

Appointed: He is one of the founders of Hibernia and moved to his current role in January 2019.

Responsibilities and experience: In addition to providing input on strategic property matters and projects, Frank 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 companies. Frank is a Chartered Accountant and a Chartered Surveyor and holds an MSc in Planning.

2

Justin Dowling (43)
Director of Property

Appointed: Appointed Director of Property in January 2019 having been employed with the Group from inception.

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.

3

Edwina Governey (35)
Chief Investment Officer

Appointed: Edwina has been with the Group since 2014 in the investment team and was appointed Chief Investment Officer in May 2019.

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.

4

Sean O'Dwyer (61)
Company Secretary and
Risk & Compliance Officer

Appointed: Sean joined the Group at inception and was appointed Company Secretary in 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 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.

5

Thomas Edwards-Moss (40)
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 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 with PwC.

6

Kevin Nowlan (49)
Chief Executive Officer

Appointed: 5 November 2015.

Skills and expertise: Kevin joined the Board of the Company as Chief Executive Officer in November 2015 having had the same role in the investment manager since inception. 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.

7

Mark Pollard (64)
Director of Development

Retired June 2020 but will continue in a part-time role. Gerard Doherty, currently his deputy, will succeed him.

Appointed: Mark 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 previously worked for the National Asset Management Agency and was responsible for managing a number of key development assets in Dublin and London. Before this he held senior development roles at Treasury Holdings and Asda Property Holdings. Mark is a Chartered Surveyor.

BOARD COMMITTEE AND DIRECTORS' PERFORMANCE EVALUATION CYCLE

YEAR 1	YEAR 2	YEAR 3
INTERNAL REVIEW OF BOARD AND COMMITTEES. CHAIRMAN ALSO REVIEWS EACH NON-EXECUTIVE DIRECTOR PROGRESS REVIEWED INTERNALLY AND AREAS OF FOCUS IDENTIFIED	INTERNAL REVIEW OF BOARD AND COMMITTEES. CHAIRMAN ALSO REVIEWS EACH NON-EXECUTIVE DIRECTOR PROGRESS REVIEWED INTERNALLY AND AREAS OF FOCUS IDENTIFIED	INDEPENDENT, EXTERNALLY FACILITATED REVIEW BOARD AGREE ACTION PLAN TO IMPLEMENT IMPROVEMENTS

The process is divided into four stages:

STAGE 1	STAGE 2	STAGE 3	STAGE 4
SCOPE	DESIGN APROACH AND PLAN	COMPLETE PROCESS AND COLLECT RESULTS	REVIEW AND AGREE ACTION PLAN

Board effectiveness review process

The Board performance evaluation cycle is illustrated above. The scope of the performance evaluation in general is as follows:

- Role, culture and dynamics of the Board
- Board composition, structure and processes
- Strategic focus and mission
- Effectiveness of Board, Committees, Chairman and individual NEDs
- Other matters as identified annually

This scope is reviewed annually to ensure any particular objectives that may be relevant are identified. A range of methods are used to collate results. The internal reviews take the form of questionnaires and interviews of both Directors and Senior Management.

Actions from the 2019 review

The following matters were addressed arising out of the 2019 evaluation:

- 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 induction process has been reviewed and updated

Board effectiveness review 2020

As part of our compliance with the Code we asked Independent Audit Limited (IAL) to carry out an external evaluation of the effectiveness of the Board and Committees and of the Chair. IAL is a consultancy that specialises in the provision of Board evaluation services to a diverse range of organisations across Europe. IAL have no other connection with the Group.

The evaluation consisted of a review of a selection of board papers, the completion of an online questionnaire by the Board and Senior Management team. The questionnaire was designed by IAL based on an initial conversation with the Company Secretary, it looked at a variety of matters including board dynamics and composition, strategic oversight, risk management and internal control, committee functioning, chairman performance, focus of meetings and priorities for change. IAL observed meetings of the Board and Nominations, Remuneration and Audit Committees.

Two reports were issued, one on the effectiveness of the Board and Committees and the other on the effectiveness of the Chair. Overall, the conclusions of both reports were positive showing that the Board and its Committees have a number of key strengths:

- Good leadership and functioning of the board and committees
- Solid oversight of risk and finance

- Good oversight and contribution to the company's strategy development
- Active review of business performance
- A strong chairman who has the unanimous support of the Board

Whilst the outcome of the review indicated that the Board and its members continue to operate to a high standard, the following were among the areas suggested for improvement:

- Succession planning at Board and management level
- How stakeholder views and engagement are considered
- Development of a forward planning annual agenda and clarifying meeting follow up
- More frequent NED-only meetings, both formal and informal

The Board has scheduled a meeting with IAL to discuss the findings of the reports and agree an action plan to implement improvements.

Board environment and access to appropriate information

All Directors are furnished with the information necessary to assist them in the performance of their duties. The Directors utilise an electronic Board library system which provides immediate, secure and complete access to current and past Board papers including information packs for Board and Committee (including Executive) meetings, minutes and other relevant documents.

Directors are, where appropriate, entitled to have access to independent professional advice at the expense of the Company. Hibernia supports continuing education, external professional advice and individual training as appropriate for or requested by Directors.

Ethics

We set certain ethical standards for our employees and suppliers.

The key policies which set out our requirements include:

- **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 with all employees. 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 must also be 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.
- **Supplier Code of Conduct***
  This outlines our expectations of supplier ethics and behaviour. It was reviewed during this financial year.

Read more in our Sustainability Report (pages 30 and 31) at www.hiberniareit.com/sustainability

- **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 Policy***
  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 that affects either party's impartiality or constitutes an undue influence on a business decision.

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. This code is available at **www.hiberniareit.com/about-us/corporate-governance**.

* Policy available at www.hiberniareit.com/about-us/policies

Market Abuse Regulation 2016 ("MAR")

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

Stakeholder engagement

Stakeholder engagement is an important part of our culture of communication. we set out our engagement with our stakeholders on pages 20 and 21. During this year we carried out our first materiality review. This took the form of a survey which was addressed to selections of investors, tenants, employees and others. This process is used for setting strategic priorities around sustainability. Our corporate governance roadshow (see page 85) is used by the Board to identify particular governance issues which are important to our investors. Our investor roadshows address existing and potential investors and use their feedback to inform our strategy.

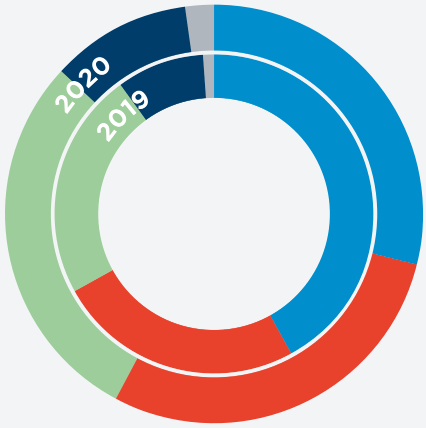
Read more on stakeholder engagement on pages 20 and 21; communication with employees on pages 76 and 77 and communications with shareholders on pages 84 to 86.

KEY INVESTOR RELATIONS STATISTICS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Shareholders by geography

684.7m shares in issue

2019: 697.6m shares in issue

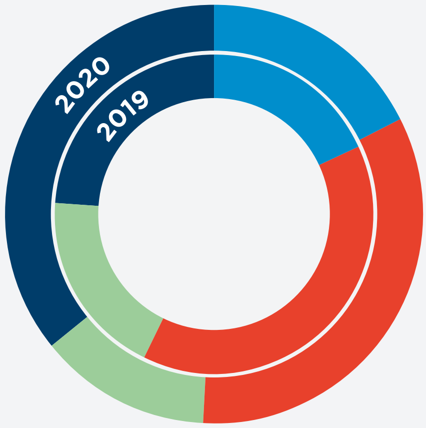


	2020	2019
US and Canada	29%	42%
UK	29%	25%
Continental Europe	29%	23%
Ireland	11%	9%
Rest of World	2%	1%

Investor contact by region

182 contacts

2019: 181 contacts

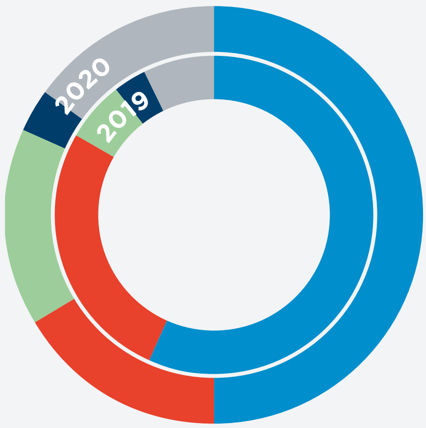


	2020	2019
US and Canada	32	33
UK	61	71
Continental Europe	24	34
Ireland	65	43

Investor contact by method

182 contacts

2019: 181 contacts



	2020	2019
Meeting	91	103
Conference	30	48
Tour	28	11
Meeting & tour	6	6
Telephone call	27	13

Key investor relations activities in FY20

April 2019

Conferences: Davy (Dublin)

May 2019

Investor roadshow: Dublin, London, Toronto, Montreal, Boston, New York

Equity sales meetings: Dublin x2

June 2019

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

Conferences: EPRA (London)

Equity sales meetings: Dublin x1

July 2019

Annual General Meeting

September 2019

Conferences: EPRA (Madrid)

Non-deal roadshows FY20

The Group undertook extensive roadshows following its FY19 and HY20 results – these involved meetings in Ireland, the UK, continental Europe and North America. One of the CEO or CFO attended all meetings and usually both. In addition, the Group attended various conferences and did ad-hoc meetings, calls and site visits.

Corporate governance roadshow

A corporate governance roadshow was held in February 2020. The Company's top institutional investors representing holdings of 1% or more (c. 30 investors) were contacted and offered conference calls. Nine investors (c. 32% of the shares in issue) accepted the invitation. Five responded that they had no issues and did not need to talk. The rest did not respond. Daniel Kitchen, Sean O'Dwyer and Roisin Brennan made these calls.

The agenda covered general corporate governance matters including:

- The progress with Board succession and introduced the new Non-Executive Directors
- Daniel Kitchen's impending retirement from Workspace Group
- The intention to replace the Investment Policy with a business strategy and, once approved by shareholders, seek revocation of our AIFM authorisation from the Central Bank of Ireland
- The intention to circulate a short survey to get feedback on priorities for sustainability measures

The investors were appreciative of the opportunity to have this dialogue. Feedback was positive in general on progress with an increasing interest in the Group's sustainability policy and initiatives. Investors are keen to see improvements in sustainability management and reporting, and while GRESB is the most suitable benchmark for real estate, CDP (formerly the Carbon Disclosure Project) reporting is also desirable and the Group intends to start reporting to the CDP this year. The UK Code update requirements were discussed and pension alignment and Executive Director shareholdings were general issues for investors. Hibernia raised the employer pension contribution rate for employees to 7.0% during the year as a step in the direction of pension alignment. In future, all new members of the Senior Management Team will receive the same rate as employees. For existing members of the Senior Management Team the 15% rate will continue pending a review of options for full alignment. Other issues around remuneration that were raised related to shareholdings, more disclosure, especially the CEO pay ratio, and clawback to cover material issues around reputational damage. Investors were also pleased at the progress in succession planning and increase in diversity with the addition of two more Non-Executive Directors. It was also noted that it is good to see diversity being promoted at Senior Management level. Investors welcomed the Chairman's upcoming retirement from the Workspace Group Board in July 2020, although some still feel three Chair positions is too many.

Market announcements

The Group discloses information to the market as required by the Central Bank of Ireland, Euronext Dublin and the Financial Conduct Authority. This information includes results and trading updates, changes in the Board, changes in major shareholdings and any other information assessed to be price sensitive. In addition, 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.

October 2019

Conferences: Berenberg (London), Goodbody (Amsterdam)

November 2019

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

Conferences: Goodbody (Boston), Goodbody (Dublin)

Equity sales meetings: Dublin x1, London x1

December 2019

Investor roadshow: London

Equity sales meetings: Dublin x1

February 2020

Corporate governance: calls with shareholders in Amsterdam, London, Edinburgh, Paris and New York

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 AGM and that of the next. The Directors are responsible for the convening of general meetings. Information is distributed to shareholders at least 20 business days prior to such meetings to ensure compliance with the Articles and the UK Code.

Quorum

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

Voting rights

- 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.
- 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
  - Approving a change of the Company's name

AGM details (2019 and 2020)	Overview
The 2019 AGM was held on 31 July 2019 in The Townhall, 1WML, Windmill Lane, Dublin D02 F206	All Directors attended Votes in favour of the re-election of Directors >96% other than for Daniel Kitchen where votes in favour were 68% (see page 71 for discussion on time commitments) All other resolutions approved – six ordinary and six special with votes in favour >90%; other than authority to allot relevant securities at 81%
The 2020 AGM is to be held on 29 July 2020 in The Townhall, 1WML, Windmill Lane, Dublin D02 F206	Some Directors may not attend in person but will do so remotely. Seven ordinary resolutions and five special resolutions are being proposed to shareholders
It is expected that a physical meeting will go ahead. However, dial-in facilities will be in place.	

STATEMENT OF COMPLIANCE WITH THE UK CODE

We comply with the UK Code and the Irish Corporate Governance Annex ("Irish Annex") except for the provisions on pensions alignment and post-employment shareholdings which are still to be implemented. We have discussed pensions alignment and post-employment shareholding requirements with investors and are reviewing market practice. It is our intention to implement policies in respect of these two areas in 2020/2021. In the meantime, we have raised the employer pension contribution rate for employees to 7.0% from 1 January 2019 as a step in the direction of pension alignment. In future, all new members of the Senior Management Team will receive the same rate as employees. For existing members of the Senior Management Team the 15% rate will continue pending a review of options for full alignment.

Section 172 ("s172") in this context refers to Section 172(1)(a) to (f) of the UK Companies Act 2006 with which, as an Irish company, Hibernia is not obliged to comply. However, this has been enshrined into governance best practice as part of the 2018 update to the UK Code and, as Hibernia complies with the UK Code, a 's172' statement follows.

's172 statement'

The Board of Directors confirms that during the financial year ended 31 March 2020, it has acted to promote the long-term success of the Company and the Group for the benefit of stakeholders, whilst having due regard to the following matters:

- The likely consequences of the decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly between members of the Company

Disclosures relevant to these matters can be found as follows:

1	**The long term**	• Company purpose • Our business model • Our strategy • Dividend policy	Inside front cover pages 22 and 23 pages 24 and 25 page 59
2	**Employees**	• Culture and people • Our stakeholders • Develop our employees	pages 76 and 77 pages 20 and 21 Sustainability Report 2020 pages 32 and 33
3	**Business relationships and suppliers**	• Our stakeholders • Ethics • Support our suppliers	pages 20 and 21 page 83 Sustainability Report 2020 pages 30 and 31
4	**Community and environment**	• Our stakeholders • Positively impact communities	pages 20 and 21 Sustainability Report 2020 pages 28 and 29
5	**Reputation**	• Culture and people • Ethics • Support our suppliers	pages 76 and 77 page 83 Sustainability Report 2020 pages 30 and 31
6	**Investors**	• Our stakeholders • Investor relations	pages 20 to 21 pages 84 to 86

Stakeholder engagement

How we engage

On pages 20 to 21 we identify our principal stakeholders and set out what their concerns are, how we engage and how we respond. Such engagement takes a number of forms but some examples of more formal methods are the corporate governance roadshow (see page 85), the materiality survey (see page 64) and engagement with our employees (see pages 76 and 77). Together with regular tenant surveys, tenant and supplier meetings, community initiatives and other interactions these inform our decisions. Stakeholder engagement not only allows us to understand the impact of our decisions on key stakeholders, but also ensures we are kept aware of any significant changes in the market, including the identification of emerging trends and risks, which in turn can be factored into our strategy discussions.

In addition to the formal routes we also engage in more informal activities or in response to once off issues, for example charitable / community activities (e.g. the annual Dragons at the Docks, Windmill Live events (see pages 28 and 29 of our Sustainability Report 2020 available at **www.hiberniareit.com**) and COVID-19 actions including letting medical staff stay in vacant properties on a pro-bono basis and supporting local community endeavours. On page 16 we take some of the market trends we have identified through our various engagements and show how we are responding.

How we responded in FY20

In response to items raised from our investors and others we increased our sustainability focus and took the following actions amongst others:

- Appointed a dedicated Sustainability Manager
- Completed our first public submission to GRESB and committed to participate in the CDP benchmark in 2020
- Are considering a 'net zero' pathway and implement science based targets
- Will start to implement Scope 3 disclosures with suppliers

Read more in our Sustainability Report 2020 on www.hiberniareit.com

In 2020 we appointed Margaret Fleming to the newly formed role of Designated Non-Executive Director for Workforce Engagement (see more on page 76).

Directors' attendance at Board and Committee meetings

Directors' attendance at Board meetings	**Financial year ended 31 March 2020** Number of meetings held while a Board member	**Financial year ended 31 March 2020** Number of meetings attended while a Board member	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
Daniel Kitchen	**8**	**8**	8	8
Colm Barrington	**8**	**8**	8	8
Roisin Brennan	**8**	**8**	1	1
Thomas Edwards-Moss	**8**	**8**	8	8
Margaret Fleming	**2**	**2**	–	–
Stewart Harrington	**8**	**8**	8	8
Grainne Hollywood	**4**	**4**	–	–
Frank Kenny	**8**	**8**	8	7
Kevin Nowlan	**8**	**7**	8	8
Terence O'Rourke	**8**	**8**	8	8

Directors' attendance at Board Committee meetings	**Financial year ended 31 March 2020** Number of meetings held while a Board member	**Financial year ended 31 March 2020** Number of meetings attended while a Board member	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
Audit Committee				
Terence O'Rourke	**5**	**5**	4	4
Colm Barrington	**5**	**5**	4	4
Roisin Brennan	**5**	**5**	1	1
Stewart Harrington	**5**	**5**	4	4
Nominations Committee				
Daniel Kitchen	**4**	**4**	4	4
Colm Barrington	**4**	**4**	4	4
Roisin Brennan	**4**	**4**	1	1
Margaret Fleming	**4**	**4**	-	-
Stewart Harrington	**4**	**4**	4	4
Grainne Hollywood	**4**	**4**	-	-
Terence O'Rourke	**4**	**4**	4	4
Remuneration Committee				
Colm Barrington	**3**	**3**	5	5
Daniel Kitchen	**3**	**3**	5	5
Roisin Brennan	**3**	**3**	1	1
Stewart Harrington	**3**	**3**	5	5
Terence O'Rourke	**3**	**3**	5	5

All Directors attended the 2019 AGM. All Directors attended all scheduled Board meetings.

On 5 November 2019 Ms Grainne Hollywood was appointed to the Board. On 20 January 2020 Ms Margaret Fleming was appointed to the Board.

NOMINATIONS COMMITTEE REPORT

Daniel Kitchen
Chairman

Committee members

Members	Term served
Daniel Kitchen (Chairman)	Six years, four months
Colm Barrington	Six years, four months
Roisin Brennan	One year, two months
Margaret Fleming	Two months
Stewart Harrington	Six years, four months
Grainne Hollywood	Five months
Terence O'Rourke	Six years, four months

Dear fellow shareholder,
I am pleased to present the report of the Nominations Committee (the "Committee") for the financial year ended 31 March 2020. As the majority of the independent Non-Executive Directors will have served nine years by the end of 2022, succession was the principal focus for 2019-20 and will continue to be so for the coming year.

The Committee identified and recommended two female candidates for appointment to the Board this year and, after approval by the Central Bank, they were appointed. Both have considerable skills and experience in the Irish property market. Ms Grainne Hollywood was appointed in November 2019 and Ms Margaret Fleming in January 2020 and both also joined the Nominations Committee and the Group's Investment and Development Committees.

Transitional arrangements for the Board were also addressed. The Board is temporarily at its maximum membership of 10. The number of Directors is likely to fluctuate over the coming years as the original members retire and are replaced in their roles by newer members.

At Senior Management level Ms Edwina Governey was confirmed as Chief Investment Officer to replace Richard Ball. Not only does Edwina have the skills and knowledge for the role, but her appointment increases gender diversity at this level of the Group. She has been with the Group since shortly after its inception. Similarly, Gerard Doherty will replace Mark Pollard as Director of Development when he retires in June 2020. Gerard is an experienced development professional and has been with Hibernia since 2016.

The Committee also reviewed the Group's diversity and inclusion policy, and the probity and fitness requirements of the Central Bank.

ROLE OF THE COMMITTEE

- Reviews the structure, size and composition of the Board and its Committees
- Reviews and oversees the succession planning of Directors and members of the Executive Committee
- Leads any appointment process, and makes recommendations to the Board accordingly
- Monitors and responds to developments in corporate governance

Our detailed duties are contained in the terms of reference of the Committee which were reviewed during the year and which can be found on the Company's website at:

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

MEETINGS

There were four scheduled meetings at which all members were in attendance during the financial year.

See pages 90 and 91 for our detailed activities in 2019-20; below are some of highlights for this and key areas of focus for 2020-21.

KEY CONSIDERATIONS IN 2019-20

- Board succession
- Succession: appointment of new Non-Executive Directors
- Appointment of CIO

KEY AREAS OF FOCUS IN 2020-21

- Board succession
- Review of Committee membership
- Diversity

Our search and recruitment process

Objective	External search consultancy appointed (where necessary)	Search process led by Nominations Committee	Selection	Interviews	Appointment	Induction
The requirements are defined: what are the upcoming gaps in the composition, experience and skills?	Identify the appropriate consultancy required to run a recruitment process where necessary.	Review the CVs of proposed candidates; refine and revise the criteria as appropriate.	Selection based on skills and experience but with due consideration of other time commitments, potential conflicts of interest and Board diversity and culture.	Appropriate candidates are approached and interviewed by designated members of the Committee with appropriate knowledge of the skills and other requirements of the post.	The formal appointment process is undergone, which also involves prior approval by the Central Bank as the Company is regulated under AIFMD.	A formal induction process is in place. **Read more below**

MARGARET FLEMING ON HER BOARD INDUCTION PROGRAMME

My induction began shortly after the announcement of my appointment on 20 January 2020. It has been tailored to my needs and adapted as I gave my feedback and input.

I had met the Board prior to my appointment, but once appointed, I had more in-depth meetings with both the Board and the Senior Management Team. To prepare, I was provided with a comprehensive bible of documents including general information on directors' duties, governance and other information essential for new directors. In addition to the legal information, I received comprehensive documentation on the business including things such as corporate strategy, the risk register, the portfolio, corporate policies and procedures and access to all Board and Management Committee meeting minutes. Everything on the meetings (agendas, minutes and presentations) is kept in an online library so that has been very helpful in allowing me to get to know the workings of the Group and having instant access to reference material.

As I'm a member of the Investment and Development Committees, this has also been a good way to get a more in-depth view of the portfolio, and to have the opportunity to meet and interact with many of the employees, thereby getting differing perspectives on the business. I have also been appointed to the new role of Designated Non-Executive Director for Workforce Engagement which is another good opportunity to get to meet the people and understand the culture.

As a property professional, I am familiar with most of the Group's portfolio and plan on visiting the other buildings as soon as practicable, particularly as I'd need to be able to understand and constructively challenge the investment and development plans I would be seeing at the meetings. I'd been around these sites before to some extent, but armed with Hibernia's plans for the future it has been interesting to see the transformations planned. The Clanwilliam Court and Harcourt Square developments are likely to be the next big projects and a large part of the potential future value of Hibernia for investors, so I've focused on these and talking to Mark Pollard, the Head of Development and some of his team.

I'm looking forward to tracking these projects closely and seeing the development and investment strategies in action.

I spent some time with Tom Edwards-Moss, the Group CFO, to discuss the key financial drivers and metrics the Group uses to measure its performance.

I've also met the external advisers, including the Valuer. All these meetings help me to continue to expand my knowledge of the Company and what risk areas we should monitor more closely.

Induction

New Directors receive a full and appropriate induction on joining the Board. This includes a full information pack, meeting the other Board members, the Senior Management Team and the Company's advisers, visits to properties owned by the Group and any other activity as requested.

Succession planning and Board composition

The focus for Board renewal is aligned to Hibernia's strategy and the needs of the business. The Committee has due regard to the composition of the Board in planning succession. Succession planning is one of the responsibilities of this Committee. The Committee may not be chaired by the Chairman when it is dealing with the matter of succession to the Chairmanship of the Company.

The Committee continues to work closely on ensuring succession given that four of the Non-Executive Directors have now served more than six 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 and recommended two female candidates for appointment to the Board this year and, after a selection process and approval by the Central Bank, both were appointed:

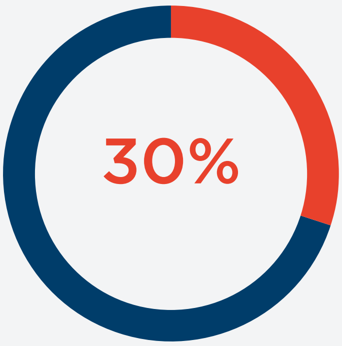
- Ms Grainne Hollywood in November 2019
- Ms Margaret Fleming in January 2020

Both bring significant Irish property market experience to the Board, including in Grainne's case, development experience which will be important with the upcoming pipeline of development projects.
In accordance with Group policy, they both will offer themselves for re-election at the 2020 AGM. Female membership now stands at 30% of the Board.
The Committee also recommended that both Grainne and Margaret be appointed to this Committee and to the Investment and Development Committees (Executive). Grainne has assumed the role of the Chair of the Development Committee given her experience in this area.

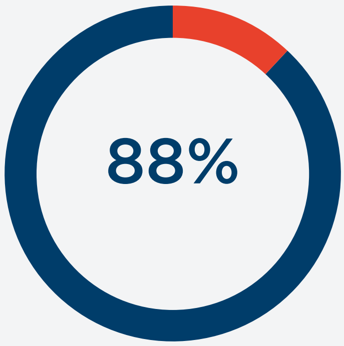
The Committee reviewed the independence of the Non-Executive Directors; all except Mr Frank Kenny are independent.
Frank Kenny was one of the founders of Hibernia and one of the Vendors of the Investment Manager and a consultant to the Group until March 2019 and therefore would not be considered as independent at present. He has no other relationships with the Company nor any conflicts of interest at present.

PROFILE OF THE NON-EXECUTIVES

Gender (female)



Independence

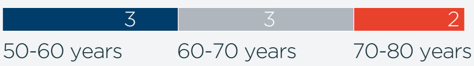


Length of tenure

Average length of tenure

3.8 years

Age profile



Senior Management Team
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. Ms Edwina Governey, interim CIO, was confirmed as Chief Investment Officer in May 2019. In addition, Mr Gerard Doherty will succeed Mr. Mark Pollard, as Director of Development, when he retires in June 2020. Mark will continue to work for the Group on a part-time basis.

A review of the Company's resource requirements and succession planning is completed on an annual basis by the Committee with management.

Time commitments
I address my personal time commitments on page 71 in my introduction to the governance section. I will step down from the role of Chairman of WorkSpace Group in July 2020 which will reduce my overall time commitments. This aside, I have demonstrated my availability and commitment to my role in Hibernia in that I have always been available both for regular and additional duties as required, in my roles as Chair of the both the Board and the Nominations Committee, for example I led the corporate governance roadshow again this year. The Committee considered the time commitment and attendance of all the 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 deal properly with Group business. The Company Secretary also reported that there were no difficulties in arranging Board meetings, even at relatively short notice.

Committee effectiveness
This year an external evaluation was undertaken and the conclusion was that the Committee continues to perform effectively. pages 82 to 83 for further detail. Board transition continues to be the main focus for the Committee and planning for the orderly transition of the Non-Executive Directors over the medium term is making good progress with the appointment of two independent Non-Executive Directors during the year. This has led to a temporary 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
16 June 2020

AUDIT COMMITTEE REPORT

Terence O'Rourke
Chairman

MEETINGS

There were five scheduled meetings at which all members were in attendance during the financial year. An overview of the matters addressed at these meetings can be found on page 94. Meetings are also attended by Senior Management and other personnel as invited. This enables the Committee to acquire all the information necessary to make its decisions.

COVID-19

The COVID-19 pandemic has been an important focus in finalising the FY20 financial and other reports and in managing the Group's risk appetite and internal controls. There is a detailed discussion on the impacts on page 15 of this report. For this Committee, the focus has been on risks, valuations and disclosures to ensure that all impacts are properly reflected in the Group's announcements and that all risks are proactively managed.

Committee members

Members	Term served
Terence O'Rourke (Chairman)	Six years, four months
Colm Barrington	Six years, four months
Roisin Brennan	One year, two months
Stewart Harrington	Six years, four months

Dear fellow shareholder,
On behalf of the Audit Committee (the "Committee"), I am pleased to present the Committee's report for the financial year ended 31 March 2020.

The purpose of this report is to provide insight into the workings of, and principal matters considered by, this Committee during this financial year to stakeholders. It performs a key role in helping the Board to fulfil its fiduciary responsibilities in overseeing the Group's financial position as well as ensuring effective risk management and internal controls are in place.

Reappointment of the external auditor
Deloitte Ireland LLP was appointed as the first statutory auditor to the Company on 5 December 2013 and the audit partner rotated in 2019. After due consideration of the auditor's qualification, expertise and resources, effectiveness and independence, the Committee has recommended to the Board that the auditor should be reappointed for the coming financial year.

The 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 2020 AGM in accordance with Article 53 of the Articles of Association of the Company.

The external auditor is responsible for the annual statutory audit and also provides certain other services which the Committee believes it is best placed to undertake due to its position as auditor. In accordance with best practice, these non-audit services must be approved in advance by the Committee and they will generally be limited to 'other assurance', i.e. those relating to Group company audits and assurance on interim results and other similar matters.

KEY CONSIDERATIONS IN 2019-20

- Valuations
- Information security audit and health check (internal audit results)
- Accounting for remuneration
- Risk management
- Sustainability
- COVID-19 risks and disclosures

KEY AREAS OF FOCUS IN 2020-21

- Increased monitoring of risks due to the COVID-19 pandemic and focus on covenant compliance
- Valuations in a volatile market
- Climate change impact and improved reporting and monitoring
- ESMA – ESG compliance
- Valuer Rotation
- Continuing internal audit programme

⊕ Our detailed duties are contained in the terms of reference of the Committee which were reviewed during the year and which can be found on the Company's website at: www.hiberniareit.com/about-us/corporate-governance

Audit and non-audit fees (Group)

	2020 €'000	2019 €'000
Audit fees	**117**	113
Audit of subsidiaries	**50**	46
Other assurance services[1]	**18**	26

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.

Risk management and internal controls
The Board has delegated responsibility for overseeing the effectiveness of the Group's risk management and internal control systems to the Committee. The Group's risk appetite and key risk metrics are reviewed at every Board meeting. Control issues and breaches identified are reported to the Committee by Management, the Risk & Compliance Officer, and internal and external audit. The Committee ensures that the impact of these and the measures implemented to correct any internal control weaknesses are properly identified and addressed.

Further information on risks and risk management can be found on pages 38 to 40 of this Annual Report.

Depositary
The Group had €28m (31 March 2019: €22m) 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 two due diligence reviews, including one onsite visit, during the year. No material or significant issues were identified and the depositary issued satisfactory reports which were reviewed and approved by the Committee.

