

This document is prepared and issued by, and is the sole responsibility of, IRES Fund Management Limited (the "AIFM"), as alternative investment fund manager of Irish Residential Properties REIT plc (the "Company") incorporated and registered in Ireland under the Companies Act 2014, as amended, with registered number 529737, solely in order to make certain information available to professional investors based in the United Kingdom ("Investors") in connection with the Company, in accordance with the requirements of the Financial Conduct Authority (the "FCA") Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the "AIFMD") in the United Kingdom. It is made available to Investors by being made available from the AIFM's website [www.iresfund.ie](http://www.iresfund.ie).

This document is not a Company document and it is not issued by the Company, and the Company has no liability or responsibility for this document. Nothing contained in this document shall form the basis of any contract with or commitment from the Company whatsoever.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser before investing in the Company.

Terms used but not defined herein shall have the meanings ascribed to them in the Company's most recent annual report or otherwise in the Company's prospectus dated 27 February 2015, each of which is available from its website, <https://investorrelations.iresreit.ie>.

The Company's most recent annual report or interim report may be accessed at <https://investorrelations.iresreit.ie>.

## **IRISH RESIDENTIAL PROPERTIES REIT PLC**

### **INVESTOR DISCLOSURE DOCUMENT**

### **IMPORTANT INFORMATION**

#### **Regulatory status of the Company**

Irish Residential Properties REIT PLC is an alternative investment fund (the "AIF") for the purposes of the AIFMD. The Company has appointed the AIFM to act as its alternative investment fund manager. The AIFM is authorised and regulated by the Central Bank of Ireland (the "CBI").

The ordinary shares of €0.10 each in the capital of the Company ("ordinary shares" or "shares") are listed on the primary listing segment of the Official List of The Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") and are traded on the main market for listed securities of Euronext Dublin.

The Company is subject to its Memorandum and Articles of Association.

The Company has elected for REIT status under, and thus falls under, the provisions of Irish law and regulation establishing and governing real estate investment trusts (the "Irish REIT Regime"), in particular but without limitation, Part 25A of the Taxes Consolidation Act 1997.

### **Limited purpose of this document**

This document is not being issued by the AIFM for any purpose other than to make certain, required regulatory disclosure to Investors. To the fullest extent permitted under applicable law and regulations, none of the AIFM, the Company, their respective directors, employees, advisors and agents will be responsible to any person for their use of this document.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This document is not a prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "Prospectus Regulation"), or prospectus equivalent document. This document has not been approved by the CBI or any other regulatory authority. This document may not include (and it is not intended to include) all the information which Investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.

### **No advice and Forward Looking Statements**

The AIFM, the Company and their respective directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the AIFM, the Company, or any of their respective affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares.

The present document contains statements or directs the reader to statements that are or may be deemed to be "forward-looking statements" which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts and include, but are not limited to, statements regarding the intentions, beliefs or current expectations of the AIFM, the Company or the IRES Board concerning, amongst other things, its results of operations, financial position, liquidity, prospects, growth, strategies and expectations for its industry. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or the industry in which it operates to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Due to various risks and uncertainties, actual events or results or actual performance of the Company may differ materially from those reflected or contemplated in such forward-looking statements. There is no guarantee that the Company will generate a particular rate of return. As a result, you are cautioned not to place any reliance on such forward-looking statements and none of the AIFM, the Company, nor any other person accepts responsibility for the accuracy of such statements. Each of the AIFM and the Company expressly disclaim any obligation or undertaking to release

any update of, or revisions to, any forward-looking statements in the information to reflect any change in (or any future) events, circumstances, conditions, unanticipated events, new information, any change in the AIFM's or the Company's expectations or otherwise including in respect of the Covid-19 pandemic, the uncertainty of its duration and impact, and any government regulations or legislation related to it.

### **Overseas investors**

The distribution of this document in certain jurisdictions may be restricted by law and accordingly persons into whose possession this document comes are required by the Company and the AIFM to inform themselves about and observe any such restrictions.

Shares of the Company have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and Investors are not entitled to the benefits of such Act. Investors will not be entitled to the benefits of regulation under the U.S. Investment Company Act.

Shares are only offered and sold (i) in the United States to persons reasonably believed to be qualified institutional buyers (each a "QIB") as defined in Rule 144A under the US Securities Act ("Rule 144A") in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the US Securities Act and (ii) outside of the United States in offshore transactions in reliance on Regulation S under the US Securities Act ("Regulation S"). There will be no public offer of shares in the United States.

