

I-RES 2023 H1 Results

Irish Residential Properties REIT plc

Results for the Six Months Ended 30 June 2023

Irish Residential Properties REIT plc (“I-RES” or the “Company”), Ireland’s leading provider of private rental accommodation issues its results for the six month period from 1 January 2023 to 30 June 2023.

Key Financial and Operational Highlights

- Strong revenue growth of 5.2% to €44.3 million for the period, driven by delivery of new assets and organic rental growth across the existing portfolio.
- Revenue performance was supported by 99.5% occupancy levels, generating consistent recurring cashflows and demonstrating the strong demand for I-RES’ high-quality properties, as well as operational effectiveness in our leasing and turnovers.
- Delivered Net Rental Income (“NRI”) of €34.3 million, an increase of 5.1% on the same period last year, driving a 6.9% increase in adjusted EBITDA to €28.7 million. EPRA earnings increased by 11.2% to €15.0 million.
- Maintained NRI Margin at 77.5%, an exceptional result despite the ongoing inflationary environment due to a focus on cost reduction initiatives and efficiency benefits across the business achieved through I-RES’ new internalised platform.
- Launched new vertically integrated digital platform “I-RES Living” as part of our wider operational and digital transformation strategy enhancing our offering to customers and driving efficiencies in the business.
- Delivering on asset recycling strategy and balance sheet management with disposals of c.€22 million and with a continued focus on value-add opportunities. Post period end, we have also agreed the sale of 194 units for gross proceeds of c.€72.06 million including VAT but excluding other transaction costs. The first closing of this sale is expected before the end of August 2023 and will include 91 units for €38.12 million. This will reduce our LTV to c.43.2%. The remaining units are expected to close within this calendar year.
- As at 30 June 2023, I-RES’ portfolio had a total value of €1,426 million at a gross yield of 6.2% representing a further yield expansion of 0.3% since 31 December 2022, resulting in an IFRS NAV per share of 149.2 cents (2022: 160.0 cents). This yield expansion resulted in a non-cash charge of €56.5 million resulting in a loss before tax of €42.1 million.
- The Board intends to declare a dividend of 2.45 cents per share for H1 2023, representing a 6.5% increase on the H1 2022 interim dividend.

Commenting on the results, Margaret Sweeney, Chief Executive Officer, said:

“I-RES delivered another strong operational and financial performance for the first half of the year. We grew our revenue to €44.3 million, a 5.2% increase year-on-year, which was supported by our consistently high occupancy rate – a standout feature of the business. This strong operational performance, driven by organic rental growth across our existing portfolio and the ongoing positive financial impact of portfolio expansion, supported the increase in NRI of 5.1% to €34.3 million.

This reporting period has demonstrated the benefits of a new internalised platform, with the Company delivering cost reduction initiatives and operating efficiencies. We launched our new vertically integrated digital platform, I-RES Living, which is unique to the Irish market. The launch of I-RES Living demonstrates our commitment to leveraging technology to improve service delivery, cost efficiency and ongoing value generation for the company.

Despite our resilient financial and operational performance, we have not been immune to the wider recalibration of real estate sector values and our portfolio value fell in the first half of the year. This non-cash revaluation of our assets reflects sector yield shifts and weakening in values across the real estate sector in response to wider macroeconomic conditions.

While uncertain conditions may persist, our performance illustrates the resilience of our high-quality assets and efficient operating model. By maintaining our focus on performance, prudent financial management and operational excellence, I am confident in our ability to continue generating attractive long-term returns for shareholders.”

Financial Highlights

For the six months ended	30 June 2023	30 June 2022	% change
Operating Performance			
Revenue from Investment Properties (€ millions)	44.3	42.1	5.2%
Net Rental Income (€ millions)	34.3	32.6	5.1%
Adjusted EBITDA (€ millions) ⁽¹⁾	28.7	26.8	6.9%
Financing Costs (€ millions)	(13.3)	(7.3)	83.1%
Adjusted EPRA Earnings before non-recurring costs (€ millions) ⁽¹⁾	15.0	19.2	(22.1%)
Deduct: Non-recurring costs (€ millions) ⁽¹⁾⁽²⁾	—	(5.7)	
EPRA Earnings (€ millions) ⁽¹⁾	15.0	13.5	11.2%
Add: (Decrease)/Increase in fair value of investment properties (€ millions)	(56.5)	9.4	
Add: (Loss)/Gain on disposal of investment property (€ millions)	(0.7)	—	
Add: Gain on derivative financial instruments (€ millions)	0.1	—	
(Loss)/Profit before tax (€ millions)	(42.1)	22.9	
Basic EPS (cents)	(8.3)	4.3	
EPRA EPS (cent)	2.8	2.5	11.2%
Adjusted EPRA EPS (cents) ⁽¹⁾	2.8	3.6	(22.1%)
Proposed Interim Dividend per share (cents)	2.45	2.30	6.5%
Portfolio Performance			
Total Number of Residential Units	3,930	3,998	(1.7%)
Overall Portfolio Occupancy Rate ⁽¹⁾	99.5%	99.3%	
Overall Portfolio Average Monthly Rent (€) ⁽¹⁾	1,772	1,688	5.0%

As at	30 June 2023	31 December 2022	% change
Assets and Funding			
Total Property Value (€ millions)	1,426.3	1,499.0	(4.8%)
Net Asset Value (€ millions)	790.2	847.4	(6.7%)
IFRS Basic NAV per share (cents)	149.2	160.0	(6.7%)
Group Total Gearing	44.6%	43.3%	
Gross Yield at Fair Value	6.2%	5.9%	
EPRA Net Initial Yield	4.6%	4.4%	
Other			
Market Capitalisation (€ millions)	503.1	587.7	
Total Number of Shares Outstanding	529,578,946	529,578,946	
Weighted Average Number of Shares – Basic	529,578,946	529,560,795	

(1) For definitions, method of calculation and other details, refer to the Financial Review

(2) The non-recurring costs of €5.7 million at 30 June 2022 and general and administrative expenses of €5.6 million at 30 June 2022 total the general and administrative expense costs of €11.3 million reflected in the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2022.

Chairman's Statement

I am pleased to report a strong financial performance by I-RES in the first six months of 2023. Our well-invested, modern portfolio and our sector leading operating platform, coupled with the underlying fundamentals of the Irish private residential market continue to deliver strong cash flow and earnings for the Company. The Irish residential real estate market remains robust. The structural demand in the Irish residential market is driven not only by the underlying strength of the Irish economy, including steady employment levels and sustained population growth, indicating a growing need for housing in Ireland, but also a long-term and structural supply shortage. Notably, results from the latest national census undertaken in 2022 show that Ireland has experienced a population increase of 8% since 2016. I-RES is well positioned to capitalise on these market dynamics and meet the increasing housing demand in Ireland. Set against this, the regulatory policy on private residential rents, in this current environment of increasing interest rates, and ongoing inflation, is particularly challenging. We therefore welcome the Department of Housing's current proactive engagement with the residential sector and its consultation on a wide range of current challenges to find optimal solutions to meet all stakeholder needs going forward and in particular, to ensure continued investment into providing much needed supply of good quality housing in Ireland. As the leading provider of private rented residential homes in Ireland, the Company has a meaningful role to play in the discussion and formulation of a more appropriate regulatory framework for the Irish rental market and is pleased to engage meaningfully with the relevant government authorities in this regard.

Continued Execution on Strategy

We continue to operate in a challenging environment, and the Board and management team remain alert to the risks that this presents. We are focused on protecting the business from macroeconomic headwinds and implementing strategies to ensure the business is positioned for future success.

During the first half of the year, we continued to deliver on the key business drivers we set out in our 2022 Annual Report:

- Maintaining our focus on operational excellence, which delivered strong occupancy, rental growth, stable NRI margin and cash collection.
- Disciplined capital investment and recycling, including successful delivery on the asset disposal programme of €100 million announced in April 2023. We have executed c.€22 million of disposals under this programme and a further c.€74.5 million contracted for disposal bringing the total to c.€96.5 million and substantially completing the asset disposal programme announced in April.
- Prudent balance sheet management, with a focus on retiring our most expensive debt instruments first which will be significantly reduced by execution of our asset disposal programme.
- Proactive engagement with key industry stakeholders and government, to support delivery of housing objectives and the development of a more effective regulatory framework which meets the needs of all stakeholders and continued investment in the Irish housing market.
- Building a sustainable business that meets the needs of all stakeholders and delivers continued reduction in carbon emissions.
- Developing our capability and innovation to ensure we maximise our income generating capacity from our existing asset base and generate new capital light income streams for the future.

Robust Balance Sheet

We are well positioned to navigate the current environment with a robust balance sheet and an exceptional portfolio of high-quality, modern residential properties. The Company maintains a favourable debt structure, with no near-term obligations with our debt maturity laddered from 2026 to 2032 and visibility on future financing costs. 74% of our total drawn debt is secured at fixed interest rates, following execution of the first closing this month of the disposal announced this morning. The recent heightened interest rate environment is impacting asset valuations and yields, with the most recent valuation at June 2023 giving further yield expansion and an EPRA net initial yield of 4.6%.

The Board will continue to carefully monitor and assess the risk environment, ensuring that we are prepared to be decisive in our actions and can navigate the business carefully through this volatile macro environment. We strongly believe that the decisions we are making today are enabling us to deliver growth and shareholder returns when the wider market becomes more stabilised and favourable for growth. As previously noted in April, this also includes the Board regularly reviewing all options, in line with its fiduciary duties, and we remain open to considering all value maximising options.

Dividends

The Company continues to deliver strong recurring income, revenue growth and cash generation. All of which feeds through to our dividend, an important contributor to shareholder returns. In the first half of 2023, through proactive cost management, innovation and focus on ancillary revenue generation, the Company offset significant inflation driven cost increases and achieved growth in net rental income and EBITDA, with a stabilised NRI margin of 77.5% (unchanged from H1 2022). I recognise the very significant efforts of management and employees in delivering this result in a very challenging operating environment and following significant transformation and change in the Company structure. I am pleased to report that the Company proposes to declare an interim dividend of 2.45 cents per share, an increase of 6.5% on the same period in 2022.

Building a Sustainable and Responsible Business

I-RES is deeply committed to upholding Environmental, Social, and Governance (“ESG”) principles. We have undertaken numerous initiatives to ensure these commitments are upheld. This includes investing in our workforce and technology, emphasising service standards, and integrating sustainability into every aspect of our operations. I-RES’ ambition is to reduce our carbon emissions in line with the ambition and commitment of the Paris Climate Agreement. By leveraging our capabilities and industry leading digital technology platform, we are enhancing operational efficiency, generating additional revenue, and providing superior service to our residents, all while benefiting our stakeholders. To stay abreast of the rapidly evolving field of sustainability, and as outlined earlier this year in our ESG Report, our sustainability strategy is being delivered across, three overarching pillars: operating responsibly; protecting the environment; and building communities.

As a prominent player in Ireland’s residential sector, our primary objective is to increase housing availability and elevate living standards. I-RES’ vision is to be the provider of choice for the Irish living sector, known for excellent service and for operating responsibly – minimising our environmental impact and maximising our contribution to local communities. We achieve this by offering professionally managed, high-quality rental accommodation. Our investment strategy focuses on family-friendly urban locations that provide essential community amenities, adhere to high standards, boast excellent public transportation, feature well-developed educational and social infrastructures, and offer sustainable employment opportunities. We aim to create thriving environments where individuals aspire to live, work, and build their lives, supported by a market leading customer service driven platform.

We appreciate the strong support of our shareholders at a time when equity markets have been significantly impacted by the current macroeconomic and geopolitical environment resulting in the divergence between the Net Asset Value of the Company and its market capitalisation. We want to assure you, our shareholders, that the Board remains focused and proactive in ensuring we explore all avenues for maximising value.

Outlook

As a Board, we monitor our strategy along with the prevailing risk environment and performance of the business on an on-going basis, to ensure that we position the Company to drive long term risk adjusted returns and maximise value for our shareholders. The outlook for the business remains positive, the private rental sector exhibits remarkable resilience and demand for professionally managed homes continues to far outstrip supply. This is best illustrated by our continued strong occupancy levels and strong financial performance for the period. This should also continue to underpin our revenue growth and resilient portfolio valuations going forward. We will continue to look at all aspects of the business including recycling capital, to maintain a strong balance sheet which is underpinned by an unrivalled modern residential portfolio with strong sustainability features.

We continue to proactively work with our colleagues in the sector in Ireland to push for a more favourable regulatory framework which will support increased housing supply and ensure fairness for renters and an appropriate return on invested capital for the long term.

I enjoyed regular and fulsome engagement with our shareholder base during the first half of the year and look forward to continuing to do so over the remainder of the year as we seek to engage on topics such as remuneration (ahead of putting our new remuneration policy to shareholders at the 2024 AGM) and in also seeking to further understand and discuss views in relation to certain resolutions from our recent AGM held in May 2023. Separately, ahead of my previously announced intention to step down from the position of Chair by no later than the 2024 AGM, the Nomination Committee, led by Senior Independent Director Joan Garahy, has commenced a formal succession process to identify a new Chair and to enable an orderly succession to the role and we look forward to updating shareholders on that process as appropriate in due course.

Finally, along with the rest of the Board, I am confident that I-RES has a well-aligned strategy and business model to successfully navigate the current challenging market conditions and to enable us to consistently deliver favourable returns for our shareholders.

A handwritten signature in black ink, appearing to read 'Declan Moylan', with a stylized, cursive script.

Declan Moylan

Chairman

Chief Executive's Statement

We have continued to deliver another strong operational and financial performance in H1 2023, a testament to the strength of our business model. I-RES' Board and Management are committed to safeguarding financial stability, optimising operational efficiency, and delivering sustainable long-term value to our shareholders. Our industry is one that in the future will be driven and shaped by data and technology to deliver value for shareholders and meet the needs of current and future generation of renters and other stakeholders. Due to the significant transformation in the structure of the company in 2022, I-RES now has in place a sector leading digital operating platform that can underpin the optimisation of value in the future. Our high-quality asset portfolio with strong sustainability credentials, our sector leading digital platform, an experienced team with deep local market knowledge, strong financial position, and disciplined capital management, positions I-RES to successfully navigate the current environment and optimise value from its asset base and platform.

Strong Financial & Operational Performance

Our strong financial and operational performance in 2022 continued into 2023. We increased our revenue by 5.2% to €44.3 million in the first half of the year (H1 2022: €42.1 million), supported by our strong operational performance which remains a standout feature of the business. In the first half of the year, we delivered a consistently high occupancy rate of 99.5% (30 Jun 2022: 99.3%) across our portfolio, demonstrating the strong demand for our assets as well as operational effectiveness in our leasing and turnovers. This continued strong occupancy performance, coupled with organic rental growth across our existing portfolio and the ongoing positive financial impact of the addition of 130 new apartments in the second half of 2022, resulted in continued growth in our Net Rental Income ('NRI') which increased by 5.1% to €34.3 million (H1 2022: €32.6 million). Our Average Monthly Rent (AMR) per unit increased to €1,772 at the end of the period (H1 2022: €1,688); which is c.13% below market rents, according to our independent valuers, demonstrating the resilience of our income profile and representing opportunity in the medium term. The underlying fundamentals of the Irish Private Rented Sector ("PRS") remain strong albeit restricted in this period of high inflation due to the regulatory rental cap of 2% which we believe deters much needed new investment in the market. We are particularly pleased to report a stable NRI margin of 77.5% (30 June 2022: 77.5%), despite significant inflationary pressures across all costs during the period. This reflects managements clear focus on costs, process efficiency and seeking opportunities to generate ancillary revenues. Our Adjusted EBITDA grew by 6.9% to €28.7 million (H1 2022: €26.8 million) giving an EBITDA margin in the period of c.65%, demonstrating the strong consistent high cash generation capability of the business. EPRA earnings increased by 11.2% to €15 million, the impact of the non-recurring costs incurred in the prior period offset in the current period by increased financing costs as a result of the rapid and significant change in the interest rate environment.

Despite the strong financial and operational performance, we are reporting a loss of €43.9 million for the period. This loss can be attributed to a €56.5 million non-cash revaluation of our total portfolio value, which reflects an increase in yields and weakening in values across the real estate sector, which is attributable to the higher interest rate and inflationary environment. Despite this re-valuation, our high-quality portfolio has a proven resiliency, and its cash generative capabilities are evident in our financial performance. The strong cash flow generation of the Company enables us to continue to deliver dividends to our shareholders and as a result, the Board intends to declare an interim dividend of 2.45 cents per share for the six months ended 30 June 2023, an increase of 6.5% on the prior year.

Market Leading Portfolio & Active Asset Management

We have an unrivalled residential portfolio of high-quality assets with high sustainability credentials. As of 30 June 2023, the asset portfolio comprised 3,930 apartments and houses mainly in Dublin and well diversified across locations that continue to experience significant demand demonstrated by our market leading occupancy metrics. As previously noted, yield expansion arising from the current interest rate environment, offset by increases in our NRI, resulted in us recognising a non-cash revaluation loss of €56.5 million in H1 2023 for our portfolio. This brings the overall EPRA Net Initial Yield (NIY) at 30 June 2023 to 4.6% (31 December 2022: 4.4%). The Group's IFRS NAV as at 30 June 2023 was 149.2 cents per share, a decrease of 6.7% on 31 December 2022.

