Annual Report & Accounts 2018

Glenveagh
Properties PLC

Taylor Hill, Balbriggan, Co. Dublin

Contents

Proby Place, Blackrock, Co. Dublin

Glenveagh at a Glance

Marina Village, Greystones, Wicklow

11,850 units
Existing land bank size

€525 million
Capital Deployed

261
Employees

1,100+
Units under construction during 2018

14
Sites Open

Increase since IPO: **Homes**

c.6,800 units

Increase since IPO: **Living**

1,850 units

Note: Statistics as of 31 December 2018 unless otherwise stated

Chairman's Letter

Dear Shareholder, Your Company has made significant progress in its first full year of operation and I am pleased to present the Annual Report for the year ended 31 December 2018.

Delivery on our targets

In particular the Company has focussed on the primary targets that were set at our initial public offering ("IPO") in October 2017 being:

Disciplined deployment of capital

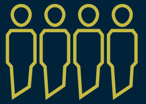
The balance of the IPO proceeds was fully deployed during the year with significant progress also made on deploying the proceeds of the secondary capital raise . All land acquisitions have been completed with a focus on shareholder returns and the Group now has a landbank with the capacity to delivery in excess of 12,600 units.

Scaling the Operations

From commencement in October 2017, the Group is now active on 15 sites, and growing and has exceeded its sales target of 250 units by ten per cent. in completing the sale of 275 units in 2018. We now have 270 people directly employed (85 at IPO) who are providing the platform for future growth and the execution of our strategic objectives.

Market opportunity

We remain extremely positive on the market opportunity for the business. The Group has structured its business around three segments in the Irish residential market being Build to Sell (BTS); Private Rental Sector (PRS) and Mixed Tenure and the optionality provided by many of the sites in our landbank across these segments is a key strength of the business.



270

We now have 270 people directly employed (85 at IPO) who are providing the platform for future growth and the execution of our strategic objectives

12,600

All land acquisitions have been completed with a focus on shareholder returns and the Group now has a landbank with the capacity to delivery in excess of 12,600 units

John Mulcahy
Chairman

The strong and increasing demand for housing in the Irish market coupled with our focus on customer affordability in starter-homes, our commitment to safety, quality and efficiency (through standardisation of delivery) of construction are the key to the Board's confidence in the Group's BTS business.

The demand for PRS units from institutional and international investors is strong and increasing and our existing PRS portfolio is well placed to benefit from this increasingly important segment of the market. We continue to evaluate exit strategies across our current portfolio and pipeline sites to ensure we strike the appropriate balance across both the BTS and PRS sectors.

Glenveagh Living has made significant progress in 2018 in developing its initial portfolio from a planning and design perspective while also further enhancing our internal capability to avail of the significant mixed tenure opportunity that is presenting itself.

Our people

We now employ 270 staff and our ability to continue to attract and retain people of exceptional talent, commitment and dedication has been a key element in delivering the levels of growth we have achieved in 2018 and a focus on talent retention will continue in 2019 and beyond. On behalf of the Board, I want to thank all our people for their efforts and dedication throughout 2018. We were pleased to also be recognised as one of the Best Workplaces in Ireland in the 2019 awards.

I would like to thank our wider construction network, which includes over 1,000 contractors, for their commitment and contribution in partnering with us which has allowed the business to make such significant progress on all our active sites throughout 2018.

Governance

The Board comprises an Executive Chairman, four Non-Executive Directors and two Executive Directors and members meet formally in Board Committees, Board meetings, and also less formally to discuss issues affecting the Group. The primary Board focus throughout 2018 was to support the implementation of the Group's business strategy, while ensuring the appropriate policies, procedures, corporate governance and risk management plans were embedded across the business at such an important phase in the Group's development.

Glenveagh are firmly committed to maintaining the highest standards of corporate governance. The Company seeks to comply with all requirements of the UK Corporate Governance Code 2016, the Irish Corporate Governance Annex and best practice generally in respect of corporate governance. Details of our corporate governance approach are set out in the separate Corporate Governance Report on pages 60 to 69.

I would like to thank the Board and the Executive Committee members for the significant progress over the past year.

Outlook

The Board is pleased with the progress and performance of the Group to date. 2018 has been a year of significant progress where we have effectively deployed capital by assembling a highly attractive landbank capable of leveraging the significant opportunity that exists while also delivering on our financial and operational targets for 2018.

The Board believes that the Group is well positioned to deliver on our 2019 and 2020 targets in line with the Group's strategy. I would like to take this opportunity to thank you, our shareholders, and our stakeholders for your continued support during this exciting time for the Group.

John Mulcahy
Chairman

CEO's Review

I am pleased to update you, our shareholders, on our continued strong progress at Glenveagh.

We have shown during our first full year of trading that we are capable of creating and operating a volume homebuilder for the Irish market. Our progress since IPO 17 months ago has been strong. We have the right strategy, the right team and we are in the right sector to create a resilient, long-lasting and profitable business.

Our Landbank

Throughout 2018 we have worked tirelessly to add value to our landbank. In 2018 we spent €351.1 million acquiring 16 sites with the potential for c.7,400 units, bringing our total landbank to 11,850 units on 46 sites at 31 December 2018. In doing so we assessed almost €2 billion of land opportunities and carefully screened those according to location, margins, infrastructure availability and the ability to turn the land and generate profits quickly.

In January we announced the acquisition of a further attractive site in Cork with the potential to accommodate up to 500 residential units in an area of high demand for total consideration of c.€25 million. This acquisition means we delivered on a key Group IPO objective to deliver residential housing on National Asset Management Agency ("NAMA") secured lands in a partnership structure.

Subsequently, we also purchased further sites at Leixlip and Newbridge, Co. Kildare which currently have planning permission for 793 units for cash consideration of approximately €50m.

We also disposed of a number of our smaller sites during the year and will continue to evaluate opportunities for the sale of our non-core lands on an opportunistic basis once value is added.

11,850

In 2018 we spent €351.1 million acquiring 16 sites with the potential for c. 7,400 units, bringing our total landbank to 11,850 units on 46 sites.

793

We also purchased further sites at Leixlip and Newbridge, Co. Kildare which currently have planning permission for 793 units for cash consideration of approximately €50m.

Justin Bickle
Co-Founder and CEO

We feel very positive about our land purchases since IPO and expect the rate of acquisitions to now slow as we focus on developing our extensive land holdings and deploy our remaining capital to best generate shareholder returns.

In homebuilding, a successful planning strategy is a prerequisite to achieving group targets. We are fortunate to have a strong and experienced planning team in situ, and one we have continued to invest in over the past 12 months.