In respect of the United Kingdom this document is directed only and may only be communicated to persons who (i) are "professional investors" (as that term is used in the laws, rules and regulations implementing the alternative investment fund managers directive in the United Kingdom) and to whom it is permissible to market certain Alternative Investment Funds ("AIFs") pursuant to the AIFMD National Private Placement Regime ("NPPR"), following prior notification to the FCA, (ii) have professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "FPO") or fall within the definition of "high net worth companies, unincorporated associations etc." in Article 49(2)(a) to (d) of the FPO and (iii) are "qualified investors" as defined in Article 2(e) of the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); this document must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Potential investors should be aware that any investment in the Company is speculative, involves a high degree of risk and could result in the loss of all or substantially all of their investment. Shares in the Company are only suitable for Investors (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments and shares, (ii) for whom an investment in the shares is part of a diversified investment programme and (iii)

who fully understand and are willing to assume the risks involved in such an investment. This document does not constitute a recommendation concerning the shares in the Company. This document should not form the basis of any investment decision and the contents do not constitute advice relating to legal, taxation or investment matters. Nothing in this document constitutes investment advice and any recommendations regarding the shares in the Company that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. The information contained herein has been prepared for discussion purposes only, does not purport to contain all of the information that may be required to evaluate an investment in the Company and/or its financial position. Any potential investors must make their own investigation, analysis and assessments and consult with their own adviser concerning the data referred to herein and any evaluation of the Company and its prospects. The price and value of securities may go down as well as up.

Potential investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

## **THE COMPANY**

### **Investment Policy and Strategy**

The stated Investment Policy of the Company states that the board of directors of the Company the (“IRES Board”) intends to focus on creating both sustainable income and strong capital returns. In order to achieve these goals, the IRES Board follows the Investment Policy which is implemented through an investment strategy, both of which are described on the Company’s website, <https://investorrelations.iresreit.ie>.

### **The borrowing and leverage limits of the Company**

At 31 December 2020, capital consists of equity and debt, with total gearing of 39.2%, which is below the 50% maximum allowed by the Irish REIT Regime, and its debt financial leverage ratio. The Company seeks to use gearing to enhance shareholder returns over the long term.

The Company may choose to finance a portion of certain acquisitions with debt financing (including by issuing bonds), subject always to the maximum 50% gearing restrictions permitted under the Irish REIT Regime.

### Circumstances in which leverage may be used

The Irish REIT Regime restricts the Company’s debt financing. In order to maintain its status as an Irish REIT the Company is not permitted to incur debt which exceeds an amount equal to 50% of the aggregate market value of its assets from time to time.

### Risks associated with borrowing and leverage

The Company's use of borrowings may expose it to the risk that it loses certain benefits associated with its REIT status, or its REIT status entirely. For example, if certain extraordinary

or unforeseen events occur, and the Company's aggregate borrowings were to exceed 50% of the aggregate market value of the assets of its business, then the Company would be required to remedy the breach and would be at risk of losing its REIT status. The Company may be forced to sell assets when it would not otherwise choose to do so and may therefore not achieve the price expected. In addition, by using the sales proceeds to reduce the level of its borrowings as a way to remedy the breach, the Company may be subject to pre-payment penalties from loan providers.

Under the Irish REIT Regime, the Company must also maintain a property financing costs ratio of at least 1.25:1. Property financing costs ratio means the ratio of the sum of property income and financing costs of the company to the financing costs. If the Company breaches the financing costs ratio, it will be charged corporation tax at a rate of 25% on the amount by which the property financing costs would have to be reduced for the property financing cost ratio to equal 1.25:1 for that Accounting Period. The amount taxable is capped at 20% of the Property Income of the Company. In addition, a breach of the property financing costs ratio may result in the revocation of the Company's REIT status by Irish Revenue. A significant decrease in Property Income and/or a significant rise in interest rates could cause a breach of this condition.

If Irish Revenue revokes the Company's REIT status, it may treat the Company as having ceased to be a REIT at the end of the Accounting Period immediately prior to the Accounting Period in which the failure to meet this condition began. If the Company's status as an Irish REIT were withdrawn, it would then be subject to tax on the profits of its property rental business and chargeable gains on disposal of property forming part of its property rental business. The net profit from the property rental business would in such circumstances be taxable at a rate of 25% and chargeable gains on the disposal of property at a rate of 33%.