We continued to deliver on our strategy of asset recycling and balance sheet management which generates value for the business and our shareholders. Aligning with the current challenging market environment and our focus on shareholder value, the Company set out at its AGM in May 2023, an objective to dispose of approximately €100 million of assets. This was with a view to protecting our balance sheet and thereby the business within the context of the current challenging backdrop. I am pleased to report that with our announcement today we have achieved €96.5m of our target including the agreement for sale of 194 units at Hansfield for gross proceeds of €72.1 million to be completed in two parts, August 2023 and by December 2023. We have completed €22 million of asset sales including the sale of the Rockbrook site which was non-income producing, 3 of the 5 luxury town houses at Tara View which were acquired in 2022 as part of the overall Tara View development and completed the sale of 6 apartments at Bakers Yard.

We continue to review the performance of all the assets in the portfolio and, as opportunities arise that can add value and deliver accretive returns to our shareholders, we will consider both individual unit as well as whole property disposals whilst examining opportunities aligned with our capital allocation strategy.

Disciplined Capital Management

In navigating this continuing volatile and increased interest rate environment, management remains focused on maintaining a prudent balance sheet and strong liquidity position. The Group has no debt maturing before April 2026 and debt maturities are laddered from 2026 to 2032. The Group's Net LTV is currently 44.6% (31 December 2022: 43.3%) and following completion of the first closing this month related to the transaction announced today, Net LTV will decrease to c.43.2%. The LTV reflects the impact of the yield expansion and fair value adjustment to the asset valuation.

Creating Value Responsibly

We are dedicated to minimising our environmental footprint and promoting sustainable living. This ambition is ingrained in our long-term investment approach, property operations, maintenance, and interactions with stakeholders, including customers, employees, partners, and the wider community. We have three core pillars of sustainability:

1. **Operating Responsibly:** we aim to uphold the highest operational and governance standards across our business and supply chain.
2. **Protecting the Environment:** we aim to protect the environment by minimising our emissions and use of natural resources while ensuring we leave space for nature at our properties.
3. **Building Communities:** we aim to support our people by creating diverse and welcoming communities that enable our employees and residents to thrive.

Our efforts include carbon reduction initiatives, energy-efficient upgrades, waste reduction measures, nature-focused projects, and community engagement programs. These endeavours align with our commitment to reducing our carbon impact and making a positive contribution to the communities where we operate.

In our 2022 ESG Report, we outline the progress we have made, including the development of a carbon reduction roadmap for our portfolio. We have set ambitious targets to reduce scope 1 and scope 2 carbon emissions by 30% and 10% respectively in 2023, and we are on track to achieve them. We continue our work towards our goal to reduce our carbon emissions in line with the ambition and commitment to the Paris Climate Agreement. We also participate in industry benchmarks such as Global Real Estate Sustainability Benchmark ("GRESB") and Carbon Disclosure Project ("CDP") to ensure transparency and continuous improvement in our ESG performance.

Our focus is to provide exceptional service and create a positive living experience for our customers. Through professional property management and responsive customer service, we have achieved high customer satisfaction and strong customer retention rates, further solidifying our position as a preferred residential landlord. Our customers also benefit from affordable rental rates, well below the recognised affordability ceiling.

We have an excellent team in I-RES with a culture of commitment, respect, innovation, and value add. We focus on organisational effectiveness, training, and development as well as health and wellbeing and personal development within a diverse and inclusive workplace.

All these efforts reflect our ongoing commitment to enhance our ESG practices for the benefit of our people, customers, and communities. We are conscious of our impact on the planet as we conduct our business and strive to be a sustainability leader in our sector.

Market Backdrop

Housing continues to be a significant societal challenge in Ireland due to a persistent imbalance between supply and demand. In response, the Irish government introduced the 'Housing For All' policy in 2021, outlining its vision for the future of housing. One of the key objectives of this policy is to increase the housing supply by 300,000 units over the period of nine years until 2030. This includes the provision of 54,000 affordable homes for purchase or rent and over 90,000 social homes. The Government aims for approximately 33,000 housing completions per year but estimates from the Housing Commission suggest that up to 62,000 new homes per year are needed until 2050 to meet demand.

Although there was a 45% increase in housing delivery in 2022, with just under 30,000 units completed, it is evident that supply is likely to continue to lag behind demand for the foreseeable future. To address this challenge, the Government acknowledges the need for increased capacity and enhanced cooperation with the private sector, including increased investment, to achieve these objectives.

In 2021, legislation was introduced which capped rent increases at 2% per annum, where the Harmonised Index of Consumer Prices ('HICP') inflation is higher, in all Rent Pressure Zones. This regulatory measure is set to continue until the end of 2024. The Department of Housing is currently carrying out a review of the Private Rental Sector and is in a consultation process with the sector. A range of other policy reviews are also underway by various Government Departments and I-RES is actively engaging in consultation and submissions in these processes. It is in everyone's interests to achieve a balanced outcome that meets the needs of all stakeholders, security for tenants and attracts the much-needed capital to deliver future housing supply.

Outlook

While the year ahead will be influenced by ongoing macroeconomic challenges, we remain focused on managing the business to ensure that we continue to perform strongly. As evidenced in the strong results we present today, our high-quality portfolio, sharp focus on operational excellence, coupled with attractive fundamentals of the Irish market, leaves us well positioned to continue to generate predictable returns for our shareholders.

Providing exceptional customer experience also remains a top priority, as we continue to invest in our people and technology and innovative solutions to enhance the living experience. This focus has resulted in high customer retention rates and solidified our reputation as a market leader for professionally managed residential homes. The launch of the I-RES Living platform will further enhance our customer services and strengthen our position as a market leader. Additionally, we believe that over time this unique platform represents a distinctive opportunity to generate further value by unlocking operational and service efficiencies within our existing portfolio as well as growing ancillary revenues. We have a strong platform and experienced team, and over the medium term we see multiple opportunities to continue to unlock value.

I would like to express my sincere appreciation to our dedicated team who work in I-RES, whose commitment and hard work has played a pivotal role in delivering these strong interim results. I also extend my gratitude to our shareholders and stakeholders for their ongoing trust and support. Furthermore, I would like to thank our Chairman and Board for their guidance and emphasis on the strategic development of our company, built upon a foundation of strong governance. I-RES remains focused on delivering value, pursuing growth opportunities, and engaging in constructive dialogue with our shareholders. We firmly believe that by working together, we can navigate challenges, capitalise on opportunities, and create sustainable long-term value for all stakeholders.



Margaret Sweeney

Chief Executive Officer

Financial Review

We have delivered an excellent performance in the period across all key operational metrics against a challenging backdrop. This robust operational performance was driven by continued strong demand in the market, cost savings and efficiencies delivered by our internalised platform and the impact of delivery of our pipeline in 2022, all contributing to increased revenue, net rental income and EBITDA. Our experienced team and portfolio of high-quality residential accommodation sets us apart from the market and ensures that we meet the needs of our residents. This has contributed to a consistently high occupancy rate of 99.5% at 30 June 2023 supported by our mid-market residential sector positioning where demand continues to outstrip supply. Our average monthly rent increased to €1,772 at 30 June 2023 from €1,688 at 30 June 2022 and our portfolio is currently estimated to be 13% below market rent.

Revenue grew by 5.2% in the period to €44.3 million, driven by continued organic growth, delivery of our pipeline in 2022 at market rents and continued high occupancy levels. On a like for like basis revenue grew by 2.2%, aligned with the legislative cap on rental increases and improved occupancy. Our occupancy remained consistently in excess of 99% throughout the period and was 99.5% at 30 June 2023 reiterating the demand for our professionally managed accommodation.

We successfully maintained our NRI Margin at 77.5% (30 June 2022: 77.5%) which is testament to our focus on deriving efficiencies from our platform and continued focus on cost management. Whilst we experienced increases in property taxes, utilities and OMC service charges, we have succeeded in offsetting this through stable repairs and maintenance costs, additional ancillary revenue and strong collections during the period. Adjusted General & Administrative spend remained flat in the period despite increased headcount reflecting the build out of the corporate team since internalisation.

Adjusted EBITDA grew by 6.9% to €28.7 million reflecting the strong underlying fundamentals of the business and the focused approach by management on cost savings, efficiencies and delivering returns. EPRA earnings increased by 11.2% in the period, due to the strong operational performance, this was offset by increased financing costs as a result of the rapid and significant interest rate rises issued by the ECB versus the prior period which reflected the impact of the non-recurring costs. Adjusted EPRA EPS fell from 3.6c to 2.8c reflecting the impact on our financing costs. EPRA EPS increased to 2.8c from 2.5c.

Our total investment property reduced to €1,426 million (including assets held for sale) reflecting the sale of the Rockbrook site, disposal of 6 units to satisfy Part V obligations and the sale of 2 Townhouses at Tara View. At 30 June, a fair value loss of €56.5 million was recorded reflecting a softening of yields, offset by increased net rental income.

Our financing facilities are made up of c.€200 million of Private Placement Notes and a €600 million Revolving Credit Facility (RCF). The Private Placement Notes were executed in 2020 with maturities laddered from 2027 to 2032. At period end, €444 million of the RCF was drawn. The Company has entered into hedging arrangements in respect of its RCF, specifically interest rate swap agreements aggregating to €275 million until maturity of the facility in April 2026, converting the cost on this portion of the facility to a fixed interest rate of 2.5% plus margin of 1.75%. The Private Placement Notes are fully fixed with a weighted average fixed interest rate of 1.92% (inclusive of swap costs and excluding transaction costs). As at period end, approximately 74% of the Group's drawn debt is fixed against interest rate volatility.

As part of our ongoing focus on capital management and value creation, we have announced today the disposal of 194 units for gross proceeds of €72.1 million which on completion of the first closing will deliver a reduced LTV of 43.2% and retire our most expensive debt leading to an increased proportion of fixed rate debt rising to 79%.

Operational and Financial Results

Net Rental Income and Profit for the Six Months Ended

	30 June 2023	30 June 2022
	€'000	€'000
Operating Revenue		
Revenue from investment properties	44,276	42,076
Operating Expenses		
Property taxes	(599)	(519)
Property operating costs	(9,372)	(8,931)
	(9,971)	(9,450)
Net Rental Income ("NRI")	34,305	32,626
NRI margin	77.5%	77.5%
Adjusted general and administrative expenses ⁽¹⁾	(5,558)	(5,556)
Share-based compensation expense	(72)	(240)
Adjusted EBITDA⁽²⁾	28,675	26,830
Non-recurring costs ⁽¹⁾	—	(5,748)
Depreciation of property, plant and equipment	(265)	(259)
Lease interest	(107)	(112)
Financing costs	(13,268)	(7,247)
Taxation	(62)	—
EPRA Earnings	14,973	13,464
Loss on disposal of investment property	(695)	—
Net movement in fair value of investment properties	(56,459)	9,383
Gain on derivative financial instruments	40	29
Tax on disposal of properties	(1,785)	—
(Loss)/Profit for the Period	(43,926)	22,876

(1) The non-recurring costs of €5.7 million and general and administrative expenses of €5.6 million incurred in 2022 totals the general and administrative expense costs of €11.3 million reflected on the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2022.

(2) Adjusted EBITDA represents earnings before lease interest, financing costs, depreciation of property, plant and equipment, gain or loss on disposal of investment property, net movement in fair value of investment properties, gain or loss on derivative financial instruments and non-recurring expenses to show the underlying operating performance of the Group.

Operating Revenue

For the six months ended 30 June 2023, total operating revenue increased by 5.2% to €44.3 million compared to the six months ended 30 June 2022. This significant increase is driven by the delivery on our pipeline in 2022, particularly at Tara View and The School Yard which achieved Average Monthly Rents in excess of our portfolio average, continued high occupancy across all properties and organic rental growth.

Net Rental Income

The NRI margin has been presented as the Company believes this measure is indicative of the Group's operating performance. For the six months ended 30 June 2023, NRI increased by 5.1% in line with increases in Revenue. The NRI margin remained stable at 77.5% compared with the same period last year and full year 2022 which is a strong performance in light of the current inflationary environment and highlights the ongoing focus we have on cost management and deriving efficiencies from our new internalised platform.

Adjusted General and Administrative (“G&A”) Expenses

Adjusted G&A expenses include costs such as employees' salaries, director fees, professional fees for audit, legal and advisory services, depository fees, property valuation fees, insurance costs and other general and administrative expenses, and excludes non-recurring costs, of which there were none in the current period. G&A has remained stable in the period despite the inflationary environment and increased headcount in comparison to the prior period as Management continues to focus on cost savings and efficiencies and stabilisation of the business after a year of transition in 2022.

Non-recurring costs

No non-recurring costs were recorded in the period. Non-recurring G&A costs total €5.7 million for the first 6 months of 2022. These costs were primarily for the IT programme and legal, consulting and investment bank advisory fees that relate to the termination of the Investment Management Agreement and other one-off third-party advisory services.

Net movement in fair value of Investment Properties

I-RES recognises its investment properties at fair value at each reporting period, with any unrealised gain or loss on remeasurement recognised in the profit or loss account. In the period, the fair value loss on investment properties of €56.5 million is mainly attributed to a softening of yields driven by the wider market fundamentals including increased interest rates offset by gains made in relation to increased net rental income. Our Gross Yield was 6.2% at period end compared against a weighted average cost of interest of 3.7%.

Financing Costs

Financing costs, which include the amortisation of certain financing expenses, interest and commitment fees, increased for the six months ended 30 June 2023 to €13.3 million from €7.2 million for the six months ended 30 June 2022. The primary driver of the increased financing costs relates to the rapid ECB interest rate rises to combat the inflationary environment. Since 31 December 2022 we have reduced our debt by €13 million through the disposal of the Rockbrook site and a small number of other units, whilst also paying out €14.9 million in dividends. In 2022, we entered into hedging arrangements in respect of the Revolving Credit Facility. Interest rate swap agreements aggregating to €275 million until maturity were entered into with a number of counterparties forming the syndicate of banks in the RCF. These arrangements convert €275 million of the facility into a fixed cost arrangement with an interest rate of 2.5% plus margin of 1.75%. At 30 June 2022, €444 million was drawn from the €600 million facility.

In 2020, I-RES entered into a cross-currency swap to (i) hedge the US-based loan of \$75 million into €68.8 million effective 11 March 2020 and (ii) convert the fixed interest rate on the US-based loan to a fixed Euro interest rate, maturing on 10 March 2027 and 10 March 2030. Hedge accounting has been applied to the cross-currency swap.

Taxation

The main driver of taxation for I-RES in the period relates to Capital Gains Tax (“CGT”). This arose on the profit on disposal of the Rockbrook site. CGT is payable on this as the site constitutes a disposal of an asset of the residual business as opposed to the property rental business of the Group.

Property Portfolio Overview

The following table provides the details of the Group's property portfolio as at 30 June 2023.

Property Location	# of Buildings	# of Units Owned ⁽¹⁾	Commercial Space Owned (sq.m) ⁽¹⁾	Average Monthly Rent Per Unit ⁽¹⁾⁽²⁾⁽³⁾	Rent (per sqm per month)	Occupancy ⁽¹⁾⁽²⁾
Total South Dublin	12	1,121	6,851	€ 1,954	€ 24.9	99.2%
Total City Centre	8	582	3,062	€ 1,884	€ 26.2	99.0%
Total West City	3	409	—	€ 1,738	€ 22.9	100%
Total North Dublin	8	769	—	€ 1,613	€ 20.3	99.7%
Total West Dublin	6	999	14,753	€ 1,652	€ 20.6	99.6%
Cork	1	50	—	€ 1,400	€ 17.5	100%
Total Portfolio	38	3,930	24,666	€1,772⁽⁴⁾	€ 22.7	99.5%

(1) As at 30 June 2023.

(2) Based on residential units.

(3) AMR is calculated as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of residential units owned in the property. Actual monthly residential rents, net of vacancies, as at 30 June 2023 was €6,965,874 divided by 3,930 units (which is the total units available for lease as at 30 June 2023 excluding assets held for sale) resulting in AMR of €1,772. Refer to pages 15 to 16 for further discussion on average monthly rent per apt. and occupancy.

(4) I-RES' external valuers indicated that I-RES' current rents (on a weighted average basis for the portfolio) as at 30 June 2023 is estimated to be approximately below market by 13%.

Portfolio Management

The Group continues to explore and identify opportunities to create shareholder value. Whilst we continue to consider opportunities for growth and our long-term strategy is focused on delivering growth for the business, in the current period Management have been focused on maintaining a strong and flexible balance sheet. As part of this we have looked to recycle capital back into the business. This has resulted in the sale of the Rockbrook site, disposal of a small number of units due to Part V obligations and the continuing sales process of the Townhouses at Tara View. In addition, today we announced the disposal of 194 units in West Dublin for gross proceeds of €72.1 million. On completion this transaction will reduce LTV and retire our most expensive debt.

