



Transforming Dublin

hibernia
— REIT —

Annual Report 2021


Our purpose is to create the best and most efficient spaces for working or living in Dublin, responsibly transforming the fabric of the city and bringing benefits to all stakeholders.

Who we are

We are the largest Irish real estate investment trust ("REIT"), owning a property portfolio worth €1.4bn, all of which is located in Dublin and which mostly comprises city centre offices. We are listed on the Main Securities Market of Euronext Dublin and the Main Market of the London Stock Exchange.

How we do it

We use our knowledge and experience of the Dublin property market, together with modest levels of leverage, to upgrade buildings or deliver new ones at appropriate times in the property cycle and to grow our income through active asset management. We also recycle capital, selling assets with limited potential and reinvesting in property with future redevelopment opportunities. Our portfolio is mainly a mix of redeveloped properties held for income and assets held for future repositioning. Where possible, we seek to own clusters of office assets to enhance the facilities and amenities we can provide occupiers. We also have a strong focus on ESG excellence.

 [Read more](#) on pages 20 to 21



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THE YEAR IN SUMMARY

Financial highlights

Portfolio value

€1,427m

LfL growth -4.4% 2020: €1,465m

Loan to value ("LTV")

19.5%

+3.0pp 2020: 16.5%

EPRA Net Tangible Assets ("NTA") per share

172.7c

-3.7% 2020: 179.2c

Cash and undrawn facilities net of committed capital expenditure

€110m

-19.1% 2020: €136m

 Read more on pages 61 to 63

Operating highlights

High rent collection rates driving further increase in distributable income

- 99% of rent for year ended Mar-21 (Mar-20: 99%) now received or on agreed payment terms
- Annual contracted rent +2.2% since Mar-20 to €67.1m
- Office WAULT of 5.8 years, -9.4% since Mar-20
- EPRA EPS of 6.3c, +13.4% due to increase in rental income
- Final DPS of 3.4c, bringing total for financial year of 5.4c (Mar-20: 4.75c)

Robust balance sheet and investment capacity further enhanced post year end by new US private placement

- Net debt of €278.8m, LTV of 19.5%
- €125m of 10- and 12-year unsecured US private placement notes with an average coupon of 1.9% to be issued in July-21
- Weighted average debt maturity at Mar-21 of 3.4 years (Mar-20: 4.4 years), or 5.2 years pro-forma new debt issue
- Cash and undrawn facilities net of committed expenditure of €110m, or €235m proforma new USPP

Modest decline in portfolio value, primarily coming in the first quarter

- Portfolio value of €1,427.4m, down 4.4% on a like-for-like basis ("LfL") in the financial year and down 0.7% in H2
- Movement came primarily due to lower net ERVs and higher yields assumed on office assets

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 avg. price per share of €1.08 (Mar-20: 17.6m shares repurchased for €25m, an avg. price per share of €1.42)

Progress on 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% to 65%

Responsibility and governance

Sustainability

- Sustainability Statement of Intent issued in Apr-21 including our commitment to become a net zero carbon business by 2030 and to align with the TCFD by 2022 (see more on pages 65 to 71 and 44 to 45)
- 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

Governance

- 2021 renewal of Remuneration Policy
- COVID-19 management (see page 64)
- Increased focus on stakeholder engagement (see more on pages 34 to 37)
- Strategic priorities refocused to take account of the impact of the pandemic (see more on pages 22 to 23)
- ISO 14001 and ISO 45001 certification completed

Supporting our employees while working from home

Keeping our team happy, healthy and focused has been a priority throughout the year (see more on pages 80 to 81).

Net rental income

€63.3m

+8.1% 2020: €58.6m

Loss after tax

€(25.2)m

-141.3% 2020: Profit of €61.0m

EPRA earnings per share
("EPRA EPS")

6.3c

+13.4% 2020: 5.5c

Dividend per share
(full year)

5.4c

+13.7% 2020: 4.75c

The Dockers pub, part of 1SJRQ, South Docks



FIVE REASONS TO INVEST

A compelling investment case

We have low financial leverage and a clear strategy to provide occupiers with the type of office space they are increasingly seeking.



1 Dublin tailwinds from EU membership and demographics

Dublin has been successful at attracting foreign direct investment for many years and we believe it is benefitting from now being the only major capital city within the EU where English is the primary language. Unlike many developed countries, Ireland has favourable demographics and Dublin is experiencing significant population growth.

Expected population growth in Dublin by 2031

+16%

(Source: National Planning Framework)

2 Experienced team

Our team knows the Dublin property market intimately and has many years of experience in all aspects of property investment and development.

Years experience in the Dublin property market in the Senior Management Team

>100 yrs

3 Low leverage and high-quality tenant base

We have a policy of maintaining a strong balance sheet and our unsecured funding structure gives us significant flexibility. The quality of our tenant base can be seen in our rent collection statistics during the COVID-19 pandemic – over the 12 months to March 2021, 99% of our commercial rent and residential rent was collected or on agreed payment terms.

LTV at 31 March 2021

19.5%



4 Strong income returns and development pipeline rich in opportunity

Our shares offer attractive income returns and we have a significant pipeline of development opportunities with the potential to deliver substantial surpluses over the near to medium term.

Implied dividend yield of our shares (at 6 June 2021)

4.4%

5 Clear strategy to lead on workplace evolution

We are a responsible, forward-thinking business. With our focus on clustering and ESG excellence we are ensuring that we provide the type of workspace occupiers are increasingly seeking.

Proportion of office portfolio in clusters by 2026

65%

LETTER FROM THE CHAIR



Daniel Kitchen
Chair

“As a property company, carrying out our activities responsibly is integral to our purpose.”

Our highlights

Total Accounting Return (“TAR”)

(0.9)%

-6.5pp on prior year

Total Property Return (“TPR”)

(0.2)%

+1.3pp over benchmark

LTV

19.5%

+3pp on prior year

Dear Shareholder,

Despite a challenging environment for all of the financial year ended 31 March 2021, we have made significant progress with our strategic priorities and our business performed well, delivering further growth in distributable income, recording only a modest decline in portfolio value and outperforming the MSCI Ireland Property All Assets Index by 1.3 percentage points. Our rent collection was consistently strong throughout the year. Most of our employees have worked from home since March 2020 and continue to do so effectively. We have not required or sought any government support or suspended or reduced our dividend payments during the pandemic.

We completed a €25m share buyback programme in the financial year, which has proved a highly accretive use of capital.

As a Board, we continually monitor our strategy and engage with our stakeholders to inform our decisions. One of our challenges has been to make sure our strategy continues to be aligned to our purpose, in terms of both uncertainties over the future of the office market post COVID-19 and an increasing focus on ESG matters by all stakeholders. To support transparency, we have committed to implement the 'Task Force on Climate-related Financial Disclosures' ("TCFD") reporting recommendations by 2022.

In our view, the pandemic is accelerating pre-existing changes in working patterns, such as more remote working, a greater focus on collaborative spaces in offices, increased emphasis on employee wellness and office buildings' sustainability credentials. This is something we had already started to factor into our building designs before the pandemic, as can be seen in the Windmill Quarter, and we remain positive about the long-term prospects for well-configured, prime offices in Dublin's city centre. Our strategy therefore continues to focus on responsibly delivering Grade A space in clusters where occupiers can benefit from shared services and additional amenities.

To support our future development projects, we have agreed an additional €125m of 10- and 12-year unsecured US private placement notes with average coupons of 1.9% to be issued in late July 2021. This increases our weighted average debt maturity on a pro-forma basis from 3.4 years at 31 March 2021 to 5.2 years.

As a property company, carrying out our activities responsibly is integral to our purpose. To reflect this, we took a closer look at all aspects of our environmental, social and governance ("ESG") activities this year. As a result, we produced a Sustainability Statement of Intent to set out our near- and long-term priorities and ensure these are embedded into our strategic priorities. In revising our Remuneration Policy this year we also ensured ESG is embedded into our performance metrics. And as well as expanding our ESG reporting to include CDP, we have committed to a pathway to net zero carbon by 2030.



While the world is hopefully on a path towards recovery, the year ahead will no doubt bring challenges, but we are confident that our strong and talented team, underpinned by our culture and values, can continue to make good progress with our strategic priorities. We believe that we are well placed to adapt to changing occupier requirements; in particular as we have a strong balance sheet and a development pipeline primed to deliver high quality, ESG efficient offices in clusters in Central Dublin.

Daniel Kitchen

Chair
14 June 2021

% female directors on the Board**33%**

+3pp on prior year

Net zero carbon by**2030** **Read more** on pages 68 to 69**TCFD aligned by****2022** **Read more** on pages 44 to 45

CHIEF EXECUTIVE OFFICER'S STATEMENT



Kevin Nowlan
Chief Executive Officer

“While the near-term outlook is likely to remain tied to progress on ‘unlocking’, we are optimistic on our longer-term prospects.”

Our performance

Contracted rent

€67.1m

+2.2% on prior year

EPRA EPS

6.3c

+13.4% on prior year

Dividend per share

5.4c

+13.7% on prior year

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 €62.50psf 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 re-zoning 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
14 June 2021

EPRA cost ratio (including vacancy costs)

25%

-1.8pp on prior year

Real-time energy monitoring now used in

100%

of our managed assets

The future of the office

Working habits and occupier expectations are changing. This was happening before COVID-19 but the pandemic has accelerated the pace of change. We believe the office will still be crucial for employee collaboration, team culture and creativity and we are positive about the long-term prospects for flexible, efficient, prime offices in Dublin's city centre.

How office use is changing

More remote working

- Offices need to draw people in

Offices as a place for collaboration

- More breakout spaces
- Townhall or communal areas

Increased focus on employee wellness

- Building facilities
- Air and light quality
- Nearby amenities

Importance of ESG credentials

- Efficiency of operation and construction

Greater lease flexibility

- Shorter leases
- Furnished space (managed offices)

How we are responding

1 Bigger and better clustering

- Already part of our pre-pandemic approach (see opposite) but we are looking at ways to take the concept further with future projects
- Greater service mindset and focus on communal facilities/amenities

2 Greater emphasis on ESG and wellness

- New Sustainability Statement of Intent recently published setting our target of net zero carbon by 2030
- New buildings will push boundaries on ESG efficiency
- Programme to improve operational efficiency of existing buildings

3 Reiterating our focus on prime city centre locations

- Our preference has always been to own and/or develop the best office buildings in central Dublin
- The pandemic has only reinforced this view

 [Read more](#) on pages 8 to 9



One we've done already...

Windmill Quarter

- Completed in 2019
- Comprises 400,000 sq. ft. of office space across six adjacent buildings
- Extensive facilities/amenities including a gym, shops, coffee dock and a pub
- The centrepiece of it, the Townhall, gives tenant staff a space to meet and work informally, as well as hosting events (both work and leisure)

Proportion of current office portfolio in clusters:

39%

Proportion of office portfolio in clusters once Clanwilliam and Harcourt complete:

65%

The next generation

Clanwilliam Quarter and Harcourt Square

- Work due to start in early 2022 and 2023, respectively
- Expected to deliver c. 540,000 sq. ft. of highly ESG efficient office space across both schemes
- Designing both to take the clustering concept to the next level, using the lessons from the Windmill Quarter. This will involve a bigger and more flexible townhall area, better apps for integrating with tenant staff, and excellent facilities and amenities



CGI of Harcourt Square, D2



Why Dublin?

Dublin is a capital city and by far the largest and wealthiest city in Ireland, being home to more than 40% of the country's population of 5m people. Dublin has four universities and several other higher education institutions, and it has a young (47% of the population are under 35 years of age), highly skilled (48% have a third level qualification) and growing workforce. Dublin's population grew by 13.5% between 2006 and 2016 (source: CSO).

This, together with Ireland's language, legal system, time-zone, tax advantages, attractive living standards, and membership of the European Union, has attracted many international companies to Dublin. Assisted by strong foreign direct investment, Ireland has enjoyed the fastest rate of economic growth in the EU for four of the last five years and Dublin was ranked as the 3rd best city in the world for FDI by the Financial Times in 2019.

The presence of FDI companies in Dublin, especially in the digital and pharma sectors, has helped the economy withstand the shock brought about by the COVID-19 pandemic. Dublin was the top performer out of 30 major European cities in 2020 as its GDP declined by a modest 0.1% compared to the European city average of 6.7% (source: Oxford Economics).

Favourable long-term dynamics

Dublin's contribution to Irish GDP (source: CSO)

>50%

Expected population growth in Dublin by 2031 (source: National Planning Framework)

+16%

Proportion of Dublin population with third level qualification (source: CSO)

48%

Expected growth in office-based employment by 2026, even in a recessionary scenario (source: Oxford Economics)

+5%

◀ ISJRQ, South Docks: view of Dublin looking west from the balcony

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 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 took effect from 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 private rental sector (“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).

MARKET REVIEW CONTINUED

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

Building	Price	Capital value psf	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	SW3/DWS	German
The Prestige Portfolio, North Dublin	€145m	€457k	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).

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).

Top 10 office lettings (12 months to March 2021)

Tenant	Industry	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			359k	48%

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

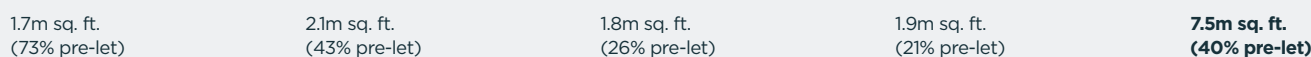
Office development pipeline

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).

Dublin city centre supply



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 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.

OUR PORTFOLIO

All of our portfolio is in Dublin

Our primary focus is on the Dublin city centre office market but we also own some multi-family residential properties. Consistent with our business model of asset management and asset improvement, our portfolio mainly comprises redeveloped properties held for income and older assets held for future repositioning. The majority of our tenant base (by rent) comprises large companies (especially in the technology sector or state entities).

 **Read more** on pages 20 to 21 for further details about our business model



The Windmill Quarter, South Docks ▶

Portfolio overview

Portfolio segment by value

€1,427.4m

● Dublin office South Docks	39%
● Dublin office Traditional Core	29%
● Dublin office IFSC	12%
● Dublin residential	12%
● Dublin office development	4%
● Industrial/land	4%

Contracted rent by tenant

€67.1m

● HubSpot Ireland	16%
● Office of Public Works	9%
● Twitter International Company	8%
● Zalando Ireland	4%
● Autodesk Ireland Operations	4%
● Informatica Ireland EMEA	3%
● Riot Games	3%
● Travelport Digital	3%
● Deloitte Ireland	2%
● BNY Mellon Fund Services	2%
● Remaining tenants	46%

Contracted rent by tenant sector

€67.1m

● Technology	43%
● State entities	15%
● Insurance and investment management	10%
● Other	10%
● Residential assets	9%
● Professional services	6%
● Media	3%
● Banking and capital markets	2%
● Industrial assets	2%



Key portfolio statistics at Mar-21

Properties

39

Office WAULT
to break/expiry

5.8yrs

In-place offices

1.1m sq. ft.

Offices including fully
developed pipeline

1.5m sq. ft.

In-place office
vacancy

7%

Average in-place
office rent

€51psf

Average in-place
office ERV

€51psf

Rental uplift potential including
committed developments

+€6.8m (+10%)

Including Clanwilliam Court
and Marine House vacancy
rate was 9%.

Why clusters?

Office clusters enable us to provide better facilities and amenities to occupiers than they would be able to get in a normal, multi-let office building. This is in part because height restrictions in most parts of Dublin mean it is unusual for single office buildings to exceed 100,000-150,000 sq. ft. in size.



Existing cluster:

The Windmill Quarter

- c.400,000 sq. ft. of office space across six adjacent buildings
- Completed in 2019 and fully let
- Mainly a mix of LEED Gold and Platinum buildings
- Currently assessing how to improve the offering for tenants further



Future cluster:

The Clanwilliam Quarter

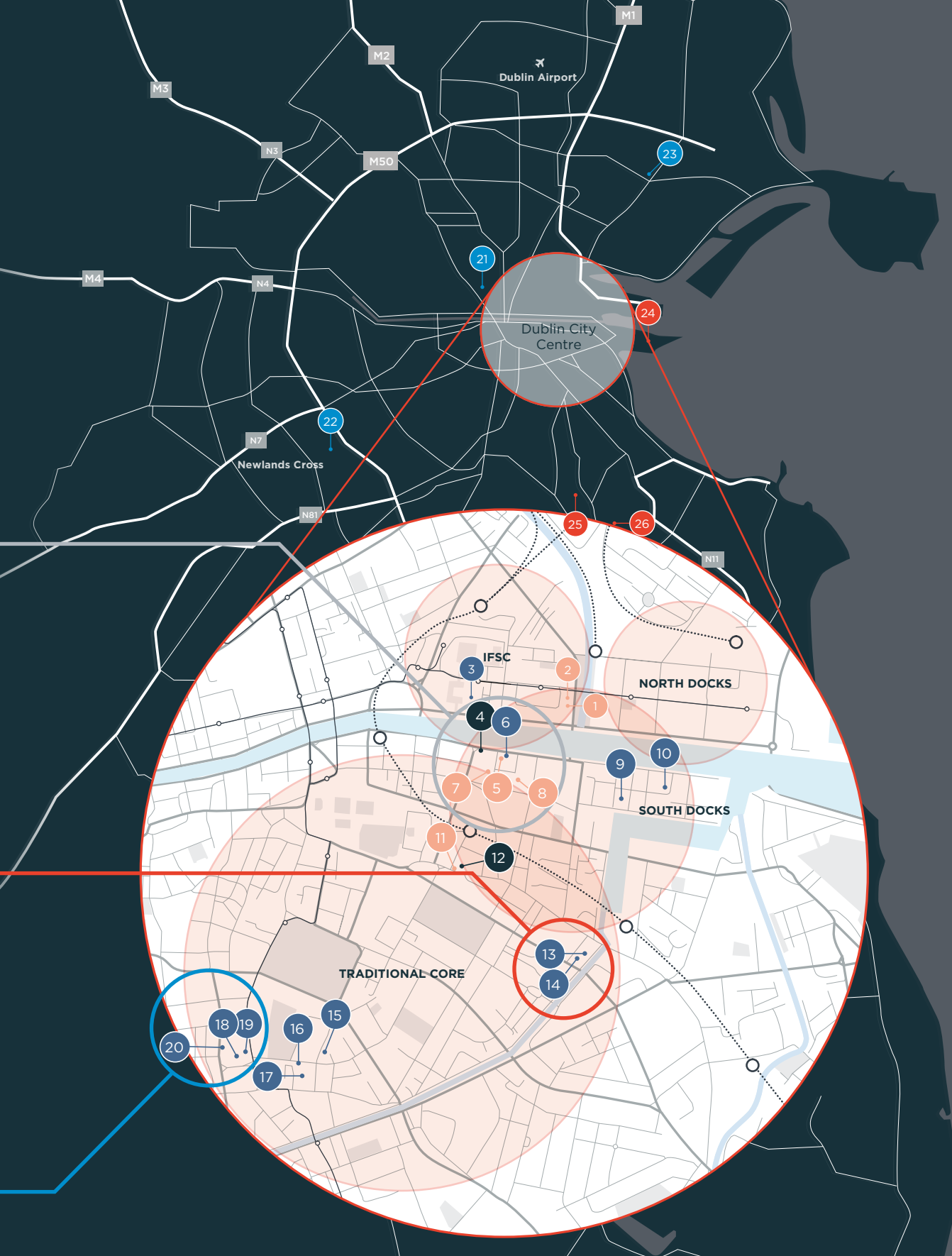
- Planning for c.200,000 sq. ft. of office and ancillary space replacing Clanwilliam Court and Marine House
- Aiming for LEED Platinum
- Can commence redevelopment in early 2022



Future cluster:

Harcourt Square

- Planning for c.340,000 sq. ft. of office space replacing existing building
- Aiming for LEED Platinum
- Can commence redevelopment in early 2023



Our properties

- | | | |
|--------------------|-----------------------------------------|-------------------------------------|
| 1 IDC | 11 1 Cumberland Place | 20 34-37 Camden Street |
| 2 2DC | 12 2 Cumberland Place | 21 Dublin Industrial Estate |
| 3 The Forum | 13 Marine House | 22 Newlands/Gateway |
| 4 50 City Quay | 14 Blocks 1, 2 & 5
Clanwilliam Court | 23 Malahide Road
Industrial Park |
| 5 1SJRQ | 15 One Earlsfort Terrace | 24 Cannon Place |
| 6 The Observatory | 16 Hardwicke House | 25 Dundrum View |
| 7 1WML | 17 Montague House | 26 Wyckham Point |
| 8 2WML | 18 Harcourt Square | |
| 9 South Dock House | 19 39-40 Harcourt
Street | |
| 10 Central Quay | | |

Transport links

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

How we create value

We apply our asset management, asset improvement and investment expertise to our property portfolio in a responsible manner to generate value for our stakeholders.

OUR PURPOSE

Our purpose is to create the best and most efficient spaces for working or living in Dublin, responsibly transforming the fabric of the city and bringing benefits to all stakeholders.

IMPACTED BY

The markets we operate in

Primarily the Dublin office and residential property markets

Our assets and resources

Properties

[Read more on pages 16 to 19](#)

Financial resources

[Read more on pages 61 to 62](#)

People and relationships

[Read more on pages 34 to 37](#)

The views of our stakeholders

Through effective engagement, we ensure we understand views of our stakeholders

OUR ACTIVITIES AND OBJECTIVES

Our core activities

Investment activity

We recycle capital, selling assets with limited potential and investing in future redevelopment opportunities.

Clustering

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

Asset improvement

We unlock value through refurbishment, redevelopment and change of use at appropriate times in the property cycle, increasing the rents tenants are prepared to pay.

Active management

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

Driven by our five strategic objectives

1 Maintain a balanced portfolio with clusters of assets

2 Grow recurring income over time

3 Operate and develop our buildings responsibly

4 Maintain a strong, flexible funding structure

5 Attract, motivate, develop and retain a talented team

THE VALUE WE SHARE

Investors

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



Tenants

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



Suppliers

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



Communities

Investing in our buildings and clusters improves the built environment and benefits local communities. Furthermore we undertake community initiatives.



Employees

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



Our clear strategy

OUR PURPOSE

We have a clear strategy for fulfilling our purpose and creating value for our stakeholders.

We focus on the central Dublin office market and the Dublin residential market, two of the deepest and most liquid property markets in Ireland and ones where we believe the long-term dynamics are favourable.

We seek to acquire assets with future redevelopment potential at relatively low capital values and to improve and expand these over time to deliver best-in-class space for our customers. Where possible we assemble clusters of assets as this helps maximise the benefits for our customers. We also ensure the space we deliver has strong ESG credentials. We are happy to sell assets and recycle capital into new opportunities where we think this will improve future returns.

Our portfolio is a mix of stable, income-producing properties, many of which we have delivered ourselves, and assets with future redevelopment potential. This combination, together with our policy of maintaining low financial leverage, enables us to manage the risk inherent in development activity while delivering attractive returns.

OUR STRATEGIC OBJECTIVES

1 Maintain a balanced portfolio with clusters of assets

2 Grow recurring income over time

3 Operate and develop our buildings responsibly

4 Maintain a strong, flexible funding structure

5 Attract, motivate, develop and retain a talented team

KEY TARGETS FOR 2021-22

- Make acquisitions to enhance future value of the portfolio
- Dispose of assets which do not meet our risk-adjusted forward returns expectations
- Complete our developments at 2 Cumberland Place and 50 City Quay
- De-risk future development pipeline by securing pre-lets
- Enhance and progress possible future development schemes within the portfolio

- Reduce in-place office (excluding Clanwilliam Court and Marine House) vacancy rate from 7% at 31 March 2021
- Let remaining space in 2 Cumberland Place and 50 City Quay
- Extend income through lease renewals and regears
- Secure pre-lets for future development schemes

- Publish pathway to achieve our net zero carbon target by 2030
- Set internal carbon pricing model
- Achieve reductions in energy intensity and greenhouse gas ("GHG") emissions per unit area vs 2019 baseline
- Achieve LEED Platinum in 2 Cumberland Place

- Maintain sufficient financial capacity for investment opportunities (including developments)
- Maintain substantial headroom against all financial covenants
- Explore 'green' funding opportunities

- Conduct next employee survey
- Hold team social events including an away day (health restrictions permitting)
- Continue to support employees working from home
- Ensure greater inclusion of ESG objectives/measures in remuneration schemes

IMPACT ON KPIS

- EPRA EPS
- TAR
- TPR
- TSR

- EPRA EPS
- TAR
- TPR
- TSR

- TAR
- TPR
- TSR

- EPRA EPS
- TAR
- TSR

- EPRA EPS
- TAR
- TPR
- TSR

PRINCIPAL RISKS

For information on the principal risks and uncertainties see pages 48 to 53.

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Progress against strategic priorities for 2020-21

In last year's Annual Report we set some specific targets for 2020-21 as detailed below.

	Priority	Key targets
1	Grow rental income and, where possible, WAULTs to drive dividends per share	<ul style="list-style-type: none"> • 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
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)	<ul style="list-style-type: none"> • 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
3	Continue to recycle capital and make selective investments to enhance Group returns	<ul style="list-style-type: none"> • 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
4	Maintain balance sheet flexibility to take advantage of investment opportunities as they arise	<ul style="list-style-type: none"> • 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
5	Continue to improve environmental efficiency of the portfolio	<ul style="list-style-type: none"> • Reduce energy consumption and GHG emissions per square metre on like-for-like and absolute basis • Achieve LEED Platinum certification at 2 Cumberland Place • Revise Sustainability Strategy

What we achieved	Impact on KPIs
<ul style="list-style-type: none"> In-place office vacancy of 7% (9% including Clanwilliam Court and Marine House) 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 	<ul style="list-style-type: none"> Increased rent and WAULT may increase Total Accounting Return ("TAR"), EPRA EPS and relative Total Property Return ("TPR")
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Development profits enhance TAR and relative TPR Receipt of planning permission may do likewise but to a much lesser extent
<ul style="list-style-type: none"> €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 	<ul style="list-style-type: none"> Disposals above market value enhance TAR and relative TPR Investments should enhance TAR and relative TPR in the longer term Buybacks at below NAV enhance TAR, TSR and EPRA EPS
<ul style="list-style-type: none"> 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 pages 61 to 62 for further details) 	<ul style="list-style-type: none"> An efficient balance sheet should enhance TAR and EPRA EPS
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Improving environmental efficiency should enhance TAR, relative TPR and EPRA EPS in the longer term

Managing with COVID-19

We took immediate action at the start of the pandemic to ensure the continued safety of our tenants, suppliers and staff.





Strategic
priority

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Strategic report Governance Financial statements Additional information

The safety measures we introduced in our managed buildings included access control, physical distancing measures and additional cleaning, sanitising and signage. An individual plan was developed for each building through discussions with tenants.

Thanks to our cloud-based IT systems, the transition to remote working has been smooth for staff. Maintaining our collaborative team culture and ensuring staff welfare has been a key priority.

“Engaging with our tenants has been paramount in developing our response to the pandemic. As the vaccine roll-out progresses and Ireland emerges from lockdown, Hibernia will continue to tailor its offering to adhere to public health advice and assist tenants to meet their evolving needs.”

Dan Boyd Head of Occupier Services

In a recent tenant survey

85%

of respondents said Hibernia's response to COVID-19 was very good

75%

of respondents expect an increased focus on wellness

◀ Townhall at 1WML, South Docks

Progressing with our developments

Strategic priority

123 / 5

It has been a mixed year for our developments. The onset of the pandemic and several national lockdowns have materially delayed our two active schemes, 2 Cumberland Place and 50 City Quay. Both were due to complete in 2020-21 but are now expected to complete in July 2021. Fortunately we are not expecting material cost overruns.

We have made better progress with our development pipeline, receiving a grant of planning for the redevelopment of Clanwilliam Court. This means we now have full planning for all of our near term office pipeline, which can deliver up to 539,000 sq. ft. of new office space, all of which will be in clusters.

FY21

Committed developments



2 Cumberland Place, D2
58,000 sq. ft. of new Grade A offices

 **Expected completion: Q3 2021**

- 41% pre-let following 3M leasing in Apr-20 (ahead of ERV)
- Total office space at Cumberland Place post completion will be c. 190,000 sq. ft.
- Completion now expected in July-21 due to COVID-19 restrictions
- Project remains on budget



50 City Quay, South Docks
4,500 sq. ft. of office space refurbished to a high standard

 **Expected completion: Q3 2021**

- Building faces the River Liffey
- Forms part of the Windmill Quarter and tenants will have access to all the amenities of the Quarter
- Completion now expected in July-21 due to the COVID-19 restrictions

Development pipeline



Clanwilliam Quarter, D2

> 200,000 sq. ft. of new Grade A offices and retail/leisure use

 **Expected completion: early 2025**

- Final planning received for Clanwilliam Court and Marine House in the period
- > 200,000 sq. ft. office scheme including 11,000 sq. ft. retail/leisure
- Strategic location in Traditional Core but near Grand Canal Dock
- Lease expiries during 2021 so project can commence in early 2022

Expected commencement: FY22

FY22

FY23

FY24

FY25

FY26

FY27

ONWARDS



Harcourt Square, D2

337,000 sq. ft. of new Grade A offices

 **Completion: early 2026**

- Planning granted for 337,000 sq. ft. office development scheme (+9% on previous planning)
- Site is a short walk from St. Stephen's Green in Dublin's Traditional Core
- Existing lease expires in December 2022, so project can commence thereafter

Expected commencement: FY23



Newlands/industrial land

144 acres of land and industrial assets

 **Expected completion: Uncertain**

- Strategic transport location
- Potential for future mixed-use redevelopment subject to re-zoning

Expected commencement: Uncertain

Capital recycling

Given the pandemic restrictions, we sold no assets in FY21. However, we deployed €53m capital across a few bolt-on acquisitions, development expenditure and a second share buyback programme.





Strategic
priority

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Strategic report Governance Financial statements Additional information

We invested €11m in five bolt-on acquisitions of assets adjacent to or near our existing assets. We spent €17m, mainly in the development of 2 Cumberland Place and 50 City Quay, and we deployed €25m in a share buyback programme, completing the return to shareholders of the proceeds from the sale of 77 Sir John Rogerson's Quay in 2019.

“The €25m share buyback programme executed in FY21 was highly accretive, with 23.1m shares repurchased and cancelled at an average price of €1.08 per share. The effects of the buyback were primarily felt in the second half of FY21.”

Thomas Edwards-Moss CFO

Development expenditure

€16.8m

Acquisition expenditure

€11.1m

Share buyback

€25.0m

◀ 1SJRQ, South Docks

STRATEGY IN ACTION

Setting long-term sustainability targets

We recently published our Sustainability Statement of Intent, which replaced our existing Sustainability Strategy and commits us to becoming a net zero carbon business by 2030.



Strategic
priority

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‘Transforming Dublin Responsibly’, our Sustainability Statement of Intent, has set long-term targets for the business and simplified our objectives into three pillars:

- Become a net zero carbon and climate resilient business by 2030
- Provide spaces that prioritise the environment, health and wellbeing
- Create a long-term positive social impact through our operations

“We are very pleased to have published our Sustainability Statement of Intent, which is the culmination of a lot of reflection on the right targets for the business. We are looking forward to making progress on our journey to net zero carbon.”

Neil Menzies Sustainability Manager

Reduction in energy use intensity across our managed portfolio, 2016 to 2020

51%

Net zero carbon by

2030

TCFD reporting by

2022

◀ Rear of 1SJRQ, South Docks

Listening and responding to our stakeholders

To ensure our long-term success we must take account of what is important to our key stakeholders.

Opposite are our main stakeholder groups and a snapshot of their principal areas of focus, how we engage and how we respond. On the following pages we illustrate some key activities in 2020-21 and we make our 's172 statement' which demonstrates how our stakeholders influenced some key decisions taken by the Board this year.

How we engage with our stakeholders

Central to our property business is sustainability, not only as this is likely to be increasingly regulated, but also because our business can make a positive impact on a sustainable future and our stakeholders care about our environmental credentials. We appointed a dedicated Sustainability Manager in 2020 and we have started reporting to CDP as well as to GRESB and EPRA. We completed our first materiality assessment in 2020. With our Sustainability Statement of Intent (see pages 67 to 70) we set out our short to longer-term targets, including our pathway to net zero carbon by 2030.

We appointed a Non-Executive Director for Workforce Engagement in 2020 (more on page 37). We also had an active investor relations programme despite limitations imposed by the pandemic. Engagement with investors is explored in more detail on pages 86 to 87, 2020-21 was also an important year for engagement with our tenants and suppliers, supporting their businesses during difficult times. Some of our efforts through the year in relation to COVID-19 support are illustrated on pages 64. Finally, although COVID-19 has limited our opportunities for community engagement, we continued to participate where possible in charity events and in our Sustainability Statement of Intent we have focused on future improvements in engaging with the communities where our buildings are located.

How we engage

- Open communication channels
- Non-Executive Director for Workforce Engagement
- Departmental meetings
- Weekly townhalls
- Clear policies
- Formal review process
- Employee surveys

What do they care about most?

- Fair pay
- Good working environment
- Clear communication
- Health and wellbeing
- Opportunities for personal and community development



How do we respond?

- Performance is rewarded
- COVID-19 support measures
- New, purpose-designed workspace in 1WML
- Opportunities for development and progression
- Active Social Committee

What do they care about most?

- Positive engagement
- Provision of retail, social and other amenities
- Improvement of environment
- Community support programmes

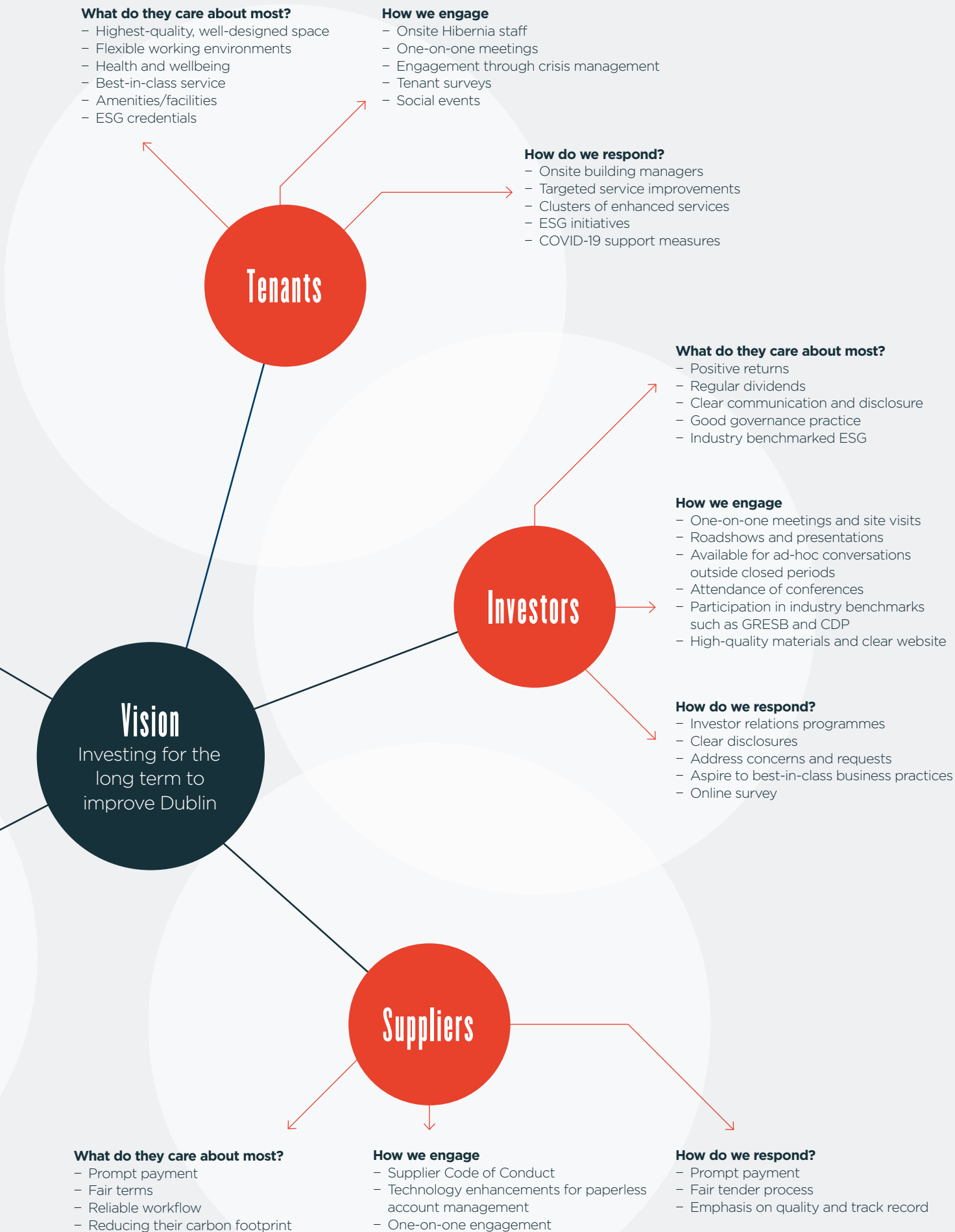


How we engage

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

How do we respond?


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





ENGAGING WITH OUR STAKEHOLDERS CONTINUED

Materiality assessment

In early 2020 we carried out our first materiality assessment, helping us identify and prioritise the ESG issues that matter most to our stakeholders. We engaged with investors through virtual meetings and roadshows, with tenants through conversations and surveys and with staff through continuous discussions and surveys, all complemented by research carried out by consultants on our behalf. The process not only helped us understand what we need to disclose in our Sustainability Reports, but also informed our recently launched Sustainability Statement of Intent out to 2030 and Net Zero Carbon Pathway.

 **Read more** on page 8 in our 2021 Sustainability Report

Material issues identified in 2020

Hierarchy  	<ul style="list-style-type: none"> • Climate change mitigation and resilience • Energy efficiency • Business conduct • Waste management • Tenant engagement • Environmental compliance • Health and safety • Building obsolescence • Air quality • Smart buildings • Governance • Transparency • Efficient use of raw materials 	Priority 1 - Report on in detail and where possible include measurable KPI or goal and include external assurance
	<ul style="list-style-type: none"> • Communities • Supplier engagement • Staff engagement • Building design • Sustainable transport • Water management • Employment and skills • Human rights • Public realm • Diversity and inclusion 	Priority 2 - Report at least in narrative and wherever possible include measurable KPI

The Board and our stakeholders (Our 's172' statement)

The Board of Directors confirms that during the financial year ended 31 March 2021, it has acted to promote the long-term success of the Company and the Group for the benefit of stakeholders, whilst having due regard to the following matters:

A The likely consequences of the decision in the long term

- Company purpose [Page 80](#)
- Our business model [Pages 20 to 21](#)
- Our strategy [Pages 22 to 23](#)
- Dividend policy [Page 63](#)

B The interests of the Company's employees

- Company purpose [Page 80](#)
- Our business model [Pages 20 to 21](#)
- Our strategy [Pages 22 to 23](#)

C The need to foster the Company's business relationships with suppliers, customers and others

- Company purpose [Page 80](#)
- Our business model [Pages 20 to 21](#)
- Our strategy [Pages 22 to 23](#)

D The impact of the Company's operations on the community and the environment

- Company purpose [Page 80](#)
- Our business model [Pages 20 to 21](#)

E The desirability of the Company maintaining a reputation for high standards of business conduct

- Company purpose [Page 80](#)
- Our business model [Pages 20 to 21](#)
- Our strategy [Pages 22 to 23](#)

F The need to act fairly between members of the Company

- Our stakeholders [Pages 34 to 35](#)
- Investor relations [Pages 86 to 87](#)

Decisions in 2020-21

The principal activities of the Board can be found on pages 82 to 83. All of these decisions involve a range of inputs from stakeholders.

A few examples of activities in 2020-21 that involved extensive stakeholder engagement are:

Our Sustainability Statement of Intent, published in 2021, involved using the results of the materiality assessment as well as other inputs from stakeholders relating to climate change and resilience.