There can be no guarantee that the Company will be able to obtain the credit it may need on acceptable terms, which could adversely affect its ability to achieve its investment strategy. If the Company is unable to obtain credit, it may seek additional capital through the issuance of debt securities (subject to the limitations of the Irish REIT Regime) or equity securities to fund further acquisitions.

To the extent the Company incurs a substantial level of indebtedness, this could reduce the Company's financial flexibility and cash available to pay dividends to shareholders due to the need to service its debt obligations. Prior to agreeing the terms of any debt financing, the Company expects to comprehensively consider its potential debt servicing costs and all relevant financial and operating covenants and other restrictions, including restrictions that might limit the Company's ability to make distributions to shareholders in the light of cash flow projections. However, if certain extraordinary or unforeseen events occur, including breach of financial covenants, the Company's borrowings and any hedging arrangements that it may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the Company is required to repay borrowings early, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to pre-payment penalties.

### **Investment approach and investment techniques**

The Company's most recent annual report, sets out the investment approach and techniques applied in managing the Company's portfolio.

## ADMINISTRATION AND MANAGEMENT OF THE COMPANY

### The AIFM

The AIFM, IRES Fund Management Limited, is the Company's alternative investment fund manager (PSRA License Number: 003270). The AIFM is a wholly-owned subsidiary of CAPREIT Limited Partnership, which was incorporated in Ireland on 10 February 2014 with registered number 539306 under the Companies Act 1963 (as amended) and is registered as a limited liability company. The AIFM is authorised as an alternative investment fund manager by the CBI pursuant to the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) in Ireland (the "AIFM Regulations").

The AIFM has been appointed as the alternative investment fund manager of the Company pursuant to an investment management agreement, as amended and restated from time to time (the "Management Agreement"). Pursuant to the Management Agreement, the AIFM provides portfolio management, risk management and other services in relation to the Company's investments and is authorised to act with day-to-day authority, power and responsibility for the investments, in accordance with the investment objectives and policies set out in the prospectus for the Company.

The AIFM ensures that it acts in compliance with the AIFM Regulations in its role as alternative investment fund manager of the Company. The AIFM may delegate certain functions with respect to its duties to third parties in accordance with the delegation requirements under the AIFM Regulations. Notwithstanding any delegation the AIFM shall remain liable to the Company for the proper performance of the portfolio management, risk management and valuation services.

### Fees

Pursuant to the Management Agreement, the Company pays 3.0% per annum of its gross rental income as property management fees and 0.5% per annum of its net asset value together with relevant reimbursements as asset management fees to the AIFM. The Management Agreement governs the provision of portfolio management, risk management and other related services to the Company by the AIFM on a day-to-day basis.

### The Depositary

The Company has appointed BNP Paribas Securities Services (the "**Depositary**"), Dublin Branch to act as its depositary pursuant to the terms of a depositary agreement between the Company, the Depositary, Gandon Alternative Fund Management Limited and the AIFM dated 11 April 2014 (as may be amended from time to time) (the "**Depositary Agreement**"). The Depositary is authorised as a provider of depositary and custodial services to collective investment schemes under the Investment Intermediaries Act 1995 (as amended). The Depositary is a branch of BNP Paribas Securities Services SCA, a company incorporated in France and is authorised by the ACPR (*Autorité de contrôle prudentiel et de résolution*) and supervised by the AMF (*Autorité des Marchés Financiers*).

The Depositary has been appointed for the safekeeping of the Company's assets and to provide such other related services as are required under the AIFMD. The Depositary has a number of roles relating to oversight of certain of the activities of the Company. In addition, the Depositary

also has custody duties in respect of any assets acquired by the Company and monitoring duties regarding the Company's cash flows.

The Depositary has not entered into any contractual arrangement to discharge itself of liability in accordance with Article 21(13) and 21(14) of the AIFMD and, therefore, the Depositary's liability is not affected by the delegation of its safe-keeping function as outlined above. Shareholders will be notified of any changes with respect to the discharge by the Depositary of its liability in accordance with Articles 21(13) and 21(14).