Over 98% of the lands we own are zoned residential while almost 34% of our landbank now has planning. Additionally, we expect to have 5,500 units at various stages of the planning system during 2019 and will look to more than double our planning consents by this time next year. We have high confidence in our approach to planning, not only to deliver the units we have guided to the market, but also incremental units achieved through planning gains.

Glenveagh Homes ("Homes"): focus on starter-homes

Ireland is very much in the midst of a housing crisis and needs to compensate for the decade of housing undersupply since the global financial crisis. The Glenveagh view is that if you can build modern, value-for-money and space-efficient homes at the right price in the right locations and look after your customers, then you will prosper as a business. That is why Homes predominantly targets the starter-home market. It is the deepest and most resilient segment in our core business. It is also the part of the market most under-served by our competitors, particularly within the Dublin commuter belt.

In the coming year Homes will again increase its construction operations as we work towards our 2019 goal of 725 sold units and longer term Homes target of 2,000 sold units per year by 2023. All sites necessary to deliver our 2019 target of 725 units are now open. Importantly, we are already constructing the majority of our 725 target for 2019, while 85% of our 2020 target will be delivered through construction sites that are already open. Glenveagh will ultimately be judged on building the right product, in the right location and at the right price. I am confident that we will continue to innovate to meet changing customer trends and that building well and looking after our customers are key components for Glenveagh's long-term success.

I commend the Homes team for their efforts and execution since IPO in ramping up construction activity and creating an impressive landbank (85% of our 12,600 units). We look forward to a further ramp-up to our target of 725 sold units for 2019 with the same level of efficiency and professionalism as we delivered the last 275 in our first full year of operations.

Glenveagh Living ("Living")

We told our investors at IPO that not only would we create a volume homebuilder in Ireland focussed principally on starter-homes as we have done (Homes), but that we would also create additional business lines with a different approach and return profile through Living.

Private Rental Sector ("PRS")

I am pleased to report that during our first full year as a business, PRS has now become an increasingly active segment of the Irish residential sector, vindicating our view that there is a structural shift to rental in Ireland, as is the case in a number of developed countries, particularly North America, Canada, Australia and the UK. Certain customers' preference to rent, rather than buy, is now a fundamental tenet of the Irish residential landscape, particularly since Dublin, as one of Europe's principal gateway cities, attracts individuals and families who may plan to live and work in Dublin for only a few years, rather than being committed to a single family home or a single location, forever.

Our view at Glenveagh is that it is important to serve these residential tenants by delivering buildings for their landlords, or the institutional investors who ultimately own them, which are modern, well-designed and future proofed for their needs as tenants and families and with the requisite level of amenities not historically seen in the Irish market. Moreover, we believe that, as a PLC, we have a number of structural scale advantages over smaller developers (including access to equity and debt capital) which ought to make Glenveagh very attractive to institutional investors, both Irish and international.

The core team at Living are already capitalising on the significant PRS opportunity that exists in building rental communities and working to de-risk our 1,850 units PRS portfolio which is at an advanced design and planning stage. We look forward to reporting more progress on this endeavour in due course.

Mixed-Tenure and Joint Ventures ("Partnerships")

During the past 12 months we have presented on the benefits and advantages of undertaking Partnerships in Ireland in addition to delivering starter-homes and our PRS schemes.

The reaction we have had in the past several months has been very encouraging. We want Partnerships to be a key long-term part of Glenveagh's business, particularly given the amount of land which is held by local authorities and other State agencies and is either fit for residential development or will be re-purposed for residential use in the coming years.

The core team at Living are already capitalising on the significant PRS opportunity that exists in building rental communities and working to de-risk our 1,850 units PRS portfolio which is at an advanced design and planning stage. We look forward to reporting more progress on this endeavour in due course.

We are pleased that our own strategy accords with other newly constituted bodies like the Land Development Agency ("LDA") and look forward to working with them in the coming years. We are also delighted that the economic model of our Partnerships business is attractive to other key residential stakeholders such as the approved housing bodies who work alongside local authorities in managing social and affordable units and who can play a pivotal role in encouraging placemaking, and greater housing provision, which is central to Living's offering.

We believe that Living will prove over the coming years to be a key driver of shareholder returns and offers a differentiated proposition over other companies active in Irish residential. There is a lot of work to do in delivering on this vertical but we are committed to do so given the potential attractive returns for our shareholders.

Marina Village, Greystones, Wicklow

More details of our business lines, Homes and Living are set out in the Business Model and Strategy section of this Annual Report.

Outlook

The fundamentals of our sector and its investment outlook remain strong. There is a continuing chronic under-supply of housing in Ireland (both private and public) and a dearth of scale homebuilders. With a strong landbank and capital ready to deploy should we see an opportunity, Glenveagh has already earned a leading role within the Irish residential landscape. We will continue to deliver the high-quality starter-homes that are in high demand from Homes and capture the rental and partnerships opportunities through Living.

Experience suggests that the current favourable market conditions will not last forever, and that the time to future proof and create a resilient and counter-cyclical homebuilding business is now. We need to be, and remain attractive to, both families looking for their first starter-home, as well as institutional investors who want quality and scale.

Our focus as a senior management team is to execute on our long-term business plan and hit each of our targets while the market is favourable, while at the same time planning ahead as to how best to generate revenues and profits in a cyclical market. To that end it feels like we are reaching the end of our ramp-up phase as a business, and that instead we are entering the execution phase of our lifecycle. This is encouraging at such an early stage.

We believe that the next few years will see a continued and sustained growth in Irish residential and the sector will become more institutional in nature and more attractive to third-party capital providers. We are determined to become a builder of volume in Ireland and a trusted counterparty to deliver units in the Irish market.

In closing, I would echo the words of our Executive Chairman and thank all the Glenveagh staff, their families and our industry partners for joining us on this exciting journey. I would also thank those shareholders who believed in us at IPO, or who joined our register recently, as without the support of those investors, Glenveagh would not exist and the value opportunity we see could not be captured.

Justin Bickle
Chief Executive Officer

CFO's Review

Michael Rice
Chief Financial Officer

2018 was a year of significant growth for Glenveagh and has delivered a strong operational and financial performance.

Group performance

2018 was a year of significant growth for Glenveagh and has delivered a strong operational and financial performance.

The total unit completions for the year were 10% above guidance at 275 units (Guidance: 250 units) with overall group revenue of €84.2 million.

The Group's revenue from the 275 units equated to €79.0 million. Over 90% of these units came from our developments aimed at first-time buyers and the demand in this segment of the market remains very strong versus the continuing undersupply. The strong demand for the first-time buyer product is also evident from our Average Selling Price ('ASP') for the year of €287k. Overall group revenue also included €5.0 million from the disposal of a number of our smaller sites.