Approval of reports
The Annual Report and financial statements were considered in draft on 18 May 2020. The Preliminary Results Statement, which included the consolidated financial statements, was approved by the Board on 26 May 2020. The Annual Report was approved by the Board on 15 June 2020 and signed on its behalf by Kevin Nowlan and Thomas Edwards-Moss on 16 June 2020.

Committee members and other Committee attendees
This Committee is comprised of independent Non-Executive Directors with sufficient financial experience and real estate industry competence to fulfil its role. It meets the specific requirement of recent and relevant financial experience. In order to ensure succession for the role of Chair to the Committee, the Nominations Committee is working on plans to ensure that there will be an independent Non-Executive Director with appropriate experience in place in time to ensure an orderly transition.

The Committee is empowered to undertake investigations and to call on any persons required to enable it to perform its functions. We believe in open and frank discussion and as part of our activities, we regularly meet the Senior Management Team and the internal and external auditors. We also meet the Independent Valuer and assess its work in valuing our investment properties. The meetings with the External and internal auditors and Valuer include private meetings with the Committee to allow frank and open discussion without management present.

Other items addressed
As well as regular standing items such as the compliance policy, REIT legislation compliance and whistleblowing procedures, there were a couple of new items this year.

This was the first full year for the new Remuneration Policy and the first Long-Term Incentive Plan ("LTIP") awards were made in July 2019. Therefore accounting for these items was a focus this year. Remuneration is explored in more detail in the Remuneration Committee's report on pages 98 to 116 of this Annual Report.

In 2019 we published our first standalone Sustainability Report and the Committee oversaw this process. This was subject to AA1000 assurance by JLL Upstream and so we reviewed these results and the management report as well.

Another item on the Committee's agenda in the 2020 financial year was the share buyback which completed in November 2019 and the capital reorganisation which was approved by the Irish High Court in March 2020 and became effective in April 2020 (see page 58).

Committee performance
This year saw our second external evaluation, examining both our own work and our interactions with external assurance providers such as the external auditor and Valuer. I am pleased to confirm that the Committee continues to operate effectively.

I would like to thank my fellow Committee members for their commitment and input to the work of the Committee during the financial year. I would also like to thank all the employees in Hibernia for their hard work and commitment to ensuring that the 2020 Annual Report and market announcements have been produced to a high standard and in a timely fashion despite difficult operating circumstances in the latter part of the financial year and since then.

The Committee will continue to focus on external and internal audit planning, risk management and internal controls. It will also continue to monitor the impacts of COVID-19 and the Group's response to the challenges it raises. The Group plans some major developments over the coming years and so our focus will also encompass development risk in particular. We also see climate change risk as of particular importance in both our standing portfolio and our development projects and will monitor these carefully.

Terence O'Rourke
16 June 2020

What the Committee did in 2019-20

Reporting and external audit

External announcements
The Committee reviewed the preliminary results announcement and Annual Report 2019; and the interim results announcement to 30 September 2019. Both regular and COVID-19 trading updates were also reviewed. As part of this, the Committee provided input for the Board's statement on page 121 that the Annual Report and financial statements are fair, balanced and understandable. The Committee also reviewed the Sustainability Report and the assurance carried out by JLL Upstream as part of that exercise. The Committee also considered the significant issues and key areas of uncertainty: see table on page 95.

Valuation
The portfolio is independently valued at each reporting date. The Committee oversaw the Valuer's work and examined the results of valuations critically, with a particular focus on the material uncertainty expressed in relation to the COVID-19 pandemic and its impact on the market. It assessed the appropriate basis for the inclusion of valuations in the reports.

Audit
The Committee reviews the external auditor's work including, *inter alia*, its audit plan, performance, qualifications, expertise, independence and remuneration. The Committee also assessed whether the Directors' representation to the auditor was reasonable and accurate. It also met with the external auditor independently of Management. Deloitte Ireland LLP is a tenant of Hardwicke House and was *in situ* when the Group acquired its interest in the building and all lease arrangements are at arm's length. The Committee concluded that the independence and objectivity of the external auditor have not been compromised by this arrangement. 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.

Internal audit and internal controls

Internal controls
The Committee reviewed the Group's systems of internal controls and in particular:

- Schedule of matters reserved to the Board
- Risk management framework including key controls and principal risks and uncertainties
- Management reporting and forecasting
- Organisational structure including the workings of the Senior Management Team
- Various policies including ethics-related and whistleblowing
- Any other matters as required

Deloitte's management letter from the 2019 audit was also reviewed. Internal reporting in the form of both management accounts for the period under review and a three-year rolling forecast as well as scenario analysis under various stress situations are examined at each meeting.

Internal audit
The Committee set the internal audit plan and met with the internal auditor to discuss the results of their work. During the year, internal audits have been completed on cyber security and building and tenant management. The results of completed internal audits were satisfactory, with exceptions, and all recommendations have been implemented. Recommendations arising from internal audit are considered on an ongoing basis; corrective measures, where appropriate, are decided on and the Committee monitors Management's implementation of these.

Accounting policy amendments
There were no amendments to IFRS that have led to material changes in accounting policies during this year. The Committee reviewed the amendments to IFRS, including the introduction of IFRS 16, and was satisfied that these are dealt with properly in the accounting reports. The updates required to policies to account for the first grant of LTIPs and the share buyback and capital reduction were also considered. In addition, the Committee decided to present the Company only financial statements using FRS 101. The Committee is of the opinion that this will simplify the disclosures presented and will, in the Committee's opinion, increase the readability of the Annual Report.

Risk management

Risk framework, metrics and risk appetite
The Group's risk process is managed in light of its concentration on one market, Dublin, of which it has in-depth knowledge and experience. The Committee reviewed the risk framework. The Committee considered the impacts of COVID-19, a new risk in 2020. Climate change risk was also added in 2020, reflecting an increased focus in this area. The Committee sees that not only is climate change a risk for the standing portfolio, but also for the Group's developments, especially in ensuring planning takes account of future legislation. The Group uses a number of key metrics to set its risk appetite and manage the ongoing level of risks. These include gearing, financial cover, single asset or tenant sector concentration, level of development exposure, obsolescence and climate risk. In addition, operational risks are also monitored, *inter alia,* people, business and legislative. For more on risks see pages 38 to 40.

Assessing the emerging and principal risks of the Group
The Committee reviews the Group's emerging and principal risks at each external reporting date, to ensure that the principal risks that may threaten the delivery of the Group's strategy are properly identified. This 'top-down' examination of the risks involves the assessment of the impact and likelihood of the risks in order to arrive at an estimation of the more significant risks. Those identified are examined in more detail on pages 42 to 50 of this report.

Other

COVID-19
The impacts of the ongoing crisis are as yet not fully visible. The Committee has considered the following main impacts:

- The impact on the financial reporting including the material uncertainty expressed by the Valuer and the recoverability or otherwise of trade receivables
- Impacts on risk management including tenant credit risk management and liquidity
- Potential impacts on the assessment of going concern and viability
- Budget, forecasting and stress testing

Dividend policy
Dividends are usually paid twice yearly. At each date, the Committee reviewed the proposed dividends, calculations of distributable reserves with due regard to capital maintenance in line with the Companies Act 2014 and compliance with REIT and other legislation, and made recommendations to the Board as to the suitability of the dividends proposed.

Capital management
The Committee monitored the share buyback and capital reduction, legally approved in April 2020, which the Company undertook especially in light of Budget 2020 which introduced amended tax treatments that could potentially impact the Company's ability to return funds to shareholders in the future. For further information on the legislative changes that have impacted the Group in this financial year see page 60.

Going concern and viability
The Committee reviewed management's work on assessing the potential risks to the business and the appropriateness of the Company's choice of a three-year assessment period. The Committee was satisfied that management has conducted a robust assessment and recommended to the Board that it could approve and make the going concern and viability statement on page 41.

Other matters considered:

- Compliance with REIT legislation
- Changes to the REIT legislation
- Compliance policy statement
- Reviewing the Committee's terms of reference and performance

Significant items and key areas of uncertainty

Valuation of investment property	The valuation of investment property is a significant item in view of the materiality of these amounts. The Valuer has expressed a material uncertainty in relation to valuations at 31 March 2020 due to the potential impacts of COVID-19 which are impossible to predict. The Committee met the Valuer to critically assess the basis and inputs for the valuation of each property in order to advise the Board on the appropriateness of the amounts provided in the financial statements.

Who else attends the Committee?

Apart from the members of the Committee there are often other parties in attendance at the request of the Committee. The Committee invites attendees where it feels that they will provide information and discussion which will aid their duties. Below are some of the regular attendees:

EXTERNAL AUDITOR
DELOITTE IRELAND LLP

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
- Its recommendations for improvements in systems and controls

INTERNAL AUDITOR
PwC DUBLIN

To:
- Report its findings and recommendations
- Plan its next reviews

REPRESENTATIVES OF THE GROUP

Including:
the CEO, CFO, CIO, the Finance Team and the Company Secretary/Risk & Compliance Officer

To:
- Present the financial statements and investment property valuations
- Discuss significant judgements and key areas of uncertainty
- Discuss risks and risk management
- Discuss viability and going concern

EXTERNAL VALUER
CUSHMAN & WAKEFIED

To:
- Discuss its work and its significant assumptions in relation to the investment property valuations
- Its view of Management's decisions in relation to valuations and the appropriateness of its choices

AUDIT COMMITTEE
All members

REMUNERATION

1WML,
WINDMILL QUARTER,
SOUTH DOCKS

Read more on page 6

CONTENTS

OUR COMMITMENT

Hibernia's philosophy is to pay for performance

REMUNERATION COMMITTEE REPORT

Colm Barrington
Chairman of the Remuneration Committee

KEY CONSIDERATIONS IN 2019-20

- First full year of operation of the Remuneration Policy ("Policy") approved by shareholders in 2018
- Approved the first grant under the Long-Term Incentive Plan
- Set stretching targets for the annual bonus plan for 2020 and the 2020 LTIP grant
- Oversaw preparation of the CEO pay ratio for the first time
- Ongoing engagement with shareholders as part of the corporate governance roadshow
- Assessed performance for the 2020 annual bonus plan and considered whether the formulaic outcomes aligned with Company performance
- Reviewed wider workforce remuneration outcomes and policies

KEY AREAS OF FOCUS IN 2020-21

- Commence review of the Policy for proposal at the 2021 AGM
- Approve policies for pension alignment and post-employment shareholding requirements
- Continue to set stretching targets for the annual bonus plan and the LTIP
- Continue to review wider workforce remuneration outcomes and policies
- Development of the remit and supporting framework for Margaret Fleming (Designated Non-Executive Director for Workforce Engagement) to engage with employees and stakeholders on pay and benefits during the year
- Continue to monitor developments in corporate governance and market practice

Constitution of Committee

	Appointed	Independent	Meetings attended
Colm Barrington (Chairman)	Feb-16	✓	3 of 3
Roisin Brennan	Jan-19	✓	3 of 3
Stewart Harrington	Feb-16	✓	3 of 3
Daniel Kitchen	Feb-16	✓	3 of 3
Terence O'Rourke	Feb-16	✓	3 of 3

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.

Where can you find the information?

The role of the Committee is set out in detail in the Committee's terms of reference available at www.hiberniareit.com/about-us/corporate-governance

"Our aim is to ensure that the remuneration framework supports the delivery of a challenging long-term strategy and rewards fairly for exceptional performance."

Colm Barrington
Chairman of the
Remuneration Committee

Dear fellow shareholder,
On behalf of the Remuneration Committee (the "Committee") I am pleased to introduce the Directors' Remuneration Report for the financial year ended 31 March 2020.

This is the second year of reporting on the current Policy and so the Committee will be bringing a resolution to approve a renewal of the Policy to the 2021 AGM.

Business performance
Like many other businesses, we have faced some challenges as a result of COVID-19. At all times, our priority has been the health and safety of our staff, occupiers and suppliers. We are fortunate that we have been able to remain fully operational during the pandemic and we are proud of how our employees have adjusted.

The timing of Ireland's lockdown, which started in mid-March 2020, has meant that COVID-19 has had little impact on our financial results for the year to 31 March 2020. This is clearly reflected through another year of solid progress against our strategy which has translated into the delivery of strong financial and operational results.

- The Total Property Return of our portfolio was 5.9%, outperforming our benchmark (the MSCI Ireland All Assets Index excluding Hibernia) which returned 4.4%
- Our EPRA NAV per share grew by 3.5% to 179.3 cent despite the impact of the increase to stamp duty on commercial property in 2019
- EPRA EPS of 5.5 cent, up 39.9% on last year
- Total Accounting Return of 5.6%

Ireland began the relaxation of its COVID-19 restrictions on 18 May 2020 and we believe we are well-positioned to execute our strategy over the long-term and critical to this is the retention and motivation of our experienced management team.

Key remuneration decisions
Hibernia's philosophy is to pay for performance, and this has remained at the forefront of the Committee's decisions in relation to pay outcomes for the year ended 31 March 2020. In the table below, we have summarised key decisions during the year and the Committee's rationale.

Element of remuneration	Committee decision	Committee rationale
Annual bonus for 2020	To pay the bonus in the normal manner with no adjustment for COVID-19. However, in October 2019 an increase to stamp duty tax rates was announced and this resulted in a reduction to EPRA NAV per share. After careful consideration, the Committee's view is that the impact of the stamp duty changes to the Total Accounting Return (TAR) performance measure would not accurately reflect underlying business or management performance. The Committee has therefore, determined that an exercise of discretion is appropriate so that all participants neither benefit nor are penalised by changes in the tax regime. Further detail on the Committee's decision is set out on page 100 under "Impact of stamp duty changes on remuneration." Kevin Nowlan and Thomas Edwards-Moss' maximum annual bonus opportunity for the financial year was 150% of salary and the outcomes were both assessed as 120% of salary, i.e. 80% of the maximum.	• The approach taken to adjust for the stamp duty changes is fair and in the best interests of the Company as it allows for like-for-like comparison and accurately reflects underlying business and management performance. • The same bonus framework applies across the Group for executives and employees. • All employees will receive their 2020 bonuses. • The Group was not materially financially impacted by COVID-19 during the year ended 31 March 2020. • No Government support has been sought by the Group. • The Group's balance sheet and finances are strong. • The Group is proposing to pay an increased dividend for the year.
Salary and fee reviews for 2021	There will be no increases to salary / fees for the Board, including the Executive Directors.	• This is in line with the approach taken for the wider workforce.
Annual bonus for 2021	The bonus opportunity, performance measures and weightings will remain unchanged. Targets will be set as normal once consensus forecasts are available. The Committee is aware that targets will be set against a backdrop of uncertainty and we will build in sufficient flexibility to ensure bonus outcomes are fair to all stakeholders. Full disclosure of targets for 2021 will be provided in next year's Remuneration Report.	• The measures and weightings remain appropriate. • The same bonus framework applies across the Group for executives and employees. • The Committee is aware that the market outlook is uncertain and the full impact of COVID-19 is yet to be felt across the business. It is important to assess performance at year-end in the context of the wider stakeholder experience during the financial year.

Element of remuneration	Committee decision	Committee rationale
LTIP grant in 2020	The Committee has determined to: • Make the grant on the normal timetable in July 2020. • Retain the same performance measures. • Targets for the relative measures (Total Property Return and Total Shareholder Return) will remain the same. • Targets for TAR will be set once consensus forecasts are available and will be communicated when the awards are granted. • Use the share price immediately prior to the date of grant to determine the number of shares awarded.	• The performance measures and weightings remain appropriate. • Targets for relative measures remain appropriate. • The Committee is mindful that the Company's share price was impacted by COVID-19. • The Committee retains the discretion to adjust the vesting if the formulaic outcomes do not reflect the Group, individual or wider considerations including any potential "windfall" gains arising out of the timing of the 2020 LTIP grant.

Impact of stamp duty changes on remuneration and exercise of discretion

When assessing the annual bonus for 2020, the Committee considered the increase in stamp duty tax rates announced in October 2019. The increase resulted in a reduction to EPRA NAV per share of 3.2 cent per share (as at 31 March 2020). The impact of the stamp duty tax rates on the Group's EPRA NAV has been independently calculated as part of the Company's normal reporting. The effect of this reduction impairs performance outcomes for growth in TAR which is a performance measure operating under both the annual bonus plan as well as the LTIP. It is the Committee's opinion that no other performance measures used in the annual bonus and LTIP, other than TAR, will be materially impacted by the changes.

Changes to stamp duty rates were not anticipated when the 2020 budget was set and therefore, the 2020 bonus performance targets and the 2019 LTIP award do not factor in the impact of the change. This was a principal consideration for the Committee when considering whether or not any adjustments should be made.

After consideration and input from our Remuneration Committee advisers, it is the Committee's view that the impact of the stamp duty changes to TAR performance as measured under the annual bonus and LTIP would not accurately reflect underlying business or management performance. The Committee has therefore, determined that an exercise of discretion is appropriate so that participants neither benefit nor are penalised by changes in the tax regime. Under the adjustments, the threshold to maximum growth ranges remain unchanged. The Committee has determined that adjustments would apply to the 2020 annual bonus as well as the LTIP award granted in July 2019.

Impact on the 2020 annual bonus (TAR weighting is 17.5% of maximum opportunity)

Under the annual bonus, the TAR outcome has been increased by 3.2 cent. On the basis the TAR target was set based on a budget that did not incorporate the impact of the stamp duty changes, the Committee has determined that the most appropriate course of action is to adjust the TAR outcome for 2020 to reflect the impact of this unbudgeted change. The Committee believes this approach is fair and in the best interests of the Group as it allows for like-for-like comparison and accurately reflects underlying business and management performance.

The following table illustrates the approach with the impact on the bonus payments to both Executive Directors:

Reported TAR	Impact of stamp duty changes	Adjusted TAR	Outcome (% growth) unadjusted	Outcome (% growth) adjusted	CEO bonus unadjusted	CEO bonus adjusted (difference)	CFO bonus unadjusted	CFO bonus adjusted (difference)
9.75 cent	3.2 cent	12.95 cent	5.6%	7.5%	€516,000	€540,000 (€24,000)	€390,000	€408,000 (€18,000)

Impact on the 2019 LTIP grant (TAR weighting is 33.3% of maximum opportunity)

For the 2019 LTIP which was granted in July 2019, the base level from which TAR growth would be measured was 173.3 cent (being the EPRA NAV for the financial year ended 31 March 2019). On the basis that the TAR growth targets were based on a budget and long-term business plan that did not incorporate the impact of the stamp duty changes, the Committee has determined that the most appropriate course of action is to adjust the base EPRA NAV (on which TAR growth is calculated for the 2019 LTIP) to include the impact of the stamp duty changes.

The Committee did consider adjusting performance outcomes at the end of the performance period for the LTIP, however, the Committee felt that given that the stamp duty changes occurred only a short time after the commencement of the performance period, that it was fair and in the best interests of the Group to adjust and re-state the base figure to allow for like-for-like comparison at the end of the performance period.

The following table sets out how the base figure for the 2019 LTIP grant has been adjusted:

Reported EPRA NAV (2019)	Impact of stamp duty changes	Adjusted EPRA NAV (2019 – restated)	Threshold TAR (% growth) No change	Maximum TAR (% growth) No change
173.3 cent per share	3.2 cent per share	170.1 cent per share	4%	10%

Long-Term Incentive Plan vesting

There was no LTIP vesting as the first LTIP was granted in July 2019.

Wider workforce considerations

Hibernia is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner. We have worked hard to ensure that remuneration for all our employees is market competitive and we cascade our incentive structure right through the Group. This year we have continued to expand disclosures on "fairness, diversity and wider workforce considerations" and more information is included on pay across the Group. In light with our commitment to high standards of corporate governance, we have voluntarily disclosed our CEO pay ratio to the median employee for the first time.

The Committee is kept up to date on remuneration policies and decisions across the Group and are made aware of significant changes. Decisions around salary increases and bonus outcomes for Executive Directors and the Senior Management Team are made only after the Committee has reviewed the position across the wider workforce.

We have also appointed Margaret Fleming to engage with our employees and as part of this process we will engage with our employees on how remuneration is structured and set.

Looking forward

Last year following the publication of the 2018 Corporate Governance Code, the Committee reviewed the extent to which Hibernia's remuneration framework complied with the Code. We are satisfied that the current Policy complies with many of the Code's requirements. We will shortly commence reviewing the Policy ahead of its renewal at our 2021 AGM in line with the normal three-year cycle. As part of this exercise, we will consider how we can fully embed aspects of the Code around post-cessation shareholding requirements and pension alignment in the next Policy and, where necessary, we will consult with our major shareholders and Proxy Advisers.

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 hope that you will find this report clear, transparent and informative and that you will be able to support the advisory resolution to be put to shareholders on this remuneration report at the Company's AGM on 29 July 2020. I would be happy to hear from you. You can contact me through the Company Secretary, Sean O'Dwyer.

On behalf of the Remuneration Committee and the Board,

Colm Barrington
Chairman of the Remuneration Committee
16 June 2020

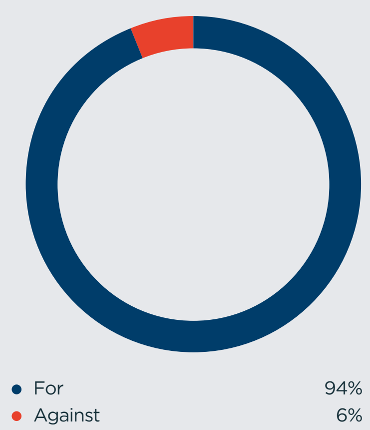
Preparation of this report

As an Irish company Hibernia is complying voluntarily with the UK Directors' Remuneration Reporting regulations. In line with best practice the Group is committed to applying the requirements on a voluntary basis insofar as practicable under Irish legislation. As with previous years we are putting our Annual Report on Remuneration to a shareholder advisory vote.

Who advises the Committee?

During the year, the Committee received advice on the implementation of the Policy and preparation of the Directors' Remuneration Report from PwC LLP. PwC's fees for this advice were €37k (March 2019: €90k), 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. There are no connections between PwC and individual Directors to be disclosed. 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 in 2019 Remuneration Report



INTRODUCTION TO REMUNERATION AT HIBERNIA

Remuneration principles

Hibernia's 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:

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 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 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 and 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:

2020 strategic priorities

1	2	3	4	5
Increase rental income to drive dividends per share and, where possible, increase WAULTs	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	Recycle capital to monetise gains and make selective investments	Maintain an efficient balance sheet	Continue to improve environmental efficiency of the portfolio

Our key performance indicators

EPRA EPS	Total Accounting Return ("TAR")	Total Property Return ("TPR")	Total Shareholder Return ("TSR")

Annual bonus

Measures	Link to strategy	Link to KPIs
EPRA EPS	**1** 2 3 4 **5**	✓
Relative TPR	**1** **2** **3** 4 **5**	✓
Growth in TAR	**1** **2** **3** **4** 5	✓
Strategic/ operational	**1** **2** **3** **4** **5**	✓

Long-Term Incentive Plan

Measures	Link to strategy	Link to KPIs
Relative TPR	**1** **2** **3** 4 **5**	✓
Relative TSR	**1** **2** **3** **4** **5**	✓
Growth in TAR	**1** **2** **3** **4** 5	✓
Shareholding guidelines	Alignment to shareholder interests	✓

BUSINESS HIGHLIGHTS

EPRA NAV per share
179.3c
+3.5%, 2019: 173.3c

EPRA EPS
5.5c
+39.9%, 2019: 4.0c

Total accounting return: ("TAR")
5.6%
2019: 11.1%

Total property return: ("TPR")
5.9%
2019: 11.6%

REMUNERATION IN THE GROUP

Total spend on pay
€6.8m

Wider workforce salary increase
0%

CEO pay ratio to the median employee
9:1

Eligible employees receiving a bonus
100%

EXECUTIVE DIRECTOR REMUNERATION

Total single figure CEO
€1.1m

Annual bonus achievement

CEO
120%
of salary

Total single figure CFO
€0.8m

CFO
120%
of salary

REMUNERATION AT A GLANCE

REMUNERATION IN RESPECT OF 2020

Summary of Executive Directors' remuneration for the year ended 31 March 2020

	CEO, Kevin Nowlan (€'000)	CFO, Thomas Edwards-Moss[1] (€'000)
Base Salary	€450	€337
Pension	€68	€51
Taxable Benefits	€23	€34
Bonus – paid in cash	€360	€272
Bonus – deferred in shares	€180	€136
Long term incentives vested	–	–
Total single figure remuneration	**€1,081**	**€830**

Notes
1. The CFO's base salary reflects unpaid leave taken during the year. His annual bonus is based on his contracted salary.

Bonus outcomes for 2020 (audited)

For 2020, the CEO and the CFO both had a maximum bonus opportunity of 150% of salary. The overall outcome was 80% of maximum for both Executive Directors. Of this, 57.5% relates to the achievement of financial objectives and 22.5% relates to the achievement of strategic and operational objectives. This gave rise to a bonus equal to 120% of salary for both Executive Directors.

Annual bonus measure	Weighting	Threshold	Target	Maximum	Actual	Outcome (% of maximum)	CEO (€'000)[2]	CFO (€'000)
Relative Total Property Return (TPR) TPR is compared to the MSCI/ SCSI Ireland Quarterly Property Index (excluding Hibernia)	40%	Equal to Index	Index + 1%	Index + 2%	TPR of 5.87% vs MSCI Ireland annual return of 4.43%	72%	**€194**	**€147**
Growth in EPRA Earnings per share (EPS)	17.5%	4.94 cents (25% growth)	5.20 cents (31.5% growth)	5.46 cents (38.1% growth)	5.51 cents (39.9% growth)	100%	**€118**	**€89**
Growth in Total Accounting Return per share (TAR)[1]	17.5%	2.7%	6.0%	10.0%	7.5%	63%	**€75**	**€56**
Strategic and operational objectives	25%	See page 114 for details of the objectives and outcomes.				CEO: 90% CFO: 90%	**€153**	**€116**
Overall							**€540** 120% of salary	**€408** 120% of salary

Notes

1. See pages 99 and 100 of the Chairman's statement which sets out how the Committee exercised discretion to adjust formulaic outcomes in relation to the TAR performance target as a result of the increase to stamp duty.
2. The financial year ended 31 March 2020 was the first year that the CEO, Kevin Nowlan, has received a full-year bonus under the Policy as the IMA expired on 26 November 2018. It is noted that in the previous financial year, the CEO participated in the Policy for part of the financial year only and his bonus outcome was pro-rated, accordingly. To help with year-on-year comparison, this year we have provided 2019 single figure information for the CEO on both an actual and a pro-forma annualised basis.

LTIP award to be granted in July 2020

The maximum LTIP opportunity is 200% of salary for the CEO and the CFO. Set out below are the performance measures and targets for the second grant which will be made in July 2020:

Performance measures	Weighting (as a % of maximum opportunity)	Threshold vesting[1] (20%)	Maximum vesting (100%)[1]
Relative TSR Assessment of TSR will be against companies in the EPRA/NAREIT[2] Developed Europe Index	**33.3%**	**Median**	**Upper quartile**
Relative TPR TPR will be compared to the MSCI Ireland Quarterly Property All assets Index ("MSCI Ireland Index") excluding Hibernia	**33.3%**	**Equal to Index**	**Equal to Index plus 1.5% p.a.**
TAR per share Growth in TAR will be assessed against three-year targets based on a compound annual growth rate	**33.3%**	**To be disclosed at grant[3]**	

Notes
1. Straight-line interpolation between threshold and maximums
2. NAREIT: National Association of Real Estate Investment Trusts
3. The TAR targets will be set once consensus forecasts are available

2020 LTIP outcomes

Not applicable as the first LTIP grants were awarded in July 2019. See page 116 for details of LTIP awards which were granted to the CEO and CFO in July 2019.

What is our Policy? How did we implement it in 2020? How will we implement it in 2021?
The Policy for Executive Directors supports Hibernia's KPIs, which are set out on page 36. The Policy and its use of performance measures appropriately support shareholder value creation by delivering sustainable performance consistent with the strategic drivers and appropriate risk management. A detailed review of how the Policy aligns with the UK Code and in particular, the requirements under Provision 40 of the Code was undertaken in 2019 and can be found on page 98 of the 2019 Annual Report. The table below summarises key aspects of the Policy and its implementation. The Policy itself is published on our website at **www.hiberniareit.com**.