The Depositary may delegate to third parties certain of its duties, obligations and powers under the Depositary Agreement (a "Sub-Depositary"). The Depositary shall exercise all due skill, care and diligence in its appointment of a Sub-Depositary and shall keep exercising all due skill, care and diligence in the periodic review and ongoing monitoring of the Sub-Depositary in respect of the matters delegated to it. The Depositary shall be liable to the Company or its shareholders for the loss by the Depositary or any of its Sub-Depositaries of financial instruments. In the case of a loss of financial instrument held in custody by the Depositary or any of its Sub-Depositaries, the Depositary shall return a financial instrument of identical type or the corresponding amount to the Company without undue delay. The Depositary shall not be liable if it can prove that such loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

#### Fees of the Depositary

For the services provided under the Depositary Agreement, the Depositary is entitled to an annual flex fee of €2,083.33, to an oversight of external fund administration fee of €833.33 per annum plus annual fees of 0.0225% of gross assets where gross assets are under €250 million, 0.02% of gross assets where gross assets are between €250 million and €500 million and 0.0175% of gross assets where gross assets are in excess of €500 million. The Depositary is also entitled to certain transaction fees. There is no maximum fee payable under the Depositary Agreement.

#### **The Auditor**

##### Identity of the Auditor

KPMG provides audit services to the Company. KPMG is registered to carry on audit work in Ireland by Chartered Accountants Ireland. The auditor's responsibility is to audit and report on the Company's financial statements in accordance with applicable law and auditing standards for all accounting periods during its appointment.

The Auditor carries out its duties in accordance with applicable laws, rules and regulations, including the audit of the accounting information contained in the most recent annual report of the Company. The Auditor's work has been undertaken so that they might state to the Company's members those matters they are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, the Auditor does not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for their audit work, for their audit report, or for the opinions they formed.

##### Fees

The fees charged by KPMG depend on the services provided, and are computed, among other things, on the time spent by KPMG on the affairs of the Company. The fees for the review of the Company's interim financial statements and the audit of the Company's annual financial statements are fixed pursuant to the KPMG engagement letter.

### **The Registrar**

The registrar of the Company is Computershare Investor Services (Ireland) Limited, a limited company incorporated in Ireland, with registered number 239353 and is authorised and regulated by the CBI. The registered office is at 3100 Lake Drive, Citywest Business Campus Dublin 24, Ireland.

The duties of the registrar include, among others:

- (i) maintenance of the register of shareholders;
- (ii) certifying and registering transfers;
- (iii) dealing with routine correspondence from shareholders; and
- (iv) maintaining dividend mandates and shareholder legal documentation.

### Fees

The Registrar is entitled to a fee based on the number of shareholder accounts of the Company, subject to a fee of €20,000 per annum, to a fee of €887.26 per annum in respect of insurance cover, to a fee for a placing subject to a minimum of €1,500 per transaction and to additional fees for certain other services. There is no maximum amount payable under the Registrar Agreement. The Registrar is also entitled to certain out of pocket expenses.

### **Delegated Management Functions**

Notwithstanding the AIFM's right to sub-delegate any or all of its duties to an additional investment adviser, the AIFM does not currently delegate any of its responsibilities as the Company's alternative investment fund manager to an additional investment adviser.

### **Conflicts of Interest**

The AIFM and any entities appointed to act on behalf of the Company, including the AIFM's affiliates, delegates, officers and shareholders (collectively "the Parties") are or may be involved in other financial, investment and professional activities or transactions which may on occasion involve or cause a potential or actual conflict of interest with the investment management and operation of the Company and may provide a range of services under various headings to the Company or to the other parties acting on behalf of the Company, for which they may receive separate remuneration. Potential or actual conflicts of interest may include management of other funds, purchases and sales of securities or other investments, investment and management counselling, brokerage services and serving as directors, officers, advisers or agents of other funds and accounts or other companies. In particular, the AIFM may be involved in advising and managing other investment funds which may have similar or overlapping investment objectives to or with the Company. Each of the parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they may have and that any conflicts which may arise will be resolved fairly. The AIFM will use



reasonable endeavours to ensure that any conflict of interest is resolved fairly and in the best interests of investors.