The Group's gross profit for the year amounted to €15.3 million with a corresponding gross margin of 18.2%. This strong margin performance is above market consensus and demonstrates that the Group's target of 20% gross margin in 2020 is certainly achievable.

Our operating loss pre-exceptional items for the year was €2.2 million, which is in line with expectations. The Group's central costs for the year were €17.2 million, which along with €0.2 million of depreciation and amortisation gives total administrative expenses pre-exceptional items of €17.4 million. This investment in our central functions demonstrates our commitment to the management team allowing them to deliver the company's operational and financial medium-term targets.

€84 million

Overall group revenue 2018 was €84 million, €79 million of which relates to the sale of 275 units and €5 million of land sales

18.2%

The Group's gross profit for the year amounted to €15.3 million with a corresponding gross margin of 18.2%

The exceptional costs of €0.4 million incurred in the year relate to certain costs and fees on the share placing in August 2018.

Net finance costs for the year were €1.4 million, primarily reflecting interest on the drawn portion of our Revolving Credit Facility ("RCF"), commitment fees on the undrawn element of the facility and arrangement fees, which are being amortised over the life of the facility. The Group has actively managed our cash deposits with several banks to minimise the interest cost in the current negative interest rate environment.

Balance Sheet

The Group's net asset value has increased to €843.2 million at 31 December 2018 (2017: €640.7 million), with the increase predominantly due to the additional share capital following the Group's share placing in the year.

The Group has shown substantial growth during the year with the land portfolio increasing to €618.0 million (2017: €217.0 million), which equates to c.11,350 units at 31 December 2018. The Group has also invested heavily in work-in-progress with a significant operational ramp up from 5 active sites in the prior year to 14 active sites at 31 December 2018. This is evident in the work-in-progress balance of €101.0 million at year end (2017: €11.1 million).

The investment in the land portfolio and work-in-progress has been financed through the Group's net cash balances, which have decreased to €130.7 million at 31 December 2018 (2017: €351.8 million).

Cash flow

The Group deployed significant cash in the year as we continued the growth phase of the business. The cash outflows predominantly related to the €446.0 million spent on land (including the acquisition of a subsidiary undertaking) and construction activity. These cash outflows were financed from the remaining IPO proceeds and the €206.0 million raised through our share placing in August.

These significant cash movements, along with a number of other operational cash flows, gave rise to a net cash outflow for the Group of €221.1 million in the year, with the Group in a net cash position of €130.7 million (2017: €351.8 million) at year-end.

During the year, the Group drew down €26.0 million from the RCF in two separate tranches. The full amount was repaid prior to year-end to minimise the interest cost of the facility. We expect to utilise this debt facility to a greater extent in 2019 as having deployed the remaining cash from the share placing on land acquisitions, the Group will finance the working capital requirements of new and existing sites with the facility.

Capital structure & financing

In August, the Group completed a share placing with 185 million of ordinary shares being issued at a share price of €1.15. This provided the Group with additional funds of €206.0 million (net of issue costs).

At the time of the share placing, the Group had deployed the full IPO proceeds and given the continued strong land opportunity, additional funds were required to take advantage of this. The Group set a target of 12 months to deploy the additional equity and given the land opportunities that we have seen in the second half of 2018 and into 2019, we are very confident of meeting this target.

During the year, the Group finalised a €250.0 million RCF with a syndicate of international and domestic banks. The facility has a three-year term, with a committed element of €125.0 million and will provide the debt element of the Group's financing structure.

The Group's RCF is subject to primary financial covenants calculated on a quarterly basis:

- A maximum net debt to net assets ratio;
- A minimum cash reserves limit; and
- A minimum EBITDA to net interest coverage ratio.

The Group was not in breach of any of these covenants during the year.

Founder Share Scheme

During the financial year, the first test period of the Founder Share Scheme completed and the performance condition was satisfied. Given the condition was satisfied, the Company issued 18,993,162 new ordinary shares to the three founders and these new shares form part of the Ordinary Share Capital of the Group at 31 December 2018.

Further details on the scheme and the new shares issued to the founders are provided in the Remuneration & Nomination Committee Report.

Investor Relations

The Group is committed to maintaining open and transparent communications with its shareholders. During 2018, the Group established a comprehensive investor relations program through which the CEO, COO, CFO and the Director of Investor Relations & Strategy regularly meet with the Group's institutional shareholders to present results and to discuss strategic issues. Throughout 2018 members of the Group's IR team attended a wide variety of industry conferences and road shows and institutional investors were invited by the Group to join site tours to a number of active developments.

Share Price and Market Capitalisation

The Group's shares traded between €0.67 and €1.26 during the year. The share price at 31 December 2018 was €0.71 (31 December 2017: €1.18) giving a market capitalisation of €618.7 million (2017: €787.1 million).

Financial KPIs

The Group has a number of key performance indicators to measure its financial and operational performance and track progress in achieving medium and long-term targets.

Gross Margin

Gross margin reflects the Net Development Value ('NDV') of units sold less the costs directly linked to the construction and sale of those units. Gross margin is one of the key metrics used by management in acquiring land and is continually assessed throughout the life of a development. The Group's gross margin for 2018 is 18.2%, which is above market consensus and gives a strong indication of the Group's progress towards its target of 20% by 2020.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Group management consider EBITDA to be the most appropriate measure for assessing the profitability of the Group in a given financial period. It is calculated by adding back non-cash depreciation and amortisation charges to the Group's operating profit for a year.

The Group has a negative EBITDA pre-exceptional items of €2.0 million in 2018 but this loss was forecasted given 2018 is the first full year of operation and the business has been scaled with medium and long-term goals in mind.

Return on Capital Employed (ROCE)

The Group considers ROCE to be a key long-term corporate metric once the Group achieves scale. The Group believes that ROCE is the best measure of the Group's ability to generate profits from its asset base in a capital efficient manner and to create sustainable shareholder value.

Financial Risk Management

The Group's financial risk management is governed by policies and procedures which have been approved by the Board of Directors and are reviewed on an annual basis. These policies primarily cover credit risk, liquidity risk and interest rate risk. The principal objective of these policies is the minimisation of financial risk at reasonable cost.

Credit risk

The Group transacts with a variety of high credit-rated financial institutions for both placing deposits and managing our day-to-day cash flow requirements. The Group actively monitors its credit exposure to each counterparty to ensure compliance with internal limits approved by the Board.

Liquidity and interest rate risk

The Group has a strong balance sheet with its cash balance and undrawn debt facility allowing the business to finance its current growth strategy. The Group's debt facility is drawn on a floating interest rate, with no related derivatives or financial instruments in place. The Group will continue to review this approach based on the level of drawn funds and the wider interest rate environment.

