PRELIMINARY RESULTS

For the financial year ended 31 March 2021

26 May 2021

Hibernia REIT plc ("Hibernia", the "Company" or the "Group") today announces preliminary results for the financial year ended 31 March 2021 (the "financial year"). Highlights include:

Continued high rent collection rates reflecting strong tenant base
- 99% of rent due for the financial year ended Mar-21 now received or on agreed payment terms
- Post financial year end, contracted rent received or on agreed payment terms is as follows:
  - Commercial[1]: 99% for Q/E Jun-21
  - Residential[2]: 98% for May-21; >99% for Apr-21

Net loss due to negative property revaluations but further increase in distributable income
- Annual contracted rent of €67.1m at Mar-21, up 2.2% since Mar-20, and office WAULT of 5.8yrs, down 9.4%
  - Six new office leases on 45,600 sq. ft. adding €2.6m, or €0.3m net of lease expiries and adjustments on let space
  - Three rent reviews and five lease variations agreed, adding incremental rent of €0.7m
  - Five bolt-on acquisitions adding €0.5m of new rent
- Diluted IFRS loss per share of 3.7 cent due to negative revaluation movement on portfolio (Mar-20: EPS of 8.8 cent)
- EPRA EPS[3] of 6.3 cent, up 13.4% on last year due to increase in rental income (Mar-20: 5.5 cent)
- Final DPS of 3.4 cent, bringing the total for the financial year to 5.4 cent, up 13.7% (Mar-20: 4.75 cent)

Modest decline in portfolio value, mainly coming in the first quarter of our financial year
- Portfolio value of €1,427.4m, down 4.4%[4] in the financial year and down 0.7% in H2, primarily due to lower net ERVs and higher yields assumed on our office assets
- 12-month Total Property Return[5] of -0.2% vs MSCI Ireland Property All Assets Index (excl. Hibernia) of -1.5%
- EPRA NTA per share[3] of 172.7 cent, down 3.7% in the financial year but up 0.4% in H2, helped by the share buyback

Robust balance sheet: flexibility and investment capacity further enhanced post year end by new US private placement
- Net debt of €278.8m, LTV[3] of 19.5% (Mar-20: €241.4m, LTV 16.5%)
- €125m of 10- and 12-year unsecured US private placement notes with avg. coupon of 1.9% to be issued in late Jul-21
- Weighted average debt maturity of 3.4 years at Mar-21, or 5.2 years pro-forma new USPP (Mar-20: 4.4 years)
- Cash and undrawn facilities net of committed expenditure of €110m, or €235m pro-forma of new USPP (Mar-20: €136m)

Disciplined capital allocation
- €16.8m in development expenditure, mainly on two schemes to deliver 62,500 sq. ft. of Grade A office space (38% pre-let): both expected to complete by Jul-21, following delays due to lockdowns (Mar-20: €21.3m)
- €11.1m invested in five bolt-on property acquisitions (Mar-20: €23.3m)
- €25m share buyback programme successfully executed; 23.1m shares repurchased and cancelled, an average price per share of €1.08 (Mar-20: 17.6m shares repurchased for €25m, an average price per share of €1.42)

Progress on strategic priorities of:
- *1) Clustering*
  - Full planning now in place for Clanwilliam and Harcourt schemes, which can be commenced in the next seven and 18 months, respectively, and can deliver 539,000 sq. ft. of clustered, Grade A office space
  - These schemes will take the proportion of Hibernia's office assets by value in clusters from 39%[6] to 65%[7]
- 2) *ESG excellence*
  - Commitment to become a Net Zero Carbon business by 2030 and to align with the TCFD recommendations by 2022
  - Real-time energy consumption monitoring system installed and operating in our managed in-place offices
  - Received a four-star GRESB rating for the first time 2020 and a B- score in our inaugural CDP response

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1. 91% of contracted rent.
2. 9% of contracted rent.
3. An alternative performance measure ("APM"). The Group uses a number of such financial measures, which are not defined under IFRS. In particular, measures defined by EPRA are an important way for investors to compare real estate companies. Please see Supplementary Information at the back of this release for further details.
4. Like-for-like change (incl. finance costs) on Investment Property and excluding assets acquired and disposed of during the period.
5. Total Property Return is the return of the property portfolio (capital and income) as calculated by MSCI.
6. Assessed by current value as at Mar-21. Values for 50 City Quay and 2 Cumberland Place are Net Development Values ("NDVs").
7. Based on Mar-21 valuation of all office assets except Harcourt, Marine, Clanwilliam, 2 Cumberland and 50 City Quay where NDVs of the completed buildings are assumed.

Kevin Nowlan, Chief Executive Officer of Hibernia, said:

"Our business has delivered a resilient performance in the financial year despite the extraordinary circumstances resulting from the COVID-19 pandemic. While we recorded a net loss due to a modest decline in portfolio value, our continued high rent collection rates have helped deliver double-digit growth in EPRA earnings and dividends.

"Since introducing COVID-19 safeguards in our buildings, our primary focus has been on the long-term evolution of the portfolio to meet changing occupier expectations. We believe asset clustering and ESG excellence will be key elements for us in providing the type of flexible, efficient, amenity-rich office space occupiers increasingly want and we have made good progress with both in the financial year. Our Clanwilliam Court and Harcourt Square schemes now have full planning permission and both can be started over the next 18 months; when complete they will increase the proportion of our office portfolio held in clusters to 65%. We have also published our Sustainability Statement of Intent, which sets challenging, long-term targets and outlines our commitment to becoming a net zero carbon business by 2030.

"Our leverage remains amongst the lowest in the pan-European REIT universe, giving us substantial capacity and strategic flexibility for value-enhancing investment opportunities. In the financial year we invested €11m in small acquisitions to enhance our existing properties, €17m in development expenditure and executed a highly accretive €25m share buyback programme. Since March 2021 we have increased our available funding and average debt maturity by agreeing to issue €125m of 10- and 12-year US private placement notes.

"With Ireland's vaccination programme gathering pace and a government roadmap for the easing of lockdown restrictions, optimism is growing and this is starting to be seen in active demand for office space and tenant enquiries. While the near-term outlook is likely to remain tied to progress on "unlocking", we are optimistic on our longer-term prospects given our clear strategy, exciting development pipeline, balance sheet strength and talented team."

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About Hibernia REIT plc
Hibernia REIT plc is an Irish Real Estate Investment Trust ("REIT"), listed on Euronext Dublin and the London Stock Exchange. Hibernia owns and develops property and specialises in Dublin city centre offices.

Results presentation details
There will be a results presentation at 10.00 a.m. Dublin time, today, 26 May 2021. If you think you will want to ask a question at the end, please register for the phone call as you will not be able to do this from the webcast.

Webcast URL: https://www.investis-live.com/hibernia-reit/609bb4d933d2290a004f8bc5/iuhj

Participants – Call pre-registration

Log-in instructions	To pre-register for this call, please go to the following link: https://www.incommglobalevents.com/registration/client/7636/hibernia-reit-2021-preliminary-results/ You will receive your access details via email.

During the presentation

What to expect	Your line will be muted as you join the call. You will have the opportunity to ask a question. To register, press *1 on your telephone keypad. To remove the question, press *2. The operator will prompt you when to speak.

CHIEF EXECUTIVE OFFICER'S STATEMENT

At the onset of the pandemic, our key priority was safeguarding our buildings for our tenants, visitors and staff. Since then, our attention has returned to the longer term and ensuring our business is evolving to meet changing occupier expectations.

Challenging market conditions

Property investment volumes and Dublin office take-up in 2020 fell by 58% and 54%, respectively, versus 2019 due to the impact of the pandemic, and the market remained subdued in Q1 2021, with COVID-19 restrictions in Ireland at their highest level. As we have noted before, the structural changes that have occurred in the Irish property market since 2007 (greater institutional ownership, less debt) have increased the market's resilience to external shocks and this, together with the strong Dublin office market fundamentals immediately prior to the pandemic and support from governments and central banks, has resulted in a relatively modest negative impact on market pricing to date despite the rise in vacancy rates. Prime central Dublin office yields have remained at around 4% since the start of the pandemic and prime headline rents stood at around €57.50psf at March 2021 versus €62.50 a year earlier.

Resilient performance

Given market conditions, our leasing activity in the financial year was limited and contracted rent grew 2.2% to €67.1m, primarily as a result of new lettings, rent reviews and lease variations. Our rent collection rates for the financial year have averaged 99% and this, as well as leases signed in previous years, good cost control and the accretive €25m share buyback executed in the year, resulted in a 13.4% increase in EPRA EPS to 6.3 cent. We have proposed a final dividend per share of 3.4 cent, taking the total in respect of the financial year to 5.4 cent, an increase of 13.7%. The value of our property portfolio declined 4.4% like-for-like, with the majority of this occurring in the first quarter of the financial year, shortly after the onset of the pandemic, resulting in a net loss per share of 3.7 cent for the year and a 3.7% decrease in EPRA NTA per share to 172.7 cent.

Balance sheet strength

Our leverage remains amongst the lowest in the European REIT universe, giving us significant strategic flexibility. At 31 March 2021 the LTV ratio was 19.5% and we had €110m of cash and undrawn facilities net of commitments. Since then, we have agreed to issue an additional €125m of 10- and 12-year US private placement notes with an average coupon of 1.9%, increasing our investment capacity, significantly extending our average debt term and reducing our average cost of debt. These new notes will help fund the delivery of our office clusters at Clanwilliam Court and Harcourt Square.

Responding to changing occupier expectations by focusing on clusters and ESG excellence

We believe office clusters and ESG excellence will be key for us in providing the type of flexible, efficient, amenity-rich office space with strong wellness and ESG credentials that occupiers are increasingly seeking. This was our strategic direction prior to the pandemic and we had already completed our first cluster, the Windmill Quarter, and recruited a full-time Sustainability Manager to lead our ESG programme. The pandemic is accelerating many of these changes in occupier requirements and consequently we are concentrating on refining our clustering strategy and accelerating our ESG initiatives to deliver top-grade office space suited to new, agile working and wellness. We have now received full planning approval for our new office clusters at Clanwilliam Court and Harcourt Square and we are working to further enhance the active communal areas within these schemes. Both developments can be started over the next 18 months and, when complete, will increase the proportion of our office portfolio held in clusters to 65%. We have also set new, long-term targets in our recently published Sustainability Statement of Intent and committed to becoming a Net Zero Carbon business by 2030.

Portfolio rich in opportunity

As well as our developments at Clanwilliam Court and Harcourt Square, which can be started in the near term, our portfolio has many other opportunities for enhancing shareholder value. We invested €16.8m in development expenditure in the financial year, mostly on 2 Cumberland Place and 50 City Quay. These schemes, which will deliver 62,500 sq. ft. of new office space, 62% of which is still available to let (ERV: €2.2m), were scheduled to complete in early 2021 but have been delayed by the shutdown of development sites and are now expected to complete in July 2021. Longer term, we are assessing our in-place office portfolio for improvement opportunities and we own 155.2 acres of land and industrial assets in Dublin with potential for rezoning in future for mixed-use schemes.

Optimistic on longer-term outlook

With Ireland's vaccination programme gathering pace and a government roadmap for the easing of lockdown restrictions, optimism is growing and this is starting to be seen in active demand for office space and tenant enquiries. While the near-term outlook is likely to remain tied to progress on "unlocking", we are optimistic on our longer-term prospects. We have a clear strategy to provide occupiers with the type of office space they want, a portfolio rich in opportunity, and the financial strength and the team in place to deliver our plans.

Kevin Nowlan, Chief Executive Officer

MARKET REVIEW

General economy

Against the backdrop of the COVID-19 pandemic and a 3.4% decline in global GDP in 2020 (source: the OECD), the Irish economy has performed very strongly, recording GDP growth of 3.3% in 2020, the fastest in the developed world. Much of this was due to the contribution of the multinational-dominated sectors, such as technology and pharmaceuticals. Irish output, as measured by Gross Value Added ("GVA"), in the foreign-owned sector increased by 18% in 2020, while other domestic industries declined by 9.5% (source: Goodbody).

The Irish Government continues to offer significant support to the labour market through pandemic payments and wage subsidy schemes: the standard measure of monthly unemployment was 5.8% in April 2021 (compared with 5.1% in January 2020), while the COVID-19 adjusted measure of unemployment was 22.4% if all claimants of the Pandemic Unemployment Payment ("PUP") were classified as unemployed (source: the CSO). Much of this emergency support is going to the hospitality and retail sectors, with office-based employment less impacted, particularly given the strong performance of many multinationals in Ireland. The labour market is expected to recover gradually as restrictions ease, in-line with the vaccine rollout in Ireland. Current Government expectations are that all adults in Ireland will be vaccinated by late summer 2021 and the unemployment rate (incl. PUP recipients) is projected to average 16.3% in 2021, 8.2% in 2022 and to reach 6.0% in 2024, a rate still above the pre-pandemic level of 5.1% (source: the DoF).

While global progress on vaccines and the new EU-UK Trade and Cooperation Agreement ("TCA"), which came into force on 1 January 2021 and averted the threat of a no-deal Brexit, have been positive developments for the Irish economic outlook, nonetheless risks remain over the pace of recovery from the pandemic and there is additional friction to trade between Ireland and the UK as a result of the TCA. International tax reforms could negatively affect Ireland's attractiveness for foreign direct investment: while a lot remains uncertain at present, changes to the way multinationals are taxed have been discussed for some time by the OECD under the base erosion and profit shifting ("BEPS 2.0") process and the US is also discussing corporate tax reform.

Irish property market overview

As we have noted before, the structural changes that have occurred in Ireland's property market since 2007, namely greater levels of institutional ownership and less debt, have given it greater resilience than existed historically. Furthermore, the Dublin office market entered the pandemic with much healthier fundamentals than it had prior to the Global Financial Crisis in 2008, due in part to the limited speculative development funding available this cycle. While prime headline quoting rents in March 2020 and March 2008 were both in excess of €60psf, the Dublin office vacancy rate in March 2020 was 6.5% versus 12.3% in March 2008 and the unlet office space under construction totalled 3.0m sq. ft. (6.9% of existing stock) in March 2020 versus 4.6m sq. ft. (14.9% of existing stock) in March 2008 (source: Knight Frank, Property Market Analysis).

Irish property investment market

Total investment volumes in 2020 were €3.0bn, down 58% on the record volumes transacted in 2019 but broadly in line with volumes in 2017 (€2.3bn) and 2018 (€3.6bn). The PRS and office sectors again dominated, together accounting for 78% of volumes (2019: 77%). Irish investors (excluding Irish REITs) accounted for only 15% of investment in 2020 (2019: 18%), indicative of the continued interest from international investors in Irish property despite significant restrictions on mobility and travel (source: Knight Frank). Investment volumes remained resilient in Q1 2021 even though Ireland was at the highest level of COVID-19 restrictions throughout: investment spend amounted to €1.3bn (Q1 2020: €0.7bn). The residential and office sectors again dominated, representing 60% and 31% of total Q1 2021 volumes, respectively. International capital continues to seek opportunities to invest in Irish property, with 55% of Q1 investment acquired by overseas investors (Q1 2020: 87%) (source: Knight Frank).

Top five office investment transactions (12 months to March 2021)

Building	Price	Capital value	Buyer	Buyer nationality
Project Tolka Portfolio, D2/4	€290m	€994	Blackstone	American
Bishop's Square, D2	€183m	€1,003	GLL Real Estate Partners	German
28 Fitzwilliam, D2	€178m	€1,309	Amundi Real Estate	French
Baggot Plaza, D4	€141m	€1,090	Deka Immobilien	German
76 Sir John Rogerson's Quay, D2	€95m	€1,026	AM Alpha	German
Top five total	**€887m**			

Source: Knight Frank.

Knight Frank reports that prime Dublin office yields have tightened to 3.75% at March 2021 (March 2020: 4%), given the level of competitive demand in the market for the best Dublin office assets, though other agents remain at c.4%. CBRE states that despite some uncertainty about the future of the office, which is unlikely to dissipate until such time as the majority of office workers return to their buildings, the office sector remains the preferred sector for institutional investors in Europe with most focussed on securing core and core-plus opportunities. PRS investment activity has continued to be robust. In 2020, the sector comprised 38% of overall investment (2019: 33%) and in the first quarter of 2021, it comprised 60% of investment (Q1 2020: 15%) (source: Knight Frank). In its Spring 2021 yield matrix, Cushman & Wakefield reports that PRS yields for prime Dublin properties remain stable within a range of 3.75-4.25%.

Top five PRS investment transactions (12 months to March 2021)

Building	Price	Price per unit	Buyer	Buyer nationality
Confidential portfolio, Dublin/Kildare	€450m	Confidential	Ardstone	Irish
Cheevers Court & Halliday House, Dun Laoghaire	€195m	€530k per unit	SW3/DWS	German
The Prestige Portfolio, North Dublin	€145m	€457k per unit	SW3/DWS	German
Off-market portfolio, North, South & West Dublin suburbs	€140m	Confidential	GIC/Orange Capital Partners	Singaporean
Blackwood Square, Santry, Dublin 9	€124m	€416k	Quad Real Property Group/Roundhill Capital	Canadian
Top five total	**€1,054m**			

Source: Knight Frank.

In the 12 months to 31 March 2021, the MSCI Ireland Property All Assets Index (the "Index") delivered a total property return of -1.5%, excluding Hibernia (March 2020: 4.4%). Over this period the Industrial sector has been the top performer in the Index, with a total return of 11.0%, followed by the "Other" sector (which includes PRS) at 4.7% (March 2020: 7.7% and 4.2%, respectively). Offices delivered a total return of 1.2% (March 2020: 6.3%). Hibernia's Total Property Return over the same period was -0.2%, outperforming the Index, excluding Hibernia, by 1.3 percentage points.

Dublin office occupational market

Following a strong start to 2020, the onset of the pandemic resulted in a significant slowdown in letting activity. Total take-up was 1.5m sq. ft., a decline of 54% on 2019, with 0.8m sq. ft. of this coming in Q1 2020, before the pandemic took hold (source: Knight Frank). Unsurprisingly, demand was driven by sectors which have continued to generate economic and employment growth: 64% of take-up was from the multinational-dominated TMT sector (2019: 55%). Only five letting transactions for more than 50,000 sq. ft. occurred in 2020, compared with 12 transactions in 2019. The city centre continued to be occupiers' preferred location choice, accounting for 51% of volumes in 2020 (2019: 68%) (source: Knight Frank), and this figure was somewhat lower than usual due to one particularly large letting in the suburbs of 0.25m sq. ft. that completed in Q1 2020. With the highest level of COVID-19 restrictions in place for the whole of Q1 2021, including the closure of construction sites and a ban on property inspections, the Dublin office market saw the lowest quarterly take-up on record with <0.05m sq. ft. transacted (Q1 2020: 0.8m sq. ft) (source: Knight Frank).

Top 10 office lettings (12 months to March 2021)

Tenant	Sector	Building	Area (sq. ft.)	% of total take-up
Amazon	TMT	2 Burlington Plaza, D4	76k	10%
Microsoft	TMT	3 Dublin Landings, D1	44k	6%
HSE	State	1 Heuston South Quarter, D8	44k	6%
OPW	State	1GQ, George's Quay, D2	42k	6%
Gilead	Pharma	North Dock 2, D1	31k	4%
Ryanair	Other	230/240 Airside Business Park, North Suburbs	30k	4%
3M	TMT	2 Cumberland Place, D2	24k	3%
OPW	State	Paramount Place, North Suburbs	24k	3%
Rabobank	Finance	76 Sir John Rogerson's Quay, D2	24k	3%
Twilio	TMT	78 Sir John Rogerson's Quay, D2	20k	3%
Top 10 total			**358k**	**49%**

Source: Knight Frank. Please note Hibernia classifies 3M as 'healthcare' or 'other' in its industry classification.

Our active demand tracker, run in conjunction with Cushman & Wakefield, saw a c.30% fall in active demand to 2.3m sq. ft. between February 2020 and December 2020. The first signs of a recovery are now beginning to emerge, with 2.7m sq. ft. of active demand at the end of March 2021, representing a 17% increase on the position at the end of December 2020. CBRE notes that several requirements that had been on hold have been reactivated and some new requirements initiated. Although the intensity of the requirements (i.e. how soon the occupiers want the space) remains relatively low, indicating occupier caution, it is encouraging to note that CBRE is reporting approximately 0.5m sq. ft. of reserved office space at the end of March 2021, which bodes well for leasing activity as COVID-19 restrictions ease. Recent figures from the CSO show that in the final quarter of 2020, the technology sector recorded an annual increase in employment of 9%. Looking solely at Dublin, the sector saw an annual increase in employment of 4%, equating to 3,000 additional people employed. This trend is being translated into active demand for office space, with approximately 30% of active demand at March 2021 coming from the technology sector.

The overall Dublin office vacancy rate (which includes "shadow" or "grey" space) increased to 9.9% at 31 March 2021 from 6.5% at 31 March 2020. The Grade A vacancy rate in the city centre, where all of Hibernia's office portfolio is located, was 9.8%, up from 5.9% at 31 March 2020 (source: Knight Frank). Of the 3.4pp increase in overall Dublin office vacancy since 31 March 2020, 1.8pp related to 0.8m sq. ft. from un-let new buildings completing and 1.2pp related to 0.5m sq. ft. of grey space coming back into the market as tenants offered surplus space for sub-leasing: the remaining 0.4pp came from lease expiries. Knight Frank estimates that approximately 0.25m sq. ft. of space could potentially come to the grey space market in the next six to nine months, driven by space being made available by the banking and public sectors. The main agents have marked down their headline prime Dublin office rent assumptions by 7-10% and are also suggesting increased tenant incentives in some cases. Knight Frank reports that prime rents in Dublin currently stand at €57.50psf (Mar-20: €62.50psf).

Office development pipeline

We currently expect 7.5m sq. ft. of gross new space to be delivered between 2021 and 2024 for the whole of Dublin (none completed thus far due to the recently lifted lockdown), of which 83% will be in the city centre. 45% of office stock under construction in Dublin has been let or reserved (46% in the city centre), meaning there is 2.6m sq. ft. under construction but not yet let (2.1m sq. ft. in the city centre). Since we reported in May 2020, the expected supply in Dublin between 2020 and 2023 is down 7% to 7.1m sq. ft. and the expected supply in the city centre over the same period is down 2% to 5.6m sq. ft. (source: Knight Frank/Hibernia).

Year	Dublin city centre supply	All Dublin supply
2021f	1.5m sq. ft. (79% pre-let)	1.7m sq. ft. (73% pre-let)
2022f	1.7m sq. ft. (42% pre-let)	2.1m sq. ft. (43% pre-let)
2023f	1.6m sq. ft. (28% pre-let)	1.8m sq. ft. (26% pre-let)
2024f	1.4m sq. ft. (28% pre-let)	1.9m sq. ft. (21% pre-let)
Total 2021-24	**6.2m sq. ft. (44% pre-let)**	**7.5m sq. ft. (40% pre-let)**

Source: Knight Frank/Hibernia.

*Note: There have been no development completions so far in 2021 due to the recently lifted lockdown.

Residential/PRS

There were 20,700 new home completions in 2020, down 1.9% on 2019 (source: the ESRI). This was a good outcome given the various pandemic restrictions, but nevertheless represented the first year-on-year decline since 2012, putting Ireland even further behind the estimated natural demographic demand for at least 34,000 units per annum (source: the Central Bank of Ireland). For 2021, the restrictions in effect for the first four months of the year, under which most construction work was no longer deemed essential, are likely to have had an adverse effect on overall housing supply. The ESRI expects 15,000 units to be completed in 2021 and 16,000 in 2022. Dublin accounted for 29% of all Irish delivery in 2020, slightly below the 33% proportion recorded in 2019, and when combined with the commuter counties around Dublin, the Greater Dublin Area ("GDA") accounted for 50% of Irish completions in 2020 (2019: 55%) (source: the CSO). Within the GDA, houses accounted for 69% of completions and apartments for 31% in 2020, still far from the aspirations of the Ireland 2040 plan for compact urban growth. At 19% of total completions, apartment building in Ireland is running at the lowest level of any EU member state, with the average being 59% (source: the European Commission). Knight Frank estimates that there continues to be €3bn of capital looking to deploy into PRS in Ireland and this is likely to keep prime yields in the sector stable at 3.75-4.00%.

The latest data from the Residential Tenancies Board ("RTB") for Q4 2020 show that nationally rents grew by 2.7% year-on-year and that the standardised average rent stood at €1,256 per month. Rents grew faster outside Dublin than within: Dublin rents grew by 2.1% year-on-year while the GDA excluding Dublin grew by 5.0% and other regions outside the GDA grew by 3.4%. Apartment rents grew 2.0% in Dublin and 2.7% outside Dublin.

BUSINESS REVIEW

Progress against strategic priorities for FY21

We have made good progress with the strategic priorities set out in the 2020 Annual Report, and we summarise this in the table below. As outlined in the CEO's Statement much of our attention in the financial year has been on the longer term and ensuring our business is evolving to meet changing occupier expectations: this is the basis for our strategic focus on office clusters and ESG excellence.

Strategic priority	Key targets	Progress in 12 months to March 2021
1. Grow rental income and, where possible, WAULTs to drive dividends per share	• Let remaining space in 2 Cumberland Place • Get office vacancy rate to 5% or below • Agree two outstanding rent reviews and five rent reviews upcoming during FY21 • Minimise impact from COVID-19 on rental income	• In-place office vacancy of 7% (9% including Clanwilliam and Marine) • Contracted rental income +2% to €67.1m • Net rental income +8% to €63.3m • Three rent reviews and five lease variations agreed, adding incremental rent of €0.7m • Average rent collection rates running at 99% in FY21
2. Complete 2 Cumberland Place and work to optimise development pipeline to maximise risk-adjusted returns for shareholders (e.g. optimising clusters, progressing re-zonings)	• Deliver 2 Cumberland Place on budget in late 2020 • Enhance and progress pipeline schemes to improve potential returns • Assess timing of upcoming projects in light of market conditions • Assess existing in-place portfolio for future value-add opportunities	• 2 Cumberland Place still on budget but completion delayed by COVID-19 site lockdowns and now expected in Jul-21 • Final grant of planning obtained for 152,000 sq. ft. redevelopment of Clanwilliam Court • We continue to assess our upcoming schemes in the current market • We are assessing in-place portfolio for future opportunities
3. Continue to recycle capital and make selective investments to enhance Group returns	• Continue to seek to dispose of assets which do not meet our expectations for forward returns • Make acquisitions or investments where we see opportunities to enhance Group returns in the medium term	• €11.1m deployed in five acquisitions adjacent to existing Hibernia assets • €16.8m invested in development expenditure • €25m share buyback programme executed: 23.1m shares acquired and cancelled at an average price of €1.08
4. Maintain balance sheet flexibility to take advantage of investment opportunities as they arise	• Maintain sufficient cash and undrawn facilities for any investment opportunities that arise • Ensure level of indebtedness does not bring the Group close to breaching any of the financial covenants in its debt facilities	• At Mar-21 cash and undrawn facilities were €110m net of committed expenditure • In May-21 the Group agreed to issue €125m of new 10- and 12-year USPP notes, adding financial capacity and extending the average term • The Group has significant headroom on all its financial covenants (please see Financial Review for further details)
5. Continue to improve environmental efficiency of the portfolio	• Reduce energy consumption and GHG emissions per square metre on a like-for-like and absolute basis • Achieve LEED Platinum certification at 2 Cumberland Place • Revise Sustainability Strategy	• Real-time energy monitoring system installed and operational • Energy consumption and GHG emissions reductions of 23% and 26% achieved on a like-for-like basis and 21% and 26% on an absolute basis • On track for LEED Platinum in 2 Cumberland Place • New Sustainability Statement of Intent published, including a commitment to become a Net Zero Carbon business by 2030

Disposals and acquisitions

We made no disposals (March 2020: none) and invested €11.1m in five acquisitions, all of which are adjacent to or within close proximity of existing Hibernia assets and were “bolt-on” in nature (March 2020: €23.3m). In addition, on 31 March 2021 we transferred three assets acquired as part of a loan portfolio in 2014 into investment property at a cost of €0.6m. We continue to review acquisition and disposal opportunities though we will be disciplined in pursuing these, assessing them against investment in the material development opportunities within our portfolio (see developments and refurbishments section below for more details).