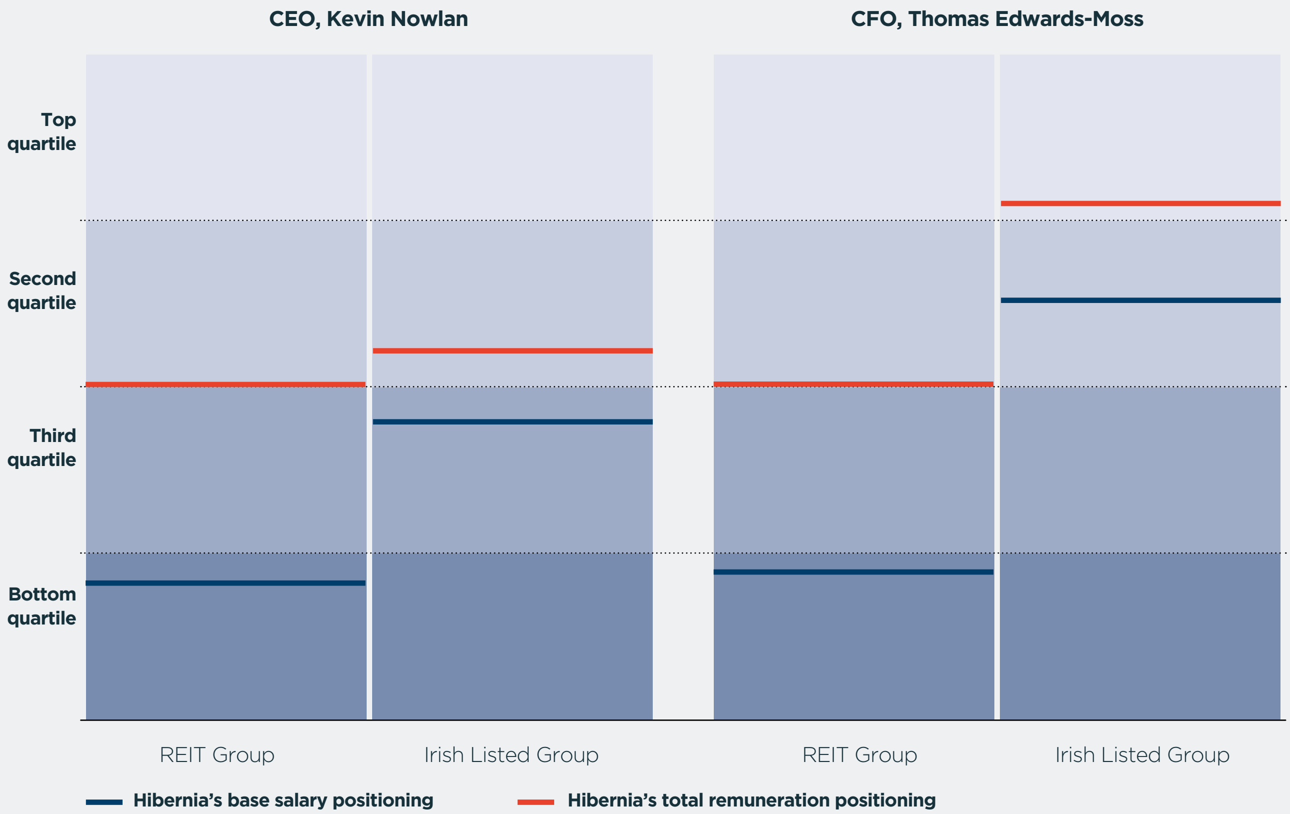
Element	Year	Operation
Base salary Provides the basis for the overall market remuneration package and takes into account the role and skills of the individual. Salaries are set at a level to ensure the recruitment and retention of high-calibre executives to implement the Group's strategy.	1 2 3 4 5	Salaries 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 • Salaries paid in relevant comparator group.
Pension Provides a basis for post-retirement remuneration in line with comparable remuneration packages.	1 2 3 4 5	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% and 15% for staff and Senior Management respectively.
Benefits Provides a market competitive benefits package.	1 2 3 4 5	Benefits may include car allowance, death in service and long-term disability schemes, and other benefits as needed to attract and retain Directors.
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.	1 2 3 4 5	Awards are granted annually with performance measured over one financial year. At least 50% of awards will be linked to financial measures. 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 during the deferral period. Malus and clawback arrangements apply. Good/bad leaver provisions apply.
LTIP To incentivise the achievement of long-term sustainable shareholder return through the delivery of key financial performance indicators.	1 2 3 4 5	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. Good/bad leaver provisions apply.
Shareholding requirement To ensure Executive Directors' interests are aligned with shareholders over the long term.	1 2 3 4 5	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.	1 2 3 4 5	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 2020	Implementation for financial year ending 31 March 2021
• Maximum salary levels in line with companies of a similar size to Hibernia • 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 – Material increase in scope or responsibility	Kevin Nowlan (CEO): €450,000 p.a. Thomas Edwards-Moss (CFO): €340,000 p.a.	No change. There were no salary increases awarded to the Executive Directors. This is in line with the approach taken for the wider workforce.
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, 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 • 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	Performance conditions and weightings: • 40% Relative TPR • 17.5% growth in EPRA EPS • 17.5% TAR per share • 25% Strategic and operational objectives Executive Directors were awarded bonuses – see page 105 for performance outcomes. 2020 was the first year that Kevin Nowlan has received a full-year bonus under the Remuneration Policy as the IMA expired on 26 November 2018.	No change to performance conditions and weightings.
• Maximum opportunity of 200% of base salary for Executive Directors with 20% vesting at threshold to 100% at maximum level • Performance conditions and weightings: – 33.3% Relative TPR compared to the MSCI Ireland Index – 33.3% Relative TSR compared to constituents of the EPRA/NAREIT Developed Europe Index – 33.3% growth in TAR per share	Awards made in year (2019 LTIP): • Kevin Nowlan (CEO): 585,176 LTIP conditional shares at nil consideration • Thomas Edwards-Moss (CFO): 442,133 LTIP conditional shares at nil consideration See page 116 for full details of the awards.	No change to performance conditions and weightings. See page 105 for details of LTIP targets that will apply for the awards to be granted in July 2020.
The minimum shareholding requirement for Executive Directors is 350% of salary.	Current shareholdings of the Executive Directors are: • CEO: 1,870% of salary • CFO: 115% of salary	No change.
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 as follows: • Chairman: €150,000 • NED Base fee: €60,000 • SID fee: €15,000 • Committee Chair fee: €10,000 (excludes Nominations Committee Chair)	No change. As set out above, this is consistent with the approach taken for the wider workforce.

ADDITIONAL CONTEXT ON EXECUTIVE DIRECTOR REMUNERATION

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:



External relativities

In line with the UK Code the Committee considered relevant external relativities when setting the remuneration levels within the proposed Policy.

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.

⊕ **See page 106 of the 2019 Annual Report for a list of companies in the comparator groups**

Additional information on Hibernia's remuneration positioning policy

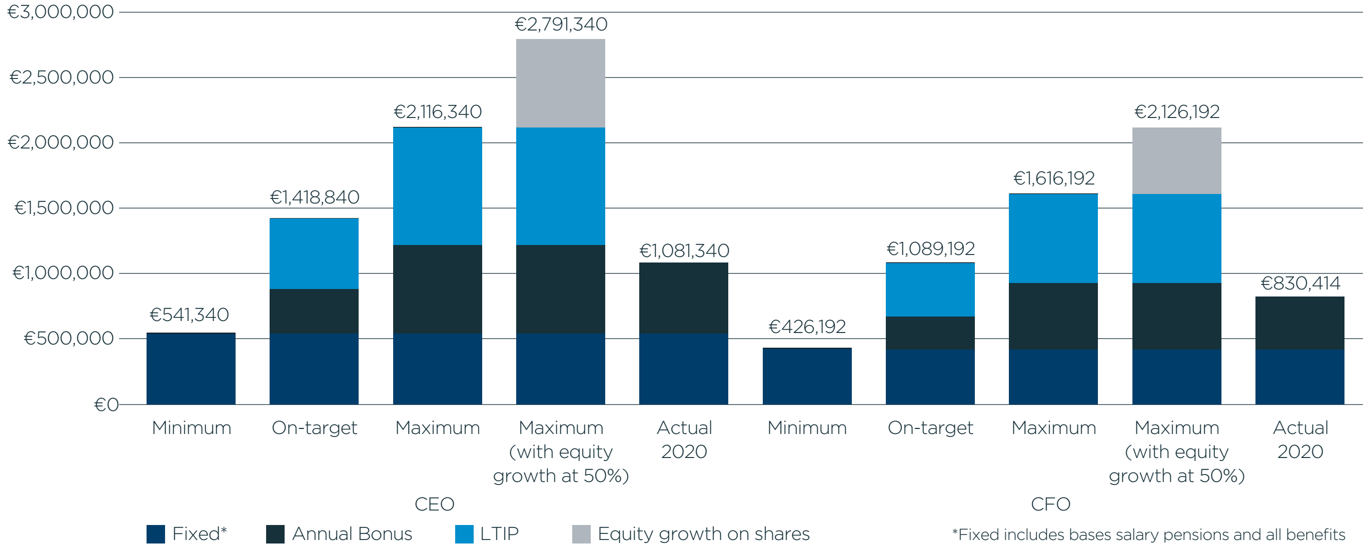
The Committee's determination of the appropriate policy position for remuneration is as follows:

- REIT comparators for both Executive Directors:
  - Lower quartile fixed pay
  - Upper quartile incentive opportunities
  - 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
  - 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.

What is our 2020 single figure compared to our current Policy?

When shareholders approved our Policy in 2018, we set out scenarios for the potential remuneration to be earned by our Executive Directors under the Policy for various performance assumptions. We have set out the actual single figure of remuneration for the Executive Directors for 2020 against these scenarios to demonstrate how the actual remuneration paid lines up with our Policy.



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 2020.

Benefits are as shown in the single figure remuneration table for the year to 31 March 2020 on page 113. The CFO's actual base salary in 2020 reflects unpaid leave taken during the year. His bonus is based on his contracted salary.

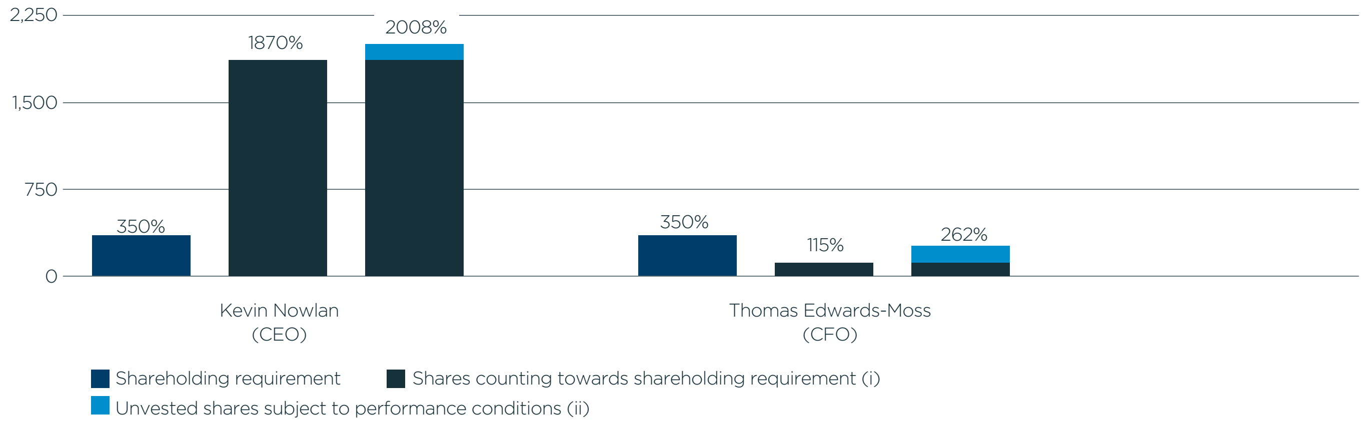
The on-target scenario reflects fixed remuneration as above plus 50% of the maximum annual bonus opportunity and 60% vesting for the LTIP awards. The maximum scenario reflects the fixed remuneration plus the maximum pay-out of all other incentive arrangements.

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 Policy to achieve this guideline.

Using the Company's closing share price of €1.062 on 31 March 2020, compliance with these requirements as at 31 March 2020 was as follows:



Notes

(i) Represents beneficially owned shares as well as annual bonus deferred share awards (of which 52% is deducted to cover statutory deductions).

(ii) Represents the 2019 LTIP award which is subject to ongoing performance.

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.

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 Group. 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 Group; this is critical in a cyclical business. The ability for the Directors to gain and lose dependent on the share price performance of the Group at a level which is material to their total remuneration is a key facet of the Group's Policy.

The table sets out the number of shares beneficially owned 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 and closing price for the year.

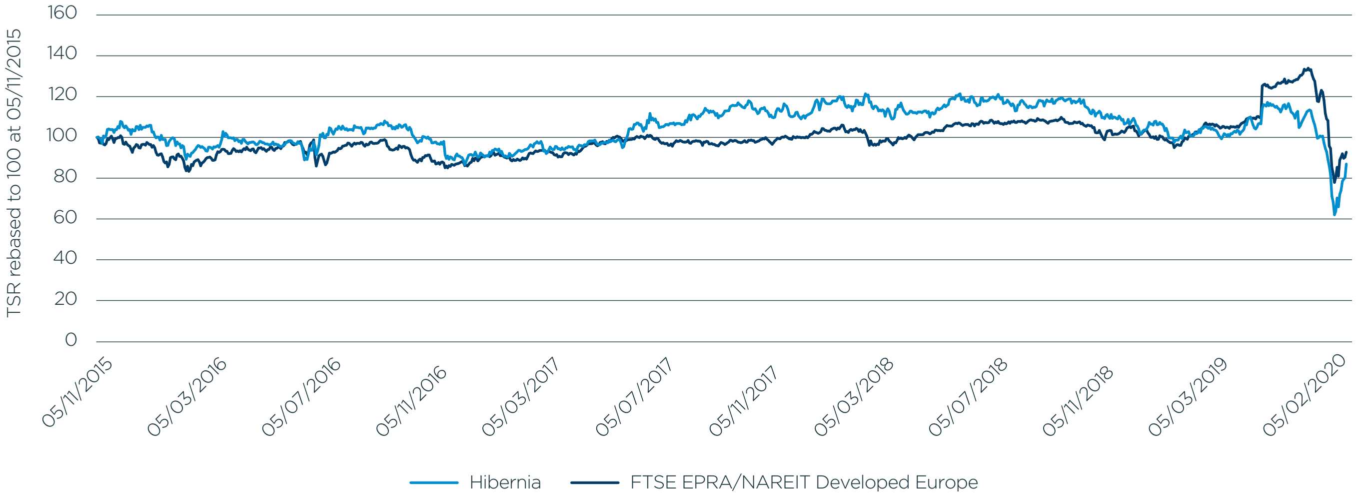
Director	2020 Single Figure (€'000)	Shares held at the start of the year ('000)	Shares held at the end of the year ('000)	Value of shares at start of year (€'000)[1]	Value of shares at end of year (€'000)[2]	Difference (€'000)
CEO, Kevin Nowlan	1,081	6,907	7,902	9,228	8,392	(836)
CFO, Thomas Edwards-Moss	830	147	256	196	272	76

1. Based on a closing share price on 31 March 2019 of €1.336
2. Based on a closing share price on 31 March 2020 of €1.062

Other pay comparisons used by the Committee

Total Shareholder Return

The chart below shows the Company's TSR since Internalisation of the Management Team on 5 November 2015. The Committee believes European industry benchmarks represent the most relevant benchmark for comparison.

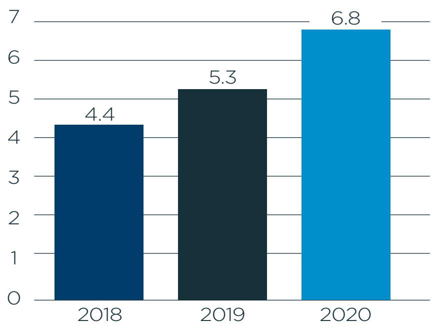


Relative importance of spend on pay

The following graphs illustrate the relationship between total expenditure on remuneration and other disbursements from profit over the past three years and shows year-on-year change. The two elements represent some of the most significant outgoings for the Company during the financial year.

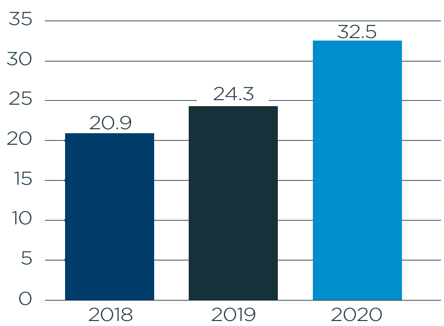
Staff costs[1] (€m)

+28% on FY19



Dividends[2] (€m)

+34% on FY19



1. Please note staff costs excludes the IMA costs which, until its expiry in November 2018, were significantly larger than the increase in staff costs since FY18.
2. Represents dividends in respect of the relevant financial year, i.e. the interim dividend paid during the year and the approved or proposed final dividend.

Fairness, diversity and wider workforce considerations

Overview of the Committee's process

The Committee is responsible for ensuring that the Group overall Policy is consistent with the strategic objectives of the Group 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.

Given the number of employees within the Group, the Committee has always taken a wider view on the matters that it reviews in relation to workforce remuneration and historically has had 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 currently receives an annual summary setting out the key details of remuneration changes for the wider workforce and approves the details of changes for the Senior Management Team. The Committee has the authority to ask for additional information from the Group in order to carry out its responsibilities.

The Committee reviewed the current process and the information that it receives and felt that, on the whole, it adequately enables the Committee to fulfil its responsibility for the oversight and review of wider workforce pay, policies and incentives and ensure they are designed to support the desired culture and values of the Group.

The Committee is aware of the following on workforce pay, policies and incentives.

- Salary and salary increases
- Annual bonus plan (bonus opportunities, performance conditions and target ranges, payment method, scope for discretion and malus and clawback provisions)
- Pension levels
- Long-term incentive plans (total eligible population, performance conditions and target ranges, payment method, scope for discretion, malus and clawback provisions, vesting and holding periods)
- Benefits

The Committee is aware that 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 Group 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.

Findings

The Committee reviewed the information that was provided by the Group and is satisfied that the approach to remuneration across the Group is consistent with the Group principles of remuneration. Further, in the Committee's opinion the approach to executive remuneration aligns with the wider Group pay policy and there are no anomalies specific to the Executive Directors. The section on page 112. 'Competitive pay and cascade of incentives', provides a summary of the information reviewed by the Committee.

Competitive pay and cascade of incentives

The Company applies consistent principles when reviewing pay and incentives across the Group to ensure they are fair with respect to the market at large, and internally in relation to gender balance and other relevant factors.

<table>
<tr><th>Level</th><th>Employees #</th><th>Base pay</th><th>Benefits and pension</th><th>Annual bonus</th><th>LTIP</th></tr>
<tr><td>CEO</td><td>1</td><td rowspan="4">• Base salary is set with reference to the market and wider workforce considerations
• All employees typically receive the same percentage salary increase</td><td rowspan="4">• A range of benefits is provided to all our employees
• All other employees have the opportunity to participate in a health insurance scheme
• All employees are entitled to participate in the pension scheme with employer contributions ranging from 7.0% to 15%</td><td rowspan="4">• We believe that employees should also share in the success of the Group, and therefore all employees participate in the bonus plan
• Bonus opportunity varies from 60% of salary to 150% of salary across the Group
• Employees are set performance targets that encompass not only personal objectives but also Group performance targets
• The balance between personal and Group performance targets is set depending on the employee's ability to influence outcomes, but all employees have an element of Group performance comprised within their targets</td><td rowspan="4">• The LTIP is for senior employees who have a direct line of sight to the delivery of the Group long-term strategy
• Varies from 150% of salary to 200% of salary across the Group
• Measures and targets are consistent for all participants</td></tr>
<tr><td>CFO</td><td>1</td></tr>
<tr><td>Senior Management Team</td><td>5</td></tr>
<tr><td>Other employees</td><td>29</td></tr>
</table>

Percentage change in remuneration of CEO and employees

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2019 and 2020 compares with the percentage change in the average of each of those components of pay for employees of the Group as a whole. It should be noted that 2018-19 was a transitional year with partial implementation of the Policy and therefore a year-on-year comparison of the annual bonus is not as meaningful. The notes beneath this table describe how we have calculated the year-on-year change in the annual bonus for the CEO.

	Base salary	Taxable benefits	Annual bonus[1]
CEO	0%	0%	-3.0%
Wider employee population	0%	0%	+6.0%

1. The financial year ended 31 March 2020 was the first year that the CEO, Kevin Nowlan, has received a full-year bonus under the Policy as the IMA expired on 26 November 2018. It is noted that in the previous financial year, the CEO participated in the Policy for part of the financial year only and his bonus outcome (which was €190,711) was pro-rated, accordingly. To help with meaningful year-on-year comparison, this year we have provided 2019 single figure information for the CEO on both an actual and a pro-forma annualised basis. The difference of -3% is based on the 2019 annualised pro-forma bonus (€556,876) and the 2020 bonus (€540,000).

Workforce engagement

Whilst not specifically consulted on executive remuneration, there are a number of channels of communication available to all our employees to gather their feedback.

CHANNELS OF COMMUNICATION WITH THE WORKFORCE

Overview of pay and policy decisions
The Committee is updated on employee remuneration levels across the Group and made aware of significant changes to policies and other pay-related matters.

Regular team meetings and one-to-ones
We have 34 employees below the Executive Directors and, as a result, all our employees have the ability to provide direct feedback to Senior Management on business issues, including but not limited to pay.

Nominated Non-Executive Director
A Non-Executive Director (Margaret Fleming) has been appointed to engage with employees and report back to the Board.

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 support this objective. Our aim is to foster a culture that promotes fairness and where success is measured via 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, 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.

Pay comparisons

As an Irish-incorporated company with no UK employees, Hibernia is not required to disclose details of its CEO pay ratio. However, the Committee felt that it was appropriate to provide such disclosure based on its Irish employees given our commitment to high standards of corporate governance. As Hibernia has 35 employees (excluding the CEO), the Committee has focused its disclosure on the CEO pay ratio to the median employee. The ratio of the CEO's total single figure of remuneration to the median employee's full-time equivalent total pay and benefits is detailed in the table below:

Financial year	Option used	50th percentile ratio (median)
31 March 2020	A	9:1

The Group chose to adopt the Option A methodology as it deemed it the most statistically robust.

To provide further context on the ratio, the following is noted:

- The calculations include all individuals who were employed by the Group on 31 March 2020.
- Salary and benefits data have been included on a full-time equivalent basis and no elements of pay have been omitted.
- Values for salary, pension contributions and the majority of benefits were determined with reference to the financial year to 31 March 2020, up-rated to reflect full year-equivalent total pay and benefits for employees joining during the financial year.
- Values for employee bonuses (excluding the CEO) reflect the prior year value, as at the time of preparing this calculation, 2020 bonus outcomes for employees below Executive Directors had not been finalised and communicated. Benefits include health insurance, pension, car allowances and life and disability insurance (data for the latter is based on the prior year value).
- The total pay and benefits figure for the median employee is €117,958.
- Our CEO's remuneration package includes a higher proportion of performance-related pay than that of our wider workforce employees, to reflect the nature of his role and the expectations of our shareholders. This introduces a higher degree of variability in his pay each year, which will affect the ratio.
- The first LTIP award is due to vest in 2022 (subject to performance outcomes) and therefore, the 2020 ratio does not include a value in respect of the LTIP. To the extent that LTIP awards vest, the value of these awards will be included from 2022 onwards. This will introduce a further degree of variability to the ratio, because the LTIP is provided in shares, and therefore movements in the share price over the three-year performance period will affect the vesting value of the LTIP and hence the resulting pay ratio.
- We recognise that the ratio is driven by the different remuneration structure of our CEO versus that of our wider workforce. The Committee recognises that the ratio varies between businesses even those operating in the same sector as Hibernia. What is important from our perspective is that this ratio is influenced only by the differences in remuneration structure and not by divergence in fixed pay between the CEO and our wider workforce.
- The ratio between groups where the structure of remuneration is similar (e.g. for the Senior Management Team compared to the CEO) is much more stable over time.

Annual report on remuneration for the financial year ended 31 March 2020

The 2020 annual report on remuneration contains details of how the Company's Policy for Directors was implemented during the financial year ended 31 March 2020. 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. 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)

The financial year ended 31 March 2020 was the first year that the CEO, Kevin Nowlan, has received a full-year bonus under the Policy as the IMA expired on 26 November 2018. It is noted that in the previous financial year, the CEO participated in the Policy for part of the financial year only and his bonus outcome was pro-rated, accordingly. To help with meaningful year-on-year comparison, this year we have provided 2019 single figure information for the CEO on both an actual and a pro-forma annualised basis (see the row titled "2019 (annualised)" for the latter).

	Financial year ended 31 March	Base salary €'000	Taxable benefits €'000	Pension €'000	Annual bonus €'000	Other €'000	Total €'000	Total fixed pay €'000	Total variable pay €'000
CEO, Kevin Nowlan	**2020**	**450**	**23**	**68**	**540**[1]	–	**1,081**	**541**	**540**
	2019 (annualised)	450	22	68	557	–	1,097	540	557
	2019 (actual)	450	22	68	191	–	731	540	191
CFO, Thomas Edwards-Moss[1]	**2020**	**337**[1]	**34**	**51**	**408**	–	**830**	**422**	**408**
	2019	340	29	51	408	–	828	420	408

1. The base salary for the CFO, Thomas Edwards-Moss, for 2020 is lower than his contracted salary due to unpaid leave during the year. On an annualised basis it is €340,000.

Bonus outcomes for 2020 (audited)

For 2020, the Executive Directors had a maximum bonus opportunity of 150% of salary. The overall outcome was 80% of maximum for both Executive Directors. Of this, 57.5% relates to the achievement of financial objectives and 22.5% relates to the achievement of strategic and operational objectives. This gave rise to a bonus equal to 120% of salary for both Executive Directors.

The table on page 105 provides full information on the financial performance conditions and targets, their level of satisfaction and the corresponding bonus earned. Page 100 of the Chairman's statement sets out details on how the Committee exercised discretion in relation to the TAR target to take into account changes to stamp duty tax.

The Executive Directors' strategic and operational objectives reflect the priorities for the business during 2020. A summary of each of the Executive Directors' objectives, together with key achievements and the Committee's determination, is shown in the table below.

CEO, Kevin Nowlan

Objectives	Key achievements	Committee determination
Increase rental income to drive dividends per share and, where possible, increase WAULTs.	• Net rental income increased by 9.9% to €58.6m with dividends increased by 36% to 4.75c. • In-place office WAULT decreased by 1.1yrs to 6.4yrs.	Substantially met
Progress development of committed projects and prepare pipeline of future projects.	• Good progress on 2 Cumberland Place during the financial year – the COVID-19 pandemic has delayed completion post 31 March. • New planning permissions on future developments have increased potential value.	Substantially met
Recycle capital to monetise gains and make selective investments.	• Capital recycled into bolt on acquisitions (€23m) and capital expenditure (€21m). • €25m share buyback completed.	Fully met
No material breaches of corporate governance, regulatory, tax and banking requirements.	• Full compliance with all requirements and no material breaches.	Fully met
Leadership and management of the Senior Management Team.	• The Senior Management Team has continued to perform well during the year with good engagement from all members. • Edwina Governey formally appointed to the Chief Investment Officer role during the year. • Very positive feedback from our annual staff survey demonstrated that staff morale is very good and the overall culture of the organisation is strong.	Fully met
Continue to improve the environmental efficiency of the portfolio. Other ESG objectives (tenant survey, community/charity/employee and supplier initiatives, stakeholder engagement).	• Further reductions achieved in energy consumption and greenhouse gas emissions. • Second EPRA Gold Award achieved and GRESB 2019 Assessment improved by 17pp to 75%. • Full time Sustainability Manager appointed during the year. • Tenant survey completed and feedback generally positive. • Continuing involvement in community and charity initiatives.	Good progress continues to be made and further improvements are expected.

CFO, Thomas Edwards-Moss

Objectives	Key achievements	Committee determination
Maintain an efficient balance sheet with through-cycle target leverage level of 20-30%. Return capital to shareholders where appropriate.	• Leverage deliberately maintained below 20% level. • €25m share buyback completed and approval received for transfer of €50m of share premium to distributable reserves.	Fully met
Further improvement in quality of financial and sustainability reporting to stakeholders.	• EPRA Gold Awards received for Financial and Sustainability reporting. • Shortlisted for Irish Published Accounts Award. • First standalone Sustainability Report published.	Met with continuing improvement expected.
No material breaches of corporate governance, regulatory, tax and banking requirements.	• Full compliance with all requirements and no material breaches. • Engaged with Department of Finance around the tax changes made in Budget 2020.	Fully met
Leadership and management of the Finance Team.	• The Finance Team has continued to develop and is working well with other teams in Hibernia. • There was no turnover in the finance team. • Very positive feedback from our annual staff survey demonstrated that staff morale is very good and the overall culture of the organisation is strong.	Good progress continues to be made.
Continue to improve the environmental efficiency of the portfolio. Other ESG objectives (tenant survey, community/charity/employee and supplier initiatives, stakeholder engagement).	• 13% reductions achieved in energy consumption and greenhouse gas emissions. • Second EPRA Gold Award achieved and GRESB 2019 Assessment improved by 17pp to 75%. • Full time Sustainability Manager appointed during the year. • Tenant survey completed and feedback generally positive. • Continuing involvement in community and charity initiatives.	Good progress continues to be made and further improvements are expected.

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 €'000	Other €'000	Total €'000
Daniel Kitchen	**2020**	**150**	**–**	**150**
	2019	150	–	150
Colm Barrington	**2020**	**85**	**–**	**85**
	2019	85	–	85
Roisín Brennan	**2020**	**60**	**–**	**60**
	2019	12	–	12
Margaret Fleming	**2020**	**12**	**–**	**12**
	2019	–	–	–
Stewart Harrington	**2020**	**70**	**–**	**70**
	2019	70	–	70
Grainne Hollywood	**2020**	**28**	**–**	**28**
	2019	–	–	–
Terence O'Rourke	**2020**	**70**	**–**	**70**
	2019	70	–	70
Frank Kenny	**2020**	**60**	**–**	**60**
	2019	60	–	60

Statement of Directors' shareholdings

Directors' share interests are set out below:

Director	**31 March 2020 beneficially owned**[1]	**Total interests subject to performance conditions**[2]	**Total interests not subject to performance conditions**[3]	**% of share capital (2020)**[4]	% of share capital (2019)	1 April 2019[5]
Kevin Nowlan (CEO)	**7,902,227**	**280,884**	**104,207**	**1.20%**	1.25%	6,907,472
Thomas Edwards-Moss (CFO)	**255,933**	**212,223**	**172,368**	**0.09%**	0.04%	146,673
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%**	0.01%	63,777
Margaret Fleming	**–**	**n/a**	**n/a**	**–**	–	–
Stewart Harrington	**219,571**	**n/a**	**n/a**	**0.03%**	0.01%	104,512
Grainne Hollywood					–	–
Frank Kenny	**8,029,773**	**n/a**	**–**	**1.17%**	1.15%	6,799,936
Terence O'Rourke	**160,628**	**n/a**	**n/a**	**0.02%**	0.02%	157,523
Sean O'Dwyer (Company Secretary)	**191,874**	**68,817**	**77,871**	**0.05%**	0.03%	121,982

1. Beneficial interests include shares held directly or indirectly by connected persons.
2. The first grant under the new Long Term Incentive Plan was made in July 2019. The maximum interests are shown net of tax.
3. Total interests not subject to performance conditions include deferred shares (shown net of tax), subject to continued employment conditions. The interests included are deferred shares under the 2018 annual bonus, the 2019 annual bonus and the 2020 bonus.
4. % of share capital is calculated as beneficially owned shares plus total interests subject to performance and service conditions divided by the Company's share capital.
5. Or date of appointment if later.

On 23 April 2020 47,251 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 2020 and the date of this report.

LTIP (audited)

No LTIP awards vested during the financial year.

In July 2019, the first LTIP award was granted. Details of the awards are set out in the table below:

Director	Basis of award	Date of grant	Share awards number	Face value per share[1]	Face value of LTIP
CEO, Kevin Nowlan	200% of salary	31 July 2019	585,176	€1.538	€900,000
CFO, Thomas Edwards-Moss	200% of salary	31 July 2019	442,133	€1.538	€680,000

1. This represents the share price on the day prior to grant date, i.e. 30 July 2019.

The performance conditions for this LTIP grant are set out on page 107 and the performance targets were disclosed in fulll in the 2019 Annual Report on page 104.

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)	30 June 2019	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 contract	Notice period
Daniel Kitchen	August 2013	1 month
Colm Barrington	August 2013	1 month
Roisin Brennan	January 2019	1 month
Grainne Hollywood	November 2019	1 month
Margaret Fleming	January 2020	1 month
Stewart Harrington	August 2013	1 month
Frank Kenny	November 2017	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.

Additional disclosures

Payments to past Directors (audited)	None.
Payments for loss of office (audited)	None.
Statement of implementation of Policy for the year ended 31 March 2020	See pages 99 and 100.
Shareholder voting	See page 101.
External appointments for Executive Directors	None.

On behalf of the Committee and the Board,

Colm Barrington
16 June 2020

The Directors submit their report for the financial year ended 31 March 2020. The strategic report, on pages 2 to 67, is incorporated into the Directors' report by reference.

Financial highlights and a discussion thereon can be found on pages 57 to 60 of the strategic report.

Directors' responsibilities
These are set out in the Directors' responsibility statement on page 121 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 review' on pages 57 to 60. 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 128. The profit after tax for the financial year ended 31 March 2020 was €61.0m (March 2019: €123.5m), including unrealised gains on investment property of €22.9m (31 March 2019: €95.5m). 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 Quarterly Property All Assets Index (excluding Hibernia). In the year, the TPR was 5.9% versus 4.4% for the Index (2019: 11.6% versus 7.5%).
- Total Accounting Return ("TAR"): Measures the absolute growth in the Group's EPRA NAV per share plus any ordinary dividends paid during the period. In the year TAR was 5.6% (2019: 11.1%).
- EPRA earnings per share ("EPRA EPS"): 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. EPRA EPS in the year was 5.5c (2019: 4.0c).
- Total Shareholder Return ("TSR"): Measures growth in share value over a period assuming dividends are reinvested in the purchase of shares. Allows comparison to other companies in the Group's listed peer group. In the year TSR was -18.4% (2019: -5.2%)

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 24 to 37 of this Annual Report.