[Pages 67 to 70, opposite and our 2021 Sustainability Report](#)

The appointment in 2020 of a Non-Executive Director for Workforce Engagement and the commencement of employee engagement.

[See box on this page](#)

Our COVID-19 response involved close engagement with tenants, suppliers and other stakeholders to ensure the health and safety of our occupiers, employees, suppliers and visitors.

[Page 64](#)

Our Remuneration Policy review, undertaken in conjunction with PwC, involved consultation with various stakeholders and will culminate in an advisory motion at the 2021 AGM.

[Pages 113 to 126](#)

Methods used by the Board to inform their decisions include:

- Annual strategy reviews.
- Risk management procedures identify the potential consequences of decisions.
 - [Read more on pages 41 to 43](#)
- The Board sets the Group's purpose, values and strategy and ensures it is aligned with our culture.
 - [Read more on page 80](#)
- Direct engagement with employees, investors and advisers.
- Informed on the material issues of other stakeholders through its interactions with the Senior Management Team and external advisers.
- Specific training for Directors and Senior Management.



CASE STUDY

Engaging with the workforce

Margaret Fleming, Designated Non-Executive Director for Workforce Engagement, discusses her new role which reports employee feedback to the Board.

How and when did your role commence?

I was appointed to this role in February 2020 in response to changes in the UK Corporate Governance Code. It aims to strengthen the voice of employees by establishing a method for gathering the views of the workforce so that both the employees' and employers' voices are heard, and their interests reflected in strategy.

How did you approach the role?

This is a new role in the world of governance, and different companies are feeling their way through what works best for their size and structure. My initial approach was to meet with relevant managers and employees and to review organisational charts, employee surveys, results of strategy meetings and so on.

Just as I was about to embark on setting up group and individual meetings over coffee, the pandemic hit and working from home protocols were introduced. In a way this led to more intensive communication, and I was able to observe as it occurred. The All-Hands Meeting has changed from happening a couple of times a year in a Town Hall format to short, weekly online sessions. It is very popular and its role during lockdown is particularly appreciated, as is the work of the Social Committee. I attended my first one of these meetings in September 2020 where I briefly explained my role, gave all staff my contact details and made it clear that anyone could contact me. I've also had a series of small group meetings and over time I hope to meet everyone in this way.

What is your impression of workforce communication with Hibernia?

Hibernia has a relatively small team, with 35 employees. My impression is of a strong culture of excellence. Staff are proud of the Company and the work they do within it. The feedback received highlighted great openness, trust and support. Employees feel that the organisation is very flat, that they always have both formal and informal routes to express ideas, concerns and challenges; in short that there is always 'someone to go to'.

In feedback from cross-department confidential working sessions and attendance at some of the regular All-Hands meetings, I found that communication of the strategy, including prioritisation and implementation, is open and inclusive of all staff with a high degree of detail and transparency. There is a set of 'Pillars' setting out overarching principles, detailed strategy and implementation plans. Creation of these pillars is a bottom-up/top-down process in dedicated working groups so that all staff feel ownership.

The team has really risen to the challenge of the pandemic. Working from home arrangements are felt to be as good as possible, with excellent support from the Company both for those at home and those on site in our buildings.

How have staff responded?

All employees have a good understanding of my role and have been very willing to participate and contribute in the small group meetings. No issues have been identified and there has been no negative feedback to date. All agree that the working arrangements during the pandemic are working as well as they can be; it is harder for some people who have young children to work at home, for example. Building management staff who work most closely with the tenants report that tenants have been very complimentary of our efforts, something they are proud of.

What are your plans for 2021-22?

I want people to feel comfortable about letting me know as and when there are issues and this will be easier when we can meet informally face to face. COVID-19 has restricted my ability to have informal face-to-face meetings and building visits this year so these are planned for 2021/22 when restrictions are eased.

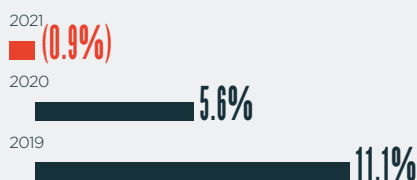
In addition to the informal measures, I plan to hold two formal workforce engagement meetings per annum.

MEASURING OUR PERFORMANCE

Key performance indicators

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

Total Accounting Return (“TAR”)



Reason

Measures the absolute growth in the Group’s EPRA Net Tangible Assets (“EPRA NTA”) per share plus dividends per share paid, expressed as a percentage of the period’s opening EPRA NTA per share.

Commentary

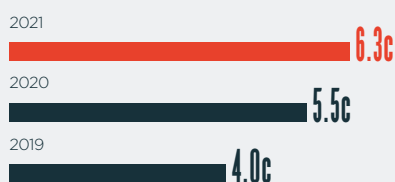
TAR was -0.9%. EPRA NTA per share decreased due to reductions in property values partially offset by an accretive share buyback. In addition, dividends paid increased as earnings grew.

Link to remuneration

A performance metric for:

- All annual bonuses
- Long Term Incentive Plan (“LTIP”)

EPRA earnings per share (“EPRA EPS”)



Reason

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

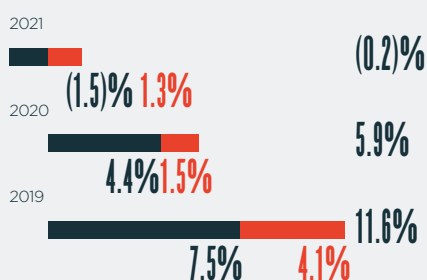
Commentary

EPRA EPS grew 13.4% due to an increase in net rental income of +8.1%, mainly due to leasing activity and rent reviews.

Link to remuneration

A performance metric for all annual bonuses.

Total Property Return (“TPR”) vs MSCI Ireland Index



Reason

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

Commentary

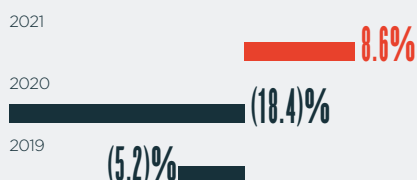
The Group generated a TPR of -0.2% while the benchmark (excl. Hibernia) produced a TPR of -1.5%. The relative outperformance resulted primarily from the positive contribution of our residential assets.

Link to remuneration

A performance metric for:

- All annual bonuses
- LTIP

Total Shareholder Return (“TSR”)



Reason

TSR measures shareholder value creation through increase in share price and dividends paid expressed as a percentage of the period’s opening share price. It enables comparison to peer companies. The TSR of the Group is benchmarked against the FTSE/NAREIT Developed Europe Index constituents.

Commentary

TSR for the Group in the year was 8.6% versus the benchmark at 20.9%. The Group’s share price has recovered somewhat from the significant impact brought about by COVID-19 and other factors, but continues to trade at a discount to NAV.

Link to remuneration

A performance metric for LTIP.

Alternative performance measures

The Group uses a number of financial measures to describe performance which are not defined under IFRS and are therefore considered APMs. These are described on pages 202 to 203.

Operational metrics

In addition to our KPIs, the key operational metrics used in managing the business are:

Financial metrics

Capital allocation

	2021	2020
Acquisitions	€11m	€23m
Disposals	€nil	€nil
Development capital expenditure	€17m	€21m
Committed capital expenditure	€3m	€18m
Capital returned via share buyback	€25m	€25m

 [Read more](#) on pages 54 to 58

Asset management


	2021	2020
In-place office vacancy	7%	7%
Contracted rent	€67m	€66m
In-place office WAULT to break/expiry	5.6yrs	6.4yrs
EPRA LFL rental growth	+7%	+4%
Premium to Estimated Rental Value ("ERV") achieved on lettings	+4%	+9%
Rent collected within 30 days	94%	90%
Rent review rental growth	+€0.6m	+€2.7m

 [Read more](#) on pages 59 to 60

Non-financial metrics

Environment, social and governance ("ESG")

	2021	2020
Absolute GHG emissions (tCO ₂)	2,599	3,514
LFL GHG emissions (tCO ₂)	2,530	3,509
% of portfolio with minimum BI rating	36%	36%
% of completed schemes with LEED Gold	100%	100%
Energy use intensity for managed assets (kWh/m ² /year)	120	153
Amount raised for charity partners via Dragons at the Docks	€70k	€349k

 [Read more](#) in our 2021 Sustainability Report on pages 36 to 43

Tenant engagement

Of respondents in the most recent tenant survey:

- 95% rated the standard of building management as either 'Very Good' or 'Good'
- 100% rated the quality of financial information as either 'Very Good' or 'Good'
- 90% reported they would recommend Hibernia as a landlord
- 100% rated Hibernia's response to COVID-19 as 'Very Good' or 'Good'

 [Read more](#) on pages 34 to 35

Our portfolio

	2021	2020
Portfolio value	€1,427m	€1,465m
Like-for-like ("Lfl") change in valuations	-4%	+2%
% of portfolio with medium-term redevelopment potential	16%	18%

 [Read more](#) on pages 16 to 19


Financial management

	2021	2020
Net debt	€279m	€241m
LTV	19.5%	16.5%
Effective interest rate on debt	2.1%	2.1%
% of drawn debt interest rate fixed or hedged	132%	76%
Cash and undrawn facilities - net	€110m	€136m
Weighted average maturity of debt	3.4 yrs	4.4 yrs

 [Read more](#) on pages 61 to 62

Culture and people

	2021	2020
Number of employees	35	36
% female employees	31%	31%
Training per employee (average hours)	18hrs	17hrs
Employee retention (turnover)	10%	14%
WFH equipment allowance per employee	€750	n/a
% staff who would recommend Hibernia	97%	n/a
Number of virtual social events	5	n/a





 [Read more](#) in our 2021 Sustainability Report on page 42

What our tenants say:

"Hibernia REIT has been excellent at responding to the pandemic and being proactive in all aspects of safety, especially in 1WML. I look forward to returning and working more closely with all other tenants."

"Thank you to everyone at Hibernia REIT; I only wish we were at the office for the full Hibernia experience, but I am very impressed with the management and everyone I have worked and communicated with throughout the year".

OUR APPROACH TO RISK

Agenda	What we did in 2020-21	Future focus 2021 onwards
COVID-19 risk management	<ul style="list-style-type: none"> Identify and monitor business risks, in particular business continuity, cyber security and tenant credit status Manage our buildings as a safe environment for our tenants, employees, contractors and visitors Support our employees working from home <p> Read more on pages 63 to 64</p>	<ul style="list-style-type: none"> Continue to focus on tenant credit and cash flow Focus on health and wellbeing for employees, occupiers and other stakeholders Continue to monitor the risks inherent in the 'future of the office' to ensure our developments deliver <p> Read more on pages 10 to 12</p>
Climate change risks	<ul style="list-style-type: none"> Published our Sustainability Statement of Intent (see pages 67 to 70) Established our pathway to Net Zero Carbon by 2030 Ongoing monitoring and review of the efficiency/optimisation and sustainable design of the development pipeline Risk management around climate change risks assessed during TCFD review Developed our Sustainability Report to encompass more climate change risks <p> Read more in our 2021 Sustainability Report available on our website</p>	<ul style="list-style-type: none"> Net zero carbon goals Review and improve risk metrics, risks assessment and reporting around climate change Review key suppliers and long-term contracts to identify vulnerability to climate-related risks in the value chain TCFD reporting including implementing risks management by 2022 Continue to develop our sustainability reporting with an improved risks focus
Future of our business	<ul style="list-style-type: none"> Monitored the risks attached to our strategy and portfolio in a post-COVID market Considered our changing tenant needs Managed our developments and assessed future risks to pipeline projects Focused on strategy particularly with respect to the potential impacts and risks of a persistent discount to NAV <p> Read more on pages 8 to 9 and 10 to 11</p>	<ul style="list-style-type: none"> Continued focus on the strategic risks posed by fluctuating market dynamics post Brexit and other international developments, e.g. tax reforms Broadening and adapting to changing tenant needs Managing and anticipating changing market trends
Market and regulation	<ul style="list-style-type: none"> The impact of the new Government on the property sector and macro environment Monitored the trade negotiations between the EU and UK, and other international developments Monitored compliance with regulatory bodies 	<ul style="list-style-type: none"> Ongoing compliance with regulatory and legislative requirements
Ongoing risks management	<ul style="list-style-type: none"> ISO 14001 and 45001 completed in April 2021 Annual review of risks, risk appetite and framework completed in April 2021 Regular reporting of limits, breaches or any regulatory issues Updated the risk management framework 	<ul style="list-style-type: none"> Annual review of risk register, risk appetite and framework Ongoing review of risk metrics, appetites and tolerances Progress internal audit activities and reviews Continuing focus on management of cyber security risks

2020-21 in focus

This has been a challenging year, particularly with respect to the management of the COVID-19 pandemic. Measures we have taken to deal with this can be found on page 64. Managing the COVID-19 pandemic was highlighted as a significant risk for 2020-21 potentially leading to failure to achieve strategic goals and having a negative impact on financial returns. In light of the nature of this risk, a significant review was completed across our risk management framework. We have reviewed our risk appetite, reassessed our risks and taken steps to identify any new ones that may have emerged, considered the strength of our internal controls, performed scenario and sensitivity analyses, and reviewed and monitored our risks as frequently as we considered necessary. In particular, certain key risk indicators, such as tenant credit ratings, have been introduced to monitor additional risks to manage the business through the crisis.

In addition to this focus, we recognise the increasing demands of climate change and the challenges and risks we face in the future. The Board recognises the systemic threat posed by climate change and the need for urgent mitigating action. We have commenced the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) with a view to fully aligning by 2022. As part of this process, we have assessed our risk management around climate change and will embed a greater understanding of the risks that face the Group and the potential for ‘stranded assets’ if such risks are left unaddressed.

Managing our risks and opportunities

Our approach to risk management is designed to encourage clear decision-making as to which risks we take and how these are managed, based on an understanding of the potential strategic, commercial, financial, compliance, legal and reputational implications of these risks. The successful delivery of the Group’s strategic objectives depends on the effective identification, understanding and mitigation of its principal risks. The Group has established a risk management framework and a system of internal controls to support informed decision making. Our risk management framework provides structure to the risk management process.

While the responsibility for risk management lies with the Audit Committee and ultimately the Board, the day-to-day management of risk is an integral part of the operation of the business and the culture of the team. We seek to foster a culture that is well

informed, curious, alert, responsive, consistent and accountable so that risk management becomes instinctive and is embedded in our daily activities. An executive Risk & Compliance Committee was established early in 2020 in order to more effectively review, manage, monitor and assess risks.

Risk management framework

The Group’s risk management system involves designing, implementing, monitoring, reviewing and continually improving risk management processes in the organisation. The risk management system’s inputs include all risks, processes and controls applicable to the organisation. Quantitative and qualitative analyses are performed to identify and quantify the most important risks. The system’s outputs include a risk register, risk monitoring plan and risk tolerance limits. The Group has devised an action plan to identify and remediate any risk concerns and/or breaches.

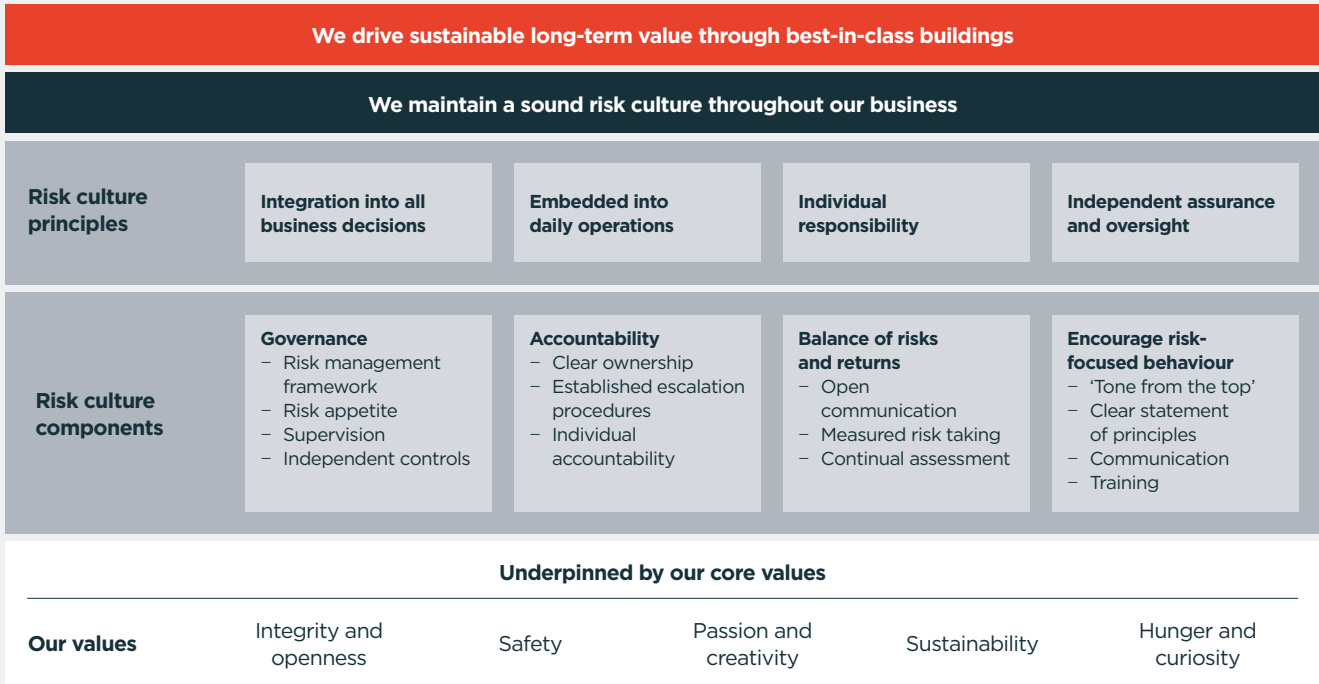
The risk management framework is reviewed on an annual basis and more frequently in the event of a significant change of circumstances.

Effective day-to-day management of risk is embedded in our operational processes at all levels of the organisation. Risk is every employee’s responsibility. The Board is closely involved in the business, helping to quickly identify new risks and weaknesses. PwC has been retained as internal auditor to provide an independent assessment and assurance of internal controls and risk management processes in place.



OUR APPROACH TO RISK CONTINUED

Our risk culture



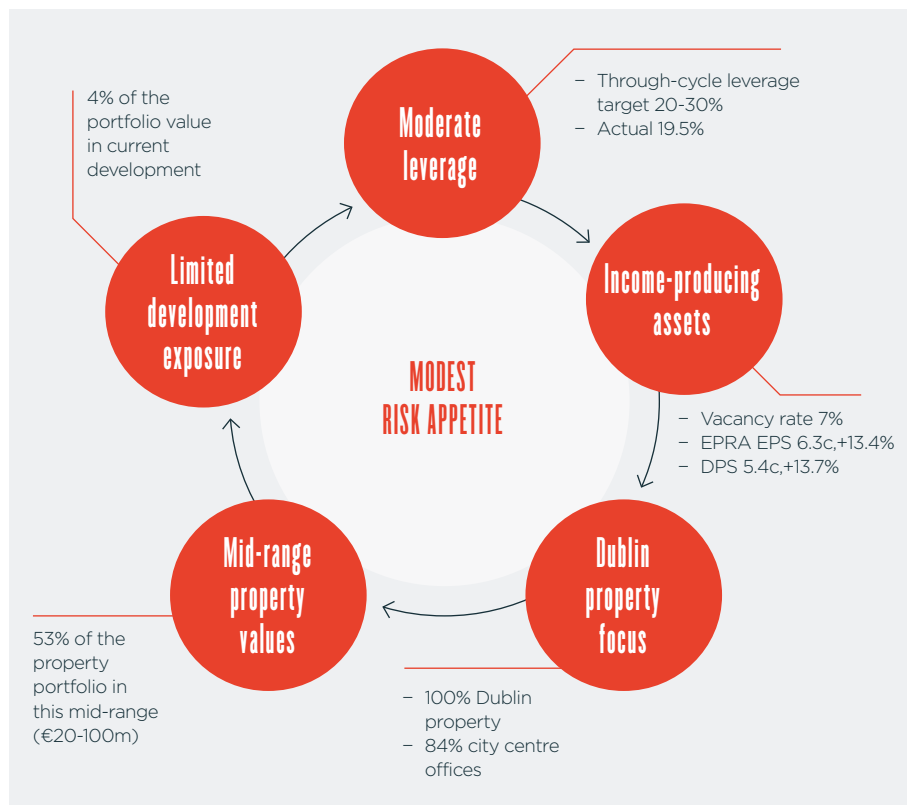
Risk profile

As a Group with the majority of its assets in central Dublin offices, Hibernia is especially sensitive to any factors which impact demand for office space in Dublin's city centre. The full impact of the COVID-19 pandemic on demand for working office space has yet to be seen. However, the Group has focused its strategy to minimise the risks associated with the office sector. Our section on 'the future of the office' (see pages 10 to 11) explores our views on how the market will develop. Our strategic priorities are set out on pages 22 to 23. The impact of, and measures taken to mitigate the effects of, the COVID-19 crisis are explored in some detail on pages 64. We are also monitoring closely any changes to international tax arrangements which could alter Ireland's attractiveness as a location for foreign investment. Finally we have developed a new Sustainability Statement of Intent (see pages 67 to 70) which establishes our approach to the risks of climate change. We are aware of the importance of climate-related risks to our business and have commenced the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") (see pages 44 to 45).

Risk appetite

Risk appetite defines the amount and type of risk the Group is prepared to accept in pursuit of its strategic priorities. Risk appetite is defined in qualitative terms as well as quantitative terms, through a series of high-level limits and thresholds covering all areas of activity.

An overview of the Group's risk appetite is shown in the diagram below:



Risk register

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

A detailed risk identification and assessment process is in place which include the following steps:

- 1 **Identify the risks**
- 2 **Determine each risk's magnitude of impact**
- 3 **Determine the likelihood of the risk event occurring**
- 4 **Document the mitigants in place for each risk**
- 5 **Produce the risk rating**

The risk register is reviewed and reported to the Board on an annual basis or more often as necessary.

The Group's principal and emerging risks, those that could have a potentially material impact on the sustainability of the business model, are set out on pages 48 to 53 of this Report.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 71 of this Annual Report. This also covers the financial position of the Group, its liquidity position and debt facilities. Further detail on the financial performance and financial position of the Group and Company is provided in the consolidated financial statements and Company financial statements on pages 138 to 200 and in note 2.e to the consolidated financial statements. In addition, note 29 to the consolidated financial statements includes details on the Group's financial risk management and exposures. Particular attention is drawn to the discussion on the impacts of the COVID-19 pandemic on page 64 of this report. The Directors have assessed the Group's liquidity position and have no reason to expect that the Group will not be able to meet its liabilities as they fall due for the foreseeable future. Therefore, the Directors have concluded that the going concern assumption remains appropriate.

Viability statement

The Board has assessed the viability of the Group over a four-year period to March 2025. This has been increased from three years in order to ensure the near-term development pipeline is included. The Directors are satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable statement of viability. This assessment considers the Group's current position and the principal risks that it faces. All of these principal risks, as outlined on pages 48 to 53, are considered to be material in the assessment of viability.

The Board also considers the longer-term risks and opportunities of the Group; for example the current office development pipeline extends to 2026 and the portfolio also has longer-term mixed-use potential.

Financial projections for the current financial year and the following three years are updated and presented to the Board on a quarterly basis. Assumptions have been built into the business and financial planning process which are based on a conservative view of the Group's expected income and investment profile over this four-year period.

Current position

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 to the consolidated financial statements, 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 10- and 12-year 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). 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.

The Group has paid particular attention to tenant credit risks and rent collection metrics given the COVID-19 pandemic. Due to the nature of rent collections, a significant portion of revenue is collected in advance of its due date which allows the Group to respond early to potential issues. 99% of all rent due during the financial year ended 31 March 2021 was collected within 60 days of the due date. Information on the Group's financial assets and approach to credit risk is contained in the consolidated financial statements in Section IV: introduction, note 20 and note 29.d.

Confirmation of viability

Having considered all the factors outlined above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of their assessment ending 31 March 2025.

OUR APPROACH TO RISK CONTINUED

The Task Force on Climate-related Financial Disclosures

The TCFD has developed four recommendations on climate-related financial disclosures to be implemented. These are designed to produce decision-useful, forward-looking information on financial impacts with a strong focus on risks and opportunities related to the transition to a lower carbon economy. The core elements are outlined below:

	Where we are	Where we are going
Governance		
Describe the Board's oversight of climate-related risks and opportunities.	The Board is responsible for overseeing activities that relate to sustainability and climate change, with the CEO and CFO retaining overall accountability and oversight. The CEO chairs the Sustainability Committee and can provide the Board with updates on our activities in this area.	Improved reporting and training from Sustainability Committee to Board.
Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> – Risk & Compliance Committee, comprised of all members of the Senior Management Team, is responsible for all risk oversight and management including climate-related risks. – Sustainability Committee reviews performance, in terms of climate related activities, including progress against our Net Zero Carbon Pathway. – Senior Management Team is provided with frequent updates by the Sustainability Manager in relation to climate change risks and opportunities. 	Integrate sustainability commitments as part of all Senior Management department goals and individual performance objectives/remuneration KPIs.
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>Short term: 1-3 years</p> <ul style="list-style-type: none"> – Increased legislation setting legal minimum energy requirements for new commercial and non-commercial buildings. – Increasing demand from occupiers to lease sustainable buildings. – Investors are taking a greater interest in the performance of assets and requesting benchmark participation. – We have an opportunity to collaborate with our stakeholders to deliver significant reductions in carbon emissions, ultimately de-risking our portfolio to the impacts of climate change, providing cost savings for our occupiers and greater returns for our investors. <p>Medium term: 3-10 years</p> <ul style="list-style-type: none"> – Demands around climate change management may give rise to higher market demand for buildings with improved sustainability credentials and greater energy efficiency. – This may lead to stranded assets that are no longer fit for purpose from an environmental efficiency perspective unless we respond to trends. <p>Long term: 10-30 years</p> <ul style="list-style-type: none"> – Speed of market transformation and technological progress may impact on our ability to decarbonise our business. – Greater demand for buildings that have been adapted to accommodate the likely impact of climate change. 	<p>Model the financial impact and payback of energy efficiency measures.</p> <p>Set a trajectory for energy reductions for each asset.</p> <p>Integrate our net zero requirements at the design stage for new developments.</p> <p>Better understand the likely cost of carbon offsetting.</p> <p>Set up the frameworks required to manage the Carbon Reduction Fund.</p>
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate-related issues affect the way we develop new buildings, and how we manage existing ones. Therefore, we take a proactive approach to managing these issues. Our Sustainability Statement of Intent drives our corporate approach, setting out how we manage these risks within our developments and property management activities and the necessary performance standards required to ensure that climate-related risks do not adversely affect our work.	A strategic priority for 2021/22 is to progress the sustainability agenda as set out in our Sustainability Statement of Intent and our Net Zero Carbon Pathway.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our Sustainability Statement of Intent lays out a clear strategy for dealing with both mitigation of climate change and adaptation to the effects of climate change. We have modelled what our carbon emissions would be by 2030 if we carried on with our current business model and set a Net Zero Carbon pathway to 2030, aligned with climate science and a 1.5°C global warming scenario, and an action plan to ensure that we reduce our carbon footprint accordingly.	Our next step is to look at various climate-related scenarios and understand the financial impact to the business from the physical and transitional risks and opportunities.

Where we are		Where we are going
Risk management		
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management framework.	<p>The Group's risk management framework includes a periodic review of all risks facing the business and a structured process to determine the impacts, likelihood and risk ratings for all risks, including climate change risk. The risks are collated by the Senior Management Team and finalised through the Risk & Compliance Committee, including determination of the impacts, likelihood and risk ratings for all risks as well as the mitigating measures being implemented to reduce the level of risk to the business.</p> <p>The Sustainability Committee has responsibility for agreeing management strategies and specific projects and monitoring and measuring the impact on the climate resilience of the business as a result of these actions.</p>	Carry out reviews of key suppliers and vulnerability to climate-related risks in the value chain. Test risks against various climate scenarios.
Metrics and targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>We provide to our stakeholders on our climate-related activities and performance through the disclosure of certain relevant metrics for energy and resource consumption and carbon emissions across our portfolio of assets. Metrics are also in place for measuring our performance ratings in industry surveys.</p> <p>These are presented in the performance tables on pages 38 to 42 of our 2021 Sustainability Report, covering the last two calendar years as well as the delivery strategy section of our Net Zero Carbon Pathway.</p>	Introduce internal price on carbon and appropriate associated metric to measure impact of Carbon Reduction Fund.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Our performance tables on pages 38 to 42 detail our environmental data performance. As part of this we publish carbon reporting across Scopes 1 and 2 and all relevant Scope 3 categories. Our emissions disclosures are aligned to the EPRA Sustainability Best Practices Recommendations and independently assured by our third-party consultants and their assurance statement can be found on pages 44 to 46 of our 2021 Sustainability Report.	Disclose our climate-related emissions publicly through our 2021 CDP response and share the output on our Group website.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<p>In 2021, in recognition of the escalating concerns around climate change and the need for the real estate industry to target meaningful carbon reduction, we developed a Net Zero Carbon Pathway with the ambition of becoming a net zero carbon business by 2030. The pathway includes the challenging targets we have set ourselves.</p> <p>Our disclosures in our 2022 Sustainability Report will detail our performance against these targets and similar, to our existing metrics, these will be third-party assured.</p>	Fully integrate the Net Zero Carbon Pathway and share individual asset benchmarking with building management teams.

OUR APPROACH TO RISK CONTINUED



Key statistics at March 2021

Commercial rent collected within 7 days in FY21

88%

Contracted rent

€67.1m

Weighted average debt maturity

3.4 yrs

Office WAULT

5.8 yrs

Vacancy rate

7%

Earliest debt maturity

Dec-23

LTV






19.5%

Available liquidity

€110m

(net of commitments and reserved cash)

Principal risks overview

Risk	Description	What measures have we taken?
Strategic	<ul style="list-style-type: none"> – Failure to anticipate or react to market trends resulting in an inappropriate business strategy 	<ul style="list-style-type: none"> – Experienced Senior Management Team and Board – Use of experts, regular tenant interaction <p> Read more on pages 74 to 77</p>
Market	<ul style="list-style-type: none"> – Uncertain recovery from the COVID-19 pandemic – Ireland's attractiveness is negatively impacted 	<ul style="list-style-type: none"> – Active monitoring of lead indicators. Regular financial forecasting and stress testing. Risk appetite limits including leverage <p> Read more on pages 40 to 43</p>
Climate change	<ul style="list-style-type: none"> – Failure to respond appropriately and sufficiently to climate change 	<ul style="list-style-type: none"> – Sustainability Manager appointed – Sustainability Committee oversight – Reviewing approach to sustainability <p> Read more on pages 65 to 70</p>
Finance	<ul style="list-style-type: none"> – Tenant default leading to loss of income, reduced cash flow and poor returns – Inappropriate capital structure/lack of funds for investment 	<ul style="list-style-type: none"> – Credit risk management and covenant monitoring – Target LTV 20-30%, (actual at Mar-21 19.5%) – All debt unsecured with staggered maturities – Forward cash planning with full Board oversight. <p> Read more on pages 61 to 62</p>
Development	<ul style="list-style-type: none"> – Poor or mistimed execution of development projects 	<ul style="list-style-type: none"> – Experienced development team, impacts on and timing of pipeline projects continually assessed <p> Read more on pages 57 to 58</p>
Operational risk	<ul style="list-style-type: none"> – Failure to motivate and retain team resulting in failure to execute the Group's business plan – Disruption from external threat/event, cyber-attack, or fraud 	<ul style="list-style-type: none"> – Employee remuneration strongly linked to Group performance, active engagement and succession planning – Focus on business continuity and crisis management

The principal risks and uncertainties facing the Group are set out on pages 48 to 53, together with the potential impact and the mitigating actions and controls in place.

Key changes to principal risks in the year

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.

EBIT would have to fall by

77%

to breach bank covenants

Portfolio value would have to fall by

59%

to breach bank covenants

Principal risks and uncertainties

Exposure	Strategic priorities	Risk impact	Risk trend
1. Failure to anticipate or react to market trends resulting in inappropriate business strategy			
<p>Failure to anticipate changing trends in occupier and investor behaviour, resulting in an inappropriate business strategy and below target returns.</p> <p>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.</p>	12345		
2. Uncertain recovery from the COVID-19 pandemic			
<p>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.</p>	12345		
3. Ireland's attractiveness is negatively impacted			
<p>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.</p> <p>The pandemic will add a considerable strain on public sector finances for many years to come and may impact domestic politics and international regulation.</p>	12345		

Risk impact

High
 Medium
 Low

Risk trend

Unchanged
 Increased
 Decreased
 New

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.

Key controls and mitigants

Key activities in 2020-21

- 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

Read more on pages 10 to 11 and 20 to 23

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.

- 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)

Read more on pages 10 to 15

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 advisers, property professionals and sustainability experts assist management to monitor market risk and international developments.

- 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

Read more on pages 22 to 23

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.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Exposure	Strategic priorities	Risk impact	Risk trend
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4. 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.

12345



The pandemic has increased the focus on ESG and wellness in the office environment, thus increasing the risk of failure to respond appropriately.

5. Risk of tenant default

Tenant default leading to loss of income, reduced cash flow and poor returns.

12345



The pandemic has highlighted the importance of a robust and diverse tenant base and increased the risk of financial difficulties for some tenants.

6. 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.

12345



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.

Risk impact

High
 Medium
 Low

Risk trend

Unchanged
 Increased
 Decreased

Key controls and mitigants

- 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

Read more in our 2021 Sustainability Report and on pages 65 to 71

Key activities in 2020-21

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 ISO45001/14001 standards, EHS management system.

We have reviewed our Remuneration Policy and have proposed increasing the 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.

- 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

Read more on pages 16 to 19

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 also assessed.

The Group has a strong tenant base: during FY21 rent collection rates have remained at 99% despite the pandemic. Where tenants have legitimately requested assistance, the Group has engaged in agreeing appropriate payment plans.







- 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

Read more on pages 57 to 58

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 unit 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 spaces. We retain flexibility on when development commences.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Exposure	Strategic priorities	Risk impact	Risk trend
<p>7. Failure to motivate and retain team resulting in failure to execute the Group's business plan</p> <p>Loss of knowledge, experience and leadership could have negative impacts on the Group's ability to achieve its strategic priorities.</p> <p>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.</p>	<p>12345</p>		
<p>8. Disruption from external threat/event, cyber-attack, or fraud</p> <p>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.</p> <p>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.</p>	<p>12345</p>		
<p>9. Inappropriate capital structure/lack of funds for investment</p> <p>Failure to meet target returns due to funding limitations and inability to fund the development pipeline and/or invest in accretive opportunities.</p> <p>The pandemic has had a volatile impact on financial markets which could negatively affect the availability of funds and potential returns.</p>	<p>12345</p>		

Risk impact

High Medium Low

Risk trend

Unchanged Increased Decreased

Key controls and mitigants

- 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 Nominations Committee. Staff development is also supported to allow for internal promotion
- Team events and opportunity for feedback through surveys and team meetings

 **Read more on** pages 96 to 126 and page 37

Key activities in 2020-21

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, who was appointed to the role of Designated Non-Executive Director for Workforce Engagement, has held several working sessions with staff during the year (see page 37).

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.

- 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

 **Read more on** pages 92 to 95

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.

- The Group has a target loan to value ratio of 20-30% through the cycle, which is well below debt covenant limits, and the all of interest rate exposure is fixed or hedged
- All debt is unsecured and has staggered maturities: 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

 **Read more on** pages 61 to 63

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 on a proforma basis to €235m including the new USPP notes.

Business Review

Progress against strategic priorities for the financial year ended 31 March 2021

We have made good progress with the strategic priorities set out in the 2020 Annual Report, and we summarise this on pages 24 to 25. 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.

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).

Acquisition

€11.1m

(2020: €23.3m)

Disposals

nil

(2020: nil)

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	€1,139m³	80%	4.7%²	€57.9m	€58.2m	€61.4m
2. Dublin CBD office developments⁴	€62m	4%	-	-	€1.5m	€3.6m
3. Dublin residential⁵	€168m⁶	12%	3.8%⁷	€6.0m⁷	€6.0m⁷	€6.7m⁷
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}	€65.3m⁷	€67.1m⁷	€73.8m⁷

1. Yields on unsmoothed values and excluding the adjustment for IWML 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 IWML.
4. 2 Cumberland Place and 50 City Quay.
5. Includes IWML 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.

In-place office portfolio area

1.1m sq. ft.

Total portfolio contracted rent

€67.1m

In-place office contracted rent

€58.2m

(€51psf)

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 and 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%
<i>Development pipeline assets³</i>	€9.7m (€42psf)	€9.7m (€42psf)	1.3yrs	1.3yrs	-	-	100%
<i>Investment assets</i>	€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)	-	-	-	-	-

- To earlier of review or expiry.
- Mark-to-market.
- Hibernia assumption that ERV of near-term development pipeline is equal to current contracted rent.
- 1 Cumberland Place, SOBO Works, 1 and 2DC, 1WML, 2WML, 1SJQR.
- Includes parking and retail in office buildings.
- 2 Cumberland Place and 50 City Quay.
- 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 on pages 59 to 60 and for further details on our plans for Marine House and Clanwilliam Court please see the developments and refurbishments section on pages 57 to 58.

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. As noted elsewhere in this document, our rent collection statistics have remained strong throughout the pandemic.

Office WAULT

5.8 yrs

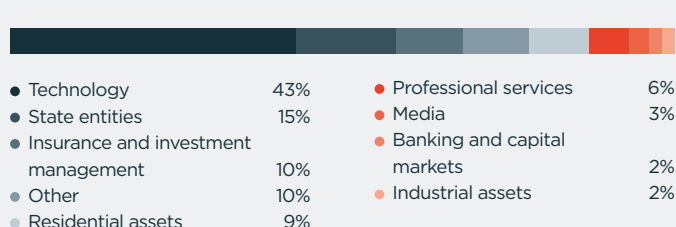
(Completed office developments: 8.1yrs)

In-place office vacancy rate

7%

Contracted rent by sector/industry

€67.1m



BUSINESS REVIEW CONTINUED

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	Acquisitions ¹	H1 revaluation	H2 revaluation	Value at March 2021* (all assets)	Like-for-like change
<i>Traditional Core</i>	€435m	€0.6m	-	(€21m)	€1m	€415m	(€20m) (4.7%)
<i>IFSC</i>	€205m	-	-	(€14m)	(€13m)	€178m	(€27m) (13.1%)
<i>South Docks</i>	€555m ²	€2.2m	€6.9m	(€18m)	-	€546m ²	(€17m) (3.1%)
1. Total Dublin CBD offices	€1,194m²	€2.8m	€6.9m	(€53m)	(€12m)	€1,139m²	(€64m) (5.4%)
2. Dublin CBD office developments	€51m	€15.1m	-	(€3m)	(€1m)	€62m	(€4m) (5.7%)
3. Dublin residential	€159m	€0.2m	€0.9m³	€4m	€3m	€168m	€7m 4.5%
4. Industrial/other	€61m	-	€3.9m³	(€5m)	(€1m)	€59m	(€5m) (7.7%)
Total	€1,465m²	€18.1m	€11.7m	(€57m)	(€11m)	€1,427m²	(€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.

LfL decrease in portfolio value

€66m

down 4.4%

(2020: increase €28m, +2.0%)

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 and 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 office² 1k retail/café	€3m³	€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 nearly 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 €306¹ 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 per buildable sq. ft.²

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%.

BUSINESS REVIEW CONTINUED

Office pipeline when completed

539,000 sq. ft.

(2020: 566,000 sq. ft.)

Mixed-use pipeline

155.2 acres

(2020: 154.3 acres)

Development expenditure in the year

€16.8m

(2020: €21.3m)

Office	Sector	Current area (sq. ft.)	Area post completion (sq. ft.)	Full purchase price ¹	Comments
Marine House	Office	41k	50k	€30m	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 and 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Strategic transport location Potential for future mixed-use development subject to re-zoning
Malahide Road Industrial Park	Industrial	66k warehouse and 17k office on 3.8 acres	n/a	€8m	<ul style="list-style-type: none"> 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 items amounted to €0.7m in the financial period or €0.3m net of refunds (March 2020: €0.8m).