The disposal of the Rockbrook site delivered significant return on cost representing value creation for shareholders. We expect that the assets held for sale will similarly deliver value for shareholders by realising profit on investment. The proceeds from the sale of the Rockbrook site have been used to pay down our debt and manage the Group's balance sheet. We expect the same from the disposal of the other assets held for sale.

As part of the acquisition agreement entered into in January 2022 the Company has a gross capital commitment of €24.1 million in respect of 44 units at Ashbrook, Clontarf. These units are expected to be completed in H2. Net cash outflow after taking account of deposit paid and proceeds from disposal of Part V units is expected to be c.€20 million.

Financing and Capital Structure

I-RES takes a proactive approach to its debt strategy to ensure the Group has laddering of debt maturities and the Group's leverage ratio and interest coverage ratio are maintained at a sustainable level.

Our capital structure remains strong, with no debt maturities until 2026 and then laddered out to 2032. Net LTV at 30 June 2023 has increased to 44.6%, LTV stands at 45.1% both as a result of the fair value loss recorded in the period, however this remains significantly below the 50% maximum allowed by the Irish REIT regime and the Group's debt financial leverage ratio covenant. I-RES seeks to use gearing to enhance shareholder returns over the long term. As part of managing the Group's LTV, we have announced the sale of 194 units which on completion of the first closing of the disposal will reduce the Group's LTV to 43.2%.

Our debt facilities are made up of our €600 million Revolving Credit Facility (RCF) and the circa €200 million (Euro Equivalent) Private Placement Notes. In February 2022, the Company exercised an option for an extension of our RCF with all syndicate banks for the entire €600 million facility with a new maturity date of 18 April 2026.

The Private Placement Notes were issued in March 2020 and are made up of €130 million fixed interest and \$75 million. On closing I-RES entered into a cross currency interest rate swap resulting in an overall weighted average fixed interest rate of 1.92% inclusive of swap costs and excluding transaction costs. The maturity of the notes is laddered over circa six, nine and eleven-year maturities, with the first repayment due in March 2027.

As previously noted, in December 2022, the Company entered into hedging arrangements in respect of its Revolving Credit Facility. Interest rate swap agreements aggregating to €275 million until maturity of the facility have been entered into with a number of the counterparties forming the syndicate of banks in the RCF. These arrangements convert the cost of €275 million of the facility into a fixed interest rate of 2.5% plus margin of 1.75%. Therefore, in conjunction with the Private Placement Notes, approximately 74% of the Company's total drawn debt is fixed against interest rate volatility as at 30 June 2023. On disposal of the first closing of the 194 units announced this morning, I-RES' total drawn debt which is fixed will increase to c.79%.

The Group has a weighted average drawn debt maturity of 3.9 years and no debt maturities before April 2026. The weighted average cost of interest is 3.73% for the six months ended 30 June 2023 (31 December 2022: 2.31%). This increase is driven by the 400bps increase in ECB rates since July 2022. I-RES also has undrawn committed facilities of €156 million available under the RCF for investment and €6.5 million of cash and cash equivalents as at 30 June 2023. Beyond the remaining capital commitment for the forward purchase of 44 residential units at Ashbrook, there are no other current capital commitments.

I-RES' borrowings are as follows:

As at	30 June 2023 €'000	31 December 2022 €'000
RCF borrowings	444,020	457,020
Euro denominated Private Placement notes	130,000	130,000
USD denominated Private Placement notes ⁽¹⁾	68,738	70,107
Weighted Average Cost of Interest ⁽²⁾	3.73%	2.31%

(1) The principal amount of USD notes is \$75 million. The movement during the period relates to foreign exchange movements. I-RES has entered into cross currency swap to fix this at €68.8 million.

(2) Includes commitment fee of 0.7% per annum charged on the undrawn portion of the RCF facility

Summary and outlook

The first half of 2023 has underlined the significant demand in the Irish market for high quality professionally managed residential accommodation and I-RES' ability to be a sector leader. We have delivered a strong operational performance and growth across all key metrics. Whilst the period has continued to see stubbornly high inflation and therefore continued ECB interest rate increases, we continue to focus on ensuring a strong and flexible balance sheet is maintained. Through our investment in our people and technology platform, we have placed ourselves in a strong position as we continue to navigate the headwinds faced and position the Group for its next phase of growth.



Brian Fagan

Chief Financial Officer

Business Performance Measures

The Group, in addition to the Operational and Financial results presented above, has defined business performance indicators to measure the success of its operating and financial strategies:

Average Monthly Rent (“AMR”)

AMR is calculated as actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of residential units owned in the property. Through active property management strategies, the lease administration system and proactive capital investment programmes, I-RES increases rents as market conditions permit and subject to applicable laws. It has been presented as the Company believes this measure is indicative of the Group’s performance of its operations.

Occupancy

Occupancy rate is calculated as the total number of residential units occupied over the total number of residential units owned as at the reporting date. I-RES strives, through a focused, hands-on approach to the business, to achieve occupancies that are in line with, or higher than, market conditions in each of the locations in which it operates. Occupancy rate is used in conjunction with AMR to measure the Group’s performance of its operations.

AMR and Occupancy

As at 30 June	Total Portfolio					Properties owned prior to 30 June 2022 (Like for Like properties)					Properties Acquired After 30 June 2022	
	2023		2022			2023		2022			AMR	Occ. %
	AMR	Occ. %	AMR	Occ. %	AMR change %	AMR	Occ. %	AMR	Occ. %	AMR change %		
Residential	1,772	99.5%	€1,688	99.3%	5.0%	1,746	99.6%	€1,699	99.2%	2.7%	€2,591	98.4%

The Group’s AMR increased 5.0% at 30 June 2023 to €1,772, while residential occupancy remained high at 99.5%, indicative of the strong market fundamentals in the Irish residential rental sector. The significant increase in AMR in the period reflects the market rent achieved at our new developments Tara View and The School Yard. For like for like properties, the AMR increased to €1,746 per residential unit as at 30 June 2023, up 2.7% from €1,699 at 30 June 2022. The increase is due to the increase in occupancy and organic rental growth due to turnover and renewals. AMR is used as a measure for the sustainable year over year changes in revenue.

During the period, c.7% of the portfolio units were turned and where applicable we applied rental increases in line with regulations.

Gross Yield at Fair Value

Gross Yield is calculated as the Annualised Passing Rents as at the stated date, divided by the fair market value of the investment properties as at the reporting date, excluding the fair value of development land, investment properties under development and assets held for sale. Through generating higher revenue compared to the prior year and maintaining high occupancies, I- RES' objective is to increase the Annualised Passing Rent for the total portfolio, which will positively impact the Gross Yield. It has been presented as the Company believes this measure is indicative of the rental income generating capacity of the total portfolio.

Gross Yield at Fair Value

As at	30 June 2023 (€'000)	31 December 2022 (€'000)
Annualised Passing Rent ⁽¹⁾	88,727	87,401
Aggregate fair market value as at reporting date ⁽²⁾	1,420,128	1,477,178
Gross Yield at Fair Value	6.2%	5.9%

(1) 30 June 2023 Annualised Passing rent consist of residential annualised passing rent of €84.3 million and commercial annualised passing rent of €4.41 million.

(2) Includes amounts associated with investment properties and assets held for sale

The portfolio Gross Yield at Fair Value was 6.2% as at 30 June 2023 compared to 5.9% as at 31 December 2022, excluding the fair value of development land, investment properties under development and assets held for sale. The movement represents the impact of softening yields on the portfolio valuation. Gross Yield when excluding the assets held for sale is 6.2% at 30 June 2023 also.

EPRA Net Initial Yield

As at	30 June 2023 (€'000)	31 December 2022 (€'000)
Annualised passing rent	88,727	87,401
Less: Operating expenses ⁽¹⁾ (property outgoings)	(19,964)	(19,665)
Annualised net rent	68,673	67,736
Completed investment properties ²	1,420,128	1,477,168
Add: Allowance for estimated purchaser's cost	69,531	76,369
Gross up completed portfolio valuation	1,489,660	1,553,357
EPRA Net Initial Yield	4.6% ⁽³⁾	4.4%
EPRA topped-up Net Initial Yield	4.6%	4.4%

(1) Calculated based on the net rental income to operating revenue ratio of 77.5% for 2023 (77.5% for 2022).

(2) Includes amounts associated with investment properties and assets held for sale.

(3) EPRA Net Initial Yield excluding the assets held for sale is 4.6% at 30 June 2023 also.

EPRA Earnings per Share

EPRA Earnings represents the earnings from the core operational activities of the Group. It is intended to provide an indicator of the underlying performance of the property portfolio and therefore excludes all components not relevant to the underlying and recurring performance of the portfolio, including any revaluation results and profits/losses from the sale of properties. EPRA EPS is calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. It has been presented as the Company believes this measure is indicative of the Group's performance of its operations.

EPRA Earnings per Share

For the six months ended	30 June 2023	30 June 2022
(Loss)/Profit for the period (€'000)	(43,926)	22,876
Adjustments to calculate EPRA Earnings exclude:		
(Loss)/Gain on disposition of investment properties (€'000)	695	—
Changes in fair value on investment properties (€'000)	56,459	(9,383)
Tax on profits on disposals	1,785	—
Changes in fair value of derivative financial instruments (€'000)	(40)	(29)
EPRA Earnings (€'000)	14,973	13,464
Non-recurring costs (€'000)	—	5,748
Adjusted EPRA Earnings for non-recurring costs (€'000)	14,973	19,212
Basic weighted average number of shares	529,578,946	529,542,344
Diluted weighted average number of shares	529,578,946	529,554,035
EPRA Earnings per share (cents)	2.8	2.5
Adjusted EPRA EPS for non-recurring costs per share (cents)	2.8	3.6
EPRA Diluted Earnings per share (cents)	2.8	2.5

The increase in EPRA Earnings to €15.0 million (30 June 2022: €13.5 million) is driven by strong operational performance offset by higher financing costs and the impact of the non-recurring cost items in the prior period.

Adjusted EPRA EPS was 2.8 cents for the six months ended 30 June 2023 compared to 3.6 cents for the same period last year. The decrease is primarily driven by increased financing costs offset by strong operational performance.

EPRA Net Asset Value

In October 2019, EPRA introduced three EPRA NAV metrics to replace the then existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value (“**EPRA NRV**”), EPRA Net Tangible Asset (“**EPRA NTA**”) and EPRA Net Disposal Value (“**EPRA NDV**”). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is calculated to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. No deferred tax liability is calculated for I-RES as it is a REIT, and taxes are paid at the shareholder level on the distributions. Any gains arising from the sale of a property are expected either to be reinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated to the full extent of their liabilities.

EPRA NAV per Share

As at	30 June 2023		
	EPRA NRV	EPRA NTA ⁽¹⁾	EPRA NDV ⁽²⁾
Net assets (€'000)	790,158	790,158	790,158
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	(6,761)	(6,761)	—
Fair value adjustment for fixed interest rate debt (€'000)	—	—	49,927
Real estate transfer costs (€'000) ⁽³⁾	69,531	—	—
EPRA net assets (€'000)	852,928	783,397	840,085
Number of shares outstanding	529,578,946	529,578,946	529,578,946
Diluted number of shares outstanding	529,578,946	529,578,946	529,578,946
Basic Net Asset Value per share (cents)	149.2	149.2	149.2
EPRA Net Asset Value per share (cents)	161.1	147.9	158.6

As at	31 December 2022		
	EPRA NRV	EPRA NTA ⁽¹⁾	EPRA NDV ⁽²⁾
Net assets (€'000)	847,353	847,353	847,353
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	(4,764)	(4,764)	—
Fair value adjustment for fixed interest rate debt (€'000)	—	—	40,612
Real estate transfer tax (€'000) ⁽³⁾	76,368	—	—
EPRA net assets (€'000)	918,957	842,589	887,965
Number of shares outstanding	529,578,946	529,578,946	529,578,946
Diluted number of shares outstanding	529,578,946	529,578,946	529,578,946
Basic Net Asset Value per share (cents)	160.0	160.0	160.0
EPRA Net Asset Value per share (cents)	173.5	159.1	167.7

- (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, subject to having sufficient distributable reserves; (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. For the purposes of EPRA NTA, the Company has 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 were 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 were sold at 30 June 2023 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.
- (3) This is the purchaser 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 for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial and 4.46% for residential.

Sustainability

I-RES continues to demonstrate a strong commitment to ESG principles including environmental sustainability, climate change resilience, social impact, and governance. While we have made significant strides, we acknowledge the need to continuously evolve our ESG initiatives to stay aligned with industry best practices and drive positive change within the sector.

The I-RES Board and the Board Sustainability Committee is committed responding to the pressing issue of carbon reduction and meeting our ESG obligations and legislative requirements, while continuing to ensure our business thrives. Our objective is to have a positive impact on the planet reducing our carbon footprint, as well as building and supporting great communities where our residents and employees want to live and work.

This commitment is underpinned by three core pillars in our sustainability strategy:

- 1. Operating Responsibly:** we aim to operate to the highest operational, service and governance standards across our business and supply chain.
- 2. Protecting the Environment:** we aim to minimise our emissions and use of natural resources while ensuring we leave space for nature at our properties.
- 3. Building Communities:** we aim to support our people by creating diverse and welcoming communities that enable our employees and residents to thrive.

We have strategically invested in a portfolio of modern assets in great locations across Dublin, with a weighted average age of 13.9 years and 86% (FY2022) with Building Energy Ratings (BER) A, B and C grades at the end of 2022, giving us a competitive advantage in advancing sustainability practices.

Operating Responsibly

I-RES places strong emphasis on corporate governance and ethical practices. The Company maintains a robust governance framework to meet the need of our investors and other stakeholders, which includes a diverse and independent Board of Directors, transparent reporting mechanisms, and effective risk management practices. The Company promotes integrity, accountability and responsible decision-making throughout its operations.

To become a more sustainable business, I-RES actively works in collaboration with its suppliers across the supply chain on ESG alignment and to deliver on our Supplier Code of Conduct, ESG and Code of Ethics policies. As outlined in our 2022 sustainability report, 80% of our Tier 1 suppliers have developed or are developing formal ESG policies.

We are leveraging our digital technology platform and other technologies to enhance customer service, as well as using the data and insights we gather to better support our residents. Our new I-RES Living App is being rolled out across our portfolio with 51% uptake within our initial launch properties. The I-RES Living App emphasises privacy and security first and will streamline communication with residents.

We are focused on mitigating against cyber security risks by strengthening our security environment and controls across the Company. We are working with leading technology partners who continue to invest in their IT applications and services and can support access management, encryption, and incident response planning. This work is supported by adding new skills to the management team with the recent appointment of a Head of IT and IT training for all employees.

To ensure we continually strive to deliver our best and to promote transparency to all stakeholders when it comes to our ESG programme, we participate in industry benchmarks such as the Global Real Estate Sustainability Benchmark ("GRESB"), where we achieved a One Star award and Carbon Disclosure Project ("CDP"), where we will be scored for the first time in 2023. The results of which will be published in our next ESG report.

Protecting the Environment

Carbon Reduction

At I-RES, we have made significant strides in environmental sustainability. We reduced our Scope 1 and Scope 2 (wholly managed buildings) greenhouse gas emissions (in absolute terms) by 41% and 26% respectively in 2022 and have set ambitious targets of reducing these further by 30% and 10% respectively in 2023, and so far we are on track to achieve this target. We have implemented various energy-efficient measures across our portfolio of properties, including the installation of LED lighting and light sensors, and energy management systems in our new developments such as the LEED Gold certified School Yard. We are continuing to transition to renewable energy in an effort to reduce our carbon footprint and dependence on non-renewable resources. We procure energy from suppliers with renewable energy sources, such as solar panels and wind turbines, to generate clean and sustainable energy for our offices and 100% of landlord-controlled areas of our wholly managed assets.

These initiatives have resulted in significant reductions in energy consumption (FY2022: -18%, Scope 2 absolute) and greenhouse gas emissions (FY2022: -26%, Scope 2 absolute) from 2022.

We have a comprehensive programme in place including communication and collaboration with residents in relation to energy, waste and water usage and reduction initiatives. The I-RES Green Ambassador Programme, which is run by an employee group from across the Company, are proactive in putting in place initiatives to reduce usage, increase recycling, as well as improving the natural environment adjacent to our properties and wider biodiversity programmes. We are part of the All-Ireland Pollinator Plan and rolling out a range of initiatives to support the natural environment.

Building Communities

I-RES is committed to building and supporting great communities to live and work in and creating positive social impact in the communities it operates in. The Company has actively engaged with stakeholders, including residents and local community partners, to understand their needs and concerns as well as jointly participating in local events to improve the area they live in and support community building and integration. We are actively engaged with social initiatives, including community development programs, local charities, and partnerships with local organisations to promote social well-being and have recently committed to supporting Citywise Education in Tallaght which advances youth education and development.