Political Risk ("Brexit")

The Board and senior management have been monitoring closely the potential implications of Brexit on the business with a particular focus on the Group's ability to source necessary labour and materials. The outcome of the UK's departure from the European Union remains unclear and its potential impact on the movement of people and distribution of goods is difficult to quantify.

Management have carried out a full assessment of our supply chain's exposure to the UK in light of a "Hard Brexit" and determined that Brexit will not have a material impact on the Group's ability to source the necessary labour and materials. The Board and senior management will continue to monitor closely and assess the potential impact on the business of the UK's departure from the European Union both pre and post Brexit and will alter our strategic plans to meet the challenges of Brexit if necessary.

Outlook

The Group had forward sales (sold; signed or reserved) of 202 units at 31 December 2018 which increased to 451 by 5 March 2019 which gives a strong view on our 725 unit completion target for 2019.

All sites required to deliver the 725 units in 2019 are now active, with prices agreed for approximately 90% of construction costs associated with 2019 deliveries. This enables us to have very good visibility of the projected 2019 gross margin on each active site.

The Group has maintained a strong Balance Sheet throughout the year with €130.7 million of net cash at year end and an undrawn debt facility of €250.0 million (of which €125 million is committed). This demonstrates that the Group has the necessary capacity to continue to acquire appropriate land opportunities while also funding the working capital needs of the business as it continues the current growth phase.

The Group looks forward to further underlying financial growth and operational development in the year ahead.

Michael Rice
Chief Financial Officer

725
All sites required to deliver the 725 units in 2019 are now active

€130.7m
The Group has maintained a strong Balance Sheet throughout the year with €130.7 million of net cash at year end and an undrawn debt facility of €250.0 million (of which €125 million is committed)

COO's Review

Our business has grown significantly during the Group's first full year of operation exceeding expectations across a number of our KPIs, particularly in construction.

This was made possible by the dynamic and innovative team we have assembled who continue to drive the Group towards the fulfilment of our objectives.

Land Acquisitions

Building a starter-home landbank which can deliver our long-term business goals is a key objective for the Group. During 2018 we enhanced our existing landbank through off-market deals at attractive rates. These included:

Project Quattro

Project Quattro saw the Group acquire four sites in the Greater Dublin Area ("GDA"): two in Donabate, Co. Dublin; one at Dunboyne, Co. Meath; and one at Stamullen, Co. Meath, which are capable of delivering 1,435 starter-homes and apartments, subject to planning. Each of these locations are well served by connections to major transport networks. We are actively constructing in Donabate (Semple Woods) and the site will start to deliver homes from 2019.

Kilcock, Co. Kildare (Ledwill Park)

In June Homes exchanged contracts to acquire a c.16.2-hectare site of zoned residential land in the GDA which has the potential to deliver c.400 residential units subject to planning. The acquisition further strengthened Glenveagh's focus on delivering starter-homes in the GDA in proximity to transportation nodes. The Group acquired the site off-market and commenced construction in H2 2018. The site will deliver homes in 2019.

1,100

Including sold units the business was actively constructing on over 1,100 units in 2018 across 14 sites

2,000

The scale of the opportunity as a partner of Glenveagh is unrivalled given the 2,000+ unit per annum output target in Homes

Stephen Garvey
Chief Operations Officer

Tyrrellstown

In August the Group exchanged contracts to acquire a c.113-hectare site (39-hectares of which are zoned residential) in Tyrrelstown, Dublin 15 which has the potential to deliver over 1,250 units on land currently zoned residential. The acquisition is adjacent to our existing site at Hollystown Golf Club and we expect to lodge a Strategic Housing Development ("SHD") application later in 2019.

The benefits of scale and permanent capital are such that we were able to assemble our landbank at better rates as the year progressed with land cost as a percentage of NDV decreasing meaningfully since IPO.

As we have already de-risked our deliveries for 2019 and 2020, we are increasingly selective on the characteristics required for future land acquisitions. Our pipeline of future opportunities remains strong. The vacant site levy should help bring additional sellers to the market and ensure a steady supply of land over the coming years.

2018 delivered significant progress on the construction front. With activity accelerating through the period the team continued to deliver on site openings and unit construction.

Construction

2018 delivered significant progress on the construction front. With activity accelerating through the year, the team continued to deliver on site openings and unit construction. In 2018 the business was actively constructing on over 1,100 units across 14 sites. It is this level of activity which is helping ensure we meet our unit guidance for the 2019 and 2020 financial years. The vast majority of our construction efforts are on our starter-homes sites including; Taylor Hill; Cois Glaisin; Cluain Adain; Cnoc Dubh; Kinghtsgate; Semple Woods and Ledwill Park.

Importantly we are demonstrating that we can open sites quickly after acquisition with Semple Woods and Ledwill Park both active within the financial year of acquisition. We have already commenced enabling work in Maryborough Ridge, a site which was acquired in late December 2018.

The Group continues to focus and invest in ensuring the highest standards of health and safety across all areas of activity in the Group. At the end of 2018 and as part of the 2019 plans, the Group has begun to introduce turnstile access to all sites which ensures only authorised personnel with all safety accreditations are allowed on site. Digital technology is also used to review all our sub-contractor documentation and records, such as their SafePass, construction skills certification, safety statements and insurances prior to providing access to site. In addition, the Group are introducing biometric scanning at the entrance and exit to all sites. This will allow Glenveagh to understand who is present on what site at a point in time to further control health and safety and minimise the risk of incidents arising.

Taylor Hill, Balbriggan, Co. Dublin

Herbert Hill, Dundrum, Dublin

Cnoc Dubh, Ballyboughal, Co. Dublin

Standardisation

We continue to innovate our design and construction solutions in order to optimise margin performance in the medium term, while also delivering at scale helped by the standardisation of processes and production across our developments. Through repetition we can speed up the construction process and drive down our costs which in turn will help us deliver product faster and return a stronger margin.

Attracting and Retaining Construction Resource

A positive development from our first full year of operation was the extent to which we are viewed as the partner of choice for employees, sub-contractors, suppliers and industry colleagues.

Glenveagh's offering to our partners has a number of advantages over our local non-PLC competition:

- The scale of the opportunity as a partner of Glenveagh is unrivalled given the 2,000+ unit per annum output target in Homes;
- We offer continuity of work on our multi-year sites which are delivering a consistent number of units on an annual basis — this gives sub-contractors the confidence to grow their business with us;
- Sub-contractors are now familiar with our process and product. As a result, they know the key risks and the man hours involved in delivering housing for the Group which delivers keener pricing than would otherwise be the case; and
- We reduce the capital requirements of our sub-contractors by procuring their material packages separately. This is particularly relevant for trades that have high a material component such as plumbing.