Portfolio overview

At 31 March 2021 the investment property portfolio consisted of 39 assets valued at €1,427.4m (March 2020: 36 assets valued at €1,465.2m) which can be categorised as follows:

	Value as at March 2021 (all assets)	% of portfolio	Equivalent yield[1]	Passing rent	Contracted rent	ERV
1. Dublin CBD offices						
Traditional Core	*€415m*	*29%*	*5.0%*[2]	*€22.6m*	*€22.7m*	*€22.7m*
IFSC	*€178m*	*12%*	*4.8%*	*€8.3m*	*€8.3m*	*€10.9m*
South Docks	*€546m*[3]	*38%*	*4.4%*	*€26.9m*	*€27.2m*	*€27.8m*
Total Dublin CBD offices	**€1,139m**[3]	**80%**	**4.7%**[2]	**€57.9m**	**€58.2m**	**€61.4m**
2. Dublin CBD office developments[4]	€62m	4%	–	–	€1.5m	€3.6m
3. Dublin residential[5]	€168m[6]	12%	3.8%[7]	€6.0m[7]	€6.0m[7]	€6.7m[7]
4. Industrial/ other	€59m	4%	3.2%[8]	€1.5m	€1.5m	€2.2m
Total	**€1,427m**[3,6]	**100%**	**4.5%**[2,7,8]	**€65.3m**[7]	**€67.1m**[7]	**€73.8m**[7]

1. Yields on unsmoothed values and excluding the adjustment for 1WML owner-occupied space.
2. Harcourt Square, Clanwilliam Court and Marine House yields are calculated as the passing rent over the total value (after costs) which includes residual land value. Excludes Iconic Offices in Clanwilliam Court.
3. Excludes the value of space occupied by Hibernia in 1WML.
4. 2 Cumberland Place and 50 City Quay.
5. Includes 1WML residential element (Hanover Mills).
6. Valuation assuming 80% net-to-gross and purchaser costs as per C&W at Mar-21.
7. Residential income on net basis assuming Hibernia cost where asset is stabilized and 80% net-to-gross otherwise.
8. Current rental value assumed as ERV as these assets are valued using a combination of price per acre and on an income basis.

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

The key statistics of our office portfolio, which comprised 84% of our overall property portfolio by value at 31 March 2021 and 89% by contracted rent (March 2020: 85% and 88%, respectively), are set out below. The WAULT to break/expiry of our completed office developments (the majority of our office income) is 8.1 years. By comparison, our acquired office assets have a WAULT to break or expiry of just under three years, with those assets in our development pipeline (Marine House, Clanwilliam Court and Harcourt Square) having a WAULT of 1.3 years: this is to facilitate future redevelopment activity.

	Contracted rent	ERV	WAULT to review[1]	WAULT to break/expiry	% of rent upwards only	% of next rent review cap & collar	% of rent MTM[2] at next lease event
1. Acquired in-place office portfolio	€26.9m (€48psf)	€26.6m (€47psf)	1.8yrs	2.8yrs	15%	–	85%
Development pipeline assets[3]	*€9.7m (€42psf)*	*€9.7m (€42psf)*	*1.3yrs*	*1.3yrs*	–	–	*100%*
Investment assets	*€17.2m (€52psf)*	*€16.9m (€51psf)*	*2.1yrs*	*3.7yrs*	*23%*	–	*77%*
2. Completed office developments[4]	€31.3m (€54psf)	€31.1m (€54psf)	1.9yrs	8.1yrs	–	29%	71%
Whole in-place office portfolio	**€58.2m (€51psf)**	**€57.7m (€51psf)**	**1.9yrs**	**5.6yrs**	**7%**	**15%**	**78%**
3. Committed office-let[7]	€1.5m (€61psf)	€1.4m (€59psf)	5.0yrs	10.0yrs	0%	0%	100%
Total office portfolio	**€59.7m (€51psf)**	**€59.2m (€51psf)**	**1.9yrs**	**5.8yrs**	**7%**	**15%**	**78%**
4. Vacant in-place office	–	€3.7m[5] (€47psf)	–	–	–	–	–
5. Committed office-unlet[6]	–	€2.2m (€55psf)	–	–	–	–	–
Whole in-place office portfolio (after vacancy)	**–**	**€65.0m (€51psf)**	**–**	**–**	**–**	**–**	**–**

1. To earlier of review or expiry.
2. Mark-to-market.
3. Hibernia assumption that ERV of near term development pipeline is equal to current contracted rent.
4. 1 Cumberland Place, SOBO Works, 1&2DC, 1WML, 2WML, 1SJRQ.
5. Includes parking and retail in office buildings.
6. 2 Cumberland Place and 50 City Quay.
7. In Apr-20 3M signed a pre-lease in 2 Cumberland Place.

Since 31 March 2020 Group contracted rent has increased by 2.2% to €67.1m, with the main drivers being the pre-let to 3M in 2 Cumberland Place and the five other new leases signed, which outweighed the loss of income from the expiry of some leases in Marine House and Clanwilliam Court. Three rent reviews and five lease variations added a further €0.7m. The vacancy rate of the in-place office portfolio, which was 7% by lettable area in March 2020, remained 7% at 31 March 2021, excluding Marine House and Clanwilliam Court which we expect to redevelop in the near term: including these two assets it rose to 9%. For further details on the vacant space and the increase in contracted rent, please refer to the asset management section below and for further details on our plans for Marine House and Clanwilliam Court please see the developments and refurbishments section below.

At 31 March 2021 our 10 largest tenants, all of which are large, multinational companies or state entities, accounted for 54% of our Group contracted rent of €67.1m. By sector, technology and state entities accounted for 58% of contracted rent (please see the selected portfolio information on pages 8 to 9). As noted elsewhere in this document, our rent collection statistics have remained strong throughout the pandemic.

Portfolio performance

In the financial year ended 31 March 2021 the portfolio value decreased €68m, or 4.4% on a like-for-like basis (i.e. excluding acquisitions, disposals and capital expenditure). In the prior financial year, the portfolio value increased €23m, or 2.0% on a like-for-like basis, with gains in the investment portfolio and our development assets reduced by the 1.5pp increase in the rate of commercial stamp duty in Ireland in late 2019.

	Value at March 2020* (all assets)	Capex	Acquis-itions [1]	H1 Revaluation	H2 Revaluation	Value at March 2021* (all assets)	Like-for-like change	
Traditional Core	*€435m*	*€0.6m*	–	*(€21m)*	*€1m*	*€415m*	*(€20m)*	*(4.7%)*
IFSC	*€205m*	–	–	*(€14m)*	*(€13m)*	*€178m*	*(€27m)*	*(13.1%)*
South Docks	*€555m[2]*	*€2.2m*	*€6.9m*	*(€18m)*	–	*€546m[2]*	*(€17m)*	*(3.1%)*
1. Total Dublin CBD offices	**€1,194m[2]**	***€2.8m***	***€6.9m***	***(€53m)***	***(€12m)***	**€1,139m[2]**	***(€64m)***	***(5.4%)***
2. Dublin CBD office developments	€51m	*€15.1m*	–	*(€3m)*	*(€1m)*	€62m	*(€4m)*	*(5.7%)*
3. Dublin residential	€159m	*€0.2m*	*€0.9m[3]*	*€4m*	*€3m*	€168m	*€7m*	*4.5%*
4. Industrial/other	€61m	–	*€3.9m[3]*	*(€5m)*	*(€1m)*	€59m	*(€5m)*	*(7.7%)*
Total	**€1,465m[2]**	***€18.1m***	***€11.7m***	***(€57m)***	***(€11m)***	**€1,427m[2]**	***(€66m)***	*(4.4%)*

1. Including acquisition costs.
2. Excludes the value of space occupied by Hibernia in 1WML.
3. Includes the internal transfer of three non-core assets into investment property.

Note: At Mar-20, 50 City Quay was included in the *South Docks* segment. At Sep-20, this property was undergoing a substantial refurbishment and so it was moved to *Dublin CBD Office Developments*.

*Note: In the Mar-20 valuation C&W included a material uncertainty clause for all assets valued, in line with RICS guidance. In the Sep-20 valuation C&W removed the material uncertainty clause for assets within the "Dublin residential" group and in the Mar-21 valuation C&W removed the material uncertainty clause for all assets within portfolio.

The valuation decrease in the portfolio during the financial year, which came mostly in the first quarter as the initial impact of the pandemic was felt, was driven by the following:

- **CBD offices:** 5.4% *reduction* in value, largely due to a combination of yield expansion and lower net effective rents applied across the office portfolio. While yields on our most prime offices and near-term developments (1SJRQ, Harcourt Square, Clanwilliam Court and Marine House) remained unchanged, yields on other offices moved out between 5bps and 20bps. Headline office ERVs remained largely unchanged, but an additional three months rent free (over an assumed 10-year term) was generally assumed, resulting in a c. 3% reduction in net effective rents across the office portfolio. The value of our near-term developments (Harcourt Square, Clanwilliam Court and Marine House) declined due to the quantum of rental income left to be paid under the current leases (prior to development) reducing, but the residual site values remained broadly flat.
- **CBD office development:** 5.7% *reduction* in value due to the same valuation assumption changes applied to the *CBD offices* segment noted above. In addition, the assumed period required to let the vacant space once these properties (2 Cumberland Place and 50 City Quay) reach practical completion was increased.
- **Residential:** 4.5% *increase* in value, mainly due to yield compression driven by the weight of capital seeking investment opportunities in Dublin PRS.
- **Industrial/other:** 7.7% *reduction* in value, primarily due to lower values per acre applied to our land at Newlands. While the industrial portfolio has experienced some yield compression and ERV growth, the value increase has been offset by a reduction in the value attributed to future development potential as a result of the uncertainty arising from the pandemic.

Developments and refurbishments

Capital expenditure on developments in the financial year was €16.8m (2020: €21.3m) and mostly related to 2 Cumberland Place, our main active development. In August 2020 work started at 50 City Quay, a small refurbishment project in the Windmill Quarter. Both schemes have been delayed by the COVID-19 restrictions in Ireland and are expected to be completed in July 2021, delivering a total of 62,500 sq. ft. of Grade A office space, 38% of which is pre-let. In the financial year we also received a final grant of planning for the redevelopment of Clanwilliam Court. This means the three office schemes in our near-term development pipeline now have full planning permission to deliver 539,000 sq. ft. of Grade A office space, and can be started in early 2022 (Marine House & Clanwilliam Court, most likely as one project) and early 2023 (Harcourt Square).

Committed development schemes
Construction is nearing completion at 2 Cumberland Place and 50 City Quay, with delivery expected in July 2021. 24,000 sq. ft. of the 58,000 sq. ft. of offices in 2 Cumberland Place was pre-let to 3M Digital Science Community Ltd, a subsidiary of the 3M Company, in April 2020. In August 2020 work commenced on the refurbishment of 50 City Quay. The 4,500 sq. ft. office building is situated in the Windmill Quarter, adjacent to 1SJRQ and faces the River Liffey. The completion of both schemes has been impacted by COVID-19 restrictions, most notably the closure of construction sites in Ireland from early January until early May 2021 and both are now expected to complete in July 2021. Nonetheless, we are not expecting material cost overruns on either scheme.

Please see further details on the schemes below:

	Total area post completion (sq. ft.)	Full purchase price	Est. capex	Capex to complete	Est. total cost (incl. land)	ERV[1]	Office ERV[1]	Expected practical completion ("PC") date
2 Cumberland Place, D2	58k office[2] 1k retail/café	€0m[3]	€35m	€2m	€598psf[4]	€3.4m	€56.65psf	Jul-21
50 City Quay, D2	4.5k	€3m	€1m	€1m	€935psf	€0.3m	€55.00psf	Jul-21
Total committed	**62.5k office**[2] **1k retail/café**	**€3m**[3]	**€36m**	**€3m**	**€617psf**	**€3.7m**	**€56.53psf**	

1. Per C&W headline office ERV at Mar-21.
2. In Apr-20, 24,000 sq. ft. (41%) was pre-let to 3M on a 10-year lease
3. The site forms part of Cumberland Place and at the time of acquisition of Cumberland House no value was ascribed to it.
4. Office demise only.

Development pipeline
We received a final grant of planning from An Bord Pleanála, the planning appeals board, for the 152,000 sq. ft. redevelopment of Clanwilliam Court after Dublin City Council's initial planning approval was the subject of a third-party appeal. This means we have planning permission now for the three office projects in our near-term development pipeline, Marine House, Clanwilliam Court and Harcourt Square. Together these schemes can deliver 539,000 sq. ft. of Grade A office space in Dublin's Traditional Core, a net increase of 283,000 sq. ft. and a 25% increase in the size of our current in-place office portfolio. We are also assessing the longer-term redevelopment potential of certain other assets within the portfolio.

We can start the redevelopment of Marine House and Clanwilliam Court from early 2022, when the existing leases expire, and we can start the redevelopment of Harcourt Square from early 2023. All three schemes should be profitable under most market conditions: based on the planning approvals we have in place, the valuations of the three properties at 31 March 2021 (which include the present value of the income remaining on the leases) equate to aggregate capital values of €306[1] per buildable sq. ft. and the estimated capital expenditure required to deliver the schemes is €555 per buildable sq. ft., an all-in cost of €861[2] per buildable sq. ft.

We continue to hold 155.2 acres of land with potential for mixed-use development schemes in the longer term: re-zoning will be necessary in all cases and consequently the timing of any future developments remains uncertain at present.

[1] Existing income within this figure represents €22 per buildable square foot
[2] To calculate the net development value standard purchasers' costs used are 9.96%

Office	Sector	Current area (sq. ft.)	Area post completion (sq. ft.)	Full purchase price[1]	Comments
Marine House	Office	41k	50k	€30m	• Full planning for refurbishment and extension of Marine House to provide 50k sq. ft. of office accommodation • Leases expire during 2021
Clanwilliam Court	Office	93k	141k office 11k ancillary	€59m	• Redevelopment opportunity post 2021 • Potential to create an office cluster similar to Windmill Quarter (with Marine) • Final planning grant received Aug-20
Harcourt Square	Office	122k	337k office	€77m	• Leased to OPW until Dec-22 • Site offers potential to create cluster of office buildings with shared facilities or a major HQ • Planning granted for 337k sq. ft. of offices (343k incl. reception areas)
Total office & ancillary		**256k**	**539k**	**€166m**	
Mixed-use	**Sector**	**Current area (sq. ft.)**	**Area post completion (sq. ft.)**	**Full purchase price[1]**	**Comments**
Newlands (Gateway)	Industrial/ other	143.7 acres	n/a	€48m[2]	• Strategic transport location • Potential for future mixed-use redevelopment subject to re-zoning
Dublin Industrial Estate	Industrial	128k on 7.7 acres	n/a	€12m	• Strategic transport location • Potential for future mixed-use development subject to re-zoning
Malahide Road Industrial Park	Industrial	66k warehouse & 17k office on 3.8 acres	n/a	€8m	• Potential for future mixed-use development subject to re-zoning
Total mixed-use		**155.2 acres**	**n/a**	**€68m**	

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

Asset management

Net capital expenditure on maintenance amounted to €0.7m in the financial period or €0.3m net of refunds (March 2020: €0.8m). Contracted rent increased by 2.2% to €67.1m (March 2020: €65.7m) as a result of:

- Six new lettings adding €2.6m, including a pre-let of €1.5m;
- Rent reviews concluded and lease variations adding €0.7m;
- Acquisitions adding €0.5m; and
- Lease expiries, breaks, surrenders and adjustments reducing contracted rent by €2.3m.

Some other key statistics at 31 March 2021:

- The vacancy rate of the in-place office portfolio was 7% based on lettable area (March 2020: 7%) and this available space had an ERV of €3.1m, excluding retail and parking (March 2020: €4.0m). Including Marine House and Clanwilliam Court, where the leases are being allowed to expire to enable redevelopment, the vacancy rate was 9%;
- Average rent across the in-place office portfolio was €51psf (March 2020: €50psf) and the ERV was also €51psf (March 2020: €51psf);
- Three office rent reviews were active over 60,000 sq. ft. of office space, with a modest (<€1m) uplift in contracted rent expected (March 2020: two rent reviews active over 30,000 sq. ft. with a <€1m uplift expected);
- Please see page 16 in the Financial Review for rent collection statistics, which remain strong.

Summary of letting activity in the period

Office:

- Five new offices leases agreed over 21,600 sq. ft., adding €1.1m per annum of gross new rent, and one pre-let on 24,000 sq. ft., adding a further €1.5m per annum. Net of expiries, breaks, surrenders and adjustments on let or licensed space, the total incremental new rent was €0.4m per annum. The term certain of the five new leases is 4.1 years and the term certain of the pre-let is 10 years.

- Two rent reviews were concluded over 30,000 sq. ft., increasing contracted rent by €0.6m: in aggregate the revised rents were approximately 60% ahead of the previous contracted rents and modestly ahead of the ERV at the date of review.

Industrial:

- One rent review concluded over 22,000 sq. ft. and three lease extensions signed over 217,000 sq. ft., increasing contracted rent by €0.1m per annum.

Residential:

- A 3pp increase in the vacancy rate on our 334 residential units to 8% resulted in the contracted annual rent at 31 March 2021 reducing by €0.1m compared with 31 March 2020.
- All let units are subject to the rental cap regulations.

Key asset management transactions by property

- Central Quay, South Docks: In November 2020 we agreed to let 12,000 sq. ft. to Hines Real Estate Ireland Limited ("Hines") on a long lease on terms in line with the June 2020 ERV. Hines previously occupied 8,000 sq. ft. in Clanwilliam Court and its lease there was terminated. The move resulted in a net increase in Hibernia's contracted annual rent of €0.2m. In January 2021 we let a 3,000 sq. ft. ground floor unit to Europ Assistance S.A. on a 10-year lease, adding €0.1m to contracted rent, in line with the September 2020 ERV. Separately, Invesco has served notice to exercise a break option on its lease of 11,000 sq. ft. in the building with effect from November 2021: this will result in a 12-month rental penalty.
- 2 Cumberland Place, Traditional Core: Construction of the 58,000 sq. ft. office building is approaching completion (see further details above). In April 2020 we agreed to lease 24,000 sq. ft. to 3M Digital Science Community Ltd, a subsidiary of 3M Company, on a 10-year lease on terms ahead of the September 2019 ERV.
- Hardwicke House, Traditional Core: In December 2020, two rent reviews over 30,000 sq. ft. were concluded modestly ahead of ERV at the date of review, adding €0.6m to contracted rent.
- Gateway, D22/24: In July 2020 we agreed lease extensions for two of the terminals to July 2021 and we have agreed a rent review on another unit of the site, which is also let on short term rolling leases. In total these agreements have increased our contracted rent by €0.2m per annum.
- Marine House, Traditional Core: Most of the leases in the 41,000 sq. ft. office building expired in June 2020. We have taken the decision to offer short term lease arrangements to align with the neighbouring blocks in Clanwilliam Court, where leases mostly expire in late 2021 or early 2022. At present Marine House is 53% occupied, generating rent of €0.8m per annum.

Key in-place office properties with vacancy at period end

As noted above, the in-place office portfolio vacancy rate at 31 March 2020 was 7% and it remained at this level at 31 March 2021, excluding Marine House and Clanwilliam Court, where the leases are being run down to facilitate redevelopment of the properties in the near term. Including Marine House and Clanwilliam Court, the office vacancy rate at 31 March 2021 was 9%. The main office investment assets with vacancy are:

- Central Quay, South Docks: 11,000 sq. ft. of office accommodation available to lease;
- The Forum, IFSC: all 47,000 sq. ft. of office accommodation and 50 car parking spaces are available to lease; and
- Other: 9,000 sq. ft. of available space.

Future rent reviews, break options and lease expiries

The table below summarises upcoming rent reviews and lease expiries by financial year, as well as setting out the ERVs for this space, at 31 March 2021. As noted in the footnote below, only a relatively small amount of income, €6.0m, is subject to break options over the next five years.

	Current income				ERV @ Mar-21		
FY	Expiries for near term development	All other lease expiries	Rent review		Expiries for near term development	All other lease expiries	Rent review
Mar-21	€0.1m	€0.1m	€2.9m		€0.1m	€0.1m	€3.2m
Mar-22	€3.6m	€0.7m	€11.6m		€3.6m	€0.7m	€11.9m
Mar-23	€6.0m	€0.7m	€8.8m		€6.0m	€0.5m	€8.2m
Mar-24	-	€3.3m	€4.8m		-	€3.3m	€4.7m
Mar-25	-	€2.9m	€11.4m		-	€2.9m	€11.2m
Total	**€9.7m**	**€7.7m**	**€39.5m[1]**		**€9.7m**	**€7.4m**	**€39.3m[1]**

Note: The table above shows upcoming rent reviews and expiries: break options amount to an additional €6.0m over the period to Mar-25 as follows :€0.2m in FY22, €2.8m in FY23, €1.4m in FY24 and €1.5m in FY25

1. €9.0m of this income is capped & collared at next review and a further €4.0m is subject to upward only rent review provisions.

SUSTAINABILITY/ESG

Improving our sustainability performance is a key strategic priority. In the four years to December 2020 (our sustainability data is measured on a calendar year basis), we achieved a reduction of over 50% in greenhouse gas emissions intensity from landlord-obtained utilities in our managed offices on a like-for-like basis and a reduction of over 55% on an absolute basis. Our performance in 2020 (a reduction of 26% in greenhouse gas emissions intensity from landlord-obtained utilities in our managed offices on a like-for-like basis and on an absolute basis when compared against 2019) was helped by the reduction in office usage due to the pandemic and also as a result of the real-time energy monitoring system we have installed in our managed office buildings. We received our third successive EPRA Gold Award for the quality of our sustainability performance disclosures in 2020, our first four star GRESB rating and a B minus rating in our response to the CDP Climate Change questionnaire – a positive result for our first submission.

As mentioned in previous statements, a major area of focus for us in the financial year was assessing pathways towards Net Zero Carbon emissions and considering the disclosure recommendations of the TCFD. In April 2021 we published "Transforming Dublin Responsibly", our Sustainability Statement of Intent. This replaced our existing Sustainability Strategy, setting long-term targets for the business, including commitments to become a Net Zero Carbon business by 2030 and to fully align our disclosures with the TCFD recommendations by 2022. For further details please see the sustainability section of our website (https://www.hiberniareit.com/sustainability).

FINANCIAL REVIEW

As at	31 March 2021	31 March 2020	Movement
IFRS NAVPS	173.6c	179.8c	(3.4)%
EPRA NTAPS[1]	172.7c	179.2c	(3.7)%
Net debt[1]	€278.8m	€241.4m	+15.5%
Group LTV[1]	19.5%	16.5%	+3.0pp
Financial year ended	31 March 2021	31 March 2020	Movement
(Loss)/profit after tax	(€25.2m)	€61.0m	(141.3)%
EPRA earnings[1]	€42.2m	€38.1m	+10.8%
Diluted IFRS EPS	(3.7)c	8.8c	(142.0)%
EPRA EPS[1]	6.3c	5.5c	+13.4%
Proposed final DPS[1]	3.4c	3.0c	+13.3%
FY21 DPS[1]	5.4c	4.75c	+13.7%

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

The key drivers of the 6.5 cent decrease in EPRA NTA per share since 31 March 2020, were:

- A 9.9 cent per share reduction due to revaluation losses on the property portfolio, including a 0.5 cent per share reduction from active developments: 6.9 cent of these revaluation losses came in the first quarter;
- A 6.3 cent per share increase from EPRA earnings;
- Payment of the FY20 final dividend and FY21 interim dividend, which reduced NTA by 5.0 cent per share; and
- Other items, primarily the share buy-back, which increased NTA by 2.1 cent per share.

EPRA earnings were €42.2m, up 10.8% (or €4.1m) compared with the prior financial year due to:

- A full year of income from leases agreed in the prior year, which added €5.1m to earnings. These included leases within completed office developments (e.g. 1SJRQ, 2WML) and leases in our office investment assets (e.g. South Dock House, Observatory);
- Activity in the current financial year, including rent reviews, new lettings, acquisitions and rent waived, which added €0.8m to earnings;
- Lease expiries and terminations, which reduced earnings by €1.2m; and
- A modest increase in costs (primarily a larger finance expense due to a larger drawn debt position) which reduced earnings by €0.6m.

The Group recorded an after-tax loss of €25.2m in the financial year, a reduction of 141.3% over the prior year profit after tax of €61.0m, due to revaluation losses on the investment property portfolio of €67.6m (2020: revaluation gain of €22.9m).

Funding position

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

The Group's debt funding is fully unsecured and comprises a revolving credit facility ("RCF") and private placement notes. The weighted average maturity of the Group's debt at 31 March 2021 was 3.4 years (March 2020: 4.4 years), with no debt due before December 2023. In May 2021, the Group agreed to issue €125m of new private placement notes to five institutional investors, with closing occurring in late July 2021. The new notes will help finance the Group's development pipeline and provide long-term, low-cost funding. Pro-forma for the new private placement notes the weighted average maturity of the Group's debt at 31 March 2021 was 5.2 years. Please see the table below for further details on the Group's debt facilities.

Instruments	Quantum	Maturity	Interest cost	Security
Revolving credit facility (five year)	€320m	December 2023	2.0% over EURIBOR on drawn funds 0.8% undrawn commitment fee (fixed)	Unsecured
Private placement notes (seven year)	€37.5m	January 2026	2.36% coupon (fixed)	Unsecured
Private placement notes (ten year)	€37.5m	January 2029	2.69% coupon (fixed)	Unsecured
Total at 31 March 2021	**€395m**	**3.4 years**		
Private placement notes (ten year)	€62.5m	July 2031	1.88% coupon (fixed)	Unsecured
Private placement notes (twelve year)	€62.5m	July 2033	1.92% coupon (fixed)	Unsecured
Total including new issuance	**€520m**	**5.2 years**		

At 31 March 2021, net debt was €278.8m (March 2020: €241.4m), equating to an LTV of 19.5% (March 2020: 16.5%). The main capital expenditure items driving the increase in net debt in the financial year were development expenditure of €16.8m, acquisition expenditure of €11.1m and the share buyback of €25m (please see further details below in capital management). Cash and undrawn facilities at 31 March 2021 amounted to €116m or €110m, net of committed expenditure (March 2020: €154m and €136m, respectively). Pro-forma for the new private placement notes, cash and undrawn facilities at 31 March 2021 amounted to €241m or €235m, net of committed expenditure. Assuming full investment of the available facilities in property, including the new private placement notes, the LTV, based on market values at 31 March 2021, would be c. 31%.