COVID-19
The Directors draw attention to the impacts of the COVID-19 pandemic, discussed in detail on page 15 of this Annual Report. In the year TAR was 5.6% (2019: 11.1%). The Board has paid particular attention to this issue, and continues to do so into the 2020-21 financial year. A key priority has been the health and safety of our staff, tenants and suppliers. With the first case of COVID-19 reported in Ireland in late February 2020 and Ireland's lockdown starting in mid-March 2020, there was little or no impact on the financial results for year to 31 March 2020. The Valuer has expressed a material uncertainty in relation to its property valuations as the impact on the market can as yet not be quantified. In light of this, the valuation of the investment property portfolio was a particular focus in preparing the financial statements for this financial year. The Group has significant headroom on the financial covenants on its borrowings and the liquidity position remains strong (see page 41 for further information). All head office staff were working remotely from mid-March until early June. Most are still working from home supported by cloud-based technology so the management of information security has also been a major focus. The Board continues to manage the situation closely.

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 '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 3.0 cent per share (c. €20.5m based on the number of ordinary shares in issue as at close of business on 15 June 2020 as adjusted for expected share issues prior to the payment date) (31 March 2019: 2.0 cent per share or c. €14m) which will be paid, subject to shareholder approval, by early August 2020. Together with the interim dividend of 1.75 cent per share, the total dividend for the financial year is 4.75 cent per share or c. €32.5m (31 March 2019: 3.5 cent or c. €24.3m).

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 confirmed at the 2019 AGM. The €25m buyback programme completed on 11 November 2019, at which point 17.6m shares had been repurchased and cancelled at an average price of €1.42 per share. All shares were cancelled immediately they were repurchased and no shares were held by the Company at any time during the financial year.

Principal risks and uncertainties
The Directors confirm that they have carried out a robust assessment of the emerging and 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 'Principal risks and uncertainties' section on pages 42 to 50 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
- 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 of the 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
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 2020 and 2019 respectively.

Budget announced in October 2019
In the 2020 Budget announced in October 2019, the Irish Government made a number of changes to taxation. These included, inter alia, an increase in stamp duty from 6% to 7.5% on commercial property transactions, an increase in dividend withholding tax from 20% to 25%, taxation of 25% on 85% of any proceeds a REIT generates from the sale of an asset of its property rental business which are not reinvested in the property rental business within a three-year window and changes to the tax base of the portfolio when a company ceases to be a REIT. More details can be found on page 60 of this Annual Report.

Share capital
At 31 March 2020 the Company had 684,656,740 units of ordinary stock in issue (31 March 2019: 697,588,911).

4,640,868 ordinary shares with a nominal value of €0.10 were issued during the period in settlement of share-based payments totalling €7.4m (note 10 to the consolidated financial statements): 121,519 shares were issued on 4 April 2019 and 4,519,349 shares were issued on 24 July 2019 and the associated costs, which were taken directly to equity, were €10k. 17.6m shares were repurchased and cancelled for aggregate consideration of €25.0m and costs of €36k, which were taken directly to equity, under the share buyback programme that commenced on 1 April 2019 (average price €1.42).

Approximately 1.5m shares will be issued in relation to performance-related payments as at 31 March 2020 (31 March 2019: 5.6m).

On 23 May 2019 the Company announced its intention to undertake a share capital reorganisation to convert part of its share premium into distributable reserves. A resolution was passed at the AGM on 31 July 2019 approving this reorganisation. The reorganisation and conversion of €50m of share premium into distributable reserves was approved by the High Court in March 2020 and legally registered in April 2020.

Future developments
The outlook for the property market is discussed in the strategic report on pages 16 to 19 of this Annual Report. Attention is also drawn to the impact of COVID-19 on page 15. We are confident that, despite the difficulties of the current economic environment, the Group is well placed to deliver further progress in the coming years.

Going concern and viability statement
The financial statements have been prepared on a going concern basis. Going concern and viability are addressed on page 41 of the risk report. The principal risks of the Group are set out on pages 42 to 50.

For the purposes of this viability statement, worst case budget projections are used to conduct this assessment, including potential impacts from the COVID-19 pandemic. 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. The Company has in place a €320m unsecured revolving credit facility and €75m of unsecured US private placement notes: overall the Group has an average debt maturity of 4.4 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 (Chief Financial Officer)
Margaret Fleming
Stewart Harrington
Grainne Hollywood
Frank Kenny
Kevin Nowlan (Chief Executive Officer)
Terence O'Rourke

The business of the Company is managed by the Directors, each of whose business address is Hibernia REIT plc, 1WML, Windmill Lane, Dublin D02 F206, Ireland. Grainne Hollywood was appointed on 5 November 2019 and Margaret Fleming on 20 January 2020. Apart from these 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 98 to 116 of this Annual Report.

In accordance with Provision 18 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. No reappointment is automatic and all Directors are subject to a full and rigorous evaluation. 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 82 to 83 of the Annual Report.

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 2020

The interests of the Directors and Company Secretary in the shares of the Company are set out in the Report on the Directors' Remuneration on page 115. 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 2020, 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	%
Baillie Gifford & Co	43,700	6.31
TIAA-CREF Investment Management LLC	42,356	6.19
BlackRock Inc.	34,634	5.00
Kempen Capital Management N.V.	34,251	5.00
BNP Paribas Asset Management Holding SA	26,993	3.94
Standard Life Aberdeen plc	23,835	3.48
Sumitomo Mitsui Trust Holdings, Inc	22,145	3.23
LaSalle Investment Management Securities, LLC	20,698	3.01
FMR LLC	20,545	3.00

As at 15 June 2020 the Company has been notified of the following changes:

	Holding	
Holder	'000 shares	%
Baillie Gifford & Co	40,990	5.99
Kempen Capital Management N.V.	32,729	4.78
Timbercreek Asset Management Inc.	20,861	3.05
LaSalle Investment Management Securities, LLC	20,389	2.98
FMR LLC	not stated	Below 3
Sumitomo Mitsui Trust Holdings, Inc	19,485	2.85

Corporate governance
The Group is committed to high standards of corporate governance, details of which are given in the Corporate Governance Report on pages 68 to 116 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 2020, which is published separately and available on our website at **www.hiberniareit.com,** and summarised in this Annual Report on pages 61 to 67.

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 1WML, Windmill Lane, Dublin D02 F206, 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 30 to the consolidated 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 it will be reappointed will be included as ordinary business at the Annual General Meeting.

Events after the reporting date
These are described in note 35 to the consolidated financial statements.

Annual Report
The Board, having reviewed the Annual Report in its entirety, is satisfied it is fair, balanced and 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 92 to 95 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 sixth Annual General Meeting ("AGM") of the Company was held on 31 July 2019. The seventh AGM will be held on 29 July 2020. Notice of the 2020 AGM, together with details of the resolutions to be considered at the meeting, will be circulated to the shareholders in June 2020.

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
- 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 15 June 2020 and was signed on its behalf by:

Kevin Nowlan
Chief Executive Officer
16 June 2020

Thomas Edwards-Moss
Chief Financial Officer
16 June 2020

The Directors, whose names and details are listed on pages 78 and 79, 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 ("IFRS") as adopted by the European Union and have elected to prepare the parent Company financial statements under FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council ("FRS 101").

Under Irish 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 the Group financial statements comply with applicable IFRS as adopted by the European Union and that the Company financial statements comply with 'FRS 101', 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
- 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 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
- 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 78 and 79, confirms that, to the best of each person's knowledge and belief:

- The Annual Report and consolidated financial statements, prepared in accordance with the relevant reporting framework, give a true and fair view of the assets, liabilities, financial position for the Group and Company as at 31 March 2020 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 2020, together with a description of the principal risks and uncertainties facing the Group
- 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 15 June 2020 and was signed on its behalf by:

Kevin Nowlan
Chief Executive Officer
16 June 2020

Thomas Edwards-Moss
Chief Financial Officer
16 June 2020

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 2020 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 frameworks and, in particular, with the requirements of the Companies Act 2014 and as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements we have audited comprise:

The Group financial statements:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Cash Flows; and
- the related notes 1 to 35, including a summary of significant accounting policies as set out in the relevant notes.

The Company financial statements:

- the Company Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes a to v, including a summary of significant accounting policies as set as referenced in the individual notes

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

The relevant financial reporting framework that has been applied in the preparation of the Company financial statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council (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 on page 126 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 matter that we identified in the current year relates to the valuation of investment properties. In the prior year we had identified the accuracy of the IMA performance-related payments as a key audit matter; this is no longer a key audit matter following the expiry of the IMA arrangements in November 2018.
Materiality	We determined materiality for the Group and Company to be €12.1m which is 1% of Group and Company net assets.
Scoping	Our approach to the audit, in terms of scoping and areas of focus, was largely unchanged when compared with the prior year. Within our assessment and identification of risks of material misstatement we have considered the impact the Novel Coronavirus ("COVID-19") pandemic has had on the Group.
Significant changes in our approach	There were no significant changes in our approach which we feel require disclosure.

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 117 that they have carried out a robust assessment of the principal and emerging risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 38 to 50 to the Annual Report that describe those principal risks, procedures to identify emerging risks, and an explanation of how they are being managed or mitigated;
- the Directors' statements on pages 41 and 134 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 when the financial statements are authorised for issue;
- whether the Directors' statement relating to going concern required in accordance with Listing Rules 6.1.82(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation on page 41 in the Annual Report as to how they have assessed the prospects of the Group and the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional 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. In the prior year we had identified the accuracy of IMA performance-related payments as a key audit matter; this is no longer considered a key audit matter following the expiry of the IMA in November 2018.

Valuation of investment properties

Key audit matter description

The valuation of the Group's investment properties of €1,465m (2019: €1,395m) requires significant judgement and estimation to be made by the Directors, taking into consideration advice from the Valuer and Management.

This was identified as a key audit matter given that the valuation of the investment property portfolio is inherently subjective and complex due to, among other factors, the individual nature of each property, its location, and the expected future rental streams for that particular property. Input inaccuracies or inappropriate assumptions used in the valuation of the investment properties (such as estimated rental values and market-based yields applied) could result in a material misstatement of the financial statements.

In addition, the wider challenges currently facing the global economy as a result of the COVID-19 pandemic, including the relative lack of comparable transactions, has further contributed to the subjectivity of these valuations as at 31 March 2020.

Please refer to pages 94 and 95 (Audit Committee Report), pages 134 and 135 (notes 2.f and 2.g – 'Significant judgements' and 'analysis of sources of estimation uncertainty') and pages 152 to 157 (note 16 'Investment property').

How the scope of our audit responded to the key audit matter

Given the inherent subjectivity involved in the valuation of investment properties, the need for deep market knowledge when determining the most appropriate assumptions and techniques of the valuation methodology, we engaged our internal real estate specialists (qualified chartered surveyors) to assist us in our audit of this account balance.

We evaluated the design and determined the implementation of the key relevant controls the Group has over the valuation of investment properties including attendance at the year-end Investment Committee at which the valuations of the investment properties are discussed and challenged by the Directors.

We challenged the valuation basis used, including any changes during the year, 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 Valuer including reading its terms of engagement with the Group to determine whether there were any matters that might have affected its objectivity or that may have imposed scope limitations upon its work. We also considered fee arrangements between the Valuer and the Group.

We met with the Valuer to discuss and challenge the significant assumptions used in the valuation process, including estimated rental values and market-based yields, and considered these assumptions in accordance with available market data.

We read the external valuation reports for the portfolio and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the final value for the purpose of the financial statements. The Valuer has reported on the basis of a 'material uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. We discussed with and understood this valuation basis with the Valuer. Notwithstanding this the Valuer has provided its opinion on the fair value of the portfolio at the valuation date.

We compared the recorded value of each investment property held to the valuation report prepared by the Valuer and considered any adjustments made, including adjustments for rental incentives and owner occupied properties, in light of the Group's accounting policies and the requirements of IFRS.

In conjunction with our internal real estate specialists, we set an expected range for yield and capital value movements, determined by reference to published benchmarks, where available, 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 where necessary, held further discussions with the Valuer and management. We obtained property specific evidence, such as overall quality and specification of the properties, latest leasing activity, location and desirability of the asset as a whole, to support the explanations received.

We also discussed 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 assessed developer profit assumptions, construction cost contingencies, exposures and remaining risks.

We performed audit procedures to assess the accuracy and completeness of information provided to the Valuer including agreeing on a sample basis back to underlying lease agreements.

Finally, 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 given the increased uncertainty as a result of the COVID-19 pandemic and the sensitivity of their fair value to changes in the underlying assumptions.

Key observations

We have considered the adequacy of disclosures set out in note 2.f 'Significant judgements', regarding the valuation of investment property. The Valuer has stated that it can place less weight than usual on market evidence for comparison purposes, to inform opinions of fair value due to the COVID-19 pandemic. The Valuer has reported at 31 March 2020 on the basis of a material uncertainty. This basis is not intended by the Valuer to suggest that its valuations cannot be relied on but to indicate that less certainty, and a higher degree of caution, should be ascribed to the valuations than would normally be the case.

Based upon our procedures, we found that the assumptions used in the valuations of investment properties at 31 March 2020 were consistent with our expectations and were within a range we considered reasonable.

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 €12.1m which is 1% of Group and Company net assets. We have considered net assets to be the critical component for determining materiality because it is a principal benchmark within the financial statements relevant to the 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 Group and Company and the reliability of the control environment.

Materiality

We agreed with the Audit Committee that we would report to them any audit differences in excess of €0.605m, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, a full scope audit was performed by the Group audit team for all major subsidiaries of the Group; please see note 34.a for more information. This gives coverage over substantially all of the Group.

Our 2020 audit was planned and executed having regard to the fact that the Group's operations were largely unchanged in nature from the previous year. There have been no significant changes to the valuation methodology and accounting standards relevant to the Group. As part of our assessment and identification of risks of material misstatement of the financial statements we considered and understood the impact that COVID-19 was having on 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 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 with respect 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 are 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 6.1.85 and Listing Rule 6.1.86 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 be 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 the Directors' Report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 70 to 121 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 subsection 2(c) 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 the 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 seven years, covering the years ending 2014 to 2020.

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

Date: 16 June 2020

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Notes	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Revenue	5	**67,930**	61,387
Rental income	5	61,812	56,027
Property operating expenses	5	(3,227)	(2,718)
Net rental and related income	5	**58,585**	**53,309**
Operating expenses			
Administration expenses	8	(13,246)	(13,890)
IMA performance-related payments		–	(5,401)
Expected credit losses on financial assets	21	(147)	–
Total operating expenses		**(13,393)**	**(19,291)**
Operating profit before gains and losses		**45,192**	**34,018**
Gains and losses on investment property	7	22,856	98,105
Other gains		10	140
Operating profit		**68,058**	**132,263**
Finance income		3	5
Finance expense	11	(7,198)	(8,226)
Profit before income tax		**60,863**	**124,042**
Income tax credit/(expense)	12	180	(583)
Profit for the financial year attributable to owners of the parent		**61,043**	**123,459**
EPRA earnings for the financial year	14	**38,093**	**27,472**
Earnings per share			
Basic earnings per share (cent)	14	**8.9**	**17.8**
Diluted earnings per share (cent)	14	**8.8**	**17.6**
EPRA earnings per share (cent)	14	**5.5**	**4.0**
Diluted EPRA earnings per share (cent)	14	**5.5**	**3.9**

	Notes	**Financial year ended 31 March 2020 €'000**	Financial year ended 31 March 2019 €'000
Profit for the financial year attributable to owners of the parent		**61,043**	**123,459**
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	17	1,658	723
Items that may be reclassified subsequently to profit or loss:			
Net fair value movement on hedging instruments entered into for cashflow hedges	23.b	54	41
Total other comprehensive income		**1,712**	**764**
Comprehensive income for the financial year attributable to owners of the Parent		**62,755**	**124,223**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	**31 March 2020 €'000**	31 March 2019 €'000
Assets			
Non-current assets			
Investment property	16	1,465,183	1,395,418
Property, plant and equipment	17	8,631	5,902
Other assets	18	534	–
Other financial assets	20	34	194
Trade and other receivables	21	10,215	7,928
Total non-current assets		**1,484,597**	**1,409,442**
Current assets			
Trade and other receivables	21	3,751	40,164
Cash and cash equivalents	19	28,454	22,372
		32,205	**62,536**
Non-current assets classified as held for sale	18	–	534
Total current assets		**32,205**	**63,070**
Total assets		**1,516,802**	**1,472,512**
Equity and liabilities			
Capital and reserves			
Share capital	22	68,466	69,759
Share premium	22	630,276	624,483
Capital redemption fund	22	1,757	–
Other reserves	23	5,379	9,157
Retained earnings	24	525,271	515,140
Total equity		**1,231,149**	**1,218,539**
Non-current liabilities			
Financial liabilities	25.a	259,691	231,048
Deferred tax liabilities	26	395	547
Total non-current liabilities		**260,086**	**231,595**
Current liabilities			
Financial liabilities	25.a	517	507
Trade and other payables	27	21,873	19,863
Contract liabilities	28	3,177	2,008
Total current liabilities		**25,567**	**22,378**
Total equity and liabilities		**1,516,802**	**1,472,512**
IFRS NAV per share (cent)	15	**179.8**	**174.7**
Diluted IFRS NAV per share (cent)	15	**179.2**	**173.2**
EPRA NAV per share (cent)	15	**179.3**	**173.3**

The consolidated financial statements on pages 128 to 176 were approved and authorised for issue by the Board of Directors on 15 June 2020 and were signed on its behalf by:

Kevin Nowlan
Chief Executive Officer
16 June 2020

Thomas Edwards-Moss
Chief Financial Officer
16 June 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Share capital €'000	Share premium €'000	Capital redemption fund €'000	Property revaluation reserve €'000	Cashflow hedge reserve €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 April 2018	**69,235**	**617,461**	**–**	**1,166**	**(329)**	**8,783**	**415,414**	**1,111,730**
Profit for the financial year	–	–	–	–	–	–	123,459	123,459
Other comprehensive income for the financial year	–	–	–	723	41	–	–	764
Total comprehensive income for financial year	**69,235**	**617,461**	**–**	**1,889**	**(288)**	**8,783**	**538,873**	**1,235,953**
Issue of share capital	524	7,022				(7,546)	(14)	(14)
Dividends paid in financial year	–	–	–	–	–	–	(23,719)	(23,719)
Share-based payments	–	–	–	–	–	6,319	–	6,319
Balance at 31 March 2019	**69,759**	**624,483**	**–**	**1,889**	**(288)**	**7,556**	**515,140**	**1,218,539**
Profit for the financial year	–	–	–	–	–	–	61,043	61,043
Other comprehensive income for the financial year	–	–	–	1,658	54	–	–	1,712
Total comprehensive income for the financial year	**69,759**	**624,483**	–	**3,547**	**(234)**	**7,556**	**576,183**	**1,281,294**
Issue of share capital	464	5,793	–	–	–	(6,257)	(10)	(10)
Own shares acquired and cancelled in the financial year	(1,757)	–	1,757	–	–	–	(25,036)	(25,036)
Dividends paid in financial year	–	–	–	–	–	–	(25,866)	(25,866)
Share-based payments	–	–	–	–	–	767	–	767
Balance at 31 March 2020	**68,466**	**630,276**	**1,757**	**3,547**	**(234)**	**2,066**	**525,271**	**1,231,149**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Notes	**31 March 2020 €'000**	31 March 2019 €'000
Cash flows from operating activities			
Profit for the financial year attributable to owners of the parent		**61,043**	**123,459**
Adjusted for:			
Gains on sale of investment property	7	–	(2,578)
Adjustments for non-cash movements	29.a	(13,932)	(77,278)
Operating cash flow before movements in working capital		**47,111**	**43,603**
Income tax refund received		81	–
Finance income		3	5
Cash-settled share-based payments	10.c	(485)	(339)
(Increase) in trade and other receivables		(670)	(961)
Increase/(decrease) in trade payables		3,631	(447)
Increase in contract liabilities		1,169	263
Net cash inflow from operating activities		**50,840**	**42,124**
Cash flows from investing activities			
Cash expended on investment property	29.b	(47,941)	(86,847)
Cash received from sales of investment property	29.c	34,503	64,016
Cash expended on property, plant and equipment	29.d	(2,016)	(52)
Cash received in relation to other assets		–	292
Finance expenses paid		(6,369)	(9,546)
Net cash flow (absorbed) by investing activities		**(21,823)**	**(32,137)**
Cash flow from financing activities			
Dividends paid	24	(25,866)	(23,719)
Cash expended on share buyback	22	(25,036)	–
Borrowings drawn	25.b	57,945	340,412
Borrowings repaid	25.b	(29,968)	(326,372)
Derivatives premium paid		–	(443)
Share issue costs		(10)	(14)
Net cash (outflow) from financing activities		**(22,935)**	**(10,136)**
Net increase/(decrease) in cash and cash equivalents		**6,082**	**(149)**
Cash and cash equivalents start of financial year		**22,372**	**22,521**
Increase/(decrease) in cash and cash equivalents		6,082	(149)
Net cash and cash equivalents at end of financial year		**28,454**	**22,372**

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 16 for the first time in these financial statements. There was no material impact on the financial results or on the financial position as at 1 April 2019 as a result of adopting this standard.

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 1WML, Windmill Lane, Dublin D02 F206, 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"), 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

2.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).

These consolidated financial statements were approved for issue by the Board of Directors on 15 June 2020.

2.b Alternative performance measures ("APMs")

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 (unaudited) at the end of this document. The main APMs 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.

2.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.

2.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

2.e Assessment of going concern

The consolidated financial statements have been prepared on a going concern basis.

The Board has assessed the viability of the Group over a three-year period to March 2023. It is satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable assessment of viability, and also in order to opine on the appropriateness of the going concern basis of preparation of the financial statements. This assessment considers the Group's current position and the principal and emerging risks that it faces. All of these risks are considered to be material in the assessment of viability. The most significant of these at the date of preparing these financial statements is the Novel Coronavirus ("COVID-19") pandemic, the full impact of which it is not yet possible to fully or accurately quantify, and this has been the subject of intensive assessment by the Board since 31 March 2020 and will continue to be so for some time to come. Factors specifically considered in light of the anticipated effects of this pandemic are:

– Health and safety of staff, tenants, suppliers and the community
– Remote working and social distancing measures may disrupt business operations
– Investment market activity and property values may decline
– Occupational market activity and rental values may decline
– Debt funding may become harder to find/more expensive
– Tenants may not be able to pay their rent
– Dividends may need to be cut

The Directors believe a three-year forward-looking period is appropriate for financial projections and stress testing to assess viability. The Directors have also considered the longer-term risks and opportunities of the Group, for example the office development pipeline extends to at least 2026 and the mixed-use pipeline further still. Financial projections for the current financial year and the following three years are reviewed by the Directors on a quarterly basis. 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.

An analysis of revenue and a disaggregation of income is outlined in notes 5 and 6. Due to the nature of rental collections, a significant portion of revenue is collected in advance of its due date and 89% of commercial rent for the quarter ending 30 June 2020 had been collected within 7 days of the gale date rising to 94% within 60 days of the gale date. 97% of the residential rent due for the month of May 2020 had been collected by the date of this Statement. Information on the Group's financial assets and approach to credit risk is contained in Section IV: introduction, note 21 and note 30.d.

Detail on the financial performance and financial position of the Group is provided in the consolidated financial statements. In particular, note 30 includes details on the Group's financial risk management and exposures.

The Group has a cash balance as at 31 March 2020 of €28m (March 2019: €22m), is generating positive operating cash flows and, as discussed in note 25, has in place debt facilities with average maturity of 4.4 years, no debt maturities until December 2023 and an undrawn balance of €132.6m at 31 March 2020 (March 2019: €160.6m). Its capital commitments as at 31 March 2020 were €18m (31 March 2019: €35m) and it is maintaining a minimum cash balance of €20m for liquidity purposes. As at 31 March 2020, low leverage (LTV 16.5%) means Hibernia can withstand a 65% decline in its portfolio value and a 76% decline in earnings before interest and tax (58% decline in rental income) without breaching debt covenants. There are no reasons to expect that the Group will not be able to meet its liabilities as they fall due for the foreseeable future.

Therefore, the Directors have concluded that the going concern assumption remains appropriate.

2.f Significant judgements

Not all of the Group's accounting policies require the Directors to make difficult, subjective or complex judgements. Any judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the significant judgements used in preparing these consolidated financial statements:

Valuation of investment property

The valuation of the Group's property portfolio is a key element of the Group's Net Asset Value as well as impacting variable executive and employee remuneration. The Directors have appointed an Independent Valuer (Cushman & Wakefield, the "Valuer") to perform the valuations and report to them on its opinion as to the fair value of these properties. However, the nature of the valuation process is inherently subjective and values are derived using comparable market transactions and the Valuer's assessment of market sentiment. This is therefore a significant judgement on this basis.

The Group's investment properties are held at fair value and were valued at 31 March 2020 by the Valuer. Investment property is valued in accordance with guidance in the appropriate sections of the Valuation Technical and Performance Standards ("VPS") and the Valuation Practice Guidance Applications ("VPGA") contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards November 2019 (the "Red Book Global"). Valuations are compliant with the International Valuation Standards. Fair value under IFRS 13 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'. The Red Book confirms that the references in IFRS 13 to market participants and a sale make it clear that for most practical purposes fair value is consistent with market value. Further information on the valuations and the sensitivities is given in note 16.

2. Basis of preparation continued

2.f Significant judgements continued

The outbreak of COVID-19, declared by the World Health Organization a 'global pandemic' on 11 March 2020, has impacted financial markets and the global economic environment. At the valuation date, the Valuer has stated that it can place less weight than usual on market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that there is an unprecedented set of circumstances on which to base a judgement. The Valuer has therefore reported on the basis of a material uncertainty as per VPS 3 and VPGA 10 of the RICS Red Book Global. This is not intended by the Valuer to suggest that its valuations cannot be relied on but to indicate that less certainty – and a higher degree of caution – should be ascribed to the valuations than would normally be the case.

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. In light of the material valuation uncertainty because of COVID-19, the Board has paid particular attention to the valuations and especially to properties within the portfolio where the impact may be greatest.

The Directors have reviewed the valuation process undertaken, the meaning of the material uncertainty the Valuer has expressed, changes in market conditions including COVID-19, recent transactions in the market, valuation movements on individual buildings and the Valuer's expectations in relation to future rental growth and yield movement. With the continued uncertainty in relation to the impact of COVID-19, the Directors also considered the extent to which this was impacting the property investment and occupational market in relation to both liquidity and activity. As a result of these reviews, the Directors concluded that the valuation was suitable for inclusion in the Group's consolidated financial statements.

Valuation basis of investment property

The valuation approach for each property, while generally similar, differs based on the physical and investment and/or development attributes of the property. A judgement must be made to decide on the valuation premise appropriate for each asset is its 'highest and best use'. This judgement impacts on the valuation technique that is appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the property. All valuations are at Level 3 in the fair value hierarchy.

'Highest and best use'

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

- **Harcourt Square, Marine House and Clanwilliam Court Blocks 1, 2 & 5** where, in accordance with IFRS 13:27, the valuations take into account the redevelopment potential upon expiry of the current leases which reflects the highest and best use. It is the Directors' intention to pursue the redevelopment of these properties when the leases have expired. At 31 March 2020 preliminary planning was in place for Harcourt Square and Clanwilliam Court and full planning was in place for Marine House. In April 2020 the Group received full planning for Harcourt Square. These are valued on an investment basis until the end of the leases and on a residual basis thereafter
- **Newlands (Gateway)** which is currently partly rented on short-term leases, has been valued on a price per acre basis as early stage plans are in place to redevelop this property in future and this approach reflects the highest and best use of this property
- **Properties in Malahide Road Industrial Park and Dublin Industrial Estate** which are currently partly rented on short-term leases, have been valued on a basis that includes recognition of their potential as investment property development sites
- **2 Cumberland Place** is now closer to practical completion and progress has been made in relation to pre-letting parts of the building. Therefore, the valuation methodology has changed from a residual to an investment valuation with outstanding capital expenditure recognised within the valuation

2.g Analysis of sources of estimation uncertainty

Valuation of investment property

Although valuations are based on the Directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The Group's investment properties are held at fair value and were valued at 31 March 2020 by the Valuer on the basis discussed in 2.f above. Further information on the valuations and the sensitivities around the inputs used is given in note 16.

The Board conducts a detailed review of each property valuation to ensure that appropriate assumptions have been applied. The most significant estimates affecting the valuation included yields and estimated rental values ("ERVs"). For development projects, other assumptions including costs to completion and risk premium assumptions are also factored into the valuation. As discussed in 2.f, the Valuer has expressed a material uncertainty due to the impacts of COVID-19. In accordance with the Group's policy on revenue recognition from leases, the valuation provided by C&W is adjusted only 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 Valuer's investment property valuation in respect of these adjustments was €8.1m (March 2019: €6.7m).

There were no other significant judgements or key estimates that might have a material impact on the consolidated financial statements at 31 March 2020.

2. Basis of preparation continued

2.h Treatment of tax basis in relation to properties

Asset sales

Following changes to the Irish REIT legislation introduced in October 2019, if a REIT disposes of an asset of its property rental business and does not (i) distribute the gross disposal proceeds to shareholders by way of dividend; (ii) reinvest them into other assets of its property rental business (whether by acquisition or capital expenditure) within a three-year window (being one year before the sale and two years after it); or (iii) use the disposal proceeds to repay debt specifically used to acquire, enhance or develop the property sold, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. No sales of assets of the Group's property rental business have happened since these rule changes took effect in October 2019 and none is currently planned. In addition, the Group has a very substantial development pipeline over the medium term in which to reinvest any sales proceeds. As a result the Group does not anticipate having to pay tax on uninvested sales proceeds for the foreseeable future and no deferred tax has been provided in the Group's accounts relating to this.

Recently completed development assets

Under Irish REIT legislation, assets where the cost of development exceeds 30% of the market value of the asset at the date of commencement of development and which are sold within three years of practical completion of the development could be liable to tax at a rate of 25% on the profits made from the sale. In the case of Hibernia, assets which meet these criteria at the financial year end are: 1WML (completed in mid-2017), 2WML (completed early 2019) and 1SJRQ (also completed early 2019). In addition, 2 Cumberland Place is under construction and is expected to complete by the end of 2020. All these assets are held for long-term property rental and since none of these assets is expected to be sold within three years of completion, no deferred tax has been provided in the Group's accounts for this eventuality.

Residential assets

Block 3 Wyckham Point (completed in phases during 2015) and Hanover Mills (completed in early 2018): 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 expected 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.

3. Application of new and revised International Financial Reporting Standards

Changes in accounting standards

The following Standards and Interpretations are effective for the Group from 1 April 2019 but did not have a material impact on the results or financial position of the Group:

IFRS 16 *Leases* is applicable for annual reporting periods beginning on or after 1 January 2019. IFRS 16 results in almost all leases being recognised on the balance sheet of lessees 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 had a minimal impact on the Group financial statements. As at the reporting date the Group has no operating leases as a lessee, other than an intercompany lease in relation to the head office, which building is owned by a subsidiary.