Portfolio contracted rent roll

€67.1m

(2020: €65.7m)

In-place office vacancy rate

7%

(2020: 7%)

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 63 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; and
- 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 on page 57). 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; and
- 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.

BUSINESS REVIEW CONTINUED

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.

FY	Current income			ERV at 31 March 2021		
	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	€39.5m¹	€9.7m	€7.4m	€39.3m¹

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 and 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 pages 65 to 71 and our separate Sustainability Report which is published on our website, www.hiberniareit.com.

GRESB rating

Four stars

(2020: three stars)

CDP rating

B-

(2020: unrated)

FINANCIAL REVIEW

Financial Review

As at	31 March 2021	31 March 2020	Movement
IFRS NAV per share ("IFRS NAVPS") ¹	173.6c	179.8c	(3.4)%
EPRA NTA per share ("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	€(25.2)m	€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' on pages 201 to 212.

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).

EPRA EPS

6.3c

(2020: 5.5c)

FY21 DPS

5.4c

(2020: 4.75c)

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.

FINANCIAL REVIEW CONTINUED

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) issuing Jul-21	€62.5m	July 2031	1.88% coupon (fixed)	Unsecured
Private placement notes (twelve year) issuing Jul-21	€62.5m	July 2033	1.92% coupon (fixed)	Unsecured
Total including July-21 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 proforma 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 earnings before interest and tax ("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. Our rent collection rates in the financial year ended 31 March 2021 averaged 99% across our commercial and residential properties.

Commercial tenants¹

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

	Quarter ending Jun-21 (Q1 FY22)	FY21
Commercial rent		
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 tenants²

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%.

Q/E June rent collected within 30 days

94%

(2020: 90%)

Q/E June rent collected within 60 days

97%

(2020: 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.

COVID IMPACTS AND MANAGEMENT

Whilst the impact of COVID-19 on Hibernia and the Irish property market is still ongoing, we have, throughout this Annual Report, described how we have responded. For ease of reference, we summarise the points below.

Consequences of COVID-19	Impact on Hibernia	Hibernia actions
Office occupational market activity and rental values have declined	<p>Dublin office take-up in 2020 fell by 54% versus 2019 due to the impact of the pandemic</p> <p>Grade A office vacancy rates increased to 9.8%, up from 5.9% at March 2020</p> <p>Headline prime CBD rents fell to €57.50 from €62.50 in March 2020</p>	<p>We deferred the refurbishment of Marine House and will now redevelop it as part of the wider Clanwilliam Quarter, starting in early 2022</p> <p>We offered tenants short term leases in Marine House and Clanwilliam Court to coincide with the planned redevelopment in early 2022</p>
Investment market activity and property values have declined	<p>Property investment volumes fell by 58% versus 2019 due to the impact of the pandemic</p> <p>4.4% LFL reduction in Hibernia portfolio value, primarily as a result of a decline in net ERVs and some yield expansion in our office assets</p>	<p>By maintaining its modest leverage levels Hibernia has not been materially impacted by office market valuation declines</p>
Non-essential construction activity has been delayed	<p>For c. six months of the financial year construction activity on Hibernia's active development sites was prevented due to Government restrictions meaning its two active development projects did not reach practical completion prior to the end of the financial year</p>	<p>Hibernia has not acquired any further development sites and has deferred the commencement of the development of Marine House to early 2022</p> <p>We have sought confirmation from its main contractors of their financial position, and timely payments of sub contractors, prior to each invoice payment in FY21</p> <p>We are not expecting any material cost overruns despite delays</p>
Face-to-face consumer businesses heavily impacted	<p>Some tenants, especially those exposed to the travel, hospitality and physical discretionary retail sectors have sought rent assistance or other support from us</p>	<p>Our tenant base is in the majority weighted towards the technology and state entity sectors whose operations have not been impacted financially by COVID-19</p> <p>We have engaged closely with those tenants seeking financial assistance and have offered rental deferrals or write-offs in selected instances</p>
Pre-existing workspace trends accelerated	<p>Demand for more collaborative workspaces with greater focus on employee wellness has increased</p> <p>Greater focus on ESG and sustainability practices throughout the organisation</p>	<p>We are focusing on office clustering and ESG excellence, both of which we believe will help us in delivering the type of high quality, amenity-rich office space tenants are increasingly seeking</p>
Remote working and social distancing measures may disrupt business operations	<p>The majority of Hibernia's employees, in line with Government health guidance, have all worked from home for most of the financial year</p>	<p>We invested in the appropriate remote working software before the onset of COVID-19 and have since provided an allowance to each staff member to allow them to purchase any required equipment</p> <p>We have sought to maintain our collaborative, open working culture by holding weekly "all hands" video calls along with hosting some successful remote social events throughout the year</p>



SUSTAINABILITY

Neil Menzies
Sustainability Manager

Sustainability at Hibernia

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

In 2021 we made the decision to simplify our responsibility strategy and focus on longer-term risks and opportunities. We reduced our key principles from five to three following detailed engagement with our stakeholders over the past 18 months. Climate change is one of our principal risks and we have set a target of becoming a net zero carbon and climate resilient business by 2030. We have launched our 'Net Zero Carbon Pathway' and agreed to adopt the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") framework.

While, understandably, much of society's attention since early 2020 has been on the COVID-19 pandemic, there has also been increasing focus on issues of sustainability and resilience. Hibernia's commitment to being a leader in ESG matters in Ireland, both in the property sector and more broadly, remains unchanged. And the link between financial performance and ESG initiatives have never been clearer.

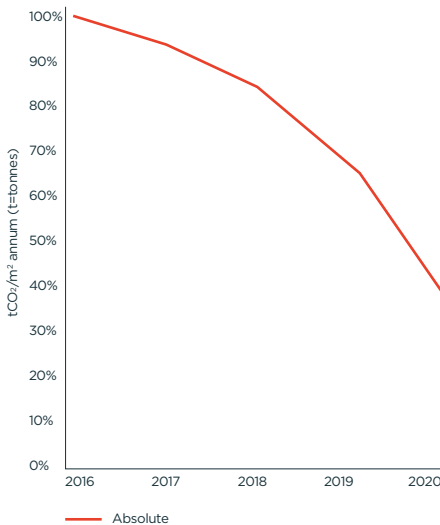
In this section we share our progress over the last year and detail our new responsibility strategy out to 2030, including our commitment to becoming a net zero carbon business.

As we look to the future, we are excited about the challenge of meeting our

ambitious targets and continuing to improve our ESG reporting and performance.

Please do take the opportunity to also read our 2021 Sustainability Report, which you can find on our website, www.hiberniareit.com, and we will be pleased to receive any feedback you have.

Further substantial reductions made in Hibernia greenhouse gas ("GHG") emissions intensity 2020 (though helped by low occupancy)



1. Scope 1 and Scope 2 GHG emissions only e.g. landlord controlled areas.
2. Sustainability data shown on a calendar basis.
3. Reflects annual changes to the GHG conversion factors.

Sustainability at Hibernia: Highlights

Launched Transforming Dublin Responsibly, our new Sustainability Statement of Intent

Set a target of becoming a net zero carbon business by 2030

Signed up to the Better Building Partnership and the World Green Building Council net zero carbon commitments

€70,000 donated to local community groups and charities through our fundraising efforts

Instituted our artist in residence programme, helping to keep culture and collaboration flourishing in the Windmill Quarter

A Lust For Life (young persons' mental health organisation) chosen as charity partner for next two years

Awards



Four green stars with an overall score of 80% (+5pp on prior year)



Achieved a score of positive B- in our first CDP climate change submission



EPRA sBPR - retained Gold Award in 2020 for the third successive year based on our Sustainability Report



2 Cumberland Place on track to be awarded LEED Platinum certification, soon to be home to 3M

“Economies, institutions and industry are considering climate change risk and solutions with greater urgency.”

Neil Menzies Sustainability Manager

Our sustainability ambition

Our ambition is to be the most sustainable property company in Ireland. It is fundamental to the future value of our business and to lessen our impact on the environment and society that we act now. We have an opportunity to make a meaningful difference and we look forward to working with our tenants, suppliers, communities and sector peers to achieve common goals and provide buildings that are adaptable and resilient to climate change and that promote the health and wellbeing of the occupants and the surrounding areas. We have set challenging targets which will be independently assured, and we will draw on innovation and partnerships to bring about effective change.

Assessing materiality

In early 2020 we carried out our first materiality assessment, helping us identify and prioritise the ESG issues that matter most to our stakeholders. Identifying the important issues involved, in part, speaking to external stakeholders to capture their views as to what is most important for the Group from a sustainability perspective. As the COVID-19 pandemic has progressed we have added to our understanding by engaging with investors through virtual meetings and roadshows, with tenants through conversations and surveys and with staff through continuous discussions and surveys, all complemented by research carried out by consultants on our behalf.

The process not only helped us understand what we need to disclose in our Sustainability Reports, but also informed our recently launched Sustainability Statement of Intent out to 2030 and our Net Zero Carbon Pathway.

Details of our 2020 materiality assessment can be found on www.hiberniareit.com/sustainability

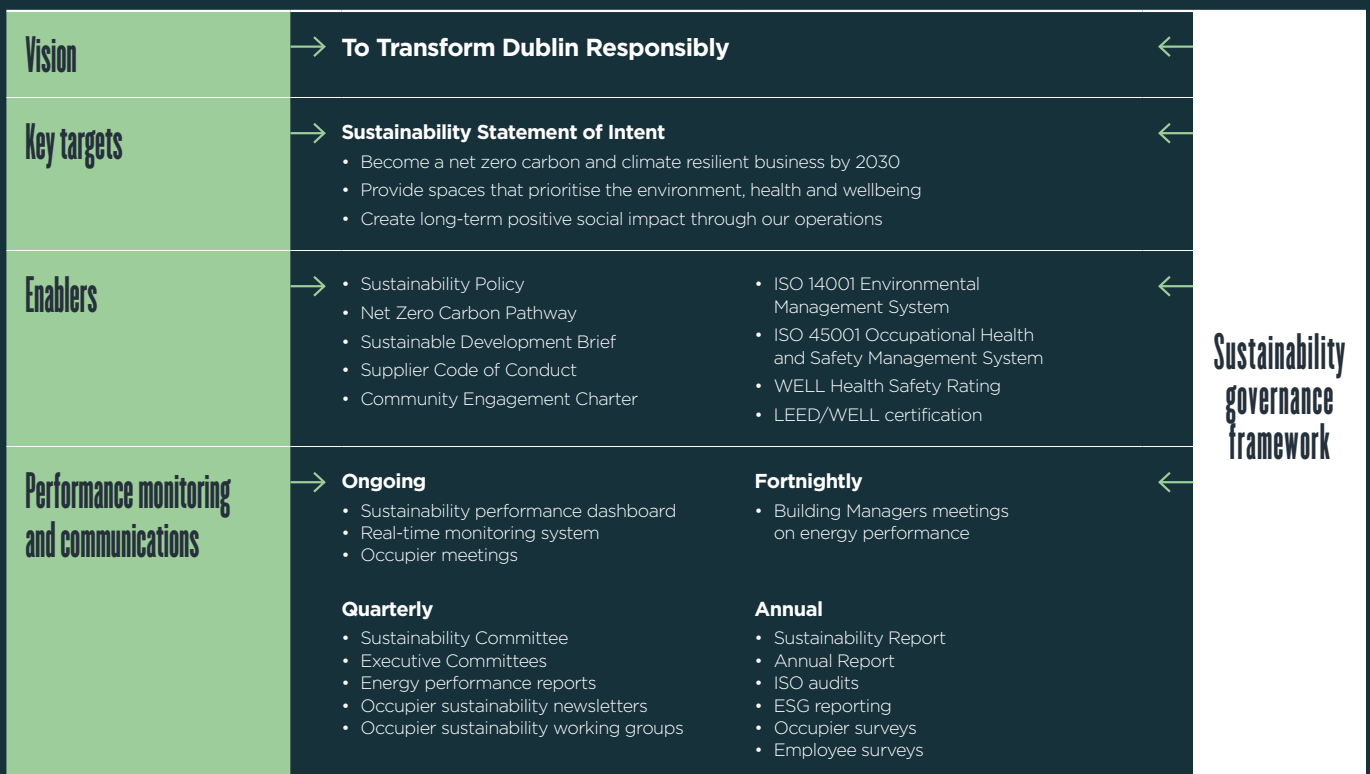
How Hibernia manages sustainability

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

Each business function head is required to ensure that Hibernia’s sustainability agenda is integrated into their area of work.

To oversee effective day-to-day management, the Sustainability Manager is responsible for overseeing delivery across the business, with input and support as required from the Chief Financial Officer and other team members.

Our delivery framework sets out the structure by which we aim to Transform Dublin Responsibly. The framework ensures that we have the correct processes in place across our business operations in order to meet the requirements of our strategy and adhere to our policies.



Transforming Dublin Responsibly

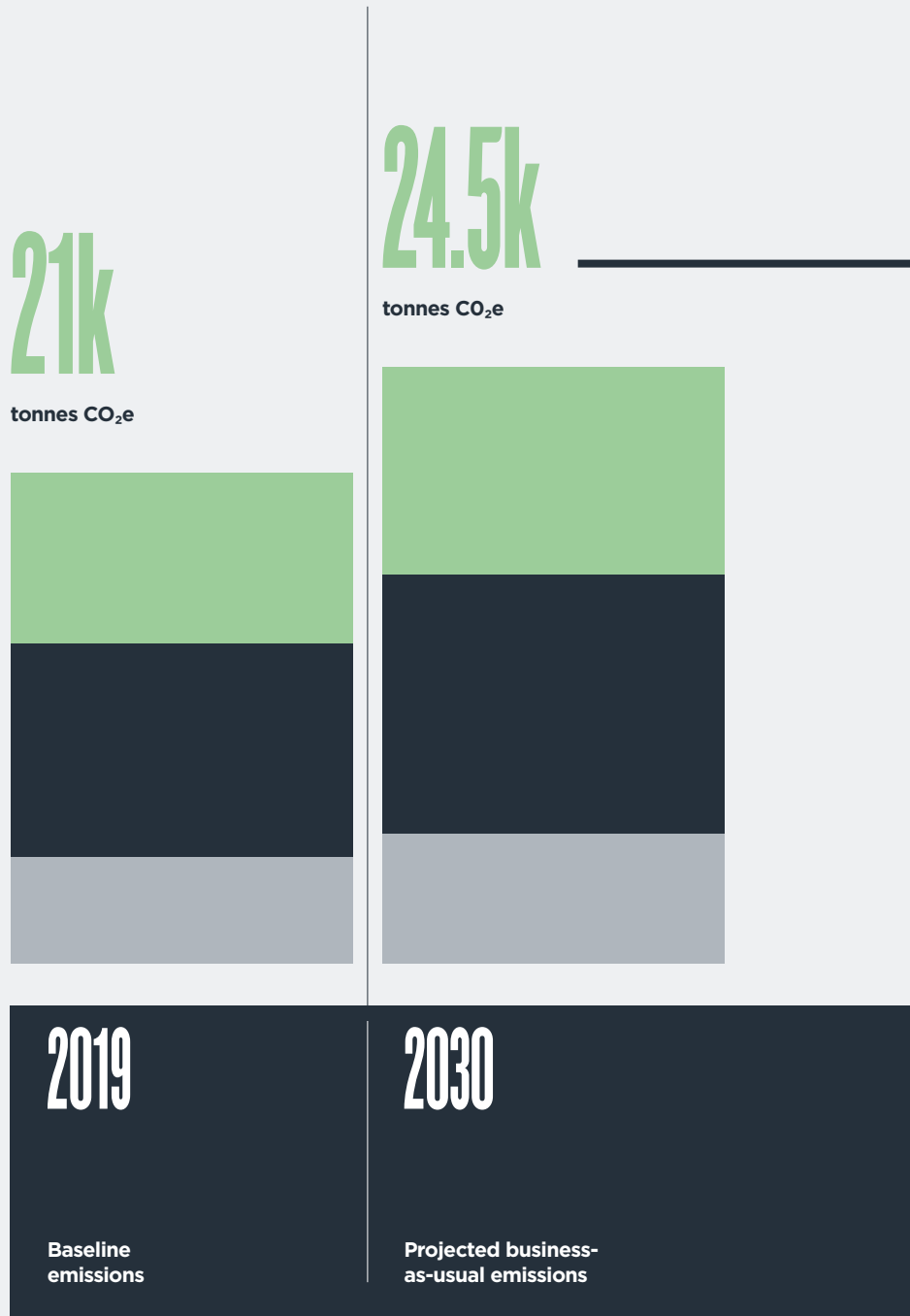
Our ambition is to be the most sustainable property company in Ireland and we have committed to becoming a net zero carbon business by 2030. Although our business is located in Dublin we are committed to creating a wider impact through our sustainability ambitions and have chosen to align with the UN Sustainable Development Goals (“UN SDGs”) most closely linked to our three key principles.

The three key principles	UN SDGs	Objectives	Implementation
 <p>Become a net zero carbon and climate-resilient business by 2030</p>	    	<ul style="list-style-type: none"> By 2030, reduce our overall carbon emissions by 30% and operational carbon emissions by 40% against a 2019 baseline. Set an internal carbon pricing mechanism to drive behavioural change and fund the energy efficiency and on-site renewable improvements to transition existing assets to net zero carbon. Offset residual carbon emissions from 2030 onwards once we have implemented all other feasible measures. Put climate change resilience at the centre of our business strategy, aligning with the recommendations of the TCFD, and further incorporate ESG targets into our remuneration. 	<ul style="list-style-type: none"> Publish Net Zero Carbon Pathway. Reduce embodied carbon of new developments. Prioritise on-site solar photovoltaic panels. Formalise carbon reduction fund. Source electricity from grid on zero carbon tariffs. Identify high-quality local offsetting solutions for residual carbon. Full alignment with recommendations of the TCFD by end 2022. Publish CDP climate change questionnaire response annually. Incorporate ESG targets into our remuneration schemes. Carry out whole-building carbon life-cycle assessments for all new developments. Maintain a tenant energy-reduction engagement plan.
 <p>Provide spaces that prioritise the environment, health and wellbeing</p>	   	<ul style="list-style-type: none"> Prioritise health and wellbeing considerations in all of our spaces. Promote initiatives that maintain an exceptional standard of health and safety with our employees, occupiers and supply chain partners. Send zero waste to landfill and achieve 70% recycling across all of our managed assets by 2030. Ensure biodiversity net gain for all major developments and refurbishments by 2030. 	<ul style="list-style-type: none"> Obtain LEED and/or WELL certification for all new developments. Develop only flexible, inclusive and accessible spaces. Maintain ‘Step-Up’ and ‘Think Greener’ campaigns. Maintain a waste management tenant engagement plan. Certify all managed buildings to ISO 14001 and ISO 45001. Ensure all stakeholders aware of safety culture. Obtain ‘WELL Health-Safety Rating’ for all managed spaces. Prioritise green spaces in all buildings. Maintain beehives on certain asset roof spaces. Undertake baseline biodiversity surveys for new developments.
 <p>Create long-term positive social impact through our operations</p>	  	<ul style="list-style-type: none"> Better understand the social value that our business brings to our local communities by 2025 and then set long-term targets to 2030. Partner with and support charity organisations and groups dedicated to issues that directly benefit our local communities. Manage our employees in an inclusive and fair manner that promotes development, collaboration, creativity and diversity. 	<ul style="list-style-type: none"> Carry out a social value assessment of all new developments. By 2025 be able to set long-term social value goals. Develop ‘Community Engagement Charter’. Measure employee satisfaction annually. Carry out annual staff surveys. Provide a positive working culture. Ensure our team is appropriately diverse.

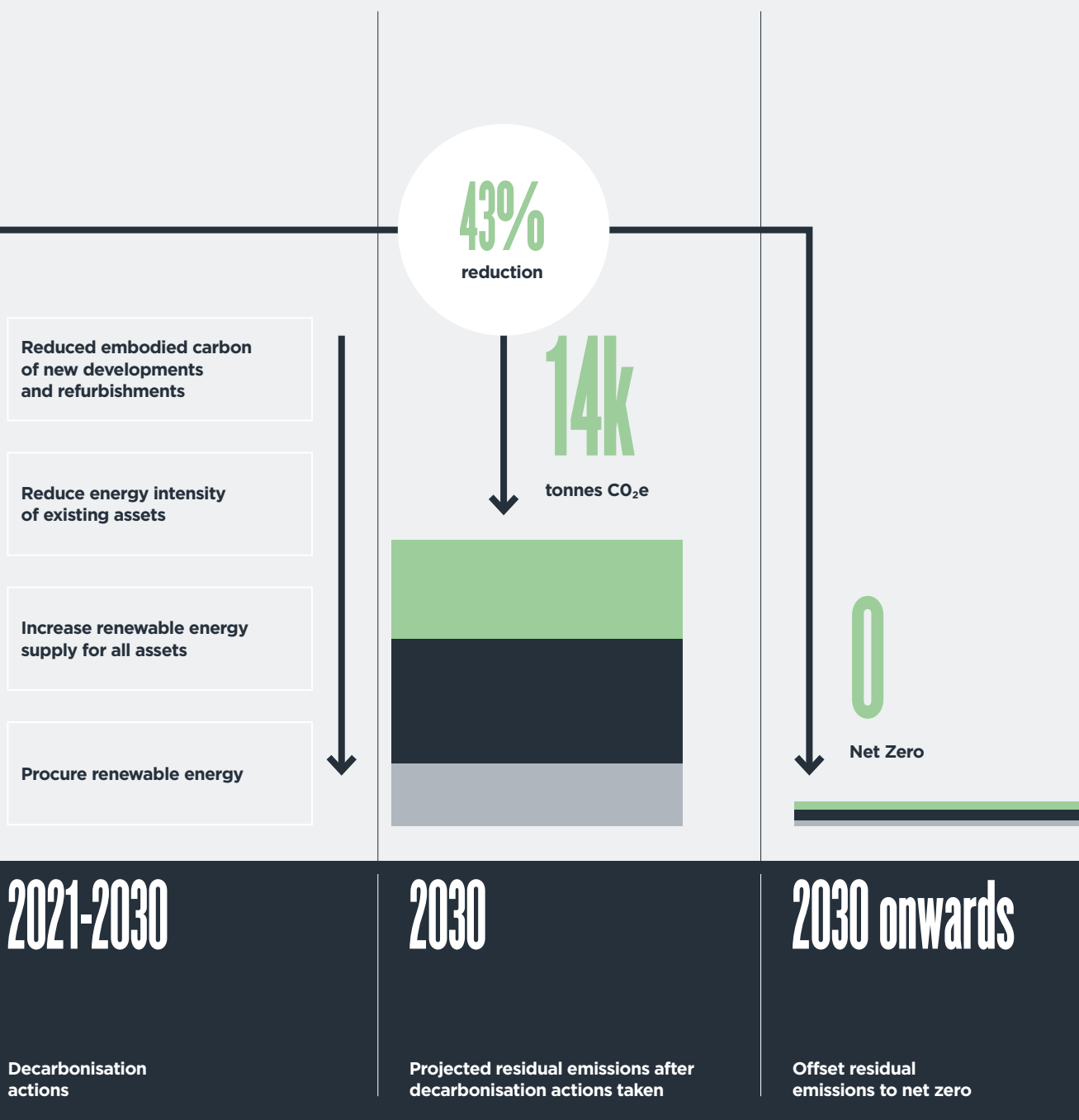
Through our target actions of reducing the embodied carbon in new developments, reducing the energy intensity of our existing building stock and increasing our renewable energy generation and procurement, we hope to reduce our annual carbon emissions to below 14,000 tonnes by 2030.

As we move beyond 2030, it will be imperative that we continue to reduce our carbon emissions and reduce our reliance on carbon offsetting. As we get closer to our target deadline, we will revise our modelling and develop a revised pathway that will allow us to reach a point of zero carbon or be carbon negative by the year 2050.

Our roadmap to net zero



Our Net Zero Carbon Pathway is aligned to the Better Building Partnership's Net Zero Carbon Framework and The World Green Building Council's Net Zero Buildings Commitment. As part of these commitments, we are required to report on our annual progress and the steps we are taking along our pathway to achieve our net zero carbon ambition. As we will have only published our pathway in June 2021 we will provide a detailed review on our first year of progress, including disclosures on the energy performance of our portfolio, in our 2022 Sustainability Report.



Key

Embodied carbon
Developments, refurbishments and fit-outs, and maintenance

Operational carbon
Occupier energy usage

Operational carbon
Landlord energy usage

Becoming a net zero carbon Business by 2030

Why this is important to our business model and strategy

The risks of climate change are increasingly recognised. Both occupational and investment markets are focusing more on sustainability and, consequently, commercial consequences for good or poor performance in this area are to be expected. Given the scale of the global climate challenge, it is clear to Hibernia that an especially ambitious approach is now required. That is why we are committing to achieving net zero carbon by 2030.

Where we stand right now

Over the past six years, Hibernia has shown leadership in sustainability in the Irish real estate sector, setting and achieving ambitious targets to reduce its carbon footprint and reduce the energy intensity of its buildings. We have demonstrated our ability to improve the performance of existing assets and to develop leading-edge sustainable buildings. During 2020, we achieved further reductions during periods of low occupancy due to COVID-19 restrictions and lockdowns. In addition, further building optimisation measures have been implemented across the portfolio and the installation of real-time energy sensors on all utility meters has increased the visibility of our performance.

But we are not complacent. There is still a long way to go to become a net zero carbon business by 2030. Achieving on our commitments will require partnership working with all our stakeholders, from designing net zero carbon buildings with our architects and mechanical and electrical consultants to operating buildings in collaboration with tenants who see the benefits of occupying smart, energy-efficient buildings.

Plan

Reduce operational carbon and energy

Operational carbon was over 66% of our overall carbon footprint in 2020 and provides the greatest opportunity to reduce emissions across our portfolio. We will carry out the following as part of the process of lowering operational carbon:

- Optimise building performance through data-driven technologies equipment.
- Transition away from fossil fuel towards electric only heating, cooling and hot water solutions.
- Increase on-site renewable generation through solar PV installation.
- Procure only 100% renewable landlord electricity and work with occupiers to do same.
- Adopt a design performance approach on all new buildings to close the performance gap.

Reduce embodied carbon

Embodied carbon contributed 20% of our overall carbon footprint in 2020 deserves a high degree of attention. We will carry out the following as part of the process of lowering embodied carbon:

- Mandate whole life carbon assessments for all major new developments and fit-outs.
- Develop a ‘Sustainable Development Brief’ incorporating minimum requirements for contractors.
- Carry out research with stakeholders in lower-carbon construction materials and building methods.
- Incentivise the reduction in embodied carbon through our internal carbon pricing mechanism.

Offset residual carbon and set an internal price on carbon

Where it is not possible to eliminate carbon emissions, from 2030 we will offset these residual emissions through verifiable schemes.

Internal price on carbon

To help us achieve net zero, we have established an internal price on carbon using the expected price of carbon in 2030. The fund will provide seed funding for energy improvements in existing buildings, funded through a levy on the embodied carbon of new developments and refurbishments.



Net Zero Carbon pathway www.hiberniareit.com/sustainability

Tenant engagement to drive agenda

Recognising that more than two-thirds of our operational emissions come from tenant-controlled space, the scope of our commitment includes space we do not control. This is obviously challenging, but it is also an opportunity to strengthen our relationships with our tenants as we

collaborate on climate initiatives in the years ahead. We already have sustainability working groups in place in our managed assets, platforms that facilitate discussion on energy and carbon reduction, and we will review our leases to ensure they are kept up to date with the latest developments in green leasing.

Description of approach

We developed our Net Zero Carbon Pathway by involving all departments of the business from day one. We also consulted with our independent sustainability consultants and assurance providers to gain their feedback and to model our existing baseline, 2030 ‘business-as-usual’ footprint and 2030 net zero carbon footprint. This gave all stakeholders a holistic view of the project.



Challenges

Ultimately setting a net zero carbon target requires a leap of faith as there are a number of uncertainties:

- Much of the carbon emissions from our assets come from the activities of our tenants and from our development activities, reducing our level of control.
- Some of the advances required to reach net zero (e.g. grid decarbonisation, more energy-efficient plant) may not be available before 2030.
- Nobody knows exactly what carbon pricing and offsetting costs will be in 2030.

We will work with our stakeholders to provide clarity around many of these uncertainties and refine our model accordingly, providing transparency through our annual disclosures.

EPRA sustainability performance

Hibernia, as a member of the European Public Real Estate Association (“EPRA”), is committed to transparent reporting on its non-financial data in line with the EPRA Sustainability Best Practices Recommendations Guidelines (“EPRA sBPR”). Such non-financial data is increasingly requested by investors and is now a legal requirement under Regulation (EU) 2019/2088, Sustainable Financial Disclosures Regulations, under which Hibernia falls as an Alternative Investment Fund (“AIF”).

Full details on EPRA sBPR reporting, including our assurance report, is in our 2021 Sustainability Report which is available on www.hiberniareit.com/sustainability. Sustainability performance metrics are reported on a calendar year basis.

Although we have kept our buildings open for tenants all during the pandemic, occupancy numbers have been greatly reduced. While we implemented various building management energy-saving initiatives, such as the roll-out of real-time energy-monitoring sensors across utility meters, and building management system software upgrades and optimisation, it is impossible to separate the effects of these and COVID-19 lockdowns on energy consumption and other metrics.

Some of the measures we have undertaken to protect our tenants also resulted in higher metrics, for example air recirculation in all buildings was turned off and fresh air only was used for ventilation, resulting in higher electricity and gas usage than would have been expected at the low occupancy levels.

Performance highlights (on a like-for-like basis):

- Electricity consumption down by 28% and other fuels consumption by 20%.
- 26% decrease in Scope 1 and Scope 2 GHG emissions.
- 57% reduction in water consumption across the portfolio.
- 76% decrease in waste generated.

Our detailed EPRA sustainability ESG measures can be found in the tables on pages 38 to 43 of the 2021 Sustainability Report.

JLL Upstream Sustainability Services has assured this data in line with the AA1000AS v3 standard. JLL’s assurance statement can be found on pages 44 to 46 of the 2021 Sustainability Report.

The RIAM Baroque Orchestra rehearsing in the Townhall at 1WML, South Docks



Focus areas for 2021

Net zero carbon – carry out audits of all existing assets, agreeing capex plans to reduce energy consumption and increase on-site energy generation. Commence whole life carbon assessments for latest development projects, agree energy-use intensity targets and maximise on-site renewable generation.

Social impact – launch artist in residence programme with stakeholders in the Windmill Quarter and measure impact of A Lust For Life partnership in local communities.

TCFD – engage consultant to carry out scenario analysis against potential global warming scenarios.

Carbon Fund – formalise internal price of carbon to be applied to the embodied carbon of major new developments that will seed fund energy reduction projects in existing assets.

Remuneration – make ESG-linked performance goals part of the performance objectives of every Hibernia employee.

Carbon offsetting – start offsetting annual corporate carbon emissions through verified local projects that offer opportunities for employee participation.

Occupier engagement – continue to issue sustainability newsletters and host quarterly meetings. Organise a breakfast forum on sustainability for all occupiers once office-based working fully resumes.

Employees – ensure a safe and positive return to office working once COVID-19 restrictions allow.

Corporate governance

Good governance to us means achieving our purpose while ensuring the best use of resources and meeting the needs of our stakeholders. Responsibility and transparency are central to our strategy.

The importance of purpose, culture and values

Our purpose

Our purpose is to create the best and most efficient spaces for working and living in Dublin, responsibly transforming the fabric of the city and bringing benefits to all our stakeholders.

Our culture

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

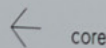
Our values

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

 [Read more](#) on page 80

100%

attendance for all Directors
at six scheduled meetings in 2020-21



Corporate Governance at a glance – Statement of compliance

The Board confirms that for the year ended 31 March 2021, we have applied the principles of good governance set out in the UK Corporate Governance Code 2018 (the “UK Code”) and the specific provisions contained in the Irish Corporate Governance Annex (“Irish Annex”) except for the provisions on pensions alignment and post-employment shareholdings. We have committed to pensions alignment by 2022 and introduced post-employment shareholding requirements in our 2021 Remuneration Policy renewal (see pages 113 to 126). We set out below how we have structured our governance section around these principles and have also referenced where information is reported on elsewhere in the Annual Report.

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BOARD OF DIRECTORS

The right skills and experience to deliver our strategy



Daniel Kitchen (69)
Independent Non-Executive Chair; Irish

Committee memberships: Remuneration and Nominations Committees (Chair)

Appointed: 23 August 2013

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

Current external appointments: Chairman of Sirius Real Estate Limited.



Colm Barrington (75)
Independent Non-Executive Director and Senior Independent Director; Irish

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

Appointed: 23 August 2013

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

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



Grainne Hollywood (58)
Independent Non-Executive; Director; Irish

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

Appointed: 5 November 2019

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

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



Terence O'Rourke (66)
Independent Non-Executive Director; Irish

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

Appointed: 23 August 2013

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

Current external appointments: Chairman of the ESB, Enterprise Ireland, the Irish Management Institute and Kinsale Capital Management. Non-Executive Director of The Irish Times Ltd and Chair of their Audit Committee.



Roisin Brennan (56)
Independent Non-Executive Director; Irish

Committee memberships: Audit, Nominations and Remuneration Committees

Appointed: 16 January 2019

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

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



Margaret Fleming (56)
Independent Non-Executive Director; Irish

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

Appointed: 20 January 2020

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

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



Stewart Harrington (78)
Independent Non-Executive Director; Irish

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

Appointed: 23 August 2013

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

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



Kevin Nowlan (49)
Chief Executive Officer; Irish

Committee memberships: Executive Committees

Appointed: 5 November 2015

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

Current external appointments: Chair of ULI Ireland.



Thomas Edwards-Moss (41)
Chief Financial Officer; British

Committee memberships: Executive Committees

Appointed: 5 November 2015

Skills and expertise: Tom joined the Board as Chief Financial Officer following the Internalisation of the Investment Manager. Prior to joining the Group in 2014, he spent nine years at Credit Suisse where he focused on corporate finance, latterly in the property sector, and advised on the initial public offering of the Company. He is a Chartered Accountant and qualified at PwC.

Current external appointments: None.



Sean O'Dwyer (62)
Company Secretary; Irish

Committee memberships: Risk & Compliance, Sustainability, Health & Safety (Executive Committees)

Appointed: Sean joined the Group at inception and was appointed Company Secretary in February 2017.

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

Current external appointments: None.

We use our knowledge and experience of the Dublin property market to deliver our strategy.

The Senior Management Team, with the Executive Committees, has discretionary authority to enter into transactions for and on behalf of the Group save for certain matters of sufficient materiality or risk which require the consent of the Board. The Board challenges, supervises and instructs the Senior Management Team at a high level. The Board oversees the performance of the Group's activities and reviews Group and Company performance and financial statements on a quarterly basis. Strategy is also reviewed periodically.



Gerard Doherty (47)
Director of Development

Appointed: Gerard joined Hibernia in June 2017 as Head of Project Management and was promoted to Director of Development in July 2020.

Responsibilities and experience: Ger is responsible for all aspects of our development and major refurbishment projects and was responsible for the delivery of our award winning Windmill Quarter. He has over 20 years' experience in construction and real estate development in both Ireland and the UK having previously worked with Balfour Beatty and John Paul Construction as well as in a variety of Development and Asset Management roles. He has extensive residential, office and planning experience. Gerard is a graduate of the University of Ulster and has post graduate diplomas in both Management and Project Management. He is also a Chartered Construction Manager.



Justin Dowling (44)
Director of Property

Appointed: Director of Property in January 2019 having worked for the Group from inception.

Responsibilities and experience: Justin is responsible for managing our standing portfolio. He has over 20 years' experience in the Irish and UK property markets. Justin previously held senior roles in Rohan Holdings and WK Nowlan Property Limited. He has a BSc in Estate Management from Oxford Brookes University, a Diploma in Management from the Irish Management Institute and is a member of Society of Chartered Surveyors Ireland and Royal Institution of Chartered Surveyors.



Thomas Edwards-Moss (41)
Chief Financial Officer

Appointed: June 2014.

Responsibilities and experience: Tom joined the Board of the Company as Chief Financial Officer in November 2015, following the Internalisation of the Investment Manager where he held the same role since joining in June 2014. Prior to this, he spent nine years at Credit Suisse in where he focused on corporate finance, latterly in the property sector, and advised on the initial public offering of the Company. He is a Chartered Accountant and qualified with PwC.



Edwina Governey (36)
Chief Investment Officer

Appointed: Edwina has been with the Group since April 2014 and was appointed Chief Investment Officer in August 2019.

Responsibilities and experience: Edwina is responsible for the identification, analysis and execution of investment opportunities, portfolio analysis and reporting, and the Group's research function. Previously she worked for Resolution Property and Mountgrange Investment Managers in London. She has a Bachelors Degree in Business and Legal Studies from University College Dublin and a MSc in Real Estate Economics & Finance from the London School of Economics. She is a Member of the Society of Chartered Surveyors in Ireland and the Royal Institution of Chartered Surveyors.



Kevin Nowlan (49)
Chief Executive Officer

Appointed: Kevin is one of the founders of Hibernia and has been CEO since 2013.

Responsibilities and experience: Kevin joined the Board of the Company as Chief Executive Officer in November 2015 having had the same role in the Investment Manager since inception. He is a Chartered Surveyor and has more than 20 years' experience in the Irish property market, including commercial agency, property management, investment, development and development financing, commercial loan portfolio management and debt restructuring. He has been Chair of ULI Ireland since January 2021.



Sean O'Dwyer (62)
**Company Secretary and
 Risk & Compliance Officer**

Appointed: Sean joined the Group at inception and was appointed Company Secretary in February 2017.

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



Frank O'Neill (62)
Director of Operations

Appointed: Frank is one of the founders of Hibernia, joining in 2013 and was appointed to his current role in January 2019.

Responsibilities and experience: Frank is responsible for managing the Company's workspace and its HR and IT functions. He has worked for more than 30 years in the Irish property market. Before joining the Company he worked in W K Nowlan & Associates, a specialist property consultancy practice, where he advised a wide range of clients on property related matters and was involved in the management of the practice. Previously he was a director of Rohan Holdings, a privately owned property company. He qualified as both a Chartered Accountant and a Chartered Surveyor and has a B Comm from University College Dublin, an MSc in Spatial Planning from Technical University Dublin and diplomas in Property Investment, Property Tax and Property and Facilities Management.

Introduction from the Chair



Daniel Kitchen, Chair

Dear fellow shareholder,

Welcome to the governance section of this year's Annual Report. The purpose of this section is to provide you with an overview of the way in which the Board has operated over the last year, and to confirm that we aim to ensure that good governance is key to all that we do.

Throughout the year we remained largely compliant with the provisions of the UK Code except for the provisions on pensions alignment and post-employment shareholdings. We also comply fully with European Union Shareholder Rights Directive II as implemented under Irish law which became applicable during the year. We had already voluntarily complied with the 'say on pay' part so there are no major changes to our remuneration reporting. Our Remuneration Policy, updated this year and to be put as an advisory motion to the 2021 AGM, aims to bring us to full compliance with the UK Code (see more on pages 113 to 126).

This year we decided to rearrange the lay-out of this section to try and make it more logical and understandable and to follow the requirements of the UK Code. The table on page 73 can be used to navigate quickly.

As a Board, we have faced challenges in 2020-21, in particular the COVID-19 pandemic. It has become increasingly important that we listen and respond to the needs of all stakeholders. We detail these on pages 34 to 37 and 86 to 87. Our management of the pandemic is outlined on page 64. An overview of the principal actions and priorities of the Board is on pages 82 to 83. The Board has been particularly focused on risk management during this period, due not only to the impact of external pressures, but also to the operational changes required to manage the business in the current environment; an overview of our risks management and principal risks is on pages 40 to 53.