The Group has significant headroom on the financial covenants on its borrowings: the table below outlines the principal financial covenants and the headroom above each at 31 March 2021.

Key covenant	Calculation	Requirement	At 31 March 21	Headroom to covenant limit
Loan to value	Gross debt/(portfolio value + cash)	<50%	20.8%[1]	Portfolio value would have to fall 59% before breach (March 2020: 65%)
Interest cover ratio	Underlying EBIT/total finance costs	>1.5x	6.4x[2]	Underlying EBIT would have to fall 77% before breach (March 2020: 76%)
Net worth	Net Asset Value	>€400m	€1,149m	Net Asset Value would have to fall 65% before breach (March 2020: 68%)

1. Reported LTV is calculated as net debt/portfolio value, giving a ratio of 19.5%.
2. Based on 12-month historic interest cover at 31 March 2021.

Interest rate hedging

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

In December 2020, the Group entered interest rate caps on €200m of notional debt for a premium of €0.6m, taking advantage of the low interest rate expectations at the time. These caps have a strike rate of 0.25% EURIBOR and cover the five-year period to December 2025. The Group's existing interest rate hedging instruments on €125m of notional debt, which have a strike rate of 0.75% EURIBOR, are expected to expire in December 2021. At 31 March 2021 the Group's interest rate risk on its RCF drawings of €227m (2020: €187m) were mitigated by these instruments, which cover €325m of notional exposure (2020: €125m) and the Group had €75m of fixed coupon private placement notes (2020: €75m). This means 143% of the interest rate risk on the RCF drawings was hedged (2020: 67%) and 132% of the Group's overall interest rate risk on its debt was fixed or hedged (2020: 76%). The "over-hedged" position at 31 March 2021 results in no additional financial risk to the Group. Please see the table below for further details on the Group's hedging instruments at 31 March 2021.

Instrument	Notional	Strike rate	Exercise date	Effective date	Termination date
Cap	€125m	0.75%	n/a	February 2019	December 2021
Swaption	€125m	0.75%	December 2021	December 2021	December 2023
Cap	€200m	0.25%	n/a	December 2020	December 2025

Capital management

In August 2020, given the prevailing share price, we announced a €25m share buyback programme to complete the return to shareholders of the proceeds of the sale of 77 Sir John Rogerson's Quay, which were received in early 2019. The share buyback programme completed on 16 November 2020, at which point 23.1m shares had been repurchased and cancelled at an average purchase price per share of €1.08. The buyback programme was accretive to both EPRA NTAPS and EPRA EPS, with the effects seen particularly in the second half of the financial year, when the majority of the shares were repurchased and cancelled. No shares are being held in treasury.

Rent collection

Our tenants are important stakeholders in our business, and we have been working closely with them to offer support, where needed, in the current circumstances. This has included allowing some tenants to pay rent monthly in advance rather than quarterly in advance on a temporary basis and, in a limited number of cases, rent deferrals or waivers. On average our rent collection rates in the financial year averaged 99% across our commercial and residential properties.

Commercial tenants[1]

As shown in the table below, our commercial rent collection has remained strong since the start of the pandemic.

Commercial rent	Quarter ending Jun-21 (Q1 FY22)	FY21
Rent received		
Within seven days	88%	89%
Within 14 days	92%	91%
Within 30 days	94%	94%
Within 60 days	97%	98.5%
Rent received at 24 May 2021	**97%**	**98.5%**
Rent on payment plans		
Monthly rent not yet due	2%	-
Rent deferred	-	0.5%
Rent on payment plans at 24 May 2021	**2%**	**0.5%**
Rent unpaid		
Rent due	1%	0.5%
Rent waived	-	0.5%
Rent unpaid at 24 May 2021	**1%**	**1%**

Residential tenants[2]

At close of business on 24 May 2021, 98% of the rent due for the month of May had been received and the occupancy rate in our residential units was 94%. At the same point in April, 98% of that month's contracted rent had been received and the occupancy rate was 93%. We have now received 99% of the April rent due. Across FY21 we have now received 99% of rent due and the occupancy rate averaged 94%.

Dividend

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

The Board has proposed a final dividend of 3.4 cent per share (March 2020: 3.0 cent), taking the total dividend for the financial year to 5.4 cent per share. This is a 13.7% increase on prior year (March 2020: 4.75 cent) and represents 86% of EPRA EPS for the financial year (March 2020: 86%). Subject to approval at the Group's AGM on 27 July 2021, the final dividend is expected to be paid on 30 July 2021 to shareholders on the register at 2 July 2021. The final dividend will be a Property Income Distribution in respect of the Group's property rental business, as defined under the Irish REIT legislation.

[1] 91% of Group contracted rent

[2] 9% of Group contracted rent

SELECTED PORTFOLIO INFORMATION

1. Summary EPRA measures

EPRA performance measure	Unit	Financial year ended 31 March 2021	Financial year ended 31 March 2020
EPRA earnings	€'000	42,223	38,093
EPRA EPS	cent	6.3	5.5
Diluted EPRA EPS	cent	6.2	5.5
EPRA cost ratio - including direct vacancy costs	%	25.0%	26.8%
EPRA cost ratio - excluding direct vacancy costs	%	23.5%	25.2%
EPRA performance measure	**Unit**	**As at 31 March 2021**	**As at 31 March 2020**
EPRA Net Initial Yield ("NIY")	%	4.4%	4.1%
EPRA "topped-up" NIY	%	4.4%	4.4%
IFRS NAV	€'000	1,148,638	1,231,149
IFRS NAV per share	cent	173.6	179.8
EPRA Net Reinstatement Value ("EPRA NRV")	cent	192.7	199.5
EPRA Net Tangible Assets ("EPRA NTA")	cent	172.7	179.2
EPRA Net Disposal Value ("EPRA NDV")	cent	171.2	178.3
EPRA vacancy rate	%	8.5%	6.9%
Adjusted EPRA vacancy rate	%	7.3%	6.9%

Note: These EPRA measures are APMs. Please see Supplementary Information at the end of this report for further details.

2. Top 10 tenants by contracted rent and percentage of contracted rent roll[1]

	Top 10 tenants	€m	%	Sector
1	HubSpot Ireland Limited	10.5	16%	Technology
2	OPW	6.0	9%	State entity
3	Twitter International Company	5.1	8%	Technology
4	Zalando	2.9	4%	Technology
5	Autodesk Ireland Operations	2.8	4%	Technology
6	Informatica Ireland EMEA	2.1	3%	Technology
7	Riot Games	2.0	3%	Technology
8	Travelport Digital Limited	1.8	3%	Technology
9	Deloitte	1.7	2%	Professional services
10	BNY Mellon Fund Services	1.6	2%	Banking and capital markets
	Top 10 tenants	**36.5**	**54%**	
	Remaining tenants	30.6	46%	
	Whole portfolio	**67.1**	**100%**	

1. Includes net residential rents and excludes income from joint arrangement with Iconic Offices in Clanwilliam Court.

3. Contracted rent by tenant type

Sector	€m	%
Technology	29.0	43%
State entities	9.9	15%
Insurance & Investment Management	7.1	10%
Professional services	4.1	6%
Other	2.6	4%
Media	2.3	3%
Banking & Capital Markets	1.6	2%
Aviation	1.2	2%
Car Parking	0.7	1%
Retail & Leisure	0.6	1%
Serviced offices	0.5	1%
Energy	0.2	1%
Industrial assets	1.5	2%
Residential assets	6.0	9%
Total	**67.1**	**100%**

4. In-place office contracted rent and WAULT progression

	Mar-19	Movement to Mar-20	Mar-20	Movement to Mar-21	Mar-21
All office contracted rent[1]	€50.4m	+14%	€57.7m	+3%	€59.7m
In-place office contracted rent[1]	€50.4m	+14%	€57.7m	+1%	€58.2m
In-place office WAULT[2]	7.5yrs	-15%	6.4yrs	-13%	5.6yrs
In-place office vacancy[3]	12%	-5pp	7%	-	7%[4]

1. Excl. arrangement with Iconic Offices at Block 1, Clanwilliam.
2. To earlier of break or expiry.
3. By net lettable office area. Office area only (i.e. excl. retail, basement, gym, Townhall etc.).
4. Excl vacancy in near term development properties – i.e. Marine House and Clanwilliam Court. Including these the vacancy rate would be 9%.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has carried out a thorough assessment of the principal risks and uncertainties facing the Group, together with the potential impact on the business and the mitigating actions and controls that are in place. In dealing with COVID-19 we have focused not just on the near-term effects, but on the possible long-term impacts. The direct impact of COVID-19 on the Group's business has been relatively modest, the risks it currently presents primarily centre around how quickly economic and property market activity can recover and whether it changes occupier and/or investor behaviour to the detriment of the Group in the longer term. In 2019-20 we identified COVID-19 as an emerging risk: we now see it as an operating risk in all aspects of our business and consider its effects as part of the environment in which we operate.

The principal risks and uncertainties facing the Group are set out below on pages 19 to 23, together with the potential impact and the mitigating actions and controls in place. Further detail on the Group's approach to risk management and mitigation will be included in the 2021 Annual Report, due to be published in June 2021. The main changes to our principal risks since 31 March 2020 are:

Key risks added (excluding amalgamations):

- Uncertain recovery from the COVID-19 pandemic.

Key risks removed (excluding amalgamations):

- COVID-19 pandemic (we now see it as an operating risk in all aspects of our business and therefore do not treat it as a separate risk).
- Weakening economy.
- Contractor or subcontractor default.
- Poor asset management.

Residual impacts increased:

- Ireland's attractiveness is negatively impacted.
- Failure to motivate and retain team resulting in failure to execute the Group's business plan.

Residual impacts reduced:

- None.

<table>
<tr><th>Exposure</th><th>Key controls and mitigants</th><th>Key activities in 2020-21</th></tr>
<tr><td colspan="3">R1: Failure to anticipate or react to market trends resulting in inappropriate business strategy</td></tr>
<tr><td>Failure to anticipate changing trends in occupier and investor behaviour, resulting in an inappropriate business strategy and below target returns.

In our view the pandemic has accelerated structural changes in the workplace, with tenants increasingly looking for greater flexibility, more collaborative space, better amenities, and stronger wellness and ESG credentials.

Residual risk impact:
High

Risk trend:
Increasing</td><td>- Close monitoring of trends in the Dublin market and other major international cities
- Conversations with tenants and stakeholders and annual tenant survey
- Regular review of strategy and risks
- Board and Committee oversight of all significant investment and divestment opportunities</td><td>Regular dialogue with existing/ potential tenants.

Tenant survey undertaken in late 2020 with positive feedback received and no indication of a material reduction in the office space requirements of our tenants.

Staff attended several CPD training seminars and conferences to keep informed about trends in the global market.

A strategy review was completed by the Board in February 2021.

Our Remuneration Policy, reviewed this year, focuses on near- and longer-term performance measures to align with strategy and has an increased focus on ESG performance measures.</td></tr>
<tr><td colspan="3">R2: Uncertain recovery from the COVID-19 pandemic</td></tr>
<tr><td>While the initial indicators are showing a rapid economic recovery from the pandemic as the vaccine roll-out progresses, there is no certainty this will continue, and new strains of the virus could result in further disruption.

Residual risk impact:
High

Risk trend:
New risk</td><td>- Active monitoring of economic and market indicators, and regular financial forecasting, stress testing and scenario planning
- Risk appetite limits are in place for key operating indicators.
- The Group has a talented and experienced team with in-depth knowledge of our market
- The Group has a low leverage (LTV of 19.5% at Mar-21) and long office WAULT (5.8 years at Mar-21)</td><td>We have been closely monitoring our markets and the pace of economic recovery in Ireland and internationally.

Tenant credit risk assessment is a continuing focus: both before and during the leasing relationship. The impacts of the macro-economic conditions are a particular focus.

Relationships with professional advisers such as tax & legal advisors, property professionals and sustainability experts assist management to monitor market risk and international developments.</td></tr>
</table>

Exposure	Key controls and mitigants	Key activities in 2020-21
R3: Ireland's attractiveness is negatively impacted		
Ireland's economy is highly dependent on international trade and foreign direct investment. Regulatory or tax changes, either domestic or international (e.g. BEPS, US tax developments), could result in Ireland becoming less attractive for investment versus other jurisdictions. This in turn could reduce demand for Dublin offices from occupiers and investors. The pandemic will add a considerable strain on public sector finances for many years to come and may impact domestic politics and international regulation. **Residual risk impact:** High **Risk trend:** Increasing	- The Group regularly reviews and manages its risk profile - The Group considers a variety of scenarios when considering its strategic objectives, financial forecasting, and business plans - Use of expert advisers - The UK's exit from the EU removes one of Ireland's key competitors as a destination for foreign direct investment to take advantage of the EU Single Market	The Group is a member of IIP (Irish Institutional Property) and continues to engage with government agencies and politicians, to promote the development of a stable, competitive real estate sector in Ireland. The Group engages with government departments and regulators such as the Department of Finance and Revenue on matters that directly impact the Group. The Group engages expert tax and legal advisers to monitor the impact of any changes to government policies, and international changes or trends that may impact Ireland's competitiveness, for example international tax reform and US tax developments.
R4: Failure to respond appropriately and sufficiently to climate change risks		
The Group fails to appropriately and proactively respond to climate change risks. This could result in a loss of value to shareholders, as well as reputational damage and/or regulatory issues. The pandemic has increased the focus on ESG and wellness in the office environment, thus increasing the risk of failure to respond appropriately. **Residual risk impact:** Medium **Risk trend:** Unchanged	- Full-time Sustainability Manager - Sustainability Committee monitors our ESG performance, risks, and controls - Use of external advisers where required - Participation in industry benchmarks to monitor our ESG performance and reporting status	Release of Sustainability Statement of Intent. This includes commitments to a Net Zero Carbon strategy, implementation of TCFD reporting, science-based targets, and several other measures. Implementation of ISO 45001/14001 standards, EHS management system. We have reviewed our Remuneration Policy and have proposed increasing their weighting towards ESG performance measures. We have actively engaged with our main stakeholders, tenants and investors, via meetings and a tenant survey to understand their concerns and interests. We also carried out our annual staff survey.

Exposure	Key controls and mitigants	Key activities in 2020-21
R5: Risk of tenant default		
Tenant default leading to loss of income, reduced cash flow and poor returns. The pandemic has highlighted the importance of a robust and diverse tenant base and increased the risk of financial difficulties for some tenants. **Residual risk impact:** Medium **Risk trend:** Decreasing	- Risk indicators regarding sector, tenant and geographic concentration form a key part in all leasing and investment decisions - A detailed assessment of the covenant strength of commercial tenants is completed before agreeing leases and continues to be assessed periodically	The covenant strength of all major tenants has been assessed at least once in the financial year. The covenant strength of all prospective tenants was assessed. The Group has a strong tenant base: during FY21 rent collection rates have remained at c. 99% despite the pandemic. Where tenants have legitimately requested assistance, the Group has engaged in agreeing appropriate payment plans.
R6: Poor or mistimed execution of development projects		
Failure to manage the development pipeline to deliver the profits anticipated through poor management and/or misjudgement of the property market trends resulting in poor returns and leasing performance. Active developments have been delayed due to lockdowns and the letting market has been less active. Future tenant requirements may change as a result of the pandemic. **Residual risk impact:** Medium **Risk trend:** Decreasing	- Regular review of the pipeline and schedule against portfolio sectors, financing, risk appetites and market trends - Rigorous monitoring of development expenditure against approved budgets - Reputable and experienced professionals and contractors are appointed, with due diligence completed on main contractors before signing and before each payment is made to a contractor - Incorporation of sustainable elements in building design - Marketing of properties starts well in advance of completion date to de-risk the development portfolio	2 Cumberland Place and 50 City Quay, our two active developments were due to complete in FY21 but have been delayed by the construction lockdowns in Ireland and are now expected to complete in early July 2021. We are not expecting material cost overruns from the delays. Of the 62,500 sq. ft. the two schemes will deliver, 38% was pre-let to 3M in early FY21 and we are currently engaging with potential tenants regarding the remaining unlet space. We have obtained full planning approval to commence the development of the Clanwilliam cluster from early 2022 and the Harcourt cluster from early 2023. Both schemes have low break-even rents and much of our recent focus has been on optimising the designs for ESG and collaborative work. We retain flexibility on when development commences.

Exposure	Key controls and mitigants	Key activities in 2020-21
R7: Failure to motivate and retain team resulting in failure to execute the Group's business plan		
Loss of knowledge, experience and leadership could have negative impacts on the Group's ability to achieve its strategic priorities. People in Ireland have been working remotely for most of the year due to the pandemic, which can cause difficulties with team cohesion and motivation. **Residual risk impact:** Medium **Risk trend:** Increasing	- Employee remuneration is strongly linked to Group and individual performance and variable pay contains a significant deferred element - Periodic assessment of remuneration packages for all staff is completed to ensure they remain competitive - Employee performance and goal setting, with regular performance reviews - Succession planning at a Board level is led by the Nomination committee. Staff development is also supported to allow for internal promotion - Team events and opportunity for feedback through surveys and team meetings	Along with regular video calls within departments, we have a weekly all-hands video call to keep our staff up to date with the activities of all our departments. In addition, we have held several virtual social events and training sessions. Margaret Fleming was appointed to the role of Designated Non-Executive Director for Workforce Engagement and has held several workshops with staff during the year. The annual staff survey was completed: recent surveys have shown a high degree of employee satisfaction. The Nominations Committee considered succession planning as part of its remit.
R8: Disruption from external threat/event, cyber-attack, or fraud		
Damage or losses due to fraud, error, cybercrime, or an external event may result in significant disruption and damage to the Group's portfolio, reputation and/or operations. The pandemic has resulted in the installation of new control measures in our buildings. Working from home during the pandemic has increased the risk of cyber-attacks and fraud. **Residual risk impact:** Medium **Risk trend:** Unchanged	- Business continuity and crisis management plans are reviewed at least annually - External IT consultants complete regular testing and review of the Group's systems - IT and security updates are issued to all staff on a regular basis - Effective internal controls and fraud prevention measures are in place and reviewed regularly by staff and on a scheduled basis by the Group's internal auditor, PwC - Insurance policies include cover for catastrophic events	In accordance with public health guidance, our head office staff have been working from home since mid-March 2020. The transition to remote working has been smooth, assisted by our cloud-based IT systems. Maintaining our collaborative, team culture and ensuring staff welfare have been a key priority. At the start of the pandemic, we appointed one of our team to oversee our COVID-19 response and we have developed an individual plan for each building. This has been discussed with tenants and covers access control, physical distancing measures, additional cleaning, sanitising and signage. The Group has continued to improve its IT security measures during the financial year. A review of the Group's information security measures was completed in 2019 by PwC, and a cyber security audit is planned for early in FY22.

Exposure	Key controls and mitigants	Key activities in 2020-21
R9: Inappropriate capital structure/lack of funds for investment		
Failure to meet target returns due to funding limitations and inability to fund the development pipeline and/or invest in accretive opportunities. The pandemic has had a volatile impact on financial markets which could negatively affect the availability of funds and potential returns. **Residual risk impact:** Low **Risk trend:** Decreasing	- The Group has a target loan to value ratio of 20-30% through the cycle, which is well below debt covenant limits, and the majority of interest rate exposure fixed or hedged - All debt is unsecured and has with staggered maturities: the weighted average maturity at Mar-21 was 3.4 years - Active monitoring and assessment of current and future financial and cash flow requirements and availability of funding is maintained. - Board oversight	In December 2020, the Group entered interest rate caps on €200m of notional debt. These have a strike rate of 0.25% EURIBOR and cover the five-year period to December 2025. In May 2020, the Group agreed to issue €125m of new 10- and 12-year unsecured US private placement notes with average coupon of 1.9%. The weighted average debt maturity at Mar-21 of 3.4 years, has increased to 5.2 years pro-forma the new debt issue. At 31 March 2021 the Group had cash and undrawn facilities net of commitments of €110m, rising to €235m including the new USPP notes.

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2021

	Notes	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Revenue	5	**72,712**	67,930
Rental income	5	**66,487**	61,812
Property operating expenses	5	**(3,181)**	(3,227)
Net rental and related income	5	**63,306**	58,585
Operating expenses			
Administration expenses	8	**(13,062)**	(13,246)
Expected credit losses on financial assets		**(423)**	(147)
Total operating expenses		**(13,485)**	(13,393)
Operating profit before gains and losses		**49,821**	45,192
Gains and (losses) on investment property	7	**(67,581)**	22,856
Other gains		**81**	10
Operating (loss)/profit		**(17,679)**	68,058
Finance income	11	**1**	3
Finance expense	11	**(7,723)**	(7,198)
(Loss)/profit before income tax		**(25,401)**	60,863
Income tax credit	12	**188**	180
(Loss)/profit for the financial year attributable to owners of the parent		**(25,213)**	61,043
EPRA earnings for the financial year	14	**42,223**	38,093
Earnings per share			
Basic earnings per share (cent)	14	**(3.7)**	8.9
Diluted earnings per share (cent)	14	**(3.7)**	8.8
EPRA earnings per share (cent)	14	**6.3**	5.5
Diluted EPRA earnings per share (cent)	14	**6.2**	5.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Notes	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
(Loss)/profit for the financial year attributable to owners of the parent		**(25,213)**	**61,043**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
(Loss)/gain on revaluation of land and buildings	17	(304)	1,658
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on hedging instruments entered into for cash flow hedges	22.b	676	54
Total other comprehensive income		**372**	**1,712**
Total comprehensive income for the financial year attributable to owners of the parent		**(24,841)**	**62,755**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Notes	31 March 2021 €'000	31 March 2020 €'000
Assets			
Non-current assets			
Investment property	16	**1,427,413**	1,465,183
Property, plant and equipment	17	**7,858**	8,631
Other assets	16	**-**	534
Other financial assets	19	**972**	34
Trade and other receivables	20	**9,210**	10,215
Total non-current assets		**1,445,453**	1,484,597
Current assets			
Trade and other receivables	20	**3,970**	3,751
Cash and cash equivalents	18	**31,634**	28,454
Total current assets		**35,604**	32,205
Total assets		**1,481,057**	1,516,802
Equity and liabilities			
Capital and reserves			
Share capital	21	**66,166**	68,466
Share premium	21	**580,444**	630,276
Capital redemption reserve fund	21	**4,070**	1,757
Other reserves	22	**6,638**	5,379
Retained earnings	23	**491,320**	525,271
Total equity		**1,148,638**	1,231,149
Non-current liabilities			
Financial liabilities	24	**299,956**	259,691
Deferred tax liabilities	25	**206**	395
Total non-current liabilities		**300,162**	260,086
Current liabilities			
Financial liabilities	24	**485**	517
Trade and other payables	26	**27,997**	21,873
Contract liabilities	27	**3,775**	3,177
Total current liabilities		**32,257**	25,567
Total equity and liabilities		**1,481,057**	1,516,802
IFRS NAV per share (cent)	15	**173.6**	179.8
Diluted IFRS NAV per share (cent)	15	**172.7**	179.2
EPRA NTA per share (cent)	15	**172.7**	179.2

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Notes	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Cash flows from operating activities			
Rent received		**70,775**	64,734
Other property income		**7,160**	6,560
Property expenses paid		**(9,291)**	(8,918)
Cash paid to and on behalf of employees		**(6,554)**	(6,024)
Other administrative expenses paid		**(3,818)**	(5,606)
Interest received		**1**	3
Other income		**13**	10
Income tax refund		**-**	81
Net cash from operating activities		**58,286**	50,840
Cash flows from investing activities			
Purchase of investment property	28.a	**(7,978)**	(22,675)
Capital expenditure on investment property	28.b	**(20,316)**	(25,266)
Cash received from sale of investment property		**136**	34,503
Purchase of property, plant and equipment		**(61)**	(2,066)
Sale of property, plant and equipment		**-**	50
Net cash flow (absorbed) by investing activities		**(28,219)**	(15,454)
Cash flows from financing activities			
Dividends paid		**(33,777)**	(25,866)
Cash expended on share buyback		**(25,035)**	(25,036)
Borrowings drawn		**42,100**	57,945
Borrowings repaid		**(2,500)**	(29,968)
Finance expenses paid		**(7,100)**	(6,369)
Purchase of derivative hedges		**(561)**	-
Share issue costs		**(14)**	(10)
Net cash (outflow) from financing activities		**(26,887)**	(29,304)
Net increase in cash and cash equivalents		**3,180**	6,082
Cash and cash equivalents start of financial year		**28,454**	22,372
Increase in cash and cash equivalents		**3,180**	6,082
Net cash and cash equivalents at end of financial year		**31,634**	28,454

The consolidated statement of cash flows, including the comparative information, has been presented here using the direct approach under International Accounting Standard ("IAS") 7 *Statement of Cash Flows*. In previous financial statements the indirect approach has been presented. Further details on this change can be found in note 2.a.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

	Share capital €'000	Share premium €'000	Capital redemption reserve fund €'000	Property revaluation reserve €'000	Cash flow hedge reserve €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 April 2019	69,759	624,483	-	1,889	(288)	7,556	515,140	1,218,539
Profit for the financial year	-	-	-	-	-	-	61,043	61,043
Other comprehensive income for the financial year	-	-	-	1,658	54	-	-	1,712
Balance before transactions with shareholders	69,759	624,483	-	3,547	(234)	7,556	576,183	1,281,294
Issue of share capital	464	5,793	-	-	-	(6,257)	(10)	(10)
Own shares acquired and cancelled in the financial year	(1,757)	-	1,757	-	-	-	(25,036)	(25,036)
Dividends paid	-	-	-	-	-	-	(25,866)	(25,866)
Share-based payments	-	-	-	-	-	767	-	767
Balance at 31 March 2020	68,466	630,276	1,757	3,547	(234)	2,066	525,271	1,231,149
(Loss) for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**(25,213)**	**(25,213)**
Other comprehensive income for the financial year	**-**	**-**	**-**	**(304)**	**676**	**-**	**-**	**372**
Balance before transactions with shareholders	**68,466**	**630,276**	**1,757**	**3,243**	**442**	**2,066**	**500,058**	**1,206,308**
Capital reorganisation	**-**	**(50,000)**	**-**	**-**	**-**	**-**	**50,000**	**-**
Issue of share capital	**13**	**168**	**-**	**-**	**-**	**(181)**	**(14)**	**(14)**
Own shares acquired and cancelled in the financial year	**(2,313)**		**2,313**	**-**	**-**	**-**	**(25,035)**	**(25,035)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(33,777)**	**(33,777)**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**1,068**	**88**	**1,156**
Balance at 31 March 2021	**66,166**	**580,444**	**4,070**	**3,243**	**442**	**2,953**	**491,320**	**1,148,638**

SECTION I – GENERAL

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

1. General information

Hibernia REIT plc (the "Company"), registered number 531267, together with its subsidiaries and associated undertakings (the "Group"), is engaged in property investment and development (primarily office) in the Dublin market with a view to maximising its shareholders' returns.

The Company is a public limited company and is incorporated and domiciled in Ireland. It is regulated by the Central Bank of Ireland. The address of the Company's registered office is 1WML, Windmill Lane, Dublin, D02 F206, Ireland.

The ordinary shares of the Company are listed on the primary listing segment of the Official List of Euronext (the "Irish Official List") and the premium listing segment of the Official List of the UK Listing Authority (the "UK Official List" and, together with the Irish Official List, the "Official Lists") and are traded on the regulated markets for listed securities of Euronext Dublin and the London Stock Exchange plc.