Amendments and interpretations which became effective during the year but had no material impact on the Group's financial statements

IFRIC 23 *Uncertainty over Income tax treatments.*

IFRS 9 *Prepayment features with negative compensation.*

IAS 19 *Plan amendment containment or settlement.*

IAS 28 *Long-term interests in associates or joint ventures.*

Annual improvements to IFRS standards 2015-2017 cycle.

Standards, amendments and interpretations in issue but not yet effective nor early adopted

The Directors do not anticipate that these standards or amendments will have any material effect on the Group's financial statements:

IFRS 10 and IAS 28 (amended) *Sale or contribution of assets between an investor and its associate or joint venture.*

Amendments to References to the Conceptual Framework in IFRS Standards (amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32).

Amendment to IFRS *3 Definition of a business* .

Amendment to IAS 1 and IAS 8 *Definition of material.*

Amendments to IFRS 9 and IAS 39 *Interest Rate Benchmark Reform.*

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

4.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, 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 comprises rental income and service charge income, including management fees, while expenses comprise 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 land which generated some rental income during the financial year.
Other assets	This segment contains other assets that are not part of the previous four strategic operating segments. It originally represented the ‘non-core’ assets, i.e. those assets identified for resale from loan portfolio purchases.
Central assets and costs	Central assets and costs includes the Group head office assets and expenses.

The Board reviews the internal management reports, including budgets, at least quarterly at its scheduled meetings. There is some interaction between reportable segments, for example completed development 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 Valuer.

4.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 APMs (detailed in the Supplementary Information section at the back of this report) measure the cash passing rent returns on market value of investment properties before and after an adjustment for the expiry of rent-free period or other lease incentives, respectively.

4. Operating segments continued

4.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 2020

	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	**59,492**	**–**	**7,197**	**1,241**	**–**	**–**	**67,930**
Rental income	53,374	–	7,197	1,241	–	–	61,812
Property operating expenses	(1,905)	(14)	(1,289)	(19)	–	–	(3,227)
Net rental and related income	**51,469**	**(14)**	**5,908**	**1,222**	**–**	**–**	**58,585**
Operating expenses:							
Administration expenses	–	–	–	–	–	(12,726)	(12,726)
Expected credit losses on financial assets	(147)	–	–	–	–	–	(147)
Depreciation	–	–	–	–	–	(520)	(520)
Total operating expenses	**(147)**	**–**	**–**	**–**	**–**	**(13,246)**	**(13,393)**
Operating profit before gains and losses	**51,322**	**(14)**	**5,908**	**1,222**	–	**(13,246)**	**45,192**
Gains and (losses) on investment property	5,494	18,243	4,861	(5,742)	–	–	22,856
Other gains and (losses)	–	–	–	–	25	(15)	10
Operating profit/(loss)	**56,816**	**18,229**	**10,769**	**(4,520)**	**25**	**(13,261)**	**68,058**
Finance expense	(2,694)	–	–	(115)	–	(4,386)	(7,195)
Profit/(loss) before income tax	**54,122**	**18,229**	**10,769**	**(4,635)**	**25**	**(17,647)**	**60,863**
Income tax	–	–	–	152	–	28	180
Profit for the financial year attributable to owners of the Parent	**54,122**	**18,229**	**10,769**	**(4,483)**	**25**	**(17,619)**	**61,043**
Total segment assets	**1,209,584**	**48,000**	**159,969**	**61,334**	**534**	**37,381**	**1,516,802**
Investment property	**1,196,925**	**47,999**	**159,459**	**60,800**	**–**	**–**	**1,465,183**

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**
Operating expenses:							
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 before gains and losses	**46,764**	**–**	**5,548**	**997**	**–**	**(19,291)**	**34,018**
Gains and (losses) on investment property	37,837	48,020	13,559	(1,311)	–	–	98,105
Other gains	–	–	–	–	–	140	140
Operating profit/(loss)	**84,601**	**48,020**	**19,107**	**(314)**	**–**	**(19,151)**	**132,263**
Finance expense	(2,861)	–	–	–	–	(5,360)	(8,221)
Profit/(loss) before income tax	**81,740**	**48,020**	**19,107**	**(314)**	**–**	**(24,511)**	**124,042**
Income tax	–	–	–	(547)	–	(36)	(583)
Profit for the financial year attributable to owners of the Parent	**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**

4. Operating segments continued

4.c Geographic information

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

4.d Major customers

The Group monitors its tenants, and in particular its 'top 10' tenants. 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 2020

Tenant	Business sector	Contracted rent (€'m)	%
HubSpot Ireland Limited	TMT	10.5	18.2%
OPW	Government/state entity	6.0	10.4%
Twitter International Company	TMT	5.1	8.8%
Zalando	TMT	2.9	5.0%
Autodesk Ireland Operations	TMT	2.8	4.9%
Informatica Ireland EMEA	TMT	2.1	3.7%
Riot Games	TMT	2.0	3.4%
Electricity Supply Board	Government/state entity	1.9	3.3%
Travelport Digital Limited	TMT	1.8	3.2%
BNY Mellon Fund Services	Banking and capital markets	1.6	2.8%
Top 10 tenants		**36.7**	**63.7%**
Remaining tenants		21.0	36.3%
Whole office portfolio		**57.7**	**100.0%**

As at 31 March 2019

Tenant	Business sector	Contracted rent (€'m)	%
HubSpot Ireland Limited	TMT	10.5	20.9%
OPW	Government/state entity	6.0	11.9%
Twitter International Company	TMT	5.1	10.1%
Autodesk Ireland Operations	TMT	2.8	5.6%
Informatica Ireland EMEA	TMT	2.1	4.2%
Electricity Supply Board	Government/state entity	1.9	3.7%
Travelport Digital Limited	TMT	1.8	3.6%
BNY Mellon Fund Services	Banking and capital markets	1.6	3.2%
Commission for Communications Regulation	Government/state entity	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%**

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 period of the lease until the next break or expiry. 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. 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 rolling one-year periods 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 as 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 2020 €'000	Financial year ended 31 March 2019 €'000
Gross rental income[1]	59,937	56,242
Rental incentives	1,875	(215)
Rental income	**61,812**	**56,027**
Revenue from contracts with customers[2]	6,118	5,360
Total revenue	**67,930**	**61,387**

1. Gross rental income includes €1.1m relating to variable rents
2. Revenue from contracts with customers is service charge income

Net rental and related income

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Total revenue	67,930	61,387
Cost of goods and services[1]	(6,183)	(5,482)
Property expenses	(3,162)	(2,596)
Net rental and related income	**58,585**	**53,309**

1. Costs 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 property expenses is an amount of €1.0m (March 2019: €0.5m) relating to void costs on office properties, i.e. costs relating to properties which were available to let but were not income-generating for part of the financial year.

Property operating expenses

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Service charge income	6,118	5,360
Service charge expenses	(6,183)	(5,482)
Property expenses	(3,162)	(2,596)
Property operating expenses	**(3,227)**	**(2,718)**

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 premia. The majority of its contracts are longer-term, with some being 10 years or greater, 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 one-year 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 2020

	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	–	8,379	23,205	27,747	59,331
Office development assets	–	–	–	–	–
Residential assets	–	6,769	428	–	7,197
Industrial/land assets	–	1,307	95	–	1,402
Total segmented revenue	**–**	**16,455**	**23,728**	**27,747**	**67,930**

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	–	6,473	389	–	6,862
Industrial/land assets	–	–	698	330	1,028
Total segmented revenue	**2,926**	**16,833**	**17,797**	**23,831**	**61,387**

Rental income by tenant industry sector

	31 March 2020		31 March 2019	
	€'000	**%**	€'000	%
Technology, media and telecommunications	27,114	43.9	19,977	35.7
Government/state entity	10,241	16.6	10,362	18.5
Residential	7,197	11.6	6,862	12.2
Banking and capital markets	6,338	10.3	8,501	15.2
Professional services	4,802	7.8	5,276	9.4
Insurance and reinsurance	1,816	2.9	1,246	2.2
Co-working	1,424	2.3	2,230	4.0
Logistics	1,412	2.3	1,028	1.8
Other	1,468	2.3	545	1.0
Rental income	**61,812**	**100**	**56,027**	**100**

7. Gains and losses on investment property

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Revaluation of investment property	22,856	95,527
Gains on sale of investment property	–	2,578
Gains and losses on investment property	**22,856**	**98,105**

There were no sales of investment property in the financial year. Sales of two properties in the financial year ended 31 March 2019 realised proceeds of €99m and a profit over book value of €2.6m after costs.

8. 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:

	Notes	**Financial year ended 31 March 2020 €'000**	Financial year ended 31 March 2019 €'000
Non-Executive Directors' fees		561	447
Staff costs	9	6,829	4,516
Professional fees: property-related		1,100	537
Professional fees: corporate		1,785	1,805
Valuer's fees		285	394
Depository fees		315	299
Depreciation	17	520	284
Other administration expenses		1,851	1,447
'Top-up' internalisation expenses		–	1,482
Prepaid remuneration expense		–	2,679
Administration expenses		**13,246**	**13,890**

All fees paid to Non-Executive Directors are for services as Directors of the Company. Non-Executive Directors receive no other benefits. In the prior financial year no benefits other than Directors' fees were received, save for Frank Kenny who earned consultancy fees of €140k (note 34.b). Annualised Non-Executive Directors' fees increased from €495k at 31 March 2019 to €625k as at 31 March 2020 due to Margaret Fleming and Grainne Hollywood joining the Board during the financial year.

'Professional fees: property-related' are those incurred in relation to legal and other expenses associated with due diligence on acquisitions which did not proceed, planning consulting in relation to future development projects and other similar expenses relating to property but not directly associated with properties in the Group's portfolio. 'Professional fees: corporate' are various fees relating to legal, internal audit, tax and other consulting services not relating directly to property.

Fees are paid to the Valuer 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 prior financial year additional valuation work was carried out for the calculation of the final IMA performance-related amounts and for the refinancing of the revolving credit facility.

Prepaid remuneration expense and 'top-up' internalisation expenses related to payments to the Vendors of the Investment Manager until the expiry of the IMA on 26 November 2018. In place of the IMA, under which performance-related payments were also payable (and totalled €5.4m in the prior year), a new incentive scheme was introduced: this is the primary reason for the increase in staff costs in the year ended 31 March 2020 (see notes 9 and 10).

8. Administration expenses continued

Auditor's remuneration (excluding VAT)

Group

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Audit of the Group financial statements	117	113
Other assurance services[1]	68	72
Tax advisory services	–	–
Other non-audit services	–	–
Total	**185**	**185**

1. Other assurance services include the review of the Interim Report and audit of Group subsidiary financial statements. In the financial year ended 31 March 2019 it also included a review of the final IMA performance calculation in early 2019.

9. Employment

The average monthly number of persons (including Executive Directors) directly employed during the financial year in the Group was 35 (March 2019: 33).

Total employees at financial year end:

Group

	Financial year ended 31 March 2020 Number	Financial year ended 31 March 2019 Number
At financial year end:		
Administration	**27**	**23**
Building management services:		
Head office staff	4	6
On-site staff	5	5
	9	**11**
Total employees	**36**	**34**

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

The staff costs for the above employees were:

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Wages and salaries (including any cash bonuses)	5,543	4,953
Social insurance costs	653	430
Employee share-based payment expense	1,252	587
Pension costs – defined contribution plan	376	310
Total	**7,824**	**6,280**

Staff costs are allocated to the following expense headings:

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Administration expenses	6,829	4,516
Net property expenses[1]	995	954
IMA performance-related payments	–	810
Total	**7,824**	**6,280**

1. Most of the €995k is recovered directly from tenants via the service charge arrangements within Hibernia managed buildings.

10. 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. The equity-settled share-based awards granted under these arrangements are measured at the fair value of the award 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.

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 generally settled through payroll in cash. Employees therefore receive the number of shares net of taxes at vesting date. Share-based payments that are cash-settled are remeasured 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.

Movements in share-based payments during the financial year by share-based payment scheme
Summary of share-based payments for financial year ended 31 March 2020

	Balance outstanding at start of financial year		**Settled during financial year**		**Provided during financial year**		**Balance outstanding at end of financial year**	
	€'000	**'000 shares**	**€'000**	**'000 shares**	**€'000**	**'000 shares**	**€'000**	**'000 Shares**
a. Annual bonus	23	17	–	–	335	293	358	310
b. Long-term incentive payments	–	–	–	–	621	411	621	411
c. IMA performance-related payments payable to Vendors	6,069	4,495	(6,107)	(4,519)	38	24	–	–
c. Employee incentives – previous arrangements	1,464	1,087	(635)	(476)	258	158	1,087	769
Total	**7,556**	**5,599**	**(6,742)**	**(4,995)**	**1,252**	**886**	**2,066**	**1,490**

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

	Balance outstanding at start of financial year		Settled during financial year		Provided during financial year		Balance outstanding at end of financial year	
	€'000	'000 shares	€'000	'000 shares	€'000	'000 shares	€'000	'000 shares
a. Annual bonus	–	–	–	–	23	17	23	17
c. IMA performance-related payments payable to Vendors	7,332	5,079	(7,334)	(5,079)	6,071	4,495	6,069	4,495
c. Employee incentives – previous arrangements[1]	1,451	1,104	(551)	(428)	564	411	1,464	1,087
Total	**8,783**	**6,183**	**(7,885)**	**(5,507)**	**6,658**	**4,923**	**7,556**	**5,599**

1. This line totals lines 'b. IMA performance-related payments payable to employees' and 'c. Employee long-term incentive plan – interim arrangements' from note 11 to the consolidated financial statements for the year ended 31 March 2019 as included in the Annual Report 2019.

2018 Remuneration Scheme

This scheme was introduced in 2018 and was described in full in the 2018 Annual Report and is available on our website.

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. We have also started to include sustainability criteria within certain employees' targets. All Group employees are eligible to participate in the annual bonus scheme while the LTIP applies to Executive Directors and to members of the Senior Management Team other than in exceptional circumstances.

10. Share-based payments continued
10.a Annual bonus

	Financial year ended 31 March 2020		Financial year ended 31 March 2019	
	€'000	'000 shares	€'000	'000 shares
Opening balance	**23**	**17**	**–**	**–**
Movements in amounts provided:				
2019 awards	89	60	23	17
2020 awards provision	246	233	–	–
Net amount provided	**335**	**293**	**23**	**17**
Closing balance	**358**	**310**	**23**	**17**

Two-thirds of any annual bonus awarded is usually settled in cash and one-third in the grant of shares in the Company, subject to a three-year service condition. 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 shares granted at the closing share price on the date of grant. An allowance in relation to expected departures is made and the amount amortised over the vesting period. 930k share awards were calculated as potentially due in respect of the financial year ended at 31 March 2020, subject to approval by the Remuneration Committee (March 2019: 214k). At 31 March 2020, 821k shares remained to be provided for in relation to 2019 and 2020 financial years.

10.b Long-Term Incentive Plan
The LTIP commenced during the period with the first grant on 31 July 2019. This award consists of nil cost options which vest after three years. Under the LTIP, recipients are granted a variable number of equity instruments depending on market and other conditions as illustrated below:

LTIP conditions	Weighting	Reference	Performance condition type
Service condition		SC	n/a
Relative Total Property Return	33%	TPR	Non-market
Total Accounting Return	33%	TAR	Non-market
Relative Total Shareholder Return	33%	TSR	Market

There is a two-year restricted holding period post vesting, but this is not subject to measurement as all conditions terminate on vesting. The LTIP awards are measured as follows:

Non-market-based conditions: The fair value of the shares to be issued is determined using the grant date market price. The expected number of shares is calculated based on the expectations of the number of shares which may vest at the vesting date and amortised over the vesting period. At each accounting date, the calculation of the number of shares is revised according to current expectations or performance. The number of shares is discounted using an estimate of the expected employee departure rate.

Market-based condition: The expected performance of Hibernia REIT plc shares over the vesting period is calculated using a Monte Carlo simulation of 10,000 possible outcomes which are then averaged. Inputs are share price volatility for each company and the average growth rate. These inputs are calculated with reference to relevant historical data and financial models. It should be recognised that the assumption of an average growth rate is not a prediction of the actual level of returns that will be achieved. The volatility assumption in the distribution gives a measure of the range of outcomes that may occur on either side of this average value. This is used to amortise the fair value of an expected cost over the vesting period. The service condition is ignored for this calculation but applied in accruing the amounts due. On vesting, any difference in amounts accrued versus actual is amended through reserves.

2019 LTIP
Number of awards granted : 1,853,381
Grant date: 31 July 2019
Grant date share price: €1.51

	Total awards made at maximum vesting '000 shares	Provided at 31 March 2020 '000 shares	Provided at 31 March 2020 €'000
LTIP dated 31 July 2019	1,853	411	621
Total LTIP awards as at financial year end	**1,853**	**411**	**621**

10. Share-based payments continued

10.b Long-Term Incentive Plan continued

One-third of each award made is subject to a relative TSR measure against the constituents of the FTSE EPRA/NAREIT Developed Europe Index. One-third each is made against TPR and TAR measures. 190k shares were provided for the TPR element as at 31 March 2020, 130k shares were provided against the TAR element based on the performance for the period and 92k shares were provided against the TSR element based on the fair value calculated using a TSR pricing model as described above. Results and inputs are summarised in the table below:

TSR valuation: 2019 LTIP		31 July 2019 LTIP
Fair value per award (TSR tranche) (€ per share)		**1.06**
Inputs	**Source**	
Risk free interest rate (%)	European Central Bank	(0.80)
Expected volatility Hibernia (%)	Datastream	17.1
Average comparator volatility (%)	Datastream	18.6
Average comparator correlation (%)	Datastream	20.8
Averaging factors	Datastream	Median 1.01 Hibernia 1.16
Participants receive dividend equivalents so dividend yield is zero	Award certificate	

10.c Employee incentives – previous arrangements

	Financial year ended 31 March 2020		Financial year ended 31 March 2019[1]	
	€'000	**'000 shares**	€'000	'000 shares
Opening balance at start of financial year	**1,464**	**1,087**	**1,451**	**1,104**
Payment made during the financial year				
Shares issued	**(150)**	**(122)**	**(212)**	**(163)**
Cash-settled share-based payments (taxes)	(163)	(132)	(223)	(177)
Cash-settled share-based payments	(322)	(222)	(116)	(88)
Total cash paid	**(485)**	**–**	**(339)**	**–**
Total payments in the financial year	**(635)**	**(476)**	**(551)**	**(428)**
Movements in amounts provided during the financial year				
Share-based performance grants recognised[2]	288	204	583	432
Other amendments	(30)	(46)	(19)	(21)
Net amount provided during the financial year	**258**	**158**	**564**	**411**
Closing balance at end of financial year	**1,087**	**769**	**1,464**	**1,087**

1. Prior year information has been summarised to compare with the current financial year.
2. Relates to non-IMA performance-related payments which are recognised over the vesting period.

Investment Management Agreement 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. These arrangements expired with the introduction of the 2018 Remuneration Scheme and no further awards will be due under this arrangement.

All amounts due to the Vendors have been settled during the period with the final issuance of 4.5m shares. There are 0.6m shares outstanding to employees at 31 March 2020 under the IMA agreement for which the final vesting date is 31 March 2021. These shares are forfeited by employees should they leave the Group prior to the vesting date unless subject to 'good leaver' provisions. However 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.

Employee incentives – interim arrangements

This covered employees who were providing services that were not part of the original IMA. This arrangement expired with the introduction of the 2018 Remuneration Scheme and the final vesting date is 31 March 2021. A total of 0.2m shares are outstanding under this arrangement and these are forfeited should the employee leave the Group prior to the vesting date unless subject to 'good leaver' provisions.

11. 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 2020 €'000	Financial year ended 31 March 2019 €'000
Interest on revolving credit facility	5,230	6,580
Interest on private placement notes	1,894	358
Early amortisation of arrangement fees on refinancing of revolving credit facility	–	1,423
Other finance costs	215	442
Gross finance expense	**7,339**	**8,803**
Less: Capitalised interest at an average rate of 2.10% (March 2019: 2.05%)	(141)	(577)
Finance expense	**7,198**	**8,226**

Interest costs capitalised in the financial year were €0.1m (March 2019: €0.6m) 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.

In December 2018 the Company refinanced the Group's borrowings (note 25.a). As a result €1.4m relating to unamortised arrangement fees on the previous facility was expensed in accordance with the relevant accounting policy.

12. 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: 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.

Tax changes announced in Finance Act 2019
In the 2020 Budget announced in early October 2019 and the subsequent Finance Act, which came into law in December 2019, a number of changes to the taxation of Irish property were introduced, some of which may directly impact the Group. These included:

- Stamp duty increased from 6% to 7.5% on all commercial property transactions in Ireland;
- Increase in the rate of dividend withholding tax ("DWT") from 20% to 25% for all dividends paid by Irish companies;
- Where an entity ceases to be a REIT, there will no longer be a deemed disposal and reacquisition of the assets at market value, unless the REIT has been in existence for 15 years or more;
- 85% of any proceeds a REIT generates from the sale of a rental property which are not (i) reinvested within a three-year window (spanning one year before and two years afterwards); (ii) used to pay debt specifically used to acquire, enhance or develop that rental property; or (iii) distributed to shareholders within two years of sale (and thus subject to DWT) will be taxed at 25% (an effective rate of 21.25% on the uninvested proceeds).

12. Income tax expense continued

The Group has no current intentions to cease to be a REIT or to sell any of its investment properties and as a result none of these changes outlined above impacted on current or deferred taxation in the financial year ended 31 March 2020. The increase in stamp duty resulted in a reduction in the valuation of the investment property of approximately €22m.

Reconciliation of the income tax expense for the financial year

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Profit before tax	**60,863**	**124,042**
Tax charge on profit at standard rate of 12.5%	**7,608**	**15,506**
Non-taxable revaluation surplus	(2,931)	(11,729)
REIT tax-exempt profits	(4,737)	(3,580)
Other (including additional tax rate on residual income)	(402)	381
Over provision in respect of prior periods	282	5
Income tax (credit)/ expense for the financial year	**(180)**	**583**

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.

13. 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 2020 €'000	Financial year ended 31 March 2019 €'000
Interim dividend for the financial year ended 31 March 2020 of 1.75 cent per share (March 2019: 1.5 cent per share)	11,982	10,465
Proposed final dividend for the financial year ended 31 March 2020 of 3.0 cent per share[1] (March 2019: 2.0 cent per share)	20,543	13,884
Total	**32,525**	**24,349**

1. Based on shares in issue at close of business at 26 May 2020 of 684.8m.

The Board has proposed a final dividend of 3.0 cent per share (March 2019: 2.0 cent) which is subject to approval by shareholders at the Annual General Meeting to be held on 29 July 2020 and has therefore not been included as a liability in these consolidated financial statements. This dividend is expected to be paid by early August to shareholders on the register at 3 July 2020. All of this proposed final dividend of 3.0 cent per share will be a Property Income Distribution in respect of the Group's property rental business (March 2019: 2.0 cent). The total dividend, interim paid and final proposed for the financial year ended 31 March 2020 is 4.75 cent per share (March 2019: 3.5 cent per share) or €32.5m (March 2019: €24.3m).

Under the REIT regime, the Company is required to distribute a minimum of 85% of the Group's property rental business profits annually and the Group's dividend policy is to pay out 85-90% of its property rental business profits annually. The Company has complied with this requirement; the total dividends for the year ended March 2020 equate to 86% of EPRA EPS (March 2019: 89%).

14. Earnings per share

There are no convertible instruments, options, or warrants on ordinary shares in issue as at 31 March 2020, other than those dealt with under note 10 above, share-based payments. The Company has established a reserve of €2.1m (March 2019: €7.6m) which is mainly for the issue of ordinary shares relating to the payment of share-based payments. It is estimated that approximately 2.4m ordinary shares (March 2019: 6.0m shares) will be issued in total, 1.5m of which are provided for at 31 March 2020 and a further 0.9m which will be recognised over the next three years. The dilutive effect of these shares is disclosed below.

14. Earnings per share continued

The calculations are as follows:

Weighted average number of shares	Notes	Financial year ended 31 March 2020 '000	Financial year ended 31 March 2019 '000
Issued share capital at beginning of financial year		697,589	692,347
Shares acquired and cancelled during the period		(17,573)	–
Shares issued during the financial year		4,641	5,242
Shares in issue at financial year end	22	**684,657**	**697,589**
Weighted average number of shares		688,759	694,968
Number of shares to be issued under share-based schemes		2,375	6,028
Diluted number of shares		**691,134**	**700,996**

	Notes	Financial year ended 31 March 2020 '000	Financial year ended 31 March 2019 '000
Number of shares due to issue under share-based schemes recognised at financial year end	10	1,490	5,599
Number of shares due under share-based schemes not recognised at financial year end[1]		885	429
Number of shares to be issued under share-based schemes		**2,375**	**6,028**

1. Included here are all amounts from share-based payments described in note 10 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 2020 €'000	Financial year ended 31 March 2019 €'000
Profit for the financial year attributable to the owners of the Parent	**61,043**	**123,459**
	'000	**'000**
Weighted average number of ordinary shares (basic)	688,759	694,968
Weighted average number of ordinary shares (diluted)	691,134	700,996
Basic earnings per share (cent)	**8.9**	**17.8**
Diluted earnings per share (cent)	**8.8**	**17.6**

EPRA earnings	Notes	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Profit for the financial year attributable to owners of the Parent		**61,043**	**123,459**
Adjusted for:			
Gains and losses on investment property	16	(22,856)	(98,105)
Profit or loss on disposals of other assets		–	(140)
Deferred tax in respect of EPRA adjustments	26	(152)	547
Changes in fair value of financial instruments and associated close-out costs		58	1,711
EPRA earnings		**38,093**	**27,472**

EPRA earnings per share[1] and Diluted EPRA earnings per share		'000	'000
Weighted average number of ordinary shares (basic)		688,759	694,968
Weighted average number of ordinary shares (diluted)	14	691,134	700,996
EPRA earnings per share (cent)		**5.5**	**4.0**
Diluted EPRA earnings per share (cent)		**5.5**	**3.9**

1. EPRA Earnings per share is an alternative performance measure and is calculated in accordance with the EPRA Best Practices Recommendations Guidelines November 2016. Further information is available in the Supplementary Information section at the end of this statement.

15. 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 EPRA Best Practices Recommendations: November 2016.

The EPRA NAV per share includes investment property, other non-current asset investments and trading properties at fair value. For this purpose, non-current assets classified as held for sale are included at fair value. It excludes the fair value movement of financial instruments and deferred tax. It is calculated on a diluted basis.

Total Accounting Return ("TAR"), 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 per share and adding back dividends per share paid in the financial year, expressed as a percentage.

	As at 31 March 2020	As at 31 March 2019
IFRS net assets at end of financial year (€'000)	1,231,149	1,218,539
Ordinary shares in issue ('000)	684,657	697,589
IFRS NAV per share (cent)	**179.8**	**174.7**

	'000	**'000**
Ordinary shares in issue	684,657	697,589
Number of shares to be issued under share-based schemes (see note 14)	2,375	6,028
Diluted number of shares	**687,032**	**703,617**
Diluted IFRS NAV per share (cent)	**179.2**	**173.2**

	€'000	**€'000**
IFRS net assets at end of financial year	1,231,149	1,218,539
Deferred tax	395	547
Net mark to market on financial assets	234	288
EPRA NAV	**1,231,778**	**1,219,374**
Diluted number of shares ('000)	**687,032**	**703,617**
EPRA NAV per share (cent)	**179.3**	**173.3**

Total Accounting Return

	As at 31 March 2020	As at 31 March 2019
Opening EPRA NAV per share	173.3c	159.1c
Closing EPRA NAV per share	179.3c	173.3c
Increase in EPRA NAV per share	**6.0c**	**14.2c**
Dividends per share paid in financial year	3.8c	3.4c
Total return	**9.8c**	**17.6c**
Total Accounting Return ("TAR")	**5.6%**	**11.1%**

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.

16. 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 2.f and 2.g.

The valuations of investment properties and investment properties under development are prepared in accordance with the appropriate sections of the Professional Standards, the Valuation Technical and Performance Standards ("VPS") and the Valuation Applications ("VPGA") contained within the RICS Valuation – Global Standards 2019 ("the Red Book"). It follows that the valuations are compliant with the International Valuation Standards. 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 11.

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 derecognised 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 derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the property is derecognised.

16. Investment property continued

At 31 March 2020

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 1 April 2019	**1,173,140**	**16,199**	**153,079**	**53,000**	**1,395,418**
Additions:					
Property purchases	8,741	–	694	13,385	22,820[1]
Development and refurbishment expenditure	9,097[2]	13,557	825	157	23,636
Revaluations included in income statement	5,494	18,243	4,861	(5,742)	22,856
Transferred from property, plant and equipment[3]	6,210	–	–	–	6,210
Transferred to property, plant and equipment[3]	(5,757)	–	–	–	(5,757)
Carrying value at 31 March 2020	**1,196,925**	**47,999**	**159,459**	**60,800[4]**	**1,465,183**

1. A VAT refund of €0.5m was accounted for during the financial year arising as a result of the grant of VAT inclusive leases within a redeveloped property in 2DC, following its refurbishment. Gross acquisitions in the financial year therefore €23.3m.
2. This includes capital expenditure on 1WML, SJRQ and 2WML after their transfer to the office segment.
3. The Group moved to a new head office in 1WML in late 2019. The space previously occupied by the Group in South Dock House has been leased to a tenant during the financial year and was transferred to investment property at fair value on the date on which it changed in use.
4. On 9 November 2018 the Group agreed to acquire 92.5 acres adjacent to its holdings in Newlands Cross from the Irish Rugby Football Union (the "IRFU") for initial consideration of €27m. If re-zoning is achieved before November 2028 the IRFU will be due additional consideration equating to 44% of the value of Hibernia's total land interests of 143.7 acres in the Newlands site at re-zoning, less the initial consideration.

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 1 April 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[4]**	**1,395,418**

1. This includes capital expenditure on 1WML and 2DLC 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.
4. On 9 November 2018 the Group agreed to acquire 92.5 acres adjacent to its holdings in Newlands Cross from the Irish Rugby Football Union (the "IRFU") for initial consideration of €27m. If re-zoning is achieved before November 2028 the IRFU will be due additional consideration equating to 44% of the value of Hibernia's total land interests of 143.7 acres in the Newlands site at re-zoning, less the initial consideration.

There were no transfers between fair value levels during the financial year. Approximately €0.1m of financing costs were capitalised at an effective interest rate of 2.1% in relation to the Group's developments and major refurbishments (March 2019: €0.6m). No other operating expenses were capitalised during the financial year.

Valuations as at 31 March 2020

The valuations used to determine fair value for the investment properties in the consolidated financial statements are determined by the Group's Valuer and are in accordance with the provisions of IFRS 13. C&W has agreed to the use of its valuations for this purpose. As discussed in notes 2.f and 2.g, property valuations are inherently subjective as they are made on the basis of assumptions made by the Valuer and therefore are classified as Level 3. At the valuation date, the Valuer has reported on the basis of a material uncertainty as per VPS 3 and VPGA 10 of the RICS Red Book Global. This is not intended by the Valuer to suggest that its valuations cannot be relied on but to indicate that less certainty – and a higher degree of caution – should be ascribed to the valuations than would normally be the case.