275

We exceeded our target to deliver on 250 closed sales for 2018 reaching 275

Combined these efforts help ensure we are a compelling partner for sub-contractors.

Sales and Marketing

In 2018 we sold 275 units which exceeded our initial target of 250 units by 10% and 451 of our 725 unit target for 2019 are sold, signed or reserved as of 5 March 2019. Given the significant ramp up required and the lead-in times for construction, this was a challenging target which the team more than delivered on.

Our sales offering is compelling with value-for-money homes in attractive locations with exceptional levels of customer service, which combined with our site opening track record means Glenveagh is well positioned to meet our long-term sales objectives.

Conclusion

I would like to take this opportunity to acknowledge our employees and extensive network of c.1,000 contractors across a variety of disciplines who play a key role in supporting and enhancing our operations, enabling us to deliver quality homes for the Irish residential market. We look forward to broadening this vibrant network into the future and working together to maintain our momentum and strengthen our operations in 2019 and beyond.

Stephen Garvey
Chief Operations Officer

Timeline

2017

October

At IPO:

108
units under construction

85
Employees

2
Active on 2 sites

3,144
unit landbank

December

East Road

East Road is Glenveagh Living's first land acquisition

Glenveagh Living

2018

March

c.600
units under construction

c.7,300
unit landbank

1,435
Acquisition of Project Quattro sites with the potential for 1,435 units

148
Employees

June

10,120
unit landbank

1st
unit sold

12
Active on 12 sites

650+1,000
Acquisition of Castleforbes and Cork Docklands sites with the potential for 650 and 1000 units

Glenveagh Living

Glenveagh Homes

October

123
units sold of the 252 units completed

7
Selling from 7 sites

230
Employees

November

800
units under construction

140
Acquisition of Blackrock Villas, Cork with potential for 140 units

December

275
units sold exceeding 250 unit target

261
Employees representing a 3x increase since IPO

8
Selling from 8 sites

14
Active on 14 sites

2019

January

11,850
unit landbank

202
202 units signed or reserved for 2019

500
Announced first transaction with NAMA for licence agreement with the potential for 500 units

Glenveagh Properties PLC

Business Model & Strategy

Taylor Hill, Balbriggan, Co. Dublin

Strategic Overview

With a focus on strategically located developments in the GDA, Cork, Limerick and Galway, the Group comprises two complementary residential delivery divisions, Homes and Living.

Homes delivers high quality starter-homes to its private customers with selective developments of mid-size and executive houses and apartments in areas of high demand. Our Homes portfolio also has the optionality to deliver housing and low-rise apartments for institutional investors (PRS).

Living delivers houses and apartments for the public sector and institutional investors. Our Partnerships business focusses on Mixed-Tenure and joint venture opportunities with the public sector in Ireland, while our PRS business delivers large-scale private rental product for institutional investors in high density urban locations.

Both of our business units benefit from the Group's attractive landbank, proven delivery platform and industry leading central resources.

The four strategic pillars of the Group are as follows:

A. Assembly and active management of a sector leading landbank at attractive rates;
B. Operation of best-in-class delivery platform;
C. Delivery of an end-customer focussed product offering across our three target markets; Build-to-Sell, PRS and Mixed-Tenure; and
D. Optimisation of capital employed to drive returns for shareholders.

The Group has made significant progress towards the achievement of our strategic objectives.

1,100

With over 1,100 units under construction during 2018 we have substantially de-risked our delivery targets for 2019 (725) and 2020 (1,000)

Taylor Hill, Balbriggan, Co. Dublin

A. Assembly of Monetisable Starter-Home Focussed Landbank At Attractive Rates

We have moved quickly to de-risk our long-term sales objectives by assembling a starter-home focussed landbank with affordability and value-for-money at its core. Our landbank was assembled at attractive rates in the context of both cost per site (€50k vs €56k at IPO) and site cost as a percentage of NDV (17% vs 22% at IPO).

The Group's acquisitions occurred largely off-market and our landbank now comprises over 12,600 units. Our sites are primarily located in the GDA (81%) with approximately 85% of the landbank sitting within our Homes business (15% in Living) and 66% of the total units are expected to be houses (34% apartments). This is consistent with the land strategy we laid out at IPO.

Glenveagh is now positioned to deliver housing to the deepest segments of the market with 74% of Build-to-Sell units on forthcoming developments priced at €350k or less. With an average site size of approximately 265 units coupled with a focus on starter-homes, the portfolio is monetisable in the current regulatory and market environment within a short time-frame.

Our valuable PRS sites also allow the Group to capitalise on the large quantum of capital currently seeking to access the PRS opportunity in Ireland. Living now possesses a 1,850+ unit high density PRS portfolio focused on Dublin's North Docklands, Tallaght and Galway. We also estimate that our primarily low-density Homes portfolio has the optionality to deliver over 3,000 units into the PRS sector.

Post year end the Group exchanged contracts to acquire two sites via an off-market transaction for a consideration of approximately €50 million (excluding fees and stamp duty). The transaction is expected to complete in Q2 2019.

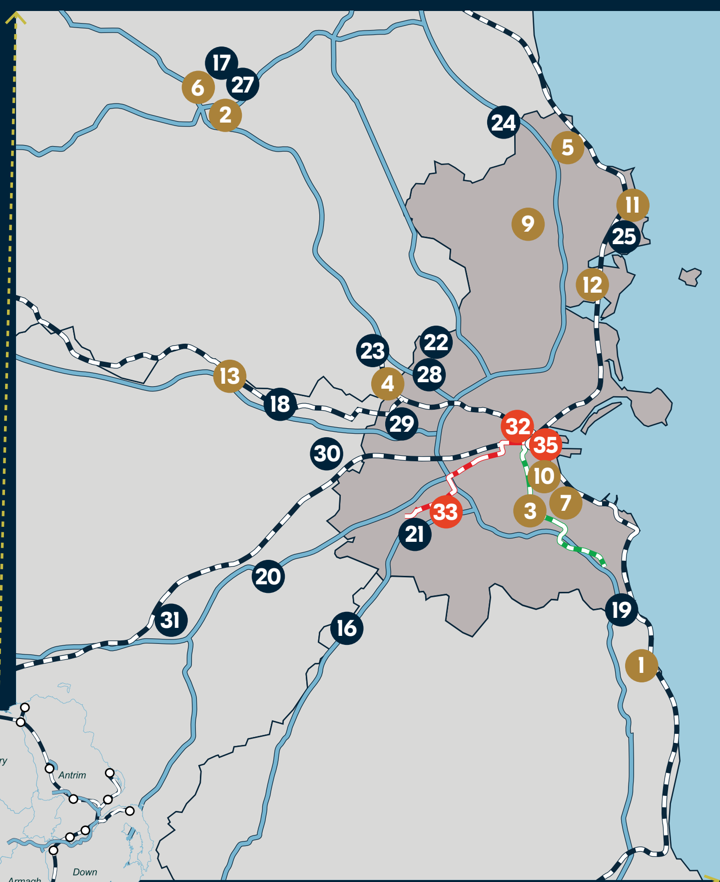
Located at Lexlip and Newbridge Co. Kildare, the properties currently have full planning permission for 793 units:

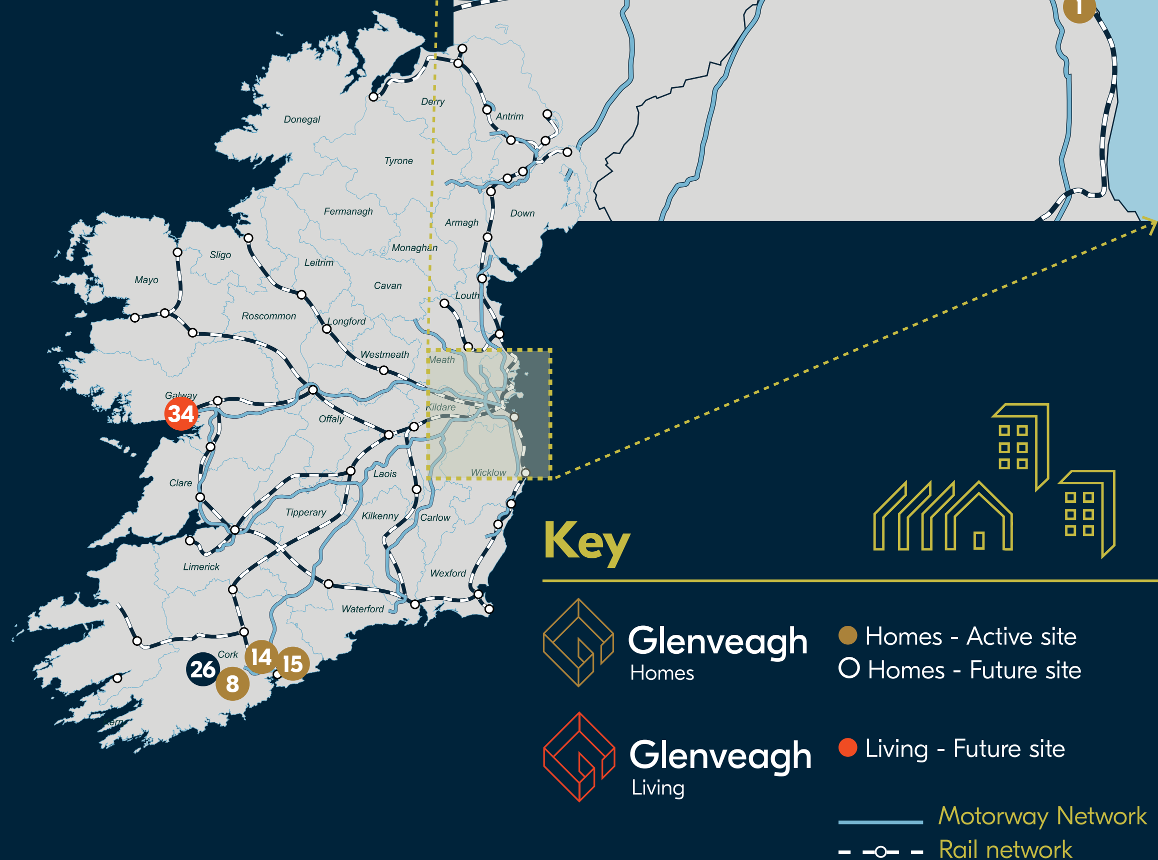
- **Site 1:** 47-acres at Barnhall, Leixlip, Co Kildare with planning permission for 450 units; and
- **Site 2:** 47-acres at Kilbelin, Newbridge, Co Kildare with planning permission for 343 units.

The transaction further strengthens Glenveagh's focus on delivering starter-homes in the GDA. Benefitting from strong planning permissions construction is expected to commence in H2 2019 with the first units closing in 2020.

Glenveagh
Properties PLC

Our Lanbank - Balanced GDA Focused Portfolio





Site Schedule

Map#	Site name	Active/Future	Units Net Total	Construction Period
	Homes Active Sites			
1	Marina Village	Active	269	2018-2022
2	Cois Glaisín	Active	168	2018-2020
3	Herbert Hill	Active	90	2018-2019
4	Holsteiner Park	Active	6	2018-2019
5	Taylor Hill	Active	513	2018-2023
6	Cluain Adain	Active	194	2018-2022
7	Proby Place	Active	16	2018-2020
8	Maplewoods	Active	131	2018-2022
9	Cnoc Dubh	Active	45	2018-2020
10	Shrewsbury Road	Active	7	2018-2020
11	Knightsgate	Active	129	2018-2021
12	Semple Woods	Active	130	2018-2020
13	Ledwell Park	Active	430	2018-2024
14	Eden	Active	141	2018-2022
15	Maryborough Ridge	Active	502	2019-2028
	Total		**2,771**	
	Homes Future Sites			
16	Blessington	Future	140	
17	Blackcastle	Future	180	
18	Parson Street, Maynooth	Future	100	
19	Adelaide Road, Bray	Future	70	
20	Millennium Park	Future	530	
21	Citywest	Future	195	
22	Hollystown GC	Future	175	
23	Dunboyne	Future	664	
24	Stamullen	Future	205	
25	Donabate East	Future	436	
26	Cork Docklands	Future	1,000	
27	Blackcastle	Future	700	
28	Tyrellstown	Future	1,251	
29	Castleknock	Future	123	
30	Leixlip	Future	537	
31	Newbridge	Future	378	
	Total Homes Core		**6,684**	
	Homes - Non-Core		**1,168**	
	Homes - Non-Core strategic		**162**	
	Total Homes		**10,785**	
	Living			
32	East Road	Future	450	
33	Tallaght	Future	500	
34	Galway	Future	250	
35	Castleforbes	Future	650	
	Total Living		**1,850**	
	Total Landbank		**12,635**	

Further significant opportunities continue to exist to make accretive land acquisitions which target the deepest starter-home market in the strongest locations. Once acquired these acquisitions will contribute to the achievement of delivery targets in the near-term and achieve returns above Group targets in future years.