With the continued uncertainty due to political and macro-economic factors, we have focused on whether our strategy is

well positioned to maximise opportunity and generate long-term value. The Board held its annual strategy event during February 2021. The strategy day is structured to provide the Directors, and the Non-Executive Directors in particular, with an opportunity to focus on the development of, and challenge to, the Company's corporate strategy. The Executive Directors, Senior Management Team and external invitees delivered a number of presentations to attendees providing in-depth analysis on Hibernia's strategic options and the external environment. We reflected on whether our business model remains valid, options for the future to deliver optimal shareholder value, whether our portfolio is appropriately positioned and whether our risk profile is appropriate. We consider the future of the office on pages 10 to 11. We discuss our medium and longer term plans for development and major refurbishment on pages 28 to 29 and 57 to 58. We set out our strategic priorities and KPIs on pages 22 to 23 and 38 respectively. Last but not least, we focused on sustainability and produced our Sustainability Statement of Intent (see more on pages 65 to 71 and in our 2021 Sustainability Report which is available on our website). As part of this, we committed to a Net Zero Carbon Pathway by 2030 (see pages 68 to 69). To ensure executive alignment with strategy, and in particular sustainability, we have built greater emphasis on sustainability targets into our proposed revisions to the Remuneration Policy.

I encourage all shareholders to get involved and let us know of any concerns and I look forward to our 2021 AGM which is to be held on 27 July 2021. I also welcome questions and feedback via our website www.hiberniareit.com or by email using info@hiberniareit.com.

Finally, I thank again my colleagues on the Board and all our employees for all their commitment and support for our business.

Daniel Kitchen
14 June 2021

As a real estate business, the Board believes that sustainability is fundamental to our strategy and to being the leading real estate business in Dublin.

2020-21

Key governance activities

The Board's key governance activities during the year have included:

- There were nine Board meetings during the year of which six were scheduled;
- Annual strategy review, challenging whether in light of global events it remains fit for purpose and appropriate to generating value for our investors;
- Review of findings of external evaluation of the Board, its Committees and individual Directors (see page 88);
- Comprehensive review of our executive remuneration framework and Remuneration Policy (see pages 113 to 126);
- The 2020 Annual General Meeting ("AGM");
- The 2021 Extraordinary General Meeting ("EGM") to approve the central securities depository ("CSD") migration following Brexit; and
- The 2021 corporate governance roadshow.

Major Board decisions

The Board factored the needs and concerns of our stakeholders into its decisions in accordance with the UK Code (see pages 36 to 37). The major decisions taken by the Board and its Committees during 2020-21 (see pages 82 to 83) included:

- Confirmation of the Board's target to become a Net Zero Carbon business by 2030 and approval of the Sustainability Statement of Intent (see pages 65 to 70);
- Approval of the 2020-21 interim dividend and proposed the final dividend;
- Approval of the share buyback (see page 62);
- Update and review of risk framework, appetites and risk register;
- Review and agreement of strategic objectives 2020-21 and 2021-22;
- Ongoing business decisions such as purchases, sales, development and refurbishment projects;
- CSD migration;
- Updating of the Remuneration Policy; and
- Approval of updated three year internal audit plan.

Board snapshot

The Board believes diversity is important for ensuring long-term success and to ensure different perspectives are considered by the Board. The long-term success of the Group also requires appointing the best people to the Board and all appointments to the Board are examined in light of the current mix of skills and knowledge on the Board.

Age

Average age (Non-Executive):

65.4 years

(2020: 65 years)

Average tenure (total):

5.1 years

(2020: 3.9 years)

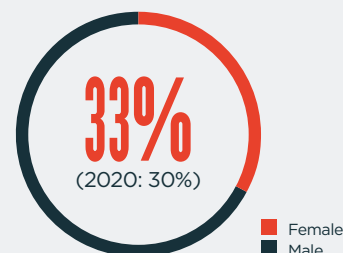
Average tenure (Non-Executive):

5.0 years

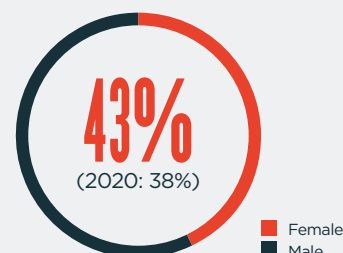
(2020: 3.8 years)

Gender diversity

Total Board



Non-Executives



Board skills and experience

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

Culture and people

Our purpose is to create the best and most efficient spaces for working and living in Dublin, responsibly transforming the fabric of the city and bringing benefits to all stakeholders. Our Sustainability Statement of Intent (pages 67 to 70) sets out our ambitions to ensure responsibility is in everything we do.

Our culture and values are reinforced by the Board through its decisions, strategy and conduct. We have described how our Board factors stakeholders into its decisions on pages 34 to 37 along with our 's172' statement. Culture is monitored through the interaction of the Board, Senior Management Team and employees. As a small team of 35 employees it is relatively easy for everyone to meet and contribute.

The Board also assesses cultural indicators such as management's attitude to risk, behaviours and compliance with the Group's policies and procedures. This is predominantly done through direct engagement with management at Board and Committee meetings. Independent assurance is sought via the outsourced internal audit function and other advisers. The various Executive Committees, some of which have Non-Executive Director membership, facilitate ensuring that policies and behaviours set at Board level are effectively communicated and implemented across the business.

Managing through COVID-19

Throughout the pandemic, employees have mainly been working from home. To keep communication open, we organised regular all hands meetings and virtual social events. There have been ongoing mental and physical health sessions as well as more fun events such as wine and beer tasting. It is important to us to understand what motivates our employees to perform their best and to get feedback. To do this we encourage employees to raise issues, we use anonymous surveys, and Margaret Fleming, our Designated Director for Workforce Engagement, has established a programme to encourage open feedback to the Board (see page 37). We surveyed employees' attitudes and concerns to a return to the office, what activities they would find helpful, what social events would be welcome and how a working from home could be best supported. We introduced a working from home financial support and continue to look at ways to make sure we maintain our culture and team spirit no matter where we are working.

Our culture is:

Transparent, honest and fair

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

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

Hard-working and flexible

We support flexible working arrangements.

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

Collaborative and inclusive

We all celebrate our successes.

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

Long-term perspective but pragmatic

We drive sustainable long-term value through best-in-class buildings.

We work with tenants and others to find solutions.


At the core of our culture are the following values:

Passion and creativity

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

Sustainability

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

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

Hunger and curiosity

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

Safety

We promote the highest standards of health and safety.

 **Read more** on page 81

Integrity and openness

Our teams act with integrity and honesty and always strive to do the right thing.

 **Read more** on page 81

Our policies in focus

Ethics

We set certain ethical standards for our employees and suppliers. The key policies which set out our requirements include:

Conflicts of interest

The Group has comprehensive conflict of interest procedures, including a Gifts and Inducements Policy, designed to address not only any possible conflicts within the Board, but also with all employees. All Directors are required to declare external directorships to the Board and the Company Secretary prior to appointment so any potential conflicts can be addressed at that time. All changes in such directorships must also be notified to the Board and the Company Secretary and all potential conflicts declared at Board meetings. Directors must abstain from discussion of or voting on items in which they may have a conflict of interest. The Board considers that these procedures are working effectively.

Bribery and Corruption Policy*

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

Supplier Code of Conduct*

This outlines our expectations of supplier ethics and behaviour. It was reviewed during this financial year'

 **Read more** in our 2021 Sustainability Report on page 35 at www.hiberniareit.com/sustainability

Modern slavery*

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

Share Dealing Code*


The Company has a Share Dealing Code which imposes restrictions on share dealings for the purpose of preventing the abuse, or suspicion of abuse, of inside information by Directors and other persons discharging managerial responsibilities within the Company. The Share Dealing Code also applies to all employees.

Market Abuse Regulation 2016 ("MAR")

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

Remuneration

Our Remuneration Policy* is designed to reward current performance and promote retention over the longer term. The remuneration structure cascades down from the Board; the Remuneration Committee is responsible for setting the policy and managing performance objectives. 2021 will see the introduction of a revised policy which will apply for three years from 2021-22.

 **Read more** on pages 113 to 126

Diversity and equal opportunities

The Group is committed to developing the skills and diverse talents of its employees and Board members and to having a business and culture in place which support this objective. Equality and inclusion are core values. The Group has established and maintains appropriate procedures so that any employee who feels that they are being unfairly treated can have their complaints investigated. As part of our EPRA sustainability measures, we disclose gender diversity information. Full details are available in our 2021 Sustainability Report available at www.hiberniareit.com/sustainability, page 42.

Employment and labour practices

All employees are made aware of the Group's policies through the Employee Handbook, which was updated during the year; they receive regular bulletins and also receive training appropriate to their roles and responsibilities. The Employee Handbook also includes formal grievance procedures should normal communication lines break down.

Whistleblowing and grievance procedures

The Group has detailed whistleblowing procedures to facilitate a confidential and accessible means for employees to raise any concerns in relation to how we conduct our business or interact with employees or other stakeholders. Any matters reported under the Whistleblowing Policy are investigated by the Company Secretary or Senior Independent Director. During the year, there were no whistleblowing incidents reported.

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

Health and safety*

Our Health and Safety Committee oversees health and safety practices in the Group and monitors employee and contractor health and safety as well as other aspects. Our Health & Safety Policy was reviewed and updated during the year. We report EPRA metrics on page 42 of our separate 2021 Sustainability Report available at www.hiberniareit.com/sustainability.

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

Key activities of the Board during 2020-21

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

Business and strategy

- Overall strategy
- Consideration of new business structures and investment/divestment opportunities
- Review and consideration of development projects
- Progress in leasing existing and upcoming vacant space
- Profitability including KPIs and operational metrics
- Recommended final and interim dividends
- Review of strategic objectives in 2020-21 and approval of objectives for 2021-22
- Tax changes in Budget 2021
- COVID-19 pandemic monitoring impact and planning response
- Appointment of Ger Doherty as Director of Development

[Link to strategic objectives](#)

12345

Stakeholder engagement

- AGM arrangements and consideration of results of the AGM, in particular where there were material votes against a resolution
- Review of investor feedback
- Results and corporate governance roadshows
- Materiality review
- Employee remuneration and management
- Appointment of Designated Non-Executive Director for Workforce Engagement (Margaret Fleming)
- Strategic review
- COVID-19 management

[Link to strategic objectives](#)

12345

Risk management and internal controls

- Monitoring and update of risk register, risk appetites and risk appetite metrics
- Budget, viability, going concern and stress tests
- Levels of authority delegated to management
- Compliance policy statement 2021
- Recommendations from Audit Committee and reports of internal audit
- Results of depositary audits and due diligence reports
- Processes and documentation for compliance with MAR
- Managing the risks surrounding the COVID-19 pandemic both from a business impact and operational response
- Compliance with REIT legislation, Central Bank and Stock Exchange requirements

[Link to strategic objectives](#)

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What the Board did in the financial year ended 31 March 2021

Our core focus areas and key topics covered are outlined below. Throughout the year, we met people both inside and outside of the Group. Through such interactions, we have been able to identify and address the issues that matter to our stakeholders. A key focus this year has been sustainability. We believe sustainability is not just something extra we do but is central to all that we do. To that end, we developed our Sustainability Statement of Intent and we are revising the sustainability targets within our Remuneration Policy to ensure that all executives and employees are aligned in our goal to Transform Dublin responsibly.

Governance

- Remuneration Policy updated, remuneration awards and performance assessment for Directors and Senior Management Team
- Board succession planning
- Conflicts of interest and related party transactions
- Updates from Committees
- Implemented recommendations of external performance evaluation
- Internal evaluation of Board and Committees
- Review of terms of reference of Board Committees
- Board delegations and authorised signatories
- Review of Board time commitments and attendance

[Link to strategic objectives](#)

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Corporate reporting and performance monitoring

- Review and approval of external reporting (including recommendations from the Audit Committee); trading announcements and updates, Preliminary Results 2020, Annual Report 2020 and Auditor's Report; Interim Report 2020; Sustainability Report 2020
- External audit, planning and results
- Review and discussion of management reports, KPIs and rolling forecasts
- Remuneration finalised and approved
- Second grant of Long Term Incentive Plan ("LTIP") made

[Link to strategic objectives](#)

12345

Funding and balance sheet management

- Liquidity status and financing considerations
- Hedging arrangements
- Capital management including share buyback, capital reorganisation and gearing
- Compliance with debt covenants
- Private placement fixed rate financing arrangements

[Link to strategic objectives](#)

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DIVISION OF RESPONSIBILITIES

The Board advocates maintaining the highest standards of corporate governance by complying with all applicable regulations and best practice principles, and complying or explaining with provisions.


Board of Directors

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

The Board ensures that the policies, practices and behaviours throughout the business are aligned with the Group's purpose, culture and values.

The Board aspires to the highest standards of behaviour based on honesty and transparency; our aim is to foster a culture that promotes fairness and where success reflects ability, potential, performance and teamwork.

 **Biographies:**
see pages 74 to 75

 **Board activities in 2020-21:**
see pages 82 to 83

 **Roles and responsibilities:**
see pages 84 to 85

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


A formal schedule of matters reserved to the Board is available on our website:

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

Certain matters are delegated to the three principal Board Committees:


Audit Committee

- Oversight of financial and other reporting, including sustainability, ensuring integrity of reporting processes
- Oversight of outsourced external auditor and Valuer
- Internal controls and oversight of the internal auditor

 **Report:** see pages 92 to 95


Nominations Committee

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

 **Report:** see pages 90 to 91

Remuneration Committee

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


 **Report:** see pages 96 to 126


The terms of reference for each Board Committee are available on the Group's website at

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

Senior Management Team

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

 **Our strategy:** see pages 22 to 23

 **The Team:** see pages 76 to 77

Executive Committees

The Executive Committees have oversight of key business activities and risks. Membership comprises Directors, Senior Management Team members and other staff as appropriate.



The main governance and regulatory requirements are the Central Bank requirements, the Listing Rules of Euronext Dublin and the Financial Conduct Authority, the UK Code, the Irish Annex, the Transparency and Market Abuse Regulations and the Alternative Investment Fund Management Directive ("AIFMD") rules.

The Board has regard for the interest of all stakeholders (see pages 86 to 87) and is responsible for ensuring high standards of professional conduct. The division of responsibilities across Board members and the three principal Board Committees is clearly defined. (See opposite).

The Group's Board is comprised of seven independent Non-Executive Directors, including the Chairman, and two Executive Directors. The Board is supported by the Company Secretary who is also the Group's Risk & Compliance Officer. In keeping with best corporate governance practice, corporate policy is that all Directors seek re-election each year at the AGM.

Non-Executive responsibilities	
INED & Chair Daniel Kitchen	<ul style="list-style-type: none"> – Leading the Board – Constructive input to mission and strategy – Board and CEO effectiveness and performance – Setting the 'tone from the top' on purpose and values and promoting a culture of openness and debate – Facilitating constructive Board relations – Meeting with stakeholders and ensuring that their views are understood and included – Ensuring the Board receives accurate, timely and clear information
Senior INED Colm Barrington	<ul style="list-style-type: none"> – Available for shareholders as an independent voice and approach – Is an independent point of contact in whistleblowing process – Carrying out the performance evaluation of the Chairman – Providing a sounding board for the Chairman and serving as an intermediary for the other Directors when necessary
INEDs Roisin Brennan Margaret Fleming Stewart Harrington Grainne Hollywood Terence O'Rourke	<ul style="list-style-type: none"> – Providing an external perspective and diverse knowledge – Providing constructive challenge and support to decisions – Monitoring the delivery of the strategy within the agreed risk framework – Promoting high standards of corporate governance and integrity – As Designated NED for Workforce Engagement, Margaret Fleming also has responsibility for enhancing Board and employee interactions (see more on page 37)
Executive responsibilities	
CEO Kevin Nowlan	<ul style="list-style-type: none"> – Leading the Company's business and day-to-day management – Setting strategic direction – Implementing agreed strategy – Operational and financial performance – Oversight of culture and values – Informing the Board
CFO Thomas Edwards-Moss	<ul style="list-style-type: none"> – Financial management and reporting – Managing funding and balance sheet requirements – Sustainability – Investor and other stakeholder relations – Supporting the CEO in developing and implementing strategy
Company Secretary and Risk & Compliance Officer Sean O'Dwyer	<ul style="list-style-type: none"> – Providing advice and assistance to the Chairman and the Board on corporate governance practice, risk management, compliance and induction training and development – Ensuring that all applicable regulations, filings, and rules are identified and complied with – Ensuring timely provision of information for Board meetings – Is supported by an independent Assistant Company Secretary in company secretarial matters

Attendance: 100% for all Directors at scheduled meetings



Nominations Committee:
see pages 90 to 91



Board effectiveness
see page 88



Board evaluation
see page 88



UK Code
see page 73

Board environment and access to appropriate information

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

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

Time commitments

The Board met nine times during the year: six of these were regular, scheduled meetings. There has been 100% attendance for all Directors at scheduled meetings during the financial year. These meetings were also attended by relevant key management and other employees and external invitees where appropriate.

The Board noted that some investors had expressed concerns on possible overboarding by certain members of the Board. The Chair stood down from the role of Chair of WorkGroup plc in July 2020 and also left the Board of Applegreen plc in March 2021 following its delisting which has reduced his overall time commitments. In the second half of 2021 Colm Barrington will step down from his role as the CEO of a listed company following the acquisition of Fly Leasing Limited. This aside, the Board members have demonstrated their commitment to their roles in Hibernia and are satisfied that all Non-Executives were readily available for meetings and were able to devote sufficient time to properly deal with Group business. The Company Secretary also reported that there were no difficulties in arranging Board meetings, even at relatively short notice.

STAKEHOLDER ENGAGEMENT

An overview of stakeholder engagement can be found on pages 34 to 37 of the strategic report. In this section we focus on our investors.

Investor relations

Non-deal roadshows 2020-21

As a result of the pandemic, all roadshows in the financial year were held remotely. These occurred after the FY20 and HY21 results and the CEO and/or CFO attended all virtual meetings.

Corporate governance roadshow

A corporate governance roadshow was held in March 2021. Approximately 20 of the Company's top institutional investors representing holdings of c. 68% of the issued share capital were contacted and offered conference calls.

We received responses from thirteen investors, five of whom requested a call. The other eight respondents confirmed they were happy with our governance arrangements although one flagged concerns over Colm Barrington having two non-executive roles in addition to his full time executive position with Fly Leasing and said they would be reviewing this again prior to our AGM. Daniel Kitchen, Sean O'Dwyer and Roisin Brennan made the calls to the five investors.

The agenda covered general corporate governance matters including:

- Progress with Board succession and specifically the intention to use a recruitment firm to assist in the appointment of a future Chair for the Audit Committee;
- Progress on sustainability, including plans for net zero carbon and TCFD reporting; and
- The review of our Remuneration Policy and the proposed updates regarding pension alignment, post employment shareholding requirements and the inclusion of ESG metrics.

The investors were appreciative of the opportunity to have this dialogue. Feedback was positive in general. The proposed updates to the Remuneration Policy to bring it into full compliance with the UK Code were welcomed, as was the introduction of ESG metrics. They were also complimentary about progress on sustainability measures over the last 12 months. The impact of COVID-19 on our business was discussed and how it

might affect office take up in the future. Everyone accepted that it is still too early to fully understand the implications. All of the investors confirmed that the use of ESG metrics in remuneration is positive but flagged concerns over the detail and that transparency will be important. Diversity was also discussed and it was confirmed that diversity must be considered as part of the specific circumstances of each country and industry sector.

Market announcements

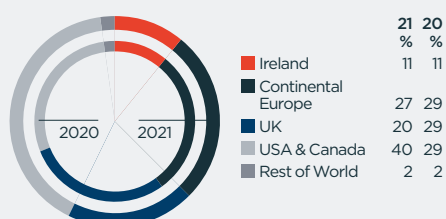
The Group discloses information to the market as required by the Central Bank of Ireland, Euronext Dublin and the Financial Conduct Authority. This information includes results and trading updates, changes in the Board, changes in major shareholdings and any other information assessed to be price sensitive. In addition, the Company will make an announcement if it has reason to believe that a leak may have occurred about any matter of a price-sensitive nature. Any Board decisions which might influence the share price must be announced before the start of trading the next day. Information relayed at a shareholders' meeting which could be price sensitive must be announced no later than the time the information is delivered at the meeting.

Key investor relations statistics for the financial year ended 31 March 2021

Shareholders by geography

661.7m
shares in issue

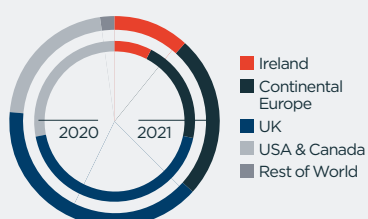
(2020: 684.7m)



Contact by investor origin

136 contacts

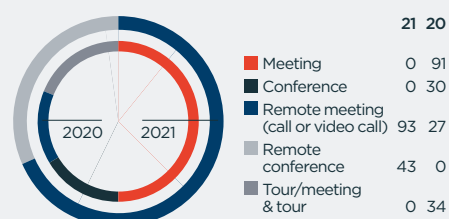
(2020: 182 contacts)



Investor contact by meeting method

136 contacts

(2020: 182 contacts)



Key investor relations activities in FY21

2020	April	Equity sales call: Dublin x1
	May	Virtual investor roadshow: Dublin, Edinburgh, London Equity sales calls: Dublin x3
	June	Virtual investor roadshow: Amsterdam, Boston, Dublin, Hamburg, London, Montreal, New York
	July	Virtual conferences QuotedData/Marten & Co Annual General Meeting
	November	Virtual investor roadshow: Amsterdam, Baltimore, Boston, Dublin, Edinburgh, London, Montreal, Paris, Zurich Equity sales calls: Dublin x3 Virtual conferences: Goodbody, EPRA
	December	Virtual conference: HSBC
2021	February	Extraordinary General Meeting
	March	Corporate governance virtual roadshow: Edinburgh, London, New York, Paris Virtual conferences: Goodbody, Bank of America

The 2020 AGM was held on 29 July 2020 both virtually and in The Townhall, 1WML, Windmill Lane, Dublin D02 F206.

All Directors attended.

Votes in favour of the re-election of Directors > 99% other than for Daniel Kitchen and Colm Barrington where votes in favour were 83% (see page 85 for discussion on time commitments).

All other resolutions approved – six ordinary and five special with votes in favour > 90%; other than authority to allot relevant securities at 87%.

An EGM was held on 10 February 2021 to approve migration from the CREST trading settlement platform in London to Euroclear Bank in Belgium.

All Directors attended. The meeting was necessary as a result of Brexit, and a legal formality to allow shares to continue to trade in London and Dublin. Voting was conducted by poll and all motions were passed with 100% of the vote in favour.

The 2021 AGM is to be held on 27 July 2021 in The Townhall, 1WML, Windmill Lane, Dublin D02 F206.

In light of ongoing COVID-19 restrictions the AGM will be held virtually and in person. Some Directors may not attend in person but will do so remotely.

It is expected that we will have eight ordinary resolutions and five special resolutions to be proposed to shareholders but this will be confirmed with the AGM notice.

COMPOSITION, SUCCESSION AND EVALUATION

Board effectiveness

The scope of the performance evaluation in general is as follows:

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

This scope is reviewed annually to ensure any particular objectives that may be relevant are identified.

Board composition and independence

As at 31 March 2021, the Board comprised the Chair, two Executive Directors and six Non-Executive Directors. The biographies of all members of the Board outlining the experience they bring to their roles are set out on pages 74 and 75. The roles each of the directors play on the Board are outlined on page 85.

Other than the resignation of Frank Kenny in July 2020 there were no changes to Board membership during the financial year. As a majority (four) of the Non-Executive Directors are nearing the end of their tenure, succession planning is underway and will continue over the next 12 to 18 months. Recruitment has commenced for the role of Chair of the Audit Committee (see pages 90 and 91).

Year 1

Internal review of Board and Committees. The Chair also reviews each Non-Executive Director. Progress reviewed internally and areas of focus identified.

Year 2

Internal review of Board and Committees. The Chair also reviews each Non-Executive Director. Progress reviewed internally and areas of focus identified.

Year 3

Independent, externally facilitated review.

Board agrees action plan to implement improvements.

The process is divided into four stages:

Stage 1: Scope

Stage 2: Design approach and plan

Stage 3: Complete process and collect results

Stage 4: Review and agree action plan

Board effectiveness review 2021

As part of our compliance with the Code, Independent Audit Limited (“IAL”) carried out an external evaluation of the effectiveness of the Board and Committees and the Chair in 2020 the details and findings of which were set out in last year’s Annual Report. IAL specialises in the provision of Board evaluation services to a diverse range of organisations across Europe. IAL had no other connection with any of the Directors or with the Group.

The Board met IAL in July 2020 to review the findings of their reports and completed an internal assessment of the report and its findings. A detailed plan was put in place for implementing the recommendations over the course of 2020/2021. The following key suggestions were considered and implemented during the year:

- Internal CPD training and specific training requirements for the Board and its Committees.
- Continuing consideration of succession planning and talent development at Board and management level.
- Active engagement with employees by the Designated Non-Executive Director for Workforce Engagement (see more on page 37).
- Formalised forward planning agenda prepared.
- Informal and formal NED-only meetings scheduled as part of the annual agenda.

In accordance with the Board performance evaluation cycle all of the Directors undertook an internal review of the Board, with only the NEDs reviewing the Committees of the Board. These reviews took place towards the end of the financial year. The internal reviews took the form of online questionnaires. The responses to the questionnaires indicated that there was continued satisfaction amongst the Directors as to the Boards effectiveness and also to that of the Chair. There were a couple of recommendations put forward as suggestions to improve the Board performance and these will be discussed and actioned in the coming financial year.

Diversity and inclusion

The Group is committed to developing the skills and diverse talents of its employees and Board members and to having a business and culture in place which support this objective. Equality and inclusion are core values. Diversity and inclusion bring new ideas and fresh perspectives which fuel innovation and creativity. An inability to attract and retain people with a wide range of knowledge and experience could have negative impacts on the Group's ability to achieve its strategic priorities.

We discussed our efforts and intentions in progressing diversity on our corporate governance roadshow. We have increased our gender diversity on the Board from 0% in December 2018 to 33% now. The Board's diversity policy requires that, where possible, each time a Director is recruited at least one of the shortlist candidates is female when recruiting. We continue to seek out opportunities to improve all kinds of diversity, however this must be considered as part of the specific circumstances of each country and industry sector. Most importantly, we need to have the right balance of skills and experience to deliver constructive input and governance.

Gender diversity in the wider Group - % female

36%

Employees
(2020: 31% Employees)

20%

Senior Management
(2020: 20% Senior Management)

Profile of the Non-Executive Directors

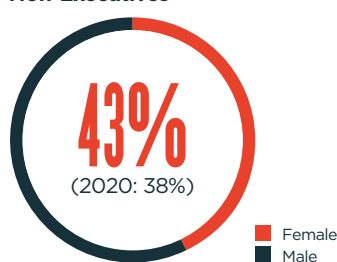
Length of tenure



Age profile



Non-Executives



Non-Executive Directors who are independent:

100%

Skills and experience

Name	Finance	Public company	Property	Sustainability	Regulatory
Daniel Kitchen	●	●	●		●
Colm Barrington	●	●			●
Roisin Brennan	●	●			●
Margaret Fleming			●	●	
Stewart Harrington	●	●	●		
Grainne Hollywood			●	●	
Terence O'Rourke	●			●	●

NOMINATIONS COMMITTEE REPORT

Committee members

Members	Appointed	2020-21 Attendance
Daniel Kitchen (Chair)	2013	3/3
Colm Barrington	2013	3/3
Roisin Brennan	2019	3/3
Margaret Fleming	2020	3/3
Stewart Harrington	2013	3/3
Grainne Hollywood	2019	3/3
Terence O'Rourke	2013	3/3

Meetings

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

Key considerations 2020-21

Board succession

Review of Committee membership

Diversity

Key considerations 2021-22

Recruitment and onboarding of future Chair of the Audit Committee

Board succession planning

Review of Committee membership

Role of the Committee


Review the structure, size and composition of the Board and its Committees

Review and oversight of the succession planning of Directors and members of the Senior Management Team

Consider time commitments of all Directors and review potential additional appointments.

Lead any appointment process, and make recommendations to the Board accordingly

Monitor and respond to developments in corporate governance.

 A full copy of the terms of reference, which were updated during the year for governance code updates, is available on the Company's website at: www.hiberniareit.com/about-us/corporate-governance



Daniel Kitchen, Chair

Dear fellow shareholder,

I am pleased to present the Nominations Committee's Report for the financial year ended 31 March 2021.

As four of the independent Non-Executive Directors will have served nine years by the end of 2022, and may therefore no longer be considered independent at that point, succession planning was the principal focus for 2020-21 and will continue to be so for the coming year. As reported in previous years, our succession planning commenced in 2019 with the appointment of Rosin Brennan and has continued with the more recent appointments of Grainne Hollywood and Margaret Fleming.

Transitional arrangements for the Board were also addressed. At the start of the financial year, the Board was at its maximum membership of 10 but this has now reduced to 9 following the retirement of Frank Kenny from the Board in July 2020. I would like to take this opportunity to express my gratitude to Frank Kenny for his work with the Group from its inception.

The number of Directors is likely to continue to fluctuate over the coming years as the original members retire and are replaced by newer members. The number of Directors on the Board should be more stable by the start of 2023.

At Senior Management level, Gerard Doherty replaced Mark Pollard as Director of Development in June 2020 and again I would like to thank Mark for his contribution to the Group during his time with Hibernia. Gerard is an experienced development professional and has worked in the Group since 2016 and is looking forward to the challenge of managing the development process on our two large development projects that are expected to commence in the next 18 months.

On page 79 we provide a snapshot of the Board. We overview our culture and major policies on pages 80 to 81. On pages 88 to 89 we discuss Board effectiveness and composition, as well as presenting information around diversity and skills. We present gender metrics across the Group as part of our EPRA Sustainability Reporting (see page 42 of our 2021 Sustainability Report).

Succession planning and Board composition

The focus for Board renewal is aligned to Hibernia's strategy and the needs of the business. The Committee has due regard to the composition of the Board, and succession planning is one of the responsibilities of this Committee. The Committee may not be chaired by the Chair when it is dealing with the matter of succession to the position as Chair of the Board. The Committee had identified the need to transition the Board membership and skill set, improve its diversity and transition its age profile. This process has already commenced with the appointment of three female directors to the Board since 2019 who have brought, as well as gender diversity, significant plc and Irish property market experience to the Board. It is intended to continue this process in the coming financial year. As Directors retire and are replaced the Committee has particular regard as to the existing composition of the Board in selecting suitable candidates.

In 2020-21, the recruitment process to replace the Chair of the Audit Committee, Terence O'Rourke, commenced. In line with the Company's search and recruitment process for the appointment of Directors to the Board, the Committee decided that an external recruitment firm would be appointed to oversee and guide the recruitment process. The process commenced with the Chair and Company Secretary receiving virtual presentations

from three globally recognised executive recruitment firms in February 2021. Following due consideration of the merits of each of the firms that presented, the Committee agreed with the Chair's recommendation to formally appoint Spencer Stuart to the engagement. They are a global executive search and leadership consulting firm with their headquarters in the USA but with offices locally in Dublin. Other than this engagement, Spencer Stewart has no connection with the Group or any Director.

Spencer Stuart have compiled a list of suitable candidates and it is the intention of the Committee that the Chair, Company Secretary and two other INEDs will conduct an initial round of interviews with a shortlist of selected candidates. It is hoped to have the prospective member of the Board appointed and in place in time for the commencement of the interim reporting process for the financial year ending 31 March 2022, with the intention that a managed transition period can take place before they become chair of the Audit Committee.

Induction

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

Senior Management Team

The Group has a relatively small Senior Management Team and a flat structure and therefore the focus is on developing employees to become competent across disciplines to provide personal development and resource flexibility. As noted already Gerard Doherty was appointed as Director of Development to replace Mark Pollard who retired during the year.

Time commitments

Time commitments are discussed on page 85. As previously noted in last year's Annual Report, I formally stood down from the role of Chairman of Workspace Group plc in July 2020. In addition, following Applegreen's acquisition and delisting from Euronext Dublin, which was first announced in December 2020 and took legal effect in March 2021, I have resigned as Chair. I am continuing as Chair of Sirius Real Estate Limited. These developments have reduced my overall time commitments and ensure that I continue to be available both for regular and additional duties as required, in my roles as Chair of the both the Board and Nominations Committee. As in prior years I led the Corporate Governance Roadshow this year. The Committee considered the time commitment and attendance of all the Non-Executive Directors at meetings during the year and was satisfied that all Non-Executives were readily available for meetings and were able to devote sufficient time to properly deal with Group business. The Committee noted that attendance at all meetings was 100%. The Company Secretary also reported that there were no difficulties in arranging Board meetings, even at relatively short notice. A further development towards the end of the financial year was that the entity that Colm Barrington is currently CEO of, Fly Leasing, has agreed to be acquired and will delist from the New York Stock Exchange before the end of 2021. Colm will therefore cease to be a CEO of a public company. This should alleviate the overboarding concerns raised by some investors in recent years.

Re-election of the Directors at the 2021 AGM

All proposed re-elections to the Board have been considered by the Nominations Committee, taking account of each individual's continued effectiveness and commitment to the role. Following this review, I can confirm that each of the Non-Executive Directors is considered effective in their roles and both independent of the Senior Management Team and free from any business or their relationship which could materially interfere with their exercising of independent judgement.

Committee effectiveness

Independent Audit Limited ("IAL") carried out an external evaluation of the effectiveness of the Committee in 2020. An internal evaluation of their report and its findings was completed during the year and a detailed plan was put in place for implementing the recommendations. These included reviewing Committee attendance to ensure only relevant people are present at meetings.

This year's internal evaluation confirmed the Committee's overall satisfaction with how it operated and highlighted the need for a review of the Company's induction process for new Directors given the ongoing succession that is going to continue to take place over the next couple of years.

I am pleased to confirm that the Committee continues to operate and function effectively.

In conclusion

I would like to take this opportunity to thank my colleagues on the Committee for their work during the year.

Daniel Kitchen

Chair
14 June 2021

AUDIT COMMITTEE REPORT

Committee members

Members	Appointed	2021 Attendance
Terence O'Rourke Chair & INED	2013	4/4
Colm Barrington Senior INED	2013	4/4
Roisín Brennan INED	2019	4/4
Stewart Harrington INED	2013	4/4

Key considerations in 2020-21

Increased monitoring of risks due to the COVID-19 pandemic and focus on covenant compliance

Valuations in a volatile market

Climate change impact and improved reporting and monitoring

ESMA – ESG compliance

Valuer rotation

Approval of internal audit three-year plan

Key considerations in 2021-22

Sustainability, net zero carbon strategy and Task Force on Climate-related Financial Disclosures (“TCFD”)


Valuations and continuing impact of COVID-19 on the market and Group

Valuer rotation

Development pipeline and associated risks

European Single Electronic Format (“ESEF”) Regulation

Continuing internal audit programme

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



Terence O'Rourke, Chair

Dear fellow shareholder,

On behalf of the Audit Committee (the “Committee”), I am pleased to present the Committee’s report for the financial year ended 31 March 2021.

2021 was a challenging year for the Group as we adapted to the COVID-19 pandemic. The sudden changes brought about by the crisis are now part of our everyday business life. For most of the year, the majority of employees continued to work remotely and our meetings were held virtually. In all of our work, we considered the impacts of the pandemic, from risk management to reporting. The Group continues to adhere to all public health advice and looks forward to returning to the office when safe to do so.

In addition, both occupational and investment markets are focusing more on sustainability, and we expect there will be commercial consequences for good or poor performance in this area in future. We discuss sustainability further below.

Portfolio valuation

The Committee considers the valuation of the Group’s properties to be a significant area of judgement in determining the accuracy of the financial statements and therefore this is a major focus of our work. We reviewed the work of the Valuer, their effectiveness and considered their independence. As our current Valuer is approaching the four-year anniversary of their appointment, a tender process has commenced with a view to appointing a new valuer in time for the September 2021 valuations. I would like to thank Cushman & Wakefield for their work over the last four years.

External auditor

Deloitte Ireland LLP was appointed as the first statutory auditor to the Company on 5 December 2013 and the audit partner rotated in 2019. After due consideration of the auditor’s

qualification, expertise and resources, effectiveness and independence the Board intends to recommend the reappointment of the auditor at the 2021 AGM, in accordance with Section 383 of the Companies Act 2014.

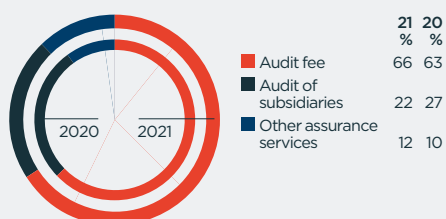
The external auditor is responsible for the annual statutory audit and provides certain other services which the Committee believes it is best placed to undertake due to its position as auditor. In accordance with best practice, these non-audit services must be approved in advance by the Committee, and they will generally be limited to ‘other assurance’, i.e. those relating to Group company audits and assurance on interim results and other similar matters. All the work carried out by the external auditor during the year related to the audit of Group companies or the review of interim reports.

Risk management and internal controls

The Audit Committee is responsible for overseeing the effectiveness of the Group’s risk management and internal control environment. The Committee monitors the Group’s risk appetite, key risk metrics and risk register on a regular basis. Breaches in internal controls are documented and reported to the Committee by the Risk & Compliance Officer. We have focused in particular on the impacts of the changes in business practices which have resulted from the COVID-19 pandemic as we believe that the possibility of opportunistic cyber-crime and fraud increases with more remote working. This has been reflected in our internal audit schedule and planning and focus on cyber-security.

Two internal audits were completed in the year by PwC. The areas covered were tenant management and the valuation process. PwC presented their findings to the Committee, noting that they identified good working practices with only low-grade findings to report. All recommendations and observations are being implemented by management.

Audit and non-audit fees (Group)



Total fees in 2021 amounted to €181k (2020: €185k). Other assurance services include the review of the interim report.

The Committee also reviewed the internal audit plan until 2023 and instructed PwC that a cyber-security internal audit review should be conducted early in the financial year 2021-22 given the current environment. This is further to the information technology security health check which was conducted in 2019.

See pages 40 to 47 for further information on risk management

Sustainability

We see climate change risk as of particular importance in both our standing portfolio and our development projects and monitor these carefully. In addition to reporting to industry standard benchmarks such as GRESB, EPRA and CDP, we have issued our Sustainability Statement of Intent in April 2021 which embeds sustainability targets more firmly in our business and sets our pathway to net zero carbon in 2030. To support our management of this, we are aligning our disclosures with the recommendations of the TCFD which will help ensure that we are working to mitigate the risks of climate change.

See pages 65 to 71 and also in our 2021 Sustainability Report for further information on the Group's sustainability strategy

Committee performance

Following the external review of the effectiveness of the Board and Committees last year, we undertook an internal evaluation this year.

See pages 88 and 89 for further details

Independent Audit Limited ("IAL") carried out an external evaluation of the effectiveness of Audit Committee in 2020. Reviews were carried out through the completion of questionnaires, review of Board and Committee papers and the observation of a virtual Audit Committee meeting. This external evaluation examined both our own work and our interactions with external assurance providers such as the external auditor and Valuer. An internal assessment of the report and its findings

was completed during the year and a detailed plan was put in place for implementing the recommendations. These included reviewing Committee attendance to ensure only relevant people are present at meetings and ensuring a review of the performance of the outsourced internal audit partner and external auditor is detailed in the forward annual agenda. This year's internal evaluation confirmed the Committee's overall satisfaction with how it operated and highlighted the need for some additional discussion on internal controls, the internal audit function and the controls around related party transactions.

I am pleased to confirm that the Committee continues to operate and function effectively. There is confidence that there is solid oversight of risk and finance, the reporting environment is sound, meetings are well chaired and that there is good discussion and debate.

Significant items and key areas of uncertainty – valuation of investment property

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 COVID-19 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.