2. Basis of preparation

2.a Statement of compliance and basis of preparation

These consolidated financial statements of Hibernia REIT plc are non-statutory consolidated financial statements for the purpose of the Companies Act 2014. The Auditor has not completed its audit but the Directors do not expect that there will be changes to the financial information between these non-statutory consolidated financial statements and the statutory financial statements that will be contained in the Annual Report. The Annual Report of the Group is expected to be published in late June 2021. The consolidated financial statements of Hibernia REIT plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and the Companies Act 2014. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board ("IASB"). The Group financial statements therefore comply with Article 4 of the EU IAS Regulation. The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties, owner-occupied buildings and derivative financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements for the year ended 31 March 2020 that are presented in the consolidated financial statements represent an abbreviated version of the full financial statements for that year on which the independent Auditor, Deloitte Ireland LLP, issued an unqualified audit report with no emphasis of matter and are not annexed to these financial statements. The consolidated financial statements of the Group for the year ended 31 March 2020 (the "Annual Report 2020") are available upon request from the Company Secretary or from www.hiberniareit.com. The financial statements for the financial year ended 31 March 2020 have been filed in the Companies Registration Office.

The Group has decided to adopt the direct approach in preparing the consolidated statement of cash flows in these financial statements in place of the indirect approach which has been used in prior financial periods. The consolidated cash flow statement in these consolidated financial statements is therefore presented on this basis. The comparatives have also been presented in line with this approach. The Group has chosen to make this accounting policy change in order to provide more relevant and reliable information for readers of the financial statements. The main impact of this form of presentation is to present the Group's operating cash flows in a clearer and more useful way, with no need for reconciliation to arrive at the major operating cash flows, such as cash received from rental income. No other amendments to presentation are included as this change does not impact net asset values, profitability or any other financial disclosures.

Apart from the change in presentation above, the Group has made no other amendments to its accounting policies nor has the Group early adopted any forthcoming IASB standards (note 3).

2.b Alternative performance measures ("APMs")

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

2.c Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency and the Group's presentation currency.

2.d Basis of consolidation

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

2.e Assessment of going concern

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

The Board has assessed the viability of the Group over a four-year period to March 2025. It is satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable assessment of viability, and also in order to opine on the appropriateness of the going concern basis of preparation of the financial statements. This assessment considers the Group's current position and the principal and emerging risks that it faces (see pages 19 to 23 for further detail). All of these risks are considered to be material in the assessment of going concern and viability. The Group has acted to mitigate the impacts recognised, and this is also summarised on pages 19 to 23.

An analysis of revenue and a disaggregation of income is outlined in notes 5 and 6. Due to the nature of rental collections, a significant portion of revenue is collected in advance of its due date and 88% of commercial rent for the quarter ending 30 June 2021 had been collected within seven days of the gale date rising to 97% within 60 days of the gale date. 98% of the residential rent due for the month of May 2021 had been collected by the date of this Statement. Information on the Group's financial assets and approach to credit risk is contained in Section IV: introduction, note 20 and note 29.d.

Detail on the financial performance and financial position of the Group is provided in the consolidated financial statements. In particular, note 29 includes details on the Group's financial risk management and exposures.

The Group has a cash balance as at 31 March 2021 of €32m (March 2020: €28m), is generating positive operating cash flows and, as discussed in note 24, has in place debt facilities with average maturity of 3.4 years, no debt maturities until December 2023, and an undrawn balance of €93m at 31 March 2021 (March 2020: €133m). In addition, the Group has agreed to issue an additional €125m in fixed rate private placement notes in July 2021. These bring the Group's average maturity of debt at 31 March 2021 to 5.2 years on a pro-forma basis. The Group's capital commitments at 31 March 2021 were €3m (March 2020: €18m). As at 31 March 2021, the Group's low leverage (LTV 19.5%) means it could withstand a 59% decline in its portfolio value and a 77% decline in earnings before interest and tax (60% decline in rental income) without breaching debt covenants at that date. The weighted average unexpired lease term ("WAULT") is 5.8 years (March 2020: 6.4 years) for the office portfolio. There are no reasons to expect that the Group will not be able to meet its liabilities as they fall due for the foreseeable future.

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

2.f Significant judgements

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

Net asset value of the Group

The Company's shares are trading at a significant discount to the net asset value per share reported in these consolidated financial statements: at 31 March 2021 the closing share price was €1.104 and the discount to both the IFRS NAV per share and the EPRA NTA per share was 36%. As at close of business on 25 May 2021, being the last day before the publication of these Preliminary Results, the share price was €1.16 and the discount to both was 33%. The Group's main assets are its investment properties, which comprise 96% of total assets or 124% of net asset value. These are independently valued at the financial year end and are measured at fair value in line with IFRS 13. More information on the valuation of the Group's investment properties can be found in below and in note 16 to these consolidated financial statements. The Group's property, plant and equipment is mainly its head office in 1WML, which is also carried at fair value and independently valued at 31 March 2021. The balance of assets are assessed for impairment under a simplified expected credit loss model. The Group carries no intangible assets or goodwill. As outlined above, the Group has sufficient headroom above its debt covenants to ensure that its financing remains in place. It is therefore the opinion of the Directors that no impairment on the net asset value of the Group is indicated, despite the discount to NAV/NTA at which its shares currently trade.

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

The Group's investment properties are held at fair value and were valued at 31 March 2021 by the Valuer. Investment property is valued in accordance with guidance in the appropriate sections of the Valuation Technical and Performance Standards ("VPS") and the Valuation Practice Guidance Applications ("VPGA") contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards 2019 (the "Red Book"). Valuations are compliant with the International Valuation Standards ("IVS"). Fair value under IFRS 13 is "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date". The Red Book confirms that the references in IFRS 13 to market participants and a sale make it clear that for most practical purposes fair value is consistent with market value. Further information on the valuations and the sensitivities is given in note 16. Property valuations are complex and involve data which is not publicly available, and a degree of judgement. The valuations are based upon the key assumptions of estimated rental values and market-based yields.

The Directors have reviewed the valuation process undertaken, changes in market conditions, recent transactions in the market, valuation movements on individual buildings and the Valuer's expectations in relation to future rental growth and yield movement. With the continued market uncertainty as a result of both the pandemic and Brexit, the Directors have also considered the extent to which this has been impacting the property investment and occupational markets in relation to both liquidity and activity. When the Valuer assessed the Group's property portfolio as at 31 March 2020, it did so on the basis of a material uncertainty clause given the initial disruption caused by the pandemic and the limited market evidence available at that date. While market conditions may move rapidly in response to changes in the control or future spread of COVID-19, the valuations are no longer subject to a material uncertainty clause: the Valuer has indicated that property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists on which it could base its valuation opinion as at 31 March 2021. The Directors have concluded that the valuation is suitable for inclusion in the Group's consolidated financial statements at 31 March 2021.

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

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

- **Harcourt Square, Marine House and Clanwilliam Court Blocks 1, 2 and 5** where, in accordance with IFRS 13:27, the valuations take into account the redevelopment potential upon expiry of the current leases which reflects the highest and best use. It is the Directors' intention to pursue the redevelopment of these properties when the leases expire. Planning permission is in place for these developments. These properties are valued on a combination of an investment basis until the end of the leases and on a residual basis thereafter.
- **Newlands (including Gateway)** which is currently partly rented on short-term leases, has been valued on a price per acre basis as early stage plans are in place to redevelop this property in future and this approach reflects the highest and best use of this property.
- **Properties in Malahide Road Industrial Park and Dublin Industrial Estate** which are currently partly rented on short-term leases, have been valued on a basis that includes recognition of their potential as redevelopment sites.
- **A disused building** which is valued on a residual basis but with regard to city centre land values per acre.
- **2 Cumberland Place** is close to practical completion and therefore the valuation methodology is on an investment basis, with outstanding capital expenditure recognised within the valuation.
- **50 City Quay** refurbishment is close to practical completion and therefore the valuation methodology is on an investment basis, with outstanding capital expenditure recognised within the valuation.

2.g Analysis of sources of estimation uncertainty

Valuation of investment property

Although valuations are based on the Directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The Group's investment properties are held at fair value and were valued at 31 March 2021 by the Valuer on the basis discussed in 2.f above. Further information on the valuations and the sensitivities around the inputs used is given in note 16.

The Board conducts a detailed review of each property valuation to ensure that appropriate assumptions have been applied. The most significant estimates affecting the valuation included yields and estimated rental values ("ERVs"). For development projects, other assumptions including costs to completion and risk premium assumptions are also factored into the valuation. In accordance with the Group's policy on revenue recognition from leases, the valuation provided by the Valuer is adjusted only by the fair value of the income accruals ensuing from the recognition of lease incentives and the deferral of lease costs. The total reduction in the Valuer's investment property valuation in respect of these adjustments at 31 March 2021 was €8.7m (March 2020: €8.1m).

There were no other significant judgements or key estimates that might have a material impact on the consolidated financial statements at 31 March 2021.

2.h Treatment of tax basis in relation to properties

Asset sales

Following changes to the Irish REIT legislation introduced in October 2019, if a REIT disposes of an asset of its property rental business and does not (i) distribute the gross disposal proceeds to shareholders by way of dividend; (ii) reinvest them into other assets of its property rental business (whether by acquisition or capital expenditure) within a three-year window (being one year before the sale and two years after it); or (iii) use the disposal proceeds to repay (a) debt specifically used to acquire, enhance or develop the property sold or (b) other debt in limited circumstances, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. No sales of assets of the Group's property rental business have happened since these rule changes took effect in October 2019. In addition, the Group has a very substantial development pipeline over the near and medium term in which to reinvest any sales proceeds. As a result, the Group does not anticipate having to pay tax on uninvested sales proceeds for the foreseeable future and no deferred tax has been provided in the Group's accounts relating to this.

Recently completed commercial assets

Under the Irish REIT legislation, assets where the cost of development exceeds 30% of the market value of the asset at the date of commencement of development and which are sold within three years of practical completion of the development could be liable to tax at a rate of 25% on the profits made from the sale. In the case of Hibernia, assets which meet these criteria at 31 March 2021 are: 2WML (completed early 2019) and 1SJRQ (also completed early 2019). In addition, 2 Cumberland Place and 50 City Quay are under construction and are expected to complete in mid-2021. All these assets are held for long-term property rental and since none of these assets is expected to be sold within three years of completion, no deferred tax has been provided in the Group's accounts for this eventuality.

Recently completed residential assets

Hanover Mills (completed in early 2018): this property is held for long-term property rental and was developed on this basis. VAT was payable on the construction costs which has been treated as irrecoverable and recognised as part of the capital costs of the project. If the property was sold within five years of completion, the Group would be obliged to charge VAT on the sale but would be entitled to a recovery of the VAT incurred on the construction costs on an apportioned basis according to the VAT life of the building. It is not intended to sell this property within the five-year period and, in the opinion of the Directors, no amendment to the Valuer's valuation of this asset is deemed necessary.

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

Changes in accounting standards

The following standards and interpretations were effective for the Group from 1 April 2020 but did not have a material impact on the results or financial position of the Group:

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

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendment to IAS 1 and IAS 8 Definition of Material;
- Amendment to IFRS 3 Definition of a Business; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019) Interest Rate Benchmark Reform Phase 1.

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

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

- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies;*
- IFRS 10 and IAS 28 (amended) *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*. This is indefinitely deferred;
- Amendments to IFRS 3 *Reference to the Conceptual Framework*;
- Amendments to IAS 8 *Definition of Accounting Estimates;*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2;
- Amendments to IAS 12 Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;*
- Amendments to IFRS 16 (amended) *Covid-19-Related Rent Concessions*;
- Amendments to IAS 16 (amended) *Property, Plant and Equipment: Proceeds before Intended Use*;
- Amendments to IAS 37 *Onerous contracts: the Costs of Fulfilling a Contract; and*
- Annual Improvements to IFRS Standards 2018–2020 (May 2020).

SECTION II – PERFORMANCE

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

4. Operating segments

4.a Basis for segmentation

The Group is organised into five business segments, against which the Group reports its segmental information. There were previously six. The 'other' category, which contained assets which were acquired as part of a portfolio purchase but were not intended for the investment property portfolio, has been discontinued as the remaining assets, which were held at a fair value of €0.6m, have been transferred into investment property (note 16). This segment is therefore no longer managed separately as there are no assets left in this category nor are any planned for the future. The 'industrial/land' segment was renamed 'industrial/other' as there are some immaterial assets included here that are investment property but do not readily fall into the other segment classifications.

These segments mainly represent the different investment property classes. The Group has divided its business in this manner as the various segments differ in their character and returns profiles depending on market conditions and reflect the strategic objectives that the Group has targeted. The following table briefly describes each segment:

Reportable segment	Description
Office assets	Office assets comprise central Dublin completed office buildings, which are either generating rental income or are available to let. Those assets which are multi-tenanted or multi-let are mainly managed by the Group. Income comprises rental income and service charge income, including management fees, while expenses comprise service charge expenses and other property expenses. Where only certain floors of a building are undergoing refurbishment, the asset generally remains in this category.
Office development assets	Office development assets are not currently revenue generating and are the properties that the Group has currently under development in line with its strategic objectives. Development profits, recognised in line with progress towards the completion of the projects, enhance Net Asset Value ("NAV"), Total Accounting Return ("TAR") and Total Portfolio Return ("TPR"). Once completed these assets are transferred to the office assets segment at fair value.
Residential assets	This segment contains the Group's completed multi-tenanted residential assets.
Industrial/other assets	This segment contains industrial units, land and other minor assets, such as retail.
Central assets and costs	Central assets and costs include the Group head office assets and expenses.

The Board reviews the internal management reports, including budgets, at least quarterly at its scheduled meetings. There is some interaction between reportable segments, for example completed development property is transferred to income-generating segments. These transfers are made at fair value on an arm's length basis using values determined by the Group's Valuer.

4.b Information about reportable segments

The Group's key measure of underlying performance of a segment is total income after revaluation gains and losses, which comprises revenue (rental and service charge income), property outgoings, revaluation of investment properties and other gains and losses. Total income after revaluation gains and losses includes rental income, which is used as the basis to report key measures such as EPRA Net Initial Yield ("NIY") and EPRA 'topped-up' NIY. These APMs (detailed in the Supplementary Information section at the back of this report) measure the cash passing rent returns on market value of investment properties before and after an adjustment for the expiry of rent-free periods or other lease incentives, respectively.

An overview of the reportable segments is set out below:

Group consolidated segment analysis

For the financial year ended 31 March 2021

	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial/ other assets €'000	Central assets and costs €'000	Group consolidated position €'000
Total revenue	**63,323**	**-**	**7,164**	**2,225**	**-**	**72,712**
Rental income	**57,476**	**-**	**7,164**	**1,847**	**-**	**66,487**
Property operating expenses	**(1,698)**	**(3)**	**(1,363)**	**(117)**	**-**	**(3,181)**
Net rental and related income	**55,778**	**(3)**	**5,801**	**1,730**	**-**	**63,306**
Operating expenses						
Administration expenses	**-**	**-**	**-**	**-**	**(12,552)**	**(12,552)**
Expected credit losses on financial assets	**(401)**	**-**	**-**	**(22)**	**-**	**(423)**
Depreciation	**-**	**-**	**-**	**-**	**(510)**	**(510)**
Total operating expenses	**(401)**	**-**	**-**	**(22)**	**(13,062)**	**(13,485)**
Operating profit/(loss) before gains and losses	**55,377**	**(3)**	**5,801**	**1,708**	**(13,062)**	**49,821**
Gains and (losses) on investment property	**(65,439)**	**(3,466)**	**7,132**	**(5,808)**	**-**	**(67,581)**
Other gains	**-**	**-**	**-**	**81**	**-**	**81**
Operating profit/(loss)	**(10,062)**	**(3,469)**	**12,933**	**(4,019)**	**(13,062)**	**(17,679)**
Net finance expense	**-**	**-**	**-**	**-**	**(7,722)**	**(7,722)**
Profit/(loss) before income tax	**(10,062)**	**(3,469)**	**12,933**	**(4,019)**	**(20,784)**	**(25,401)**
Income tax	**-**	**-**	**(41)**	**229**	**-**	**188**
Profit for the financial year attributable to owners of the parent	**(10,062)**	**(3,469)**	**12,892**	**(3,790)**	**(20,784)**	**(25,213)**
Total segment assets	**1,149,928**	**62,170**	**168,242**	**58,878**	**41,839**	**1,481,057**
Investment property	**1,138,819**	**62,006**	**167,710**	**58,878**	**-**	**1,427,413**

For the financial year ended 31 March 2020

	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial/ other assets €'000	Central assets and costs €'000	Group consolidated position €'000
Total revenue	59,492	–	7,197	1,241	–	67,930
Rental income	53,374	-	7,197	1,241	-	61,812
Property operating expenses	(1,905)	(14)	(1,289)	(19)	-	(3,227)
Net rental and related income	51,469	(14)	5,908	1,222	-	58,585
Operating expenses						
Administration expenses	-	-	-	-	(12,726)	(12,726)
Expected credit losses on financial assets	(147)	-	-	-	-	(147)
Depreciation	-	-	-	-	(520)	(520)
Total operating expenses	(147)	-	-	-	(13,246)	(13,393)
Operating profit/(loss) before gains and losses	51,322	(14)	5,908	1,222	(13,246)	45,192
Gains and (losses) on investment property	5,494	18,243	4,861	(5,742)	-	22,856
Other gains and (losses)	-	-	-	25	(15)	10
Operating profit/(loss)	56,816	18,229	10,769	(4,495)	(13,261)	68,058
Net finance expense		-	-		(7,195)	(7,195)
Profit/(loss) before income tax	56,816	18,229	10,769	(4,495)	(20,456)	60,863
Income tax	-	-	-	152	28	180
Profit for the financial year attributable to owners of the parent	56,816	18,229	10,769	(4,343)	(20,428)	61,043
Total segment assets	1,209,584	48,000	159,969	61,868	37,381	1,516,802
Investment property	1,196,925	47,999	159,459	60,800	–	1,465,183

4.c Geographic information

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

4.d Major customers

The Group closely monitors its tenants, and in particular its largest tenants, by contribution to its contracted rent roll. The top 10 tenants are presented below based on contracted rents as at the financial year end. This is concentrated on office tenants as the next largest segment, residential, consists mainly of private individuals and therefore contains no major concentration of credit risk.

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

As at 31 March 2021

Tenant	Business sector	Contracted rent (€'m)	%
HubSpot Ireland Limited	Technology	10.5	15.4%
OPW	State entity	6.0	8.8%
Twitter International Company	Technology	5.1	7.5%
Zalando	Technology	2.9	4.2%
Autodesk Ireland Operations	Technology	2.8	4.1%
Informatica Ireland EMEA	Technology	2.1	3.1%
Riot Games	Technology	2.0	2.9%
Travelport Digital Limited	Technology	1.8	2.6%
Deloitte & Touche	Professional services	1.7	2.5%
BNY Mellon Fund Services (Ireland) DAC	Insurance and investment management	1.6	2.3%
Top 10 tenants		**36.5**	**53.4%**
Remaining tenants		31.8	46.6%
Whole portfolio		**68.3**	**100.0%**

1. Contracted rent includes residential rents on a gross basis.

As at 31 March 2020

Tenant	Business sector	Contracted rent (€'m)	%
HubSpot Ireland Limited	Technology	10.5	15.6%
OPW	State entity	6.0	8.9%
Twitter International Company	Technology	5.1	7.6%
Zalando	Technology	2.9	4.3%
Autodesk Ireland Operations	Technology	2.8	4.2%
Informatica Ireland EMEA	Technology	2.1	3.1%
Riot Games	Technology	2.0	3.0%
Electricity Supply Board	State entity	1.9	2.8%
Travelport Digital Limited	Technology	1.8	2.7%
BNY Mellon Fund Services (Ireland) DAC	Insurance and investment management	1.6	2.4%
Top 10 tenants		36.7	54.6%
Remaining tenants		30.4	45.4%
Whole portfolio		67.1	100.0%

5. Revenue and net rental and related income

Accounting policy

The Group recognises revenue from the following major sources:

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

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

Rental income

Rental income is the Group's major source of income and arises from properties under operating leases. Rental income, including fixed rental uplifts, is recognised in the consolidated income statement on a straight-line basis over the period of the lease until the next break or expiry. All incentives given to tenants under lease arrangements are recognised as an integral part of the net consideration agreed for the use of the leased asset and are therefore recognised on the same straight-line basis. Contingent rents, being lease payments that are not fixed at the inception of a lease, such as turnover rents, are recorded as income in the period in which they are earned.

Lease modifications, a change in the scope or consideration for the lease, result in the commencement of a new lease and rental income is recognised including any changes to the lease terms, from the date of the modification over the remaining period of the lease.

Service charge income

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

Other income

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

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

Property-related income and expenses

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

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

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

Revenue can be analysed as follows:

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Gross rental income[1]	66,157	59,937
Rental incentives	330	1,875
Rental income	**66,487**	61,812
Revenue from contracts with customers[2]	6,225	6,118
Total revenue	**72,712**	67,930

1. Gross rental income includes €0.9m relating to variable rents (March 2020: €1.1m).
2. Revenue from contracts with customers is service charge income.

Net rental and related income

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Total revenue	**72,712**	67,930
Costs of goods and services[1]	(6,150)	(6,183)
Property expenses	(3,256)	(3,162)
Net rental and related income	**63,306**	58,585

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

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

Included in property expenses is an amount of €0.9m (March 2020: €1.0m) relating to void costs on office properties, i.e. costs relating to properties which were available to let but were not income-generating for at least part of the financial year.

Property operating expenses

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Service charge income	6,225	6,118
Service charge expenses	(6,150)	(6,183)
Property expenses	(3,256)	(3,162)
Property operating expenses	**(3,181)**	(3,227)

6. Disaggregation of revenue and rental income

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

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

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

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

Financial year ended 31 March 2021

Lease contracts:	One year or less €'000	Between one and five years €'000	Greater than five years €'000	Total €'000
Office assets	12,211	19,342	32,227	63,780
Office development assets	-	-	-	-
Residential assets	6,854	310	-	7,164
Industrial/other assets	1,330	438	-	1,768
Total segmented revenue	**20,395**	**20,090**	**32,227**	**72,712**

Financial year ended 31 March 2020

Lease contracts:	One year or less €'000	Between one and five years €'000	Greater than five years €'000	Total €'000
Office assets	8,379	23,205	27,747	59,331
Office development assets	-	-	-	-
Residential assets	6,769	428	-	7,197
Industrial/other assets	1,307	95	-	1,402
Total segmented revenue	16,455	23,728	27,747	67,930

Gross rental income by tenant industry sector

During the financial year the tenant industry sectors were reviewed and amended to provide greater clarity. The comparative information has also been updated.

	Financial year ended 31 March 2021 €'000	**%**	Financial year ended 31 March 2020 €'000	%
Technology	**28,588**	**43.1**	25,185	40.9
State entities	**9,797**	**14.8**	10,263	16.6
Residential	**7,164**	**10.8**	7,197	11.6
Insurance and investment management	**6,748**	**10.1**	7,126	11.5
Professional services	**4,473**	**6.7**	3,761	6.1
Media	**2,203**	**3.3**	2,044	3.3
Industrial assets	**1,680**	**2.5**	1,623	2.6
Serviced offices	**1,342**	**2.0**	1,424	2.3
Aviation	**1,189**	**1.8**	1,189	1.9
Real estate	**1,049**	**1.6**	309	0.5
Banking and capital markets	**829**	**1.2**	440	0.7
Car parking	**680**	**1.0**	662	1.1
Retail	**555**	**0.8**	401	0.6
Other	**190**	**0.3**	188	0.3
Total	**66,487**	**100.0**	61,812	100

7. Gains and (losses) on investment property

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Gains and (losses) on investment property	**(67,581)**	22,856

There were no sales of investment property during this or the prior financial year.

8. Administration expenses

Accounting policy

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

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

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Non-Executive Directors' costs	**612**	561
Staff costs	**7,325**	6,829
Professional fees – property	**688**	1,100
Professional fees – corporate	**2,073**	1,967
Independent Valuer's fees	**346**	285
Depository fees	**283**	315
Depreciation	**510**	520
Other administration expenses	**1,225**	1,669
Administration expenses	**13,062**	13,246

All fees paid to Non-Executive Directors are for services as Directors of the Company. Non-Executive Directors receive no other benefits. Annualised Non-Executive Directors' fees are €565k (March 2020: €625k).

'Professional fees – property' are those incurred in relation to legal and other expenses associated with acquisitions/ disposals/lettings which did not proceed, planning consulting in relation to future development projects and other similar expenses relating to property. 'Professional fees – corporate' are various fees relating to legal, internal audit, tax and other consulting services not relating directly to property.

Fees are paid to the Valuer in return for its services in providing independent valuations of the Group's investment properties on an at least twice-yearly basis. The fees are charged on a fixed rate per property valuation.

Auditor's remuneration (excluding VAT)

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Audit of the Group financial statements	**120**	117
Other assurance services[1]	**61**	68
Tax advisory services	**-**	-
Other non-audit services	**-**	-
Total	**181**	185

1. Other assurance services include the review of the Interim Report and audit of Group subsidiary financial statements.

9. Employment

The average monthly number of persons (including Executive Directors) directly employed during the financial year in the Group was 35 (March 2020: 36).

Total employees at financial year end:

	Financial year ended 31 March 2021 Number	Financial year ended 31 March 2020 Number
At financial year end:		
Administration	**26**	27
Building management services		
Head office staff	**4**	4
On-site staff	**5**	5
	9	9
Total employees	**35**	36

No amount of staff costs was capitalised into investment properties.

The staff costs for the above employees were:

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Wages and salaries (including bonuses)	**5,858**	5,543
Social insurance costs	**644**	653
Employee share-based payment expense	**1,455**	1,252
Pension costs – defined contribution plan	**343**	376
Total	**8,300**	7,824

Staff costs are allocated to the following expense headings:

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Administration expenses	**7,325**	6,829
Net property expenses[1]	**975**	995
Total	**8,300**	7,824

1. Part of this is recovered directly from tenants via the service charge arrangements within Hibernia managed buildings.

10. Share-based payments

Accounting policy

The Group has a number of share-based payment arrangements in place. These share-based payments are transactions in which the Group receives services in exchange for its equity instruments or by incurring liabilities for cash amounts based on the price of the Group's shares. The equity-settled share-based payment awards granted under these arrangements are measured at the fair value of the award at the date of grant. The cost of the award is charged to the consolidated income statement over the vesting period of the awards based on the probable number of awards that will eventually vest, with a corresponding credit to shareholders' equity.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. When these shares vest they are assessed for tax purposes at the current market share price and employee taxes are generally settled through payroll in cash. Employees therefore receive the number of shares net of taxes at vesting date. Share-based payments that are cash-settled are remeasured at fair value at each accounting date. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest.