As the leading provider of private residential rental accommodation in Ireland, we pride ourselves in providing high quality, professionally managed and well-furnished rental homes that are an important part of the housing solution and that provide security of tenure for our residents. Our recently developed I-RES Living App which is central to our digital operating platform will further support our offering to residents.

I-RES is aligned with the objectives of the Irish Government's 'Housing for All' strategy and we believe we have a meaningful role to play in the discussion and formulation of an appropriate regulatory framework for the Irish rental market. We continue to collaborate with the industry and government to support a regulatory structure so that residents can access accommodation at reasonable rent levels, while new stock can be delivered by the public and private sectors, together addressing the significant lack of supply in the Irish rental market.

At I-RES, our vision is to create a collaborative, inclusive, and innovative workplace culture, which will drive a customer focused, sustainable business underpinned by a digital platform delivering and maximising value for shareholders and stakeholders. With this in mind, we continuously develop and expand on our initiatives to promote employee well-being, investing in training and development, offering competitive compensation and benefits, and fostering ethical leadership and governance. The Board puts strong emphasis on culture and talent and one of the non-executive directors has responsibility for Workforce Engagement and Culture to provide a direct link between the workforce and the board.

Our most recent annual employee satisfaction survey conducted at the end of 2022, attracted an 88% participation rate, participants scored overall employee engagement at 92%. This score reflects a very high level of staff engagement and commitment to working in I-RES. Through engagement at our town halls, all I-RES employees are encouraged to input into our strategy.

Market Update

Macroeconomic backdrop

The global economy is navigating a turbulent period marked by multiple challenges converging at once. Growth is slowing across many major economies as high inflation impacts consumer demand and central banks aggressively tighten monetary policy. Meanwhile, inflation has reached multi-decade highs in most regions, fuelled by supply constraints and, commodity price shocks. The economic spill overs from the Russia-Ukraine war are further straining growth via elevated food and energy costs that squeeze household budgets.

The combination of high inflation, slower growth, rising interest rates and geopolitical tensions has created a challenging macroeconomic backdrop. With growth projections being repeatedly downgraded, the global economy risks tipping into a pronounced slowdown or even recession. Growth for the world economy in 2023 is expected to fall lower again to 2.7%¹. The path ahead is beset by risks and uncertainty as multiple shocks work their way through the global economy.

Irish Economic Outlook

Against this difficult global macroeconomic backdrop, the outlook for Ireland also faces heightened uncertainty. Like other European economies, Ireland has been experiencing increases in consumer price inflation, hitting highs of 9.6% in June 2022. Inflation has been declining gradually and has hit 12-month lows of 6.1% in June 2023², likely due to measures taken by Central Banks to curb inflation.

Although the Irish economy rebounded strongly from the pandemic, experiencing a 12% growth rate in 2022, following on from 13.6% in 2021³, making Ireland the fastest growing country in the EU, growth is set to moderate this year and next amidst a deteriorating external environment. Ireland's open, trade-dependent economy and integration with the EU leaves it exposed to the global headwinds of slowing growth, high inflation, and financial tightening. The path ahead is challenging until inflation moves back towards target levels.

However, Ireland still possesses strengths that could help the economy continue expanding at a steady pace. The multinational sector remains an engine of growth, with Ireland's attractiveness for foreign direct investment ("FDI") helping sustain export growth and job creation. The labour market continues to show exceptional strength with unemployment hitting record lows of 3.8% in June, well below the European Union rate of 5.9%^{2,4}. During a period of slowdown in tech employment globally, the IDA Ireland ("IDA"), the state agency responsible for attracting FDI into Ireland, reported significant investment growth, 139 investments were won by the agency, with the potential of 12,072 jobs created⁵.

The European Commission forecasts growth for Ireland of 5.5% and 5% in 2023 and 2024 respectively with the equivalent forecasts for EU at 1% and 1.7%⁶.

Key export sectors and tax revenue have continued to perform strongly in the first half of 2023. Exchequer returns for the first half of the year show tax revenues are up 10.9%, well ahead of official projections, suggesting the surplus will be closer to €12bn according to estimates from Davy.

Market Fundamentals Remain Supportive

Accommodation in Ireland remains chronically undersupplied with demand far exceeding structural capacity. Last year saw 29,000 completions, a welcome increase of 45% on the previous year and closer to the Government's 'Housing for All' target of 33,000, however this is still significantly below what is required to house the country's growing population which by some economists and industry analysts is forecasts is 62,000 homes per year until 2050 to meet demand. Figures from the 2022 Census show the population of Ireland grew by an estimated 8% since 2016.

The first quarter of 2023 saw another increase in supply with a rise in completions of 19.1% compared with the same three months of 2022, however total completions for 2023 are forecast to reach only 27,500 increasing to 29,000 in 2024. Meanwhile, the second half of 2022 saw almost 5,350 landlords give notice of termination in order to sell their property⁷. It is highly unlikely that these properties will stay in the rental segment, given the strong sales market.

¹ OECD June 2023 economic outlook

² Central Statistics Office ("CSO")

³ CBI Quarterly Bulletin Q2 2023

⁴ EU Commission

⁵ IDA

⁶ EU Commission Spring 2023 Economic Outlook

⁷ Daft Q1 2023 Rental Index Report

Fundamentally, there is still a significant undersupply of homes, with the number of properties listed for rent on Irish property listing site DAFT.ie at the beginning of May 2023 at an unprecedented low of 959 homes nationwide. This is one of the lowest totals seen in a series extending back to the start of 2006⁷.

Regulatory Landscape

Availability of housing remains a critical political and social issue in Ireland, and as a result, the regulatory landscape has seen a number of key changes over recent years. As the leading provider of private rented residential homes in Ireland, we are actively engaged with the Government and key industry stakeholders to support delivery of housing objectives and a more effective framework. The current regulatory framework is particularly challenging in this changed environment of increasing interest rates and continuing inflation. The Company will continue to work with the sector in communicating these challenges.

Under current legislation, rent increases are restricted to 2% per annum, where Harmonised Index of Consumer Prices ('HICP') inflation is higher, in all Rent Pressure Zones. The legislation applies to renewals of pre-existing let properties only and allows new schemes to be brought to market and let at market rents.

The Government's 'Housing for All' policy, published in 2021 sets out its vision for the future of housing in Ireland and has a core objective of increasing supply by 300,000 units (including 54,000 affordable homes for purchase or rent and over 90,000 social homes) over the nine years to 2030. It will require both an increase in capacity and enhanced cooperation between the public and with the private sector, including increased investment, in order to deliver on supply challenges and 'Housing for All' objectives.

A key development in the period was the announcement of a review of the funds sector by Minister for Finance, Michael McGrath T.D. The Department of Finance ("the Department") is conducting a wide-ranging review of the funds sector which will result in a report titled, 'Funds Sector 2030: A Framework for Open, Resilient & Developing Market' in summer 2024. The report will include an examination of the regimes for Real Estate Investment Trusts (REITs) the Irish Real Estate Funds (IREFs) and their role in the property sector, including how they support housing policy objectives remain resilient, future-proofed and a continued example of international best-practice standards. As part of the Review, the Department has launched a public consultation in which I-RES will be engaging in.

The key objectives include developing a framework within which Ireland can maintain its leading position in fund management and fund servicing and ensuring that the sector continues to support economic activity both at the regional and national level in Ireland. The Review will also seek to ensure that the sector in Ireland is resilient and that the regulatory and supervisory frameworks are future-proofed, supportive of macro-prudential stability, investor protection and consistent with international best-practice standards. The Department noted that "the scale of investment required to fund the property market, both debt and equity, is not available domestically and, as a result, international capital is required. Private capital coming from well-established investors, such as pension funds, is a normal facet of the property market in many European countries. With regard to residential property, the Department of Finance has estimated that €13.5 billion of development funding per annum, comprising both debt and equity, will be required to develop the 'Housing for All' target of an average of 33,000 homes per year. Of this €13.5 billion, an estimated €11.4 billion will be required from private capital sources. While a portion of this will be provided by Ireland's domestic banks, the majority will be required from international sources, including through investment funds"⁸.

The Department of Housing, Local Government and Heritage has initiated a comprehensive review of the private rental sector, the objective is to come to ascertain how we can enhance and provide an efficient, affordable, viable, safe, and secure framework for both landlords and tenants. The Department of Housing have encouraged the sector and the public to give their views, experiences, and perspectives on the private rental sector in Ireland. The consultation process is underway with submissions due to be submitted by early August 2023 and I-RES, as a leading provider of private residential homes in Ireland, is meaningfully engaging with this process.

The Department of Housing, Local Government and Heritage launched the new Secure Tenancy Affordable Rental (STAR) investment scheme in mid-July 2023. The aim of the scheme is to provide up to €750 million for the delivery of more than 4,000 cost rental homes that benefit from secure tenancies and will be let at a minimum of 25% below the comparable market rental level. We welcome the introduction of the scheme and are well aware of the substantial demand for affordable rental housing options. By allowing various market participants to engage in the scheme, there is a higher likelihood of meeting the diverse housing needs of our communities. It is crucial to recognise that addressing housing challenges requires a comprehensive approach that encompasses supply across all tenure types.

⁸ Department of Finance Public Consultation Paper June 2023
Irish Residential Properties REIT plc

Private providers can apply to provide cost rental homes under the Scheme and the State will make an equity investment available in return for designation of the homes as cost rental homes for 50 years. The Government subsequently announced increased income thresholds for cost rental homes, with net household income limits for eligibility of €66,000 in Dublin and €59,000 elsewhere. Two rates of investment will apply under STAR, with a maximum investment of €175,000 in Dublin and €150,000 in the rest of the State, with an additional investment of €25,000 to be made available subject to meeting sustainable development criteria, incentivising green development⁹.

We strongly believe that a stable and predictable policy environment is essential to attract investors with a long-term perspective and address the significant lack of supply in the market. By strengthening the regulatory framework, we can create a more stable and attractive environment for investment in the housing sector.

Rental Index

The Irish Residential Property Price Index (“RPPI”) increased by 2.4% nationally in the 12 months to May 2023, with prices in Dublin decreasing by 0.2%.

According to the Residential Tenancies Board (“RTB”), the standardised average monthly rents at year-end 2022 were €1,507 nationally and €2,063 in Dublin. In Q4 2022, nationally rents in new tenancies grew year-on-year by 7.6%, while Dublin rents grew by 6.9% over the same period.

Real Estate Investment

As a result of the macroeconomic backdrop, global real estate investment has slowed, and Ireland is experiencing the same impact. Transaction activity cooled in 2022 and the first half of 2023 as rising interest rates, high inflation and economic uncertainty make investors more cautious. Investment volumes in the Irish Real Estate sector, were evidence of this, with 26 transactions in Q2 totalling €333 million bringing the H1 2023 total to €964 million, both figures materially below long-term average volumes in Ireland. However, the residential sector remained strong and continued to attract capital, making up 28% of total spend in Q2 2023, including 2 of the top 5 deals in the quarter, bringing total investment into the residential sector to €427 million for the first half of 2023¹⁰.

While global markets remain volatile, real estate pricing will continue to be impacted by the macro drivers that currently dominate. As the Irish residential market is severely undersupplied and continually shows exceptionally strong fundamentals, including a skilled workforce and business-friendly environment, which in turn is helping to sustain rental cashflows and returns, we believe in the medium-term, that the PRS market in Ireland remains a compelling area for investment.

⁹ Gov.ie

¹⁰ CBRE Investment & Funding Q2 2023
Irish Residential Properties REIT plc

Principal risks and uncertainties

The 2022 Annual Report for Irish Residential Properties REIT plc (“Annual Report”), approved on 22 March 2023, outlined the Group’s principal risks and uncertainties in the Risk Report at that time.

The directors of the Company have set out below, those principal risks and uncertainties that have required updates or changes since 23 March 2022. The principal risks and uncertainties below should be read in conjunction with the Group’s Risk Report set out in the Annual Report to understand the Group’s risk management and internal control systems, as well as the directors’ processes surrounding identification and measurement of principal risks and uncertainties.

No new additional risks and uncertainties have been added or removed since 22 March 2023. Listed in the table below are those principal risks and uncertainties contained within the 2022 Annual Report.

Risk Description	Dec 22 Trend	Jun 23 Trend	Risk Description	Dec 22 Trend	Jun 23 Trend
Geopolitical instability, Economy, and Inflation	↑	↔	Environmental Sustainability	↔	↔
Political Regulatory and Legislative Change	↑	↔	Concentration Risk	↔	↔
Access to Capital	↑	↔	Acquisition Risk	↔	↔
Cost of Capital, Interest Rate Increase and Loan To Value Ratio	↑	↑	Regulatory & Legal Compliance	↔	↔
Growth Pipeline	↑	↔	Major Asset or SHE Incident	↔	↔
Cyber Security & Data Protection	↔	↔			

Residual Risk Rating			Trend
High	Medium	Low	
↓	↓	↓	Decreasing
↔	↔	↔	Stable
↑	↑	↑	Increasing

As shown in the table above there has been one change to the risk assessment of ‘Cost of Capital, Interest Rate Increase and Loan to Value Ratio’. In the remaining risks no changes were identified, but in a number of cases the risk has been assessed as stabilised rather than increasing as was the position at the year end.

In respect of the ‘Cost of Capital, Interest Rate Increase and Loan to Value Ratio’, due to the recent and ongoing interest rate rises by the ECB and yield expansion we have assessed this risk as increasing and accordingly has been recategorised the risk from medium to high. The current environment of continuing interest rate increases has an ongoing impact even allowing for the fact that the Group maintains an active programme of engagement with its debt and equity providers, including an ongoing Investor Relations programme and that I-RES has credit facilities in place and closely monitors property values by updating its property valuations twice annually through the use of two independent property valuation firms.

Statement of Directors' Responsibilities

For the six months ended 30 June 2023

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the condensed set of consolidated financial statements included within the half-yearly financial report, the directors are required to:

- prepare and present the condensed set of consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies;
- make accounting estimates that are reasonable in the circumstances; and
- assess the Entity'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 Entity or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of consolidated financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

1. The condensed set of consolidated financial statements included within the half-yearly financial report of Irish Residential Properties REIT plc for the six months ended 30 June 2023 ("the interim financial information") which comprises the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.
2. The interim financial information presented, as required by the Transparency Directive, includes:
 - A. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of consolidated financial statements;
 - B. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
 - C. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
 - D. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Entity's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board 2 August 2023



Declan Moylan
Chairman



Margaret Sweeney
Executive Director



KPMG

Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Review Report to Irish Residential Properties REIT plc (“the Entity”)

Conclusion

We have been engaged by the Entity to review the Entity’s condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023, which comprises the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, the Condensed Consolidated Interim Statement of Changes in Equity, the Condensed Consolidated Interim Statement of Cash Flows, a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 (“Transparency Directive”), and the Central Bank (Investment Market Conduct) Rules 2019 (“Transparency Rules of the Central Bank of Ireland”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (Ireland) 2410”) issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.



Independent Review Report to Irish Residential Properties REIT plc (“the Entity”)

(continued)

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 2, the annual financial statements of the Entity for the year ended 31 December 2022 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Entity’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 Entity or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this 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 Entity for our review work, for this report, or for the conclusions we have reached.