Approval of reports

As requested by the Board, the Committee considered and recommended to the Board, that in the Committee's view, the Annual Report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the position and performance, strategy and business model of the Group and Company.

See page 131 for the Directors' responsibility statement

The Annual Report and financial statements were considered in draft on 11 May 2021. The Preliminary Results Statement, which included the consolidated financial statements, was approved by the Board on 25 May 2021. The Annual Report was approved by the Board on 14 June 2021 and signed on its behalf by Kevin Nowlan and Thomas Edwards-Moss on 14 June 2021.

Conclusion

I would like to thank my fellow Committee members for their commitment and input to the work of the Committee during this financial year. I would also like to thank all the employees in Hibernia for their hard work and commitment to ensuring that the 2021 Annual Report and market announcements have been produced to a high standard and in a timely fashion despite difficult operating circumstances.

The Committee will continue to focus on external and internal audit planning, risk management and internal controls. It will also continue to monitor the impacts of COVID-19 and the Group's response to the challenges it raises. The Group plans some major developments over the coming years and so our focus will also encompass development risk in particular.

Terence O'Rourke

14 June 2021

AUDIT COMMITTEE REPORT CONTINUED

Audit Committee


The Committee is comprised of independent Non-Executive Directors with sufficient financial and real estate experience and competence to fulfil their role.

Terence O'Rourke
INED & Chair

Colm Barrington
Senior INED

Roisin Brennan
INED

Stewart Harrington
INED

 See pages 74 to 75 for Committee member biographies

Who else attends the Committee?

The Committee invites attendees where it feels that they will provide information and discussion which will aid their duties. Below are some of the regular attendees:

Representatives of the Group:



Third-party Attendees

External auditor

Deloitte Ireland LLP

To present and discuss its:

- plans and results in respect of the annual audit, interim and limited assurance reviews;
- analysis of the risks identified within the Group; and
- recommendations for improvements in systems and controls.

The Committee holds private meetings with the external and internal auditors and Valuer, without management present, to allow frank and open discussion.

Independent Valuer

Cushman & Wakefield

To:

- discuss its work and its significant assumptions in relation to the investment property valuations; and
- its view of Management's decisions in relation to valuations and the appropriateness of its assumptions.

All Directors are invited to attend meetings with the external auditor and Independent Valuer to discuss property valuations and financial results.

Internal Auditor

PwC Dublin

To:

- report and discuss its findings and recommendations; and
- discuss future internal audit plans.

Other external experts may be called upon by the Committee as required, such as the Group's corporate solicitors, A&L Goodbody, or tax advisers, KPMG.

Key activities of Audit Committee during 2020-21

Reporting and external audit

External announcements	<ul style="list-style-type: none"> – Preliminary results. – Annual Report and financial statements including support for the assertions made by the Directors in the Directors' responsibility statement. – Sustainability Report. – Interim results. – Regular and ad-hoc trading announcements and updates.
Valuation	<ul style="list-style-type: none"> – Appropriate basis for the valuations of properties. – Valuer rotation and tender process. – Removal of material uncertainty clause and impact of COVID-19.
External audit	<ul style="list-style-type: none"> – Appointment and performance of external auditor. – Independence, qualifications, expertise and remuneration of external auditor. – Review of the audit plan. – Review of external auditors' findings; no misstatements or control deficiencies were reported.

Internal audit and internal controls

Internal controls	<ul style="list-style-type: none"> – Review of, <i>inter alia</i>, control systems including matters reserved to the Board, risk management framework, management reporting and forecasting, organisational structure and various policies. – No material internal control weaknesses were identified.
Internal audit	<ul style="list-style-type: none"> – Approving the three-year rolling audit plan for 2020-23. – Reviewing the findings of two internal audits, tenant management and valuation process. A satisfactory rating was obtained for both.
Depository	<ul style="list-style-type: none"> – Review the results of the due diligence reports completed by the Depository (BNP Paribas); no issues identified.
Accounting policy amendments	<ul style="list-style-type: none"> – Where applicable review management's response to and plans to implement any material amendments to IFRS during the period. – Review accounting for material financial statement items as part of the review of the financial statements. – All relevant requirements of the Transparency Regulations and the ESEF Regulation.

Risk management

Risk framework, metrics and appetite	<ul style="list-style-type: none"> – Review of risk framework and register. – Implementation plans for TCFD reporting (see pages 44 to 45). – Covenant compliance.
Assessing material and emerging risks	<ul style="list-style-type: none"> – Identification of emerging and principal risks at each reporting date. – Assessment of the impact and likelihood of the risks. – Reporting of emerging and principal risks (see pages 48 to 53).
Share buyback	<ul style="list-style-type: none"> – Overseeing the share buyback programme.
Other	<ul style="list-style-type: none"> – Dividend policy. – Capital management. – Going concern and viability statements (see page 43). – Compliance with REIT legislation. – Compliance statement (see page 128). – Committees' terms of reference. – Evaluation and performance (see pages 88 and 89).

REMUNERATION COMMITTEE REPORT

Key considerations 2020-21

Set targets for the annual bonus plan for 2021 and the 2020 LTIP grant.

Reviewed workforce remuneration and related policies and approved the outcome of the 2020 annual bonus and considered whether the formulaic outcomes aligned with Company performance and culture.

Reviewed and approved the 2020 Directors' Remuneration Report.

Reviewed the Remuneration Policy for proposal at the 2021 AGM, the approach for pension alignment and post-employment shareholding requirements.

Ongoing engagement with major shareholders as part of the corporate governance roadshow, including engaging with our major shareholders and investor representative bodies on the 2021 Remuneration Policy proposals.

Key considerations 2021-22

Review the outcome of the 2021 annual bonus and whether formulaic outcomes aligned with Company performance and culture.

Oversee the implementation of the 2021 Remuneration Policy, including pension alignment and the introduction of the post-employment shareholding requirement.

Review and approve the 2021 Directors' Remuneration Report.

Consideration of the Group's ESG strategy and alignment of our ESG commitments with the performance measures used in our incentive plans.

Continue to set targets for the annual bonus plan and the LTIP.

Continue to review wider workforce remuneration outcomes and policies.

Continue to engage with the workforce using the framework developed by the Designated Non-Executive Director for Workforce Engagement.

Continue to engage with major shareholders, as necessary.

Continue to monitor developments in corporate governance and market practice.



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



Colm Barrington, Chair of the Remuneration Committee

Dear fellow shareholder,

On behalf of the Hibernia's Remuneration Committee (the "Committee"), I am pleased to introduce the Directors' Remuneration Report for the financial year ended 31 March 2021. Our current Remuneration Policy ("Policy") received strong support at the 2018 AGM with a vote of 94%. Over the past two years we have received strong shareholder support for our Annual Report on Remuneration, evidenced most recently by a 99% vote in favour at the 2020 AGM. We are putting forward a revised Policy at the forthcoming AGM which is set out on pages 113 to 126. In this letter, I am setting out details regarding the Policy review process.

The impact of COVID-19

We summarise the COVID-19 impacts and management on page 64.

The Group has remained fully operational throughout the pandemic and we are gratified with how our staff have adjusted to, and dealt with, the challenges posed. Our rent collection statistics are discussed on page 63 and have remained robust. While we expect that letting and investment volumes will remain subdued until workers are able to return to their offices in meaningful numbers, Hibernia continues to be well-positioned with a strong tenant base, an extensive development pipeline, low financial leverage and a talented team.

Performance during the year

Hibernia delivered a resilient performance in the financial year despite the extraordinary circumstances resulting from the pandemic. While a net loss was recorded due to a decline in portfolio value, high rent collection rates helped growth in our EPRA earnings and dividends. Our KPI results (see page 38) were:

- The Total Property Return ("TPR") of our portfolio was -0.2%, which is +1.3pp relative to the performance of our benchmark (the MSCI Ireland All Assets Index excluding Hibernia) which returned -1.5%.
- EPRA NTA per share: 172.7 cent, -3.7% on 2019-20.
- EPRA EPS: 6.3 cent, +13.4% on 2019-20.
- Total Accounting Return ("TAR") of -0.9%.
- Dividend of 5.4 cent, +13.7% on 2019-20

ESG performance was helped by low occupancy throughout the pandemic, although all our buildings remained open. We achieved a 26% reduction in greenhouse gas intensity for 2020 compared to 2019, received an EPRA Gold award for our sustainability reporting, our first four-star GRESB rating and a B minus rating in our response to the CDP Climate Change questionnaire. Our 2021 Sustainability Report (available on our website) discusses our performance and future plans in more detail.

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

Committee members

	Appointed	Independent	Meetings attended
Colm Barrington (Chair)	Feb-16	✓	5 of 5
Roisin Brennan	Jan-19	✓	5 of 5
Stewart Harrington	Feb-16	✓	5 of 5
Daniel Kitchen	Feb-16	✓	5 of 5
Terence O'Rourke	Feb-16	✓	5 of 5

None of the Committee members has any:

- personal financial interest (other than as shareholders) in the decisions made by the Committee;
- conflicts of interest arising from cross-directorships; or
- day-to-day involvement in running the business.

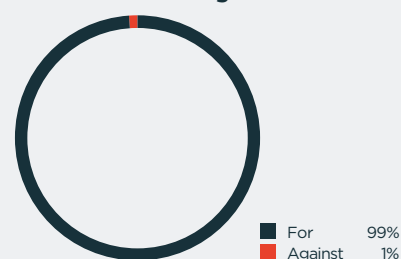
Where can you find the information?

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Summary of our current Policy and its implementation in 2021-22	102
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Fairness, diversity, inclusion and wider workforce considerations	107
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Proposed 2021 Directors' Remuneration Policy	113

Who advises the Committee?

During the year, the Committee received advice from PwC LLP. PwC was appointed in 2017 following a selection process. PwC's fees were €44k (2019-20: €37k), which were charged based on a time taken basis. PwC is a member of the Remuneration Consultants Group, and as such operates pursuant to a code of conduct that requires remuneration advice to be given objectively and independently. A separate team within PwC also provides internal audit services to the Group. There are no connections between PwC and individual Directors. The Committee is satisfied that the advice provided by PwC is objective and independent. The Company Secretary acts as secretary to the Committee and attends Committee meetings.

Remuneration voting outcomes in 2020



REMUNERATION COMMITTEE REPORT CONTINUED

Our approach to remuneration in 2020-21

Hibernia's philosophy is to pay for performance. The Committee's decisions have been made taking into account the Group's financial performance in what has been a difficult environment.

Base salary and fees

There were no salary increases awarded to the Executive Directors, nor any increases to fees for the Chairman and Non-Executive Directors. This was in line with the approach taken for the wider workforce.

Annual bonus outcome for 2020-21

The bonus was based on EPRA EPS, Relative TPR, TAR and a number of strategic and operational measures.

The Committee felt that the performance of the business over the year was strong, with the Executive Directors exceeding the target levels for all financial measures and achieving a number of their strategic and operational objectives. As a result, we determined that the CEO and CFO had both earned bonuses of 75% of maximum. Details of the financial performance targets are set out on page 100 and details of the CEO and CFO's strategic and operational objectives are set out on pages 110 to 111.

When reviewing the formulaic outcome against the targets, the Committee was mindful of the need to consider a wide range of factors in light of the pandemic so that outcomes represented performance and the wider stakeholder experience. These factors included:

- Hibernia has continued to make good progress with its strategy. The Group has continued to invest in acquisitions and between August and November 2020 the €25m share buyback programme was executed. The Group also made progress in relation to the development of its long-term sustainability strategy with the launch of Hibernia's Sustainability Statement of Intent in April 2021.

- The pandemic did have a negative impact on the Company's share price at the time of the first lockdown in March 2020 and then as a result of subsequent national lockdowns. Our share price has since partly recovered, though remaining below the per share valuation of our properties net of debt.
- Hibernia has continued to pay interim and final dividends.
- The Group has not received any support from the Government and has not made use of the Government's wage subsidy scheme.
- There were no redundancies within the Group and there have been no reductions in employee salaries. All employees will receive a bonus for the financial year 2020-21.
- Employee feedback has been positive throughout the year.

Taking all of the above into account, together with the leadership shown by the Executive Directors, the Committee concluded that the formulaic outcome is justified and so no discretion has been applied. For the Executive Directors, one-third of the annual bonus will be deferred into an award of shares to be held for three years, with the balance paid in cash.

Long-Term Incentive Plan ("LTIP") vesting

As the first LTIP was granted in July 2019 there was no LTIP vesting.

Wider workforce considerations

Hibernia is committed to creating an inclusive working environment and to rewarding all our employees in a fair and market competitive way. In this regard we cascade our incentive structure throughout the Group, with all employees being eligible for an annual bonus.

The Committee is kept up to date on remuneration policies and decisions across the Group and is made aware of all significant changes. Decisions on salary increases and bonus outcomes for Executive Directors and the Senior Management Team are made only after the Committee has reviewed the position across the wider workforce. We have also disclosed our median employee to CEO pay ratio for the second year and this is set out on page 109

The Committee reviewed the alignment of Executive Directors and the Senior Management Team with the wider workforce pension contributions and determined that by the end of 2022, the levels across the entire workforce will be 10%. As part of this, wider workforce pension levels will be increased from 7% to 10% of base salaries.

Renewal of the Policy

Given the support for the current Remuneration Policy, and with a business model that remains broadly unchanged, we are proposing a continuation of the current framework, with some changes to ensure that the Policy supports developments to Hibernia's strategy and aligns with the UK 2018 Corporate Governance Code (the "UK Code"). The proposed changes are as follows:

1. From 2022 onwards, we propose that awards under the LTIP will include a performance measure relating to our ESG commitments as articulated in our Sustainability Statement of Intent. We will consider all elements of our ESG strategy to ensure that the measure is fit-for-purpose and appropriately reflects our longer-term sustainability ambitions.
2. We are introducing a post-employment shareholding requirement that is in line with the UK Code, i.e. for two years after their departure, Executive Directors will be required to hold all of the lower of their shareholding requirement (which is 350% of base salary) or their actual shareholding. The requirement will apply to shares vesting under all share plan awards granted following approval of the Remuneration Policy at the 2021 AGM. Shares purchased by Executive Directors will not be included, nor will beneficially owned shares held prior to the date the policy is approved.

3. We are aligning Executive Director and Senior Management pensions and wider workforce pensions by the end of 2022 by increasing the wider workforce pension level from 7% to 10% of base salary and decreasing the pension for Executive Directors and Senior Management from 15% to 10% of salary. This is in line with the guidance issued by shareholder advisory bodies. All employees will be able to make additional voluntary contributions of up to 5% of salary, which will be matched by the Group.
4. We are introducing corporate failure as an additional malus and claw back trigger in the Group's incentive plans. This will ensure all our triggers are fully aligned with corporate governance best practice.

Our strategy and its link to the proposed Remuneration Policy

A core remuneration principle for Hibernia is that our incentive framework must be directly linked to achievement of the Group's strategy and enhancing shareholder value while being flexible to take account of changing business priorities. We know that the future value of our business is linked to how we lessen our impact on the environment and increase our social contribution.

In April 2021 we launched our Sustainability Statement of Intent. Our commitments can be summarised across three pillars:

- become a net zero carbon and climate resilient business by 2030;
- provide spaces that prioritise the environment, health and wellbeing; and
- create a long-term positive social impact through our operations.

We already consider ESG in calculating the Executive Directors' annual bonus, with specific objectives relating to the environmental efficiency of our portfolio, initiatives relating to our employees, tenants and suppliers and wider social and community initiatives, and stakeholder engagement. We will continue to strengthen how bonuses for all employees align with our ESG ambitions.

A key focus is to align our ESG commitments with the performance measures used in the LTIP. As communicated to some of our shareholders during our Policy engagement exercise, we are committed to ensuring the use of ESG measures in our future LTIP awards is fully aligned to our ESG strategy and we will provide specific details in the 2022 Directors' Remuneration Report. The introduction of an ESG performance measure within the LTIP, along with the use of the current performance measures (relative total shareholder return, relative total property return and total accounting return), will focus management both on financial performance and on operating the business in an environmentally and socially responsible way.

Engagement with shareholders on our Remuneration Policy

In May 2021, we wrote to our major shareholders representing c.60% of our issued share capital, as well as Glass Lewis and ISS, to inform them of the outcome of the Policy review and understand their views. We also discussed the Policy review with some of our largest shareholders during our corporate governance roadshow in March 2021. The feedback from shareholders has been positive and as a result, no changes were made to the original Policy proposals.

Implementation of the Remuneration Policy for 2021-22

Base salary and fees

There will be no increases to salaries for Executive Directors, nor will there be any increase to fees for the Chairman and Non-Executive Directors. This is in line with the approach taken for the wider workforce. We will continue to keep salaries and Non-Executive Director fees under review.

Pension

Company contributions to Executive Director pensions will reduce from 15% of salary to 10% of salary by the end of 2022.

Annual bonus

The annual bonus opportunity for Executive Directors will be 150% of salary. The performance measures and weightings will be unchanged. The strategic and operational targets for 2021-22 will have a greater focus on ESG matters, taking into account the commitments made in our Sustainability Statement of Intent.

LTIP award

The Committee has determined to make the grant on the normal timetable and the performance measures remain unchanged. From 2022, we will align our ESG commitments with the performance measures used in the LTIP. Further information will be provided in the 2022 Directors' Remuneration Report.

In conclusion

The past year has been challenging. Our Executive Directors, Senior Management and colleagues have worked diligently to ensure that the business remains strong and that tenants and suppliers have remained safe. The Committee will continue to ensure that our remuneration arrangements support the delivery of our strategy, reward employees fairly for exceptional performance and help the achievement of increased shareholder value.

I am grateful for the time and input shareholders have given in relation to the Remuneration Policy review process. If you would like to discuss any aspect of this report, I would be happy to hear from you. You can contact me through the Company Secretary, Sean O'Dwyer.

Colm Barrington

Chair of the Remuneration Committee
14 June 2021

Remuneration at a glance

Remuneration in the Group

Total spend on pay

€7.3m

CEO pay ratio to the median employee

8:1

General increase for all employees

0%

Eligible employees receiving a bonus

100%

Total single figure remuneration for 2020-21

Director	Salary €'000	Benefits €'000	Pension €'000	Bonus paid in cash €'000	Bonus deferred in shares €'000	LTIPs vested €'000	Total single figure remuneration €'000
CEO, Kevin Nowlan	450	33	68	336	168	-	1,055
CFO, Thomas Edwards-Moss	340	32	51	254	127	-	804

Annual bonus outcomes for 2020-21

For 2021, the CEO and the CFO both had a maximum bonus opportunity of 150% of salary. The overall outcome was 75% of maximum for both the CEO and the CFO, respectively. Of this, 54% relates to the achievement of financial objectives and 21% relates to the achievement of strategic and operational objectives. This gave rise to a bonus equal to 112% of salary for both the CEO and the CFO. Financial targets for the bonus and actual performance is set out below. Details of strategic and operational objectives are set out on pages 110 to 111.

Bonus measure	Weighting	Threshold (20% payout)	Target (50% payout)	Maximum (100% payout)	Actual	Outcome % maximum	CEO €000	CFO €000
Relative Total Property Return ("TPR") ¹	40%	Index	Index +1%	Index +2%	-0.2% vs MSCI Ireland annual return of -1.5%	65%	€176	€133
Growth in EPRA Earnings per share ("EPS")	17.5%	5.6c (2% growth)	5.9c (7.1% growth)	6.2c (12% growth)	6.16c	93%	€110	€83
Total Accounting Return per share ("TAR")	17.5%	156.50c	172.20c	184.05c	175.48c	64%	€76	€57
Strategic and operational objectives	25%	See pages 110 to 111 for details of objectives and outcomes			-	85% (CEO) 85% (CFO)	€142	€108
Total							€504	€381

LTIP award vesting for 2020-21

Not applicable as the first LTIP grants were awarded in July 2019.

LTIP award granted in July 2020

In July 2020, the second LTIP award was granted. Awards are subject to relative TSR, relative TPR and TAR per share (all equally weighted). See page 103 for details of performance targets.

Director	Basis of award	Date of grant	Number of shares granted	Face value per share ¹	Total face value of award
CEO, Kevin Nowlan	200% of salary	29 July 2020	807,899	€1.114	€900,000
CFO, Thomas Edwards-Moss	200% of salary	29 July 2020	610,412	€1.114	€680,000

1. This represents the share price on the day prior to grant date, i.e. 28 July 2020.

Shareholding of the Executive Directors

Director	Shareholding requirement	Shares counting towards shareholding requirement ¹	Unvested shares subject to performance conditions ²
CEO, Kevin Nowlan	350%	1,982%	342%
CFO, Thomas-Edwards Moss	350%	183%	342%

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

2. Represents the 2019 and 2020 LTIP awards which are subject to ongoing performance conditions.

Remuneration at Hibernia

Remuneration principles that we apply across Hibernia

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

Simplicity and transparency	Long-term shareholder alignment	Pay-for-performance	Market competitiveness	Flexibility
Remuneration should be simple and transparent in terms of design and communication to internal and external shareholders	Remuneration outcomes should mirror the stakeholder experience over the long term	Remuneration outcomes should be clearly linked to the delivery of superior corporate results	The remuneration opportunity provided should be fair and competitive against companies of a similar size, scope and complexity with a strong emphasis on variable elements	Remuneration should be able to support potential changes in business priorities over time

How do our incentive performance measures align to our strategy?

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

2021-22 strategic priorities				
1 Maintain a balanced portfolio with clusters of assets	2 Grow recurring income over time	3 Operate and develop our buildings responsibly	4 Maintain a strong, flexible funding structure	5 Attract, motivate, develop and retain a talented team

Our KPIs			
EPRA earnings per share ("EPRA EPS")	Total Accounting Return ("TAR")	Total Property Return ("TPR")	Total Shareholder Return ("TSR")

How our incentive plan performance measures link to our strategy

2020-21 Annual bonus			2020-21 Long-term incentive plan		
Measures	Link to strategy	Link to KPIs	Measures	Link to strategy	Link to KPIs
EPRA EPS	12345	✓	TAR	12345	✓
TAR	12345	✓	Relative TPR	12345	✓
Relative TPR	12345	✓	Relative TSR	12345	✓
Strategic/operational	12345	✓	Shareholding guidelines	Alignment to shareholder interests	✓

REMUNERATION COMMITTEE REPORT CONTINUED

Summary of our current Policy and its implementation in 2021-22

The Policy for Executive Directors supports Hibernia's KPIs, which are set out on page 38. The Policy and its use of performance measures appropriately support shareholder value creation by delivering sustainable performance consistent with the strategic drivers and appropriate risk management. A detailed review of how the proposed 2021 Policy aligns with the UK Code and, in particular, the requirements under Provision 40 of the Code can be found on page 114. The table below summarises key aspects of the current Policy and its implementation and sets out key changes between the current and proposed Policy. The current Policy itself is published on our website at www.hiberniareit.com. The full details of the proposed 2021 Policy can be found on pages 113 to 126.

How is Executive Director pay structured?

The Company's Policy aims to focus the workforce on the delivery of business priorities within a framework designed to promote the long-term success of Hibernia and aligned with shareholders' interests. The graphic below illustrates the balance of pay and time period of each element of the Policy for Executive Directors. The tables below and on pages 103 to 104 set out key changes between the current and proposed Policy.

Remuneration elements	Year 1	Year 2	Year 3	Year 4	Year 5
Base salary	Paid in the year				
Pension and benefits	Paid in the year				
Annual bonus	2/3rd in cash	1/3rd deferred in shares			
LTIP	Three-year performance period			Two-year post-vesting holding period	
Shareholding requirement	Share ownership to be built and maintained over five years				

Key features of the current Policy	Implementation for financial year 2021-22
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Base salary

Provides the basis for the overall market remuneration package and takes into account the role and skills of the individual.

Salaries are set at a level to ensure the recruitment and retention of high-calibre executives to implement the Group's strategy.

Salaries are set on appointment and reviewed annually. When determining salary, the Committee considers:

- general employee salary rises;
- remuneration practices in the Group;
- scope, role and experience;
- performance of the Group and economic environment; and
- salaries paid in relevant comparator group.

Maximum salary levels are in line with companies of a similar size to Hibernia and validated against other companies in the industry.

Average annual percentage increase in salaries for Executive Directors will be in line with the average for other employees in the Group.

Exceptions to this rule are:

- if an individual is below market level; or
- has a material increase in scope or responsibility.

There were no salary increases awarded to the Executive Directors. This is in line with the approach taken for the wider workforce.

Salaries for 2021-22 will be:

Kevin Nowlan (CEO): €450,000 p.a.

Thomas Edwards-Moss (CFO): €340,000 p.a.

Proposed changes from current Policy: No change.

Pension

Provides a basis for post-retirement remuneration in line with comparable remuneration packages.

Directors may participate in a defined contribution scheme. The pension plan is an optional defined contribution scheme with an independent pension provider and an employer contribution of between 7% and 15% for staff and Senior Management respectively.

Executive Directors and Senior Management currently receive a 15% of salary pension contribution. In line with the Policy proposed for approval at this year's AGM, pension contributions will reduce to 10% by the end of the calendar year 2022.

Proposed changes from current Policy: Changes are proposed to align with the UK Code requirement. For incumbent Executive Directors, pensions will be 10% by the end of 2022 and this will be in line with the wider workforce level. Alignment will be achieved by increasing the wider workforce level from 7% to 10% and decreasing the levels for incumbent Executive Directors and Senior Management from 15% to 10%. Executive Directors and employees will also be able to make additional voluntary contributions which will be matched by the Group up to a maximum of 5% of base salary.

Key features of the current Policy	Implementation for financial year 2021-22
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Benefits

Provides market competitive benefits package.	Benefits may include car allowance, death in service and long-term disability schemes, and other benefits as needed to attract and retain Directors.	Each Executive Director receives car allowance, death in service, long-term disability schemes, and other benefits where necessary.
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Proposed changes from current Policy: No change.

Annual bonus

To incentivise the achievement of annual performance targets that support the Group's short-term key performance as well as providing long-term alignment with shareholders through the operation of bonus deferral in shares for three years.	<p>Awards are granted annually with performance measured over one financial year.</p> <p>At least 50% of awards will be linked to financial measures. Specific measures, targets and weightings may vary from year to year.</p> <p>A third of any bonus earned is deferred into shares subject to a further three-year vesting period.</p> <p>Participants may be entitled to dividends or dividend equivalents during the deferral period.</p> <p>Malus and clawback arrangements apply.</p> <p>Good/bad leaver provisions apply.</p>	<p>The maximum bonus opportunity will remain 150% of salary for both Executive Directors.</p> <p>Pay-out ranges are: 20% of maximum for threshold performance; 50% of maximum for on-target performance; and 100% of maximum for maximum performance.</p> <p>Actual performance targets are not disclosed prospectively as they are considered to be commercially sensitive. Full disclosure will be published at the end of the financial year.</p> <p>The performance conditions and their weightings for the 2021-22 bonus are:</p>
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Condition	Weighting
Relative TPR ¹	40%
EPRA EPS	17.5%
TAR per share	17.5%
Strategic and operational objectives	25%

1. Compared to the MSCI Ireland Index.

Proposed changes from current Policy: Corporate failure is being added as a trigger for malus and clawback in the incentive plans.

LTIP

To incentivise the achievement of long-term sustainable shareholder return through the delivery of key financial performance indicators.	<p>The Committee may award annual grants of performance share awards which vest three years from the date of grant subject to the achievement of the performance measures. A further two-year holding period applies to vested shares.</p> <p>Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the performance period on vested LTIP awards.</p> <p>Malus and clawback arrangements apply.</p> <p>Good/bad leaver provisions apply.</p>	<p>The maximum LTIP opportunity will remain 200% of salary for both Executive Directors.</p> <p>Pay-out ranges are: 20% vesting at threshold to 100% at maximum level.</p> <p>The performance conditions and their weightings for the 2021 LTIP award are:</p>
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Condition	Weighting	Threshold	Maximum
Relative TPR ¹	33.3%	Equal to Index	Index 1.5% p.a.
Relative TSR ²	33.3%	Median	Upper quartile
TAR per share ³	33.3%	To be disclosed at grant	

1. Compared to the MSCI Ireland Index.
2. Compared to constituents of the EPRA/NAREIT Developed Europe Index.
3. TAR targets will be set once consensus forecasts are available.

Proposed changes from current Policy: The performance measures have been updated to reflect that in the future performance measures may be included relating to the Group's ESG strategy and corporate failure has been included as a trigger for malus and clawback in the incentive plans.

REMUNERATION COMMITTEE REPORT CONTINUED

Summary of our current Policy and its implementation in 2021-22 continued

	Key features of the current Policy	Implementation for financial year 2021-22
Shareholding requirement		
<p>To ensure Executive Directors' interests are aligned with shareholders over the long term.</p>	<p>Formal shareholding requirements which will encourage the Executive Directors to build up shareholdings over a five-year period and then subsequently hold a shareholding equivalent to a percentage of salary.</p>	<p>The minimum shareholding requirement is 350% of salary for both Executive Directors.</p> <p>A post-employment shareholding requirement ("PESR") will be introduced. The PESR will apply for two years after the departure of Executive Directors and they will be required to hold all of the lower of their shareholding requirement (which is 350% of base salary) or their actual shareholding. The requirement will apply to shares vesting under all share plan awards granted following approval of the Policy at the 2021 AGM. Shares purchased by Executive Directors will not be included, nor will beneficially owned shares held prior to the date the Policy is approved.</p>

Proposed changes from current Policy: Introduction of a PESR to align with the UK Code.

Non-Executive Directors' fees

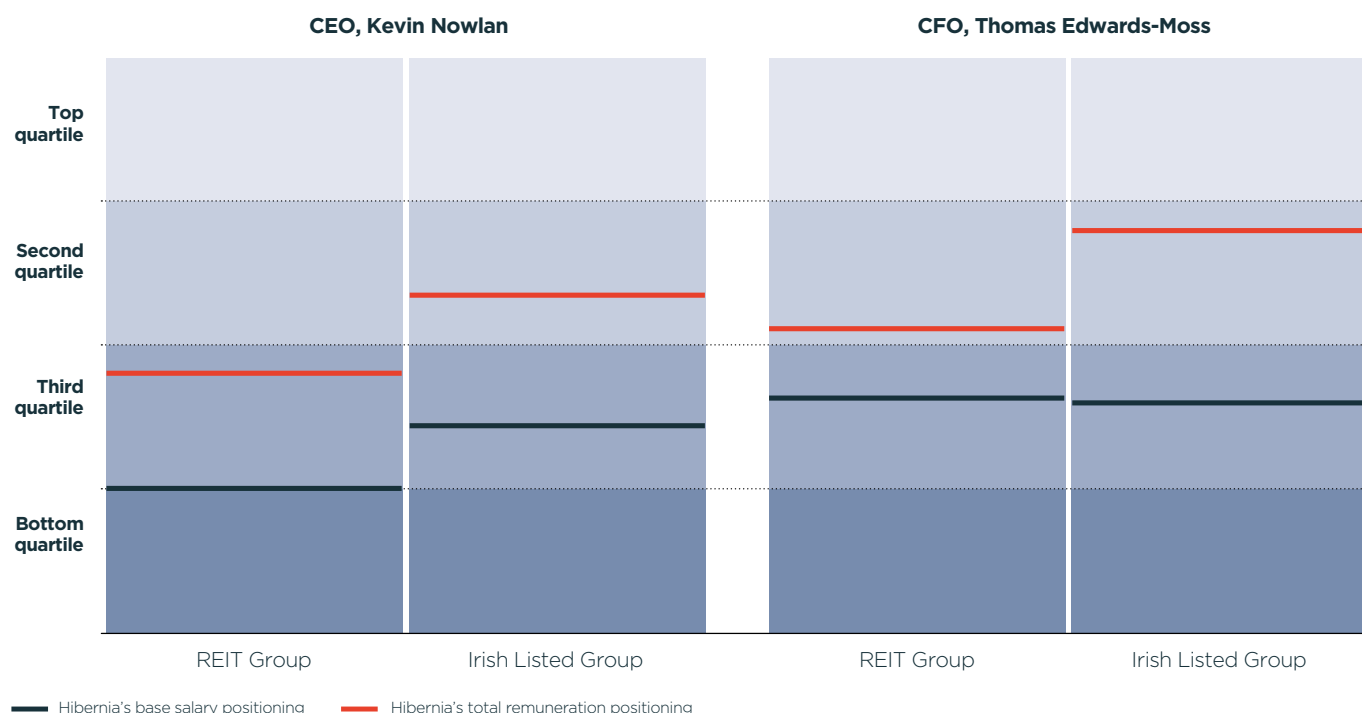
<p>To attract and retain NEDs of the highest calibre with experience relevant to the Group.</p>	<p>Non-Executive Directors are paid an annual fee and additional fees for the chairing of Committees and the role of Senior Independent Director ("SID").</p> <p>The Company retains the flexibility to pay fees for the membership of Committees and for other Board duties.</p>	<p>There were no increases awarded in relation to the fees for the Chair and Non-Executive Directors. Fees for 2021-22 will be as follows:</p> <p>Chair: €150,000 NED base fee: €60,000 SID fee: €15,000 Committee Chair fee: €10,000 (excludes Nominations Committee Chair)</p>
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Proposed changes from current Policy: Clarification that the Group retains the flexibility to pay fees for other Board duties.

Additional context on Executive Directors' remuneration

How do our remuneration levels compare to our peers?

The following chart shows the relative position of base salaries and target total remuneration for our Executive Directors compared to our peers:



Additional information on Hibernia's remuneration positioning policy

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

- REIT comparators for both Executive Directors:
 - Lower quartile fixed pay
 - Upper quartile incentive opportunities
 - Total target remuneration at around the median
- Irish comparators (Hibernia is median to upper quartile in terms of market capitalisation) for the CEO:
 - Below median fixed pay
 - Upper quartile incentive opportunities
 - Total target remuneration at around the median to upper quartile

The CFO's remuneration is positioned significantly higher than the Irish comparators, but the Committee's view is that the REIT comparators should be the primary comparison group for this role.

Comparator group 1: REIT comparators – This is the primary comparator group used which consists of those companies which the Committee believes are the most relevant to the Group and where individuals are likely to be recruited from, or lost to.

Comparator group 2: Irish comparators – The secondary comparator group recognises that the Group is listed in Ireland and therefore the domestic market for executive talent is a relevant consideration when setting the Company's remuneration levels.

1. REIT group	2. Irish listed group
Assura	Cairn Homes
Big Yellow Group	Dalata Hotel Group
Capital & Counties Properties	First Derivatives
CLS Holdings	Glanbia
Empiric Student Property	Glenveagh Properties
Grainger	Greencoat Renewables
Great Portland Estates	Irish Continental Group
Harworth Group	Irish Residential Properties REIT
Helical REIT	Kenmare Resources
LondonMetric Property	Kerry Group
Picton Property Inc.	Kingspan Group
Safestore Holdings	Malin Corporation
Shaftesbury	Mincon Group
St Modwen Properties	Origin Enterprises
Workspace Group	Ryanair Holdings
	Smurfit Kappa Group
	Total Produce
	Uniphar
	Yew Grove REIT

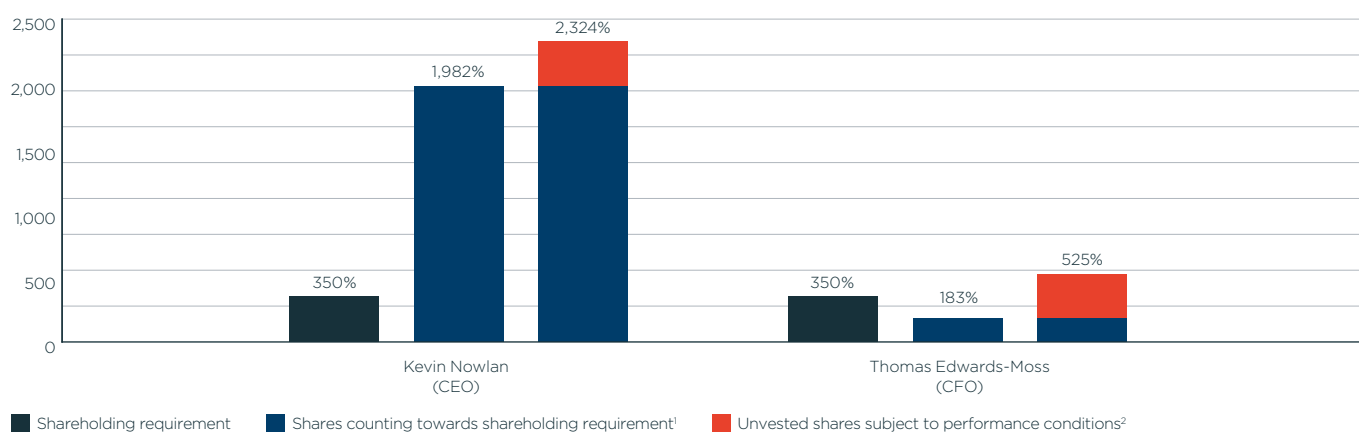
REMUNERATION COMMITTEE REPORT CONTINUED

Summary of our current Policy and its implementation in 2021-22 continued

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

The Company has a shareholding requirement for Executive Directors. The level of shareholding reflects the total annual performance-related remuneration an Executive Director is eligible to receive and is equal to 350% of salary. The Executive Directors have five years to achieve this requirement. Shares counting towards the achievement of the guideline include beneficially owned shares (including shares held by connected persons) and the net of tax value of deferred shares which are subject to continued employment only. The Executive Directors are expected to retain all shares received through the vesting of any incentive schemes (after the settlement of any tax liability) until the shareholding requirements are met.

Using the Company's closing share price of €1.104 on 31 March 2021, compliance with these requirements as at 31 March 2021 is illustrated in the graph below. The CEO has met his shareholding requirement and the CFO continues to build his shareholding towards the requirement.



1. Represents beneficially owned shares as well as annual bonus deferred share awards (of which 52% is deducted to cover statutory deductions).
2. Represents the 2019 and 2020 LTIP awards which are subject to ongoing performance.

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

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

The table sets out the number of shares beneficially owned by the Executive Directors at the beginning and end of the financial year, and the impact on the value of these shares taking the opening and closing price for the year.

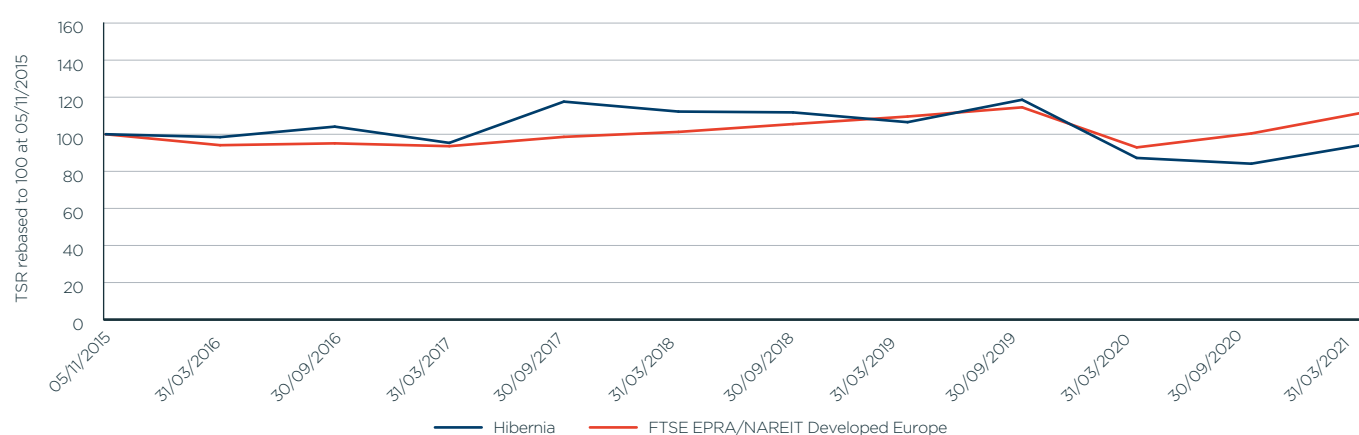
Director	2021 single figure €'000	Shares held at the start of the year '000	Shares held at the end of the year '000	Value of shares at start of year €'000 ¹	Value of shares at end of year €'000 ²	Difference €'000
CEO, Kevin Nowlan	1,055	7,902	7,902	8,392	8,724	332
CFO, Thomas Edwards-Moss	804	256	384	272	424	152

1. Based on a closing share price on 31 March 2020 of €1.062.
2. Based on a closing share price on 31 March 2021 of €1.104.