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

Financial year ended 31 March 2021

	Balance outstanding at start of financial year		Settled during financial year		Provided during financial year		Balance outstanding at end of financial year	
	€'000	'000 Shares	€'000	'000 Shares	€'000	'000 Shares	€'000	'000 Shares
a. Annual bonus	**358**	**310**	-	-	480	420	**838**	**730**
b. Long-term incentive payments	**621**	**411**	-	-	879	715	**1,500**	**1,126**
c. Employee incentives – previous arrangements	**1,087**	**769**	(568)	(391)	96	64	**615**	**442**
Total	**2,066**	**1,490**	**(568)**	**(391)**	**1,455**	**1,199**	**2,953**	**2,298**

Financial year ended 31 March 2020

	Balance outstanding at start of financial year		Settled during financial year		Provided during financial year		Balance outstanding at end of financial year	
	€'000	'000 Shares	€'000	'000 Shares	€'000	'000 Shares	€'000	'000 Shares
a. Annual bonus	23	17	–	–	335	293	358	310
b. Long-term incentive payments	–	–	–	–	621	411	621	411
c. IMA performance-related payments payable to Vendors	6,069	4,495	(6,107)	(4,519)	38	24	–	–
c. Employee incentives – previous arrangements	1,464	1,087	(635)	(476)	258	158	1,087	769
Total	7,556	5,599	(6,742)	(4,995)	1,252	886	2,066	1,490

Remuneration Policy

This policy was introduced in 2018 and was described in full in the 2018 Annual Report and is available on our website. A revised remuneration policy will be published in our 2021 Annual Report and put to shareholders at the 2021 AGM.

Remuneration consists of the following:

1. Basic pay
2. Annual bonus
3. Long-Term Incentive Plan ("LTIP")

The split between personal and Group performance targets is set depending on an employee's ability to influence Group outcomes, but all employees have an element of Group performance within their targets. We have also started to include ESG criteria within certain employees' targets. All Group employees are eligible to participate in the Annual Bonus scheme while the LTIP applies to Executive Directors and to members of the Senior Management Team, other than in exceptional circumstances.

10.a Annual Bonus

Two thirds of any annual bonus award is usually settled in cash and one third in the grant of shares in the Company, subject to a three-year service condition. The deferred shares awarded under the annual bonus are subject only to continued employment. The fair value of the share award is therefore the number of shares granted at the closing share price on the date of grant. An allowance in relation to expected departures is made and the amount amortised over the vesting period. 848k share awards were calculated as potentially due in respect of the financial year ended at 31 March 2021, subject to approval by the Remuneration Committee (March 2020: 930k). At 31 March 2021, 1,074k shares remained to be provided for in respect of the 2019, 2020 and 2021 financial years.

10.b Long-Term Incentive Plan ("LTIP")

The LTIP commenced during the financial year ended 31 March 2020 with the first grant on 31 July 2019. This award consists of nil-cost options which vest after three years. Under the LTIP, recipients are granted a variable number of equity instruments depending on market and other conditions as illustrated below.

LTIP conditions	Weighting	Reference	Performance condition type
Service condition		SC	n/a
Relative Total Property Return	33%	TPR	Non-market
Total Accounting Return	33%	TAR	Non-market
Relative Total Shareholder Return	33%	TSR	Market

There is a two-year restricted holding period post vesting, but this is not subject to measurement as all conditions terminate on vesting. The LTIP awards are measured as follows:

Non-market-based conditions*:* The fair value of the shares to be issued is determined using the grant date market price. The expected number of shares is calculated based on the expectations of the number of shares which may vest at the vesting date and amortised over the vesting period. At each accounting date, the calculation of the number of shares is revised according to current expectations or performance. The number of shares is discounted using an estimate of the expected employee departure rate.

Market-based condition: The relative TSR performance condition measures the Company's TSR performance against the constituents of the FTSE EPRA NAREIT Developed Europe index. The expected performance of Hibernia REIT plc shares over the vesting period is calculated using a Monte Carlo simulation of 10,000 possible outcomes which are then averaged. Inputs are share price volatility and the average growth rate of comparators. These inputs are calculated with reference to relevant historic data and financial models. It should be recognised that the assumption of an average growth rate is not a prediction of the actual level of returns that will be achieved. The volatility assumption in the distribution gives a measure of the range of outcomes that may occur on either side of this average value. This is used to amortise the fair value of an expected cost over the vesting period. The service condition is ignored for this calculation but applied in accruing the amounts due. On vesting, any difference in amounts accrued versus actual outcomes is amended through reserves.

At 31 March 2021

	Grant date	Share price at grant date	Total awards made at maximum vesting '000 shares	Share equivalents provided '000 shares	Balance provided €'000
LTIP dated 31 July 2019	31 July 2019	1.51	1,853	**600**	**906**
LTIP dated 29 July 2020	29 July 2020	1.13	2,438	**526**	**594**
Total LTIP awards as at financial year end			**4,291**	**1,126**	**1,500**

At 31 March 2020

	Grant date	Share price at grant date	Total awards made at maximum vesting '000 shares	Share equivalents provided '000 shares	Balance provided €'000
LTIP dated 31 July 2019	31 July 2019	1.51	1,853	411	621
Total LTIP awards as at financial year end			1,853	411	621

One-third of each award made is subject to a relative TSR measure against the constituents of the FTSE EPRA NAREIT Developed Europe Index. One-third each is made against TPR and TAR measures. 600k shares were provided for the TPR element as at 31 March 2021 (March 2020: 190k), 173k shares (March 2020: 130k) were provided against the TAR element based on the performance for the period and 353k shares (March 2020: 92k) were provided against the TSR element based on the fair value calculated using a TSR pricing model as described above. Results and inputs are summarised in the table below.

TSR Valuation: LTIP awards dated:		**29 July 2020**	**31 July 2019**
Fair value per award (TSR tranche) (€ per share)		**0.81**	**1.06**
Inputs	**Source**		
Risk free interest rate (%)	European Central Bank	(0.12)	(0.80)
Expected volatility Hibernia (%)	Datastream	27.7	17.1
Average comparator volatility (%)	Datastream	31.7	18.6
Average comparator correlation (%)	Datastream	40.5	20.8
Averaging factors	Datastream	Median 0.94 Hibernia 1.15	Median 1.01 Hibernia 1.16

10.c Employee incentives – previous arrangements

Investment Management Agreement ("IMA") performance-related payments to Vendors and staff

IMA performance-related payments refer to those payments that were made under the IMA for each financial year and settled mainly in shares of the Company until the expiry of the agreement on 26 November 2018. These arrangements expired with the introduction of the 2018 Remuneration Scheme and all remaining balances have been settled since 31 March 2021.

Employee incentives – interim arrangements

This covered employees who were providing services that were not part of the original IMA. This arrangement expired with the introduction of the 2018 Remuneration Scheme and the final vesting date was 31 March 2021. The remaining balances have been settled since 31 March 2021.

11. Finance income and expense

Accounting policy

Finance expenses directly attributable to the construction of investment properties, which take a considerable length of time to prepare for rental to tenants, are added to the costs of those properties until such time as the properties are substantially ready for use. All other finance expenses and income are recognised in the income statement as they occur using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income, interest expense and fees paid and received over the relevant period.

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

Finance income is interest earned on the Group's cash deposits.

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Interest on revolving credit facility	**5,753**	5,230
Interest on private placement notes	**1,888**	1,894
Other finance costs	**334**	215
Gross finance expense	**7,975**	7,339
Less: Capitalised interest at an average rate of 2.1% (March 2020: 2.1%)	**(252)**	(141)
Finance expense	**7,723**	7,198

Interest costs capitalised in the financial year were €0.3m (March 2020: €0.1m) in relation to the Group's development and refurbishment projects. The capitalisation rate used is the effective interest rate on the cost of borrowing applied to the portion of investment that is financed from borrowings.

12. Income tax expense

Accounting policy

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

Current tax: Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Hibernia REIT plc has elected for Real Estate Investment Trust ("REIT") status under section 705E of the Taxes Consolidation Act, 1997. As a result, the Group does not pay Irish corporation tax on the profits and gains from its qualifying rental business in Ireland provided it meets certain conditions. With certain exceptions, corporation tax is still payable in the normal way in respect of income and gains from a Group's residual business that is, its non-property rental business.

Reconciliation of the income tax expense for the financial year:

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Profit before tax	**(25,401)**	60,863
Tax charge on profit at standard rate of 12.5%	**(3,175)**	7,608
Non-taxable revaluation surplus	**8,365**	(2,931)
REIT tax-exempt profits	**(5,534)**	(4,737)
Other (including additional tax rate on residual income)	**173**	(402)
Over provision in respect of prior periods	**(17)**	282
Income tax (credit) for the financial year	**(188)**	(180)

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

13. Dividends

Accounting policy

Interim dividends are recognised as a liability of the Company when the Board of Directors resolves to pay the dividend and the shareholders have been notified in accordance with the Company's Articles of Association. Final dividends of the Company are recognised as a liability when they have been approved by the Company's shareholders at the AGM.

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Interim dividend for the financial year ended 31 March 2021 of 2.0 cent per share (March 2020: 1.75 cent per share)	13,234	11,982
Proposed final dividend for the financial year ended 31 March 2021 of 3.4 cent per share[1] (March 2020: 3.0 cent per share)	22,502	20,543
Total	**35,736**	32,525

1. Based on shares in issue at close of business at 25 May 2021 of 661.8m.

The Board has proposed a final dividend of 3.4 cent per share (March 2020: 3.0 cent) which is subject to approval by shareholders at the Annual General Meeting to be held on 27 July 2021 and has therefore not been included as a liability in these consolidated financial statements. This dividend is expected to be paid on 30 July 2021 to shareholders on the register at 2 July 2021. All of this proposed final dividend of 3.4 cent per share will be a Property Income Distribution in respect of the Group's property rental business (March 2020: 3.0 cent). The total dividend, interim paid and final proposed for the financial year ended 31 March 2021 is 5.4 cent per share (March 2020: 4.75 cent per share) or €35.7m (March 2020: €32.5m).

Under the REIT regime, the Company is required to distribute a minimum of 85% of the Group's property rental business profits annually and the Group's dividend policy is to pay out 85-90% of its property rental business profits annually. The Company has complied with this requirement; the total dividends for the year ended March 2021 equate to 87% of property rental income (March 2020: 85%).

14. Earnings per share

There are no convertible instruments, options, or warrants on ordinary shares in issue as at 31 March 2021, other than those dealt with under note 10 above, 'Share-based payments'. The Company has established a reserve of €3.0m (March 2020: €2.1m) which is mainly for the issue of ordinary shares relating to the payment of share-based payments. It is estimated that approximately 3.4m ordinary shares (March 2020: 2.4m shares) will be issued in total, 2.3m of which are provided for at 31 March 2021 and a further 1.1m of which will be recognised over the next three years. The dilutive effect of these shares is disclosed below.

The calculations are as follows:

Weighted average number of shares

	Notes	Financial year ended 31 March 2021 '000	Financial year ended 31 March 2020 '000
Issued share capital at beginning of financial year		**684,657**	697,589
Shares purchased and cancelled during the financial year		**(23,125)**	(17,573)
Shares issued during the financial year		**125**	4,641
Shares in issue at financial year end	21	**661,657**	684,657
Weighted average number of shares		**673,618**	688,759
Number of shares to be issued under share-based schemes		**3,372**	2,375
Diluted number of shares		**676,990**	691,134

		Financial year ended 31 March 2021 '000	Financial year ended 31 March 2020 '000
Number of shares due to issue under share-based schemes recognised at financial year end	10	**2,298**	1,490
Number of shares due to issue under share-based schemes not recognised at financial year end[1]		**1,074**	885
Number of shares to be issued under share-based schemes		**3,372**	2,375

1. Included here are all amounts from share-based payments described in note 10 which are either granted at the year-end or shortly after and which have not been recognised at year-end but will be recognised over the next two to three years

Basic and diluted earnings per share (IFRS)

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
(Loss)/profit for the financial year attributable to the owners of the parent	**(25,213)**	61,043
	'000	'000
Weighted average number of ordinary shares (basic)	**673,618**	688,759
Weighted average number of ordinary shares (diluted)[1]	**673,618**	691,134
Basic earnings per share (cent)	**(3.7)**	8.9
Diluted earnings per share (cent)	**(3.7)**	8.8

1. In a loss making scenario, potential shares are only applied dilutive if they increase the losses under IAS 33.

EPRA earnings	Note	Financial year ended 31 March 2021 '000	Financial year ended 31 March 2020 '000
Group (loss)/profit for the financial year		**(25,213)**	61,043
Less:			
Gains and (losses) on investment property	16	**67,581**	(22,856)
Gain on other assets		**(69)**	-
Deferred tax in respect of EPRA adjustments	12	**(188)**	(152)
Changes in fair value of financial instruments and associated close-out costs		**112**	58
EPRA earnings		**42,223**	38,093
EPRA earnings per share and diluted EPRA earnings per share		**'000**	'000
Weighted average number of ordinary shares (basic)		**673,618**	688,759
Weighted average number of ordinary shares (diluted)		**676,990**	691,134
EPRA earnings per share (cent)		**6.3**	5.5
Diluted EPRA earnings per share (cent)		**6.2**	5.5

1. EPRA earnings and EPRA earnings per share are alternative performance measures and are calculated in accordance with the EPRA Best Practices Recommendations Guidelines October 2019. EPRA earnings, earnings from operational activities, are presented as they are a key measure of the Group's underlying operating result and an indication of the extent to which current dividend payments are supported by earnings. Unrealised changes in valuation, gains or losses on disposals of properties and certain other items are excluded as they are not considered to be part of the core activity of an investment property company.

15. IFRS NAV, EPRA NTA per share and Total Accounting Return ("TAR")

The IFRS NAV is calculated as the value of the Group's assets less the value of its liabilities based on IFRS measures and is equal to total equity.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
IFRS net assets at end of financial year	**1,148,638**	1,231,149
Ordinary shares in issue ('000)	**661,657**	684,657
IFRS NAV per share (cent)	**173.6**	179.8

	Note	'000	'000
Ordinary shares in issue		**661,657**	684,657
Number of shares to be issued under share-based schemes	14	**3,372**	2,375
Diluted number of shares		**665,029**	687,032
Diluted IFRS NAV per share (cent)		**172.7**	179.2

EPRA NTA[1]

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
IFRS NAV	**1,148,638**	1,231,149
Include:		
Revaluation of other non-current investments	**-**	-
Diluted NAV at fair value	**1,148,638**	1,231,149
Exclude:		
Fair value of financial instruments	**(442)**	234
NTA	**1,148,196**	1,231,383
Diluted number of shares at financial year end	**665,029**	687,032
NTA per share at financial year end (cent)	**172.7**	179.2

1. EPRA Net Tangible Assets ("EPRA NTA") (which is an APM) is calculated in accordance with EPRA Best Practices Recommendations Guidelines October 2019. The underlying assumption behind the EPRA NTA calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

Total Accounting Return ("TAR")

Total Accounting Return, a key performance indicator and APM, is calculated as the increase in EPRA Net Tangible Assets ("NTA") per share for the period over the previous period-end EPRA NTA per share and adding back dividends per share paid during the period, expressed as a percentage of opening EPRA NTA per share.

	As at 31 March 2021	As at 31 March 2020[1]
Opening EPRA NTA per share	179.2c	173.3c
Closing EPRA NTA per share	172.7c	179.3c
(Decrease)/Increase in EPRA NTA per share	**(6.5)c**	**6.0c**
Dividends per share paid in financial year	5.0c	3.8c
Total return	**(1.5)c**	**9.8c**
Total Accounting Return ("TAR")	**(0.9)%**	**5.7%**

1. The TAR calculation was based on EPRA NAV in the financial year ended 31 March 2020 under the EPRA 2016 guidelines.
2. TAR is an APM.

SECTION III – TANGIBLE ASSETS

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

16. Investment property

Accounting policy

Investment properties are properties held to earn rental income and/or for capital appreciation (including property under construction for such purposes). Properties are treated as acquired at the point at which the Group assumes the significant risks and rewards of ownership. This occurs when:

1. It is probable that the future economic benefits that are associated with the investment property will flow to the Group;
2. There are no material conditions which could affect completion of the acquisition; and
3. The cost of the investment property can be measured reliably.

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the period in which they arise.

Investment properties and properties under development are professionally valued on a twice-yearly basis, or as required, by qualified external valuers using inputs that are observable either directly or indirectly for the asset in addition to unobservable inputs and are therefore classified at Level 3. The valuation of investment properties is further discussed above under notes 2.f and 2.g.

The valuations of investment properties and investment properties under development are prepared in accordance with the appropriate sections of the Professional Standards, the Valuation Technical and Performance Standards ("VPS") and the Valuation Applications ("VPGA") contained within the RICS Valuation – Global Standards 2019 (the "Red Book"). It follows that the valuations are compliant with the International Valuation Standards. When the Group begins to redevelop an existing investment property, or property acquired as an investment property, for future use as an investment property the property remains an investment property and is accounted for as such. Expenditure on investment properties is capitalised only when it increases the future economic benefits associated with the property. All other expenditure is charged to the consolidated income statement. Interest and other outgoings, less any income, on properties under development are capitalised. Borrowing costs, that is interest and other costs incurred in connection with borrowing funds, are recognised as part of the costs of an investment property where directly attributable to the purchase or construction of that property. Borrowing costs are capitalised in accordance with the policy described in note 11.

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

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

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

At 31 March 2021

Fair value category	Office assets Level 3 €'000	Office development assets Level 3 €'000	Residential assets Level 3 €'000	Industrial/other assets Level 3 €'000	Total Level 3 €'000
Carrying value at 1 April 2020	**1,196,925**	**47,999**	**159,459**	**60,800**	**1,465,183**
Additions:					
Property purchases	6,900	-	366	3,833	**11,099**
Development and refurbishment expenditure	2,933[1]	14,973	203	-	**18,109**
Transferred between segments[2]	(2,500)	2,500	-	-	**-**
Transferred from other assets[3]	-	-	550	53	**603**
Revaluations included in income statement	(65,439)	(3,466)	7,132	(5,808)	**(67,581)**
Carrying value at 31 March 2021	**1,138,819**	**62,006**	**167,710**	**58,878[4]**	**1,427,413**

1. This includes capital expenditure on previously completed developments after their transfer to the office segment.
2. 50 City Quay is undergoing redevelopment and has been recognised as a development property from 30 September 2020.
3. Three assets remaining from a historical portfolio purchase have been recognised at fair value as investment property at 31 March 2021 (see note 4 in relation to the change in operating segments).
4. On 9 November 2018 the Group agreed to acquire 92.5 acres adjacent to its holdings in Newlands from the Irish Rugby Football Union (the "IRFU") for an initial consideration of €27m. If rezoning is achieved before November 2028 the IRFU will be due additional consideration equating to 44% of the value of Hibernia's total land interests of 143.7 acres in the Newlands site at rezoning, less the initial consideration.

At 31 March 2020

Fair value category	Office assets Level 3 €'000	Office development assets Level 3 €'000	Residential assets Level 3 €'000	Industrial/ other assets Level 3 €'000	Total Level 3 €'000
Carrying value at 1 April 2019	1,173,140	16,199	153,079	53,000	1,395,418
Additions:					
Property purchases	8,741	–	694	13,385	22,820[1]
Development and refurbishment expenditure	9,097[2]	13,557	825	157	23,636
Revaluations included in income statement	5,494	18,243	4,861	(5,742)	22,856
Transferred from property, plant and equipment[3]	6,210	–	–	–	6,210
Transferred to property, plant and equipment[3]	(5,757)	–	–	–	(5,757)
Carrying value at 31 March 2020	1,196,925	47,999	159,459	60,800[4]	1,465,183

1. A VAT refund of €0.5m was accounted for during the financial year arising as a result of the grant of VAT inclusive leases within a redeveloped property in 2DC, following its refurbishment. Gross acquisitions in the financial year were therefore €23.3m.
2. This includes capital expenditure on 1WML, SJRQ and 2WML after their transfer to the office segment.
3. The Group moved to a new head office in 1WML in late 2019. The space previously occupied by the Group in South Dock House has been leased to a tenant during the financial year and was transferred to investment property at fair value on the date on which it changed in use.
4. On 9 November 2018 the Group agreed to acquire 92.5 acres adjacent to its holdings in Newlands from the Irish Rugby Football Union (the "IRFU") for an initial consideration of €27m. If rezoning is achieved before November 2028 the IRFU will be due additional consideration equating to 44% of the value of Hibernia's total land interests of 143.7 acres in the Newlands site at rezoning, less the initial consideration.

There were no transfers between fair value levels during the financial year. Approximately €0.3m of financing costs were capitalised at an effective interest rate of 2.1% in relation to the Group's developments and major refurbishments (March 2020: €0.1m). No other operating expenses were capitalised during the financial year.

Valuations as at 31 March 2021

The valuations used to determine fair value for the investment properties in the consolidated financial statements are determined by the Group's Valuer and are in accordance with the provisions of IFRS 13. C&W has agreed to the use of its valuations for this purpose. As discussed in notes 2.f and 2.g, property valuations are inherently subjective as they are made on the basis of assumptions made by the Valuer and therefore are classified as Level 3.

Valuations are completed on the Group's investment property portfolio on at least a half-yearly basis and, in accordance with the appropriate sections of the Professional Standards, the Valuation Technical and Performance Standards ("VPS") and the Valuation Practice Applications ("VPGA") contained within the RICS Valuation – Global Standards 2019 (the "Red Book"). It follows that the valuations are compliant with the International Valuation Standards. Fair value under IFRS 13 is "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date". The Red Book confirms that the references in IFRS 13 to market participants and a sale make it clear that for most practical purposes fair value is consistent with market value.

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

In the financial year ended 31 March 2021, for most properties the highest and best use is the current use except as discussed in note 2.f. In these instances, the Group may need to achieve vacant possession before redevelopment or refurbishment may take place and the valuation of the property takes account of any remaining occupancy period on existing leases. The table below summarises the methods applied for each investment property segment and highlights properties where the approach has been varied in this financial year.

Description of investment property asset class	Fair value of the investment property €'m	Narrative description of the techniques used	Changes in the fair value technique during the financial year
Office assets	1,139	Yield methodology using market rental values capitalised with a market capitalisation rate. Exceptions to this: • Harcourt Square is valued on an investment basis until the end of the current lease (2022) and on a residual basis thereafter. • Marine House and Clanwilliam Court Blocks 1, 2 and 5 are valued on an investment basis until the end of the current leases (which expire over the period 2021 to 2022) and on a residual basis thereafter. • The Forum is planned for refurbishment and the valuation methodology is on an investment basis with outstanding capital expenditure recognised within the valuation.	No change in valuation technique.
Office development assets	62	Residual method, i.e. Gross Development Value less Total Development Cost less Profit equals Fair Value • Gross Development Value ("GDV"): the fair value of the completed proposed development (arrived at by capitalising the market rent or estimated rental value ("ERV") with an appropriate yield, allowances for purchasers' costs, assumptions for voids and/or rent free periods). The appropriate yield is based on the Valuer's opinion of the most likely tenant covenant achievable for the property and the most likely lease terms. • Total Development Cost ("TDC"): this includes, but is not limited to, construction costs, land acquisition costs, professional fees, levies, marketing costs and finance costs. • Developer's profit which is measured as a percentage of the TDC (including the site value). It also takes account of letting risk. For developments close to completion the investment yield methodology with outstanding capital expenditure recognised is usually applied.	No change in valuation technique.
Residential assets	168	Yield methodology using rental values capitalised with a market capitalisation rate. Alternatively, the comparable sales method of valuation is used to value some residential assets.	No change in valuation technique.
Industrial/other assets	58	Yield methodology using market rental values capitalised with a market capitalisation rate. • The Newlands site, including the Gateway industrial park, is valued as an early stage development site on a price per acre basis. • Properties in Dublin Industrial Estate and Malahide Road Industrial Estate are valued using market rental values capitalised with a market capitalisation rate. The values are benchmarked to capital values per sq. ft. to take account of their current condition and development potential. • A disused building is valued on a residual basis with reference to city centre land values per acre.	No change in valuation technique.

EPRA capital expenditure

Capital expenditure ("capex") during the financial year is analysed below according to the EPRA Best Practices Recommendation Guidelines. All amounts are from the IFRS financial statements of the Group without adjustment and are reconciled below.

1. *Acquisitions*: amounts spent for the purchase of investment properties including purchase costs capitalised.
2. *Development*: amounts spent on investment properties under construction or recently completed and related project costs capitalised, including internal costs allocated.
3. *'In-place' investment properties*: amounts spent on the completed operational portfolio including:
   a. Incremental lettable area: amounts spent to add additional lettable space to 'in-place' investment property;
   b. No incremental lettable space: amounts spent to enhance the property without increasing lettable areas; and
   c. Tenant incentives: any amounts spent on the investment property as incentive for tenants.
4. *Capitalised interest*: capitalised finance costs which are added to the carrying value of investment properties.

The Group has no joint ventures; all of its properties are located in the Dublin area. Expenditure is therefore analysed into portfolio property type only.

	As at 31 March 2021				
	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial /other assets €'000	Total €'000
Acquisitions	6,900	-	366	3,833	**11,099**
Development[1]	1,808	14,721	-	-	**16,529**
'In-place' investment properties					
Incremental lettable space	-	-	-	-	**-**
No incremental lettable space[2]	98	-	203	-	**301**
Tenant incentives	-	-	-	-	**-**
Expenditure on properties due for re-development/refurbishment	1,027	-	-	-	**1,027**
Other material non-allocated types of expenditure	-	-	-	-	**-**
	9,833	**14,721**	**569**	**3,833**	**28,956**
Capitalised interest[3]	-	252	-	-	252
Total capex	**9,833**	**14,973**	**569**	**3,833**	**29,208**
Conversion from accrual to cash basis	(1,844)	821	113	(4)	(914)
Total capex on cash basis	**7,989**	**15,794**	**682**	**3,829**	**28,294**

1. Capex relating to mainly development/refurbishment of 2 Cumberland Place and 50 City Quay.
2. Amounts are stated after taking account of dilapidation payments received from vacating tenants.
3. Financing expenses capitalised and expenditure on existing properties in relation to future planning for redevelopment.

	As at 31 March 2020				
	Office assets €'000	Office development assets €'000	Residential assets €'000	Industrial/other assets €'000	Total €'000
Acquisitions	8,741	-	694	13,385	22,820[1]
Development[2]	7,787	13,416	-	-	21,203
'In-place' investment properties					
Incremental lettable space	-	-	-	-	-
No incremental lettable space	(446)[3]	-	825	-	379
Tenant incentives	-	-	-	-	-
Expenditure on properties due for re-development/refurbishment	1,756	-	-	157	1,913
Other material non-allocated types of expenditure	-	-	-	-	-
	17,838	13,416	1,519	13,542	46,315
Capitalised interest[4]	-	141	-	-	141
Total capex	17,838	13,557	1,519	13,542	46,456
Conversion from accrual to cash basis	(173)	2,001	(220)	(123)	1,485
Total capex on cash basis	17,665	15,558	1,299	13,419	47,941

1. A VAT refund of €0.5m was accounted for during the financial year arising as a result of the grant of VAT inclusive leases within a redeveloped property in 2DC, following its refurbishment. Gross acquisitions in the financial year were therefore €23.3m.
2. Capex relating to development or major refurbishment of 1SJRQ, 1&2WML, and 2 Cumberland Place.
3. Amounts are stated after taking account of dilapidation payments received from vacating tenants.
4. Financing expenses capitalised and expenditure on existing properties in relation to future planning for redevelopment.

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

	Note	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Valuation per Valuer's certificate		**1,442,788**	1,480,360
Owner-occupied	17	(6,647)	(7,089)
Income recognition adjustment[1]		(8,728)	(8,088)
Investment property balance at end of financial year		**1,427,413**	1,465,183

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

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

The valuation techniques used in determining the fair value for each of the categories of assets is market value as defined by VPS 4 of the Red Book, being the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, and is in accordance with IFRS 13. Included in the inputs for the valuations above are future development costs, where applicable, and sensitivity data is provided on these.