KPMG
Chartered Accountants
1 Stokes Place
St Stephen’s Green
Dublin 2
Ireland

2 August 2023

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2023	Note	(Unaudited) 30 June 2023 €'000	(Audited) 31 December 2022 €'000
Assets			
Non-Current Assets			
Investment properties	5	1,355,536	1,498,998
Property, plant and equipment		8,471	8,718
Derivative financial instruments	15	3,433	6,340
		1,367,440	1,514,056
Current Assets			
Other current assets	6	10,808	6,297
Derivative financial instruments	15	4,507	1,474
Cash and cash equivalents		6,517	6,965
Assets held for sale	5	70,742	—
		92,574	14,736
Total Assets		1,460,014	1,528,792
Liabilities			
Non-Current Liabilities			
Bank indebtedness	8	441,624	453,738
Private placement notes	9	197,004	198,237
Lease liability	19	8,056	8,268
Derivative financial instruments	15	4	—
		646,688	660,243
Current Liabilities			
Accounts payable and accrued liabilities	7	14,799	12,797
Derivative financial instruments	15	—	9
Security deposits		7,948	7,974
Lease liability	19	421	416
		23,168	21,196
Total Liabilities		669,856	681,439
Shareholders' Equity			
Share capital	11	52,958	52,958
Share premium	11	504,583	504,583
Share-based payment reserve		1,273	1,201
Cashflow hedge reserve	15	7,173	5,633
Retained earnings		224,171	282,978
Total Shareholders' Equity		790,158	847,353
Total Shareholders' Equity and Liabilities		1,460,014	1,528,792
IFRS Basic NAV per share	24	149.2	160.0

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023	Note	(Unaudited) 30 June 2023 €'000	(Unaudited) 30 June 2022 €'000
Operating Revenue			
Revenue from investment properties	12	44,276	42,076
Operating Expenses			
Property taxes		(599)	(519)
Property operating costs		(9,372)	(8,931)
		(9,971)	(9,450)
Net Rental Income ("NRI")		34,305	32,626
General and administrative expenses	13	(5,558)	(11,304)
Share-based compensation expense	10	(72)	(240)
Net movement in fair value of investment properties	5	(56,459)	9,383
(Loss)/Gain on disposal of investment property		(695)	—
Gain on derivative financial instruments	15	40	29
Depreciation of property, plant and equipment		(265)	(259)
Lease interest	19	(107)	(112)
Financing costs	14	(13,268)	(7,247)
(Loss)/Profit Before Taxation		(42,079)	22,876
Taxation	17	(1,847)	—
(Loss)/Profit for the Period		(43,926)	22,876
Other Comprehensive Income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - effective portion of changes in fair value		835	7,006
Cash flow hedges - cost of hedging deferred		(66)	(413)
Cash flow hedges - reclassified to profit or loss		771	(6,240)
Other Comprehensive Income for the Period		1,540	353
Total Comprehensive (Loss)/Income for the Period Attributable to Shareholders		(42,386)	23,229
Basic (Loss)/Earnings per Share (cents)	23	(8.3)	4.3
Diluted (Loss)/Earnings per Share (cents)	23	(8.3)	4.3

The accompanying notes form an integral part of these consolidated financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2023	Note	Share Capital	Share Premium	Retained Earnings	Share-based payments Reserve	Cashflow hedge Reserve	Total
(Unaudited)		€'000	€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2023		52,958	504,583	282,978	1,201	5,633	847,353
Comprehensive loss for the period							
Loss for the period		—	—	(43,926)	—	—	(43,926)
Other comprehensive income for the period		—	—	—	—	1,540	1,540
Total Comprehensive Loss for the Period		—	—	(43,926)	—	1,540	(42,386)
Transactions with owners, recognised directly in equity							
Long-term incentive plan	10	—	—	—	72	—	72
Dividends paid	18	—	—	(14,881)	—	—	(14,881)
Total transactions with owners, recognised directly in equity		—	—	(14,881)	72	—	(14,809)
Shareholders' Equity at 30 June 2023		52,958	504,583	224,171	1,273	7,173	790,158

For the six months ended 30 June 2022	Note	Share Capital	Share Premium	Retained Earnings	Share-based payments Reserve	Cashflow hedge Reserve	Total
(Unaudited)		€'000	€'000	€'000	€'000	€'000	€'000
Shareholders' Equity at 1 January 2022		52,945	504,470	323,280	1,093	(348)	881,440
Comprehensive income for the period							
Profit for the period		—	—	22,876	—	—	22,876
Other comprehensive income for the period		—	—	—	—	353	353
Total Comprehensive Income for the Period		—	—	22,876	—	353	23,229
Transactions with owners, recognised directly in equity							
Long-term incentive plan	10	—	—	—	240	—	240
Share issuance	11	13	113	9	(9)	—	126
Dividends paid	18	—	—	(16,311)	—	—	(16,311)
Total transactions with owners, recognised directly in equity		13	113	(16,302)	231	—	(15,945)
Shareholders' Equity at 30 June 2022		52,958	504,583	329,854	1,324	5	888,724

The accompanying notes form an integral part of these consolidated financial statements.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2023	Note	(Unaudited) 30 June 2023 €'000	(Unaudited) 30 June 2022 €'000
Cash Flows from Operating Activities:			
Operating Activities			
(Loss)/Profit for the period		(43,926)	22,876
Adjustments for non-cash items:			
Fair value adjustment - investment properties	5	56,459	(9,383)
Loss on disposal of investment property		695	—
Depreciation of property, plant and equipment		265	259
Amortisation of other financing costs	19	1,022	974
Share-based compensation expense	10	72	240
Gain on derivative financial instruments	15	(40)	(29)
Allowance for expected credit loss		(12)	526
Straight-line rent adjustment	5	472	144
Interest accrual relating to derivatives	19	(9)	—
Taxation	17	1,847	—
(Loss)/Profit adjusted for non-cash items		16,845	15,607
Net income items relating to financing and investing activities	19	12,353	6,385
Changes in operating assets and liabilities	19	(3,608)	(2,598)
Net Cash Generated from Operating Activities		25,590	19,394
Cash Flows from Investing Activities			
Net proceeds from disposal of investment property	4	18,103	—
Deposits on acquisitions		—	(3,855)
Acquisition of investment properties		—	(37,161)
Development of investment properties	5	—	(4,632)
Property capital investments	5	(3,019)	(2,813)
Direct leasing cost	5	23	(4)
Purchase of property, plant and equipment		(18)	(7)
Acquisition of subsidiary, net of cash acquired		—	1,328
Net Cash Generated from/(Used in) Investing Activities		15,089	(47,144)
Cash Flows from Financing Activities			
Financing fees	19	—	(1,610)
Interest paid	19	(13,039)	(6,430)
Credit Facility drawdown	19	—	57,000
Credit Facility repayment	19	(13,000)	—
Lease payment	19	(207)	(202)
Proceeds on issuance of shares	19	—	126
Dividends paid to shareholders	18	(14,881)	(16,311)
Net Cash Generated From/(Used in) Financing Activities		(41,127)	32,573
Changes in Cash and Cash Equivalents during the Period		(448)	4,823
Cash and Cash Equivalents, Beginning of the Period		6,965	10,347
Cash and Cash Equivalents, End of the Period		6,517	15,170

The accompanying notes form an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. General Information

Irish Residential Properties REIT plc (“I-RES” or the “Company”) is a company located in Ireland. The address of the Company’s registered office is South Dock House, Hanover Quay, Grand Canal Square, Dublin 2.

On 16 April 2014, I-RES obtained admission of its ordinary shares to the primary listing segment of the Official List of the Irish Stock Exchange for trading on the regulated market for listed securities of Euronext Dublin.

These unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2023 encompass the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’).

2. Significant Accounting Policies

a) Basis of preparation

These condensed consolidated interim financial statements of the Group have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and in accordance with International Accounting Standard 34 (“Interim Financial Reporting”) as adopted by the European Union (“EU”). This interim report (“Report”) should be read in conjunction with the annual financial statements for the period 1 January 2022 to 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations as adopted by the EU.

These condensed consolidated interim financial statements of the Group do not comprise statutory financial statements within the meaning of the Companies Act 2014. The statutory financial statements were prepared for the year ended 31 December 2022, approved by the board of directors (“the Board”) on 22 March 2023, accompanied by an unqualified audit report and were released to market on 3 April 2023.

The condensed consolidated interim financial statements of the Group are prepared on a going concern basis of accounting and under the historical cost convention, as modified by the revaluation of investment properties, derivative financial instruments at fair value, assets held for sale at fair value less cost to dispose and share options at grant date fair value through profit or loss in the condensed consolidated interim statement of profit or loss and other comprehensive income. The condensed consolidated interim financial statements of the Group have been presented in euros, which is the Company’s functional currency.

The condensed consolidated interim financial statements of the Group cover the six month period 1 January 2023 to 30 June 2023. These statements are unaudited but reviewed by our auditor KPMG Ireland.

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period, except for those detailed below.

New and amended standards adopted by the Group

A number of new and amended standards became applicable for the current reporting period. However, the adoption of new accounting standards did not result in any material changes.

Future Accounting Changes

I-RES has assessed the new or amended IFRS issued by the IASB for annual reporting periods beginning after 31 December 2022. None of the new or amended IFRS are expected to have a significant impact on I-RES.

Going concern

The Group meets its day-to-day working capital requirements through its cash and deposit balances. The Group’s plans indicate that it should have adequate resources to continue operating for the foreseeable future. The Group’s occupancy rate remained strong at 99.5%. The Group also has a strong statement of financial position with sufficient liquidity and flexibility in place. The Group has undrawn facilities of €156 million as at 30 June 2023. The Group generated positive cashflows from operations for the six months ended 30 June 2023. Accordingly, the Directors of the Company consider it appropriate that the Group adopts the going concern basis of accounting in the preparation of the condensed consolidated interim financial statements.

2. Significant Accounting Policies (continued)

b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of I-RES and its subsidiaries, IRES Residential Properties Limited, IRES Fund Management Limited and IRES Residential Properties (Tara View) Limited. I-RES controls these subsidiaries by virtue of its 100% shareholding in the companies. 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.

Subsidiaries

Subsidiaries are entities controlled by I-RES. I-RES 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 these returns through its power over the entity. The financial information of subsidiaries (except owners' management companies) is included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases. I-RES does not consolidate owners' management companies in which it holds majority voting rights. For further details, please refer to note 20.

3. Critical Accounting Estimates, Assumptions and Judgements

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires the use of estimates, assumptions and judgements that in some cases relate to matters that are inherently uncertain and which affect the amounts reported in the consolidated financial statements and accompanying notes. Areas of such estimation include, but are not limited to, valuation of investment properties and valuation of financial instruments. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and conditions.

The valuation estimate of investment properties is deemed to be significant. See note 16(a) and note 5 for a detailed discussion of valuation methods and the significant assumptions and estimates used.

4. Recent Investment Property Acquisitions, Developments and Disposals

For the period 1 January 2023 to 30 June 2023

Disposals

Name	Other Land and Property	Unit Count	Region	Net proceeds from disposition €'000
Rockbrook Site	Development site	—	South Dublin	14,596
Bakers Yard		6	City Centre	1,446
Tara View		2	South Dublin	2,061
Total		8		18,103

4. Recent Investment Property Acquisitions, Developments and Disposals (continued)

For the year 1 January 2022 to 31 December 2022

Investment property acquisitions

Property	Acquisition Date	Unit Count	Region	Total Acquisition Costs €'000
Ashbrook	January/May 2022 ⁽¹⁾	108	North Dublin	42,604
Tara View	August 2022	69	South Dublin	48,043
Total		177		90,647

⁽¹⁾86 units were acquired in January 2022, a further 22 units were acquired in May 2022.

Completed Development

Property	Unit Count	Region	Total Costs incurred in 2022 €'000	Total Development Cost incurred to date €'000
School Yard ⁽¹⁾	61	City Centre	4,632	19,091

⁽¹⁾Total development costs spent to date exclude cost spent prior to the construction phase and any unrealised fair value movement recognised as part of the bi-annual valuation process.

Disposals

Name	Unit Count	Region	Net proceeds from disposition €'000
Hampton Wood	128	North Dublin	53,901
Tara View	1	South Dublin	1,031
	129		54,932

5. Investment Properties

Valuation basis

Investment properties are carried at fair value, which is the amount at which the individual properties could be sold in an orderly transaction between market participants at the measurement date, considering the highest and best use of the asset, with any gain or loss arising from a change in fair value recognised through profit or loss in the consolidated statement of profit or loss and other comprehensive income for the year.

The Group uses Savills and CBRE as external independent valuers. The Group's investment property is rotated between these valuers on a periodic basis. The valuer's fair valued all of the Group's investment properties as at 30 June 2023. The valuers employ qualified valuation professionals who have recent experience in the location and category of the respective properties. Valuations are prepared on a bi-annual basis at the interim reporting date and the annual reporting date.

The information provided to the valuers and the assumptions, valuation methodologies and models used by the valuers, are reviewed by management. The valuers meet with the Audit Committee and discuss directly the valuation results as at 30 June and 31 December each year. The Board determines the Group's valuation policies and procedures for property valuations. The Board decides which independent valuers to appoint for the external valuation of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

5. Investment Properties (*continued*)

Investment property producing income

For investment property, the income approach/yield methodology involves applying market-derived yields to current and projected future income streams. These yields and future income streams are derived from comparable property transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account include the tenure of the lease, tenancy details and planning, building and environmental factors that might affect the property.

Investment property under development

In the case of investment property under development, the approach applied is the “residual method” of valuation, which is the valuation method as described above with a deduction for the costs necessary to complete the development together with an allowance for the remaining risk. At 30 June 2023, all investment property under development was completed and reclassified to investment property producing income.

During the six months ended 30 June 2023, the Company incurred development costs of €nil (30 June 2022: €4.6 million) relating to properties under development.

Cumulative borrowing costs of €nil (€0.3 million as at 31 December 2022) were included in capitalised development expenditures prior to their reclassification. The weighted average interest rate used to capitalise the borrowing costs was nil% (31 December 2022: 1.80%).

Development land

In the case of development land, the approach applied is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets. Land values are estimated using either a per acre or per buildable square foot basis based on highest and best use. Such values are applied to the Group's properties after adjusting for factors specific to the site, including its location, zoning, servicing and configuration.

Assets held for sale

At 30 June 2023, I-RES has identified 2 properties and the 2 remaining Tara View Townhouses as assets held for sale amounting to €70.7 million, representing their fair value less cost to dispose. Management has committed to a plan to sell these properties, which are available for immediate sale, and we expect the disposals to close in the next twelve months. We have recognised any costs to dispose of these assets in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income within the caption (Loss)/Gain on disposal of investment property. As highlighted in note 25, post period end, we have announced the disposal of 194 units in West Dublin which are included in the assets held for sale at period end.

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

At 30 June 2023, the Group considers that all of its investment properties fall within Level 3 fair value as defined by IFRS 13. As outlined in IFRS 13, a Level 3 fair value recognises that the significant inputs and considerations made in determining the fair value of property investments cannot be derived from publicly available data, as the valuation methodology in respect of a property also has to rely on a number of unobservable inputs including technical reports, legal data, building costs, rental analysis (including rent moratorium), professional opinion on profile, lot size, layout and presentation of accommodation. In addition, the valuers utilise proprietary databases maintained in respect of properties similar to the assets being valued. Assets classified as held for sale are recorded at their fair value less costs to dispose.

The Group tests the reasonableness of all significant unobservable inputs, including yields and stabilised net rental income (“Stabilised NRI”) used in the valuation and reviews the results with the independent valuers for all independent valuations. The Stabilised NRI represents cash flows from property revenue less property operating expenses, adjusted for market-based assumptions such as market rents, short term and long term vacancy rates, bad debts, management fees and repairs and maintenance. These cashflows are estimates for current and projected future income streams.

5. Investment Properties (*continued*)

Sensitivity analysis

Stabilised NRI and “Equivalent Yields” are key inputs in the valuation model used.

Equivalent Yield is the rate of return on a property investment based on current and projected future income streams that such property investment will generate. This is derived by the external valuers and is used to set the term and reversionary yields.

For example, completed properties are valued mainly using a term and reversion model. For the existing rental contract or term, estimated Stabilised NRI is based on the expected rents from residents over the period to the next lease break option or expiry. After this period, the reversion, estimated Stabilised NRI is based on expectations from current market conditions. Thus, a decrease in the estimated Stabilised NRI will decrease the fair value and an increase in the estimated Stabilised NRI will increase the fair value.

The Equivalent Yields magnify the effect of a change in Stabilised NRI, with a lower yield resulting in a greater effect on the fair value of investment properties than a higher Equivalent Yield.

For investment properties producing income (excluding assets held for sale), an increase of 1% in the Equivalent Yield would have the impact of a €221 million reduction in fair value while a decrease of 1% in the Equivalent Yield would result in a fair value increase of €331 million. An increase between 1% - 4% in Stabilised NRI would result in a fair value increase ranging from €14 million to €54 million respectively in fair value, while a decrease between 1% - 4% in Stabilised NRI would have an impact of a reduction ranging from €14 million to €54 million, respectively. I-RES believes that this range of change in Stabilised NRI is a reasonable estimate in the next six months based on expected changes in net rental income.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income for the Group is €10.0 million for the six months ended 30 June 2023 (30 June 2022: €9.5 million), arising from investment property that generated rental income during the period. The direct operating expenses are comprised of the following significant categories: property taxes, utilities, repairs and maintenance, wages, insurance, service charges and IT costs.

The direct operating expenses recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income arising from investment property that did not generate rental income for the six months ended 30 June 2023 and 30 June 2022 was not material.

An investment property is comprised of various components, including undeveloped land and vacant residential and commercial units; no direct operating costs were specifically allocated to the components noted above.

5. Investment Properties (continued)

Quantitative information

A summary of the Equivalent Yields and ranges along with the fair value of the total portfolio of the Group as at 30 June 2023 is presented below:

As at 30 June 2023

Type of Interest	Fair Value €'000	WA Stabilised NRI ⁽¹⁾ €'000	Rate Type ⁽²⁾	Max.	Min.	Weighted Average
Income properties ⁽⁴⁾	1,420,128	3,124	Equivalent Yield	6.09%	4.25%	5.16%
Development land ⁽³⁾	6,150	n/a	Market Comparable (per sq. ft.)	€112.1	€27.5	€94.5
Total investment properties⁽⁴⁾	1,426,278					

(1) WA Stabilised NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties ("WA NRI"). The WA Stabilised NRI is an input to determine the fair value of the investment properties.