B. Delivery Platform Now At Scale

We are now actively constructing from 15 sites with 16 sites expected to deliver our 2020 unit guidance of 1,000 units. This is consistent with our target absorption rate of 60-70 unit sales per site per annum. With over 1,100 units under construction during 2018 we have substantially de-risked our delivery targets for 2019 (725) and 2020 (1,000).

In order to achieve our construction objectives, the key priorities for the Group have been to:

- Put Health and Safety at the centre of our construction strategy;
- Standardise our processes and end product; and
- Ensure we are the partner of choice for our sub-contractor base.

i. Health and Safety

Embedded in our construction operation is a dedication to the highest standards of health and safety. Each active site has dedicated resources responsible for the implementation of our robust health and safety programme which is continually monitored by the Executive Committee and our Board.

ii. Standardisation of Processes and Production

Our construction methodologies are built around a standardised process to deliver high quality sustainable homes as efficiently as possible. This approach has allowed Glenveagh to build at volume across our active sites and deliver on our multi-site strategy.

We are focused on increasing the level of off-site manufacturing within our construction methodology. We will continue to assess our off-site manufacturing capabilities and invest time researching other emerging innovative construction practices.

Supporting our standardised construction approach is our centralised procurement team that has established strong relationships with suppliers and sub-contractors enabling us to enter into comparatively attractive contracts for key labour and materials thereby allowing us to manage our exposure to construction cost inflation.

The standardisation of our processes and end product is well underway with the full benefits of this expected to be achieved from the second half of 2020.

iii. Best-in-class Sub-contractor Proposition Established

We have intentionally capitalised the business and designed our organisation to ensure we are the partner of choice for our sub-contractor base. Glenveagh's offering to our partners has a number of advantages over our local non-PLC competition:

Proby Place, Blackrock, Co. Dublin

- The scale of the opportunity at Glenveagh is unrivalled given the 2,000+ unit per annum output target in Homes;
- Continuity of work on our multi-year sites which are delivering a consistent number of units on an annual basis gives sub-contractors the confidence to grow their business with us;
- Certainty of what's required given our standardised processes and product. As a result, sub-contractors know the key risks and the man hours involved which allows them to price keener than would otherwise be the case; and
- Reduced risk and capital requirements as Glenveagh procures sub-contractor material packages centrally. This is particularly relevant for trades that have a high material component.

Combined these efforts help ensure we are a compelling partner for sub-contractors who are critical to the delivery of the Group's output target.

C. End-Customer Focused Offering Developed

At Glenveagh our ambition is to capitalise on three key opportunities via the delivery of a customer focused offering in the following segments:

- Build-to-sell;
- PRS: and
- Mixed-Tenure

i. Build-to-Sell

The Group's Build-to-Sell landbank is capable of delivering housing in the locations that customers want and at price points they can afford. 84% of all transactions in Ireland in 2018 were below €425k which plays to the strength of Glenveagh's landbank with 92% of housing on forthcoming build-to sell developments at €425k or less.

Our developments are located in strong urban conurbations close to key transport infrastructure, schools and amenities. They are also strong rental locations thereby providing optionality of exit strategy by also providing institutional PRS investors with a strong offering which further de-risk the Group's long-term sales and delivery targets.

ii. PRS

Glenveagh has capitalised on the growing shift to rental in Ireland with the assembly of an attractive 1,100+ unit campus in Dublin's North Docklands and development rights on two key retail assets in Tallaght and Galway totalling 750 units. A SHD fast-track planning application was recently lodged on our East Road site in Dublin's North Docklands totalling 560 units. We will continue to make strong progress in advancing that portfolio in 2019.

Increasingly our Homes portfolio is attracting interest from PRS investors for both housing and low-rise apartments. Our delivery capability and attractiveness as a counter-party is ensuring we are capable of taking advantage of this to increase the sales velocity on our existing sites.

1,000

We are now actively constructing from 15 sites with 16 sites expected to deliver our 2020 unit guidance of 1,000 units

iii. Mixed-Tenure

Mixed-Tenure is a housing delivery model whereby a developer provides a combination of social, affordable and private units usually on State lands. This is a growing feature of the market in Ireland principally through Local Authority public tender processes. The creation of the LDA with its long-term role to deliver homes to help meet the growing demand for housing is expected to act as a catalyst for binging more schemes to market over a truncated time period. Our delivery and sales capabilities coupled with our attractiveness as a counterparty given our well capitalised balance sheet will help ensure we are well placed to partner with the key agencies on future projects.

D. Optimisation of Capital Employed to Drive Returns for Shareholders.

In the short-term our business requires significant capital in order to scale quickly and capture the compelling market opportunity that exists in Ireland where there are only two PLCs focussed on housebuilding. As the business makes increasing progress towards achieving these objectives, we will further optimise the capital employed within the business to drive shareholder value and returns over the long-term. Practically, this will mean a reduced landbank investment without a reduction in output in the outer years of our business plan.

Group Strategic Priorities

In achieving our corporate strategy, the strategic priorities for the Group are to:

- Complete the build-out of the Group's landbank by acquiring sites at attractive rates through disciplined capital deployment in what is an illiquid land market;
- Maintain excellent levels of health and safety as we continue to ramp-up and standardise our construction operation;
- Continue to build a balanced and sustainable business throughout the cycle by focussing on the Build-to-Sell, PRS and Mixed-Tenure markets; and
- Deliver sector leading return on capital over the long-term by optimising the capital employed within the business.

Glenveagh
Homes

Business Unit Update

Herbert Hill, Dundrum, Dublin

Glenveagh Homes

At a Glance

2018 Revenue

€84.1 million

31 December 2018 Inventory

€590 million

Gross margin:

18.2%

Units sold:

275

15

active sites

202/450

sold or reserved
at 31 Dec 18/5 Mar 19

100%/85%

of 2019/2020
deliveries from
existing active sites

18% (2017: 21%)

of NDV
Landbank cost

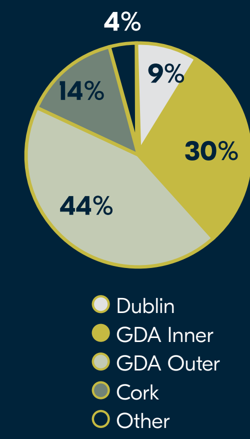
Note: Statistics as of 5 March 2019 unless otherwise stated

