Proposed internalisation of management team

Hibernia REIT plc ("Hibernia" or the "Company") announces the proposed internalisation of its external management team through the acquisition of its investment manager (the "Investment Manager"), WK Nowlan REIT Management Limited.

Highlights

- Internalisation proposed at no material additional cost to the Company compared to retaining the current external structure for the remaining 3.5 years of the initial 5 year term
- Expected benefits to the Company of the internalisation include:
    - Securing the management team for the longer term
    - Broadening the universe of potential investors in the Company
    - Simplifying the management structure and decision-making processes
    - Enhancing transparency and management accountability
    - Eliminating any recruitment or retention challenges that the Investment Manager may suffer as the end of the initial term approaches
- Investment Manager to be acquired for a combination of upfront payment and potential deferred payments, with the transaction to take effect from 1 April 2015 and the 16 team members moved onto direct contracts with the Company
- Upfront payment to be made 50% in cash and 50% in Hibernia shares and subject to 3 year clawback and earn-out provisions. Upfront payment comprises:
    - The net present value of base fees payable based on NAV at March 2015 for remaining term of the Investment Management Agreement (the "IMA") less costs assumed by Hibernia currently borne by the Investment Manager. This is estimated to be c. €14m
    - The book value of the net assets of the Investment Manager as at 31 March 2015 excluding any performance fee due in respect of the year ended 31 March 2015: this is c. €2m
- Potential deferred payments at 31 March 2016, 2017 and 2018, payable in shares locked up over the three subsequent years, relating to:
    - "True-up" payments to the upfront base fee calculation in the event the NAV increases above the 31 March 2015 number
    - Any fees due to the Investment Manager during the remaining life of the IMA in the event joint ventures are formed on Windmill Lane or Sir John Rogerson's Quay developments
    - The existing performance fee arrangements under the IMA, which will remain in place but with 15% of any amount set aside for the payment of incentives for members of the management team who are not shareholders in the Investment Manager
- Kevin Nowlan, the Chief Executive Officer, and Tom Edwards-Moss, the Chief Financial Officer to join the Board upon completion of the transaction: the Board will continue to have a majority of independent directors as recommended by the Corporate Governance Code
- Transaction will be subject to shareholder approval and subject to receiving approval from the relevant regulatory authorities
- The Company will announce its preliminary results for the year ended 31 March 2015 on 14 May

Danny Kitchen, Chairman of Hibernia, said:

"At the time of the IPO, we expressed the intention that at the expiry of the initial five year term of the Investment Management Agreement, subject to the EPRA NAV of the Company being not less than €650m, we would seek to internalise the management team for nil consideration.

"The rapid growth of the Company means this milestone has already been exceeded and after careful consideration the Independent Directors believe now is the appropriate time to internalise the management team. The proposed acquisition will, at no material additional cost to shareholders, secure the management team for the Company for the longer term, simplify the management structure and decision-making processes and eliminate any recruitment or retention challenges the Investment Manager may suffer as the end of the initial five year term approaches. In addition the Independent Directors believe an internalized management structure will widen the universe of potential investors in the Company and enhance transparency and management accountability.

"Shareholders will have the opportunity to vote on the proposals and I will be writing to them in due course with the full details of the proposed transaction and the Independent Directors' recommendation."

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About Hibernia REIT plc
Hibernia REIT plc is an Irish Real Estate Investment Trust ("REIT") and is listed on the Irish and London Stock Exchanges. The principal activity of the Company is to acquire and hold investments in Irish property (primarily commercial property) with a view to maximising shareholder returns.

FURTHER INFORMATION

Background to the IMA
The Company is managed by the Investment Manager under the terms of an Investment Management Agreement (the "IMA") signed in November 2013 and which are set out in the Company's IPO prospectus. The IMA has an initial term of five years and thereafter will automatically continue for consecutive three year periods unless terminated on 12 months' notice by either the Company or the Investment Manager. At the IPO, the Board and the Investment Manager expressed the intention that at the expiry of the five year initial term of the IMA, subject to the EPRA NAV of the Company being not less than €650m, the

Company would seek to internalise the management team of the Investment Manager for nil consideration.

The proposed terms of the internalisation
The acquisition will be at no material additional cost to the Company's shareholders and will take effect from 1 April 2015. In consideration for the acquisition the shareholders of the Investment Manager (principally Kevin Nowlan, Frank Kenny, Bill Nowlan and Frank O'Neill) will receive:

1) An **initial payment** comprising:
- The net present value of the base management fees due over the remaining c. 3.5 year term of the IMA, calculated assuming the NAV remains flat at the March 2015 level **less** the net present value of the costs Hibernia will assume for the remaining term of the IMA currently borne by the Investment Manager (principally staff remuneration and office accomodation). It is currently estimated this equates to c. €14m
- The net assets of the Investment Manager (principally cash), which will be acquired at book value (c. €2m excluding any amount due in respect of performance fees for year ended 31 March 2015)

The initial payment will be settled 50% in cash and 50% in Hibernia shares (using the average share price for the 20 business days prior to 1 April 2015). In the event that any individual receiving payment is a "bad leaver" of Hibernia (e.g. resignation or termination of contract for cause) during the remaining term, the following clawback or earn-out provisions will apply:
- Cash element: the full cash amount related to the base management fee will be subject to clawback up to the first anniversary of the transaction closing, reducing to two thirds up to the second anniversary and one third up to the third anniversary, after which no clawback will apply
- Share element: one third of the shares will release on each of the first, second and third anniversaries of the transaction closing. Any unreleased shares will cease to be receivable by bad leavers
- No bad leaver provisions will apply to the element of initial payment relating to the acquisition of the net assets of the Investment Manager as set out above

2) **Deferred payments** may be due over the remaining term of the IMA by reference to the following:
- "True-up" payments will be made using the existing base fee formula for any increase in year-end NAV over the NAV at 31 March 2015
- Any fees that would be due to the Investment Manager from a joint venture partner on the development of Windmill Lane or Sir John Rogerson's Quay in the event that a joint venture is entered into
- Performance fees: the existing performance fee structure will remain in place. 15% of any fees due each year will be set aside to provide for the payment of annual bonuses to the members of the management team who are not shareholders in the Investment Manager

Any deferred payments will be made shortly after 31 March each year in Hibernia shares using an average closing share price over a 20 business day period prior to payment and with lock-up provisions expiring one third per annual anniversary for the subsequent three years (following the principles of the IMA). Any bad leavers will cease to be eligible for future deferred payments.