(2) The Equivalent Yield disclosed above is provided by the external valuers and combines residential and commercial for properties where relevant

(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

(4) Including assets held for sale

As at 31 December 2022

Type of Interest	Fair Value €'000	WA Stabilised NRI ⁽¹⁾ €'000	Rate Type ⁽²⁾	Max.	Min.	Weighted Average
Income properties	1,477,168	2,906	Equivalent Yield	5.75%	4.00%	4.80%
Development land ⁽³⁾	21,830	n/a	Market Comparable (per sq. ft.)	€123.4	€30.1	€117.5
Total investment properties	1,498,998					

(1) WA Stabilised NRI is the NRI of each property weighted by its fair value over the total fair value of the investment properties ("WA NRI"). The WA Stabilised NRI is an input to determine the fair value of the investment properties.

(2) The Equivalent Yield disclosed above is provided by the external valuers and combines residential and commercial for properties where relevant

(3) Development land is fair-valued based on the value of the undeveloped site per square foot.

5. Investment Properties (continued)

The following table summarises the changes in the investment properties portfolio during the periods:

Reconciliation of carrying amounts of investment properties

For the six months ended	30 June 2023			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the period	1,477,168	—	21,830	1,498,998
Acquisitions	—	—	—	—
Reclassification ⁽¹⁾	(70,742)	—	—	(70,742)
Property capital investments	3,019	—	—	3,019
Capitalised leasing costs ⁽²⁾	(472)	—	—	(472)
Direct leasing costs ⁽³⁾	(23)	—	—	(23)
Disposals	(3,785)	—	(15,000)	(18,785)
Unrealised fair value movements	(55,779)	—	(680)	(56,459)
Balance at the end of the period	1,349,386	—	6,150	1,355,536

(1) Assets held for sale amounting to €70.7m were reclassified from investment properties during the period.

For the year ended	31 December 2022			
	Income Properties	Properties Under Development	Development Land	Total
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	1,450,635	18,000	24,770	1,493,405
Acquisitions	90,647	—	—	90,647
Development expenditures	—	4,632	—	4,632
Reclassification ⁽¹⁾	22,632	(22,632)	—	—
Property capital investments	8,769	—	—	8,769
Capitalised leasing costs ⁽²⁾	(588)	—	—	(588)
Direct leasing costs ⁽³⁾	(4)	—	—	(4)
Disposals	(52,264)	—	—	(52,264)
Unrealised fair value movements	(42,659)	—	(2,940)	(45,599)
Balance at the end of the year	1,477,168	—	21,830	1,498,998

(1) The development at School Yard was reclassified from properties under development to income properties upon completion in 2022.

(2) Straight-line rent adjustment for commercial leasing.

(3) Includes cash outlays for leasing.

The vast majority of the residential leases are for one year or less.

The carrying value of the Group investment properties of €1,355.5 million at 30 June 2023 (€1,499.0 million at 31 December 2022) was based on an external valuation carried out as at that date. The valuations were prepared in accordance with the RICS Valuation – Global Standards, 2020 (Red Book) and IFRS 13.

6. Other Current Assets

As at	30 June 2023	31 December 2022
	€'000	€'000
Prepayments ⁽¹⁾	6,333	2,429
Deposits on acquisitions ⁽²⁾	2,462	2,462
Trade receivables	2,013	1,406
Total Other Current Assets	10,808	6,297

(1) Includes prepaid costs such as OMC Service charges, insurance and costs associated with ongoing transactions.

(2) Includes deposit paid for Ashbrook Phase 2.

7. Accounts Payable and Accrued Liabilities

As at	30 June 2023	31 December 2022
	€'000	€'000
Rent - early payments	2,902	3,271
Trade creditors	2,458	689
Accruals ⁽²⁾	9,152	8,745
Value Added Tax	287	92
Total Accounts Payable and Accrued Liabilities⁽¹⁾	14,799	12,797

(1) The carrying value of all accounts payable and accrued liabilities approximates their fair value.

(2) Includes property related accruals, development accruals and professional fee accruals.

8. Bank Indebtedness

As at	30 June 2023	31 December 2022
	€'000	€'000
Loan drawn down	444,020	457,020
Deferred loan costs	(2,396)	(3,282)
Total Bank Indebtedness	441,624	453,738

The Revolving Credit Facility of €600 million is secured by a floating charge over assets of the Company, IRES Residential Properties Limited and a fixed charge over the shares held by the Company in IRES Residential Properties Limited and IRES Fund Management Limited on a pari passu basis. This facility is being provided by Barclays Bank Ireland PLC, The Governor and Company of the Bank of Ireland, Allied Irish Banks P.L.C. and HSBC Bank PLC.

The interest on the RCF is set at the annual rate of 1.75%, plus the one-month or three-month EURIBOR rate (at the option of I-RES). There are commitment fees charged on the undrawn loan amount of the RCF. The effective interest rate for the RCF is 4.29%. On 14 December 2022, I-RES entered into hedging arrangements to fix the interest cost on €275m of the RCF. See further details in note 15.

On 11 February 2022, the Company exercised an option for an extension with all syndicate banks for the entire €600 million facility with a new maturity date of 18 April 2026.

The financial covenants in relation to the RCF principally relate to Loan to Value and Interest Cover Ratio. I-RES has complied with all its debt financial covenants to which it was subject during the period. Loan to Value has remained below the required 50% at 45.1%. Interest Cover has remained above the requirement of 200% at 234%.

9. Private Placement Notes

On 11 March 2020, I-RES successfully issued €130 million of notes and IRES Residential Properties Limited, its subsidiary, issued \$75 million of notes on a private placement basis (collectively, the “Notes”). The Notes have a weighted average fixed interest rate of 1.92% inclusive of a USD/Euro swap and an effective interest rate of 2.07%. Interest is paid semi-annually on 10 March and 10 September.

The Notes have been placed in four tranches:

As at				30 June 2023	31 December 2022
	Maturity	Contractual interest rate	Derivative Rates	€'000	€'000
EUR Series A Senior Secured Notes	10 March 2030	1.83%	n/a	90,000	90,000
EUR Series B Senior Secured Notes	10 March 2032	1.98%	n/a	40,000	40,000
USD Series A Senior Secured Notes	10 March 2027	3.44%	1.87%	45,825	46,738 ⁽¹⁾
USD Series B Senior Secured Notes	10 March 2030	3.63%	2.25%	22,913	23,369 ⁽²⁾
				198,738	200,107
Deferred financing costs, net				(1,734)	(1,870)
Total Private Placement Notes				197,004	198,237

(1) The principal amount of the USD Series A Senior Secured Notes is USD \$50 million.

(2) The principal amount of the USD Series B Senior Secured Notes is USD \$25 million.

The Notes are secured by a floating charge over the assets of the Group and a fixed charge over the shares held by the Company in IRES Residential Properties Limited on a pari passu basis.

10. Share-based Compensation

a) Options

Options are issuable pursuant to I-RES' share-based compensation plan, namely, the long-term incentive plan (“LTIP”). For details on options granted under the LTIP, please refer to the statutory financial statements prepared for the year ended 31 December 2022 and 31 December 2021. As at 30 June 2023, the maximum number of additional options, or Restricted Share Units (“RSU”) issuable under the LTIP is 19,786,557 (31 December 2022: 20,594,128).

LTIP

For the six months ended	WA exercise price	30 June 2023	30 June 2022
Share Options outstanding as at 1 January	1.61	4,596,499	4,721,499
Issued, cancelled or granted during the period:			
Exercised or settled		—	(125,000)
Share Options outstanding as at 30 June⁽¹⁾	1.61	4,596,499	4,596,499

(1) Of the Share Options outstanding above, 4,596,499 were exercisable at 30 June 2023 (30 June 2022: 4,584,692) from 15 November 2024 to 9 July 2026 with a range of exercise price of €1.489 to €1.71.

The fair value of options has been determined as at the grant date using the Black-Scholes model.

10. Share-based Compensation (continued)

b) Restricted Stock Unit Awards

Restricted Stock Units (RSUs) were first awarded in the year ended 31 December 2020. Under the remuneration policy, recipients of RSUs are granted a variable number of equity instruments depending on their salary. The awards are subject to vesting against market and non-market based conditions. A summary of the outstanding awards is set out in the table below. All awards are outstanding at 30 June 2023.

Date of award	Number of awards	EPS Growth (% of award)	TSR Performance (% of award)
5 March 2021	335,820	50%	50%
5 August 2021	221,519	50%	50%
23 February 2022	685,402	50%	50%
10 August 2022	57,980	50%	50%
15 March 2023	1,245,172	50%	50%

During the period, 437,601 awards granted in 2020 vested at 0% and have therefore lapsed.

There is between a 24 month and 61 month holding period post vesting, but this is not subject to measurement as all conditions terminate on vesting. The LTIP awards are measured as follows:

Market-based condition: The expected performance of I-RES shares over the vesting period is calculated using a Monte Carlo simulation. Inputs are share price volatility for I-RES 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. On vesting, any difference in amounts accrued versus actual is amended through reserves.

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 reporting date, the calculation of the number of shares is revised according to current expectations or performance.

50% of the awards are subject to an EPS measure and 50% are subject to a TSR measure relative to constituents of the FTSE EPRA/NAREIT Europe Developed Index. The 2023 awards are relative to the residential subsector of this index. Results and inputs are summarised in the table below:

	2023 RSU Awards	2022 RSU Awards	2021 RSU Awards
Fair value per award (TSR tranche) (per share)	€0.48	€0.70 to €0.75	€0.70 to €0.75
Inputs			
Three year Risk free interest rate (%)	2.63%	0.04% to 0.87%	(0.69%) to (0.85%)
Three year Historical volatility	24.13%	26.84% to 28.26%	25.68% to 25.80%
Fair value per award (EPS tranche) (per share)	€0.87	€1.24 to €1.36	€1.22 to €1.33
Inputs			
Two year Risk free interest rate (%)	2.66%	(-0.17%) to -0.70%	(-0.70%) to (-0.79%)
Two year Expected volatility	23.98%	23.42% to 29.08%	22.45% to 29.77%

10. Share-based Compensation (continued)

b) Restricted Stock Unit Awards (continued)

The expected volatility is based on historic market volatility prior to the issuance.

The total share-based compensation expense relating to options for the six months ended 30 June 2023 was €nil (30 June 2022: €24,000) and total share-based compensation expense relating to restricted stock unit awards for the six months ended 30 June 2023 was €72,000 (30 June 2022: €216,000).

11. Shareholders' Equity

All equity shares outstanding are fully paid and are voting shares. Equity shares represent a shareholder's proportionate undivided beneficial interest in I-RES. No equity share has any preference or priority over another. No shareholder has or is deemed to have any right of ownership in any of the assets of I-RES. Each share confers the right to cast one vote at any meeting of shareholders and to participate pro rata in any distributions by I-RES and, in the event of termination of I-RES, in the net assets of I-RES remaining after satisfaction of all liabilities. Shares are issued in registered form and are transferable.

The number of shares authorised is as follows:

As at	30 June 2023	31 December 2022
Authorised Share Capital	1,000,000,000	1,000,000,000
Ordinary shares of €0.10 each		

The number of issued and outstanding ordinary shares is as follows:

As at	30 June 2023	31 December 2022
Ordinary shares outstanding, beginning of period	529,578,946	529,453,946
New shares issued	—	125,000
Ordinary shares outstanding, end of period	529,578,946	529,578,946

12. Revenue from Investment Properties

I-RES generates revenue primarily from the rental income from investment properties. Rental income represents lease revenue earned from the conveyance of the right to use the property, including access to common areas, to a lessee for an agreed period of time. The rental contract also contains an undertaking that common areas and amenities will be maintained to a certain standard. This right of use of the property and maintenance performance obligation is governed by a single rental contract with the tenant. I-RES has evaluated the lease and non-lease components of its rental revenue and has determined that common area maintenance services constitute a single non-lease element, which is accounted for as one performance obligation under IFRS 15 and is recognised separately to Rental Income.

For the six months ended	30 June 2023 €'000	30 June 2022 €'000
Rental Income	36,474	36,003
Revenue from services	6,916	5,194
Car park income	886	879
Revenue from contracts with customers	7,802	6,073
Total Revenue from Investment Properties	44,276	42,076

13. General and Administrative Costs

For the six months ended	30 June 2023 €'000	30 June 2022 €'000
General and administrative expenses	5,558	5,181
Asset Management fee	—	375
Total recurring general and administrative expenses	5,558	5,556
Non-recurring costs	—	5,748
Total General and administrative expenses	5,558	11,304

General and administrative expenses include costs such as director fees, executives' and employees' salaries, professional fees for audit, legal and advisory services, depositary fees, property valuation fees, insurance costs and other general and administrative expenses. Non-recurring G&A costs were primarily legal, consulting and advisory expenses that relate to IT, the termination of the Investment Management Agreement, Internalisation of the Manager, Transitional Services fees and other one off third-party advisory services. The external asset management fee terminated with effect from 31 January 2022, the date IRES Fund Management Limited was acquired.

14. Financing costs

For the six months ended	30 June 2023 €'000	30 June 2022 €'000
Financing costs on RCF	11,281	5,336
Financing costs on private placement debt	2,585	2,576
Foreign exchange (gain)/loss on private placement debt	(1,369)	5,669
Reclassified from OCI	771	(6,240)
Gross financing costs	13,268	7,341
Less: Capitalised interest	—	(94)
Total Financing costs	13,268	7,247

15. Realised and Unrealised Gains and Losses on Derivative Financial Instruments

Cross-currency swap

On 12 February 2020, I-RES entered into a cross-currency swap to (i) hedge the US-based loan of \$75 million into €68.9 million effective 11 March 2020 and (ii) convert the fixed interest rate on the USD-based loan to a fixed Euro interest rate, maturing on 10 March 2027 and 10 March 2030 (see note 9 for derivative fixed rates). This hedging agreement is accounted for as a cashflow hedge in accordance with the requirements of IFRS 9. Hedges are measured for effectiveness at each reporting date with the effective portion being recognised in equity in the hedging reserve and the ineffective portion being recognised through profit or loss within financing costs.

For the period ended 30 June 2023, the ineffective portion that has been recorded in the consolidated statement of profit or loss and other comprehensive income was €40,000 (30 June 2022: €29,000). The fair value of the effective portion of €1,299,000 (30 June 2022: €7,006,000) was included in the cash flow hedge reserve along with a gain on hedging of €66,000 (30 June 2022: cost of hedging €413,000). The fair value of the cash flow hedge was an asset of €1,179,000 and a liability of €4,000 at 30 June 2023 (31 December 2022: asset of €3,042,000 and a liability of €nil).

Interest rate swap

On 14 December 2022, I-RES entered into hedging arrangements in respect of its RCF, specifically interest rate swap agreements aggregating to €275 million until maturity of the facility, converting the cost on this portion of the facility into a fixed interest rate of 2.5% plus margin of 1.75%. For the period ended 30 June 2023, the fair value of the effective portion of €2,134,000 (30 June 2022: €nil) has been recorded in the consolidated statement of profit or loss and other comprehensive income. The fair value of the interest rate swaps was an asset of €6,761,000 and a liability of €nil at 30 June 2023 (31 December 2022: asset of €4,772,000 and a liability of €9,000).

16. Financial Instruments, Investment Properties and Risk Management

a) Fair Value of Financial Instruments and Investment Properties

The Group classifies and discloses the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13. The fair value hierarchy distinguishes between market value data obtained from independent sources and the Group's own assumptions about market value. The hierarchy levels are defined below:

Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs based on factors other than quoted prices included in Level 1 and may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 - Inputs which are unobservable for the asset or liability and are typically based on the Group's own assumptions as there is little, if any, related market activity.

The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the asset or liability.

The following table presents the Group's estimates of fair value on a recurring basis based on information available as at 30 June 2023, aggregated by the level in the fair value hierarchy within which those measurements fall.

As at 30 June 2023, the fair value of the Group's private placement debt is estimated to be €158.6 million (31 December 2022: €158.2 million) due to changes in interest rates since the private placement debt was issued and the impact of the passage of time on the fixed rate of the private placement debt. The fair value of the private placement debt is based on discounted future cash flows using rates that reflect current rates for similar financial instruments with similar duration, terms and conditions, which are considered Level 2 inputs. The private placement debt is recorded at amortised cost of €197.0 million at 30 June 2023 (31 December 2022: €198.2 million).

As at 30 June 2023, the fair value of the Group's RCF is estimated to be €436.9 million. The fair value is based on the margin rate and EURIBOR forward curve at the reporting date. The RCF is recorded at amortised cost of €441.6 million at 30 June 2023.