In particular, the AIFM shall ensure the procedures and measures established for the prevention or management of conflicts of interest are designed to ensure the requisite degree of independence. The AIFM has procedures in place to determine how conflicts would be dealt with in the event that these arise. In order to limit any such conflicts and to manage any conflicts which do arise, a number of controls and internal procedures have been put in place as follows:

- effective information barriers to prevent or control the exchange of information between relevant persons engaged in collective portfolio management activities on behalf of the AIFM and/or the Company involving a risk of a conflict of interest where the exchange of information may harm the interests of the AIFM, the Company or shareholders, including, if appropriate, separate IT security systems, electronic access controls and restricted access to certain files, clean desk policy. It is noted that in practice, such a conflict is unlikely to arise given the structure of the AIFM;
- the separate supervision of persons whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to, clients or to investors whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the AIFM and/or the Company;
- ensuring that there is no direct link between the remuneration of persons principally engaged in one activity and the remuneration of different persons principally engaged in another activity where a conflict of interest may arise in relation to those activities including by ensuring that the AIFM has no incentive to treat the Company or its shareholders more favourably than another, ensuring that the particular circumstance of an event or relationship should be considered in assessing whether there is a conflict of interest and ensuring all new arrangements (relationships and activities) by the AIFM, the Company or shareholders are reviewed in accordance with the AIFM's conflicts of interest policies;
- measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out collective portfolio management services on behalf of the AIFM and/or the Company including, if appropriate, by implementing appropriate segregation of duties, authorisation levels and reporting lines;
- measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate collective portfolio management activities where such involvement may impair the proper management of conflicts of interest including, if appropriate, by assigning different services or activities which may give rise to conflicting interests to different persons or different business units.

Where the organisational or administrative arrangements made by the AIFM are not sufficient to prevent risk of damage to the interests of the Company or shareholders, the AIFM shall take any necessary decision or action to ensure that the AIFM acts in the best interests of the Company or shareholders.

The AIFM shall (i) ascertain any actual or potential financial/non-financial gains that would accrue to the AIFM, the Company or shareholders at the expense of the AIFM, the Company or shareholders, or to another fund or the shareholders, as applicable; and (ii) compile a record in each case, recording whether or not there is a material risk to the AIFM, the Company or shareholders' interests, and, if so, what practical measures such as the AIFM's reporting lines, remuneration policy etc., have been or should be adopted to prevent damage to the interests of the relevant party or, if the risk cannot be prevented with reasonable confidence, clearly disclosing the general nature and the sources of the conflicts of interest to the relevant party.

The AIFM shall keep and regularly update a record of the types of activities undertaken by or on behalf of the AIFM in which a conflict of interest entailing a material risk of damage to the interests of the Company or its investors has arisen or may arise. The AIFM shall receive on a frequent basis, and at least annually, written reports on activities undertaken by or on behalf of the AIFM in which a conflict of interest entailing a material risk of damage to the interests of the Company or its investors has arisen or may arise.

### **Investor rights against third party service providers**

The Company is reliant on the performance of third party service providers, including the AIFM, the Depository, the Auditor and the Registrar.

Without prejudice to any potential right of action in tort that an Investor may have to bring a claim against a service provider, each Investor's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Investor will have any contractual claim against any service provider with respect to such service provider's default.

In the event that an Investor considers that it may have a claim against a third party service provider in connection with such Investor's investment in the Company, such Investor should consult its own legal advisers.

### **The Company Secretary**

On 7 October 2014, the Company appointed Elise Lenser as its secretary. Anna Marie Curry will become secretary of the Company with effect from 1 July 2021.

## **SHAREHOLDER INFORMATION**

### **Annual reports and accounts**

Copies of the Company's latest annual and interim reports may be accessed at <https://investorrelations.iresreit.ie>.

### **Valuation Policy - Publication**

The Company's real estate assets are and will be valued by independent qualified valuers as at 30 June and 31 December each year.

The Net Asset Value (the "NAV") is based on the most recent valuations of the Company's real estate assets as at either 30 June or 31 December in each year (as applicable) and is calculated by the AIFM in accordance with International Financial Reporting Standards ("IFRS").

Valuations of the Company's real estate assets are and will be made in accordance with the appropriate sections of the Royal Institution of Chartered Surveyors ("RICS") Red Book at the date of valuation. This is an internationally accepted basis of real estate valuation. The valuations will be undertaken by CBRE and/or Savills or some other suitably qualified independent valuation firm or firms.

Valuations by their nature are backward looking and would lag market as they are based on observable market evidence. RICS Red Book valuations utilised for IFRS reporting do not permit a portfolio premium to be added and therefore have not been included.

The value of any investment which is not quoted, listed or normally dealt in on a regulated market or of any investment which is normally quoted, listed or dealt in on a market but in respect of which no price is currently available shall be the probable realisation value estimated with care and in good faith by a competent person appointed by the Directors. In determining the probable realisation value of any such investment, the Company may accept a certified valuation from a competent independent person, or in the absence of any independent person, (notwithstanding that the AIFM has an interest in the valuation), any investment manager appointed by the Company.