As outlined above, the main inputs in using a market-based capitalisation approach are the ERV and equivalent yields. ERVs, apart from in multi-family residential properties, are not generally directly observable and therefore classified as Level 3. Yields depend on the Valuer's assessment of market capitalisation rates and are therefore Level 3 inputs. The tables below summarise the key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2021. There are interrelationships between these inputs as they are both determined by market conditions and the valuation result in any one period depends on the balance between them. The Group's residential properties are mainly multi-family units and therefore ERVs are based on current market rents observed for units rented within the property. ERV is included in the below table for completeness.

Key unobservable inputs used in the valuation of the Group's investment property

31 March 2021

	Market value €'000	Estimated rental value Low	Estimated rental value High	Equivalent yield Low	Equivalent yield High
Office	**1,138,819**	**€25.00psf**	**€62.50psf**	**3.99%**	**7.17%**
Office development	**62,006**	**€40.00psf**	**€60.75psf**	**4.46%**	**5.60%**
Residential[1]	**167,710**	**€13,896pa**	**€31,200pa**	**3.55%**	**5.19%**
Industrial/land	**58,578**	**€5.25psf**	**€9.00psf**	**6.27%**	**8.38%**

1. Average ERV based on a two-bedroom apartment. Residential yields are based on the contracted income after deducting operating expenses.

31 March 2020

	Market value €'000	Estimated rental value Low	Estimated rental value High	Equivalent yield Low	Equivalent yield High
Office	1,196,925	€25.00psf	€62.50psf	3.99%	6.65%
Office development	47,999	€30.00psf	€62.00psf	4.42%	4.42%
Residential[1]	159,459	€25,200pa	€32,400pa	3.70%	5.06%
Industrial/land	60,800	€5.00psf	€9.00psf	7.65%	7.94%

1. Average ERV based on a two-bedroom apartment. Residential yields are based on the contracted income after deducting operating expenses.

Sensitivity data

The sensitivities below illustrate the impact of movements in key unobservable inputs on the fair value of investment properties. These are ERV, equivalent yields and development construction costs (residual appraisals). To calculate these impacts only the movement in one unobservable input is changed as if there is no impact on the other. In reality there may be some impact on yields from an ERV shift and vice versa. However, this gives an assessment of the maximum impact of shifts in each variable. The tables illustrate the impacts from a 5% or 10% ERV and a 25bp or 50bp shift in equivalent yield on the valuations as included in the consolidated financial statements at 31 March 2021 and 31 March 2020.

ERV and equivalent yields

31 March 2021

Sensitivities	**Impact on market value of a 5% change in the estimated rental value**		**Impact on market value of a 10% change in the estimated rental value**		**Impact on market value of a 25bp change in the equivalent yield**		**Impact on market value of a 50bp change in the equivalent yield**	
	Increase €'m	**Decrease €'m**	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**
Office	52.4	(52.4)	104.6	(104.6)	(72.8)	81.6	(138.1)	173.4
Office development	2.6	(2.6)	5.1	(5.1)	(3.6)	3.9	(6.7)	8.3
Residential	8.3	(8.3)	16.4	(16.4)	(10.6)	12.3	(19.8)	26.3
Industrial/other	0.6	(0.6)	1.4	(1.4)	(0.7)	0.7	(1.4)	1.5
Total	**63.9**	**(63.9)**	**127.5**	**(127.5)**	**(87.7)**	**98.5**	**(166.0)**	**209.5**

31 March 2020

Sensitivities	Impact on market value of a 5% change in the estimated rental value		Impact on market value of a 10% change in the estimated rental value		Impact on market value of a 25bp change in the equivalent yield		Impact on market value of a 50bp change in the equivalent yield	
	Increase €'m	Decrease €'m	Increase €'m	Decrease €'m	Increase €'m	Decrease €'m	Increase €'m	Decrease €'m
Office	58.6	(58.6)	116.9	(116.9)	(83.4)	93.2	(158.3)	198.7
Office development	2.8	(2.8)	5.7	(5.7)	(3.8)	4.3	(7.3)	9.2
Residential	8.0	(8.0)	15.8	(15.8)	(9.9)	11.2	(18.6)	24.1
Industrial/other	0.3	(0.3)	0.6	(0.6)	(0.3)	0.3	(0.5)	0.6
Total	69.7	(69.7)	139.0	(139.0)	(97.4)	109.0	(184.7)	232.6

Development construction costs

A 5% decrease or increase in construction costs would result in a decrease or increase in the total value of the portfolio of €10m as at 31 March 2021 (March 2020: €10m). Development construction costs are an unobservable input to residual appraisals which are used in valuing those properties that are pipeline development assets.

17. Property, plant and equipment

Accounting policy

Owned property which is occupied by the Group for its own purposes is derecognised as investment property at the date occupation commenced and recognised as owner-occupied property within property, plant and equipment at its fair value at that date. Similarly, property which ceases to be occupied by the Group is derecognised as property, plant and equipment and recognised as investment property at fair value on the date of change of use. Property used for administration purposes is stated in the consolidated statement of financial position at its revalued amount. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each accounting period.

Any revaluation increase from this property is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount of this property arising on revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset. On derecognition, the accumulated reserve for that property remains in reserves until the asset is either sold or decommissioned, at which date the accumulated reserve relating to that asset is released directly to revenue reserves.

Depreciation on revalued property is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation reserve is transferred directly to retained earnings.

Fixtures and fittings are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised to write off the cost or value of assets less their residual value over their useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
The estimated useful lives for the main asset categories are:

Land and buildings	50 years
Fixtures and fittings/leasehold improvements	5 years
Office and computer equipment	3 years

As at 31 March 2021

	Land and buildings €'000	Office and computer equipment €'000	Leasehold improvements and fixtures and fittings €'000	Total €'000
Cost or valuation				
At 1 April 2020	**7,155**	**171**	**1,647**	**8,973**
Additions	-	22	19	41
Revaluation recognised in other comprehensive income	(304)	-	-	(304)
At 31 March 2021	**6,851**	**193**	**1,666**	**8,710**
Depreciation				
At 1 April 2020	(66)	(100)	(176)	(342)
Charge for the financial year	(138)	(39)	(333)	(510)
At 31 March 2021	**(204)**	**(139)**	**(509)**	**(852)**
Carrying amount at 31 March 2021	**6,647**	**54**	**1,157**	**7,858**

At 31 March 2020

	Land and buildings €'000	Office and computer equipment €'000	Leasehold improvements and fixtures and fittings €'000	Total €'000
Cost or valuation				
At 1 April 2019	5,942	207	596	6,745
Additions:				
Purchases	366	71	1,649	2,086
Transferred from investment property[1]	5,757	-	-	5,757
Disposals:				
Sales[2]	–	(107)	(598)	(705)
Transferred to investment property[1]	(6,568)	–	–	(6,568)
Revaluation recognised in other comprehensive income	1,658	–	–	1,658
At 31 March 2020	7,155	171	1,647	8,973
Depreciation				
At 1 April 2019	(299)	(152)	(392)	(843)
Charge for the financial year	(125)	(35)	(360)	(520)
Disposals	–	87	576	663
Transferred to investment property[1]	358	–	–	358
At 31 March 2020	(66)	(100)	(176)	(342)
Carrying amount at 31 March 2020	7,089	71	1,471	8,631

1. The Group relocated its head office from South Dock House to 1WML during the financial year. South Dock House has now been leased to a tenant and so is recognised in investment property. The space in 1WML now occupied by the Group has now been recognised in land and buildings as owner-occupied property.
2. Disposals relate to furniture and fittings in South Dock House.

Land and buildings: The Group's head office at 1WML was revalued by the Group's Valuer in accordance with the valuation approach described under note 16. It was measured at fair value at the financial year end using a yield methodology using market rental values capitalised with a market capitalisation rate. These fair value measurements use significant unobservable inputs. The inputs used are disclosed in the table below.

Valuation inputs	31 March 2021	31 March 2020
ERV per sq. ft.	**€51.0**	€55.0
Equivalent yield	**4.20%**	4.25%

SECTION IV – FINANCING INCLUDING EQUITY AND WORKING CAPITAL

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity. The Group has identified financial assets and liabilities in its financial position and the accounting policy for these is summarised in this note. Financial instruments may be further analysed between current and non-current depending on whether these will fall due within 12 months after the balance sheet date or beyond.

Financial assets: This classification depends on the business model and the contractual terms of the cash flows. Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal or interest are measured at amortised cost. At initial recognition the Group measures the financial assets at fair value plus (except for those at fair value through profit or loss) transaction costs. The difference between the recognition value and the redemption value is recognised in the income statement over the contractual terms using the effective interest rate method.

On initial recognition the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).
- Those to be measured subsequently at amortised cost.

The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Relevant costs incurred with the disposal of a financial asset are deducted in computing the gain or loss on disposal.

The Group’s financial assets comprise cash and cash equivalents at bank, trade and other receivables, and derivative instruments.

Financial liabilities: These are initially recognised at the fair value of the considerations received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are recognised at amortised cost. The difference between the recognition value and the redemption value is recognised in the income statement over the contractual terms using the effective interest rate method. This category includes trade and other payables and borrowings. Financial liabilities are derecognised in full when the Group is discharged from its obligation, they expire, or they are replaced by a new liability with substantially modified terms.

The Group’s non-equity financing is all unsecured and comprises a revolving credit facility and private placement notes. The majority of this debt is fixed rate or hedged through derivatives to protect against major rises in interest rates.

The Group’s financial assets and liabilities and the methods used to calculate fair value are listed in note 29.b.

Effective interest method: The Group uses the effective interest method of calculating the amortised cost of a debt instrument and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Impairment of financial assets: The Group recognises a loss allowance for expected credit losses on debt instruments, trade receivables and other financial assets. The amount of expected credit loss (“ECL”) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. IFRS 9 allows entities to apply a ‘simplified approach’ for trade receivables, contract assets and lease receivables. The simplified approach must be used for trade receivables with no significant financing approach and the Group has chosen to apply this to all trade receivables as only some minor receivables have a financing component. The simplified approach allows the recognition of lifetime ECL on all these assets without the need to identify significant increases in credit risk (see note 20). Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. The Group uses a provision matrix to calculate these ECL.

In order to perform this assessment, the Group classifies its assessment into three stages:

- Step 1: Group trade receivables: The Group has chosen to use a tenant risk assessment which is based on the tenant’s industry, its knowledge of its payment history and other factors as relevant to group financial assets into credit risk categories.
- Steps 2 to 4: The Group uses the period since inception to gather loss data. As only minor losses have occurred, the Group has used forward looking economic factors to determine appropriate loss rates to apply to each sub-group determined in step 1 as divided into past due categories, thus creating a matrix for provision of ECL.
- Stage 5: The ECL for each sub-group determined in step 1 is calculated by multiplying the loss rate calculated in steps 2 to 4 to the balance of each age-band for the receivables in each group. Once ECL of each age-band for the receivables has been calculated, total ECL of the portfolio is provided.

A financial asset is considered to be credit-impaired where payments are past due and there is no engagement with the Group to make arrangements to bring the payment schedule up to date. A financial asset is considered to be in default if the debtor has failed to pay all rent and other charges due for a period of three months, has failed to agree payment terms for the clearance of the balance and there are no legal grounds for suspended payment or the debtor has failed to engage or has moved out of the property and is considered a high-risk debtor. Each circumstance is individual and Management may use discretion when deciding if such amounts are recoverable. Rent continues to be recognised in rental income, with the appropriate ECL being recognised, until the financial asset is considered to be in default. Once in default, these amounts are still due but not recognised in profit or loss. Amounts considered to be in default are fully impaired. When legal proceedings are instigated to recover the debt, the costs of these are charged to profit or loss.

18. Cash and cash equivalents

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Cash and cash equivalents	**31,634**	28,454

Cash and cash equivalents includes cash at bank in current accounts and deposits held on call with banks. €8.4m is held in accounts for service charges prepaid, sinking fund contributions and rent deposits from tenants. The management of cash and cash equivalents is discussed in note 29. Please also refer to note 24.b on the net debt calculations. In addition, the Company holds funds in excess of its regulatory minimum capital requirement at all times.

19. Other financial assets

Accounting policy

Derivatives: The Group utilises derivative financial instruments to hedge interest rate risks on its borrowings. Derivatives designated as hedges against interest rate risks are accounted for as cash flow hedges. Hedge relationships are documented at inception. This documentation identifies the hedge, the item being hedged, the nature of the risks being hedged and how the effectiveness is measured during its duration. Hedges are measured for effectiveness at each accounting date and the accounting treatment of changes in fair value revised accordingly. The Group's cash flow hedges are against variability in interest costs and the effective portion is recognised in equity in the hedging reserve, with the ineffective portion being recognised in profit or loss within finance expenses.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Opening balance	**34**	34
Purchases of financial derivatives	561	-
Amortised to profit and loss	(299)	-
Net fair value gain on hedging instruments entered into for cash flow hedges	676	-
Closing balance at financial year end	**972**	34

Cash flow hedges are the Group's hedging instruments on its borrowings. The Group has a policy of having the majority of its interest rate exposure on its debt hedged or fixed. As at 31 March 2021, as well as having €75m of fixed coupon private placement notes, it has hedged the interest rate exposure on €325m of its revolving credit facility (March 2020: €125m) using a combination of caps and swaptions to limit the EURIBOR element of interest payable to 0.75% on €125m of notional debt and 0.25% on €200m of notional debt. This means that at 31 March 2021 all of the Group's drawn debt is either fixed or hedged (March 2020: 76%).

20. Trade and other receivables

Accounting policy

Trade and other receivables are initially recognised when they are originated. Trade and other receivables that do not contain significant financing components, which is assessed at initial recognition, are measured at the transaction price. Trade and other receivables which do contain a significant financing component are recognised at fair value at the recognition date and subsequently measured at amortised cost using the effective interest rate method.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Non-current		
Property income receivables	8,876	9,590
Recoverable capital expenditure	364	661
Expected credit loss allowance	(30)	(36)
Balance at end of financial year – non-current	**9,210**	10,215
Current		
Property income receivables	3,447	1,955
Recoverable capital expenditure	369	460
Expected credit loss allowance	(489)	(61)
	3,327	2,354
Receivable from investment property sales	-	136
Prepayments	484	985
Income tax refund due	-	2
VAT refundable	159	274
Balance at end of financial year – current	**3,970**	3,751
Balance at end of financial year – total	**13,180**	13,966
Of which are classified as financial assets	**1,265**	1,591

The non-current balance is mainly non-financial in nature; €0.4m (March 2020: €0.7m) relates to amounts receivable from tenants in relation to capital expenditure funded initially by the Group to be recovered over the relevant lease term, with the balance consisting of deferred income and expenditure amounts relating to the lease incentives and deferred lease costs. These amounts, as they are receivable over the term of the lease, have a financing element. The Group has chosen to apply the simplified ECL model to these. The Group introduced an internal rating system for tenants in the 2020 financial year in order to ensure proactive management of amounts due. Tenants that are potentially at risk are discussed on a weekly basis. The Group has a diverse range of tenants, many of which are large multinational companies, and our rent collection statistics have remained strong (note 2.e).The current balance of trade and other receivables has no concentration of credit risk as it comprises mainly prepayments (note 29.d). The ECL allowance is calculated according to the provision matrix and totals €519k (March 2020: €97k). In addition, ECL of €nil (March 2020: €50k) were realised in the year.

21. Issued capital and share premium

Accounting policy

The equity of the Company consists of ordinary shares issued. Shares issued are recorded at the date of issuance. The par value of the issued shares is recorded in the share capital account. The excess of proceeds received over the par value is recorded in the share premium account. Direct issue costs in respect of the issue of shares are accounted for in the retained earnings reserve, net of any related tax deduction.

At 31 March 2021

	No. of shares in issue '000	Share capital €'000	Share premium reserve €'000	Capital redemption reserve €'000	Total Company capital €'000
Balance at beginning of financial year	**684,657**	**68,466**	**630,276**	**1,757**	**700,499**
Shares cancelled during financial year	(23,125)	(2,313)	-	2,313	-
Capital reorganisation (note 23)	-	-	(50,000)	-	(50,000)
Shares issued during the financial year	125	13	168	-	181
Balance at end of financial year	**661,657**	**66,166**	**580,444**	**4,070**	**650,680**

At 31 March 2020

	No. of shares in issue	Share capital	Share premium	Capital redemption fund	Total Company capital
	’000	€’000	€’000	€’000	€’000
Balance at beginning of financial year	697,589	69,759	624,483	–	694,242
Shares cancelled during the financial year	(17,573)	(1,757)	–	1,757	–
Shares issued during the financial year	4,641	464	5,793	–	6,257
Balance at end of financial year	684,657	68,466	630,276	1,757	700,499

Shares issued during the financial year

0.1m ordinary shares with a nominal value of €0.10 were issued on 23 April 2020 in settlement of share-based payments relating to remuneration (see further details below). 4.6m ordinary shares were issued in the financial year ended 31 March 2020 in settlement of share-based payments totalling €6.2m.

Shares cancelled during the financial year – share buyback programme

On 7 August 2020, the Company commenced a €25m share buyback programme which completed on 16 November 2020. This €25m share buyback was accretive to net asset value per share and earnings per share and completed the return to shareholders of the proceeds from the sale of 77 Sir John Rogerson’s Quay, which started with the €25m share buyback programme undertaken in the 2020 financial year. In total, 23.1m shares were acquired and cancelled in this financial year at an average price of €1.08 per share. In the financial year ended 31 March 2020, 17.5m shares were acquired and cancelled at an average price of €1.42 per share.

Share-based payments

The Group’s remuneration scheme includes awards which are made in shares or nil-cost share options and which are payable to employees only after fulfilling service and/or performance conditions. Amounts provided for at 31 March 2021 were 2.3m shares and a maximum of a further 1.1m potential shares remain to be accrued as at the financial year end. Amounts due at 31 March 2020 were 1.5m shares and a further 0.9m potential shares remained to be accrued.

On 29 July 2020 conditional awards of the Company's ordinary shares of €0.10 cent each ("LTIP Shares") under the LTIP were granted to Executive Directors and other key management personnel totalling 2.4m shares. These vest after three years subject to performance and service conditions.

Share capital

Ordinary shares of €0.10 each:

	Financial year ended 31 March 2021 ‘000 of shares	Financial year ended 31 March 2020 ‘000 of shares
Authorised	**1,000,000**	1,000,000
Allotted, called up and fully paid	**661,657**	684,657
In issue at end of financial year	**661,657**	684,657

There are no shares issued which are not fully paid.

22. Other reserves

	As at 31 March 2021 €’000	As at 31 March 2020 €’000
Property revaluation	**3,243**	3,547
Cash flow hedging	**442**	(234)
Share-based payment reserve	**2,953**	2,066
Balance at end of financial year	**6,638**	5,379

22.a Property revaluation reserve

	As at 31 March 2021 €’000	As at 31 March 2020 €’000
Balance at beginning of financial year	**3,547**	1,889
(Decrease)/increase arising on revaluation of properties	(304)	1,658
Balance at end of financial year	**3,243**	3,547

The Group's head office is carried at fair value and the remeasurement of this property is made through other comprehensive income or loss (note 17). If disposed of, the property revaluation reserve relating to the premises sold will be transferred directly to retained earnings.

22.b Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve is reclassified to profit or loss when the hedged transaction affects the profit or loss consistent with the Group's accounting policy.

No income tax arises on this item.

Cumulative gains or losses arising on changes in fair value of hedging instruments that have been tested as ineffective and reclassified from equity into profit or loss during the financial year are included in the following line items:

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at beginning of financial year	**(234)**	(288)
Gain arising on fair value of hedging instruments entered into for cash flow hedges	676	54
Balance at end of financial year	**442**	(234)

22.c Share-based payment reserve

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at beginning of financial year	**2,066**	7,556
Performance-related payments provided	1,455	1,252
Settlement of performance-related payments	(568)	(6,742)
Balance at end of financial year	**2,953**	2,066

The share-based payment reserve comprises amounts reserved for the issue of shares in respect of variable remuneration. These are discussed further in note 10.

23. Retained earnings, distributable reserves, and dividends on equity instruments

Retained earnings

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at beginning of financial year	**525,271**	515,140
(Loss)/profit for financial year	(25,213)	61,043
Share issuance costs	(14)	(10)
Capital reorganisation	50,000	-
Share buyback	(25,035)	(25,036)
Other	88	-
Dividends paid	(33,777)	(25,866)
Balance at end of financial year	**491,320**	525,271

The following table is included to show the amount of retained earnings available for distribution to the owners of the parent company at the end of the financial year.

Distributable reserves – Company only

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Retained earnings at end of financial year (Company only)	**409,725**	444,029
Deduct: unrealised gains and losses[1]	(348,927)	(408,513)
Distributable reserves	**60,798**	35,516

1. Unrealised intercompany profits arising on the transfer of investment properties to subsidiaries of the Company have been eliminated for the purpose of the above calculation

In August 2020, a final dividend of 3.0 cent per share (€20.5m) and in January 2021 an interim dividend of 2.0 cent per share (€13.2m) were paid to the holders of fully paid ordinary shares. A final dividend for the financial year ended 31 March 2021 of 3.4 cent per share (c. €22.5m) has been proposed (March 2020: 3.0 cent per share or €20.5m) (note 13).

On 9 April 2020, €50m in share premium was converted to distributable reserves on foot of a capital reorganisation which took place during the financial year.

The Directors confirm that the Company continues to comply with the dividend payment obligations contained within the Irish REIT legislation.

24. Financial liabilities

Accounting policy

A financial instrument is classified as a financial liability where it contains an obligation to repay. These are accounted for at amortised cost. Financial liabilities that are classified as amortised cost are initially measured at fair value minus any transaction costs. Accounting at amortised cost means that any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss or capitalised into investment property over the period of the borrowings using the effective interest method (see Section IV: introduction).

24.a Borrowings

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Non-current		
Unsecured bank borrowings	225,317	185,109
Unsecured private placement notes	74,639	74,582
Total non-current borrowings	**299,956**	259,691
Current		
Unsecured bank borrowings	132	159
Unsecured private placement notes	353	358
Total current borrowings	**485**	517
Total borrowings	**300,441**	260,208

The maturity of non-current borrowings is as follows:	**As at 31 March 2021 €'000**	As at 31 March 2020 €'000
Less than one year	485	517
Between one and two years	-	-
Between two and five years	262,637	185,109
Over five years	37,319	74,582
Total	**300,441**	260,208

Movements in borrowings during the financial year:

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at beginning of financial year	**260,208**	231,555
Bank finance drawn	42,100	57,945
Bank finance repaid	(2,500)	(29,968)
Interest payable	633	676
Balance at end of financial year	**300,441**	260,208

The Group has a stated policy of not incurring debt above 40% of the market value of its property assets and has a through-cycle leverage target of 20-30% loan to value ("LTV"). Under the Irish REIT rules the LTV ratio must remain under 50%.

The Group has an unsecured revolving credit facility ("RCF") of €320m provided by Bank of Ireland, Wells Fargo, Barclays Bank Ireland and Allied Irish Banks. This facility, which expires in December 2023, is denominated in euro and is subject to a margin of 2.0% over three-month EURIBOR. The Group has entered into derivative instruments so €200m of its EURIBOR exposure is capped at 0.25% and the balance at 0.75% as at the financial year end, in accordance with the Group's hedging policy (note 29.d.ii).

The Group also has €75m of private placement notes with an average maturity of 6.3 years as at 31 March 2021 (March 2020: 7.3 years) which are held by two institutional investors. Coupons of 2.525% are fixed so long as the Group's credit rating remains investment grade. An additional €125m in 10- and 12-year senior private placement will be issued on 23 July 2021 bringing the average maturity of fixed debt to 9.3 years as at that date. These new notes will also be unsecured, with an average fixed coupon of 1.9%.

Where debt is drawn to finance material refurbishments and developments that take a substantial period of time to take into use, the interest cost of this debt is capitalised. Approximately €252k of financing costs were capitalised at an effective interest rate of 2.1% in relation to the Group's developments and major refurbishments during the financial year (March 2020: €141k).

All costs related to financing arrangements are amortised using the effective interest rate. The Directors confirm that all covenants have been complied with and are kept under review. There is significant headroom on the financial covenants (note 2.e).

24.b Net debt reconciliation and LTV

Net debt and LTV are key metrics in the Group. Net debt is redemption value of borrowings as adjusted by cash available for use. LTV is the ratio of net debt to investment property value at the measurement date.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Cash and cash equivalents	31,634	28,454
Cash reserved[1]	(8,442)	(7,457)
Gross debt – fixed interest rates	(75,000)	(75,000)
Gross debt – variable interest rates	(226,990)	(187,390)
Net debt at financial year end	**(278,798)**	(241,393)
Investment property at financial year end	**1,427,413**	1,465,183
Loan to value ratio	**19.5%**	16.5%

1. Cash is reduced by the amounts held in relation to rent deposits, sinking funds and similar arrangements as these balances are not viewed as available funds for the purposes of the above calculation.

Reconciliation of opening to closing net debt:

	Assets	Liabilities		Total
	Unreserved cash and cash equivalents €'000	Unsecured borrowings €'000	Private placement notes €'000	Net debt €'000
As at 1 April 2019	17,322	(159,413)	(75,000)	(217,091)
Loan drawdowns	-	(57,945)	-	(57,945)
Loan repayments	-	29,968	-	29,968
Increase in cash and cash equivalents	6,082	-	-	6,082
Decrease in cash reserved [1]	(2,407)	-	-	(2,407)
As at 31 March 2020	**20,997**	**(187,390)**	**(75,000)**	**(241,393)**
Loan drawdowns	-	(42,100)	-	**(42,100)**
Loan repayments	-	2,500	-	**2,500**
Increase in cash and cash equivalents	3,180	-	-	**3,180**
(Increase) in cash reserved [1]	(985)	-	-	**(985)**
As at 31 March 2021	**23,192**	**(226,990)**	**(75,000)**	**(278,798)**

1. Cash is reduced by the amounts held in relation to rent deposits, sinking funds and similar arrangements as these balances are not viewed as available funds for the purposes of the above calculation.

25. Deferred tax liabilities

Accounting policy

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are only recognised where it is probable that the amounts will be recoverable.

The Group is not generally liable for direct corporate taxes as it has REIT status (see note 12). Where it is anticipated that certain assets may not qualify as assets of the property rental business (defined in legislation) or where tax may be due on assets of the property rental business, deferred tax liabilities may be recognised on unrealised gains recognised on these assets as future taxes may be payable on these gains. There were no unrecognised deferred tax assets in the financial year that might be available to offset against these liabilities.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
The balance comprises temporary differences attributable to:		
Unrealised gains on residual business	**206**	395

26. Trade and other payables

Accounting policy

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Current		
Purchase of investment property	3,121	-
Investment property payable	1,830	4,037
Rent prepaid	12,850	8,631
Rent deposits and other amounts due to tenants	3,438	2,543
Sinking funds	2,091	1,975
Trade and other payables	4,464	4,470
PAYE/PRSI payable	203	217
Balance at end of financial year	**27,997**	21,873
Of which are classified as financial instruments	**5,220**	2,240

Cash is held against balances due for service charges prepaid and sinking fund contributions, €5.8m (March 2020: €3.7m), and rental deposits from tenants, €2.7m (March 2020: €2.5m). Sinking funds are monies put aside from annual service charges collected from tenants as contributions towards expenditure on larger maintenance items that occur at irregular intervals in buildings managed by Hibernia. Trade and other payables are interest free and have settlement dates within one year. The Directors consider that the carrying value of the trade and other payables approximates to their fair value.