16. Financial Instruments, Investment Properties and Risk Management (continued)

a) Fair Value of Financial Instruments and Investment Properties (continued)

As at 30 June 2023	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs ⁽¹⁾ €'000	Total €'000
Recurring Measurements – Assets				
Investment properties	—	—	1,355,536	1,355,536
Assets held for sale	—	—	70,742	70,742
Derivative financial instruments ⁽²⁾⁽³⁾	—	7,940	—	7,940
	—	7,940	1,426,278	1,434,218
Recurring Measurements – Liability				
Derivative financial instruments ⁽²⁾⁽³⁾	—	(4)	—	(4)
Total	—	7,936	1,426,278	1,434,214

As at 31 December 2022	Level 1 Quoted prices in active markets for identical assets and liabilities €'000	Level 2 Significant other observable inputs €'000	Level 3 Significant unobservable inputs ⁽¹⁾ €'000	Total €'000
Recurring Measurements – Assets				
Investment properties	—	—	1,498,998	1,498,998
Derivative financial instruments ⁽²⁾⁽³⁾	—	7,814	—	7,814
	—	7,814	1,498,998	1,506,812
Recurring Measurements – Liability				
Derivative financial instruments ⁽²⁾⁽³⁾	—	(9)	—	(9)
Total	—	7,805	1,498,998	1,506,803

(1) See note 5 for detailed information on the valuation methodologies and fair value reconciliation.

(2) The valuation of the interest rate swap instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. The fair value is determined using the market-standard methodology of netting the discounted future fixed cash payments and the discounted variable cash receipts of the derivatives. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rates. If the total mark-to-market value is positive, I-RES will include a current value adjustment to reflect the credit risk of the counterparty and if the total mark-to-market value is negative, I-RES will include a current value adjustment to reflect I-RES' own credit risk in the fair value measurement of the interest rate swap agreements.

(3) The cross-currency swaps are valued by constructing the cash flows of each side and then discounting them back to the present using appropriate discount factors, including consideration of credit risk, in those currencies. The cash flows of the more liquid quoted currency pair will be discounted using standard discount factors, while the cash flows of the less liquid currency pair will be discounted using cross-currency basis-adjusted discount factors. Following discounting, the spot rate will be used to convert the present value amount of the non-valuation currency into the valuation currency.

16. Financial Instruments, Investment Properties and Risk Management (*continued*)

b) Risk Management

The main risks arising from the Group's financial instruments are market risk, interest rate risk, liquidity risk and credit risk. The Group's approach to managing these risks is summarised as follows:

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's financial assets currently comprise short-term bank deposits, trade receivables, deposits on acquisition and derivatives.

Short-term bank deposits are held while awaiting suitable opportunities for investment. These are denominated in euros. Therefore, exposure to market risk in relation to these is limited to interest rate risk.

The Group also has private placement notes that are denominated in USD. The Group's risk management strategy is to mitigate foreign exchange variability to the extent that it is practicable and cost effective to do so. The Group utilises cross currency swaps to hedge the foreign exchange risk associated with the Group's existing, fixed foreign-currency denominated borrowings. The use of cross-currency interest rate swaps is consistent with the Group's risk management strategy to effectively eliminate variability in the Group's functional currency equivalent cash flows on a portion of its borrowings due to variability in the USD-EUR exchange rate. The hedges protect the Group against adverse variability in foreign exchange rates and the effective portion is recognised in equity in the hedging reserve, with the ineffective portion being recognised through profit or loss within financing costs.

Derivatives designated as hedges against foreign exchange risks are accounted for as cash flow hedges. Hedges are measured for effectiveness at each accounting date and the accounting treatment of changes in fair value revised accordingly. Specifically, the Group is hedging (1) the foreign exchange risk on the USD interest payments and (2) the foreign exchange risk on the USD principal repayment of the USD Borrowings at maturity. This hedging relationship qualifies for foreign currency cash flow hedge accounting.

On 12 February 2020, I-RES entered into cross-currency swaps to (i) exchange the USD loan of USD \$75 million into €68.9 million effective 11 March 2020 and (ii) convert the fixed interest rate on the USD loan to a fixed Euro interest rate, maturing on 10 March 2027 and 10 March 2030.

At the inception of the hedging relationship the Company has identified the following potential sources of hedge ineffectiveness:

1. Movements in the Company's and hedging counterparty's credit spread that would result in movements in fair value of the hedging instrument that would not be reflected in the movements in the value of the hedged transactions.
2. The possibility of changes to the critical terms (e.g. reset dates, index mismatches, payment dates) of the hedged transaction due to a refinancing or debt renegotiation such that they no longer match those of the hedging instrument. The Company would reflect such mismatch when modelling the hypothetical derivative and this could be a potential source of hedge ineffectiveness.

Whilst sources of ineffectiveness do exist in the hedging relationship, the Company expects changes in value of both the hedging instrument and the hedged transaction to offset and systematically move in opposite directions given that the critical terms of the hedging instrument and the hedged transactions are closely aligned at inception as described above. Therefore, the Company has qualitatively concluded that there is an economic relationship between the hedging instrument and the hedged transaction in accordance with IFRS 9.

16. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

Cash flow hedges

At 30 June 2023, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

As at	30 June 2023	30 June 2026	30 June 2027	30 June 2030
Cross Currency Swaps				
Net exposure (€'000)	68,852	68,852	22,951	—
Average fixed interest rate	2.00%	2.00%	2.25%	—
Interest Rate Swaps				
Net exposure (€'000)	18,906	—	—	—
Average fixed interest rate	2.50%	—	—	—

The amounts at the reporting date relating to items designated as hedged items were as follows:

As at 30 June 2023	Change in value used for calculating hedge ineffectiveness (€'000)	Cashflow hedge reserve (€'000)
Cross Currency Swaps	(1,299)	895
Interest rate swap	2,134	6,278

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	As at 30 June 2023			For the six months ended 30 June 2023				
	Nominal amount (€'000)	Carrying amount Assets (€'000)	Liability (€'000)	Changes in the value of hedging instrument recognised in OCI (€'000)	Hedge ineffectiveness recognised in profit or loss (€'000)	Line items in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss (€'000)	Line items in profit or loss affected by reclassification
Cross Currency Swaps	68,852	1,179	(4)	(1,299)	40	Gain on derivative financial instruments	836	Financing costs
Interest Rate Swaps	275,000	6,761	—	2,134	—	Gain on derivative financial instruments	(64)	Financing costs

16. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

	As at 31 December 2022			For the year ended 31 December 2022				
	Nominal amount (€'000)	Carrying amount		Changes in the value of hedging instrument recognised in OCI (€'000)	Hedge ineffectiveness recognised in profit or loss (€'000)	Line items in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss (€'000)	Line items in profit or loss affected by reclassification
		Assets (€'000)	Liability (€'000)					
Cross Currency Swaps	68,852	3,042	—	7,310	35	Gain on derivative financial instruments	(5,392)	Financing costs
Interest Rate Swaps	275,000	4,772	(9)	4,065	—	Gain on derivative financial instruments	142	Financing costs

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under these agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of financial instruments in the statement of financial position (€'000)	Related financial instruments that are not offset (€'000)	Net amount (€'000)
As at 30 June 2023			
Financial assets			
Derivative financial instruments	7,940	—	7,940
Financial liabilities			
Derivative financial instruments	(4)	—	(4)

Managing interest rate benchmark reform and associated risks

The Group does not have any exposures to IBORs on its financial instruments due to IBOR reform as fixed to fixed rates are used. IBOR reform does not impact the Group's risk management and hedge accounting. The Group has EURIBOR on its RCF, which is not impacted by the interest rate benchmark reform.

16. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

Interest Rate Risk

With regard to the cost of borrowing I-RES has used and may continue to use, hedging where considered appropriate, to mitigate interest rate risk.

As at 30 June 2023, I-RES' RCF was drawn for €444 million. The interest on the RCF is paid at a rate of 1.75% per annum plus the one-month or three-month EURIBOR rate (at the option of I-RES) or at a floor of zero if EURIBOR is negative. As previously noted, on 14 December 2022, I-RES entered into interest rate swaps in respect of its RCF, aggregating to €275 million until maturity of the facility, converting the cost on this portion of the facility into a fixed interest rate of 2.5% plus margin of 1.75%. As of the period end, approximately 74% of the Group's total drawn debt is now fixed against interest rate volatility. The Company's private placement debt has a fixed rate of 1.92%. For the period ended 30 June 2023, a 100-basis point change in interest rates would have the following effect:

As at 30 June 2023	Change in interest rates Basis Points	Increase (decrease) in net income €'000
EURIBOR rate debt ⁽¹⁾	+100	(906)
EURIBOR rate debt ⁽¹⁾	-100	906

(1) Based on the fixed margin of 1.75% plus the 1 month EURIBOR rate during the period ended 30 June 2023 and a hedged interest rate of 2.50% for the quantum and period of interest rate swaps in place.

As at 31 December 2022	Change in interest rates Basis Points	Increase (decrease) in net income €'000
EURIBOR rate debt ⁽¹⁾	+100	(4,590)
EURIBOR rate debt ⁽¹⁾	-100	974

(1) Based on the fixed margin of 1.75% plus the 1 month EURIBOR rate during year ended 31 December 2022 and a hedged interest rate of 2.50% for the quantum and period of interest rate swaps in place.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in accessing capital markets and refinancing its financial obligations as they come due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors the level of expected cash inflows on trade and other receivables, together with expected cash outflows on trade and other payables and capital commitments.

16. Financial Instruments, Investment Properties and Risk Management (continued)

b) Risk Management (continued)

The following tables show the Group's contractual undiscounted maturities for its financial liabilities:

As at 30 June 2023	Total €'000	6 months or less ⁽¹⁾ €'000	6 to 12 months ⁽¹⁾ €'000	1 to 2 years ⁽¹⁾ €'000	2 to 5 years ⁽¹⁾ €'000	More than 5 €'000
Non-derivative financial liabilities						
Loan drawn down	444,020	—	—	—	444,020	—
Bank indebtedness interest ⁽²⁾	83,469	15,706	16,104	30,245	21,414	—
Private placement debt ⁽³⁾	198,738	—	—	—	45,825	152,913
Private placement debt interest	23,436	1,711	1,715	3,434	9,571	7,005
Lease liability	10,356	314	314	628	1,883	7,217
Other liabilities	11,611	11,611	—	—	—	—
Security deposits	7,948	7,948	—	—	—	—
	779,578	37,290	18,133	34,307	522,713	167,135
Derivative financial liabilities						
Foreign exchange swap:						
Outflow	(7,048)	(691)	(687)	(1,370)	(3,265)	(1,035)
Inflow ⁽³⁾	11,820	1,182	1,182	2,364	5,516	1,576
	4,772	491	495	994	2,251	541
Interest rate swap:						
Outflow ⁽⁴⁾	(18,907)	(3,438)	(3,438)	(6,875)	(5,156)	—
Inflow	26,618	5,155	5,451	9,661	6,351	—
	7,711	1,717	2,013	2,786	1,195	—

(1) Based on carrying value at maturity dates.

(2) Based on current in-place interest rate for the remaining term to maturity.

(3) Based on forward foreign exchange rates as at 30 June 2023.

(4) Based on 1 month EURIBOR forward curve as at 30 June 2023.

As at 31 December 2022	Total €'000	6 months or less ⁽¹⁾ €'000	6 to 12 months ⁽¹⁾ €'000	1 to 2 years ⁽¹⁾ €'000	2 to 5 years ⁽¹⁾ €'000	More than 5 €'000
Non-derivative financial liabilities						
Loan drawn down	457,020	—	—	—	457,020	—
Bank indebtedness interest ⁽²⁾	93,463	13,257	15,528	29,749	34,929	—
Private placement debt ⁽³⁾	200,107	—	—	—	46,738	153,369
Private placement debt interest	25,934	1,739	1,739	3,478	10,434	8,544
Lease liability	10,670	314	314	628	1,883	7,531
Other liabilities	9,434	9,434	—	—	—	—
Security deposits	7,974	7,974	—	—	—	—
	804,602	32,718	17,581	33,855	551,004	169,444
Derivative financial liabilities						
Foreign exchange swap:						
Outflow	(8,422)	(687)	(687)	(1,374)	(4,122)	(1,552)
Inflow ⁽³⁾	14,472	1,206	1,206	2,412	7,236	2,412
	6,050	519	519	1,038	3,114	860
Interest rate swap:						
Outflow ⁽⁴⁾	(22,345)	(3,438)	(3,438)	(6,875)	(8,594)	—
Inflow	26,633	3,539	4,832	8,307	9,955	—
	4,288	101	1,394	1,432	1,361	—

(1) Based on carrying value at maturity dates.

(2) Based on current in-place interest rate for the remaining term to maturity.

(3) Based on forward foreign exchange rates as at 31 December 2022.

(4) Based on 1 month EURIBOR forward curve as at 31 December 2022.

16. Financial Instruments, Investment Properties and Risk Management (*continued*)

b) Risk Management (*continued*)

The carrying value of bank indebtedness and trade and other payables (other liabilities) approximates their fair value.

Credit risk

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; or (ii) the possibility that the Group's tenants may experience financial difficulty and be unable to meet their rental obligations.

The Group monitors its risk exposure regarding obligations with counterparties through the regular assessment of counterparties' credit positions.

The Group mitigates the risk of credit loss with respect to tenants by evaluating the creditworthiness of new tenants and obtaining security deposits wherever permitted by legislation.

The Group monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. All residential accounts receivable balances exceeding 30 days are written off to bad debt expense and recognised in the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss and other comprehensive income. The Group's allowance for expected credit loss amounted to a gain of €12,000 for the six months ended 30 June 2023 and is recorded as part of property operating costs in the interim consolidated statement of profit or loss and other comprehensive income (30 June 2022: charge of €526,000).

Cash and cash equivalents are held with major Irish and European institutions which have credit ratings between A-1 and A+. The Company deposits cash with a number of individual institutions to avoid concentration of risk with any one counterparty. The Group has also engaged the services of a depository to ensure the security of cash assets.

Risk of counterparty default arising on derivative financial instruments is controlled by dealing with high-quality institutions and by a policy limiting the amount of credit exposure to any one bank or institution. Derivative financial instrument counter parties have credit ratings in the range of A- to A+.

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, I-RES may issue new shares or consider the sale of assets to reduce debt. I-RES, through the Irish REIT Regime, is restricted in its use of capital to making investments in real estate property in Ireland. I-RES intends to continue to make distributions if its results of operations and cash flows permit in the future.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. At 30 June 2023, capital consists of equity and debt and Group Total Gearing was 44.6%. I-RES seeks to use gearing to enhance shareholder returns over the long term. The level of gearing is monitored carefully by the Board.

The Board monitors the return on capital as well as the level of dividends paid to ordinary shareholders. Subject to distributable reserves, it is the policy of I-RES to distribute at least 85% of the Property Income of its Property Rental Business for each accounting period as required under the REIT legislation.

17. Taxation

I-RES elected for REIT status on 31 March 2014. As a result, from that date the Group is exempt from paying Irish corporation tax on the profits and gains it makes from qualifying rental businesses in Ireland provided it meets certain conditions.

Instead, dividends paid to shareholders in respect of the Property Rental Business are treated for Irish tax purposes as income in the hands of shareholders. Corporation tax is still payable in the normal way in respect of income and gains from any residual business (generally including any property trading business) not included in the Property Rental Business. I-RES is also liable to pay other taxes such as VAT, stamp duty, local property tax and payroll taxes in the normal way.

Within the Irish REIT Regime, for corporation tax purposes the Property Rental Business is treated as a separate business from the residual business. A loss incurred by the Property Rental Business cannot be offset against profits of the residual business.

An Irish REIT is required, subject to having sufficient distributable reserves, to distribute to its shareholders (by way of dividend), on or before the filing date for its tax return for the accounting period in question, at least 85% of the Property Income of the Property Rental Business arising in each accounting period. Failure to meet this requirement would result in a tax charge calculated by reference to the extent of the shortfall in the dividend paid. A dividend paid by an Irish REIT from its Property Rental Business is referred to as a property income distribution. Any normal dividend paid from the residual business by the Irish REIT is referred to as a non-property income distribution dividend.

The Directors confirm that the Group has remained in compliance with the Irish REIT Regime up to and including the date of this Report.

For the six months ended	30 June 2023 €'000	30 June 2022 €'000
Irish corporation tax expense	58	—
Income tax withheld	4	—
Irish capital gains tax expense	1,785	—
Current tax expense	1,847	—

The main driver of taxation for I-RES in the period relates to Capital Gains Tax ("CGT"). This arose on the profit on disposal of the Rockbrook site. CGT is payable on this as the site constitutes a disposal of an asset of the residual business as opposed to the property rental business of the Group. The remaining taxation is driven by the operations of IRES Fund Management Limited acquired in 2022.

The deferred tax is €nil at 30 June 2023 (30 June 2022: €nil).

18. Dividends

Under the Irish REIT Regime, subject to having sufficient distributable reserves, I-RES is required to distribute to shareholders at least 85% of the Property Income of its Property Rental Business for each accounting period.

On 23 February 2023, the Directors resolved to pay an additional dividend of €14.9 million for the year ended 31 December 2022. The dividend of 2.81 cents per share was paid on 3 April 2023 to shareholders on record as at 10 March 2023.

On 10 September 2022, the Directors resolved to pay an additional dividend of €12.2 million for the six months ended 30 June 2022. The dividend of 2.3 cents per share was paid on 9 September 2022 to shareholders on record as at 19 August 2022.

On 23 February 2022, the Directors resolved to pay an additional dividend of €16.3 million for the year ended 31 December 2021. The dividend of 3.08 cents per share was paid on 29 March 2022 to shareholders on record as at 04 March 2022.