Valuations are completed on the Group's investment property portfolio on at least a half-yearly basis and, in accordance with the appropriate sections of the Professional Standards, the Valuation Technical and Performance Standards ("VPS") and the Valuation Practice Applications ("VPGA") contained within the RICS Valuation – Global Standards 2019 ("the Red Book"). It follows that the valuations are compliant with the International Valuation Standards. Fair value under IFRS 13 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". The Red Book confirms that the references in IFRS 13 to market participants and a sale make it clear that for most practical purposes fair value is consistent with market value.

16. Investment property continued

Valuations as at 31 March 2020 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 technique. 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 the financial year ended 31 March 2020, 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 redevelopment 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 in this financial year.

Description of investment property asset class	Fair value of the investment property €'m	Narrative description of the techniques used	Changes in the fair value technique during the financial year
Office assets	1,197	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 current lease (2022) and on a residual basis thereafter. – Marine House and Clanwilliam Court Blocks 1, 2 & 5 are valued on an investment basis until the end of the current leases (which expire over the period 2020 to 2022) and on a residual basis thereafter.	– The calculation of the Gross Development Value ("GDV") for office development assets (residual appraisals and therefore also applies to the pipeline assets listed opposite) now values the net effective rent into perpetuity, whilst the 'froth income' (difference between headline rent and net effective rent) is valued for the first five years of the lease (after allowing for a void/rent free period) to the assumed first rent review date. Previously, the headline rent was valued into perpetuity after deduction of a void/rent free period.
Office development assets	48	Residual method, i.e. GDV Value less Total Development Cost less Profit equals Fair Value. – GDV: the fair value of the completed proposed development (arrived at by capitalising the market rent or ERV with an appropriate yield, allowances for purchasers' costs, assumptions for voids and/or rent free periods). The appropriate yield is based on the Valuer's opinion of the most likely tenant covenant achievable for the property and the most likely lease terms. – Total Development Cost: this includes, but is not limited to, construction costs, land acquisition costs, professional fees, levies, marketing costs and finance costs. – Developer's profit which is measured as a percentage of the total development costs (including the site value). It also takes account of letting risk. For developments close to completion the yield methodology is usually applied.	– 2 Cumberland Place is now closer to practical completion and significant progress has been made on lettings, with part of the building pre-let shortly after the financial year end. Therefore, the valuation methodology has changed from a residual valuation to an investment valuation. Outstanding capital expenditure has been deducted to arrive at the final valuation.
Residential assets	159	Yield methodology using rental values capitalised with a market capitalisation rate. Alternatively, the comparable sales method of valuation is used to value some residential assets.	No change in valuation technique.
Industrial/ land assets	61	Yield methodology using market rental values capitalised with a market capitalisation rate. The Newlands site, including the Gateway industrial park, is valued as an early stage development site on a price per acre basis. Properties in Dublin Industrial Estate and Malahide Road Industrial Estate are valued using market rental values capitalised with a market capitalisation rate. The values are benchmarked to capital values per sq. ft. to take account of their current condition and development potential.	No change in valuation technique.

16. Investment property continued

EPRA capital expenditure

Capital expenditure ("capex") during the financial year is analysed below according to the EPRA Best Practices Recommendation Guidelines. The tables below comply with the 2016 and 2019 recommendations. All amounts are from the IFRS financial statements of the Group without adjustment and are reconciled below:

1. *Acquisitions:* amounts spent for the purchase of investment properties including purchase costs capitalised.
2. *Development* amounts spent on investment properties under construction and related project costs capitalised, including internal costs allocated.
3. *Investment properties:* amounts spent on the completed operational portfolio including:
   a) Incremental lettable area: amounts spent to add additional lettable space to 'in-place' investment property;
   b) No incremental lettable space: amounts spent to enhance the property without increasing lettable areas;
   c) Tenant incentives: any amounts spent on the investment property as incentive for tenants.
4. *Capitalised interest:* capitalised finance costs which are added to the carrying value of investment properties.

The Group has no joint ventures; all of its properties are located in the Dublin area. Expenditure is therefore analysed into portfolio property type only.

As at 31 March 2020

	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial/ land assets €'000	Total €'000
Acquisitions	8,741	–	694	13,385	22,820[1]
Development[2]	7,787	13,416	–	–	21,203
'In-place' investment properties					
Incremental lettable space	–	–	–	–	–
No incremental lettable space	(446)[3]	–	825	–	379
Tenant incentives	–	–	–	–	–
Expenditure on properties due for redevelopment/refurbishment	1,756	–	–	157	1,913
Other material non-allocated types of expenditure	–	–	–	–	–
	17,838	**13,416**	**1,519**	**13,542**	**46,315**
Capitalised interest[4]	–	141	–	–	141
Total capex	**17,838**	**13,557**	**1,519**	**13,542**	**46,456**
Conversion from accrual to cash basis	(173)	2,001	(220)	(123)	1,485
Total capex on cash basis	**17,665**	**15,558**	**1,299**	**13,419**	**47,941**

1. A VAT refund of €0.5m was accounted for during the financial year arising as a result of the grant of VAT inclusive leases within a redeveloped property in 2DC, following its refurbishment. Gross acquisitions in the financial year were therefore €23.3m.
2. Capital expenditure relating to development or major refurbishment of 1SJRQ, 1&2WML and 2 Cumberland Place.
3. Dilapidation payments were received from vacating tenants and have been netted with capital expenditure.
4. Financing expenses capitalised.

16. Investment property continued
EPRA capital expenditure continued
As at 31 March 2019

	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial/land assets €'000	Total €'000
Acquisitions	2,956	–	980	36,094	40,030
Development[1]	3,094	41,496	–	–	44,590
'In-place' investment properties					
Incremental lettable space	–	–	–	–	–
No incremental lettable space	(103)[2]	–	60	–	(43)
Tenant incentives	–	–	–	–	–
Expenditure on properties due for re-development/refurbishment	1,679	–	–	417	2,096
Other material non-allocated types of expenditure	–	–	–	–	–
	7,626	**41,496**	**1,040**	**36,511**	**86,673**
Capitalised interest[3]	574	4	–	–	578
Total capex	**8,200**	**41,500**	**1,040**	**36,511**	**87,251**
Conversion from accrual to cash basis	503	(1,220)	190	123	(404)
Total capex on cash basis	**8,703**	**40,280**	**1,230**	**36,634**	**86,847**

1. Capital expenditure relating to development or major refurbishment of 1SJRQ, 1&2WML and 2 Cumberland Place.
2. Dilapidation payments were received from vacating tenants and have been netted with capital expenditure.
3. Financing expenses capitalised.

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

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Valuation per Valuer's certificate	**1,480,360**	**1,407,740**
Owner-occupied (note 17)	(7,089)	(5,643)
Income recognition adjustment[1]	(8,088)	(6,679)
Investment property balance at end of period	**1,465,183**	**1,395,418**

1. Income recognition adjustment 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 tenant incentives and lease related costs over the lease term.

Information about fair value measurements using unobservable inputs (Level 3)
The valuation techniques used in determining the fair value for each of the categories of assets is market value as defined by VPS 4 of the Red Book 2019, 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 and sensitivity data is provided on these.

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 2020. 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 2020

	Market value €'000	**Estimated rental value**		**Equivalent yield**	
		Low	**High**	**Low**	**High**
Office	1,196,925	€25.00psf	€62.50psf	3.99%	6.65%
Office development	47,999	€30.00psf	€62.00psf	4.42%	4.42%
Residential[1]	159,459	€25,200pa	€32,400pa	3.70%	5.06%
Industrial/land	60,800	€5.00psf	€9.00psf	7.65%	7.94%

1. Average ERV based on a two-bedroom apartment. Residential yields are based on the contracted income after deducting operating expenses. The market standard deduction is 20% of gross rental income. Based on the Valuer's estimation of market rent no deduction for operating expenses (as per 31 Mar 2019 below), the gross yields on the same assets as noted at 31 Mar 2019 would be 5.28% (low) and 6.37% (high).

16. Investment property continued

Key unobservable inputs used in the valuation of the Group's investment property continued

31 March 2019

	Market value €'000	Estimated rental value Low	High	Equivalent yield Low	High
Office	1,173,140	€15.00psf	€60.00psf	4.04%	7.30%
Office development	16,199	€30.00psf	€57.50psf	4.75%	4.75%
Residential[1]	153,079	€23,400pa	€31,800pa	5.16%	6.00%
Industrial/land	53,000	€5.25psf	€9.25psf	8.02%	8.02%

1. Average ERV based on a two-bedroom apartment. Residential yields are gross yields based on the Valuer's estimation of market rent no deduction for operating expenses.

Sensitivity data

The sensitivities below illustrate the impact of movements in key unobservable inputs on the fair value of investment properties. These are ERV, equivalent yields and development construction costs (residual appraisals). 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. The tables illustrate the impacts from a 5% or 10% ERV and a 25bp or 50bp shift in equivalent yield on the valuations as included in the consolidated financial statements at 31 March 2020 and 31 March 2019.

ERV and equivalent yields

31 March 2020

	Impact on market value of a 5% change in the estimated rental value		**Impact on market value of a 10% change in the estimated rental value**		**Impact on market value of a 25bp change in the equivalent yield**		**Impact on market value of a 50bp change in the equivalent yield**	
Sensitivities	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**
Office	58.6	(58.6)	116.9	(116.9)	(83.4)	93.2	(158.3)	198.7
Office development	2.8	(2.8)	5.7	(5.7)	(3.8)	4.3	(7.3)	9.2
Residential	8.0	(8.0)	15.8	(15.8)	(9.9)	11.2	(18.6)	24.1
Industrial/land	0.3	(0.3)	0.6	(0.6)	(0.3)	0.3	(0.5)	0.6
Total	**69.7**	**(69.7)**	**139.0**	**(139.0)**	**(97.4)**	**109.0**	**(184.7)**	**232.6**

31 March 2019

	Impact on market value of a 5% change in the estimated rental value		Impact on market value of a 10% change in the estimated rental value		Impact on market value of a 25bp change in the equivalent yield		Impact on market value of a 50bp change in the equivalent yield	
Sensitivities	Increase €'m	Decrease €'m	Increase €'m	Decrease €'m	Increase €'m	Decrease €'m	Increase €'m	Decrease €'m
Office	52.6	(53.7)	111.7	(111.7)	(72.8)	80.2	(143.3)	179.3
Office development	1.9	(2.0)	3.9	(3.9)	(2.1)	2.2	(4.0)	4.8
Residential	7.5	(7.5)	14.9	(14.9)	(8.2)	12.1	(17.6)	21.3
Industrial/land	0.1	(0.1)	0.2	(0.2)	(0.1)	0.1	(0.3)	0.3
Total	**62.1**	**(63.3)**	**130.7**	**(130.7)**	**(83.2)**	**94.6**	**(165.2)**	**205.7**

Development construction costs

A 5% decrease or increase in construction costs would result in a decrease or increase in the total value of the portfolio of €10m as at 31 March 2020 (31 March 2019: €8m). Development construction costs are an unobservable input to residual appraisals which are used in valuing those properties that are pipeline development assets.

17. Property, plant and equipment

Accounting policy

Owned property which is occupied by the Group for its own purposes is derecognised 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. Similarly, property which ceases to be occupied by the Group is derecognised as property, plant and equipment and recognised as investment property at fair value on the date of change of use. Property used for administration purposes is stated in the consolidated statement of financial position at its revalued amount. 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. On derecognition, the accumulated reserve for that property remains in reserves until the asset is either sold or decommissioned, at which date the accumulated reserve relating to that asset is released directly to revenue reserves.

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

As at 31 March 2020

	Land and buildings €'000	Office and computer equipment €'000	Leasehold improvements and fixtures and fittings €'000	Total €'000
Cost or valuation				
At 1 April 2019	**5,942**	**207**	**596**	**6,745**
Additions:				
Purchases	366	71	1,649	2,086
Transferred from investment property[1]	5,757	–	–	5,757
Disposals:				
Sales[2]	–	(107)	(598)	(705)
Transferred to investment property[1]	(6,568)	–	–	(6,568)
Revaluation recognised in other comprehensive income	1,658	–	–	1,658
At 31 March 2020	**7,155**	**171**	**1,647**	**8,973**
Depreciation				
At 1 April 2019	**(299)**	**(152)**	**(392)**	**(843)**
Charge for the financial year	(125)	(35)	(360)	(520)
Disposals	–	87	576	663
Transferred to investment property[1]	358	–	–	358
At 31 March 2020	**(66)**	**(100)**	**(176)**	**(342)**
Net book value at 31 March 2020	**7,089**	**71**	**1,471**	**8,631**

1. The Group relocated its head office from South Dock House to 1WML during the financial year. South Dock House has now been leased to a tenant and so is recognised in investment property. The space in 1WML now occupied by the Group has now been recognised in land and buildings as owner occupied property.
2. Disposals relate to furniture and fittings in South Dock House.

17. Property, plant and equipment continued

As at 31 March 2019

	Land and buildings €'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 financial 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**

Land and buildings: The Group's head office at 1WML was revalued at 31 March 2020, and the Group's previous head office at South Dock House was revalued at 31 March 2019, by the Group's Valuer and in accordance with the valuation approach described under note 16. They were 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 2020 1WML**	31 March 2019 South Dock House
ERV per sq. ft.	**€55.0**	**€57.5**
Equivalent yield	**4.25%**	**5.0%**

18. Other assets

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

These are property assets which were acquired as part of a loan portfolio purchased to acquire some of the Group's investment properties and are not suitable for retention as investment property. Previously they were recognised as non-current assets held for sale. A profit of €5m has been realised on the disposal of these assets to date and the Directors have concluded that the fair value of the remaining assets is at least their carrying value. The sale of the remaining assets has been delayed and the Directors have concluded that it is more appropriate that they be recognised as non-current.

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 or through profit or loss)
- 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 derecognises 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 derecognition 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 cost. 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 derecognised 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 ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. IFRS 9 allows entities to apply a 'simplified approach' for trade receivables, contract assets and lease receivables. The simplified approach must be used for trade receivables with no significant financing approach and the Group has chosen to apply this to all trade receivables as only some minor receivables have a financing component. The simplified approach allows the recognition of lifetime ECL on all these assets without the need to identify significant increases in credit risk (see note 21). Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. The Group uses a provision matrix to calculate these ECL.

In order to perform this assessment, the Group classifies its assessment into three stages:

- Step 1: Group trade receivables: The Group has chosen to use a tenant risk assessment which is based on the tenant's industry, its knowledge of its payment history and other factors as relevant to group financial assets into credit risk categories
- Steps 2 to 4: The Group uses the period since inception to gather loss data. As only minor losses have occurred, the Group has used forward looking economic factors to determine appropriate loss rates to apply to each sub-group determined in step 1 as divided into past due categories, thus creating a matrix for provision of ECL
- Stage 5: The ECL for each sub-group determined in step 1 is calculated by multiplying the loss rate calculated in steps 2 to 4 to the balance of each age band for the receivables in each group. Once the ECL of each age band for the receivables have been calculated, total ECL of the portfolio is provided

A financial asset is considered to be credit impaired where payments are past due and there is no engagement with the Group to make arrangements to bring the payment schedule up to date. A financial asset is considered to be in default if the debtor has failed to pay all rent and other charges due for a period of three months, has failed to agree payment terms for the clearance of the balance and there are no legal grounds for suspended payment or the debtor has failed to engage or has moved out of the property and is considered a high-risk debtor. Each circumstance is individual and Management may use discretion when deciding if such amounts are recoverable. Rent continues to be recognised in rental income, with the appropriate ECL being recognised, until the financial asset is considered to be in default. Once in default, these amounts are still due but not recognised in profit or loss. Amounts considered to be in default are full impaired. When legal proceedings are instigated to recover the debt, the costs of these are charged to profit or loss.

19. Cash and cash equivalents

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Cash and cash equivalents	**28,454**	**22,372**

Cash and cash equivalents includes cash at bank in current accounts and deposits held on call with banks. The management of cash and cash equivalents is discussed in note 30. Please also refer to note 25.b on the net debt calculations. In addition, the Company holds funds in excess of its regulatory minimum capital requirement at all times. Given the impact of COVID-19, the Group has implemented a policy of maintaining a minimum cash balance of €20m at all times.

20. Other financial assets

Accounting policy

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 variability in interest costs and the effective portion is recognised in equity in the hedging reserve, with the ineffective portion being recognised in profit or loss within finance expenses.

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Derivatives at fair value	**34**	**194**

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 2020, as well as having €75m of fixed coupon private placement notes, it has hedged the interest rate exposure on €125m of its revolving credit facility (March 2019: €225m) using a combination of caps and swaptions to limit the EURIBOR element of interest payable to 0.75%. This means that at 31 March 2020 76% of the Group's drawn debt is either fixed or hedged (31 March 2019: 128%).

21. 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.

For trade receivables which are financial assets the accounting policy is described under the introduction to Section IV above.

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Non-current		
Property income receivables	9,590	7,163
Recoverable capital expenditure	661	765
Expected credit loss allowance	(36)	–
Balance at end of period – non-current	**10,215**	**7,928**
Current		
Property income receivables	1,955	4,105
Recoverable capital expenditure	460	314
Expected credit loss allowance	(61)	–
	2,354	**4,419**
Receivable from investment property sales	136	34,639
Deposits paid on investment property	–	145
Prepayments	985	548
Income tax refund due	2	54
VAT refundable	274	359
Balance at end of period – current	**3,751**	**40,164**
Balance at end of period – total	**13,966**	**48,092**
Of which are classified as financial assets	**1,591**	**37,630**

The non-current balance is mainly non-financial in nature; €0.7m (March 2019: €0.8m) relates to amounts receivable from tenants in relation to capital expenditure funded initially by the Group to be recovered over the relevant lease term, with the balance consisting of deferred income and expenditure amounts relating to the lease incentives and deferred lease costs. These amounts, as they are receivable over the term of the lease, have a financing element. The Group has chosen to apply the simplified ECL model to these. The Group introduced an internal rating system for tenants during the COVID-19 pandemic in order to ensure proactive management of amounts due. The Group has a diverse range of tenants, many of which are large multinational companies, and our rent collection statistics to date have remained strong (note 2.e). The current balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments (note 30.d). The ECL allowance is calculated according to the provision matrix and totals €97k. In addition, ECL of €50k were realised in the year.

22. Issued capital and share premium

Accounting policy
The equity of the Company consists of ordinary shares issued. Shares issued are recorded at the date of issuance. The par value of the issued shares is recorded in the share capital account. The excess of proceeds received over the par value is recorded in the share premium account. Direct issue costs in respect of the issue of shares are accounted for in the retained earnings reserve, net of any related tax deduction.

At 31 March 2020

	No. of shares in issue '000	Share capital €'000	Share premium €'000	Capital redemption fund €'000	Total Company capital €'000
Balance at beginning of period	**697,589**	**69,759**	**624,483**	**–**	**694,242**
Shares cancelled during the period (see below)	(17,573)	(1,757)	–	1,757	–
Shares issued during the period (see below)	4,641	464	5,793	–	6,257
Balance at end of period	**684,657**	**68,466**	**630,276**	**1,757**	**700,499**

At 31 March 2019

	No. of shares in issue '000	Share capital €'000	Share premium €'000	Capital redemption fund €'000	Total Company capital €'000
Balance at beginning of period	692,347	69,235	617,461	–	686,696
Shares issued during the period (see below)	5,242	524	7,022	–	7,546
Balance at end of period	**697,589**	**69,759**	**624,483**	**–**	**694,242**

Shares cancelled during the period – share buyback programme:
In April 2019 the Group announced an on-market share buyback programme to return up to €25m of the proceeds from the sale of 77 Sir John Rogerson's Quay to shareholders. This commenced in April 2019 and completed in November 2019 with a total of 17.6m shares repurchased and immediately cancelled for aggregate consideration of €25.0m (average price €1.42).

Shares issued during the period are as follows:
4.6m ordinary shares with a nominal value of €0.10 were issued during the period in settlement of share-based payments totalling €6.2m (note 10): 0.1m shares were issued on 4 April 2019 and 4.5m shares were issued on 24 July 2019 and the associated costs were €10k.

Share-based payments:
The Group's remuneration scheme includes awards which are made in shares or nil cost share options and which are payable to employees only after fulfilling service and/or performance conditions. Amounts provided for at 31 March 2020 were 1.5m shares and a further 0.9m shares remain to be accrued as at the period end. Amounts due at 31 March 2019 amounted to €7.6m or 5.6m shares and 0.4m shares remained to be provided. Full details on these arrangements are in note 10.

Share capital:
Ordinary shares of €0.10 each:

	Financial year ended 31 March 2020 '000 shares	Financial year ended 31 March 2019 '000 shares
Authorised	1,000,000	1,000,000
Allotted, called up and fully paid	684,657	697,589
In issue at end of financial year	**684,657**	**697,589**

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 part of its share premium into distributable reserves. A resolution was passed at the Group's AGM on 31 July 2019 approving this reorganisation. The reorganisation application proceeded in January 2020, and the conversion of €50m in share premium to revenue reserves was approved by the High Court in March 2020 and took effect in April 2020.

23. Other reserves

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Property revaluation	3,547	1,889
Cash flow hedging	(234)	(288)
Share-based payment reserve	2,066	7,556
Balance at end of period	**5,379**	**9,157**

23.a Property revaluation reserve

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of period	**1,889**	**1,166**
Increase arising on revaluation of properties	1,658	723
Balance at end of period	**3,547**	**1,889**

The Group's head office is carried at fair value and the remeasurement of this property is made through other comprehensive income or loss (note 17). If disposed of, the property revaluation reserve relating to the premises sold will be transferred directly to retained earnings. The Group moved head office during the financial year and €2.5m of the balance on this reserve relates to unrealised gains on South Dock House for the period during which it was the Group's head office.

23.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 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of period	**(288)**	**(329)**
Net fair value movement on hedging instruments entered into for cashflow hedges	54	41
Balance at end of period	**(234)**	**(288)**

23.c Share-based payment reserve

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of period	**7,556**	**8,783**
Performance-related payments provided	1,252	6,658
Settlement of performance-related payments	(6,742)	(7,885)
Balance at end of period	**2,066**	**7,556**

The share-based payment reserve comprises amounts reserved for the issue of shares in respect of variable remuneration. These are discussed further in note 10.

24. Retained earnings, distributable reserves and dividends on equity instruments

Retained earnings

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of financial year	**515,140**	**415,414**
Profit for the financial year	61,043	123,459
Share issuance costs	(10)	(14)
Share buy-back	(25,036)	–
Dividends paid	(25,866)	(23,719)
Balance at end of financial year	**525,271**	**515,140**

24. Retained earnings, distributable reserves and dividends on equity instruments continued

Distributable reserves – Company only

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Retained earnings at end of financial period (Company only)	**444,029**	**436,014**
Unrealised gains on investment property[1]	(408,513)	(388,791)
Distributable reserves	**35,516**	**47,223**

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 2019 a dividend of 2.0 cent per share (€13.9m) and in January 2020 an interim dividend of 1.75 cent per share (€12.0m) were paid to the holders of fully paid ordinary shares. A final dividend for the financial year of 3.0 cent per share (c. €20.5m) has been proposed (31 March 2019: 2.0 cent per share or € 13.9m) (note 13).

On 9 April 2020 €50m in share premium was converted to distributable reserves on foot of a capital reorganisation which took place during the financial year (note 22).

The Directors confirm that the Company continues to comply with the dividend payment obligations contained within the Irish REIT legislation.

25. 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).

25.a Borrowings

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Non-current		
Unsecured bank borrowings	185,109	156,524
Unsecured private placement notes	74,582	74,524
Total non-current borrowings	**259,691**	**231,048**
Current		
Unsecured bank borrowings	159	149
Unsecured private placement notes	358	358
Total current borrowings	**517**	**507**
Total borrowings	**260,208**	**231,555**

The maturity of non-current borrowings is as follows:

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Less than one year	517	507
Between one and two years	–	–
Between two and five years	185,109	156,524
Over five years	74,582	74,524
Total	**260,208**	**231,555**

Movements in borrowings during the financial year:

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of financial year	**231,555**	**219,218**
Bank finance drawn	57,945	340,412
Bank finance repaid	(29,968)	(326,372)
Interest payable[1]	676	(1,703)
Balance at end of financial year	**260,208**	**231,555**

1. Balance in the prior year is negative due to the capitalisation of arrangement fees on the refinancing of the RCF and the issue of private placement notes.

25. Financial liabilities continued

25.a Borrowings continued

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 as lessee.

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
- €75m of unsecured US private placement notes, €37.5m dated 23 January 2026 and €37.5m 23 January 2029, with fixed rate coupons of 2.36% and 2.69%, respectively

The unsecured RCF 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 (€125m) of its EURIBOR exposure is capped at 0.75% in accordance with the Group’s hedging policy (note 30.d.ii)

The private placement notes have an average maturity of 7.3 years at 31 March 2020 (31 March 2019: 8.3 years) 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. There is significant headroom on the financial covenants (note 2.e).

25.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 is the ratio of net debt to investment property value at the measurement date.

	As at 31 March 2020 €’000	As at 31 March 2019 €’000
Cash and cash equivalents	28,454	22,372
Cash reserved[1]	(7,457)	(5,050)
Gross debt – fixed interest rates	(75,000)	(75,000)
Gross debt – variable interest rate	(187,390)	(159,413)
Net debt at period end	**(241,393)**	**(217,091)**
Investment property at period end	**1,465,183**	**1,395,418**
Loan to value ratio	**16.5%**	**15.6%**

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.

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 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)**
Cash inflow	–	–	(57,945)	–	(57,945)
Cash outflow	–	–	29,968	–	29,968
Movement in cash and cash equivalents	6,082	–	–	–	6,082
Movement in cash reserved[1]	(2,407)	–	–	–	(2,407)
Net debt as at 31 March 2020	**20,997**	**–**	**(187,390)**	**(75,000)**	**(241,393)**

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. Deferred tax liabilities

The Group is not generally liable for corporate taxes as it has REIT status (see note 12). Where it is anticipated that certain assets may not qualify as assets of the property rental business (defined in legislation) or where tax may be due on assets of the property rental business, 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 2020 €'000	As at 31 March 2019 €'000
The balance comprises temporary differences attributable to:		
Unrealised gains on residual business	**395**	**547**

27. Trade and other payables

Accounting policy
Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Current		
Investment property payable	4,037	5,667
Rent prepaid	8,631	7,013
Rent deposits and other amounts due to tenants	2,543	1,222
Sinking funds	1,975	1,926
Trade and other payables	4,470	3,742
Payroll taxes payable	217	293
Balance at end of period	**21,873**	**19,863**
Of which classified as financial instruments	**2,240**	**3,231**

Cash is held against balances due for service charges prepaid and sinking fund contributions, €3.7m (March 2019: €3.9m), and rental deposits from tenants, €2.5m (March 2019: €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.

28. 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.

	Contract liabilities €'000
Contract liabilities at 1 April 2018	**1,745**
(Revenue)/expense recognised during the financial year	243
Amounts received from customers under contracts	6,311
Amounts paid to suppliers	(6,291)
Contract liabilities at 31 March 2019	**2,008**
(Revenue)/expense recognised during the financial year	(133)
Amounts received from customers under contracts	6,661
Amounts paid to suppliers	(5,359)
Contract liabilities at 31 March 2020	**3,177**

29. Cash flow information

29.a Non-cash movements in operating profit

	Notes	31 March 2020 €'000	31 March 2019 €'000
Revaluation of investment property	16	(22,856)	(95,527)
Share-based payments	10	1,252	6,658
Prepaid remuneration expense		–	2,679
Net impairment losses on financial and contract assets		147	–
Depreciation	17	520	284
Other gains		(10)	(140)
Net finance expense		7,195	8,221
Tax charge		(180)	547
Non-cash movements in operating profit		**(13,932)**	**(77,278)**

29.b Cash expended on investment property

	Notes	31 March 2020 €'000	31 March 2019 €'000
Investment property purchases	16	22,820	40,030
Development and refurbishment expenditure	16	23,636	47,221
Deposit paid on investment property	21	(145)	145
Decrease/(increase) in investment property costs payable		1,630	(549)
Cash expended on investment property		**47,941**	**86,847**

29.c Cash received from sales of investment property

	Notes	31 March 2020 €'000	31 March 2019 €'000
Property sales	16	–	96,077
Profit on sales	7	–	2,578
Decrease/(Increase) in receivable from investment property sales	21	34,503	(34,639)
Cash received from sales of investment property		**34,503**	**64,016**

29.d Cash expended on property, plant and equipment

	Notes	31 March 2020 €'000	31 March 2019 €'000
Additions to fixed assets	17	2,086	52
Disposal of fixed assets		(50)	–
Amounts due at financial year end		(20)	–
Cash expended on property, plant and equipment		**2,016**	**52**

30. Financial instruments and risk management

30.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 & 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.

30. Financial instruments and risk management continued

30.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	3	Discounted cash flow	Most trade receivables are very short-term, the majority less than one month, and therefore face value approximates fair value on a discounted basis.
Financial liabilities	Amortised cost	3	Discounted cash flow	The fair value of financial liabilities held at amortised cost have been calculated by discounting the expected cash flows at prevailing interest rates.
Derivative financial instruments	Fair value	2	Calculated 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	3	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 approximates fair value on a discounted basis.
Contract liabilities	Amortised cost	3	Discounted cash flow	All contract liabilities classified as financial instruments are very short-term, the majority less than one month, and therefore face value approximates 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.

30.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 2020

	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	3	13,966	1,591	–	1,591	1,591	1,591
Derivatives at fair value	2	34	34	34	–	34	34
Borrowings	3	(260,208)	(260,208)	–	(260,208)	(260,208)	(266,559)
Trade and other payables	3	(21,873)	(2,240)	–	(2,240)	(2,240)	(2,240)
Contract liabilities	3	(3,177)	(3,177)	–	(3,177)	(3,177)	(3,177)
		(271,258)	**(264,000)**	**34**	**(264,034)**	**(264,000)**	**(270,351)**

30. Financial instruments and risk management continued
30.c Fair value hierarchy continued
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	3	48,092	37,630	–	37,630	37,630	37,630
Derivatives at fair value	2	194	194	194	–	194	194
Borrowings	3	(231,555)	(231,555)	–	(231,555)	(231,555)	(231,555)
Trade and other payables	3	(19,863)	(3,231)	–	(3,231)	(3,231)	(3,231)
Contract liabilities	3	(2,008)	(2,008)	–	(2,008)	(2,008)	(2,008)
		(205,140)	**(198,970)**	**194**	**(199,164)**	**(198,970)**	**(198,970)**

Movements of assets measured at fair value in Level 3
This reconciliation includes investment property, loans and other financial assets which are included in trade payables, trade receivables and contract liabilities and measured at fair value. Measurement of these assets is described in note 16 (Investment property) and in the table at the start of this note.

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of financial year	**1,395,418**	**1,308,869**
Transfers out of level 3	–	–
Purchases, sales, issues and settlement		
Purchases[1]	46,456	87,251
Sales	–	(96,077)
Loan redemption	–	(152)
Transfer to/from property, plant and equipment	453	–
Fair value movement	22,856	95,527
Balance at end of financial year	**1,465,183**	**1,395,418**

1. Includes development, refurbishment and remedial expenditure.

30.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	Ageing 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 below:

i. Risk management framework
The Group's Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee is responsible for developing and monitoring the Group's risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. All of these policies are regularly reviewed in order to reflect changes in the market conditions and the Group's activities. The Audit Committee is assisted in its work by internal audit, 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 cash and cash equivalents, trade receivables. Financial liabilities comprise short-term payables, private placement notes and bank borrowings. Therefore the primary market risk is interest rate risk.