### **Historical performance of the Company**

Details of the Company's historical financial performance are provided in the Company's most recent annual reports.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

### **Purchases and sales of shares by Investors**

The Company's ordinary shares are listed on the primary listing segment of the Official List of Euronext Dublin and are traded on the main market for listed securities of Euronext Dublin.

### **Fair treatment of Investors**

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of Investors. No preferential treatment is accorded by the Company to one or more shareholders.

No Investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any Investors.

Any shares, when issued and fully paid, are identical to and rank *pari passu* with the existing ordinary shares, including the right to receive all dividends or other distributions made, paid or declared after admission of the shares (excluding those dividends payable after such admission that were declared and have a record date prior to such admission).

## **RISK FACTORS**

### **Principal risks and uncertainties**

The Company proactively identifies, assesses, monitors and manages the principal risks and uncertainties to which it is exposed, with the assistance of the AIFM. The principal risks and

uncertainties, along with their strategic impact on the business and mitigating factors, are outlined in the Company's most recent annual report or interim report. The Company has also provided its belief on how the risk has trended (remained stable, is increasing or is decreasing) from the prior period of disclosure. All relevant information is made available to Investors by disclosure in the Company's most recent annual or interim report.

## **RISK MANAGEMENT**

### **Risk profile**

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are those highlighted in the section entitled "Risk Factors" above: namely, market risk, liquidity risk, credit risk and capital management risk.

The AIFM assesses the sensitivity of the Company's portfolio to the most relevant risks to which the Company is or could be exposed on an ongoing basis.

The current risk profile of the Company is disclosed periodically to Investors by disclosure in the Company's annual report and accounts.

### **Risk management systems**

The Company's key risks are monitored by the AIFM on an ongoing basis, The AIFM's investment review and monitoring process is used to identify and, where possible, reduce risk.

The risk management systems which the AIFM employs to manage the risks which are most relevant to the Company will be disclosed periodically to Investors by disclosure in the Company's annual report and accounts.

The AIFM has established a permanent risk management function consisting of the designated persons responsible for operational risk management and fund risk management.

In the context of the Company, the AIFM is of the view that risk management primarily consists of the following obligations:

- (i) monitoring and ensuring that any proposed investments are in accordance with its business in primarily acquiring apartment and house units and related commercial space;
- (ii) monitoring the activities of the Company to ensure that it is in compliance with applicable regulatory requirements;
- (iii) identifying and measuring all relevant risks with input from CAPREIT Limited Partnership;
- (iv) assessing risk mitigants that are in place for the Company and overseeing implementation of risk controls;
- (v) approving the due diligence process in carrying out the risk management of the Company; and

- (vi) supervising, monitoring and reviewing activities carried out in respect of the risk management function for the Company.

A risk register is disclosed in the annual report of the Company. While the IRES Board is supported by the AIFM, the IRES Board has ultimate responsibility for risk management of the Company, notwithstanding that the AIFM has been appointed as its alternative investment fund manager.

### **Market risk management**

The AIFM uses stress-testing scenarios to estimate the maximum potential weekly, monthly and quarterly losses for the portfolio. The stress-test results are used to check the risk of the overall portfolio remains within pre-agreed targets.

### **Liquidity risk management**

The AIFM has a liquidity management policy, including a liquidity stress testing policy, in relation to the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to meet the Company's ongoing obligations.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

The Company by its nature is not subject to liquidity obligations; it is a listed entity and as such, shareholders may only obtain liquidity through the sale of shares in the secondary market (and therefore the Company is not exposed to redemption risk).

Investors will be notified, by way of a disclosure on the website of the AIFM or the Company, in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

### **Professional negligence liability risks**

The AIFM covers potential professional liability risks resulting from those activities the AIFM carries out pursuant to the AIFMD, as transposed by the AIFMD Regulations, by maintaining professional indemnity insurance appropriate to cover the risks of any potential liability arising from professional negligence.

The AIFM also complies with the qualitative requirements addressing professional liability risks in article 13 of the AIFMD level 2 regulation (qualitative requirements addressing professional liability risks).

### **Brokerage practices and use of dealing commission**

The Company does not have a prime broker.

### **Amendment of this document**

The information in this document will be reviewed, and updated as necessary, by the AIFM at least annually. Any changes made to this document will be notified to Investors by way of disclosure on the website of the AIFM or, with the agreement of the Company, the Company.