Other pay comparisons used by the Committee

Total Shareholder Return

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



CEO remuneration table

The table below indicates the total single figure remuneration for the CEO since 2016 together with the annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity.

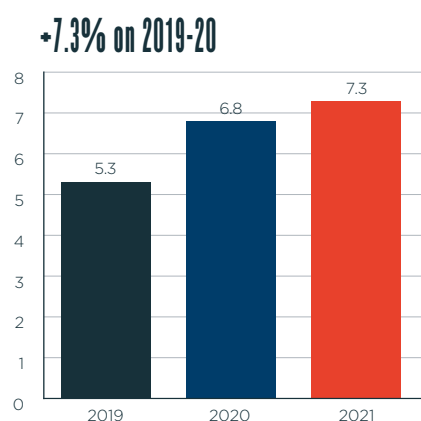
CEO	2016	2017	2018	2019	2020	2021
CEO Single figure total remuneration (€'000) ¹	125	364	367	731	1,081	1,055
Annual bonus payout (% of maximum) ²	-	-	-	28%	80%	75%
LTIP vesting (% of maximum) ³	-	-	-	-	-	-

- The 2016 figure is a part-year figure representing payments from the date of internalisation (5 November 2015) to 31 March 2016.
- For the period up to 26 November 2018, the CEO, Kevin Nowlan, did not receive any variable remuneration as he was compensated under the Internalisation agreement as he was one of the Vendors of the Investment Manager. For the period from 27 November 2018 to 31 March 2019 and thereafter, Kevin Nowlan participated in the annual bonus plan.
- There has been no LTIP vesting yet as the first award under the LTIP was granted in 2019.

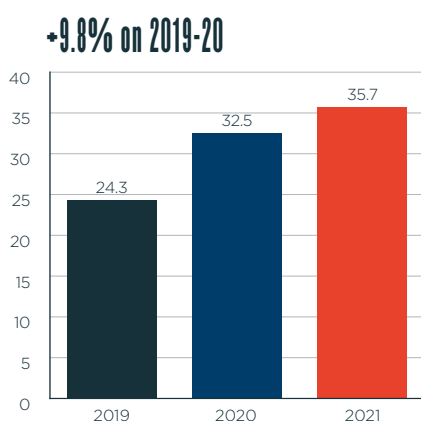
Relative importance of spend on pay

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

Staff costs (€m)



Dividends¹ (€m)



- Represents dividends in respect of the relevant financial year, i.e. the interim dividend paid during the year and the approved or proposed final dividend.

Fairness, diversity, inclusion and wider workforce considerations

Overview of the Committee's process

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

Given the number of employees within the Group, the Committee has always taken a wider view on the matters that it reviews in relation to workforce remuneration and historically has had oversight of wider workforce pay, policies and incentives, which enables it to ensure that the approach to Executive Director remuneration is consistent with that applied to the wider workforce.

The Committee currently receives an annual summary setting out the key details of remuneration changes for the wider workforce and approves the details of changes for the Senior Management Team. The Committee has the authority to ask for additional information from the Group in order to carry out its responsibilities.

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

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

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

REMUNERATION COMMITTEE REPORT CONTINUED

Summary of our current Policy and its implementation in 2021-22 continued

The Committee is aware that the level and type of remuneration offered will vary across employees depending on the employee's level of seniority and the nature of his or her role. The Committee is not looking for a homogeneous approach to remuneration; however, when conducting its review, it pays particular attention to:

- whether the element of remuneration is consistent with the Group remuneration philosophy;
- if there are differences, they are objectively justifiable; and
- whether the approach seems fair and equitable in the context of Hibernia's Senior Management Team and Hibernia's wider workforce.

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

Competitive pay and cascade of incentives

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

Level	No. of employees	Remuneration element	Details
All employees	28	Base salary	Base salary is set with reference to the market and wider workforce considerations. Where salary increases are awarded, all employees will typically receive the same level of increase.
		Benefits and pension	A range of benefits is provided to all our employees. All employees have the opportunity to participate in a health insurance scheme and are entitled to participate in the pension scheme. A set out in the Chairman's letter on page 99, as part of the Policy review process, the Committee reviewed the alignment of Executive Director and wider workforce pension contributions and determined that by the end of 2022, the levels across the workforce will be 10%. This will be achieved by increasing wider workforce level to 10% and decreasing the levels for incumbent Executive Directors to 10%. Executive Directors and employees will also be able to make additional voluntary contributions which will be matched by the Group up to a maximum of 5% of base salary.
		Annual bonus	All employees participate in the bonus plan. Bonus opportunity varies from 60% of salary to 150% of salary across the Group. Employees are set personal objectives and Group performance targets. The balance between personal and Group performance targets is set depending on the employee's ability to influence outcomes.
Executive Directors and Senior Management Team	7	LTIP	The LTIP is for senior employees who have a direct line of sight to the delivery of the Group long-term strategy. Varies from 150% of salary to 200% of salary across the Group. Measures and targets are consistent for all participants.

Workforce engagement

Whilst not specifically consulted on Executive Director remuneration, there are a number of channels of communication available through which employee views on pay may be gathered. In addition, details regarding our Group-wide pay principles and policies, including details regarding the pay policy for Executive Directors (as set out in this report), are communicated to our employees.

Channels of communication with the workforce		
Overview of pay and policy decisions	Regular team meetings and one-to-ones	Designated Non-Executive Director for Workforce Engagement
The Committee is updated on employee remuneration levels across the Group and made aware of significant changes to policies and other pay-related matters.	We have 33 employees below the Executive Directors and, as a result, all our employees have the ability to provide direct feedback to Senior Management on business issues, including but not limited to pay.	A Non-Executive Director (Margaret Fleming) was appointed in 2020 to this role to engage with employees and report back to the Board (see page 37 for details of her work during 2020-21).

Margaret Fleming was appointed to the role of Designated Non-Executive Director for Workforce Engagement in February 2020 in response to changes introduced in the UK Code. Her role is to engage with employees on a wide variety of matters. Despite the pandemic, Margaret implemented this role and she discusses the progress achieved made on page 37 in our stakeholder engagement section.

Diversity, inclusion and equal opportunities

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

Other culture, values and working environment

We have an inclusive and open working environment. Hibernia's culture is based on four core principles:

- Transparency, honesty and fairness;
- Hard-working and flexible;
- Collaborative and inclusive; and
- Taking a long-term perspective but being pragmatic.

Hibernia's culture is underpinned by the following values: passion and creativity; sustainability; hunger and curiosity; safety; and integrity and openness. Further information on our culture and values is set out on page 80. There are a number of policies which we have in place to support our culture and values and further information on these policies is set out on page 81.

Fairness through our supply chain

Having established our Supplier Code of Conduct in 2017, we aim to continue to support our suppliers to adhere to legislation and to embed sustainable practices within their own businesses. Our latest Supplier Code of Conduct, revised in 2021 and which can be found on our website, sets out our expectations that our suppliers support fair pay and working time practices and operate an ethical business policy.

Pay comparisons

As an Irish-incorporated company with no UK employees, Hibernia is not required to disclose details of its CEO pay ratio. However, the Committee felt that it was appropriate to provide such disclosure based on its Irish employees given our commitment to high standards of corporate governance. As Hibernia has 34 employees (excluding the CEO), the Committee has focused its disclosure on the CEO pay ratio to the median employee. The ratio of the CEO's total single figure of remuneration to the median employee's full-time equivalent total pay and benefits is detailed in the table below:

Financial year	Option used	50th percentile ratio (median)
31 March 2021	A	8:1
31 March 2020	A	9:1

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

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

- The calculations include all individuals who were employed by the Group on 31 March 2021.
- Salary and benefits data have been included on a full-time equivalent basis and no elements of pay have been omitted.
- Values for salary, pension contributions and the majority of benefits were determined with reference to the financial year to 31 March 2021, adjusted to reflect full year-equivalent total pay and benefits for employees joining during the financial year.
- Values for employee bonuses (excluding the CEO) reflect the prior year value, as 2021 employee bonuses had not been finalised and communicated at the time of preparing this calculation.
- Benefits for employees include health insurance, pension, car allowances and life and disability insurance (data for the latter is based on the prior year value).
- The total pay and benefits figure for the median employee is €132,310.
- Our CEO's remuneration package includes a higher proportion of performance-related pay than that of our wider workforce employees, to reflect the nature of his role and the expectations of our shareholders. This introduces a higher degree of variability in his pay each year, which will affect the ratio.
- The first LTIP award may vest in 2022 (subject to performance outcomes) and therefore, the 2021 ratio does not include a value in respect of the LTIP. To the extent that LTIP awards vest, the value of these awards will be included from 2022 onwards. This will introduce a further degree of variability to the ratio, because

the LTIP is provided in shares, and therefore movements in the share price over the three-year performance period will affect the vesting value of the LTIP and hence the resulting pay ratio.

- We recognise that the ratio is driven by the different remuneration structure of our CEO versus that of our wider workforce. The Committee recognises that the ratio varies between businesses even those operating in the same sector as Hibernia. What is important from our perspective is that this ratio is influenced only by the differences in remuneration structure and not by divergence in fixed pay between the CEO and our wider workforce.
- The ratio between groups where the structure of remuneration is similar (e.g. for the Executive Committee compared to the CEO) is much more stable over time.

Annual report on remuneration for the financial year ended 31 March 2021

The 2021 annual report on remuneration contains details of how the Company's Policy for Directors was implemented during the financial year ended 31 March 2021. As an Irish-incorporated company, Hibernia is not subject to the UK Directors' Remuneration Reporting Regulations though it is subject to the European Union Shareholder Rights Directive II as implemented under Irish law. Following the implementation of the Shareholder Rights Directive into Irish law we reviewed our remuneration reporting to ensure compliance. An advisory ordinary resolution to approve this report and the Annual Statement will be put to shareholders at the AGM.

REMUNERATION COMMITTEE REPORT CONTINUED

Annual report on remuneration for the financial year ended 31 March 2021 continued

Single total figure of remuneration for Executive Directors (audited)

Director	Financial year ended 31 March	Base salary €'000	Taxable benefits €'000	Pension €'000	Annual bonus €'000	Other €'000	Total €'000	Total fixed pay %	Total variable pay %
Kevin Nowlan, CEO	2021	450	33	68	504	-	1,055	52%	48%
	2020	450	23	68	540	-	1,081	50%	50%
Thomas Edwards-Moss, CFO	2021	340	32	51	381	-	804	53%	47%
	2020 ¹	337	34	51	408	-	830	51%	49%

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

Bonus outcomes for 2021 (audited)

For 2021, the CEO and the CFO both had a maximum bonus opportunity of 150% of salary. The overall outcome was 75% of maximum for both the CEO and the CFO, respectively. Of this, 54% relates to the achievement of financial objectives and 21% relates to the achievement of strategic and operational objectives. This gave rise to a bonus equal to 112% of salary for both the CEO and the CFO. One-third of the Executive Directors' bonus is deferred into shares for three years. The tables table on page 100 provides full information on the financial performance conditions and targets, their level of satisfaction and the corresponding bonus earned.

The Executive Directors' strategic and operational objectives reflect the priorities for the business during 2021. A summary of each of the Executive Directors' objectives, together with key achievements and the Committee's determination, is shown in the table below.

CEO, Kevin Nowlan

Objectives	Key achievements	Committee determination
Grow rental income and, where possible, WAULTs to drive dividends per share.	Net rental income increased by 8% to €63.3m with dividends increased by 13.7% to 5.4c. In-place office WAULT decreased by 9% to 5.8 years.	Substantially met.
Complete 2 Cumberland Place and work to optimise development pipeline to maximise risk-adjusted returns for shareholders (e.g. optimising clusters, progressing re-zonings).	The COVID-19 pandemic delayed completion of 2 Cumberland Place. Full planning permissions in place for Clanwilliam and Harcourt Square and will increase clustering to 65% of office assets.	The completion of 2 Cumberland Place was progressed to the fullest extent possible under COVID-19 restrictions. Other objectives were fully met.
Continue to recycle capital and make selective investments to enhance Group returns.	Capital invested into bolt-on acquisitions (€11m) and capital expenditure (€17m). Second, accretive €25m share buyback completed.	Fully met.
No material breaches of corporate governance, regulatory, tax and banking requirements.	Full compliance with all requirements and no material breaches.	Fully met.
Leadership and management.	The Senior Management Team has continued to perform well during the year with good engagement from all members. Ger Doherty appointed as Director of Development following retirement of Mark Pollard. Our annual staff survey demonstrated that staff morale is very good. Very positive staff feedback on dealing with pandemic consequences. Other ESG objectives (tenant survey, community/charity/employee and supplier initiatives, stakeholder engagement).	Fully met.
Continue the development of Hibernia's sustainability strategy. Continue to improve the environmental efficiency of the portfolio.	Public commitment to become a net zero carbon business by 2030 and align with TCFD recommendations by 2022. Sustainability Statement of Intent issued in April 2021. Real-time energy consumption monitoring system installed and operating in our managed in-place offices and four-star GRESB rating received. The pandemic reduced the opportunities for social and charitable initiatives.	Good progress continues to be made in these areas and positive feedback was received from shareholders.

CFO, Thomas Edwards-Moss

Objectives	Key achievements	Committee determination
Deliver best in class reporting in terms of financial and sustainability reporting to stakeholders.	EPRA Gold awards received for Financial and Sustainability reporting. Achieved four star GRESB rating for the first time and a B- rating in our inaugural CDP submission.	Met, with further progress expected.
Rigorous control of costs and proactive rent and service charge collection.	Administrative expenses reduced by 1.4% over FY20. 99% of rent due in FY21 either collected or on agreed payment terms and a similar start to FY22.	Fully met.
Effective capital management through balance sheet efficiency, capital availability and maintaining diverse sources of funding.	Maintained strong balance sheet with LTV of 19.5% at March 2021. In April 2021 agreed to issue €125m of new 10- and 12- year USPP notes at below the existing cost of debt, further diversifying sources of funding and increasing available capital.	Fully met.
Help reduce share price discount to NAV. Investor targeting.	Some progress made in reducing discount to NAV in the financial year. Executed accretive €25m share buyback programme. Some progress made with converting key investor targets to become shareholders.	Met, with further progress expected.
No material breaches of corporate governance, regulatory, tax and banking requirements.	Full compliance with all requirements and no material breaches. Engaged with Department of Finance regarding the tax changes made in Budget 2020.	Fully met.
Leadership and management of the Finance Team.	The Finance Team has continued to develop and is working well with other teams. There was no turnover in the Finance Team. Positive feedback from our annual staff survey.	Good progress continues to be made.
Continue the development of Hibernia's sustainability strategy. Continue to improve the environmental efficiency of the portfolio. Other ESG objectives (tenant survey, community/charity/employee and supplier initiatives, stakeholder engagement).	Sustainability Statement of Intent launched in April 2021. Further reductions in energy consumption / GHG emissions achieved in the financial year. Sustainability awards/ratings as mentioned above.	Good progress continues to be made in these areas and positive feedback was received from shareholders.

LTIP (audited)

No LTIP awards vested during the financial year. The following LTIP awards are outstanding:

Director	Basis of award	Date of grant	Number of conditional shares	Face value per share ¹	Face value of LTIP
CEO, Kevin Nowlan	200% of salary	31 July 2019	585,176	€1.538	€900,000
	200% of salary	29 July 2020	807,899	€1.114	€900,000
CFO, Thomas Edwards-Moss	200% of salary	31 July 2019	442,133	€1.538	€680,000
	200% of salary	29 July 2020	610,412	€1.114	€680,000

1. This represents the share price on the day prior to grant date.

The performance conditions for the LTIP awards granted to the Executive Directors on 29 July 2020 are set out below. Performance will be measured over a three-year period up from 1 April 2020 to 31 March 2023.

Performance measure	Weighting (as % of maximum opportunity)	Threshold vesting (20%) ¹	Maximum vesting (100%) ¹
Relative TSR Assessment of TSR will be against companies in the EPRA/NAREIT ² Developed Europe Index	33.3%	Median	Upper quartile
Relative TPR TPR will be compared to the MSCI Ireland Index excluding Hibernia	33.3%	Equal to index	Equal to index + 1.5% p.a.
TAR per share Growth in TAR will be assessed against three-year targets based on a compound annual growth rate	33.3%	151.0c	184.05c

- Straight-line interpolation between threshold and maximum.
- NAREIT: National Association of Real Estate Investment Trusts.

Deferred shares under the annual bonus plan (awards granted during the year subject to a three-year service condition) (audited)

Director	Relating to financial year	Date of grant	Number of conditional shares	Face value per share ¹	Face value of deferred shares
CEO, Kevin Nowlan	2020	10 June 2020	169,492	€1.066	€180,678
CFO, Thomas Edwards-Moss	2020	10 June 2020	128,060	€1.066	€136,512

1. This represents the share price on the day prior to grant date, i.e. 9 June 2020.

REMUNERATION COMMITTEE REPORT CONTINUED

Annual report on remuneration for the financial year ended 31 March 2021 continued

Single figure remuneration table for Non-Executive Directors (audited)

The remuneration of Non-Executive Directors with comparative figures for the prior year is shown below. No payments other than fees were made.

Director	Basis	Total fees 2021 €'000	Total fees 2020 €'000
Daniel Kitchen	Chair of the Board	150	150
Colm Barrington	Non-Executive Director, Senior Independent Director and Remuneration Committee Chair	85	85
Roisín Brennan	Non-Executive Director	60	60
Margaret Fleming	Non-Executive Director	60	12
Stewart Harrington	Non-Executive Director and Investment Committee Chair	70	70
Grainne Hollywood	Non-Executive Director and Development Committee Chair	70	28
Terence O'Rourke	Non-Executive Director and Audit Committee Chair	70	70
Frank Kenny ¹	Non-Executive Director	20	60

1. Frank Kenny retired from the Board on 29 July 2020.

Annual change in pay for Directors and employees

The table below sets out the annual change in Director's remuneration from the previous year compared to the average annual change in remuneration for all other employees. The notes beneath this table describe how we have calculated the year-on-year change.

	Total remuneration 2021 €'000	Total remuneration 2020 €'000	Year on year change (%)
Executive Directors			
CEO, Kevin Nowlan	1,055	1,081	-2%
CFO, Thomas Edwards-Moss	804	830	-3%
Non-Executive Directors			
Chair, Daniel Kitchen	150	150	-
Senior Independent Director, Colm Barrington	85	85	-
Roisín Brennan	60	60	-
Margaret Fleming ¹	60	12	+80%
Steward Harrington	70	70	-
Grainne Hollywood ²	70	28	+53%
Frank Kenny ³	20	60	-200%
Terence O'Rourke	70	70	-
Wider workforce			
Employees ⁴	192	183	+4.7%
TSR performance⁵			+8.6%

1. Margaret Fleming joined the Board on 20 January 2020.

2. Grainne Hollywood joined the Board on 5 November 2019.

3. Frank Kenny retired from the Board on 29 July 2020.

4. Based on average total remuneration for individuals employed by Hibernia REIT plc only. Estimated bonuses have been used for employees in 2021 based on the 2020 bonus as at the time of preparing this calculation, 2021 outcomes for employees below Executive Directors had not been finalised and communicated.

5. TSR performance for the period 31 March 2020 to 31 March 2021.

Statement of Directors' shareholdings

Directors' share interests are set out below:

Director	31 March 2021 beneficially owned ¹	Total interests subject to performance conditions ²	Total interests not subject to performance conditions ³	% of share capital (2021) ⁴	% of share capital (2020)	1 April 2020 beneficially owned ⁵
Kevin Nowlan (CEO)	7,902,227	668,676	177,332	1.32	1.20	7,902,227
Thomas Edwards-Moss (CFO)	383,599	505,222	180,367	0.16	0.09	255,933
Daniel Kitchen	100,371	n/a	n/a	0.02	0.01	100,371
Colm Barrington	1,100,000	n/a	n/a	0.17	0.16	1,100,000
Roisin Brennan	63,777	n/a	n/a	0.01	0.01	63,777
Margaret Fleming	80,000	n/a	n/a	0.01	-	-
Stewart Harrington	226,759	n/a	n/a	0.03	0.03	219,571
Grainne Hollywood	-	n/a	n/a	-	-	-
Frank Kenny ⁶	8,029,773	n/a	n/a	1.21	1.17	8,029,773
Terence O'Rourke	165,886	n/a	n/a	0.03	0.02	160,628
Sean O'Dwyer (Company Secretary)	222,810	163,825	73,988	0.07	0.05	191,874

- Beneficial interests include shares held directly or indirectly by connected persons at 31 March 2021 or at date of retirement, if earlier.
- Include grants under the LTIP made in July 2019 and July 2020 in the form of conditional shares. The maximum interests are shown net of tax.
- Total interests not subject to performance conditions include deferred shares (shown net of tax), subject to continued employment condition. The interests included are deferred shares under the 2019 annual bonus, the 2020 annual bonus and the 2021 bonus.
- Percentage of share capital is calculated as beneficially owned shares plus total interests subject to performance and service conditions divided by the Company's share capital at 31 March 2021 or at date of retirement.
- Or date of appointment if later.
- Frank Kenny retired from the Board on 29 July 2020.
- There are no share options held by Directors.

On 22 April 2021 45,414 shares were issued to Thomas Edwards-Moss pursuant to the settlement of performance related remuneration in respect of the financial year ended 31 March 2019. Other than this there were no movements in Directors' shareholdings between 31 March 2021 and the date of this report.

Additional disclosures

Payments to past Directors (audited)	None.
Payments for loss of office (audited)	None.
Statement of implementation of Policy for the year ended 31 March 2021	See pages 101 to 102
External appointments for Executive Directors	Kevin Nowlan is Chair of ULI Ireland. Other than this, there are none.
Derogations and deviations from the Policy	None.

Statement of shareholder voting

	2020 Annual Report on Remuneration		2018 Directors' Remuneration Policy	
	Votes cast	(%)	Votes cast	(%)
For	464,560,923	99.05%	515,896,303	94.10%
Against	4,436,067	0.95%	32,356,441	5.90%
Withheld	-	-	4,100	-

Proposed 2021 Directors' Remuneration Policy

Overview of the Policy

Under the Shareholders' Rights Directive, which was transposed into Irish Law in March 2020, Hibernia is not obliged to submit its Policy to shareholders for a non-binding advisory vote until the 2022 Annual General Meeting. However consistent with the Group's commitment to comply with corporate governance best practice and our existing three-year cycle, a new Policy will be brought to shareholders at the 2021 AGM. This section outlines the Directors' Remuneration Policy which will be put to a non-binding advisory vote at the AGM to be held on 27 July 2021 and will take effect from the date of the meeting.

The Policy has been reviewed by the Committee against the overarching remuneration principles of the Group (including Provision 40 of the UK Code) and has taken into account market best practice. The Committee has considered the views of a variety of stakeholders including shareholders and external bodies and considered the pay and conditions of employees in developing the Policy.

The Committee has established the Policy on the remuneration of the Executive Directors and the Chair. The Board has established the Policy on the remuneration of the other Non-Executive Directors; in order to mitigate against any conflicts of interests, no Director is present when their own remuneration is discussed.

REMUNERATION COMMITTEE REPORT CONTINUED

Proposed 2021 Directors' Remuneration Policy continued

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

<p>Simplicity and transparency</p> <p>Remuneration should be simple and transparent in terms of design and communication to internal and external shareholders</p>	<p>Long-term shareholder alignment</p> <p>Remuneration outcomes should mirror the stakeholder experience over the long term</p>	<p>Pay-for-performance</p> <p>Remuneration outcomes should be clearly linked to the delivery of superior corporate results</p>	<p>Market competitiveness</p> <p>The remuneration opportunity provided should be fair and competitive against companies of a similar size, scope and complexity with a strong emphasis on variable elements</p>	<p>Flexibility</p> <p>Remuneration should be able to support potential changes in business priorities over time</p>
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Provision 40 of the UK Code

The table below sets out how the proposed Policy addresses factors in Provision 40 of the UK Code, the objective of which is to ensure the remuneration operated by the Group is aligned to all stakeholder interests including those of shareholders.

Factor	How our Remuneration Policy aligns
Clarity	Hibernia's performance-related remuneration is based on supporting the implementation of the Group's strategy measured through KPIs which are used for the annual bonus and LTIP. This provides clarity to all stakeholders on the relationship between the successful implementation of the Group's strategy and the remuneration paid.
Simplicity	Hibernia operates a market standard approach to remuneration which is familiar to all stakeholders and aligned with best practice in Ireland and the UK.
Risk	<p>The Policy mitigates against the risk of target-based incentives by:</p> <ul style="list-style-type: none"> • Limiting the maximum value that can be earned; • Deferring the value in shares for the long term which helps ensure that the performance earning the award was sustainable and thereby discouraging short-term behaviours; • Aligning any reward to the agreed strategy of the Group; • Ensuring that the use of an LTIP supports a focus on the sustainability of the performance over the longer term; • Reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate; and • Reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Group.
Predictability	Shareholders are given full information on the potential values which could be earned under the incentive plans prior to approval. In addition, all the checks and balances set out above under 'Risk' were disclosed at the time of shareholder approval.
Proportionality	The Group's incentive plans clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors and employees have a strong drive to ensure that the performance is sustainable over the long term. Furthermore, the Committee has overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance.
Alignment to culture	<p>A key tenet of Hibernia's culture is a focus on ensuring long-term sustainable performance. This is reflected directly in the type of performance conditions used in Hibernia's incentive plans which assess sustainable performance using a variety of non-financial and financial measures and through the use of share-based remuneration.</p> <p>The focus on share ownership and long-term sustainable performance is also a key part of the Group's culture. In addition, the measures used in the incentive plans support directly the implementation of the strategy.</p>

Consideration of shareholder views

As set out on page 99, the Committee engaged with its major shareholders representing c.60% of its issued share capital and Glass Lewis and ISS on the proposed changes to the Directors' Remuneration Policy. The feedback from shareholders and Glass Lewis and ISS was positive and they were supportive of the changes proposed and the supporting rationale and as a result, no changes were made to the original Policy proposed.

In general, the Committee engages proactively with the Group's major shareholders and is committed to maintaining an open dialogue. The Committee reviews any feedback received from shareholders as a result of the AGM process and carefully considers voting outcomes on remuneration-related resolutions. Committee members are available to answer questions at the AGM and throughout the rest of the year. The Committee also takes into consideration the latest views of investor bodies and their representatives.

Consideration of wider employee pay policies and employee views

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

Given the number of employees within the Group, the Committee has always taken a wider view on the matters that it reviews in relation to workforce remuneration and historically has had oversight of wider workforce pay, policies and incentives, which enables it to ensure that the approach to Executive Director remuneration is consistent with that applied to the wider workforce and that it is designed to support the desired culture and values of the Group. The key difference is that, overall, the remuneration framework for the Executive Directors is more heavily weighted towards variable pay compared to other employees. Whilst not specifically consulted on Executive Director remuneration, there are a number of channels of communication available to all our employees to gather their feedback as outlined on page 108.

We have a section in this report about 'Fairness, diversity, inclusion and wider workforce considerations' (see pages 107 to 109). This section sets out the steps we take to make sure that our pay and reward framework is transparent across the Group in a way that is meaningful and useful. This section also includes more information on the cascade of remuneration, our wider workforce pay policies and our CEO pay ratio disclosure.

Executive Directors' Remuneration Policy table

Base salary	
Element, purpose and link to strategy	<p>Provides the basis for the overall market remuneration package and takes into account the role and skills of the individual.</p> <p>Salaries are set at a level to ensure the recruitment and retention of high-calibre executives to implement the Group's strategy.</p>
Operation	<p>An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility. Changes will normally be effective from 1 April.</p> <p>When determining an appropriate level of salary, the Committee considers:</p> <ul style="list-style-type: none"> • General salary rises to employees; • Remuneration practices within the Group; • Any change in scope, role and responsibilities; • The general performance of the Group; • The experience of the relevant Director; • The economic environment; and • When the Committee determines a benchmarking exercise is appropriate – salaries within the ranges paid by the companies in the comparator groups used for remuneration benchmarking. <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.</p>
Maximum opportunity	<p>Typically, the base salaries of Executive Directors in post at the start of the Policy period and who remain in the same role throughout the Policy period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The exceptions to this rule may be where:</p> <ul style="list-style-type: none"> • An individual is below market level and a decision is taken to increase base pay to reflect proven competence in role; or • There is a material increase in scope or responsibility to the Executive Director's role. <p>The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to Hibernia and validated against other companies in the industry, so that they are competitive against the market.</p> <p>The Committee intends to review the comparators periodically and may add or remove companies from the group as it considers appropriate. Any changes to the comparator groups will be set out in the section headed 'Implementation of Policy', in the following financial year.</p>
Performance measures	n/a
Changes from the previous Policy	None.

REMUNERATION COMMITTEE REPORT CONTINUED

Proposed 2021 Directors' Remuneration Policy continued

Pension	
Element, purpose and link to strategy	To provide a basis for post-retirement remuneration in line with comparable remuneration packages.
Operation	The Group provides a pension contribution allowance in line with practice relative to its comparators to enable the Group to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy.
Maximum opportunity	The maximum contribution for current Executive Directors is 15% of salary, reducing to 10% of salary by the end of 2022, which will be in line with the rate available to the wider workforce. New Executive Directors will have a pension contribution in line with the wider workforce from the date of their appointment. No element other than base salary is pensionable.
Performance measures	n/a
Changes from the previous Policy	Change to the Policy to align with the UK Code requirement. For incumbent Executive Directors, pensions will be aligned with the wider workforce level which is 10% by the end of 2022. This will be achieved by increasing the wider workforce level to 10% and decreasing the levels for incumbent Executive Directors/Senior Management to 10%. Executive Directors and employees will also be able to make additional voluntary contributions which will be matched by the Group up to a maximum of 5% of base salary.
Benefits	
Element, purpose and link to strategy	To provide a market competitive benefits package.
Operation	<p>Benefits may include:</p> <ul style="list-style-type: none"> • Car allowance; • Health insurance; • Death in service and long-term disability schemes; • Travel insurance; and • Other benefits as provided from time to time, for example where a Director relocates. <p>The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver Group strategy. Additional benefits may therefore be offered such as relocation allowances on recruitment.</p>
Maximum opportunity	The maximum is the cost of providing the relevant benefits.
Performance measures	n/a
Changes from the previous Policy	None.

Annual bonus	
Element, purpose and link to strategy	To incentivise the achievement of annual performance targets that support the Group's short-term key performance indicators as well as providing long-term alignment with shareholders through the operation of bonus deferral.
Operation	<p>Annual bonus awards are decided annually, usually in June. The performance period is one financial year with pay-out determined by the Committee following the year end, based on achievement against a range of financial and non-financial performance targets including having regard to environmental, health and safety issues.</p> <p>Two-thirds of the bonus award will be paid out in cash with the further one-third deferred into shares subject to a three-year vesting period. There are no further performance targets on the deferred amount.</p> <p>Malus and clawback arrangements are in place as set out on page 124. These are compliant with the Code and in line with corporate governance best practice.</p>
Maximum opportunity	<p>Maximum bonus opportunity is 150% of salary.</p> <p>Threshold performance will result in a bonus equal to 20% of maximum.</p> <p>On-target performance will result in a bonus equal to 50% of maximum.</p> <p>Participants may be entitled to dividends or dividend equivalents on the deferred shares representing the dividends paid during the deferral period.</p>
Performance measures	<p>Performance targets will be set by the Committee annually based on a range of financial and strategic measures, including but not limited to:</p> <ul style="list-style-type: none"> • Relative Total Property Return; • Total Accounting Return; • EPRA earnings; and • Strategic and Operational Objectives. <p>The specific measures, targets and weightings may vary from year to year in order to align with the Group's strategy. The measures will be dependent on the Group's goals over the year under review and directly link to the key measurable strategic milestones to incentivise Executive Directors to focus on the execution of the strategy. The performance targets are calibrated each year to align with the strategic plan. At least 50% of the awards will be linked to financial measures.</p> <p>The actual performance targets set are not disclosed at the start of the financial year, as they are considered to be commercially sensitive. These will be reported and disclosed retrospectively at the end of the year in order for shareholders to assess the basis for any bonus outcomes.</p>
Changes from the previous Policy	Inclusion of corporate failure as a trigger for malus and clawback provisions.

REMUNERATION COMMITTEE REPORT CONTINUED

Proposed 2021 Directors' Remuneration Policy continued

LTIP	
Element, purpose and link to strategy	To incentivise the achievement of long-term sustainable shareholder return through the delivery of key financial performance indicators.
Operation	<p>Under the LTIP, the Committee may award annual grants of performance share awards in the form of conditional awards or nil cost options (LTIP awards) on an annual basis.</p> <p>The performance period of LTIP awards is three years – awards will vest three years from the date of grant subject to the achievement of the performance measures.</p> <p>A two-year holding period will apply following the three-year vesting period for LTIP awards granted to the Executive Directors.</p> <p>Malus and clawback arrangements are in place as set out on page 124. These are compliant with the UK Code and in line with corporate governance best practice.</p>
Maximum opportunity	<p>Maximum LTIP awards are 200% of base salary.</p> <p>Threshold performance: 20% of maximum.</p> <p>Vesting is dependent on service and performance measures.</p> <p>Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the performance period on vested LTIP awards.</p>
Performance measures	<p>Performance targets will be set by the Committee annually based on a range of financial and strategic measures, including but not limited to:</p> <ul style="list-style-type: none">• Relative Total Property Return compared to the MSCI Ireland Index excluding the Hibernia;• Relative Total Shareholder Return compared to constituents of the EPRA/NAREIT Developed Europe Index;• Total Accounting Return per share; and• Measures relating to the Group's long-term ESG strategy. <p>The Committee will review and set weightings and targets before each grant to ensure they remain appropriate and align with the Group's strategy. The performance targets are calibrated for each LTIP award to align with the strategic plan.</p> <p>The Committee may change the balance of the measures, or use different performance measures for subsequent awards, as appropriate. No material change will be made to the type of performance measures without prior shareholder consultation.</p> <p>The Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year.</p>
Changes from the previous Policy	No substantial changes. The performance measures have been updated to reflect that in the future performance measures may be included relating to the Group's sustainability strategy and corporate failure has been included as a trigger for malus and clawback provisions.

Selection of performance measures and link to the Group's strategy

The Committee carefully considers the performance measures for the annual bonus and the LTIP in the context of the long-term strategy and selects financial and non-financial measures which support the Group's focus on income growth, asset improvement, portfolio management, delivery of developments and capital discipline in a way that is aligned to the Group's ESG strategy. In addition, the Committee seeks to combine the use of absolute and relative measures to focus Executive Directors and the Senior Management Team on both outperformance of the strategic plan and industry benchmarks. Page 38 sets out the Group's KPIs and how their satisfaction is supported by the Group's incentive framework.

Operation of the incentive plans

The Committee will operate all incentive plans according to the rules of each respective plan and the discretions contained therein. The discretions cover aspects such as the timing of grant and vesting of awards, determining the size of the award (subject to the Policy limits), the treatment of leavers, retrospective adjustment of awards (e.g. for a rights issue, a corporate restructuring or for special dividends) and, in exceptional circumstances, the discretion to adjust previously set targets for an incentive award if events happen which cause the Committee to determine that it would be appropriate to do so. In exercising such discretions, the Committee will take into account generally accepted market practice, best practice guidelines, the provisions of the Listing Rules and the Group's approved Policy.

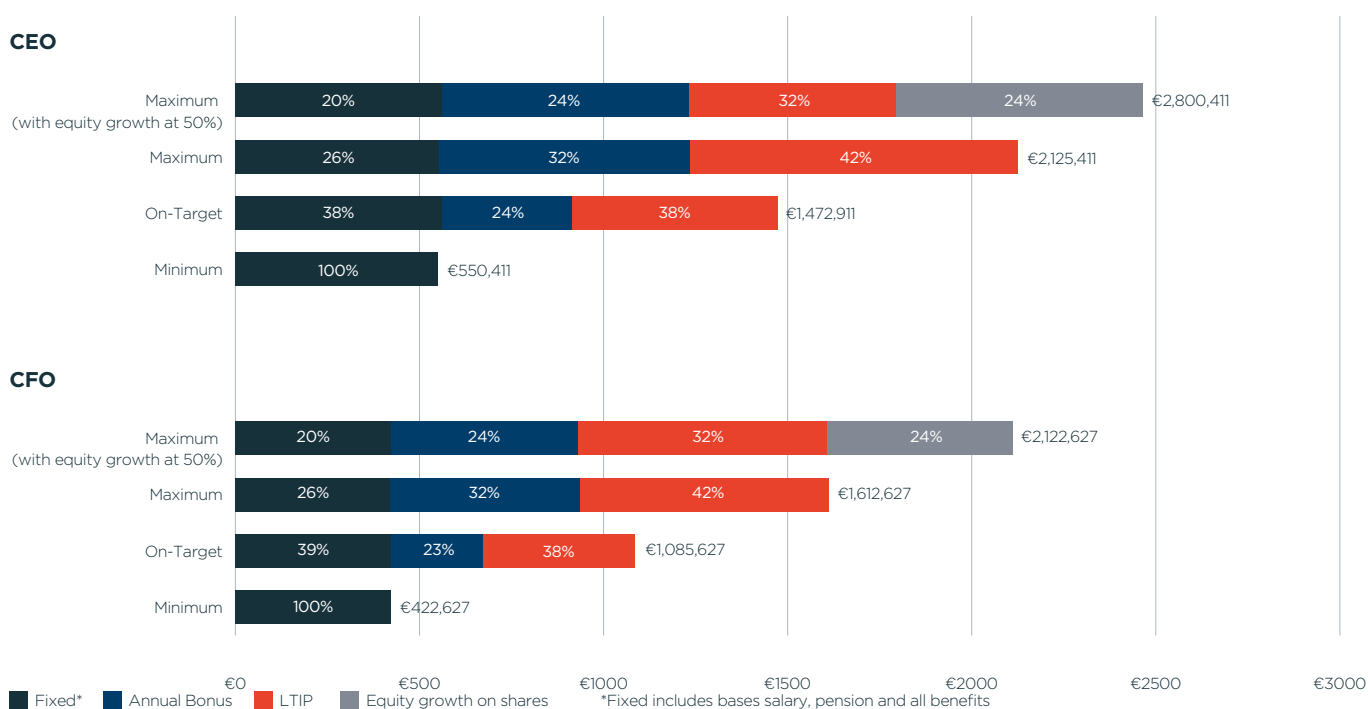
In exceptional circumstances the Committee retains the discretion to:

- Change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; and
- Make downward or upward adjustments to the amount of bonus or LTIP earned resulting from the formulaic application of the performance measures and targets, if the Committee believes that the bonus or LTIP outcomes are not a fair and accurate reflection of business performance.

Cessation of employment and change of control provisions apply as set out on pages 121 to 123.

Remuneration scenarios

The charts below provide an indication of the potential remuneration for each element of remuneration for each of the two Executive Directors under various scenarios. The elements of remuneration have been categorised into three components: fixed; annual bonus (including deferred bonus); and LTIP.



Notes

1. All numbers are in €'000.
2. The minimum scenario reflects fixed remuneration of salary, pension and benefits only as the other elements are linked to future performance. Base salary is current base salary effective 1 April 2021.
3. Benefits are as shown in the single figure remuneration table for the year to 31 March 2021 on page 100.
4. The on-target scenario reflects fixed remuneration as above plus 50% of the maximum annual bonus opportunity and 60% vesting for the LTIP awards. The maximum scenario reflects the fixed remuneration plus the maximum pay-out of all other incentive arrangements.
5. The maximum scenario includes an additional bar which shows the impact of 50% share price growth on the LTIP over the relevant performance period in line with the remuneration reporting regulations. This is determined based on a 50% increase in the face value of the LTIP grant.
6. For incumbent Executive Directors, pensions will be aligned with the wider workforce level by the end of 2022. The value of pensions in the graph reflects the pension contributions for the Executive Directors in the first year of the proposed Policy.