30. Financial instruments and risk management continued
30.d Financial risk management continued
ii. Market risk continued
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 0.75%.

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 2020

	€'000	Impact on profit +1% EURIBOR Increase €'000	Impact on profit +2% EURIBOR Increase €'000
Amount drawn	(187,390)	(1,874)	(3,748)
Hedging (caps)			
€125m expires December 2021: strike 0.75%	125,000	313	1,563
Impact on profit after hedging		**(1,561)**	**(2,185)**

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 December 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.

Exposure to interest rates is limited to the exposure of the Group's earnings from borrowings. Variable rate borrowings were €187m (March 2019: €159m) and gross debt was €262m in total at the financial year end of which €75m was fixed rate private placement notes (March 2019: €234m of which €75m was fixed). The Group's drawings under its facilities were based on a EURIBOR rate of 0% throughout the financial year.

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 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 has also engaged the services of a depository to ensure the security of the cash assets.

Trade and other receivables: Rents are generally received in advance from tenants and therefore there tends to be a low level of credit risk associated with this asset class. As part of the Group's response to the COVID-19 pandemic, a credit rating system was introduced for tenants. This is used, together with an analysis of past loss patterns and future expectations of economic impacts, to create a matrix for the calculation and provision of ECL (note 21). Included in non-current trade receivables is a net amount of €1.0m relating to expenditure on fit-outs that is recoverable from tenants over the duration of the lease (31 March 2019: €0.7m). This amount is monitored closely in the current economic environment due to its long-term nature. An amount of €0.1m was due in relation to the sale of an investment property at 31 March 2020 (March 2019: €34.6m). 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 21, ECL on financial and contract assets recognised during the financial year were €147k (31 March 2019: €nil). Details on the Group's policy on providing ECL can be found in the introduction to Section IV. The Group has a diverse range of tenants, many of which are large multinational companies (65% of its contracted rent is from the TMT sector and Government/state entities), and to date our rent collection statistics have remained strong (note 2.e).

30. Financial instruments and risk management continued
30.d Financial risk management continued
iii. Credit risk

The maximum amount of credit exposure is therefore:

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Other financial assets	34	194
Trade and other receivables	13,966	37,630
Cash and cash equivalents	28,454	22,372
Balance at end of financial year	**42,454**	**60,196**

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 2020 €'000	As at 31 March 2019 €'000
Net current assets at the financial year end	**6,638**	**40,692**

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 2020 to €133m (March 2019: €161m) in undrawn amounts under its revolving credit facility (note 25.a), which matures in December 2023. As a precaution given the uncertainty caused by COVID-19, the Group has implemented a policy of maintaining a minimum cash balance of €20m at all times for liquidity purposes.

Exposure to liquidity risk

Listed below are the contractual cash flows of the Group's financial liabilities. This includes contractual maturity in relation to borrowings which is also the earliest maturity of the facilities assuming that covenants are not breached. Covenants are reviewed quarterly and scenario analyses performed as to the circumstances under which these covenants could be breached in order to monitor going concern and viability (see also note 2.e). 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 2020

	Carrying amount €'000	**Contractual cash flows €'000**	**6 months or less €'000**	**6-12 months €'000**	**1-2 years €'000**	**2-5 years €'000**	**>5 years €'000**
Non-derivatives							
Borrowings	260,208	285,517	2,821	2,821	5,642	194,629	79,604
Trade payables	2,240	2,240	2,240	–	–	–	–
Contract liabilities	3,177	3,177	3,177	–	–	–	–
Total	**265,625**	**290,934**	**8,238**	**2,821**	**5,642**	**194,629**	**79,604**

At 31 March 2019

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
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**

30. Financial instruments and risk management continued
30.d Financial risk management continued
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
- 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 (whilst ensuring it maintains compliance with the dividend distribution requirements of the Irish REIT regime), return capital to shareholders, issue new shares or sell assets to reduce debt. In November 2019, the Company completed a share buyback programme to return €25m, the majority of the net sales proceeds (€35m) from the sale of an investment property, to shareholders (note 22). The Group is also obliged to distribute at least 85% of its property rental income annually under the REIT regime regulations.

Capital comprises share capital, retained earnings and other reserves as disclosed in the consolidated statement of changes in equity. At 31 March 2020 the total capital of the Group was €1,231m (March 2019: €1,219m).

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
- *Total Accounting Return ("TAR") %:* Measures the absolute growth in the Group's EPRA NAV per share plus any ordinary dividend paid during the financial year
- *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 reinvested in the purchase of shares. Allows comparison of performance against other companies in the Group's listed peer group

The Group seeks to leverage its equity capital in order to enhance returns (note 25.a). The LTV is expressed as net debt (note 25.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 25.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%
- Interest cover must be greater than 1.5 times on both a 12-month historical and forward basis
- The net worth (Net Asset Value) of the Group must exceed €400m at all times

The Group has complied with these key covenants throughout the reporting period.

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 a minimum of 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.

31. Operating lease receivables

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

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Operating lease receivables due in:		
Less than one year	64,206	55,395
Between two and five years	178,678	162,407
Greater than five years	142,282	195,291
Total	**385,166**	**413,093**

The Group leases its investment properties under operating leases. The weighted average unexpired lease term ("WAULT") at 31 March 2020, excluding residential properties and weighted on contracted rents, based on the earlier of lease break or expiry date was 6.4 years (March 2019: 7.5 years).

These calculations are based on all leases in place at 31 March 2020, i.e. including leases that are in place but have not yet commenced.

32. Capital commitments

The Group has entered into a number of development contracts to develop buildings in its portfolio. The total capital expenditure commitment in relation to these over the next one to two years is approximately €18m (March 2019: €35m).

33. Contingent liabilities

Accounting policy
Contingent liabilities are possible obligations depending on whether some uncertain future event occurs, or present obligations where payment is not probable or the amount cannot be measured reliably. Contingent liabilities are not recognised but are disclosed unless the possibility of an outflow of economic resources is remote.

The Group has not identified any contingent liabilities which are required to be disclosed in the financial statements.

34. Related parties

34.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	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Holdco One Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Holdco Two Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Edwina Governey Kevin Nowlan Mark Pollard	Sean O'Dwyer	General partner
Hibernia REIT Holdco Three Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Frank O'Neill	Sean O'Dwyer	Property development
Hibernia REIT Holdco Four Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Building Management Services Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Property management
NL7 Limited Partnership	1WML Windmill Lane Dublin D02 F206 Ireland	n/a	Hibernia REIT Holdco Two Limited (General Partner)	Sean O'Dwyer	Holding property interests
Hibernia REIT Finance Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/10	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Financing activities
WK Nowlan REIT Management Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/300,000	Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Investment holding company

34.b Other related party transactions

Both Kevin Nowlan and Frank O'Neill were shareholders in WK Nowlan Real Estate Advisors up until June 2019 when these shareholdings were disposed of in full.

The rent review with WK Nowlan Real Estate Advisors, which was live during the financial year ended 31 March 2019, was settled during this financial year. The Group earned rent of €115k (inclusive of backdated amounts) from WK Nowlan Real Estate Advisors in Marine House during the financial year (March 2019: €115k). The Group was not owed any rent at financial year end (March 2019: €73k).

As his consultancy agreement with the Company had ceased prior to the commencement of this financial year, Frank Kenny (Non-Executive Director) earned no consultancy fees (March 2019: €140k). No amounts were owed to him in respect of consultancy fees at the financial year end (March 2019: €35k).

Amounts due in relation to the final tranche of the IMA performance-related payments which expired on 26 November 2018 were settled by the issuance of shares in the financial year as follows: Kevin Nowlan: €2.3m, Frank Kenny: €1.5m, William Nowlan: €1.1m and Frank O'Neill: €0.5m. (March 2019: Kevin Nowlan: €2.8m, Frank Kenny: €1.8m, William Nowlan: €1.4m and Frank O'Neill: €0.6m).

Thomas Edwards-Moss (CFO) rented an apartment from the Group at market rent and paid €14k in rent during the financial year (March 2019: €12k).

Stewart Harrington (Non-Executive Director) rented an apartment from the Group for part of the financial year at market rent and paid €9k in rent during the financial year (March 2019: €nil).

34. Related parties continued

34.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
Edwina Governey	Chief Investment Officer
Sean O'Dwyer	Company Secretary and Risk & Compliance Officer
Frank O'Neill	Director of Operations
Mark Pollard	Director of Development

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

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Short-term benefits	3,385	3,035
Post-employment benefits	262	226
Other long-term benefits	–	–
Share-based payments	367	353
Total for the financial year	**4,014**	**3,614**

The total fixed remuneration paid to the key management personnel in the financial year, all of whom are engaged in managing the Group activities, was €4,013,896 of which €2,883,473 comprised fixed remuneration and €1,130,423 comprised variable remuneration (31 March 2019: €3,614,423 of which €2,820,157 comprised fixed remuneration and €794,266 comprised variable remuneration).

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

35. Events after the reporting period

1. The Directors have proposed a final dividend of 3.0 cent per share that is subject to approval at the AGM to be held on 29 July 2020.
2. On 23 May 2019 the Group announced its intention to undertake a share capital reorganisation to convert part of its share premium into distributable reserves. A resolution was passed at the Group's AGM on 31 July 2019 approving this reorganisation. The reorganisation and conversion of €50m of share premium into distributable reserves was approved by the Court in March 2020 and legally registered in April 2020.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	**31 March 2020 €'000**	31 March 2019 €'000
Assets			
Non-current assets			
Investment properties	e	1,277,685	1,207,742
Property, plant and equipment	f	3,803	5,905
Investment in subsidiaries	g	26,235	26,339
Other assets	h	534	–
Loans to subsidiaries	i	116,991	148,946
Trade and other receivables	j	7,575	5,389
Total non-current assets		**1,432,823**	**1,394,321**
Current assets			
Trade and other receivables	j	3,647	4,202
Cash and cash equivalents		26,779	20,733
		30,426	**24,935**
Non-current assets classified as held for sale	h	–	534
Total current assets		**30,426**	**25,469**
Total assets		**1,463,249**	**1,419,790**
Equity and liabilities			
Capital and reserves			
Share capital	k	68,466	69,759
Share premium	k	630,276	624,483
Capital redemption fund	k	1,757	–
Other reserves	l	4,582	9,445
Retained earnings	m	444,029	436,014
Total equity		**1,149,110**	**1,139,701**
Non-current liabilities			
Financial liabilities	n	288,545	259,294
Lease liability	o	2,085	–
Deferred tax liabilities	p	395	547
Total non-current liabilities		**291,025**	**259,841**
Current liabilities			
Financial liabilities	n	517	507
Lease liability	o	203	–
Trade and other payables	q	19,617	18,123
Contract liabilities	r	2,777	1,618
Total current liabilities		**23,114**	**20,248**
Total equity and liabilities		**1,463,249**	**1,419,790**

The Company's profit after tax for the financial year ended 31 March 2020 determined in accordance with FRS 101 is €58.9m. The Company has undergone a transition from reporting under International Financial Reporting Standards adopted by the European Union to FRS 101 Reduced Disclosure Framework, which is not considered to have had a material impact on the results presented in financial statements. Its profit after tax for the financial year ended 31 March 2019 was determined in accordance with IFRS and was €115.0m.

The Company's financial statements on pages 177 to 186 were approved and authorised for issue by the Board of Directors on 15 June 2020 and were signed on its behalf by:

Kevin Nowlan
Chief Executive Officer
16 June 2020

Thomas Edwards-Moss
Chief Financial Officer
16 June 2020

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Share capital €'000	Share premium €'000	Capital redemption fund €'000	Property revaluation reserve €'000	Cashflow hedge reserve €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 April 2018	**69,235**	**617,461**	**–**	**1,166**	**(231)**	**8,783**	**344,758**	**1,041,172**
Profit for the financial year	–	–	–	–	–	–	114,989	114,989
Other comprehensive income for the period	–	–	–	723	231	–	–	954
Total comprehensive income for the period	**69,235**	**617,461**	–	**1,889**	–	**8,783**	**459,747**	**1,157,115**
Issue of share capital	524	7,022				(7,546)	(14)	(14)
Dividends paid	–	–	–	–	–	–	(23,719)	(23,719)
Share-based payments	–	–	–	–	–	6,319	–	6,319
Balance at 31 March 2019	**69,759**	**624,483**	**–**	**1,889**	**–**	**7,556**	**436,014**	**1,139,701**
Profit for the financial year	–	–	–	–	–	–	58,927	58,927
Other comprehensive income for the financial year	–	–	–	627	–	–	–	627
Total comprehensive income for the financial year	**69,759**	**624,483**	**–**	**2,516**	**–**	**7,556**	**494,941**	**1,199,255**
Issue of share capital	464	5,793	–	–	–	(6,257)	(10)	(10)
Own shares acquired and cancelled in the financial year	(1,757)	–	1,757	–	–	–	(25,036)	(25,036)
Dividends paid	–	–	–	–	–	–	(25,866)	(25,866)
Share-based payments	–	–	–	–	–	767	–	767
Balance at 31 March 2020	**68,466**	**630,276**	**1,757**	**2,516**	**–**	**2,066**	**444,029**	**1,149,110**

a) General information
Hibernia REIT plc, the "Company", registered number 531267 is a public limited company and is incorporated and domiciled in Ireland. The address of the Company's registered office is 1WML, Windmill Lane, Dublin, D02 F206, Ireland. Refer to note 1 of the consolidated financial statements.

b) Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework.*

The Company meets the definition of a qualifying entity under FRS 100 *Application of Financial Reporting Requirements* issued by the Financial Reporting Council. The Company has undergone a transition from reporting under International Financial Reporting Standards adopted by the European Union ("IFRS") to FRS 101 *'Reduced Disclosure Framework* as issued by the Financial Reporting Council ("FRS 101"). The transition from IFRS to FRS 101 is not considered to have had a material impact on the results presented in the financial statements. The reason for the transition is to simplify the disclosures given in the Company financial statements with the consolidated financial statements of the Group providing more detailed disclosure.

The Company financial statements were prepared on a going concern basis under the historical cost convention, except for the revaluation of investment properties that are measured at fair value at the end of each reporting period, and the relevant financial reporting framework that has been applied is the Companies Act 2014 and FRS 101.

The financial statements of the Company are consolidated in the Hibernia REIT plc consolidated Group financial statements, prepared in accordance with IFRS and the Companies Act 2014, which are available to the public (see pages 128 to 176 of the Annual Report).

FRS 101 Disclosure Exemptions
in preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- The requirements of IAS 1 *Presentation of Financial Statements:*
  - to provide a statement of cash flows for the period
  - to provide a statement of compliance with IFRS
  - to disclose information on the management of capital
  - to disclose comparative period reconciliations for tangible fixed assets
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to disclose new IFRS that have been issued but are not yet effective
- The requirements in IAS *24 Related Party Disclosures:*
  - to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
  - to disclose key management personnel compensation

As the consolidated financial statements of the Company and its subsidiaries include the equivalent disclosures, the Company has also availed of the following disclosure exemptions under FRS 101:

- IFRS 2 *Share-Based Payment* in respect of Group-settled share-based payments
- Paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial instrument Disclosures*

Going concern
These financial statements have been prepared on a going concern basis. The Board has assessed the viability of the Company as part of its overall assessment of the Group. For further information on going concern refer to note 2.e of the consolidated financial statements.

Significant judgements
The significant judgements made in the preparation of these financial statements are the same as those for the Group and are detailed in note 2.f of the consolidated financial statements. These are judgements around the valuation basis of investment property, key assumptions in terms of unobservable inputs and the impact that the COVID-19 pandemic has had thereon.

Analysis of sources of estimation uncertainty
The sources of estimation uncertainty are the same as those for the Group which are detailed in note 2.g of the consolidated financial statements.

c) Operating profit

Operating profit is stated after charging:

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Non-Executive Directors' fees	561	447
Staff costs	6,829	4,516
Professional fees: property-related	1,055	537
Professional fees: corporate	1,762	1,758
Valuer's fees	285	394
Depository fees	315	299
Depreciation	599	281
Other administration expenses	1,799	1,411
Top-up internalisation expenses	–	1,482
Prepaid remuneration expense	–	2,679
Administration expenses	**13,205**	**13,804**

Auditor's remuneration

Company

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Audit of the Company financial statements	75	72
Other assurance services[1]	18	26
Tax advisory services	–	–
Other non-audit services	–	–
Total	**93**	**98**

1. Other assurance services are for the review of the Interim Report. In the financial year ended 31 March 2019 it included a review of the final IMA performance calculation in early 2019 in addition to the review of the Interim Report

d) Employment

Number of employees

	Financial year ended 31 March 2020 Number	Financial year ended 31 March 2019 Number
Total employees at financial year end	27	23
Average employees	24	22

No amount of salaries and other benefits were capitalised into investment properties. The staff costs for the above employees were:

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Wages and salaries	4,796	4,097
Social insurance costs	544	360
Employee share-based payment expense	1,149	587
Pension costs – defined contribution plan	340	282
Total	**6,829**	**5,326**

All staff costs are allocated to administration expenses.

e) Investment property

31 March 2020

Fair value category	Office assets Level 3 €'000	Office development assets Level 3 €'000	Residential assets Level 3 €'000	Industrial/ landassets Level 3 €'000	Total Level 3 €'000
Carrying value at 1 April 2019	**1,018,600**	**16,199**	**145,280**	**27,663**	**1,207,742**
Property purchases	8,741	–	694	13,385	22,820[1]
Development and refurbishment expenditure	6,267[2]	13,557	825	157	20,806
Revaluations included in income statement	1,190	18,243	4,561	(3,887)	20,107
Transferred from owner occupied property	6,210[3]	–	–	–	6,210
Carrying value at 31 March 2020	**1,041,008**	**47,999**	**151,360**	**37,318**	**1,277,685**

1. A VAT refund of €0.5m was received for prior years relating to the grant of VAT inclusive leases in 2DC, following its refurbishment. Gross acquisition spend was therefore €23.3m.
2. This includes capital expenditure on SJRQ and 2WML after their transfer to the office segment in the prior year.
3. The Group moved to a new head office in 1WML, which is held by a subsidiary company, in late 2019. The space previously occupied by the Group in South Dock House has been leased to a tenant from December 2019 and was transferred to investment property at fair value on the date on which it changed in use.

Key unobservable inputs used in the valuation of the Company's investment property at 31 March 2020

	Market value €'000	Estimated rental value Low	Estimated rental value High	Equivalent yield Low	Equivalent yield High
Office	**1,041,008**	**€25.00 psf**	**€62.5 psf**	**3.99%**	**6.65%**
Office development	**47,999**	**€30.00 psf**	**€62.00 psf**	**4.42%**	**4.42%**
Residential[1]	**151,360**	**€25,200 pa**	**€32,400 pa**	**3.70%**	**4.07%**
Industrial/land	**37,318**	**€5.00 psf**	**€9.00 psf**	**7.65%**	**7.94%**

1. Average ERV based on a two-bedroom apartment. Residential yields are based on the contracted income after deducting operating expenses. The market standard deduction is 20% of gross rental income. Based on the Valuer's estimation of market rent no deduction for operating expenses (as per 31 Mar 2019 below), the gross yields on the same assets as noted at 31 Mar 2019 would be 5.28% (low) and 6.37% (high).

Sensitivity data

Sensitivities	Impact on market value of a 5% change in the estimated rental value Increase €'m	Impact on market value of a 5% change in the estimated rental value Decrease €'m	Impact on market value of a 10% change in the estimated rental value Increase €'m	Impact on market value of a 10% change in the estimated rental value Decrease €'m	Impact on market value of a 25bp change in the equivalent yield Increase €'m	Impact on market value of a 25bp change in the equivalent yield Decrease €'m	Impact on market value of a 50bp change in the equivalent yield Increase €'m	Impact on market value of a 50bp change in the equivalent yield Decrease €'m
Office	52.2	(52.2)	104.1	(104.1)	(73.1)	81.6	(138.8)	173.9
Office development	2.8	(2.8)	5.7	(5.7)	(3.8)	4.3	(7.3)	9.2
Residential	7.6	(7.6)	15.1	(15.1)	(9.4)	10.7	(17.7)	23.0
Industrial/land	0.3	(0.3)	0.6	(0.6)	(0.3)	0.3	(0.5)	0.6
Total	**62.9**	**(62.9)**	**125.5**	**(125.5)**	**(86.6)**	**96.9**	**(164.3)**	**206.7**

Each 5% movement in construction costs would impact the investment property valuations by €10m at 31 March 2020.

For further information on the Company's investment property refer to note 16 of the consolidated financial statements.

f) Property, plant and equipment

Accounting policy
The Group's accounting policy for property, plant and equipment is set out in note 17 to the consolidated financial statements.
In addition, the Company has recognised one right of use asset, the lease between itself and a subsidiary company in relation to the Group's head office in 1WML.

A right-of-use asset and lease creditor may be recognised at the commencement date for contracts containing a lease. The lease creditor is initially measured at the present value of the future minimum lease payments, discounted using the interest rate implicit in the lease, in this case the valuers yield of the office space occupied. After initial recognition, the lease creditor is measured at amortised cost using the effective interest method. The right-of-use asset is depreciated over the lease term and is tested periodically for impairment if an impairment indicator is considered to exist.

f) Property, plant and equipment continued

At 31 March 2020

	Land and buildings €'000	Right-of-use asset €'000	Office and computer equipment €'000	Leasehold improvements and fixtures and fittings €'000	Total €'000
Cost or valuation					
At 1 April 2019	**5,940**	**–**	**188**	**598**	**6,726**
Additions[1]	–	2,403	71	1,647	4,121
Disposals[1]	–	–	(107)	(598)	(705)
Transferred to investment property[1]	(6,567)	–	–	–	(6,567)
Revaluation recognised in other comprehensive income	627	–	–	–	627
At 31 March 2020	**–**	**2,403**	**152**	**1,647**	**4,202**
Depreciation					
At 1 April 2019	**(297)**	**–**	**(133)**	**(391)**	**(821)**
Charge for the financial year	(61)	(140)	(33)	(365)	(599)
Disposals	–	–	87	576	663
Transferred to investment property[1]	358	–	–	–	358
At 31 March 2020	**–**	**(140)**	**(79)**	**(180)**	**(399)**
Net book value at 31 March 2020	**–**	**2,263**	**73**	**1,467**	**3,803**

1. The Group moved to a new head office in 1WML, which is held by a subsidiary company, in late 2019. The space previously occupied by the Group in South Dock House has been leased to a tenant from December 2019 and was transferred to investment property at fair value on the date on which it changed in use.

For further information on the Company's property, plant and equipment refer to note 17 of the consolidated financial statements.

g) Investment in subsidiaries

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.

Investments in subsidiaries are held at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In the opinion of the Directors the shares in subsidiaries are worth at least the amounts at which they are stated in the balance sheet.

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at end of financial year	**26,235**	**26,339**

The major subsidiaries of the Company are disclosed in note 34.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. During the financial year an investment of €0.1m was impaired. The Group has no interests in unconsolidated subsidiaries.

h) Other assets

For information on other assets and non-current assets held for sale refer to note 18 of the consolidated financial statements

i) Loans to subsidiaries

Accounting policy

Classification and measurement

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.

i) Loans to subsidiaries continued

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 lifetime 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 expected credit losses 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.

	Financial year ended 31 March 2020 €’000	Financial year ended 31 March 2019 €’000
Balance at beginning of financial year	**148,946**	**113,139**
Loan advances	4,233	36,629
Loan repayments[1]	(36,188)	(822)
Balance at end of financial year	**116,991**	**148,946**
The maturity of intercompany loans are as follows:		
Less than one year	**116,991**	**148,946**

1. 77 SJRQ was held in a subsidiary company, Hibernia REIT Holdco One Ltd, and disposed of in the prior year.

The majority of the above balance, €116m, is due from the following entities, Hibernia REIT Holding Company Limited (1 Windmill Lane office building and Hanover Mills residential units) and NL7 Limited Partnership (Newlands development project). 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 loan to subsidiaries remain at stage 1 and they expect to recover the balances outstanding in full and that therefore no impairment loss needs to be recognised.

j) Trade and other receivables

	As at 31 March 2020 €’000	As at 31 March 2019 €’000
Non-current		
Property income receivables	6,950	4,624
Recoverable capital expenditure	661	765
Expected credit loss allowance	(36)	–
Balance at end of period – non-current	**7,575**	**5,389**
Current		
Property income receivables	1,998	2,746
Recoverable capital expenditure	460	333
Expected credit loss allowance	(61)	–
	2,397	**3,079**
Deposits paid on investment property	–	145
Prepayments	964	518
Income tax refund due	2	42
VAT refundable	284	418
Balance at end of period – current	**3,647**	**4,202**
Balance at end of period – total	**11,222**	**9,591**
Of which are classified as financial assets	**1,405**	**1,987**

The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

For information on trade receivables refer to note 21 of the consolidated financial statements.

k) Issued share capital and share premium

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

l) Other reserves

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Property revaluation	2,516	1,889
Share-based payment reserve	2,066	7,556
Balance at end of financial year	**4,582**	**9,445**

i. Property revaluation reserve

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of financial year	**1,889**	1,166
Increase arising on revaluation of properties	627	723
Balance at end of financial year	**2,516**	**1,889**

ii. Share-based payment reserve

For further information on the share-based payment reserve refer to note 10 of the consolidated financial statements.

m) Retained earnings, distributable reserves and dividends on equity instruments

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of financial year	**436,014**	**344,758**
Profit for the financial year	58,927	114,989
Share issuance costs	(10)	(14)
Share buyback	(25,036)	–
Dividends paid	(25,866)	(23,719)
Balance at end of financial year	**444,029**	**436,014**

For further information on retained earnings and distributable reserves please refer to note 24 of the consolidated financial statements.

For information on the dividends paid and proposed during the financial year please refer to note 13 of the consolidated financial statements.

n) Financial liabilities

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Non-current		
Unsecured bank borrowings	185,109	156,524
Debenture issued to subsidiary	28,854	28,246
Unsecured private placement notes	74,582	74,524
Total non-current borrowings	**288,545**	**259,294**
Current		
Unsecured bank borrowings	159	149
Unsecured private placement notes	358	358
Total current borrowings	**517**	**507**
Total borrowings	**289,062**	**259,801**

The maturity of non-current borrowings is as follows:	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Less than one year	517	507
Between one and two years	28,854	–
Between two and five years	185,109	184,770
Over five years	74,582	74,524
Total	**289,062**	**259,801**

n) Financial liabilities continued

Movements in borrowings during the financial year:

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Balance at beginning of financial year	**259,801**	**246,859**
Bank finance drawn	57,945	340,412
Bank finance repaid	(29,968)	(326,372)
Interest payable	1,284	(1,098)
Balance at end of financial year	**289,062**	**259,801**

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

o) Lease liability

Accounting policy
Please refer to note f above.

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Amounts due in:		
Less than one year	203	–
Between two and five years	901	–
Over five years	1,184	–
Total lease liability	**2,288**	**–**

During the financial year, the Company entered into a rental agreement on market terms with Hibernia REIT Holding Company Limited, a wholly owned subsidiary, to rent space in 1WML. This space is the Group's head office. For further information see note f above.

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Amounts recognised in the income statement:		
Depreciation expense on right-of-use asset	140	–
Interest on lease liability	60	–
	200	

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Amounts recognised in the statement of cash flows:		
Total cash outflow for leases during the period	175	–
	175	–

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Analysis of movement in lease liability:		
At 1 April 2019	–	–
Additions	2,403	–
Lease payments	(175)	–
Interest expense	60	–
Total lease liability	**2,288**	–

p) Deferred taxation
For further information on financial liabilities refer to note 26 of the consolidated financial statements.

q) Trade and other payables

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Current		
Investment property payable	4,037	5,500
Rent prepaid	7,105	6,188
Rent deposits and other amounts due to tenants	2,185	883
Sinking funds	1,858	1,862
Trade and other payables	4,231	3,430
Payroll tax payable	201	260
Balance at end of period	**19,617**	**18,123**
Of which classified as financial instruments	**2,209**	**3,195**

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.

For further information on trade and other payables refer to note 27 of the consolidated financial statements.

r) Contract liabilities

	Contract liabilities €'000
Contract liabilities at 1 April 2018	**1,420**
Amounts received from customers under contracts	5,006
Amounts paid to suppliers	(4,808)
Contract liabilities at 31 March 2019	**1,618**
Amounts received from customers under contracts	(4,045)
Amounts paid to suppliers	5,204
Contract liabilities at 31 March 2020	**2,777**

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

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

	As at 31 March 2020 €'000	As at 31 March 2019 €'000
Operating lease receivables due in:		
Less than one year	56,676	47,856
Between two and five years	149,528	134,007
Greater than five years	109,904	148,689
Total	**316,108**	**330,552**

t) Capital commitments
Please refer to note 32 of the consolidated financial statements.

u) Related parties
i. Subsidiaries
Please refer to note 34.a of the consolidated financial statements.

ii. Other transactions
Transactions with related parties are the same as those disclosed in note 34 of the consolidated financial statements.

iii. Income statement of the Parent Company
The Parent Company of the Group is Hibernia REIT plc (the "Company"). In accordance with Section 304 (2) of the Companies Act, 2014, the Company is availing of the exemption of presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit after tax for the financial year ended 31 March 2020 determined in accordance with FRS 101 is €58.9m. The Company has undergone a transition from reporting under International Financial Reporting Standards adopted by the European Union to FRS 101 Reduced Disclosure Framework, which is not considered to have had a material impact on the results presented in financial statements. Its profit after tax for the financial year ended 31 March 2019 was determined in accordance with IFRS and was €115.0m

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

i. Five-year record

Based on the Group's consolidated financial statements for the year ended 31 March:

Consolidated statement of financial position	**2020 €'m**	2019 €'m	2018 €'m	2017 €'m	2016 €'m
Investment property	1,465	1,395	1,309	1,167	928
Other assets	52	77	44	43	61
Financial liabilities	(260)	(231)	(219)	(171)	(73)
Other liabilities	(26)	(23)	(22)	(25)	(19)
Net assets	**1,231**	**1,218**	**1,112**	**1,014**	**897**
Financed by:					
Share capital	700	694	687	678	673
Reserves	531	524	425	336	224
Total equity	**1,231**	**1,218**	**1,112**	**1,014**	**897**
IFRS NAV per share (cent)	**179.8**	**174.7**	**160.6**	**147.9**	**131.6**
EPRA NAV per share (cent)	**179.3**	**173.3**	**159.1**	**146.3**	**130.8**

Consolidated income statement	**2020 €'m**	2019 €'m	2018 €'m	2017 €'m	2016 €'m
Net rental income	59	53	46	40	30
Gains and losses on investment property	23	98	88	104	125
Other gains and losses	–	–	–	2	–
Total operating expenses	(14)	(19)	(21)	(21)	(15)
Operating profit	**68**	**132**	**113**	**125**	**140**
Net finance expense	(7)	(8)	(6)	(6)	(4)
Profit for the financial year	**61**	**124**	**107**	**119**	**136**
Basic earnings per share (cent)	**8.9**	**17.8**	**15.5**	**17.3**	**20.2**
Diluted earnings per share (cent)	**8.8**	**17.6**	**15.4**	**17.2**	**20.1**
EPRA earnings per share (cent)	**5.5**	**4.0**	**2.8**	**2.2**	**1.5**
Diluted EPRA earnings per share (cent)	**5.5**	**3.9**	**2.8**	**2.2**	**1.5**
Dividend per share (cent)	**4.8**	**3.5**	**3.0**	**2.2**	**1.5**

ii. Alternative performance measures

The Group has applied the European Securities and Markets Authority ("ESMA") 'Guidelines on Alternative Performance Measures' in this document. 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 main APMs presented are European Public Real Estate Association ("EPRA") Performance Measures as set out in EPRA's Best Practices Recommendations ("BPR"). These measures are defined by EPRA in order to encourage comparability with the real estate sector in Europe (see Section iii).