27. Contract liabilities

Accounting policy

Contract liabilities arise as a result of service charge contracts, the accounting for which is discussed in note 5.

Contract liabilities arise from service charge payables. Service charge arrangements form a single performance obligation under which the Group purchases services for multi-let buildings and recharges them to tenants. The movements for the purchase of services and income relating to these activities are presented below.

	Contract liabilities €'000
Contract liabilities at 1 April 2019	2,008
(Revenue)/expense recognised during the financial year	(133)
Amounts received from customers under contracts	6,661
Amounts paid to suppliers	(5,359)
Contract liabilities at 31 March 2020	**3,177**
(Revenue)/expense recognised during the financial year	(233)
Amounts received from customers under contracts	7,157
Amounts paid to suppliers	(6,326)
Contract liabilities at 31 March 2021	**3,775**

Service charge arrangements are typically managed over a calendar year. Tenants are issued budgets in advance of each year and charged quarterly in advance with their lease rental payments. This performance obligation is met on an ongoing basis by the provision of services under the agreements and the payment of suppliers, for the most part, on a monthly basis for which funds are in place quarterly in advance from the occupiers. Any excess funds received are held in service charge accounts until they are used or refunded. At the end of each year, service charge accounts are independently audited and any under or over expenditure for that year is refunded or charged to the tenant. Service charge amounts typically cover operating expenses for the multi-let buildings.

28. Cash flow information

28.a Purchase of investment property

	Notes	**Financial year ended 31 March 2021 €'000**	Financial year ended 31 March 2020 €'000
Property purchases	16	11,099	22,820
Deposit paid on investment property		-	(145)
Purchase of investment property outstanding		(3,121)	-
Cash purchases of investment properties		**7,978**	22,675

28.b Cash expenditure on investment property

	Notes	**Financial year ended 31 March 2021 €'000**	Financial year ended 31 March 2020 €'000
Development and refurbishment expenditure	16	18,109	23,636
Decrease in investment property costs payable		2,207	1,630
Cash expenditure on investment property		**20,316**	25,266

29. Financial instruments and risk management

29.a Financial risk management objectives and policy

The Group takes calculated risks to realise its strategic goals and this exposes the Group to a variety of financial risks. These include, but are not limited to, market risk (including interest and price risk), liquidity risks and credit risk. These financial risks are managed in an overall risk framework by the Board, in particular by the Chief Financial Officer, and monitored and reported on by the Risk & Compliance Officer. The Group monitors market conditions with a view to minimising the volatility of the funding costs of the Group. The Group uses derivative financial instruments such as interest rate caps and swaptions to manage some of the financial risks associated with the underlying business activities of the Group.

29.b Financial assets and financial liabilities

The following table shows the Group’s financial assets and liabilities and the methods used to calculate fair value.

Asset/liability	Carrying value	Level	Fair value calculation technique	Assumptions
Trade and other receivables	Amortised cost	3	Discounted cash flow	Most trade receivables are very short-term, the majority less than one month, and therefore face value approximated fair value on a discounted basis.
Financial liabilities	Amortised cost	3	Discounted cash flow	The fair value of financial liabilities held at amortised cost has been calculated by discounting the expected cash flows at prevailing interest rates.
Derivative financial instruments	Fair value	2	Calculated fair value price	The fair value of derivative financial instruments is calculated using pricing based on observable inputs from financial markets.
Trade and other payables	Amortised cost	3	Discounted cash flow	All trade and other payables that could be classified as financial instruments are very short-term, the majority less than one month, and therefore face value approximated fair value on a discounted basis.
Contract liabilities	Amortised cost	3	Discounted cash flow	All contract liabilities classified as financial instruments are very short-term, the majority less than one month, and therefore face value approximated fair value on a discounted basis.

29.c Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following tables present the classification of financial assets and liabilities within the fair value hierarchy and the changes in fair values measurements at Level 3 estimated for the purposes of making the above disclosure.

As at 31 March 2021

	Level	Total €'000	Of which are assessed as financial instruments €'000	Measured at fair value €'000	Measured at amortised cost €'000	Total financial instruments €'000	Fair value financial instruments €'000
Trade and other receivables	3	**13,180**	1,265	-	1,265	1,265	1,265
Derivatives at fair value	2	**972**	972	972	-	972	972
Borrowings	3	**(300,441)**	(300,441)	-	(300,441)	(300,441)	(310,341)
Trade and other payables	3	**(27,997)**	5,220	-	5,220	5,220	5,220
Contract liabilities	3	**(3,775)**	(3,775)	-	(3,775)	(3,775)	(3,775)
		(318,061)	**(296,759)**	**972**	**(297,731)**	**(296,759)**	**(306,659)**

As at 31 March 2020

	Level	Total €'000	Of which are assessed as financial instruments €'000	Measured at fair value €'000	Measured at amortised cost €'000	Total financial instruments €'000	Fair value financial instruments €'000
Trade and other receivables	3	13,966	1,591	–	1,591	1,591	1,591
Derivatives at fair value	2	34	34	34	–	34	34
Borrowings	3	(260,208)	(260,208)	–	(260,208)	(260,208)	(266,559)
Trade and other payables	3	(21,873)	(2,240)	–	(2,240)	(2,240)	(2,240)
Contract liabilities	3	(3,177)	(3,177)	–	(3,177)	(3,177)	(3,177)
		(271,258)	(264,000)	34	(264,034)	(264,000)	(270,351)

Movements of assets measured at fair value in Level 3

This reconciliation includes investment property measured at fair value. Measurement of these assets is described in note 16 'Investment property' and in the table at the start of this note.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at beginning of financial year	**1,465,183**	1,395,418
Transfers out of level 3	-	-
Purchases, sales, issues and settlement		
Purchases[1]	29,208	46,456
Transfer from other assets	603	-
Transfer to/from property, plant and equipment	-	453
Fair value movement	(67,581)	22,856
Balance at end of financial year	**1,427,413**	1,465,183

1. Includes development, refurbishment and remedial expenditure.

29.d Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	Derivative products – cap/swaption arrangements
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Ageing analysis, credit ratings where applicable	Cash investment policy with minimum ratings Diversification of deposits where merited
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts are completed as part of budgeting process	Availability of borrowing facilities

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

i. Risk management framework

The Group's Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee is responsible for developing and monitoring the Group's risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. All of these policies are regularly reviewed in order to reflect changes in the market conditions and the Group's activities. The Audit Committee is assisted in its work by internal audit, conducted by PwC Ireland, which undertakes periodic reviews of different elements of risk management controls and procedures.

ii. Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The Group has no financial assets or liabilities denominated in foreign currencies. The Group's financial assets mainly comprise cash and cash equivalents, and trade receivables. Financial liabilities comprise short-term payables, private placement notes and bank borrowings. Therefore the primary market risk is interest rate risk.

Interest rate risk: The Group's policy is to ensure the majority of the interest rate risk on its drawn debt is fixed or hedged. Only eligible hedging instruments (external interest rate swaptions and caps) are used against eligible hedged items (interest rates payable on financial liabilities that are reliably measurable). There is a formal designation and documentation in place for the hedging relationship and the risk management objective and this is reviewed on an at least annual basis.

The Group has both fixed and variable rate borrowings. Variable rate borrowings consist of an unsecured revolving credit facility which is referenced to EURIBOR and the Group has hedged against increases in EURIBOR by entering into interest rate caps and swaptions to restrict EURIBOR on €200m of notional debt to 0.25% and on a further €125m of notional debt to 0.75%. The following therefore illustrates the potential impact on profit and loss for the financial year of a 1% or 2% increase in EURIBOR. The table below illustrates the hedges in place and their impact under a 1% and 2% increase in EURIBOR based on variable rate drawn balances at the financial year end.

As at 31 March 2021

	Principal €'000	Impact on profit +1% EURIBOR Increase €'000	Impact on profit +2% EURIBOR Increase €'000
Amount drawn	**(226,990)**	(2,270)	(4,540)
Hedging (caps)			
€200m cap expires December 2025: strike 0.25%	**200,000**	1,500	3,500
€125m cap expires December 2021: strike 0.75%[1]	**125,000**	67	337
Impact on profit after hedging		**(703)**	**(703)**

1. Assumes the most favourable hedge is utilised first – so the balance is against the hedge expiring in December 2021.

As at 31 March 2020

	Principal €'000	Impact on profit +1% EURIBOR Increase €'000	Impact on profit +2% EURIBOR Increase €'000
Amount drawn	(187,390)	(1,874)	(3,748)
Hedging (caps)			
€125m expires December 2021: strike 0.75%	125,000	313	1,563
Impact on profit after hedging		(1,561)	(2,185)

Exposure to interest rates is limited to the exposure of the Group's interest expense from borrowings. Variable rate borrowings were €227m (March 2020: €187m) and gross debt was €302m in total at the financial year end of which €75m was fixed rate private placement notes (March 2020: €262m of which €75m was fixed). The Group's drawings under its facilities were based on a EURIBOR rate of 0% throughout the financial year.

iii. Credit risk

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a counterparty's failure to repay a loan or otherwise meet a contractual obligation. Credit risk is therefore, for the Group and Company, the risk that the counterparties underlying its assets default.

The Group has the following types of financial assets and cash that are subject to credit risk:

Cash and cash equivalents: These are held with major Irish and European institutions. The Board has established a cash management policy for these funds which it monitors regularly. This policy includes ratings restrictions, BB or better, and related investment thresholds, maximum balances of €25-50m with individual institutions dependent on rating, to avoid concentration risks with any one counterparty. The Group has also engaged the services of a Depository to ensure the security of the cash assets.

Trade and other receivables: Rents are generally received in advance from tenants and therefore there tends to be a low level of credit risk associated with this asset class. As part of the Group's response to the COVID-19 pandemic, a credit rating system was introduced for tenants. This is used, together with an analysis of past loss patterns and future expectations of economic impacts, to create a matrix for the calculation and provision of ECL (note 20). Included in trade receivables is a net amount of €0.7m relating to expenditure on fit-outs that is recoverable from tenants over the duration of the lease (March 2020: €1.0m). This amount is monitored closely in the current economic environment due to its long-term nature. Otherwise, the Group has small balances in trade receivables which are immaterial in the context of credit risk.

Trade receivables are managed under a 'held-to-collect' business model as described in note 20. ECL on financial and contract assets recognised during the financial year were €423k (March 2020: €147k). Details on the Group's policy on providing ECL can be found in the introduction to Section IV. The Group has a diverse range of tenants, many of which are large multinational companies, (57% of its contracted rent is from the technology sector and state entities), and to date our rent collection statistics have remained strong (note 2.e).

The maximum amount of credit exposure is therefore:

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Other financial assets	**972**	34
Trade and other receivables	**13,180**	13,966
Cash and cash equivalents	**31,634**	28,454
Balance at end of financial year	**45,786**	42,454

iv. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient available funds to meet obligations as they fall due. Net current assets, a measure of the Group's ability to meet its current liabilities, at the financial year end were:

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Net current assets at the financial year end	**3,347**	6,638

The nature of the Group's activities means that the management of cash is particularly important and is managed over a four-year period. The budget and forecasting process includes cash forecasting, capital and operational expenditure projections, cash inflows and dividend payments on a quarterly basis over the four-year horizon. This allows the Group to monitor the adequacy of its financial arrangements.

In addition to a cash balance of €23m (excludes cash from sinking funds and tenant deposits) (March 2020: €21m), the Group had access at 31 March 2021 to €93m (March 2020: €133m) in undrawn amounts under its revolving credit facility (note 24.a), which matures in December 2023. In July 2021, the Group will receive an additional €125m from the issue of US private placement debt (note 34.3)

Exposure to liquidity risk

Listed below are the contractual cash flows of the Group's financial liabilities. This includes contractual maturity in relation to borrowings which is also the earliest maturity of the facilities assuming that covenants are not breached. Covenants are reviewed quarterly and scenario analyses performed as to the circumstances under which these covenants could be breached in order to monitor going concern and viability (see also note 2.e). Only trade and other payables relating to cash expenditure are included; the balance relates either to non-cash items or deferred income. These include interest margins payable and contracted repayments. EURIBOR is assumed at 0% throughout the financial year.

At 31 March 2021

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
Non-derivatives							
Borrowings	300,441	324,473	3,217	3,217	6,434	271,247	40,358
Trade payables	27,997	27,997	27,997	-	-	-	-
Contract liabilities	3,775	3,775	3,775	-	-	-	-
Total	**332,213**	**356,245**	**34,989**	**3,217**	**6,434**	**271,247**	**40,358**

At 31 March 2020

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
Non-derivatives							
Borrowings	260,208	285,517	2,821	2,821	5,642	194,629	79,604
Trade payables	2,240	2,240	2,240	-	-	-	-
Contract liabilities	3,177	3,177	3,177	-	-	-	-
Total	265,625	290,934	8,238	2,821	5,642	194,629	79,604

v. Capital management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to minimise the cost of its capital,

In order to manage its capital, the Group may adjust the amount of dividends paid to shareholders (while ensuring it remains compliant with the dividend distribution requirements of the Irish REIT regime), return capital to shareholders, issue new shares or sell assets to reduce debt. On 7 August 2020, the Company commenced a €25m share buyback programme which completed on 16 November 2020 (note 21). The Group is also obliged to distribute at least 85% of its property rental income annually via dividends under the REIT regime regulations.

Capital comprises share capital, retained earnings and other reserves, as disclosed in the consolidated statement of changes in equity. At 31 March 2021 the total capital of the Group was €1,148m (March 2020: €1,231m).

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

- ***Total Property Return ("TPR") %:*** Measures the relative performance of the Company's investment property portfolio versus the Irish property market, as calculated by MSCI.
- ***Total Accounting Return ("TAR") %:*** Measures the absolute growth in the Group's EPRA NTA per share plus any ordinary dividends paid during the financial year.
- ***EPRA earnings per share (cent):*** Measures the profit after tax excluding revaluations and gains and losses on disposals and associated taxation (if any) on a per share basis. For property companies it is a key measure of a company's operational performance and capacity to pay dividends.
- ***Total Shareholder Return ("TSR") %:*** Measures growth in share value over a period assuming dividends are reinvested in the purchase of shares. Allows comparison of performance against other companies in the Group's listed peer group.

The Group seeks to leverage its equity capital in order to enhance returns (note 24.a). The loan to value ratio ("LTV") is expressed as net debt (note 24.b) divided by total investment property value (as shown in the balance sheet). The Group's policy is to maintain an LTV ratio of 20-30% on a through cycle basis and not to incur debt above an LTV ratio of 40% (see note 24.b).

Key loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following key financial covenants:

- The LTV ratio must not exceed 50%
- Interest cover must be greater than 1.5 times on both a 12-month historical and forward basis
- The net worth (Net Asset Value) of the Group must exceed €400m at all times

The Group has complied with these key covenants throughout the reporting period.

Other
In addition, the LTV ratio must remain under 50% under the rules of the Irish REIT regime.

The Company's share capital is publicly traded on Euronext Dublin and the London Stock Exchange.

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

SECTION V – OTHER

This section contains notes that do not belong in any of the previous categories.

30. Operating lease receivables

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

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Operating lease receivables due in:		
Less than one year	65,552	64,206
Between two and five years	169,348	178,678
Greater than five years	117,043	142,282
Total	**351,943**	385,166

The Group leases its investment properties under operating leases. The weighted average unexpired lease term based ("WAULT") of the office portfolio at 31 March 2021, based on the earlier of lease break or expiry date was 5.8 years (March 2020: 6.4 years).

These calculations are based on all leases in place at 31 March 2021, i.e. including leases that are in place but have not yet commenced.

31. Capital commitments

The Group has entered into a number of development contracts to develop buildings in its portfolio. The total capital expenditure commitment in relation to these is approximately €3m (March 2020: €18m).

32. Contingent liabilities

Accounting policy
Contingent liabilities are possible obligations depending on whether some uncertain future event occurs, or present obligations where payment is not probable, or the amount cannot be measured reliably. Contingent liabilities are not recognised but are disclosed unless the possibility of an outflow of economic resources is remote.

The Group has not identified any contingent liabilities which are required to be disclosed in the financial statements.

33. Related parties

33.a Subsidiaries

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

The following are the major subsidiaries of the Group:

Name	Registered address/ Country of incorporation	Shareholding/ Number of shares held	Directors	Company Secretary	Nature of business
Hibernia REIT Holding Company Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Holdco One Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Holdco Two Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Edwina Governey Kevin Nowlan Mark Pollard	Sean O'Dwyer	General partner
Hibernia REIT Holdco Three Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Frank O'Neill	Sean O'Dwyer	Property development
Hibernia REIT Holdco Four Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Frank O'Neill	Sean O'Dwyer	Holding property interests
Hibernia REIT Building Management Services Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/1	Justin Dowling Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Property management
WK Nowlan REIT Management Limited	1WML Windmill Lane Dublin D02 F206 Ireland	100%/300,000	Thomas Edwards-Moss Kevin Nowlan Frank O'Neill	Sean O'Dwyer	Investment holding company

33.b Other related party transactions

Thomas Edwards-Moss (CFO) rented an apartment from the Group at market rent and paid €33k in rent during the financial year (March 2020: €14k).

Stewart Harrington (Non-Executive Director) rented an apartment from the Group for part of the financial year at market rent and paid €17k in rent during the financial year (March 2020: €9k).

33.c Key management personnel

In addition to the Executive and Non-Executive Directors, the following are the key management personnel of the Group:

Justin Dowling	Director of Property
Edwina Governey	Chief Investment Officer
Sean O'Dwyer	Company Secretary and Risk & Compliance Officer
Frank O'Neill	Director of Operations
Gerard Doherty	Director of Development

The remuneration of the above key management personnel paid during the financial year was as follows:

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Short-term benefits	3,751	3,385
Post-employment benefits	288	262
Other long-term benefits	-	-
Share-based payments	222	367
Total for the financial year	4,261	4,014

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

34. Events after the financial year end

1. On 22 April 2021, 154,349 ordinary shares were issued pursuant to the settlement of performance-related remuneration awards for the year ended 31 March 2019. Following the transaction, the issued share capital of the Company is 661,811,141 ordinary shares of €0.10 each.

2. The Directors have proposed a final dividend of 3.4 cent per share that is subject to approval at the AGM to be held on 27 July 2021.

3. On 20 May 2021 the Group announced the issue of €125m senior unsecured fixed rate notes which will be funded on 23 July 2021 in two series as follows:

- €62.5m 1.88% due July 2031
- €62.5m 1.92% due July 2033

Pro-forma for this debt issuance, the weighted average term of the Group's debt at 31 March 2021 would have been 5.2 years, up from 3.4 years excluding the issue.

SUPPLEMENTARY INFORMATION

i. Five-year record

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

Consolidated statement of financial position	2021 €'m	2020 €'m	2019 €'m	2018 €'m	2017 €'m
Investment property	**1,427**	1,465	1,395	1,309	1,167
Other assets	**54**	52	77	44	43
Financial liabilities	**(300)**	(260)	(231)	(219)	(171)
Other liabilities	**(32)**	(26)	(23)	(22)	(25)
Net assets	**1,149**	1,231	1,218	1,112	1,014
Financed by:					
Share capital	**650**	700	694	687	678
Reserves	**499**	531	524	425	336
Total equity	**1,149**	1,231	1,218	1,112	1,014
IFRS NAV per share (cent)	**173.6**	179.8	174.7	160.6	147.9
EPRA NTA per share (cent)[1]	**172.7**	179.2	173.3	159.1	146.3

Consolidated income statement	2021 €'m	2020 €'m	2019 €'m	2018 €'m	2017 €'m
Net rental income	**63**	59	53	46	40
Gains and (losses) on investment property	**(67)**	23	98	88	104
Other gains and losses	**-**	-	-	-	2
Total operating expenses	**(13)**	(14)	(19)	(21)	(21)
Operating profit/(loss)	**(17)**	68	132	113	125
Net finance expense	**(8)**	(7)	(8)	(6)	(6)
Profit/(loss) for the financial year	**(25)**	61	124	107	119
Basic earnings per share (cent)	**(3.7)**	8.9	17.8	15.5	17.3
Diluted earnings per share (cent)	**(3.7)**	8.8	17.6	15.4	17.2
EPRA earnings per share (cent)	**6.3**	5.5	4.0	2.8	2.2
Diluted EPRA earnings per share (cent)	**6.2**	5.5	3.9	2.8	2.2
Dividend per share (cent)	**5.4**	4.8	3.5	3.0	2.2

1. For 2019 and prior years EPRA NAV is presented, under the 2016 EPRA BPR. EPRA updated these in October 2019 and we present EPRA NTA from then onwards (see iii.f EPPRA NAV measures for more information). There is no material change between EPRA NAV an EPRA NTA for Hibernia.

ii. Alternative performance measures

The Group has applied the European Securities and Markets Authority ("ESMA") 'Guidelines on Alternative Performance Measures' in this document. An alternative performance measure ("APM") is a measure of financial or future performance, position or cash flows of the Group which is not a measure defined by International Financial Reporting Standards ("IFRS"). The main APMs presented are European Public Real Estate Association ("EPRA") performance measures as set out in EPRA's Best Practices Recommendations Guidelines 2019 ("BPR"). These measures are defined by EPRA in order to encourage comparability with the real estate sector in Europe (see Section iii).

The following are the APMs used in this report together with information on their calculation and relevance.

APM	Reconciled to IFRS measure:	Reference	Definition
Contracted rent roll	n/a	n/a	Contracted rent under the lease agreements, and excluding all incentives or rent abatements, for the portfolio as at the reporting date.
EPRA cost ratios	IFRS operating expenses	iii.c	Calculated using all administrative and operating expenses under IFRS, net of service fees. It is calculated including and excluding direct vacancy costs.
EPRA earnings	IFRS (loss)/profit for the financial year attributable to owners of the parent	iii.a	As EPRA earnings is used to measure the operational performance of the Group, it excludes all components not relevant to the underlying net income performance of the portfolio, such as the change in value of the underlying investments and any gains or losses from the sales of investment properties.
EPRA earnings per share ("EPRA EPS")	IFRS earnings per share	Note 14 iii.a	EPRA earnings on a per share basis.
EPRA like-for-like rental growth reporting	n/a	iii.b	Like-for-like rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described.
EPRA Net Reinstatement Value ("NRV")	Total assets less total liabilities as calculated under IFRS (IFRS NAV)	iii.f	This assumes that entities never sell assets and aims to represent the value required to rebuild the entity.
EPRA Net Reinstatement Value ("NRV") per share	Total assets less total liabilities as calculated under IFRS (IFRS NAV)	iii.f	EPRA NRV calculated on a diluted basis
EPRA Net Tangible Assets ("NTA")	Total assets less total liabilities as calculated under IFRS (IFRS NAV)	iii.f	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
EPRA Net Tangible Assets ("NTA") per share	Total assets less total liabilities as calculated under IFRS (IFRS NAV)	iii.f	EPRA NTA calculated on a diluted basis.
EPRA Net Disposal Value ("NDV")	Total assets less total liabilities as calculated under IFRS (IFRS NAV)	iii.f	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.
EPRA Net Disposal Value ("NDV") per share	Total assets less total liabilities as calculated under IFRS (IFRS NAV)	iii.f	EPRA NDV calculated on a diluted basis.
EPRA Net Initial Yield ("EPRA NIY")	n/a	iii.e	Inherent yield of the completed portfolio using passing rent at the reporting date.

APM	Reconciled to IFRS measure:	Reference	Definition
EPRA 'topped-up' Net Initial Yield ("EPRA 'topped-up' NIY")	n/a	iii.e	Inherent yield of the completed portfolio using contracted rent at the reporting date.
EPRA vacancy rate	n/a	iii.d	ERV of the vacant space over the total ERV of the completed portfolio.
IFRS net asset value ("IFRS NAV")	Total assets less total liabilities as calculated under IFRS (equivalent to total equity per the consolidated statement of financial position)	Note 15	
Loan to value ("LTV")	n/a	Note 24.b	Net debt as a proportion of the value of investment properties.
Final and interim dividend per share	Dividend per share	Note 13	Number of cent to be distributed to shareholders in dividends.
Net debt	Financial liabilities	Note 24.b	Financial liabilities net of cash balances (as reduced by the amounts collected from tenants for deposits, sinking funds and similar) available.
Passing rent	n/a	n/a	Annualised gross property rent receivable on a cash basis as at the reporting date.
Property-related capital expenditure	Amounts expended on investment property, i.e. property purchases and development and refurbishment expenditure	Note 16	Property-related capital expenditure analysed so as to illustrate the element of such expenditure that is 'maintenance' rather than investment.
Reversionary potential	n/a	iii.g.iii	Potential rent uplift available from leases with break dates, expiring or review events in future periods.
Total Accounting Return ("TAR")	Indirectly through EPRA NTA per share (Calculated through EPRA NAV per share in financial year ended 31 March 2020)	Note 15	Measures the absolute growth in the Group's EPRA NTA per share plus any ordinary dividends paid in the accounting period.
Total Property Return ("TPR")	n/a	n/a	TPR is the return for the period of the property portfolio (capital and income) as calculated by MSCI, the producers of the MSCI Ireland Property Index.

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

EPRA performance measures presented here and summarised on page 17 of this statement are calculated according to the EPRA BPR. EPRA performance measures are used in order to enhance transparency and comparability with other public real estate companies in Europe.

EPRA earnings, EPRA NTA and EPRA capex measures are also included within the financial statements, in which they are audited, as they are important key performance indicators for variable remuneration. All measures are presented on a consolidated basis only and, where relevant, are reconciled to IFRS figures as presented in the consolidated financial statements.

iii.a EPRA earnings

EPRA earnings, earnings from operational activities, are presented as they are a key measure of the Group's underlying operating result and an indication of the extent to which current and proposed dividend payments are supported by earnings. Unrealised changes in valuation, gains or losses on disposals of properties and certain other items are excluded as they are not considered to be part of the core activity of an investment property company.

	Note	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
(Loss)/profit for the financial year attributable to owners of the parent		**(25,213)**	61,043
Adjusted for:			
(Gains) and losses on investment property	16	67,581	(22,856)
(Gains) on other assets		(69)	-
Deferred tax in respect of EPRA adjustments		(188)	(152)
Changes in fair value of financial instruments and associated close-out costs		112	58
EPRA earnings		**42,223**	38,093
EPRA earnings per share and diluted EPRA earnings per share		'000	'000
Weighted average number of ordinary shares (basic)	14	**673,618**	688,759
Weighted average number of ordinary shares (diluted)	14	**676,990**	691,134
EPRA earnings per share (cent)		**6.3**	5.5
Diluted EPRA earnings per share (cent)		**6.2**	5.5

iii.b EPRA like-for-like ("L-f-L") rental growth

L-f-L net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation by the Group, and not under development, during the two full preceding periods that are described. Information on the growth in rental income, other than from acquisitions and disposals, allows stakeholders to arrive at an estimate of organic growth. This can be used to measure whether the reversions feed through as anticipated, and whether the vacancy rates are changing. This is presented on a segmented basis by portfolio type. All properties are in Dublin therefore a geographic spread is not included.