REMUNERATION COMMITTEE REPORT CONTINUED

Proposed 2021 Directors' Remuneration Policy continued

Minimum shareholding requirements	
Element, purpose and link to strategy	In line with the Group's remuneration principles, the minimum shareholding requirements aim to align the interests of Executive Directors with those of shareholders over the long term.
Operation	<p>The Committee has adopted formal shareholding requirements that will encourage the Executive Directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of salary. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned. The minimum shareholding requirement for Executive Directors is 350% of salary.</p> <p>These requirements will continue to apply for two years post employment in the form of a post-employment shareholding requirement ("PESR"). The PESR will apply to all share plan awards granted following the approval of the 2021 Policy. Shares purchased by the Executive Director will not be included, nor will beneficially owned shares prior to the implementation of this Policy. The enforcement mechanism for the PESR will be facilitated via nominee accounts.</p>
Maximum opportunity	n/a
Performance measures	n/a
Changes from the previous Policy	A PESR will be introduced in line with the UK Code.

Recruitment policy

The Group's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the current Executive Directors. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any award.

The Group's detailed policy when setting remuneration for the appointment of new Directors is summarised below:

Recruitment policy	
Salary, benefits and pension	These will be set in line with the policy for existing Executive Directors.
Annual bonus	The Executive Director will be eligible to participate in the annual bonus scheme as set out in the Policy table. The maximum level of variable remuneration that may be offered is 150% of base salary consistent with that of existing Executive Directors.
LTIP	The Executive Director will be eligible to participate in the LTIP as set out in the Remuneration Policy table. The maximum level of variable remuneration that may be offered is 250% of base salary in exceptional circumstances for the year of recruitment. The normal maximum award level is 200% of salary.
Maximum variable remuneration	The maximum level of variable remuneration which may be offered in the year of recruitment is 400% of salary. The normal ongoing maximum is 350% of salary. This excludes in both cases the value of any buyouts.
Buy-outs or replacement awards	<p>The Committee's policy is not to provide replacement awards as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a replacement award, the value of any incentives that will be forfeited on cessation of an Executive Directors' previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> • The proportion of the performance period completed on the date of the director's cessation of employment; • The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • Any other terms and conditions having a material effect on their value ("lapsed value"). <p>The Committee may then grant a replacement award up to the equivalent value as the lapsed value where possible under the Group's incentives plans. Where the circumstances are such that this is not possible a bespoke arrangement may be used including in accordance with LR 6.4.2 of the Listing Rules of Euronext Dublin.</p>
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from his/her normal residence, the Group may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance, disturbance allowances and schooling.
Internal promotions	In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to the terms on which it was originally granted. These would be disclosed to shareholders in the Remuneration Report for the relevant financial year.
Changes from the previous Policy	None

Legacy arrangements

The Committee reserves the right to honour any remuneration payments or awards, notwithstanding that they are not in line with the Policy set out above where the terms of the payment or award were agreed before the Policy came into effect. Such payments or awards will be set out in the 'Annual report on remuneration' for the relevant year.

Cessation of employment

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Group while complying with contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

REMUNERATION COMMITTEE REPORT CONTINUED

Proposed 2021 Directors' Remuneration Policy continued

Treatment on cessation of employment	
General	<p>The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising regarding the termination of an Executive Director's office or employment.</p>
Salary, benefits and pension	<p>These will be paid over the notice period. The Group has discretion to make a lump sum payment in lieu.</p>
Annual bonus – cash awards	<p>Good leaver reason Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.</p> <p>Other reason No bonus will be payable for year of cessation.</p> <p>Discretion The Remuneration Committee has the following elements of discretion:</p> <ul style="list-style-type: none">• To determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders.• To determine whether to pro-rate the bonus for time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.
Annual bonus – deferred share awards	<p>Good leaver reason All subsisting deferred share awards will vest.</p> <p>Other reason Lapse of any unvested deferred share awards.</p> <p>Discretion The Committee has the following elements of discretion:</p> <ul style="list-style-type: none">• To determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders.• To vest deferred shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation.• To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will determine whether or not to pro-rate based on the circumstances of the Executive Director's departure.
LTIP	<p>Good leaver reason Pro-rated for time and performance in respect of each subsisting LTIP award.</p> <p>Other reason Lapse of any unvested LTIP awards.</p> <p>Discretion The Committee has the following elements of discretion:</p> <ul style="list-style-type: none">• To determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders.• To measure performance over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation.• To vest the LTIP award at the end of the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation.• To determine whether the holding period will apply including whether in full or in part.• To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will pro-rate awards for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.
Changes from the previous Policy	<p>None.</p>

Definition of 'good leaver'

A good leaver reason is defined as cessation in the following circumstances:

- Death;
- Ill-health;
- Injury or disability;
- Redundancy;
- Retirement (in agreement with the Group);
- Employing company ceasing to be a Group company;
- Transfer of employment to a company which is not a Group company; or
- Any reason, permitted by the Committee in its absolute discretion in any particular case except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal.

Change of control

Treatment on change of control	
Annual bonus – cash awards	<p>Pro-rated for time and performance to the date of the change of control.</p> <p>The Committee has discretion regarding whether to pro-rate the bonus for time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.</p> <p>Subsisting deferred share awards will vest on a change of control.</p> <p>The Committee has discretion regarding whether to pro-rate the awards for time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.</p>
Annual bonus – deferred share awards	<p>Subsisting deferred share awards will vest on a change of control.</p> <p>The Committee has discretion regarding whether to pro-rate the awards for time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.</p>
LTIP	<p>The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance.</p> <p>The Committee has discretion regarding whether to pro-rate the LTIP awards for time. The Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.</p>
Changes from the previous Policy	None.

REMUNERATION COMMITTEE REPORT CONTINUED

Proposed 2021 Directors' Remuneration Policy continued

Malus and clawback

Malus and clawback	
Annual bonus - cash awards	Malus will apply up to the date of bonus determination and clawback will apply for a period of two years post bonus payment.
Annual bonus - deferred share awards	Malus will apply during the share deferral period.
LTIP	Malus will apply during the vesting period and clawback will apply for a period of two years post vesting.
Changes from the previous Policy	Inclusion of corporate failure as a trigger for malus and clawback provisions.

The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited financial statements of the Group or Company.
- The assessment that any performance condition or condition in respect of the annual bonus or LTIP award was based on error, or inaccurate or misleading information.
- The discovery that any information used to determine the Group annual bonus or LTIP award was based on error, or inaccurate or misleading information.
- Action or conduct of a participant which amounts to fraud or gross misconduct.
- Events or the behaviour of a participant have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of the Group or Company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.
- Where, as a result of an appropriate review of accountability, the Remuneration Committee determines that the Executive Director has caused wholly or in part a corporate failure of the Company.

Service contracts for Executive Directors

When setting notice periods, the Committee has regard to market practice and corporate governance best practice. The table below summarises the service contracts for Executive Directors. The Executive Directors' contracts are available for shareholders to view at the AGM. Executive Director contracts are subject to rolling terms.

Director	Date of contract	Notice period
Kevin Nowlan (CEO)	27 November 2018	6 months
Thomas Edwards-Moss (CFO)	30 June 2019	6 months

In accordance with the requirements of the UK Code each of the Executive Directors submits themselves for re-election each year.

External appointments

Executive Directors are permitted to accept external, non-executive appointments with the prior approval of the Board where such appointments are not considered to have an adverse impact on their role within the Group. Kevin Nowlan is currently Chair of ULI Ireland. Thomas Edwards-Moss currently has no external appointments.

Non-Executive Directors' Policy table

Non-Executive Directors are paid fees at a level sufficient to attract individuals of the calibre and qualifications required to manage the business of the Group effectively. Fees are set at levels appropriate to the size and complexity of the organisation, the time commitment required, and the qualifications and experience of the individual appointed.

The Group's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors, which is set out below.

Non-Executive Directors	
Element, purpose and link to strategy	Core element of remuneration, set at a level sufficient to attract and retain individuals with appropriate knowledge and experience in organisations of broadly similar size and complexity.
Operation	<p>The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chair's fees.</p> <p>Non-Executive Directors are paid an annual fee and additional fees for the chairing of Committees and the role of Senior Independent Director ("SID"). The Company retains the flexibility to pay fees for the membership of Committees or for other Board duties.</p> <p>In exceptional circumstances, fees may also be paid for additional time spent on the Group's business outside of the normal duties. Fees are normally reviewed annually with any changes generally effective from 1 April and are based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors.</p> <p>Non-Executive Directors do not participate in any variable remuneration or receive any other benefits, other than reasonable expenses incurred and being covered for disability benefits under the Group's insurance whilst travelling on Group business.</p>
Maximum opportunity	<p>The fees for Non-Executive Directors are broadly set at a competitive level against a comparator group of companies of similar size and industry to Hibernia.</p> <p>The Committee intends to review the list of companies each year and may add or remove companies from the group as it considers appropriate. Any changes to the comparator groups will be disclosed in the part of the report setting out the operation of the Policy for the future year.</p> <p>In general, the level of fee increase for the Non-Executive Directors and the Chair will be set taking account of any change in responsibility and the general rise in salaries across employees.</p> <p>The Group will pay reasonable expenses incurred by the Non-Executive Directors and may settle any tax incurred in relation to these.</p>
Performance measures	n/a
Changes from the previous Policy	Clarification that the Group retains the flexibility to pay fees for other Board duties.

REMUNERATION COMMITTEE REPORT CONTINUED

Proposed 2021 Directors' Remuneration Policy continued

Terms of appointment

The Non-Executive Directors do not have service contracts but do have letters of appointment which reflect their responsibilities and commitments see section below entitled 'Letter of appointment for Non-Executive Directors'. Each Independent Non-Executive Director's term of office runs for one year.

Non-Executive Director	Date of contract	Notice period
Daniel Kitchen	August 2013	1 month
Colm Barrington	August 2013	1 month
Roisin Brennan	January 2019	1 month
Margaret Fleming	January 2020	1 month
Grainne Hollywood	November 2019	1 month
Stewart Harrington	August 2013	1 month
Terence O'Rourke	August 2013	1 month

In accordance with the requirements of the UK Code each of the Non-Executive Directors submits themselves for re-election each year.

On behalf of the Committee and the Board.

Colm Barrington

14 June 2021

Directors' Report

The Directors submit their report for the financial year ended 31 March 2021. The strategic report, on pages 2 to 71 is incorporated into the Directors' report by reference. Financial highlights and a discussion thereon can be found on pages 61 to 63 of the strategic report.

Directors' responsibilities

These are set out in the Directors' responsibility statement on page 131 of this report.

Principal activity and business review

The principal activity of the Group is property investment. Further details on the Group's development and performance for the financial year under review are set out in the business review on pages 54 to 60. The principal subsidiary and associate undertakings are listed in note 33.a to the consolidated financial statements and form part of this report.

Results for the financial year

Group results for the financial year are set out in the Group consolidated income statement on page 138. The loss after tax for the financial year ended 31 March 2021 was €25.2m (March 2020: profit of €61.0m), including unrealised losses on investment property of €67.6m (March 2020: unrealised gains of €22.9m). 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 Group's investment property portfolio versus the MSCI Ireland Quarterly Property All Assets Index (excluding Hibernia). In the year, the TPR was -0.2% versus -1.5% for the Index (March 2020: +5.9% versus +4.4%).
- Total Accounting Return ("TAR"): Measures the absolute growth in the Group's EPRA NTA per share plus any ordinary dividends paid during the period. In the year TAR was -0.9% (March 2020, based on EPRA NAV: +5.6%).
- EPRA earnings per share ("EPRA EPS"): Measures the profit after tax excluding revaluations and gains and losses on disposals and associated taxation

(if any). For property companies it is a key measure of a company's operational performance and capacity to pay dividends. EPRA EPS in the year was 6.3c (March 2020: 5.5c).

- Total Shareholder Return ("TSR"): Measures growth in share value over a period assuming dividends are reinvested in the purchase of shares. Allows comparison to other companies in the Group's listed peer group. In the year TSR was -8.6% (March 2020: -18.4%)

Other important operational metrics for the Group are measures relating to the management of the portfolio, investment activity and financial indebtedness. These are set out on page 39 of this Annual Report.

In addition, the Group has issued a Sustainability Statement of Intent in April 2021 which establishes its medium- and longer-term sustainability KPIs including not only ESG measures, but also committing to a pathway to Net Zero Carbon by 2030 and TCFD reporting by 2022.

COVID-19

In our Annual Report 2020 we reported in detail on the measures we were taking to mitigate the risks arising from the crisis. The Board has continued to monitor the impact on the business and the mitigating actions and controls that are in place. The Directors' focus is not only on the near-term but also on the longer-term impacts of the COVID-19 crisis on our strategy. The direct impact of COVID-19 on the Group's business has been relatively modest, the risk it currently presents centres around how quickly economic and property market activity can recover and whether it changes occupier and/or investor behaviour in the longer term. The business has delivered a resilient performance in the financial year despite the pandemic. Rent collection has averaged 99%, distributable income grew 11% and the decline in portfolio value has been relatively modest.

Dividends

The Directors maintain a dividend which adheres to the Irish REIT regime. Under the Irish REIT regime, subject to having sufficient distributable reserves, the Company is required to distribute to shareholders at least 85% of the property income of its property rental business for each accounting period. Subject to the foregoing, the Directors intend to reinvest proceeds from disposals of assets in accordance with the Group's strategic priorities or return funds to shareholders. The Company seeks to pay dividends biannually and has a general policy of paying interim dividends equating to 30-50% of the total regular dividends paid in respect of the prior year.

The Board has proposed a final dividend of 3.4 cent per share (c. €23m based on the number of ordinary shares in issue as at close of business on 11 June 2021. (March 2020: 3.0 cent per share or c. €21m) which will be paid, subject to shareholder approval, at the end of July 2021. Together with the interim dividend of 2.0 cent per share, the total dividend for the financial year is 5.4 cent per share or c. €36m (March 2020: 4.75 cent or c. €33m).

Share buyback programme

In August 2020, the Company commenced a €25m share buyback programme which completed in November 2020. This €25m share buyback was accretive to net asset value 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 immediately cancelled in this financial year at an average price of €1.08 per share (March 2020: 17.5m shares were acquired and immediately cancelled at an average price of €1.42 per share). No treasury shares were held during the either this or the prior financial year. For further details on the movements of share capital during the year see note 21 to the consolidated financial statements.

Principal risks and uncertainties

The Directors confirm that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. In 2019-20 COVID-19 was identified as an emerging risk, it is now an operating risk in all aspects of our business. An uncertain recovery from the COVID-19 pandemic is a new risk. The principal risks and uncertainties are discussed in the 'Principal risks and uncertainties' section on pages 48 to 53 and form part of this report.

Funding

In addition to existing financing arrangements, see note 24 to the consolidated financial statements, an additional €125m in 10 and 12 year senior private placement will be issued on 23 July 2021. 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 this issue.

DIRECTORS' REPORT CONTINUED

Directors' compliance statement

The Directors have, with the assistance of advisers and Hibernia employees, identified the Relevant Obligations, as required by the Companies Act 2014, that they consider apply to the Company. The Directors acknowledge they are responsible for securing the Company's compliance with its Relevant Obligations and confirm that they have:

- drawn up a compliance policy statement setting out the Company's policies in respect of compliance with its Relevant Obligations;
- ensured that appropriate arrangements and structures have been put in place that are designed to ensure material compliance with the Company's Relevant Obligations; and
- conducted a review, during this financial year, of the arrangements and structures that were put in place to secure material compliance with the Company's Relevant Obligations.

REIT status and taxation

Hibernia REIT plc has elected for Real Estate Investment Trust ("REIT") status under Section 705E of the Taxes Consolidation Act, 1997. As a result, the Group does not pay Irish corporation tax or capital gains tax on the profits or gains from its qualifying rental business in Ireland provided it meets certain conditions. With certain exceptions, corporation tax is still payable in the normal way on profits from any activities that are not part of the Group's qualifying rental business.

The Group must satisfy the conditions summarised below for each accounting period:

- At least 75% of the aggregate income of the Group must be derived from carrying on a property rental business
- It should conduct a property rental business consisting of at least three properties, the market value of no one of which is more than 40% of the total market value of the properties in the property rental business
- It should maintain a property financing ratio being, broadly, the ratio of property income plus financing costs to financing costs, of at least 1.25:1
- At least 75% of the market value of the assets of the Group must relate to assets of the property rental business
- The aggregate debt shall not exceed an amount of 50% of the market value of the assets of the Group
- Subject to having sufficient distributable reserves, the Group must distribute at least 85% of its Property Income to its shareholders by way of a Property Income Distribution for each accounting period

In relation to properties under development, where the development costs exceed 30% of the market value of the property at the commencement of development, then the property must not be disposed of within three years of completion. If such a disposal takes place then the Group would be liable to tax on any profits realised on disposal.

The Directors confirm that the Group complied with the REIT legislation for the financial years ended 31 March 2021 and 2020 respectively.

Share capital and distributable reserves

At 31 March 2021 the Company had 661,656,792 units of ordinary stock in issue (31 March 2020: 684,656,740).

Shares issued during the period are as follows: 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).

Shares cancelled during the period – share buyback programme: This programme completed on 16 November 2020 and in total 23.1m shares were acquired and cancelled at an average price of €1.08 per share.

On 9 April 2020 €50m in share premium was converted to distributable reserves as a result of a capital reorganisation which commenced during the financial year ended 31 March 2020.

Future developments

The outlook for the property market is discussed in the strategic report on pages 12 to 15 of this Annual Report. How we see the future of the office and our responses to that are set out on pages 10 to 11. We are confident that, despite the difficulties of the current economic environment, the Group is well placed to deliver further progress in the coming years.

Going concern and viability statement

The financial statements have been prepared on a going concern basis. Going concern and viability are addressed on page 43 of the risk report.

For the purposes of this viability statement, worst case budget projections are used to conduct this assessment, including potential impacts from the COVID-19 pandemic. When considering stress scenarios, the Directors have calculated the decline in underlying operating profits and asset values required before the Group breaks its debt covenants or the requirements of the Irish REIT regime. At 31 March 2021, the Group had in place a €320m unsecured revolving credit facility, €75m of unsecured US private placement notes and has agreed the issue of a further €125m in US private placement notes in July 2021: overall the Group has an average debt maturity of 3.4 years at 31 March 2021. This would have been 5.2 years including the new issue.

As a result of these assessments, the Directors expect that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of their assessment.

Directors

The following were Directors of the Company throughout the financial year and were in office at 31 March 2021:

Daniel Kitchen (Chair)
Colm Barrington
(Senior Independent Director)
Roisin Brennan
Thomas Edwards-Moss
(Chief Financial Officer)
Margaret Fleming
Stewart Harrington
Grainne Hollywood
Kevin Nowlan (Chief Executive Officer)
Terence O'Rourke

Frank Kenny resigned as a Director on 29 July 2020.

The business of the Company is managed by the Directors, each of whose business address is Hibernia REIT plc, 1WML, Windmill Lane, Dublin D02 F206, Ireland.

Unless otherwise determined by the Company in a general meeting, the number of Directors shall not be more than ten nor less than two. Two Directors present at a Directors' meeting shall be a quorum, subject to appropriate notification requirements.

Each Director has the same general legal responsibilities to the Company as any other Director and the Board is collectively responsible for the overall success of the Company. In addition to their general legal responsibilities, the Directors have responsibility for the Company's strategy, performance, financial and risk control and personnel.

Details on Directors' remuneration are contained in the Remuneration Committee report on pages 96 to 126 of this Annual Report and is incorporated into this report by this cross reference..

In accordance with Provision 18 of the UK Code, the Directors individually retire at each AGM of the Company and submit themselves for re-election if appropriate. No reappointment is automatic and all Directors are subject to a full and rigorous evaluation. The Board will not recommend a Director for re-election if the individual concerned is not considered effective in carrying out their required duties.

Further discussion on the evaluation process for Board, Committee and Director performance is provided on page 88. The Chair and the Board are pleased to recommend those Directors who are seeking reappointment at the forthcoming AGM as they continue to be effective and remain committed to their role on the Board.

Substantial shareholdings

As at 31 March 2021, the Company has been notified of the following substantial interests (3% or more of the issued share capital) in the Company's shares:

Holder	Holding	
	'000 shares	%
TIAA-CREF Investment Management LLC	46,036	6.96%
Hazelview Investments Inc. (formerly filed by Timbercreek Asset Management Inc.)	40,098	6.06%
BlackRock Inc	39,698	6.00%
Kempen Capital Management N.V.	25,406	3.84%
Standard Life Aberdeen plc	23,835	3.60%
Bank of Montreal	22,273	3.37%
BNP Asset Management Holding S.A.	19,953	3.00%

As at 11 June 2021 the Company has been notified of the following changes:

Holder	Holding	
	'000 shares	%
Universal-Investment-Gesellschaft mit beschränkter Haftung	20,443	3.09%

Directors' interests in share capital as at 31 March 2021

The interests of the Directors and Company Secretary in the shares of the Company are set out in the Report on the Directors' Remuneration on page 113.

The Directors and the Company Secretary have no beneficial interests in any of the Group's subsidiary or associated undertakings.

Corporate governance

The Group is committed to high standards of corporate governance, details of which are given in the Corporate Governance Report on pages 72 to 126 which forms part of the Directors' report.

Health, safety and security

The Group has a Health and Safety Committee to monitor compliance with all regulations. The Group complies with all relevant health and safety legislation and works to industry-best standards. Contractors working on Group properties are fully insured and all work is carried out in line with relevant legislation.

Potential insurance incidents are reported as soon as possible to the Group's insurance broker. There have been no major incidents at any of the Group's properties in this or the previous financial year. All staff receive health and safety training. All must achieve relevant certification before attending construction sites. The Group works closely with its partners to ensure that customers, staff, contractors and visitors are safe and secure in all the Group's sites. No reportable incidents occurred during this or the prior financial year.

DIRECTORS' REPORT CONTINUED

Sustainability

The Group is committed to ensuring ethical and sustainable practices for the benefit of all its stakeholders and issued a Sustainability Statement of Intent in April 2021 which sets out its targets for the future. More details on the Group's policies and progress can be found in the Sustainability Report for the year ended 31 March 2021, which is published separately and available on our website at www.hiberniareit.com, and is summarised in this Annual Report on pages 65 to 71.

Accounting records

The Directors believe that they have complied with the provisions of Sections 281 to 285 of the Companies Act 2014 with regard to accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Group and Company are maintained at the registered office located at 1WML, Windmill Lane, Dublin D02 F206, Ireland.

Political contributions

The Group made no political contributions during the financial year.

Financial risk management

The financial risk management objectives and policies of the Group and Company are set out in note 29.

Independent auditor

The auditor, Deloitte Ireland LLP, Chartered Accountants, who was appointed as first auditor to the Company in 2013, continues in office in accordance with Section 383(2) of the Companies Act 2014. Under Irish legislation, the Company's external auditor is automatically reappointed each year at the AGM unless the meeting determines otherwise or the auditor expresses its unwillingness to continue in office. However, a resolution confirming that it will be reappointed will be included as ordinary business at the Annual General Meeting.

Events after the reporting date

These are described in note 34 to the consolidated financial statements.

Annual Report

The Board, having reviewed the Annual Report in its entirety, is satisfied it is fair, balanced and understandable and gives the reader all the information required to understand the business model, strategy, position and performance of the Group. The Board is assisted in this review by the work carried out by the Audit Committee as set out in the Audit Committee report on pages 92 to 95 of this Annual Report. A key responsibility of the Audit Committee is to assist the Board in monitoring the integrity of the financial statements and to advise the Board whether it believes that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. In recommending the report to the Board for the current reporting period, the Audit Committee reviewed the Annual Report and considered whether the consolidated financial statements were consistent with the operating and financial reviews elsewhere in the Annual Report.

General meetings

The seventh Annual General Meeting ("AGM") of the Company was held on 29 July 2020. The eighth AGM will be held on 27 July 2021. Notice of the 2021 AGM, together with details of the resolutions to be considered at the meeting, will be circulated to the shareholders in June 2021.

Directors' statement of relevant audit information

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

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

The Directors' Report was approved by the Board of Directors on 14 June 2021 and was signed on its behalf by:

Kevin Nowlan
Chief Executive
Officer
14 June 2021

Thomas Edwards-Moss
Chief Financial
Officer
14 June 2021

Directors' responsibilities statement

The Directors, whose names and details are listed on pages 74 and 75, are responsible for preparing the Annual Report and Group and Company financial statements in accordance with applicable laws and regulations.

Irish company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and have elected to prepare the parent Company financial statements under FRS 101 *Reduced Disclosure Framework* as issued by the Financial Reporting Council ("FRS 101").

Under Irish company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the financial year-end date and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing the Annual Report, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the Group financial statements comply with applicable IFRS as adopted by the European Union and that the Company financial statements comply with 'FRS 101', subject to any material departures disclosed and explained in the financial statements, and ensure the financial statements contain the information required by the Companies Act 2014; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also required by the Transparency Directive (Directive 2004/109/EC) Regulations 2007, the Central Bank (Investment Market Conduct) Rules 2019, the Companies Act 2014 and the Listing Rules issued by Euronext Dublin to prepare a Directors' report and reports relating to Directors' remuneration and corporate governance and the Directors are required to include a management report containing, amongst other things, a fair review of the development and performance of the Group's business and of its position and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for ensuring that the Group and Company keeps or causes to be kept adequate accounting records which:

- correctly explain and record the transactions of the Group and Company;
- enable at any time the assets, liabilities, financial position and profit or loss of the Group and Company to be determined with reasonable accuracy;
- enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014; and
- enable the financial statements to be audited.

Directors are also responsible for safeguarding the assets of the Group and the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of certain corporate and financial information included on the Group's website (www.hiberniareit.com).

The Directors confirm that they have complied with the above requirements in preparing the Annual Report.

Responsibility Statement as required by the Transparency Directive and UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 74 and 75, confirms that, to the best of each person's knowledge and belief:

- the Annual Report and consolidated financial statements, prepared in accordance with the relevant reporting framework, give a true and fair view of the assets, liabilities, financial position for the Group and Company as at 31 March 2021 and of the result for the financial year then ended for the Group and Company;
- the Directors' report includes a fair review of the development and performance of the Group's business and the state of affairs of the Group and Company at 31 March 2021, together with a description of the principal risks and uncertainties facing the Group; and
- the Annual Report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the position and performance, strategy and business model of the Group and Company.

This responsibility statement was approved by the Board of Directors on 14 June 2021 and was signed on its behalf by:

Kevin Nowlan Chief Executive Officer 14 June 2021	Thomas Edwards-Moss Chief Financial Officer 14 June 2021
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIBERNIA REIT PLC

Report on the audit of the financial statements

Opinion on the financial statements of Hibernia REIT plc (the 'Company')

In our opinion the Group and Company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 March 2021 and of the loss of the Group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements we have audited comprise:

The Group financial statements:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Cash Flow;
- the Consolidated Statement of Changes in Equity; and
- the related notes 1 to 34, including a summary of significant accounting policies as set out in the relevant notes.

The Company financial statements:

- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity; and
- the related notes a to u, including a summary of significant accounting policies as set out in the relevant notes.

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

The relevant financial reporting framework that has been applied in the preparation of the Company financial statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current and prior year relates to the valuation of investment properties.
Materiality	<p>We determined materiality for the Group to be €11.5m which is 1% of Group net assets.</p> <p>We determined materiality for the Company to be €10.7m which is 1% of Company net assets.</p>
Scoping	Our approach to the audit, in terms of scoping and areas of focus, is consistent when compared with the prior year. Within our assessment and identification of risks of material misstatement we have considered the impact the Novel Coronavirus ("COVID-19") pandemic has had on the Group. We focused the scope of our Group audit primarily on the audit work in Hibernia REIT plc and other legal entities listed in note 33.a all of which were subject to individual statutory audit work. The extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in those entities.
Significant changes in our approach	<p>Impact of COVID-19 on our audit approach</p> <p>We have considered the impact of COVID-19 on the Group and Company's business as part of our audit risk assessment and planning. This assessment resulted in additional focus on the key judgements and estimates underpinning the valuation of investment properties.</p>

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the design and determining the implementation of key controls over the preparation of financial plans and budgets;
- understanding the Group and Company's capital and liquidity forecasts including under stressed scenarios;
- obtaining the updated financial plan covering the four year period to March 2025;

- assessing whether the level of forecasted profits in the updated financial plan were appropriate by challenging the growth, profitability and economic assumptions within;
- challenging and assessing the accuracy of Management's forecasting process by reviewing previous forecasts and comparing to actual results;
- challenging the key assumptions used in the Directors' assessment of the Group and the Company's ability to continue as a going concern; and
- evaluating the adequacy of the relevant disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively,

may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Key audit matter description

The valuation of the Group's investment properties of €1,427m requires significant judgement and estimation to be made by the Directors, taking into consideration advice from the Valuer and Management.

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

In addition, the wider challenges currently facing the global economy as a result of the COVID-19 pandemic, including the relative lack of comparable transactions, has further contributed to the subjectivity of these valuations as at 31 March 2021.

Please refer to pages 92 and 93 (Audit Committee Report), pages 145 and 146 (notes 2.f and 2.g - 'Significant judgements' and 'analysis of sources of estimation uncertainty') and pages 163 to 169 (note 16 'Investment property').

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

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

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

We challenged the valuation basis used, including any changes during the year, by the Group for the valuation of investment properties in light of the Group's valuation policy and the requirements of IFRS.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HIBERNIA REIT PLC

CONTINUED

Valuation of investment properties continued

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

We evaluated the competence, independence and integrity of the Valuer including reading its terms of engagement with the Group to determine whether there were any matters that might have affected its objectivity or that may have imposed scope limitations upon its work. We also considered fee arrangements between the Valuer and the Group.

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

We read the external valuation reports for the portfolio to determine whether the valuation approach for each investment property was in accordance with Royal Institution of Chartered Surveyors ("RICS") professional standards and suitable for use in determining the final value in the financial statements.

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

In conjunction with our internal real estate specialists, for a sample of investment properties, we set an expected reasonable range for yield and capital value movements, determined by reference to published benchmarks, where available, and our experience and knowledge of the market. Where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigation and where necessary, held further discussions with the Valuer and Management. We obtained property specific evidence, such as overall quality and specification of the properties, latest leasing activity, location and desirability of the asset as a whole, to support the explanations received.

We also discussed properties under development. On a sample basis we assessed project costs, progress of development and leasing status. We considered the reasonableness of forecast costs to complete included in the valuations as well as assessed developer profit assumptions, construction cost contingencies, exposures and remaining risks.

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

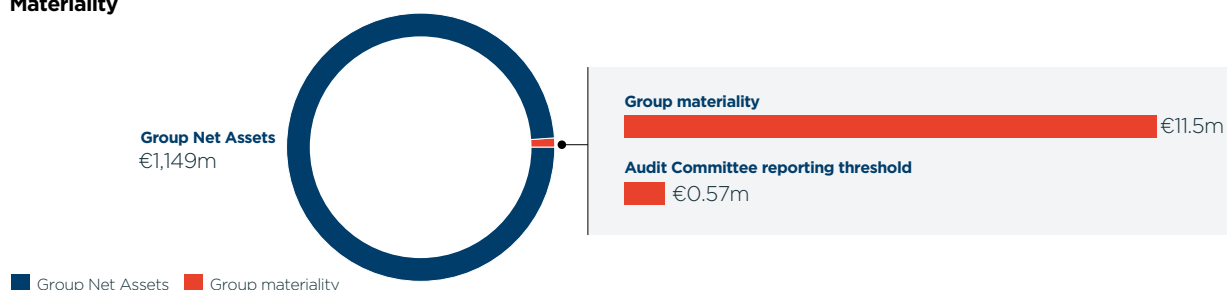
Finally, we evaluated the disclosures made in the financial statements. In particular, we challenged Management and the Directors to ensure the disclosures were sufficiently clear in highlighting the significant estimates that exist in respect of valuation of investment properties given the increased uncertainty as a result of the COVID-19 pandemic and the sensitivity of their fair value to changes in the underlying assumptions.

Key observations

We have no observations that impact on our audit in respect of the valuation of investment properties.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Materiality



Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be €11.5m which is 1% of Group net assets and materiality for the Company to be €10.7m which is 1% of Company net assets. We have considered net assets to be the critical component for determining materiality because it is a principal benchmark within the financial statements relevant to the members of the Group and Company in assessing financial performance. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the Group and Company and the reliability of the control environment.

We agreed with the Audit Committee that we would report to them any audit differences in excess of €0.57 million as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. We have considered the impact of COVID-19 on the Group and Company's business as part of our audit risk assessment and planning.

Based on that assessment, a full scope audit was performed by the Group audit team for all major subsidiaries of the Group as listed in note 33.a all of which were subject to individual statutory audit work. The extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in those entities. This gave coverage over substantially all of the Group. In addition, our 2021 audit was planned and executed having regard to the fact there have been no significant changes to the valuation methodology or accounting standards relevant to the Group.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' Responsibility Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIBERNIA REIT PLC CONTINUED

In preparing the financial statements, the Directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the (consolidated) financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The Company Statement of Financial Position is in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements and the Directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement required by the Companies Act 2014

We report, in relation to information given in the Corporate Governance Statement on pages 78 to 131 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) of section 1373 of the Companies Act 2014 is consistent with the Company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014. Based on our knowledge and understanding of the Company and

its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and Groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the Directors' statement in relation to going concern, longer-term viability and the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code and Irish Corporate Governance Annex specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 128;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 43;
- the Directors' statement on fair, balanced and understandable set out on page 131;
- the board's confirmation on page 127 that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and an explanation of how they are being managed or mitigated out on pages 40 to 53;

- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 92 to 93; and
- the section describing the work of the Audit Committee set out on pages 92 to 95.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by Section 1110N in relation to its remuneration report. We have nothing to report in this regard.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

The Listing Rules of the Euronext Dublin require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee. We have nothing to report in this regard.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed on 5 December 2013 to audit the financial statements for the financial year ended 31 March 2014. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 2014 to 2021.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the Company in conducting the audit.

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (Ireland) 260.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christian MacManus

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

14 June 2021

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		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			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
(Loss)/gain on revaluation of land and buildings	17	(304)	1,658
<i>Items that may be reclassified subsequently to profit or loss:</i>			
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

The consolidated financial statements on pages 138 to 189 were approved and authorised by the Board of Directors on 14 June 2021 and were signed on its behalf by:

Kevin Nowlan
Chief Executive Officer

Thomas Edwards-Moss
Chief Financial Officer

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 (used) 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	24	42,100	57,945
Borrowings repaid	24	(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
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	Cashflow 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 Financial Conduct 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

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 IASB 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 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). The adoptions of amendments and interpretations which became effective during the financial year ended 31 March 2021 did not have any material effect on the financial statements.

These consolidated financial statements were approved for issue by the Board of Directors on 14 June 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. Basis of preparation continued

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 48 to 53 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 page 47.

An analysis of revenue and a disaggregation of income is outlined in notes 4, 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 ended 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. Basis of preparation continued

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 11 June 2021, being the last day before the approval of the financial statements, the share price was €1.252 and the discount to both was 28%. 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 below and in note 16 to these consolidated financial statements. The Group's property, plant and equipment is mainly its head office in IWML, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Basis of preparation continued

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 financial statements relating to this.

2. Basis of preparation continued

2.h Treatment of tax basis in relation to properties continued

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 financial statements 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

Amendments and interpretations which became effective during the financial 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 on pages 201 to 212) 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.

4. Operating segments continued

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/(loss) 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

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4. Operating segments continued

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
<i>Operating expenses</i>						
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 ¹ (€'m)	%
HubSpot Ireland	Technology	10.5	15.4%
Office of Public Works	State entity	6.0	8.8%
Twitter International Company	Technology	5.1	7.5%
Zalando Ireland	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	Technology	1.8	2.6%
Deloitte Ireland	Professional services	1.7	2.5%
BNY Mellon Fund Services	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.

4. Operating segments continued

As at 31 March 2020

Tenant	Business sector	Contracted rent (€'m)	%
HubSpot Ireland	Technology	10.5	15.6%
Office of Public Works	State entity	6.0	8.9%
Twitter International Company	Technology	5.1	7.6%
Zalando Ireland	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	Technology	1.8	2.7%
BNY Mellon Fund Services	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

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5. Revenue and net rental and related income continued

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

- Gross rental income includes €0.9m relating to variable rents (March 2020: €1.1m).
- 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
Cost of goods and services ¹	(6,150)	(6,183)
Property expenses	(3,256)	(3,162)
Net rental and related income	63,306	58,585

- 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

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6. Disaggregation of revenue and rental income continued

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		Financial year ended 31 March 2020	
	€'000	%	€'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). Directors' remuneration is set out in the annual report on remuneration on pages 109 to 113.

8. Administration expenses continued

'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 parent and subsidiary statutory 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:

Group

	Financial year ended 31 March 2021 Number	Financial year ended 31 March 2020 Number
At financial year end:		
Administration	26	27
<i>Building management services</i>		
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

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9. Employment continued

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

10. Share-based payments continued

Remuneration Policy

This policy was introduced in 2018 and was described in full in the 2018 Annual Report and is available on our website. The Remuneration Policy has been reviewed in 2021 and is set out on pages 1113 to 126. It will 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 retained earnings.

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10. Share-based payments continued

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 31 July 2020	31 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
(Loss)/profit before tax	(25,401)	60,863
Tax (credit)/charge on (loss)/profit at standard rate of 12.5%	(3,175)	7,608
Non-taxable revaluation deficit/(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.

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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)	13,233	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 ¹	20,544
Total	35,735	32,526

1. Based on shares in issue at close of business at 11 June 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.

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

	Notes	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.

14. Earnings per share continued**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 dilutive if they increase the losses under IAS 33.

	Notes	Financial year ended 31 March 2021 '000	Financial year ended 31 March 2020 '000
EPRA earnings			
Group (loss)/profit for the financial year		(25,213)	61,043
<i>Less:</i>			
Gains and (losses) on investment property	16	67,581	(22,856)
Gains 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
		'000	'000
EPRA earnings per share and Diluted EPRA earnings per share¹			
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.

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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
	Notes	
Ordinary shares in issue	661,657	684,657
Number of shares to be issued under share-based schemes	14	2,375
Diluted number of shares	665,029	687,032
Diluted IFRS NAV per share (cent)	172.7	179.2
EPRA NTA¹		
	As at 31 March 2021 €'000	As at 31 March 2020 €'000
IFRS NAV	1,148,638	1,231,149
<i>Include:</i>		
Revaluation of other non-current investments	-	-
Diluted NAV at fair value	1,148,638	1,231,149
<i>Exclude:</i>		
Fair value of financial instruments	(442)	234
EPRA NTA	1,148,196	1,231,383
Diluted number of shares at financial year end	665,029	687,032
EPRA 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)%	5.6%

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.

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16. Investment property continued

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	58,878⁴	1,427,413

- This includes capital expenditure on previously completed developments after their transfer to the office segment.
- 50 City Quay is undergoing redevelopment and has been recognised as a development property from 30 September 2020.
- 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).
- 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 re-zoning is achieved before November 2028 the IRFU will be due additional consideration equating to 44% of the value of Hibernia's total land interests of 143.7 acres in the Newlands site at re-zoning, less the initial consideration.

At 31 March 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	60,800⁴	1,465,183

- A VAT refund of €0.5m was accounted for during the financial year arising as a result of the grant of VAT inclusive leases within a redeveloped property in 2DC, following its refurbishment. Gross acquisitions in the financial year therefore €23.3m.
- This includes capital expenditure on 1WML, SJRQ and 2WML after their transfer to the office segment.
- 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.
- On 9 November 2018 the Group agreed to acquire 92.5 acres adjacent to its holdings in Newlands Cross from the Irish Rugby Football Union (the "IRFU") for initial consideration of €27m. If re-zoning is achieved before November 2028 the IRFU will be due additional consideration equating to 44% of the value of Hibernia's total land interests of 143.7 acres in the Newlands site at re-zoning, less the initial consideration.