On 6 August 2021, the Directors resolved to pay an additional dividend of €15.4 million for the six months ended 30 June 2021. The dividend of 2.91 cents per share was paid on 10 September 2021 to shareholders on record as at 20 August 2021.

18. Dividends (continued)

Distributable reserves in accordance with the Irish REIT Regime were calculated as follows:

For the six months ended	30 June 2023 €'000	30 June 2022 €'000
(Loss)/Profit for the period	(43,926)	22,876
Less: Loss on disposal of investment property	695	—
Less: unrealised loss/(gain) on net movement in fair value of investment properties	56,459	(9,383)
Property Income of the Property Rental Business	13,228	13,493
Add back:		
Share-based compensation expense	72	240
Unrealised change in fair value of derivatives	(40)	(29)
Distributable Reserves	13,260	13,704

19. Supplemental Cash Flow Information

Breakdown of operating income items related to financing and investing activities

For the six months ended	30 June 2023 €'000	30 June 2022 €'000
Financing costs as per the consolidated statement of profit or loss and other comprehensive income	13,268	7,247
Interest expense accrual	686	(49)
Capitalised interest	—	94
Lease interest	107	112
Less: amortisation of financing fees	(1,022)	(974)
Interest Paid	13,039	6,430

Changes in operating assets and liabilities

For the six months ended	30 June 2023 €'000	30 June 2022 €'000
Prepayments	(3,904)	(3,125)
Trade receivables	(595)	(240)
Other receivables	—	466
Accounts payable and other liabilities	917	89
Security deposits	(26)	212
Changes in operating assets and liabilities	(3,608)	(2,598)

19. Supplemental Cash Flow Information (continued)

Issuance of Shares

For the six months ended	30 June 2023	30 June 2022
	€'000	€'000
Issuance of shares	—	126
Issuance costs	—	—
Net proceeds	—	126

Changes in liabilities due to financing cash flows

For the six months ended 30 June 2023

Liabilities	1 January 2023	Changes from Financing Cash Flows					Non-cash Changes				30 June 2023
		Revolving Credit Facility drawdown	Revolving Credit Facility repayment	Lease payments	Financing fees	Amortisation of other financing costs	Foreign exchange	Interest accrual relating to derivatives	Change in fair value of hedging instruments		
Bank indebtedness	457,020	—	(13,000)	—	—	—	—	—	—	444,020	
Deferred loan costs, net	(3,282)	—	—	—	—	886	—	—	—	(2,396)	
Private placement debt	200,107	—	—	—	—	—	(1,369)	—	—	198,738	
Deferred loan costs, net	(1,870)	—	—	—	—	136	—	—	—	(1,734)	
Derivative financial instruments	9	—	—	—	—	—	—	(9)	4	4	
Lease liability	8,684	—	—	(207)	—	—	—	—	—	8,477	
Total liabilities from financing activities	660,668	—	(13,000)	(207)	—	1,022	(1,369)	(9)	4	647,109	

For the six months ended 30 June 2022

Liabilities	1 January 2022	Changes from Financing Cash Flows					Non-cash Changes				30 June 2022
		Revolving Credit Facility drawdown	Revolving Credit Facility repayment	Lease payments	Financing fees	Amortisation of other financing costs	Foreign exchange	Interest accrual relating to derivatives	Change in fair value of hedging instruments		
Bank indebtedness	420,020	57,000	—	—	—	—	—	—	—	477,020	
Deferred loan costs, net	(3,398)	—	—	—	(1,610)	839	—	—	—	(4,169)	
Private placement debt	195,882	—	—	—	—	—	5,669	—	—	201,551	
Deferred loan costs, net	(2,142)	—	—	—	—	136	—	—	—	(2,006)	
Derivative financial instruments	3,961	—	—	—	—	—	—	—	(3,961)	—	
Lease liability	9,090	—	—	(202)	—	—	—	—	—	8,888	
Total liabilities from financing activities	623,413	57,000	—	(202)	(1,610)	974	5,669	—	(3,961)	681,284	

20. Related Party Transactions

Transactions with Key Management Personnel

For the purposes of the disclosure requirements of IAS 24, the term 'key management personnel' is defined as those persons having authority for planning, directing and controlling the activities of the Company. I-RES has determined that the key management personnel comprise the Board of Directors.

Owners' management companies not consolidated

As a result of the acquisition by the Group of apartments or commercial space in certain residential rental properties, the Group holds voting rights in the relevant Owners' Management Companies ("OMCs") associated with those developments. Where the Group holds the majority of those voting rights, this entitles it, inter alia, to control the composition of such OMCs' boards of directors. However, as each of those OMCs is incorporated as a company limited by guarantee for the purpose of owning the common areas in residential or mixed-use developments, they are not intended to be traded for gains. I-RES does not consider these OMCs to be material for consolidation as the total assets of the OMCs is less than 1% of the Group's total assets. I-RES has considered the latest available financial statements of these OMCs in making this assessment.

The total service fees billed in the period by the OMCs were €7.7m, of which €2.2m was payable and €1.6m was prepaid as at 30 June 2023. As at 31 December 2022, €0.2m was payable and €0.4m was prepaid by I-RES to the OMCs.

21. Contingencies

At Beacon South Quarter, in addition to the capital expenditure work that has already been completed, water ingress works were identified in 2016 and I-RES is working with the Beacon South Quarter owners' management company to resolve these matters. There is also an active insurance claim with respect to the water ingress and related damage. The amount of potential costs relating to these structural remediation works cannot be currently measured with sufficient reliability.

22. Commitments

In January 2022, the Company entered into a forward purchase agreement to acquire 44 residential units at Ashbrook, Clontarf. The transaction was part of the total purchase price of €66.0 million (including VAT but excluding other transaction costs) paid for a total of 152 units, with the Company taking ownership of 108 units during 2022. As part of the acquisition agreement entered into the Company has a gross capital commitment of €24.1 million in respect of the 44 units. These units are expected to be completed in H2. Net cash outflow after taking account of deposit paid and proceeds from disposal of Part V units is expected to be c.€20 million.

23. (Loss)/Earnings per Share

Earnings per share amounts are calculated by dividing profit for the reporting period attributable to ordinary shareholders of I-RES by the weighted average number of ordinary shares outstanding during the reporting period.

For the six months ended	30 June 2023	30 June 2022
(Loss)/Profit attributable to shareholders of I-RES (€'000)	(43,926)	22,876
Basic weighted average number of shares	529,578,946	529,542,344
Diluted weighted average number of shares ⁽¹⁾⁽²⁾	529,578,946	529,554,035
Basic (Loss)/Earnings per share (cents)	(8.3)	4.3
Diluted (Loss)/Earnings per share (cents)	(8.3)	4.3

(1) Diluted weighted average number of shares includes the additional shares resulting from dilution of the long-term incentive plan options as of 30 June 2022.

(2) At 30 June 2023, 4,596,499 options (30 June 2022: 4,596,499) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

EPRA issued Best Practices Recommendations most recently in October 2019, which gives guidelines for performance matters.

EPRA Earnings represents the earnings from the core operational activities of the Group. It is intended to provide an indicator of the underlying performance of the property portfolio and therefore excludes all components not relevant to the underlying and recurring performance of the portfolio, including any revaluation results and results from the sale of properties. EPRA EPS is calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

EPRA Earnings per Share

For the six months ended	30 June 2023	30 June 2022
Profit for the period (€'000)	(43,926)	22,876
Adjustments to calculate EPRA Earnings exclude:		
Changes in fair value on investment properties (€'000)	56,459	(9,383)
Loss/(Gain) on disposal of investment property (€'000)	695	—
Changes in fair value of derivative financial instruments (€'000)	(40)	(29)
Taxation on disposal of properties (€'000)	1,785	—
EPRA Earnings (€'000)	14,973	13,464
Basic weighted average number of shares	529,578,946	529,542,344
Diluted weighted average number of shares	529,578,946	529,554,035
EPRA Earnings per share (cents)	2.8	2.5
EPRA Diluted Earnings per share (cents)	2.8	2.5

24. Net Asset Value per Share

In October 2019, EPRA introduced three EPRA NAV metrics to replace the then existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value ("EPRA NRV"), EPRA Net Tangible Asset ("EPRA NTA") and EPRA Net Disposal Value ("EPRA NDV"). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is calculated to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. No deferred tax liability is calculated for I-RES as it is a REIT and taxes are paid at the shareholder level on the distributions. Any gains arising from the sale of a property are expected either to be reinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liabilities.

24. Net Asset Value per Share (continued)

EPRA NAV per Share

	30 June 2023		
As at	EPRA NRV	EPRA NTA ⁽¹⁾	EPRA NDV ⁽²⁾
Net assets (€'000)	790,158	790,158	790,158
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	(6,761)	(6,761)	—
Fair value adjustment for fixed interest rate debt (€'000)	—	—	49,927
Real estate transfer cost (€'000) ⁽³⁾	69,531	—	—
EPRA net assets (€'000)	852,928	783,397	840,085
Number of shares outstanding	529,578,946	529,578,946	529,578,946
Diluted number of shares outstanding	529,578,946	529,578,946	529,578,946
Basic Net Asset Value per share (cents)	149.2	149.2	149.2
EPRA Net Asset Value per share (cents)	161.1	147.9	158.6

	31 December 2022		
As at	EPRA NRV	EPRA NTA ⁽¹⁾	EPRA NDV ⁽²⁾
Net assets (€'000)	847,353	847,353	847,353
Adjustments to calculate EPRA net assets exclude:			
Fair value of derivative financial instruments (€'000)	(4,764)	(4,764)	—
Fair value adjustment for fixed interest rate debt (€'000)	—	—	40,612
Real estate transfer cost (€'000) ⁽³⁾	76,368	—	—
EPRA net assets (€'000)	918,957	842,589	887,965
Number of shares outstanding	529,578,946	529,578,946	529,578,946
Diluted number of shares outstanding	529,578,946	529,578,946	529,578,946
Basic Net Asset Value per share (cents)	160.0	160.0	160.0
EPRA Net Asset Value per share (cents)	173.5	159.1	167.7

- (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, the Group has assumed any such sales proceeds are reinvested within the required three year window or used to repay debt specifically used to acquire, enhance or develop the property sold.
- (2) Deferred tax is assumed as per the IFRS statement of financial position. 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 were sold at 30 June 2023 valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required time frame or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.
- (3) This is the purchaser 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 for IFRS purposes. Purchasers' costs are in general estimated at 9.96% for commercial, 4.46% for residential apartment units and 12.46% for houses and duplexes.

25. Subsequent Events

On 2 August 2023 we entered into contract for the sale of 194 residential units in West Dublin for a total consideration of €72.06 million including VAT but excluding other transaction costs. Net proceeds for the disposal are expected to be c.€68.5m the amount that is included in the fair value of Assets held for sale as at 30 June 2023).

26. Approval of Condensed Consolidated Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the Board on 2 August 2023.

Glossary of Terms

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding terms used in this report.

“Adjusted General and Administrative Expenses”

General and administrative expenses adjusted to remove non-recurring costs;

“Annualised Passing Rent”

Defined as the actual monthly residential and commercial rents under contract with residents as at the stated date, multiplied by 12, to annualise the monthly rent;

“Average Monthly Rent (AMR)”

Actual monthly residential rents, net of vacancies, as at the stated date, divided by the total number of apartments owned in the property;

“Basic Earnings per share (Basic EPS)”

Calculated by dividing the profit for the reporting period attributable to ordinary shareholders of the Company in accordance with IFRS by the weighted average number of ordinary shares outstanding during the reporting period;

“Companies Act, 2014”

The Irish Companies Act, 2014;

“Diluted weighted average number of shares”

Includes the additional shares resulting from dilution of the long-term incentive plan options as of the reporting period date;

“Adjusted EBITDA”

Adjusted EBITDA represents earnings before lease interest, financing costs, depreciation of property, plant and equipment, gain or loss on disposal of investment property, net movement in fair value of investment properties, gain or loss on derivative financial instruments and non-recurring expenses to show the underlying operating performance of the Group;

“EPRA”

The European Public Real Estate Association;

“EPRA Diluted EPS”

Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the diluted weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio, while taking into account dilutive effects and therefore, excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;

“EPRA Earnings”

EPRA Earnings is the profit after tax excluding revaluations and gains and losses on disposals and associated taxation (if any);

“Adjusted EPRA Earnings”

Represents EPRA Earnings adjusted for non-recurring costs to show the underlying EPRA Earnings of the Group;

“EPRA EPS”

Calculated by dividing EPRA Earnings for the reporting period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. EPRA Earnings measures the level of income arising from operational activities. It is intended to provide an indicator of the underlying income performance generated from leasing and management of the property portfolio and therefore excludes all components not relevant to the underlying net income performance of the portfolio, such as unrealised changes in valuation and any gains or losses on disposals of properties;

“Adjusted EPRA EPS”

EPRA EPS calculated using Adjusted EPRA Earnings;

“EPRA NAV”

EPRA introduced three EPRA NAV metrics to replace the existing EPRA NAV calculation that was previously being presented. The three EPRA NAV metrics are EPRA Net Reinstatement Value (“EPRA NRV”), EPRA Net Tangible Asset (“EPRA NTA”) and EPRA Net Disposal Value (“EPRA NDV”). Each EPRA NAV metric serves a different purpose. The EPRA NRV measure is calculated to highlight the value of net assets on a long term basis. EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Any gains arising from the sale of a property are expected either to be reinvested for growth or 85% of the net proceeds are distributed to the shareholders to maintain the REIT status. Lastly, EPRA NDV provides the reader with a scenario where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liabilities.

“EPRA NAV per share”

Calculated by dividing each EPRA NAV metric by the diluted number of ordinary shares outstanding as at the end of the reporting period;

“Equivalent Yields (formerly referred as Capitalisation Rate)”

The rate of return on a property investment based on current and projected future income streams that such property investment will generate. This is derived by the external valuers and is used to estimate the term and reversionary yields;

“Group Total Gearing or Net Loan to Value (Net LTV)”

Calculated by dividing the Group’s aggregate borrowings (net of cash) by the fair value of the Group’s property portfolio;

“Loan to Value (LTV)”

Calculated by dividing the Group’s aggregate borrowings by the fair value of the Group’s property portfolio;

“Gross Yield”

Calculated as the Annualised Passing Rent as at the stated date, divided by the fair value of the investment properties, excluding fair value of development land and investment properties under development as at the reporting date;

“Irish REIT Regime”

Means the provisions of the Irish laws and regulations establishing and governing real estate investment trusts, in particular, but without limitation, section 705A of the Taxes Consolidation Act, 1997 (as inserted by section 41(c) of the Finance Act, 2013), as amended from time to time;

“Market Capitalisation”

Calculated as the closing share price multiplied by the number of shares outstanding;

“Net Asset Value” or “NAV”

Calculated as the value of the Group’s or Company’s assets less the value of its liabilities measured in accordance with IFRS;

“Net Asset Value per share”

Calculated by dividing NAV by the basic number of ordinary shares outstanding as at the end of the reporting period;

“Net Rental Income (NRI)”

Measured as property revenue less property operating expenses;

“Net Rental Income Margin”

Calculated as the NRI divided by the revenue from investment properties;

“Occupancy Rate”

Calculated as the total number of apartments occupied divided by the total number of apartments owned as at the reporting date;

“Property Income”

As defined in section 705A of the Taxes Consolidation Act, 1997. It means, in relation to a company or group, the Property Profits of the Company or Group, as the case may be, calculated using accounting principles, as: (a) reduced by the Property Net Gains of the Company or Group, as the case may be, where Property Net Gains arise, or (b) increased by the Property Net Losses of the Company or Group, as the case may be, where Property Net Losses arise;

“Property Profits”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Net Gains”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Net Losses”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Property Rental Business”

As defined in section 705A of the Taxes Consolidation Act, 1997;

“Sq. ft.”

Square feet;

“Sq. m.”

Square metres;

“Stabilised NRI”

Measured as property revenue less property operating expenses adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance;

“Vacancy Costs”

Defined as the value of the rent on unoccupied residential apartments and commercial units for the specified period.

Forward-Looking Statements

I-RES Disclaimer

This Report includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “may”, “will”, “should”, “expect”, “anticipate”, “project”, “estimate”, “intend”, “continue”, “target” or “believe”, or, in each case, their negative or other comparable terminology, or by discussions of strategy, plans, objectives, trends, goals, projections, future events or intentions. Such forward-looking statements are based on the beliefs of its management as well as assumptions made and information currently available to the Company. Forward-looking statements speak only as of the date of this report and the Company expressly disclaims any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this report, including any changes in its expectations or any changes in events, conditions or circumstances on which these forward-looking statements are based. Due to various risks and uncertainties, actual events or results or actual performance of the Company may differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on, such forward-looking statements. There is no guarantee that the Company will generate a particular rate of return.

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Stock Exchange Listing

Shares of I-RES are listed on Euronext Dublin under the trading symbol "IRES".