Financial year ended 31 March 2021

Whole portfolio			**Like-for-like portfolio**				
Segment	Value – all assets €'m	Net rental income €'m	VALUE L-f-L assets €'m	Net rental income L-f-L assets current year €'m	Net rental income L-f-L assets prior year €'m	Growth in net rental income €'m	%
Office assets	**1,138.8**	**55.4**	**1,125.4**	**55.3**	**51.4**	**3.9**	**7.5**
Residential assets	**167.7**	**5.8**	**166.8**	**5.8**	**5.9**	**(0.1)**	**(1.1)**
Industrial/other assets	**58.9**	**2.1**	**16.3**	**1.3**	**1.1**	**0.1**	**11.8**
Total 'in-place' portfolio	**1,365.4**	**63.3**	**1,308.5**	**62.4**	**58.4**	**3.9**	**6.7**
Development assets	**62.0**	**-**					
Assets sold	**-**	**-**					
Total portfolio	**1,427.4**	**63.3**					

Buildings excluded from L-f-L as at 31 March 2021

Developments in progress/sites: 2 Cumberland Place, 50 City Quay, Newlands.

Properties acquired: 2021: Docklands office asset, units in Dublin Industrial Estate; 2020: Docklands office asset, units in Dublin Industrial Estate, Industrial unit Malahide Road.

Financial year ended 31 March 2020

Whole portfolio			Like-for-like portfolio				
Segment	Value – all assets €'m	Net rental income €'m	VALUE L-f-L assets €'m	Net rental income L-f-L assets current year €'m	Net rental income L-f-L assets prior year €'m	Growth in net rental income €'m	%
Office assets	1,196.9	51.5	963.2	45.7	44.1	1.6	3.7
Residential assets	159.5	5.9	147.7	5.9	5.6	0.3	6.0
Industrial/other assets	60.8	1.2	13.0	0.7	0.7	0.0	(0.9)
Total 'in-place' portfolio	1,417.2	58.6	1,123.9	52.3	50.4	1.9	3.9
Development assets	48.0	-					
Assets sold	-	-					
Total portfolio	1,465.2	58.6					

Buildings excluded from L-f-L as at 31 March 2020

Developments/refurbishments concluded in prior year: 1SJRQ, 2WML, Cannon Place (residential).

Developments in progress/sites: 2 Cumberland Place, Newlands.

Properties acquired: 2020: Docklands office asset, all units in Dublin Road Industrial Estate, Industrial unit Malahide Road; 2019: 50 City Quay, 129 Slaney Road Industrial Park, Clanwilliam Apartments.

Properties sold: 2020: None; 2019: New Century House, 77 Sir John Rogerson's Quay.

iii.c EPRA cost ratios

A key measure to enable meaningful measurement and comparison of the changes in a company's operating costs.

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Total operating expenses under IFRS	**13,485**	13,393
Property expenses[1]	**3,174**	3,051
Net service charge costs/fees	**(75)**	65
EPRA costs including direct vacancy costs	**16,584**	16,509
Direct vacancy costs	(984)	(964)
EPRA costs excluding direct vacancy costs	**15,600**	15,545
Gross rental income[1]	**66,405**	61,701
EPRA cost ratio including direct vacancy costs	**25.0%**	26.8%
EPRA cost ratio excluding direct vacancy costs	**23.5%**	25.2%

1. Adjusted for costs recovered through rents and, under IFRS, accounted for on a gross basis.

The Group has not capitalised any overheads in the current or the prior financial year. Property expenses are reduced by the costs which are reimbursed through rental receipts.

iii.d EPRA vacancy rate

This provides comparable and consistent vacancy data for investors based on the Valuer's assessment of gross ERV. The EPRA vacancy rate measures the ERV of vacant space expressed as a percentage of the total ERV of the completed portfolio.

EPRA vacancy rate: Calculated as recommended excluding current developments/refurbishments projects underway: 2 Cumberland Place and 50 City Quay.

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Annualised ERV vacant units[1]	6,143	5,208
Annualised ERV completed portfolio	72,348	75,173
EPRA vacancy rate	**8.5%**	6.9%

1. The ERV from vacant units includes the vacant units within the Group's residential assets at the financial year end.

Adjusted EPRA vacancy rate: Calculated as above but also excluding the Clanwilliam Court properties (Clanwilliam Blocks 1,2 and 5 and Marine House) which are scheduled to move to the development portfolio segment in the next 12 months and therefore will be unavailable to rent when the current leases expire:

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Annualised ERV vacant units	4,895	5,208
Annualised ERV completed portfolio	67,311	75,173
EPRA vacancy rate	**7.3%**	6.9%

iii.e EPRA Net Initial Yield ("EPRA NIY") and EPRA 'topped-up' Net Initial Yield

This measures the inherent yield of the portfolio according to set guidelines to allow investors to compare real estate investment companies across Europe on a consistent basis, using current cash passing rent. EPRA 'topped-up' NIY: this measures the yield based on rents adjusted for the expiration of lease incentives, i.e. on a contracted rent basis.

At 31 March 2021

	Office €'m	**Residential €'m**	**Industrial/other €'m**	**Total €'m**	**Development €'m**	**Total €'m**
Investment property at fair value	**1,139**	**168**	**58**	**1,365**	**62**	**1,427**
Less: Development/refurbishment	-	-	(30)[1]	**(30)**	(62)	**(92)**
Completed property portfolio	**1,139**	**168**	**28**	**1,335**	**-**	**1,335**
Allowance for purchasers' costs[2]	113	7	3	**123**		
Gross up of completed property portfolio (A)	**1,252**	**175**	**31**	**1,458**		
Annualised cash passing rental income[3]	**58**	**7**	**2**	**67**		
Property outgoings	(1)	(1)	(1)	**(3)**		
Annualised net rents (B)	**57**	**6**	**1**	**64**		
Expiry of lease incentives and fixed uplifts[4]	-	-	-	**-**		
'Topped-up' annualised net rent (C)	**57**	**6**	**1**	**64**		
EPRA NIY (B/A)	**4.5%**	**3.3%**	**4.6%**	**4.4%**		
EPRA 'Topped-up' NIY (C/A)	**4.5%**	**3.3%**	**4.6%**	**4.4%**		

1. Lands at Newlands are excluded as held for future development and were undeveloped at 31 March 2021.
2. Purchasers' costs are 9.96% for commercial property and 4.46% for residential.
3. Cash passing rent includes residential rents gross as property outgoings are included separately.
4. Expiry of lease incentives and fixed uplifts are mainly within one year.

At 31 March 2020

	Office €'m	Residential €'m	Industrial/other €'m	Total €'m	Development €'m	Total €'m
Investment property at fair value	1,197	159	61	1,417	48	1,465
Less: Development/refurbishment	–	–	(33)[1]	(33)	(48)	(81)
Completed property portfolio	1,197	159	28	1,384	–	1,384
Allowance for purchasers' costs[2]	119	7	3	129		
Gross up of completed property portfolio (A)	1,316	166	31	1,513		
Annualised cash passing rental income[3]	55	7	2	64		
Property outgoings	(1)	(1)	–	(2)		
Annualised net rents (B)	54	6	2	62		
Expiry of lease incentives and fixed uplifts[4]	4	–	–	4		
'Topped-up' annualised net rent (C)	58	6	2	66		
EPRA NIY (B/A)	4.2%	3.7%	5.2%	4.1%		
EPRA 'Topped-up' NIY (C/A)	4.4%	3.7%	6.1%	4.4%		

1. Lands at Newlands are excluded as held for future development and were undeveloped at 31 March 2020.
2. Purchasers' costs are 9.96% for commercial property and 4.46% for residential.
3. Cash passing rent includes residential rents gross as property outgoings are included separately and rents from the Iconic office arrangement in Clanwilliam.
4. Expiry of lease incentives and fixed uplifts are mainly within one year.

iii.f EPRA NAV measures

Net Asset Value ("NAV") is a key performance measure for real estate companies. EPRA has introduced a number of measures to enhance investors' understanding. EPRA has defined three measures in the 2019 Guidelines as below.

EPRA Net Reinstatement Value ("NRV") highlights the value of net assets on a long-term basis. This assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets ("NTA") assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value ("NDV") represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

	Financial year ended 31 March 2021		
	EPRA NRV	**EPRA NTA[1]**	**EPRA NDV[2,5]**
	€'000	**€'000**	**€'000**
IFRS NAV	**1,148,638**	**1,148,638**	**1,148,638**
Include:			
Revaluation of other non-current investments	-	-	-
Diluted NAV at fair value[3]			
Exclude:			
Deferred tax in relation to unrealised gains on investment property	206	-	-
Fair value of financial instruments	(442)	(442)	-
Include:			
Fair value of fixed interest rate debt	-	-	(9,900)
Real estate transfer tax[4]	132,997	-	-
NAV performance measure	**1,281,399**	**1,148,196**	**1,138,738**
Diluted number of shares at financial year end	**665,029**	**665,029**	**665,029**
NAV per share at financial year end (cent)	**192.7**	**172.7**	**171.2**

Footnotes: see below 2020 table.

	Financial year ended 31 March 2020		
	EPRA NRV	EPRA NTA[1]	EPRA NDV[2,5]
	€'000	€'000	€'000
IFRS NAV	1,231,149	1,231,149	1,231,149
Include:			
Revaluation of other non-current investments	-	-	-
Diluted NAV at fair value[3]	1,231,149	1,231,149	1,231,149
Exclude:			
Deferred tax in relation to unrealised gains on investment property	395	-	-
Fair value of financial instruments	234	234	-
Include:			
Fair value of fixed interest rate debt	-	-	(6,380)
Real estate transfer tax[4]	138,545	-	-
NAV performance measure	1,370,323	1,231,383	1,224,769
Diluted number of shares at financial year end	687,032	687,032	687,032
NAV per share at financial year end	199.5	179.2	178.3

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 the disposal proceeds to repay (a) debt specifically used to acquire, enhance or develop the property sold or (b) other debt in limited circumstances, then the REIT will be liable to tax at a rate of 25% on 85% of the gross disposal proceeds, subject to having sufficient distributable reserves. For the purposes of EPRA NTA we have assumed any such sales proceeds are reinvested within the required three-year window.
2. Deferred tax is assumed as per the IFRS balance sheet. To the extent that an orderly sale of the Group's assets was undertaken over a period of several years, during which time (i) the Group remained a REIT; (ii) no new assets were acquired or sales proceeds reinvested; (iii) any developments completed were held for three years from completion; and (iv) those assets sold were sold at the financial year end valuations, the sales proceeds would need to be distributed to shareholders by way of dividend within the required timeframe or else a tax liability amounting to up to 25% of distributable reserves plus current unrealised revaluation gains could arise for the Group.
3. The Group uses the fair value option under IAS 40 and has no hybrid instruments or tenant leases held as finance leases.
4. The Group has no goodwill or intangibles. This is the purchasers' costs amount as provided in the valuation certificate. Purchasers' costs consist of items such as stamp duty on legal transfer and other purchase fees that may be incurred, and which are deducted from the gross value in arriving at the fair value of investment and owner occupied property for IFRS purposes. Purchasers' costs are in general estimated at 9.96% (up from 8.46% from October 2019) for commercial and 4.46% for residential.
5. Following changes to the Irish REIT legislation introduced in October 2019, if the Group ceases to be a REIT, as defined under Irish legislation, within 15 years of it originally becoming a REIT then a potential tax liability could arise for the Group.

iii.g Portfolio information

Portfolio information can be generally found in the business review section of this report. Below is further information based on the guidelines issued by EPRA.

i. Additional analysis of rental income

All rents are denominated in Euro.

	Financial year ended 31 March 2021 €'m	Financial year ended 31 March 2020 €'m
Properties owned throughout last two last years	**66.0**	54.8
Acquisitions	0.5	0.8
Disposals	-	-
Developed/refurbished property[1]	-	6.2
Gross rental income	**66.5**	61.8
Less: property operating expenses	(3.2)	(3.2)
Net rental income	**63.3**	58.6

1. 2020: 1SJRQ and 2WML

ii. Portfolio statistics – valuation

	Financial year ended 31 March 2021				
	Market value €'m	**Valuation movement €'m**	**EPRA NIY %**	**EPRA 'topped-up' NIY %**	**Reversionary yield %**
Office	1,138	(65)	4.5	4.5	4.8
Development	62	(4)	n/a	n/a	n/a
Residential	168	7	3.3	3.3	4.2
Industrial/other	59	(6)	4.6[1]	4.6	6.6 [1]
Total	**1,427**	**(68)**	**4.4**	**4.4**	**4.7**

1. These yields exclude the value of the lands at Newlands in accordance with EPRA guidance.

	Financial year ended 31 March 2020				
	Market value €'m	Valuation movement €'m	EPRA NIY %	EPRA 'topped-up' NIY %	Reversionary yield %
Office	1,197	5	4.2	4.4	4.8
Development	48	18	n/a	n/a	n/a
Residential	159	5	3.7	3.7	4.5
Industrial/other	61	(6)	5.2[1]	6.1[1]	5.5[1]
Total	1,465	22	4.1	4.4	4.7

1. These yields exclude the value of the lands at Newlands in accordance with EPRA guidance.

iii. Reversionary potential

The following data is calculated for the 'in-place' office and industrial portfolio (exclusive of the Iconic office arrangement) and based on the earliest of review, break or expiry dates. Residential data is excluded as reversion to ERV is limited to 4% in rent-controlled areas where all the residential assets are based, and all leases roll on average annually. Passing rent is used to avoid overstating uplifts to ERV as fixed uplifts are generally in the first year of lease and are accounted for on a smoothed period over the lease term in the financial data. Further details on portfolio rent statistics can be found in the business review.

As at 31 March 2021

Rent subject to rent reviews

Financial year ended 31 March	**2022 €'m**	**2023 €'m**	**2024-25 €'m**	**>2025 €'m**	**Total €'m**
Passing rent	**12.7**	**8.1**	**15.5**	**2.6**	**38.8**
Uplift to ERV[1]	0.7	(0.3)	(0.2)	0.1	**0.3**
Total	**13.4**	**7.8**	**15.3**	**2.7**	**39.1**
% increase/(decrease) possible	**5%**	**(4)%**	**(1)%**	**6%**	**1%**
From vacant space	4.4	–	–	–	**4.4**
Total	**17.8**	**7.8**	**15.3**	**2.7**	**43.5**

Rent subject to break or expiry

Financial year ended 31 March	**2022 €'m**	**2023 €'m**	**2024-25 €'m**	**>2025 €'m**	**Total €'m**
Passing rent	**5.3**	**9.0**	**5.9**	**0.1**	**20.4**
Uplift to ERV	(0.1)	(0.7)	(0.2)	0.1	**(0.9)**
Total	**5.2**	**8.3**	**5.8**	**0.2**	**19.5**
% increase/(decrease) possible	**(2)%**	**(8)%**	**(3)%**	**44%**	**(5)%**

Total reversion from review and break/expiry (excluding vacancy)					
Total passing rent	**18.0**	**17.1**	**21.4**	**2.7**	**59.2**
Total uplift to ERV	**0.6**	**(1.0)**	**(0.3)**	**0.2**	**(0.6)**
% increase/(decrease) possible	**3%**	**(6)%**	**(2)%**	**8%**	**(1)%**
% increase possible including vacancy					**6%**

1. ERV uplift includes all 'in-place' office and industrial potential uplifts and excludes the Group's residential units. The Group may develop some of these properties in the longer term and therefore these reversions may not be obtained.

As at 31 March 2020

Rent subject to rent reviews

Financial year ended 31 March	2021 €'m	2022 €'m	2023-24 €'m	>2024 €'m	Total €'m
Passing rent	5.3	9.8	11.0	8.7	34.8
Uplift to ERV[1]	1.1	0.5	-	-	1.6
Total	6.4	10.3	11.0	8.7	36.4
% increase/(decrease) possible	21%	5%	-	1%	5%
From vacant space	4.7	–	–	–	4.7
Total	11.1	10.3	11.0	8.7	41.1

Rent subject to break or expiry

Financial year ended 31 March	2021 €'m	2022 €'m	2023-24 €'m	>2024 €'m	Total €'m
Passing rent	3.6	2.6	12.1	2.7	21.0
Uplift to ERV	(0.2)	-	(0.6)	(0.1)	(0.9)
Total	3.4	2.6	11.5	2.6	20.1
% increase/(decrease) possible	(4)%	(2)%	(5)%	(1)%	(4)%

Total reversion from review and break/expiry (excluding vacancy)					
Total passing rent	8.9	12.4	23.2	11.3	55.8
Total uplift to ERV	1.0	0.5	(0.6)	–	0.9
% increase/(decrease) possible	11%	4%	(3)%	–	1%
% increase possible including vacancy					9%

1. ERV uplift includes all 'in-place' office and industrial potential uplifts and excludes the Group's residential units. The Group may develop some of these properties in the longer term and therefore these reversions may not be obtained.

Property-related capital expenditure ("capex")

Capital expenditure on the investment portfolio analysed to allow an understanding of the investment in the portfolio during the period. Analysis of capex is in note 16 to the consolidated financial statements.

DIRECTORS AND OTHER INFORMATION

Directors	Daniel Kitchen (Chairman) Colm Barrington (Senior Independent Director) Roisin Brennan Thomas Edwards-Moss (CFO) Margaret Fleming Stewart Harrington Grainne Hollywood Frank Kenny (resigned 29 July 2021) Kevin Nowlan (CEO) Terence O'Rourke
Company Secretary	Sean O'Dwyer
Assistant Secretary	Blackglen Corporate Governance Solutions Limited t/a Corporate Governance Solutions 169 Bracken Hill Sandyford Dublin D18 R22W Ireland
Registered office	1WML Windmill Lane Dublin D02 F206 Ireland
Company number	531267
Independent Auditor	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House 29 Earlsfort Terrace Dublin D02 AY28
Tax adviser	KPMG 1 Stokes Place St. Stephen's Green Dublin D02 DE03 Ireland
Independent Valuer	Cushman & Wakefield 164 Shelbourne Road Ballsbridge Dublin D04 HH60 Ireland
Principal banker	Bank of Ireland 2 Burlington Plaza Burlington Road Dublin D04 X738 Ireland

Depositary	BNP Paribas Securities Services, Dublin Branch Trinity Point 10-11 Leinster Street South Dublin D02 EF85 Ireland
Registrar	Link Registrars Limited t/a Link Asset Services 2 Grand Canal Square Dublin D02 A342 Ireland
Principal legal adviser	A&L Goodbody 25/28 North Wall Quay IFSC Dublin D01 H104 Ireland
Corporate brokers	Goodbody Stockbrokers Ballsbridge Park Ballsbridge D04 YW83 Ireland
	Credit Suisse International One Cabot Square London E14 40J United Kingdom

GLOSSARY

AGM is Annual General Meeting.

APM is an alternative performance measure.

BEPS is base erosion and profit shifting. It refers to corporate tax planning strategies used by multinationals to shift profits from higher tax jurisdictions to low tax jurisdictions.

Brexit is the UK exit from the EU.

C&W or Cushman & Wakefield or the Valuer is the Group's external independent Valuer.

Cash passing rent is the gross property rent receivable on a cash basis as at the reporting date. It includes sundry items such as car parks rent and estimates of rents in respect of unsettled rent reviews.

CBD is Central Business District.

CDP (formerly the Carbon Disclosure Project) is a not-for-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Contracted rent is the annualised rent adjusted for the inclusion of rent that is subject to a rental incentive such as a rent free period or reduced rent year.

CSO is the Central Statistics Office.

Developer's profit is the profit on cost estimated by valuers which is typically a percentage of developer's costs, usually between 10% and 25%.

Development construction cost is the total costs of construction to completion, excluding site and financing costs. Finance costs are usually assumed at a notional 7% per annum by the Valuer.

DoF is the Department of Finance.

DPS is dividend per share.

DRiP or dividend reinvestment plan is a plan offered by the Group that allows investors to reinvest their cash dividends by purchasing additional shares on the dividend payment date.

EBIT is earnings before interest and tax.

EBITA is earnings before interest, tax, depreciation and amortisation.

EPRA is the European Public Real Estate Association, which is the industry body for European property companies. It produces guidelines for a number of standardised performance measures (e.g. EPRA earnings).

EPRA cost ratio (excluding direct vacancy costs) is the same as below except it excludes direct vacancy costs.

EPRA cost ratio (including direct vacancy costs) is the ratio of net overheads and operating expenses against gross rental income. Net overheads and operating expenses relate to all administrative and operating expenses net of any service fees, recharges or other income which is specifically intended to cover overhead and property expenses.

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

EPRA EPS is EPRA earnings on a per share basis (diluted).

EPRA net asset value ("EPRA NAV") is defined as the IFRS assets excluding the mark to market on effective cash flow hedges and related debt instruments and deferred taxation on revaluations.

EPRA NAV per share is the EPRA NAV divided by the diluted number of shares at the period end. This measure has now been superseded by EPRA NRV, NTA and NDV.

EPRA Net Disposal Value ("NDV") represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA Net Initial Yield ("NIY") is the passing rent generated by the investment portfolio at the balance sheet date, less estimated recurring irrecoverable property costs, expressed as a percentage of the portfolio valuation as adjusted. The portfolio valuation is adjusted by the exclusion of development properties and those under refurbishment.

EPRA Net Reinstatement Value ("NRV") is NAV calculated on a basis that assumes entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets ("NTA") assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA 'topped-up' net initial yield is calculated as the EPRA NIY but adjusting the passing rent for contractually agreed uplifts, where these are not in lieu of rental growth.

EPRA vacancy rate is the Estimated Rental Value ("ERV") of vacant space divided by the ERV of the whole portfolio, excluding developments and residential property. This is the inverse of the occupancy rate.

EPS or earnings per share is the profit after taxation divided by the weighted average number of shares in issue during the period.

Equivalent yield is the weighted average of the initial yield and reversionary yield and represents the return that a property will produce based on the occupancy data of the tenant leases.

ERV or estimated rental value is the Valuer's opinion as to what the open market rental value of the property is on the valuation date, and which could reasonably be expected to be the rent obtainable on a new letting on that property on the valuation date.

ESRI is the Economic and Social Research Institute.

EU is the European Union.

Fair value movement is the accounting adjustment to change the book value of the asset or liability to its market value.

FRI lease is a full repairing and insuring lease.

Gale date is the date on which rent is due

GDA is the Greater Dublin Area.

GDV is gross development value.

GRESB is a sustainability benchmark for property assets.

Grey or shadow space is surplus space offered by tenants for letting by sub-tenants.

Gross rental income is the accounting-based rental income under IFRS. When the Group provides incentives to its tenants the incentives are recognised over the lease term on a straight-line basis in accordance with IFRS. Gross rental income is therefore the passing rent as adjusted for the spreading of these incentives.

Hibernia is Hibernia REIT plc, the Company or the Group.

IFRS are International Financial Reporting Standards.

'In-place' portfolio is the portfolio of completed properties, i.e. excluding active development and refurbishment projects and land.

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

IPMS are the international property measurement standards as issued by the Royal Institute of Chartered Surveyors.

IPO is the initial public offering, i.e. the first equity raising of the Company.

Lease incentive is any consideration or expense, borne by the Group, in order to secure a lease.

LEED ("Leadership in Energy and Environmental Design") is a Green Building Certification System developed by the US Green Building Council. Its aim is to be an objective measure of building sustainability.

Loan to value ("LTV") is the ratio of the Group's net debt to the value of its investment properties.

Long-term incentive plan ("LTIP") aims to encourage senior management retention and align their interests with those of the Group through the payment of rewards based on the Group's long-term performance through shares in the Company that vest after a future period of service.

Market abuse regulations are issued by the Central Bank of Ireland and can be accessed at https://www.centralbank.ie/regulation/securities-markets/market-abuse/Pages/default.aspx.

MDD is modified domestic demand. It is defined as total domestic demand net of trade in aircraft by leasing companies and investment in intellectual property.

MSCI/SCSI Ireland Quarterly Property All Assets Index ("MSCI Ireland Index") is the index produced by MSCI which measures the return of the property market in Ireland for all asset classes and which is calculated by MSCI both including and excluding Hibernia assets and is used to calculate our KPI 'Total property return' or TPR.

NAVPS is the NAV in cent per share.

Net development value is the external Valuer's view on the end value of a development property when the building is fully completed and let.

Net equivalent yield is the weighted average income return (after allowing for notional purchaser's costs) a property will produce based on the timing of the income received. As is normal practice, the equivalent yields (as determined by the external Valuer) assumes rent is received annually in arrears.

Net lettable or net internal area ("NIA") is the usable area within a building measured to the internal face of the perimeter walls at each floor level.

Net reversionary yield is the expected yield after the rent reverts to the ERV.

Occupancy rate is the estimated rental value of let units as a percentage of the total estimated rental value of the portfolio, excluding development properties.

OECD is the Organisation for Economic Co-operation and Development.

Over rented is used to describe when the contracted rent is higher than the ERV.

Passing rent is the annualised gross property rent receivable on a cash basis as at the reporting date. It includes sundry items such as car parks rent and estimates of rents in respect of unsettled rent reviews.

PC is practical completion.

PP are private placement notes, effectively private loan notes.

Property income distributions ("PIDs") are dividends distributed by a REIT that are subject to taxation in the hands of the shareholders. Normal withholding tax still applies in most cases.

PRS is the private rental sector which refers to residential properties held for rent.

Psf is per square foot.

RCF is revolving credit facility.

REIT is a Real Estate Investment Trust. Irish REITs follow section 705E of the Taxes Consolidation Act 1997.

Remuneration Policy is the remuneration policy approved by shareholders at the 2018 AGM and which took effect from 27 November 2018.

Reversion is the rent uplift where the ERV is higher than the contracted rent.

Royal Institution of Chartered Surveyors ("RICS") Professional Standards, RICS Valuation Technical and Performance Standards and the RICS Valuation Practice Guidance Applications are applications contained within the RICS Valuation – Global Standards 2019 (the "Red Book") issued by the Royal Institution of Chartered Surveyors which provide the standards for preparing valuations on property.

RTB is the Residential Tenancies Board.

Shadow space is surplus space offered by tenants for letting by sub-tenants.

Sq. ft. is square feet.

TCFD is the Task Force on Climate-related Financial Disclosures created by the Financial Stability Board to improve and increase reporting of climate-related financial information.

Tenant or lease incentives are incentives offered to occupiers on entering into a new lease and may include a rent free or reduced rent period, or a cash contribution to fit-out. Under accounting rules, the value of these incentives is amortised through the rental income on a straight-line basis over the term of the lease or the period to the next break point.

Term certain is the lease period to the next break or expiry.

TMT sector is the technology, media and telecommunications sector.

Total Accounting Return ("TAR") measures the absolute growth in the Group's EPRA NAV per share plus any ordinary dividends paid.

Total Property Return ("TPR") is the return for the period of the property portfolio (capital and income) as calculated by MSCI, the producers of the IPD Ireland Index.

Total Shareholder Return ("TSR") is the growth in share value over a period assuming dividends are reinvested to purchase additional units of stock.

Transparency regulations enhance the information made available about issuers whose securities are admitted to trading on a regulated market and further information is available on https://www.centralbank.ie/regulation/securities-markets/transparency/Pages/default.aspx.

Under rented is the term used to describe where contracted rents are lower than ERV. This implies a positive reversion after expiry of the current lease contract terms.

Ungeared IRR is the internal rate of return excluding gearing.

USPP is US private placement notes.

Valuer is the independent valuer appointed by the Group to value the Group's investment properties at the date of the consolidated financial statements. From September 2017 the Group has used Cushman and Wakefield. Previously the Group has used CBRE.

WAULT is weighted average unexpired lease term and is variously calculated to break, expiry or next review date.