There were no transfers between fair value levels during the financial year. Approximately €0.3m 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.

16. Investment property continued

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: <ul style="list-style-type: none"> - 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. <ul style="list-style-type: none"> - 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. <ul style="list-style-type: none"> - 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.

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16. Investment property continued

EPRA capital expenditure

Capital expenditure (“capex”) during the financial year is analysed below according to the EPRA Best Practices Recommendation Guidelines. 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
Development¹	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 interest³	-	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.

16. Investment property continued

As at 31 March 2020

	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
<i>'In-place' investment properties</i>					
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:

	Notes	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.

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16. Investment property continued

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		Equivalent yield	
		Low	High	Low	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/other	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		Equivalent yield	
		Low	High	Low	High
Office	1,196,925	€25.00psf	€62.50psf	3.99%	6.65%
Office development	47,999	€30.00psf	€62.00psf	4.42%	4.42%
Residential ¹	159,459	€25,200pa	€32,400pa	3.70%	5.06%
Industrial/other	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.

16. Investment property continued

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.

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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 retained earnings.

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

17. Property, plant and equipment continued

As at 31 March 2020

	Land and buildings €'000	Office and computer equipment €'000	Leasehold improvements and fixtures and fittings €'000	Total €'000
Cost or valuation				
At 1 April 2019	5,942	207	596	6,745
<i>Additions:</i>				
Purchases	366	71	1,649	2,086
Transferred from investment property ¹	5,757	-	-	5,757
<i>Disposals:</i>				
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%

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

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 component 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 ECLs 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 ECLs.

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 notional debt (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%).

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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.

21. Issued capital and share premium continued

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 '000	Share capital '000	Share premium reserve '000	Capital redemption reserve '000	Total Company Capital '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.

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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 (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.

	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)	409,724	444,029
Deduct: unrealised gains and losses ¹	(348,927)	(408,513)
Distributable reserves	60,797	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).

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24. Financial liabilities continued

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. Financial liabilities continued

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 rate	(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	€'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	
(Increase) 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 reserved¹	(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.

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25. Deferred tax liabilities continued

	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

27. Contract liabilities continued

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 risks (including interest and price risk), liquidity risks and credit risks. 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.

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29. Financial instruments and risk management continued

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)

29. Financial instruments and risk management continued

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	-	-
<i>Purchases, sales, issues and settlement</i>		
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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

29. Financial instruments and risk management continued

The table below illustrates how the hedges in place impact profit or loss under scenarios of a 1% and 2% increase in EURIBOR assuming the amount drawn under the RCF 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)
<i>Hedging (caps)</i>			
€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)
<i>Hedging (caps)</i>			
€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).

29. Financial instruments and risk management continued

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

29. Financial instruments and risk management continued

v. Capital management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; 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 Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

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 development
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. Related parties continued**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 and Executive Directors 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 total fixed remuneration paid to the key management personnel in the financial year, all of whom are engaged in managing the Group's activities, was €4,261,292 of which €3,017,153 comprised fixed remuneration and €1,244,139 comprised variable remuneration (31 March 2020: €4,013,896 of which €2,883,473 comprised fixed remuneration and €1,130,243 comprised variable remuneration).

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

- 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.
- 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.
- 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.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	31 March 2021 €'000	31 March 2020 €'000
Assets			
Non-current assets			
Investment property	e	1,247,910	1,277,685
Property, plant and equipment	f	3,231	3,803
Investment in subsidiaries	g	26,235	26,235
Other assets		-	534
Loans to subsidiaries	i	-	116,991
Trade and other receivables	h	7,192	7,575
Total non-current assets		1,284,568	1,432,823
Current assets			
Trade and other receivables	h	3,638	3,647
Loans to subsidiaries	i	109,359	-
Cash and cash equivalents		29,103	26,779
Total current assets		142,100	30,426
Total assets		1,426,668	1,463,249
Equity and liabilities			
Capital and reserves			
Share capital	j	66,166	68,466
Share premium	j	580,444	630,276
Capital redemption reserve fund	j	4,070	1,757
Other reserves	k	5,469	4,582
Retained earnings	l	409,724	444,029
Total equity		1,065,873	1,149,110
Non-current liabilities			
Financial liabilities	m	299,956	288,545
Lease liability	n	1,874	2,085
Deferred tax liabilities	o	206	395
Total non-current liabilities		302,036	291,025
Current liabilities			
Financial liabilities	m	29,945	517
Lease liability	n	211	203
Trade and other payables	p	25,426	19,617
Contract liabilities	q	3,177	2,777
Total current liabilities		58,759	23,114
Total equity and liabilities		1,426,668	1,463,249

The Company's loss after tax for the financial year ended 31 March 2021 determined in accordance with FRS 101 is €25.6m (31 March 2020: Profit of €58.9m).

The Company's financial statements on pages 190 to 200 were approved and authorised for issue by the Board of Directors on 14 June 2021 and were signed on its behalf by:

Kevin Nowlan
Chief Executive Officer
14 June 2021

Thomas Edwards-Moss
Chief Financial Officer
14 June 2021

COMPANY 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	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 April 2019	69,759	624,483	-	1,889	7,556	436,014	1,139,701
Profit for the financial year	-	-	-	-	-	58,927	58,927
Other comprehensive income for the financial year	-	-	-	627	-	-	627
Balance before transactions with shareholders	69,759	624,483	-	2,516	7,556	494,941	1,199,255
Issue of share capital	464	5,793	-	-	(6,257)	(10)	(10)
Own shares acquired and cancelled in the financial year	(1,757)	-	1,757	-	-	(25,036)	(25,036)
Dividends paid	-	-	-	-	-	(25,866)	(25,866)
Share-based payments	-	-	-	-	767	-	767
Balance at 31 March 2020	68,466	630,276	1,757	2,516	2,066	444,029	1,149,110
Profit for the financial year	-	-	-	-	-	(25,561)	(25,561)
Balance before transactions with shareholders	68,466	630,276	1,757	2,516	2,066	418,468	1,123,549
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	82	1,150
Balance at 31 March 2021	66,166	580,444	4,070	2,516	2,953	409,724	1,065,873

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

a) General information

Hibernia REIT plc, the "Company", registered number 531267 is a public limited company and is incorporated and domiciled in Ireland. The address of the Company's registered office is 1WML, Windmill Lane, Dublin, D02 F206, Ireland. Refer to note 1 of the consolidated financial statements.

b) Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council and applies FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council ("FRS 101").

The Company financial statements were prepared on a going concern basis under the historical cost convention, except for the revaluation of investment properties that are measured at fair value at the end of each reporting period, and the relevant financial reporting framework that has been applied is the Companies Act 2014 and FRS 101.

The financial statements of the Company are consolidated in the Hibernia REIT plc consolidated Group financial statements, on pages 138 to 189 prepared in accordance with IFRS and the Companies Act 2014,

FRS 101 Disclosure Exemptions

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- The requirements of IAS 1 *Presentation of Financial Statements*:
 - to provide a statement of cash flows for the period
 - to provide a statement of compliance with IFRS
 - to disclose information on the management of capital
 - to disclose comparative period reconciliations for tangible fixed assets.
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to disclose new IFRS that have been issued but are not yet effective.
- The requirements in IAS 24 *Related Party Disclosures*:
 - to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
 - to disclose key management personnel compensation.

As the consolidated financial statements of the Company and its subsidiaries include the equivalent disclosures, the Company has also availed of the following disclosure exemptions under FRS 101:

- IFRS 2 *Share-Based Payment* in respect of Group-settled share-based payments
- Paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Going concern

These financial statements have been prepared on a going concern basis. The Board has assessed the viability of the Company as part of its overall assessment of the Group.

Indicator of impairment

The Company's shares are trading at a significant discount to the net asset value per share reported in the consolidated and Company statement of financial position at 31 March 2021 the closing share price discount to both the IFRS NAV per share and the EPRA NTA per share was 36%. As at close of business on 11 June 2021, being the last day before the signing of these financial statements, the share price discount to both was 28%. The Company's main assets are its investment properties, which comprise 87% of total assets or 117% of net asset value. For further discussion on this and information on going concern refer to note 2.e and 2.f of the consolidated financial statements.

Significant judgements

The significant judgements made in the preparation of these financial statements are the same as those for the Group and are detailed in note 2.f of the consolidated financial statements. These are judgements around the valuation basis of investment property and key assumptions in terms of unobservable inputs.

Analysis of sources of estimation uncertainty

The sources of estimation uncertainty are the same as those for the Group which are detailed in note 2.g of the consolidated financial statements.

c) Auditor's remuneration

For information on the Auditor's remuneration refer to note 8 of the consolidated financial statements.

d) Employment

Number of employees

	Financial year ended 31 March 2021 Number	Financial year ended 31 March 2020 Number
Total employees at financial year end	26	27
Average employees	26	24

No amount of salaries and other benefits were capitalised into investment properties. The staff costs for the above employees were:

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Wages and salaries	5,085	4,796
Social insurance costs	546	544
Employee share-based payment expense	1,386	1,149
Pension costs - defined contribution plan	308	340
Total	7,325	6,829

e) Investment property

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 start of financial year	1,041,008	47,999	151,360	37,318	1,277,685
Additions:					
Property purchases	6,900	-	366	3,833	11,099
Development and refurbishment expenditure ¹	2,933	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	(60,070)	(3,466)	7,331	(3,381)	(59,586)
Carrying value at end of financial year	988,271	62,006	159,810	37,823	1,247,910

- This includes capital expenditure on previously completed developments after their transfer to the office segment.
- 50 City Quay is undergoing redevelopment and has been recognised as a development property from 30 September 2020.
- Three assets remaining from an historic portfolio purchase have been recognised at fair value as investment property at 31 March 2021.

Key unobservable inputs used in the valuation of the Company's investment property at 31 March 2021

	Market value €'000	Estimated rental value		Equivalent yield	
		Low	High	Low	High
Office	988,271	€25.00psf	€62.50psf	3.99%	7.17%
Office development	62,006	€40.00psf	€60.75psf	4.46%	5.60%
Residential¹	159,810	€13,896pa	€31,200pa	3.55%	4.12%
Industrial/other	37,823	€5.25psf	€9.00psf	6.27%	8.38%

- Average ERV based on a two-bedroom apartment. Residential yields are based on the contracted income after deducting operating expenses. The market standard deduction is 20% of gross rental income.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

CONTINUED

e) Investment property continued

Sensitivity data

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	46.9	(46.9)	93.7	(93.7)	(64.2)	72.0	(121.9)	152.8
Office development	2.6	(2.6)	5.1	(5.1)	(3.6)	3.9	(6.7)	8.3
Residential	7.9	(7.9)	15.7	(15.7)	(10.1)	11.8	(19.0)	25.3
Industrial/other	0.6	(0.6)	1.4	(1.4)	(0.7)	0.7	(1.4)	1.5
Total	58.0	(58.0)	115.9	(115.9)	(78.6)	88.4	(149.0)	187.9

Each 5% movement in construction costs would impact the investment property valuations by €10m at 31 March 2021.

For further information on the Company's investment property refer to note 16 of the consolidated financial statements.

f) Property, plant and equipment

Accounting policy

The Group's accounting policy for property, plant and equipment is set out in note 17 to the consolidated financial statements. In addition, the Company has recognised one right-of-use asset, the lease between itself and a subsidiary company in relation to the Group's head office in 1WML.

A right-of-use asset and lease creditor may be recognised at the commencement date for contracts containing a lease. The lease creditor is initially measured at the present value of the future minimum lease payments, discounted using the interest rate implicit in the lease, in this case the valuers yield of the office space occupied. After initial recognition, the lease creditor is measured at amortised cost using the effective interest method. The right-of-use asset is depreciated over the lease term and is tested periodically for impairment if an impairment indicator is considered to exist.

At 31 March 2021

	Right-of-use asset €'000	Office and computer equipment €'000	Leasehold improvements and fixtures and fittings €'000	Total €'000
Cost or valuation				
At 1 April 2020	2,403	152	1,647	4,202
Additions	-	21	19	40
At 31 March 2021	2,403	173	1,666	4,242
Depreciation				
At 1 April 2020	(140)	(79)	(180)	(399)
Charge for the period	(240)	(39)	(333)	(612)
At 31 March 2021	(380)	(118)	(513)	(1,011)
Carrying amount at 31 March 2021	2,023	55	1,153	3,231

For further information on the Company's property, plant and equipment refer to note 17 of the consolidated financial statements.

g) Investment in subsidiaries**Accounting policy**

Business combinations

Acquisitions of subsidiaries and businesses are accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are expensed as incurred.

Investments in subsidiaries are held at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In the opinion of the Directors the shares in subsidiaries are worth at least the amounts at which they are stated in the balance sheet.

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at end of financial year	26,235	26,235

The major subsidiaries of the Company are disclosed in note 33.a of the consolidated financial statements. The Group has other subsidiary companies which are generally property management companies and are not considered material in the Group's operations.

No impairments were recognised during the financial year (March 2020: €0.1m). The Group has no interests in unconsolidated subsidiaries.

h) Trade and other receivables

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Non-current		
Property income receivables	6,858	6,950
Recoverable capital expenditure	364	661
Expected credit loss allowance	(30)	(36)
Balance at end of financial year - non-current	7,192	7,575
Current		
Property income receivables	3,133	1,998
Recoverable capital expenditure	369	460
Expected credit loss allowance	(489)	(61)
	3,013	2,397
Prepayments	487	964
Income tax refund due	-	2
VAT refundable	138	284
Balance at end of financial year - current	3,638	3,647
Balance at end of financial year - total	10,830	11,222
Of which are classified as financial assets	1,241	1,405

For information on trade receivables refer to note 20 of the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

CONTINUED

i) Loans to subsidiaries

Accounting policy

Classification and measurement

Loans to subsidiaries are financial assets that are managed under a 'held to collect' business model. The cash collected represents 'solely principal and interest' (the "SPPI test") where applicable. Loans to subsidiaries are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans to subsidiaries are measured at amortised cost using the effective interest method, less any impairment losses. As these are repayable on demand the loan amount approximates to fair value at recognition. Loans to subsidiaries are assessed under a three-stage model:

- Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 months expected lifetime credit loss ("ECL"), and recognise interest (if any) on a gross basis
- Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest (if any) on a gross basis
- Stage 3: Financial asset is credit impaired and lifetime ECL recognised – recognise interest (if any) on a net basis

Once it is determined which stage a loan to a subsidiary is at, the ECL is calculated and applied where relevant. Loans to subsidiaries are usually repayable on demand and are without a significant financing component. Therefore expected credit losses are based on the assumption that the repayment of the loan is demanded at the reporting date or earliest possible call date where another date has been agreed. If the recovery strategies indicate that the Company would fully recover the balance outstanding on the loans, the ECL is limited to the effect of discounting, at the loans' effective discount rate, the amount due over the period to collection.

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
Balance at beginning of financial year	116,991	148,946
Loan advances	937	4,233
Loan repayments	(217)	(36,188)
Allowance for ECL	(8,352)	-
Interest income at effective interest rate	-	-
Balance at end of financial year	109,359	116,991
The maturity of intercompany loans are as follows:		
Less than one year	109,359	116,991

Management has assessed the loans for recovery at 31 March 2021 and determined that, except as discussed under ECL below, there has been no significant increase in credit risk since initial recognition, all loans to subsidiaries remain at stage 1 and they expect to recover the balances outstanding in full. The majority of this balance, €108.4m, relates to two subsidiaries that hold three of the Group's investment properties. These funds have been provided from the Group's borrowings and cash reserves, as loans repayable on demand, to finance the assets held. There is no interest payable and they are held at amortised cost. While the contractual terms of these loans are repayable on demand, the properties held in these subsidiaries are held for long term income and capital returns for the Group. The 'recovery strategy' for these loans is to arrange for the sale of these properties and subsequent repayment of the loan.

ECL: In relation to one of the loans, €29.4m, the investment property that it has funded has been valued at €21.1m as at 31 March 2021. If repayment of the loan was demanded at this date, the full amount would not therefore be recovered. While this property is part of the longer term development pipeline of the Group and is not expected to be sold in the next few years nor to realise a loss on the eventual sale, the Directors have made an expected credit loss allowance of €8.4m. This represents the amount which might remain unrecovered after selling the underlying asset if the subsidiary defaults on the loan.

j) Issued share capital and share premium

For information on issued share capital refer to note 21 of the consolidated financial statements.

k) Other reserves

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Property revaluation	2,516	2,516
Share-based payment reserve	2,953	2,066
Balance at end of period	5,469	4,582

The property revaluation reserve represents revaluation gains on South Dock House during the time it was recognised as owner occupied property.

For further information on the share-based payment reserve refer to note 22.c of the consolidated financial statements.

l) Retained earnings, distributable reserves and dividends on equity instruments

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at beginning of financial year	444,029	436,014
(Loss)/Profit for financial year	(25,561)	58,927
Share issuance costs	(14)	(10)
Capital reorganisation	50,000	-
Share buy-back	(25,035)	(25,036)
Other	82	-
Dividends paid	(33,777)	(25,866)
Balance at end of financial year	409,724	444,029

For further information on retained earnings and distributable reserves please refer to note 23 of the consolidated financial statements.

For information on the dividends paid and proposed during the financial year please refer to note 13 of the consolidated financial statements.

m) Financial liabilities

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Non-current		
Debenture issued to subsidiary	-	28,854
Unsecured bank borrowings	225,317	185,109
Unsecured private placement notes	74,639	74,582
Total non-current borrowings	299,956	288,545
Current		
Debenture issued to subsidiary	29,460	-
Unsecured bank borrowings	132	159
Unsecured private placement notes	353	358
Total current borrowings	29,945	517
Total borrowings	329,901	289,062

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

CONTINUED

m) Financial liabilities continued

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
The maturity of non-current borrowings is as follows:		
Less than one year	29,945	517
Between one and two years	-	28,854
Between two and five years	262,637	185,109
Over five years	37,319	74,582
Total	329,901	289,062
	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Balance at beginning of financial year	289,062	259,801
Bank finance drawn	42,100	57,945
Bank finance repaid	(2,500)	(29,968)
Interest payable	1,239	1,284
Balance at end of financial year	329,901	289,062

For further information on financial liabilities please refer to note 24 of the consolidated financial statements.

n) Lease liability

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
<i>Amount due in</i>		
Less than one year	211	203
Between two and five years	939	901
Ove five years	935	1,184
Total lease liability	2,085	2,288

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
<i>Amounts recognised in the income statement</i>		
Depreciation expense on right-of-use asset	240	140
Interest on lease liability	97	60
	337	200

	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
<i>Analysis of movement in lease liability</i>		
Opening balance	2,288	-
Additions	-	2,403
Lease payments	(300)	(175)
Interest expense	97	60
Total lease liability	2,085	2,288

o) Deferred taxation

For further information on financial liabilities refer to note 25 of the consolidated financial statements.

p) Trade and other payables

	As at 31 March 2021 €'000	As at 31 March 2020 €'000
Current		
Purchase of investment property	3,121	-
Investment property payable	1,741	4,037
Rent prepaid	11,153	7,105
Rent deposits and other amounts due to tenants	3,020	2,185
Sinking funds	1,919	1,858
Trade and other payables	4,286	4,231
PAYE/PRSI payable	186	201
Balance at end of financial year	25,426	19,617
Of which are classified as financial instruments	7,284	2,209

Sinking funds are monies put aside from annual service charges collected from tenants as contributions towards expenditure on larger maintenance items that occur at irregular intervals in buildings managed by Hibernia.

For further information on trade and other payables refer to note 26 of the consolidated financial statements.

q) Contract liabilities

	Contract liabilities €'000
Contract liabilities at 1 April 2019	1,618
Amounts received from customers under contracts	(4,045)
Amounts paid to suppliers	5,204
Contract liabilities at 31 March 2020	2,777
Amounts received from customers under contracts	(3,862)
Amounts paid to suppliers	4,262
Contract liabilities at 31 March 2021	3,177

For further information on contract liabilities refer to note 27 of the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

CONTINUED

r) 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
<i>Operating lease receivables due in:</i>		
Less than one year	58,004	56,676
Between two and five years	140,586	149,528
Greater than five years	109,904	109,904
Total	308,494	316,108

s) Capital commitments

Please refer to note 31 of the consolidated financial statements.

t) Related parties

i. Subsidiaries

Please refer to note 33.a of the consolidated financial statements.

ii. Other transactions

Transactions with related parties are the same as those disclosed in note 33 of the consolidated financial statements.

iii. Income statement of the Parent Company

The Parent Company of the Group is Hibernia REIT plc (the "Company"). In accordance with Section 304 (2) of the Companies Act, 2014, the Company is availing of the exemption of presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's loss after tax for the financial year ended 31 March 2021 determined in accordance with FRS 101 is €25.6m (31 March 2020: Profit of €58.9m.)

u) Events after the reporting date

For information on events after the reporting date refer to note 34 of the consolidated financial statements.

SUPPLEMENTARY INFORMATION (UNAUDITED)

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 and 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 table on pages 202 to 203 lists the APMs used in this report together with information on their calculation and relevance.

SUPPLEMENTARY INFORMATION (UNAUDITED)

CONTINUED

ii. Alternative performance measures continued

APM	Reconciled to IFRS measure:	Reference	Definition
Contracted rent roll	n/a	n/a	Contracted rent under the lease agreements, 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 presented 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.
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.

ii. Alternative performance measures continued

APM	Reconciled to IFRS measure:	Reference	Definition
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	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	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 All Assets Index.

iii. European Public Real Estate Association ("EPRA") Performance Measures

EPRA performance measures presented here are calculated according to the EPRA Best Practice Recommendation Guidelines ("BPR"). EPRA performance measures are used in order to enhance transparency and comparability with other public real estate companies in Europe. EPRA earnings and EPRA NTA measures are also included within the financial statements, in which they are audited, as they are important key performance indicators for variable remuneration. All measures are presented on a consolidated basis only and, where relevant, are reconciled to IFRS figures as presented in the consolidated financial statements.

EPRA performance measure	Unit	Financial year ended 31 March 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
LfL rental growth	%	6.7%	3.9%
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%
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%

SUPPLEMENTARY INFORMATION (UNAUDITED)

CONTINUED

iii. European Public Real Estate Association (“EPRA”) Performance Measures continued

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.

	Notes	Financial year ended 31 March 2021 €'000	Financial year ended 31 March 2020 €'000
EPRA earnings			
(Loss)/profit for the financial year attributable to owners of the parent		(25,213)	61,043
<i>Adjusted for:</i>			
(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 (“Lfl”) rental growth

Lf 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

Segment	Whole portfolio		Like-for-like portfolio				
	Value - all assets €'m	Net rental income €'m	Value Lfl assets €'m	Net rental income Lfl assets current year €'m	Net rental income Lfl assets prior year €'m	Growth in net rental income	
						€'m	%
Office assets	1,138.8	55.8	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	1.7	16.3	1.3	1.1	0.2	11.8
Total 'in-place' portfolio	1,365.4	63.3	1,308.5	62.4	58.4	4.0	6.7
Development assets	62.0	-					
Assets sold	-	-					
Total portfolio	1,427.4	63.3					

Buildings excluded from Lfl 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.

iii. European Public Real Estate Association (“EPRA”) Performance Measures continued

iii.b EPRA like-for-like (“LFL”) rental growth continued Financial year ended 31 March 2020

Segment	Whole portfolio		Like-for-like portfolio				
	Value - all assets €'m	Net rental income €'m	Value Lfl. assets €'m	Net rental income Lfl. assets current year €'m	Net rental income Lfl. 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 Lfl as at 31 March 2020

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

Developments in progress/sites: 2 Cumberland Place, Newlands

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

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

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 prior financial year. Property expenses are reduced by 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.

SUPPLEMENTARY INFORMATION (UNAUDITED)

CONTINUED

iii. European Public Real Estate Association (“EPRA”) Performance Measures continued

iii.d EPRA vacancy rate continued

Adjusted EPRA vacancy rate: Calculated as above but excluding the Clanwilliam Court properties (Clanwilliam Blocks 1,2 and 5 and Marine House) which are scheduled to move to the development portfolio segment within the next twelve 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.

iii. European Public Real Estate Association (“EPRA”) Performance Measures continued

iii.e EPRA Net Initial Yield (“EPRA NIY”) and EPRA ‘topped-up’ Net Initial Yield continued

At 31 March 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	-	-	(338) 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%		

- Lands at Newlands are excluded as held for future development and were undeveloped at 31 March 2020.
- Purchasers' costs are 9.96% for commercial property and 4.46% for residential.
- Cash passing rent includes residential rents gross as property outgoings are included separately and rents from the Iconic office arrangement in Clanwilliam.
- 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 €'000	EPRA NTA ¹ €'000	EPRA NDV ^{2,5} €'000
IFRS NAV	1,148,638	1,148,638	1,148,638
Include:			
Revaluation of other non-current investments	-	-	-
Diluted NAV at fair value³	1,148,638	1,148,638	1,148,638
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 on page 208.

SUPPLEMENTARY INFORMATION (UNAUDITED)

CONTINUED

iii. European Public Real Estate Association (“EPRA”) Performance Measures continued

iii.f EPRA NAV measures continued

	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
<i>Include:</i>			
Revaluation of other non-current investments	-	-	-
Diluted NAV at fair value ³	1,231,149	1,231,149	1,231,149
<i>Exclude:</i>			
Deferred tax in relation to unrealised gains on investment property	395	-	-
Fair value of financial instruments	234	234	-
<i>Include:</i>			
Fair value of fixed interest rate debt	-	-	(6,380)
Real estate transfer tax ⁴	138,545	-	-
NAV performance measure	1,370,323	1,231,383	1,224,769
Diluted number of shares at financial year end	687,032	687,032	687,032
NAV per share at financial year end (cent)	199.5	179.2	178.3

- 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.
- 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.
- The Group uses the fair value option under IAS 40 and has no hybrid instruments or tenant leases held as finance leases.
- 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.
- 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 strategic report on pages 54 to 60. 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

iii. European Public Real Estate Association (“EPRA”) Performance Measures continued**iii.g Portfolio information****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

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.

SUPPLEMENTARY INFORMATION (UNAUDITED)

CONTINUED

iii. European Public Real Estate Association (“EPRA”) Performance Measures continued

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%

As at 31 March 2020

Rent subject to rent reviews

Financial year ended 31 March	2022 €'m	2023 €'m	2024-25 €'m	>2025 €'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	2022 €'m	2023 €'m	2024-25 €'m	>2025 €'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 is analysed according to EPRA recommendations to allow an understanding of the investment in the portfolio during the period. (See note 16 to the consolidated financial statements: 'EPRA capital expenditure' on pages 166 to 167).

IV. Other disclosures

Disclosures required under the Alternative Investment Fund Managers Directive (“AIFMD”) for Annual Reports of Alternative Investment Funds (“AIF”)

Material changes and periodic risk management disclosures

All disclosure requirements to be made to investors prior to their investing in the Company are made on the Company’s website: www.hiberniareit.com.

Financial information disclosures

There were no gains arising on the sale of investment properties (31 March 2019: €2.6m). Included within the unrealised losses disclosed under IFRS there is a total of €75.7m (31 March 2020: €25.6m) in unrealised losses and €8.1m (31 March 2019: €48.5m) in unrealised gains.

Remuneration disclosures

The Directors and certain members of the senior management team are considered to be the Company’s key management personnel. The total remuneration for the financial year, both fixed and variable in nature, paid to the key management personnel, which numbers 14 identified staff (March 2020: 15), who have a material impact on the risk profile of the Company, is set out within Note 34.c of the consolidated Financial Statements.

Non-financial information statement

We are not obliged to comply with the non-financial reporting requirements contained in the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (the “2017 Regulations”).

However, the table below, and the information it refers to, is intended to help readers of the Group’s Annual Report find key non-financial information relevant to the Group.

Reporting requirement	Policies and standards that govern our approach ¹	Read more here	Page
Business model		Our business model Our clear strategy	20 and 21 22 and 23
Key performance indicators relevant to our business		Key performance indicators Operational metrics	38 39
Environmental matters	Sustainability Statement of Intent ²	Sustainability 2021 Sustainability Report ²	65 to 71
Social and employee matters	Diversity policy Anti-bullying and harassment policy ¹ Disability policy ¹ Equal opportunities policy ¹ Health and safety policy ¹	Corporate governance report	81
Human rights	Supplier Code of Conduct ² Data protection policy ² Modern slavery statement	Supplier Code of Conduct ² 2021 Sustainability Report ²	
Bribery and corruption	Anti-bribery policy ¹ Whistle-blowing policy ¹ Money laundering policy ¹ Gifts and inducement policy ¹		
Diversity	Diversity policy	Corporate governance report	81 and 89

1. Certain Group policies and guidelines are not published externally.

2. Further information is available on our website, including our Supplier Code of Conduct, our Sustainability Statement of Intent and our 2021 Sustainability Report.

SUPPLEMENTARY INFORMATION (UNAUDITED)

CONTINUED

Occupiers representing over 0.5% of contracted rent at 31 March 2021

Tenant	€'m	%
HubSpot Ireland Limited	10.5	15.4%
The Commissioners of Public Works	6.0	8.8%
Twitter International Company	5.1	7.5%
Zalando Ireland Limited	2.9	4.2%
Autodesk Ireland Operations Limited	2.8	4.1%
Informatica Ireland EMEA	2.1	3.1%
Riot Games Limited	2.0	2.9%
Travelport Digital Limited	1.8	2.6%
Deloitte Ireland LLP	1.7	2.5%
BNY Mellon Fund Services (Ireland) DAC	1.6	2.3%
The Commission for Communications Regulation	1.6	2.3%
Electricity Supply Board	1.6	2.3%
3M Digital Science Community Limited	1.5	2.2%
Capita Life and pensions Services (Ireland) Limited	1.5	2.1%
Core	1.4	2.1%
DAE (Ireland) Limited	1.2	1.7%
O.D.S Company (Eversheds Sutherland)	1.0	1.5%
Pay & Shop Ltd t/a Global Payments	0.9	1.3%
J.M.C. Van Trans Limited	0.9	1.3%
Udemy Ireland Limited	0.8	1.2%
An Bord Bia	0.8	1.1%
Renaissance Svcs of Europe Ltd.	0.8	1.1%
Quinn McDonnell Pattison Limited	0.7	1.0%
Park Rite Limited	0.7	1.0%
Seven Seas Business Ventures LLC t/a N3	0.7	1.0%
Bearingpoint Ireland Limited	0.7	1.0%
Irish Residential Properties REIT plc	0.6	0.9%
Hines Real Estate Ireland Limited	0.6	0.9%
Invesco Investment Management Limited	0.6	0.8%
Pinsent Masons Services Ireland Limited	0.6	0.8%
Weston Office Solutions Limited	0.5	0.7%
Essentra Packaging Ireland Limited	0.4	0.6%
City Break Apartments Limited	0.4	0.6%
Morgan Stanley Fund Services (Ireland) Limited	0.4	0.6%
Prudential Int. Services Ltd.	0.4	0.6%
Crowe Horwath Bastow Vharleton Cons. Ltd.	0.4	0.6%
ENI Insurance DAC	0.3	0.5%

DIRECTORS AND OTHER INFORMATION

Directors

Daniel Kitchen (Chairman)
Colm Barrington (Senior Independent Director)
Roisin Brennan
Thomas Edwards-Moss (CFO)
Margaret Fleming
Stewart Harrington
Grainne Hollywood
Frank Kenny (resigned 29 July 2020)
Kevin Nowlan (CEO)
Terence O'Rourke

Company Secretary

Sean O'Dwyer

Assistant Secretary

Blackglenn 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
Ireland

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

Depository

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
Dublin D04 YW83
Ireland

Credit Suisse International
One Cabot Square
London E14 40J
United Kingdom

GLOSSARY

AGM is Annual General Meeting.

Alternative Investment Fund Managers Directive (“AIFMD”) is a European Union (EU) regulation that applies to **Alternative Investment Funds (“AIF”)**.

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 is a not-for-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Central securities depository (“CSD”) is an entity which provides a central point for depositing financial instruments (“securities”), for example bonds and shares.

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.

DAC is a Designated Activity Company and is a private company limited by shares with the capacity, including the power, to do only those acts or things set out in its constitution (memorandum of association).

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.

EBIT is earnings before interest and tax.

Environmental, Social and Governance (“ESG”) or sustainability. Investors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities.

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 Best Practices Recommendations Guidelines (“EPRA BPR”) and EPRA Sustainability Best Practices Recommendations Guidelines (“EPRA sBPR”) are guidelines produced by EPRA to make financial statements and disclosures of public real estate entities more comparable across Europe.

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 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.

ESMA is the European Securities and Markets Authority

ESRI is the Economic and Social Research Institute.

EU is the European Union.

EU-UK Trade and Cooperation Agreement (“TCA”), which provisionally applied on 1 January 2021 and came into force on 1 May 2021, set out preferential treatment between the EU and UK on trade and other matters post-Brexit.

Expected lifetime credit loss (“ECL”) are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Financial Reporting Standards 101 (“FRS 101”) is a standard issued by the Financial Reporting Council and allows the use of IFRS recognition, measurement and disclosure methods, makes the amendments necessary to comply with the Companies Act 2014 and allows some exemptions from IFRS disclosures.

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

Gale date is the date on which rent is due.

GDA is the Greater Dublin Area.

GDV is gross development value.

Greenhouse gases (GHG) emissions are the most significant contributor to climate change. Measurement of these allows Hibernia to measure the success or otherwise of measures taken in managing its emissions

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.

Gross Value Added (“GVA”) is conceptually the same as Gross Domestic Product (GDP). The difference between the two concepts is that GDP is measured after including product taxes (e.g. excise duties, non-deductible VAT, etc.) and deducting product subsidies while GVA is measured prior to adding product taxes but includes product subsidies (source: CSO).

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.

Investment Management Agreement (“IMA”) governed the internalisation of the Investment Manager and arrangements under this ceased in November 2018.

Investment Manager, WK Nowllan Property Management Limited, managed Hibernia before the management function was internalised in December 2015.

The Irish Corporate Governance Annex (the ‘Irish Annex’) is addressed to companies with a primary equity listing on Euronext Dublin and includes the provisions of the UK Code as well as additional recommendations on governance in Euronext Dublin’s listing rules.

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

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

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

Like-for-like (“Lfl”) is used when comparing the portfolio year on year, using assets in place for the full comparison period, i.e. ignoring purchases and sales during the period.

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 Regulation (“MAR”) consists of the EU Market Abuse Regulation and the Market Abuse Directive as transcribed into Irish Law by way of the European Union (Market Abuse) Regulations 2016. These can be accessed at <https://www.centralbank.ie/regulation/securities-markets/market-abuse/Pages/default.aspx>.

MSCI Ireland 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 (“NDV”) 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.

NTAPS is the NTA in cent per share.

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.

GLOSSARY CONTINUED

Post-employment shareholding requirement (“PESR”) requires executive directors to hold shares in the company for a period after they cease to be employed.

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.

Property-related capital expenditure (“capex”) refers to amounts expended on investment property for development or refurbishment or as maintenance capex.

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. A revision of the Policy will be tabled at the 2021 AGM, (the “2021 Remuneration Policy”).

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 which has produced recommendations 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 MSCI Ireland Property All Assets 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 are the Transparency (Directive 2004/109/EC) Regulations 2007, as amended and establish minimum requirements in relation to the disclosure of periodic and ongoing information by issuers and on the disclosure of major shareholdings and voting rights. These can be accessed at <https://www.centralbank.ie/regulation/industry-market-sectors/securities-markets/transparency-regulation>.

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.

UN Sustainable Development Goals (“UN SDGs”) are 17 goals with 169 targets that all UN Member States have agreed to work towards achieving by the year 2030.

UK Corporate Governance Code 2018 (the “UK Code”) is published by the Financial Reporting Council in the UK and contains recommendation on governance standards to be followed by organisations. Irish listed companies are also subject to this on a comply or explain basis under the Euronext Dublin listing rules.

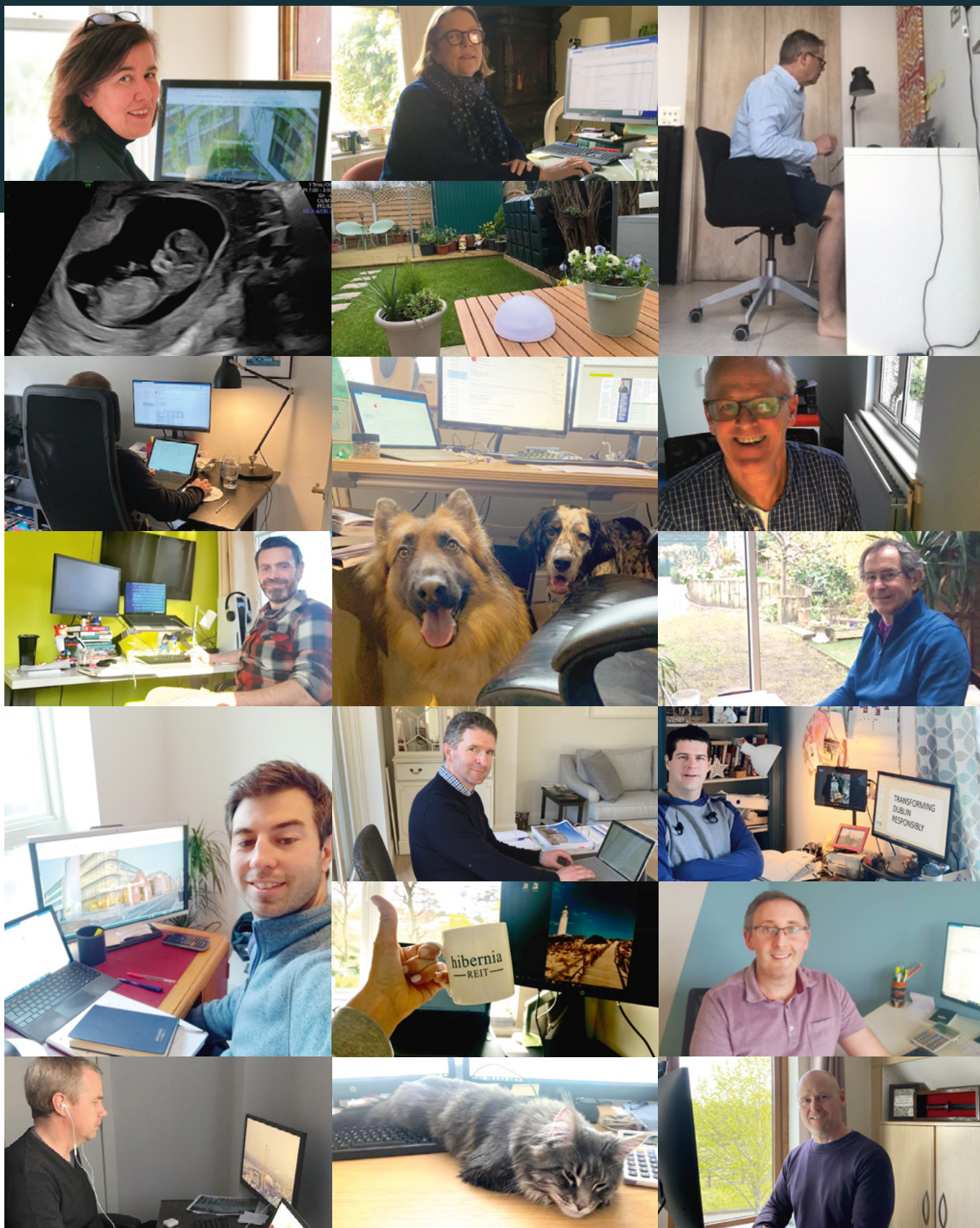
USPP is US private placement notes.

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.

HIBERNIA DURING DUBLIN'S THIRD LOCKDOWN

Here are some of us (including a Lockdown baby-in-progress) in our home offices during the third Irish COVID-19 Lockdown.



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