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.c	Calculated using all administrative and operating expenses under IFRS net of service fees. It is calculated including and excluding vacancy costs.
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.
EPRA earnings per share ("EPRA EPS")	IFRS earnings per share	Note 14 iii.a	EPRA earnings on a per share basis.
EPRA like-for-like ("LFL") rental growth reporting	n/a	iii.b	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 15 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 15 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 per share 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 and calculated on a dilutive basis.
EPRA Net Reinstatement Value ("NRV")	IFRS NAV	iii.f	This assumes that entities never sell assets and aims to represent the value required to rebuild the entity.
EPRA Net Reinstatement Value ("NRV") per share	IFRS NAV	iii.f	EPRA NRV calculated on a diluted basis taking into account the impact of any options, convertibles, etc. that are 'dilutive'.
EPRA Net Tangible Assets ("NTA")	IFRS NAV	iii.f	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
EPRA Net Tangible Assets ("NTA") per share	IFRS NAV	iii.f	EPRA NTA calculated on a diluted basis.
EPRA Net Disposal Value ("NDV")	IFRS NAV via EPRA NAV	iii.f	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.
EPRA Net Disposal Value ("NDV") per share	IFRS NAV via EPRA NAV	iii.f	EPRA NDV calculated on a diluted 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.d	ERV of the vacant space over the total ERV of the completed portfolio.
Loan to value ("LTV")	n/a	Note 25.b	Net debt as a proportion of the value of investment properties.
Final and interim dividend per share	Dividend per share	Note 13	Number of cent to be distributed to shareholders in dividends.
Net debt	Financial liabilities	Note 25.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		Note 16	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.iii	Potential rent uplift available from leases with break dates, expiring or review events in future periods.
Total Accounting Return ("TAR")	Indirectly through EPRA NAV per share	Note 15	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	TPR is the return for the period of the property portfolio (capital and income) as calculated by MSCI, the producers of the MSCI Ireland Property Index.

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

EPRA performance measures presented here are calculated according to the EPRA Best Practices Recommendations November 2016, although some measures from the October 2019 updated BPR (valid for the financial year ended 31 March 2021 onwards) are also presented. EPRA performance measures are used in order to enhance transparency and comparability with other public real estate companies in Europe.

EPRA earnings and EPRA NAV measures are also included within the financial statements, in which they are audited, as they are important key performance indicators for variable remuneration. All measures are presented on a consolidated basis only and, where relevant, are reconciled to IFRS figures as presented in the consolidated financial statements.

EPRA performance measure	Unit	Financial year ended 31 March 2020	Financial year ended 31 March 2019
EPRA earnings	€'000	38,093	27,472
EPRA EPS	cent	5.5	4.0
Diluted EPRA EPS	cent	5.5	3.9
EPRA cost ratio – including direct vacancy costs	%	26.8%	39.3%
EPRA cost ratio – excluding direct vacancy costs	%	25.2%	38.3%

EPRA performance measure	Unit	As at 31 March 2020	As at 31 March 2019
EPRA Net Initial Yield ("NIY")	%	4.1%	3.6%
EPRA 'topped-up NIY	%	4.4%	4.1%
EPRA Net Asset Value ("EPRA NAV")	€'000	1,231,778	1,219,374
EPRA NAV per share	cent	179.3	173.3
EPRA triple net assets ("EPRA NNNAV")	€'000	1,224,798	1,218,539
EPRA NNNAV per share	cent	178.3	173.2
LFL rental growth	%	3.9%	7.6%
EPRA vacancy rate	%	6.9%	10.7%

iii.a EPRA earnings

EPRA earnings, earnings from operational activities, are presented as they are a key measure of the Group's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings. Unrealised changes in valuation, gains or losses on disposals of properties and certain other items are excluded as they are not considered to be part of the core activity of an investment property company.

EPRA earnings	Notes	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Profit for the financial year attributable to owners of the parent		61,043	123,459
Adjusted for:			
Gains and losses on investment property	16	(22,856)	(98,105)
Profit or loss on disposals of other assets		–	(140)
Deferred tax in respect of EPRA adjustments	26	(152)	547
Changes in fair value of financial instruments and associated close-out costs		58	1,711
EPRA earnings		**38,093**	**27,472**

EPRA earnings per share and diluted EPRA earnings per share	'000	'000
Weighted average number of ordinary shares (basic)	688,759	694,968
Weighted average number of ordinary shares (diluted) (note 14)	691,134	700,996
EPRA earnings per share (cent)	**5.5**	**4.0**
Diluted EPRA earnings per share (cent)	**5.5**	**3.9**

iii. European Public Real Estate Association ("EPRA") Performance Measures continued
iii.b EPRA LFL rental growth

LFL net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described. Information on the growth in net rental income, other than from acquisitions and disposals, allows stakeholders to arrive at an estimate of organic growth. This can be used to measure whether the reversions feed through as anticipated, and whether the vacancy rates are changing. This is presented on a segmented basis by portfolio type. All properties are in Dublin therefore a geographic spread is not included.

Financial year ended 31 March 2020

	Whole portfolio		LFL portfolio				
	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 LFL rental income	
Segment	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**	**%**
Office assets	1,196.9	51.5	963.2	45.7	44.1	1.6	3.7
Residential assets	159.5	5.9	147.7	5.9	5.6	0.3	6.0
Industrial/land assets	60.8	1.2	13.0	0.7	0.7	0.0	(0.9)
Total 'in-place' portfolio	**1,417.2**	**58.6**	**1,123.9**	**52.3**	**50.4**	**2.0**	**3.9**
Development assets	48.0	–					
Assets sold	–	–					
Total portfolio	**1,465.2**	**58.6**					

Buildings excluded from LFL as at 31 March 2020
Developments/refurbishments concluded in prior year: 1SJRQ, 2WML, Cannon Place (residential).
Developments in progress/sites: 2 Cumberland Place, Newlands.
Properties acquired: 2020: Docklands office asset, all units in Dublin Road Industrial Estate, Industrial unit Malahide Road; 2019: 50 City Quay, 129 Slaney Road Industrial Park, Clanwilliam Apartments.
Properties sold: 2020: None; 2019: New Century House, 77 Sir John Rogerson's Quay .

Financial year ended 31 March 2019

	Whole portfolio		LFL portfolio				
	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 LFL 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 (residential), Cannon Place (residential).
Developments in progress/sites: 2 Cumberland Place, Newlands.
Properties acquired: 50 City Quay, 129 Slaney Road Industrial Park, Clanwilliam Apartments; 2018: 77 Sir John Rogerson's Quay acquired in year end March 2018).
Properties sold: 2019: New Century House, 77 SJRQ; 2018: The Chancery, Hanover Street East and Lime Street.

iii. European Public Real Estate Association ("EPRA") Performance Measures continued

iii.c EPRA cost ratios

A key measure to enable meaningful measurement and comparison of the changes in a company's operating costs.

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Total operating expenses under IFRS	13,393	19,291
Property expenses[1]	3,051	2,596
Net service charge costs/fees	65	122
EPRA costs including direct vacancy costs	**16,509**	**22,009**
Direct vacancy costs	(964)	(545)
EPRA costs excluding direct vacancy costs	**15,545**	**21,464**
Gross rental income[1]	**61,701**	**56,027**
EPRA cost ratio including direct vacancy costs	**26.8%**	**39.3%**
EPRA cost ratio excluding direct vacancy costs	**25.2%**	**38.3%**

1. Adjusted for costs recovered through rents and, under IFRS, accounted for on a gross basis.

The Group has not capitalised any overheads in the current or the prior financial year. Property expenses are reduced by the costs which are reimbursed through rental receipts.

iii.d EPRA vacancy rate

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

	Financial year ended 31 March 2020 €'000	Financial year ended 31 March 2019 €'000
Annualised ERV vacant units[1]	5,208	7,265
Annualised ERV completed portfolio	75,173	67,760
EPRA vacancy rate	**6.9%**	**10.7%**

1. The ERV from vacant units includes the vacant units within the Group's residential assets at the financial year end.

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

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 measures the yield based on rents adjusted for the expiration of lease incentives, i.e. on a contracted rent basis.

At 31 March 2020

	Office €'m	**Residential €'m**	**Industrial/ land €'m**	**Total €'m**	**Development €'m**	**Total €'m**
Investment property at fair value	1,197	159	61	1,417	48	1,465
Less: Development/refurbishment	–	–	(33)[1]	(33)	(48)	(81)
Completed property portfolio	**1,197**	**159**	**28**	**1,384**	**–**	**1,384**
Allowance for purchasers' costs[2]	119	7	3	129		
Gross up completed property portfolio (A)	**1,316**	**166**	**31**	**1,513**		
Annualised cash passing rental income[3]	55	7	2	64		
Property outgoings	(1)	(1)	–	(2)		
Annualised net rents (B)	**54**	**6**	**2**	**62**		
Expiry of lease incentives and fixed uplifts[4]	4	–	–	4		
'Topped-up' annualised net rent (C)	**58**	**6**	**2**	**66**		
EPRA NIY (B/A)	**4.2%**	**3.7%**	**5.2%**	**4.1%**		
EPRA 'topped-up' NIY (C/A)	**4.4%**	**3.7%**	**6.1%**	**4.4%**		

1. Lands at Newlands are excluded as held for future development and were undeveloped at 31 March 2020.
2. Purchasers' costs are 9.96% (up from 8.46% from October 2019) for commercial property and 4.46% for residential.
3. Cash passing rent includes residential rents gross as property outgoings are included separately and rents from the Iconic arrangement in Clanwilliam.
4. Expiry of lease incentives and fixed uplifts are mainly within one year.

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 continued

At 31 March 2019

	Office €'m	Residential €'m	Industrial/ land €'m	Total €'m	Development €'m	Total €'m
Investment property at fair value	1,173	153	53	1,379	16	1,395
Less: Development/refurbishment	–	–	(36)[1]	(36)	(16)	(52)
Completed property portfolio	**1,173**	**153**	**17**	**1,343**	**–**	**1,343**
Allowance for purchasers' costs[2]	100	7	1	108		
Gross up completed property portfolio (A)	**1,273**	**160**	**18**	**1,451**		
Annualised cash passing rental income[3]	47	7	1	55		
Property outgoings	(1)	(1)	–	(2)		
Annualised net rents (B)	**46**	**6**	**1**	**53**		
Expiry of lease incentives and fixed uplifts[4]	7	–	–	7		
'Topped-up' annualised net rent (C)	**53**	**6**	**1**	**60**		
EPRA NIY (B/A)	**3.6%**	**3.7%**	**5.8%**	**3.6%**		
EPRA 'Topped-up' NIY (C/A)	**4.1%**	**3.7%**	**6.5%**	**4.1%**		

1. Lands at Newlands are excluded as held for future development and were undeveloped at 31 March 2019.
2. Purchasers' costs are 8.46% for commercial property and 4.46% for residential.
3. Cash passing rent includes residential rents gross as property outgoings are included separately and rents from the Iconic arrangement in Clanwilliam.
4. Expiry of lease incentives and fixed uplifts are mainly within one year.

iii.f EPRA NAV measures
Net Asset Value ("NAV") is a key performance measure for real estate companies. EPRA has introduced a number of measures to enhance investors' understanding. EPRA has defined two measures in the 2016 Guidelines as below.

EPRA NAV and EPRA NNNAV: The objective of EPRA NAV 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 reports represent the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

	Financial year ended 31 March 2020		Financial year ended 31 March 2019	
	€'000	**Cent per share**	€'000	Cent per share
IFRS NAV	**1,231,149**		**1,218,539**	
Deferred tax	395		547	
Fair value of financial instruments	234		288	
EPRA NAV	**1,231,778**	**179.3**	**1,219,374**	**173.3**
Deferred tax	(395)		(547)	
Fair value of financial instruments	(6,585)		(288)	
EPRA NNNAV	**1,224,798**	**178.3**	**1,218,539**	**173.2**
Diluted ordinary shares issued (note 15)	687,032		703,617	

Calculation of EPRA NRV, EPRA NTA and EPRA NDV (new measures introduced in EPRA BPR October 2019)
These measures replace EPRA NAV and EPRA NNNAV for future financial years.

EPRA Net Reinstatement Value ("NRV") highlights the value of net assets on a long-term basis. This assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets ("NTA") assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value ("NDV") represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

iii. European Public Real Estate Association ("EPRA") Performance Measures continued
iii.f EPRA NAV measures continued
Calculation of EPRA NRV, EPRA NTA and EPRA NDV (new measures introduced in EPRA BPR October 2019)

	Financial year ended 31 March 2020		
	EPRA NRV €'000	**EPRA NTA[1] €'000**	**EPRA NDV[2,5] €'000**
IFRS NAV	**1,231,149**	**1,231,149**	**1,231,149**
Include:			
Revaluation of other non-current investments	–	–	–
Diluted NAV at fair value[3]	**1,231,149**	**1,231,149**	**1,231,149**
Exclude:			
Deferred tax in relation to unrealised gains on investment property	395	–	–
Fair value of financial instruments	234	234	–
Include:			
Fair value of fixed interest rate debt	–	–	(6,380)
Real estate transfer tax[4]	138,545	–	–
NAV performance measure	**1,370,323**	**1,231,383**	**1,224,769**
Diluted number of shares at financial year end	**687,032**	**687,032**	**687,032**
NAV per share at financial year end (cent per share)	**199.5c**	**179.2c**	**178.3c**

1. Following changes to the Irish REIT legislation introduced in October 2019, if a REIT disposes of an asset of its property rental business and does not (i) distribute the gross disposal proceeds to shareholders by way of dividend; (ii) reinvest them into other assets of its property rental business (whether by acquisition or capital expenditure) within a three-year window (being one year before the sale and two years after it); or (iii) use them to repay debt specifically used to acquire, enhance or develop the property sold, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. For the purposes of EPRA NTA we have assumed any such sales proceeds are reinvested within the required three-year window.
2. Deferred tax is assumed as per the IFRS balance sheet. To the extent that an orderly sale of the Group's assets was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets sold were sold at 31 March 2019 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required timeframe or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.
3. The Group uses the fair value option under IAS 40 and has no hybrid instruments or tenant leases held as finance leases.
4. The Group has no goodwill or intangibles. This is the purchasers' costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred, and which are deducted from the gross value in arriving at the fair value of investment and owner occupied property for IFRS purposes. Purchasers' costs are in general estimated at 9.96% (up from 8.46% from October 2019) for commercial and 4.46% for residential.
5. Following changes to the Irish REIT legislation introduced in October 2019, if the Group ceases to be a REIT, as defined under Irish legislation, within 15 years of it originally becoming a REIT then a potential tax liability could arise for the Group.

	Financial year ended 31 March 2019		
	EPRA NRV €'000	EPRA NTA €'000	EPRA NDV €'000
IFRS NAV	**1,218,539**	**1,218,539**	**1,218,539**
Include:			
Revaluation of other non-current investments	–	–	–
Diluted NAV at fair value[1]	**1,218,539**	**1,218,539**	**1,218,539**
Exclude:			
Deferred tax in relation to unrealised gains on investment property	547	–	–
Fair value of financial instruments	288	288	–
Include:			
Fair value of fixed interest rate debt	–	–	–
Real estate transfer tax[2]	112,972	–	–
NAV performance measure	**1,332,346**	**1,218,827**	**1,218,539**
Diluted number of shares at financial year end	**703,617**	**703,617**	**703,617**
NAV per share at financial year end (cent per share)	**189.4c**	**173.2c**	**173.2c**

1. The Group uses the fair value option under IAS 40 and has no hybrid instruments or tenant leases held as finance leases.
2. The Group has no goodwill or intangibles. This is the purchasers' costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred, and which are deducted from the gross value in arriving at the fair value of investment property and owner occupied property for IFRS purposes. Purchasers' costs are in general estimated at 8.46% for commercial property and 4.46% for residential.

iii. European Public Real Estate Association ("EPRA") Performance Measures continued

iii.g Portfolio information

Portfolio information can be generally found in the business review section of this Annual Report. Below is further information based on the guidelines issued by EPRA.

i. Additional analysis of rental income

All amounts are denominated in euro.

	Financial year ended[1] 31 March 2020 €'m	Financial year ended 31 March 2019 €'m
Properties owned throughout last two years	54.8	43.4
Acquisitions	0.8	0.3
Disposals	–	3.0
Developed/refurbished property[1]	6.2	9.3
Gross rental income	**61.8**	**56.0**
Less: property operating expenses	(3.2)	(2.7)
Net rental income	**58.6**	**53.3**

1. 2020: 1SJRQ and 2WML; 2019: 1WML, Hanover Mills, Two Dockland Central and Cannon Place apartments.

ii. Portfolio statistics – valuation

	Financial year ended 31 March 2020				
	Market value €'m	**Valuation movement €'m**	**EPRA NIY %**	**EPRA 'topped-up' NIY %**	**Reversionary yield %**
Office	1,197	6	4.2	4.4	4.8
Development	48	18	n/a	n/a	n/a
Residential	159	5	3.7	3.7	4.5
Industrial/land	61	(6)	5.2[1]	6.1[1]	5.5[1]
Total	**1,465**	**23**	**4.1**	**4.4**	**4.7**

1. These yields exclude the value of the lands at Newlands in accordance with EPRA guidance.

	Financial year ended 31 March 2019				
	Market value €'m	Valuation movement €'m	EPRA NIY %	EPRA 'topped-up' NIY %	Reversionary yield %
Office	1,173	35	3.6	4.1	4.8
Development	16	48	n/a	n/a	n/a
Residential	153	13	3.7	3.7	4.3
Industrial/land	53	(1)	5.8[1]	6.5[1]	6.5[1]
Total	**1,395**	**95**	**3.6**	**4.1**	**4.7**

1. These yields exclude the value of the lands at Newlands in accordance with EPRA guidance.

iii. European Public Real Estate Association ("EPRA") Performance Measures continued
iii.g Portfolio information continued
iii. 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 all leases roll on average 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 business review.

As at 31 March 2020

Rent subject to rent reviews

Financial year ended 31 March	2021 €'m	2022 €'m	2023-24 €'m	>2024 €'m	Total €'m
Contracted rent	5.3	9.8	11.0	12.2	38.3
Uplift to ERV[1]	1.1	0.5	0.1	(0.1)	1.6
Total	**6.4**	**10.3**	**11.1**	**12.1**	**39.9**
% increase/(decrease) possible	**21%**	**5%**	**1%**	**–**	**4%**
From vacant space	4.7	–	–	–	4.7
Total	**11.1**	**10.3**	**11.1**	**12.1**	**44.6**

Rent subject to break or expiry

Financial year ended 31 March	2021 €'m	2022 €'m	2023-24 €'m	>2024 €'m	Total €'m
Contracted rent	3.8	3.5	12.1	2.7	22.1
Uplift to ERV	(0.3)	(0.1)	(0.6)	(0.1)	(1.1)
Total	**3.5**	**3.4**	**11.5**	**2.6**	**21.0**
% increase/(decrease) possible	**(9)%**	**(1)%**	**(5)%**	**(1)%**	**(5)%**
Total reversion from review and break/expiry (excluding vacancy)					
Total contracted rent	9.1	13.3	23.1	14.9	60.4
Total uplift to ERV	0.8	0.4	(0.5)	–	0.7
% increase/(decrease) possible	**9%**	**4%**	**(2)%**	**–**	**1%**
% increase possible including vacancy					**9%**

1. ERV uplift includes all 'in-place' office and industrial potential uplifts and excludes the Group's residential units. 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

As at 31 March 2019
Rent subject to rent reviews

Financial year ended 31 March	2020 €'m	2021 €'m	2022-24 €'m	>2024 €'m	Total €'m
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 €'m	2021 €'m	2022-24 €'m	>2024 €'m	Total €'m
Contracted rent	1.9	2.7	13.6	–	18.2
Uplift to ERV[1]	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
% increase/(decrease) possible	**53%**	**–**	**(1)%**	**2%**	**7%**
% increase possible including vacancy					**21%**

1. ERV uplift includes all 'in-place' office and industrial potential uplifts and excludes the Group's residential units. The Group may develop some of these properties in the longer term and therefore these reversions may not be obtained.

Property related capital expenditure ("capex")
Capital expenditure on the investment portfolio analysed to allow an understanding of the investment in the portfolio during the period. Analysis of capex is in note 16 to the consolidated financial statements.

IV. Other disclosures
Disclosures required under the Alternative Investment Fund Managers Directive ("AIFMD") for Annual Reports of Alternative Investment Funds ("AIF")
Material changes and periodic risk management disclosures
All disclosure requirements to be made to investors prior to their investing in the Company are made on the Company's website: www.hiberniareit.com.

Financial information disclosures
There were no gains arising on the sale of investment properties (31 March 2019: €2.6m). Included within the unrealised gains disclosed under IFRS there is a total of €25.6m (31 March 2019: €8.1m) in unrealised losses and €48.5m (31 March 2019: €103.6m) in unrealised gains.

Remuneration disclosures
The Directors and certain members of the senior management team are considered to be the Company's key management personnel. The total remuneration for the financial year, both fixed and variable in nature, paid to the key management personnel, which numbers fifteen identified staff (March 2019: thirteen), who have a material impact on the risk profile of the Company, is set out within Note 34.c of the consolidated Financial Statements.

IV. Other disclosures continued

Non-financial information statement

We are not obliged to comply with the 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	22 and 23
Key performance indicators relevant to our business		Key performance indicators Operational metrics	36 37
Environmental matters	Sustainability Policy[2]	Sustainability Sustainability Report 2020[2]	61 to 67
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	77
Human rights	Supplier Code of Conduct[2] Data protection policy[2] Modern slavery statement	Supplier Code of Conduct[2] Sustainability Report 2020[2]	
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	77

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 2020.

Occupiers representing over 0.5% of contracted rent at 31 March 2020

Tenant	€'m	%
Hubspot Ireland Limited	10.5	16.0%
The Commissioners of Public Works	6.0	9.1%
Twitter International Company	5.1	7.7%
Zalando Ireland Limited	2.9	4.4%
Autodesk Ireland Operations Limited	2.8	4.3%
Informatica Ireland EMEA	2.1	3.2%
Riot Games Limited	2.0	3.0%
Electricity Supply Board	1.9	2.9%
Travelport Digital Limited	1.8	2.8%
BNY Mellon Fund Services (Ireland) DAC	1.6	2.4%
The Commission for Communications Regulation	1.6	2.4%
Capita Life & Pension Services Irl Ltd.	1.5	2.2%
Core Media	1.4	2.2%
AWAS Aviation Acquisitions Limited	1.2	1.8%
O.D.S Company (Eversheds Sutherland)	1.0	1.6%
Deloitte Ireland LLP	1.0	1.6%
Pay & Shop Ltd T/a Global Payments	0.9	1.4%
Udemy Ireland Limited	0.8	1.3%
An Bord Bia	0.8	1.2%

Tenant	€'m	%
Renaissance Svcs of Europe Ltd.	0.8	1.2%
JMC Van Trans Ltd	0.7	1.1%
Quinn McDonnell Pattison Limited	0.7	1.0%
Park Rite	0.7	1.0%
Bearingpoint Ireland Limited	0.7	1.0%
Seven Seas Business Ventures LLC t/a N3	0.6	1.0%
Irish Residential Properties REIT plc	0.6	1.0%
Invesco Global Asset Management Limited	0.6	0.9%
Pinsent Masons Services Ireland Ltd	0.6	0.8%
Essentra Packaging Ireland Limited	0.5	0.8%
Weston Office Solutions Limited	0.5	0.7%
City Break Apartments Limited	0.4	0.7%
Morgan Stanley Fund Services (Ire.) Ltd.	0.4	0.6%
Hines Real Estate Ireland Limited	0.4	0.6%
Prudential Int. Services Ltd,	0.4	0.6%
Crowe Horwath Bastow Charleton Cons. Ltd.	0.4	0.6%
Bunzl Ireland Limited	0.4	0.6%
ENI Insurance DAC	0.3	0.5%
Ellucian Ireland Limited	0.3	0.5%

DIRECTORS AND OTHER INFORMATION

Directors
Daniel Kitchen (Chairman)
Colm Barrington (Senior Independent Director)
Roisin Brennan
Thomas Edwards-Moss (CFO)
Margaret Fleming (appointed 20 January 2020)
Stewart Harrington
Grainne Hollywood (appointed 5 November 2019)
Frank Kenny
Kevin Nowlan (CEO)
Terence O'Rourke

Company Secretary
Sean O'Dwyer

Assistant Secretary
Sanne Corporate Administration Services Ireland Limited t/a Sanne
4th Floor
76 Lower Baggot Street
Dublin D02 EK81
Ireland

Registered office
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Windmill Lane
Dublin D02 F206
Ireland

Company number
531267

Independent auditor
Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
29 Earlsfort Terrace
Dublin D02 AY28

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

Independent Valuer
Cushman & Wakefield
164 Shelbourne Road
Ballsbridge
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Ireland

Principal banker
Bank of Ireland
2 Burlington Plaza
Burlington Road
Dublin D04 X738
Ireland

Depositary
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Trinity Point
10-11 Leinster Street South
Dublin D02 EF85
Ireland

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

Principal legal adviser
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25/28 North Wall Quay
IFSC
Dublin D01 H104
Ireland

Corporate brokers
Goodbody Stockbrokers
Ballsbridge Park
Ballsbridge
D04 YW83
Ireland

Credit Suisse International
One Cabot Square
London E14 40J
United Kingdom

Glossary

AGM is Annual General Meeting.

AIF is an Alternative Investment Fund.

AIFM is an Alternative Investment Fund Manager.

APM is an Alternative Performance Measure.

Brexit is the UK exit from the EU.

C&W or Cushman and Wakefield or the Valuer are the Group's external Independent Valuer.

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 costs are the total costs of construction to completion, excluding site and financing costs. Finance costs are usually assumed at a notional 7% per annum by the Valuer.

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.

EBIT is earnings before interest and tax.

EPRA is the European Public Real Estate Association, which is the industry body for European property companies. It produces guidelines for a number of standardised performance measures (e.g. EPRA earnings).

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 EPS is EPRA earnings on a per share basis (diluted) .

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 Net Reinstatement Value ("NRV") is NAV calculated on a basis that assumes entities never sell assets and aims to represent the value required to rebuild the entity.

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 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.

Gale day is the date on which rent is due.

GDV is gross development value.

GRESB is a sustainability benchmark for property 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.

IFRS are International Financial Reporting Standards.

'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.

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

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. 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 Senior Management retention and align their interests with those of the Group through the payment of rewards based on the Group's long-term 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 at **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.

NAV is the net asset value

NAVPS is the NAV 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 purchasers' costs) a property will produce based on the timing of the income received. As is normal practice, the equivalent yield (as determined by the external Valuer) 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.

PC is practical completion.

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 rental sector which refers to residential properties held for rent.

Psf is per square foot.

RCF is revolving credit facility.

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 are applications contained within the RICS Valuation – Global Standards 2019 (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 calculated by MSCI, the producers of the IPD 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 **www.centralbank.ie/regulation/securities-markets/transparency/Pages/default.aspx.**

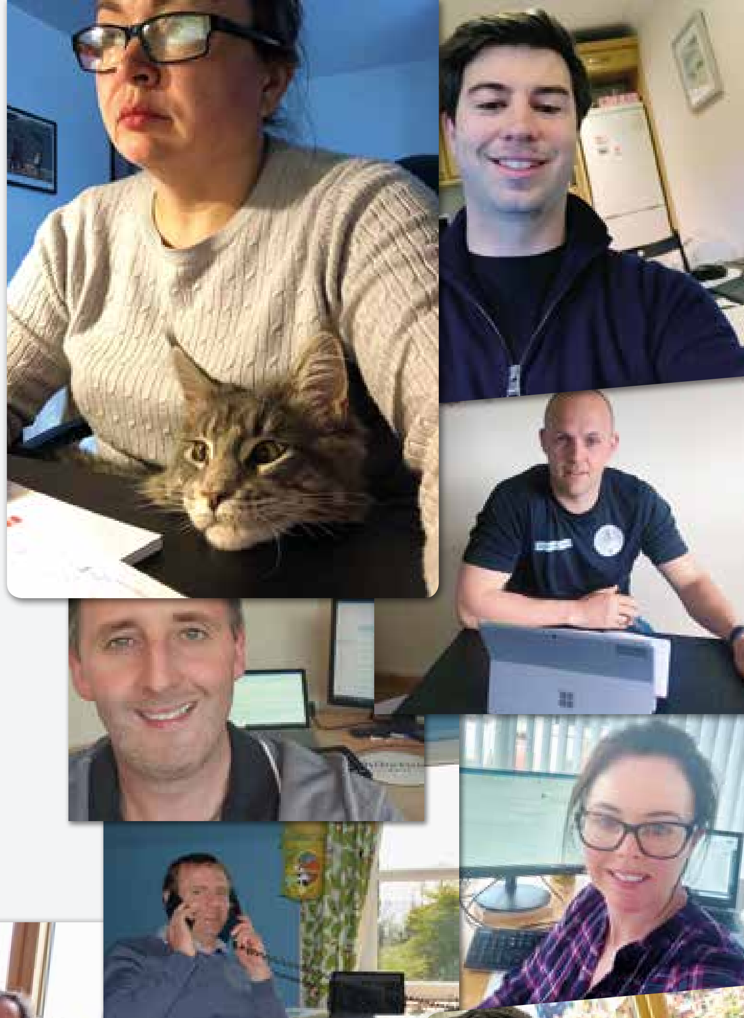
Under rented is the term used to describe where contracted rents are lower than ERV. This implies a positive reversion after expiry of the current lease contract terms. .

USPP is US private placement notes.

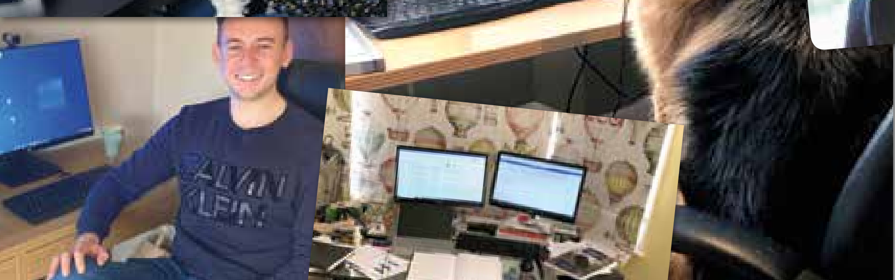
Valuer is the Independent Valuer appointed by the Group to value the Group's investment properties at the date of the consolidated financial statements. From September 2017 the Group has used Cushman & Wakefield. Previously the Group used CBRE.

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

HIBERNIA DURING LOCKDOWN



Here are some members of the Hibernia team pictured in their home offices during the COVID-19 lockdown.



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