Glenveagh Homes

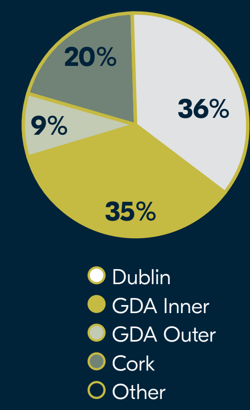
Landbank Overview

Location

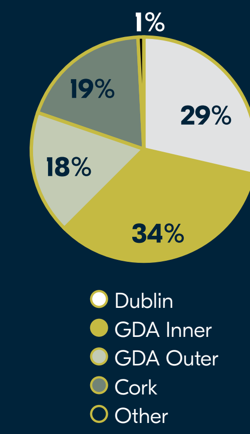
Pre IPO by Unit



Post IPO by Unit

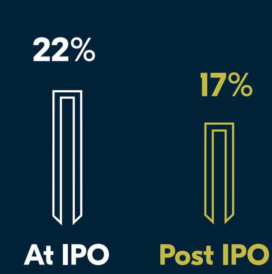


Homes Portfolio by Unit



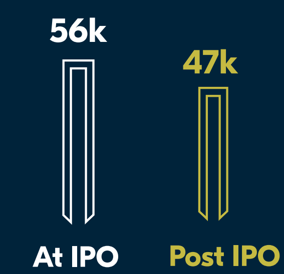
Site cost

Lower site cost
as a % of NDV

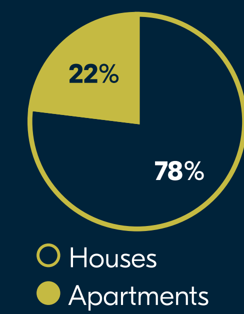


Site cost

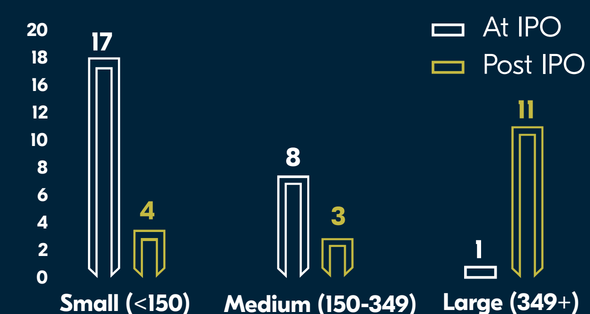
Lower average site cost
per unit(€)



Houses vs
Apartment units



Site size



Average site size

Glenveagh
Homes

Our approach to homebuilding

We continue to innovate our design and construction solutions in order to optimise margin performance in the medium term, while also delivering at scale helped by the standardisation of processes and production across our developments.

1. Landbank and Acquisition Strategy


Taylor Hill, Balbriggan, Co. Dublin

The quality of our landbank is one of the main strengths of Glenveagh. The Glenveagh team have focused on investing in locations where there is strong demand for new homes particularly from First-Time Buyers that can deliver our target returns. Our experienced team undertakes a rigorous evaluation process to ensure all opportunities provide multi-year delivery, meet our minimum financial KPIs and allow for standardisation and maximum optimisation. Sticking to these principles has allowed us to assemble a balanced overall portfolio mix capable of delivering on our 2019 targets and beyond. In addition, the quality of our current landbank allows us the flexibility to be selective with the deployment of equity to ensure that we are investing in sites that are most aligned with our strategic objectives.

2. Design and Planning Process

The Glenveagh design approach is based on delivering a quality product that appeals to new home buyers, supports our standardised construction approach and our continued focus on managing our exposure to construction cost inflation. We ensure our development and unit designs are flexible so that we can react quickly to changes in housing demand whilst also delivering the highest quality, sustainable and innovative product to the customer. Our dedicated planning team work closely with local authorities and planning offices to ensure the planning process is completed efficiently and so that we can maximise the planning potential of all our sites while delivering quality housing developments.

3. Construction and Standardisation


Cois Glaisin, Navan, Co. Meath

Our construction approach is dedicated to having a standardised process to building high quality sustainable homes efficiently. This approach has allowed us to build at volume across our active sites and deliver on our multi-site delivery model. Embedded in this process is a dedication to the highest standards of health and safety and best practice. Each active site has dedicated resources responsible for the implementation of our robust health and safety programme which is continually monitored by the Executive Committee. We are focused on increasing the level of off-site manufacturing within our construction methodology and will continue to assess our off-site manufacturing capabilities and invest time researching emerging innovative construction practices. Supporting our standardised construction approach is our centralised procurement team that has established strong relationships with suppliers and sub-contractors enabling us to enter into fixed price contracts for key labour and materials thereby allowing us to manage our exposure to construction cost inflation.

4. Sales and Marketing


Cluain Adain, Navan, Co. Meath

Through our quality landbank and the aforementioned focus on quality and efficiency of construction, we now offer an attractive suite of house types in locations of high demand with a particular focus on affordability and the first-time buyer market. In what is a highly competitive market, we ensure that each sales team has an in-depth knowledge of our developments, our houses and importantly, the locations where we are selling and provide unparalleled customer service. We are continually sourcing customer feedback and benchmarking our customer service against some of our peers in the housebuilding sector. We are also constantly investigating technologically innovative methods to differentiate our sales and marketing approach to ensure the best experience possible for our customers.

Our active sites GDA – Starter-Homes

Glenveagh
Taylor Hill
Balbriggan, Co. Dublin


Taylor Hill is a development of approx. 600 units located in Balbriggan in Co. Dublin. Phase 1 was launched in February 2018 with 96 occupied during 2018. Phase 2 will commence in 2019 and will comprise 78 2, 3 and 4 bed terrace, semi-detached and detached homes. The seaside town of Balbriggan has superb transport links with a regular train service from the town to Dublin City Centre.

Glenveagh
Cois Glaisin
Johnstown, Navan


Cois Glaisin, Johnstown, Navan is a development of 276, 2, 3, 4 and 5 bedroom terrace, semi-detached and detached homes. 94 units were occupied by December 2018 (with a further 29 units reserved).

Glenveagh
Cluain Adain
Clonmagadden, Navan


Cluain Adain, Clonmagadden, Navan is our second development in the Navan region and is located on the northern side of the town. The development comprises 246, 2, 3 and 4 bed terrace and semi-detached houses. Phase one launched in May 2018 and by December 2018, 50 units were occupied with a further 5 units reserved.

Glenveagh
Cnoc Dubh
Ballyboughal, Co Dublin


Cnoc Dubh, Ballyboughal, Co Dublin is a development of 57 2, 3, 4 and 5 bedroom homes. The first phase launched from showhouse in September 2018 with 12 units occupied by December 2018 and a further 14 units reserved. Ballyboughal is a small peaceful village with the perfect mix between urban and rural, offering professionals the peace and space of the countryside within easy reach of Dublin city and is located 15 minutes from Dublin Airport.

Glenveagh

Knightsgate

Rush, Co. Dublin

Knightsgate, Rush is a development of 129 large 3 and 4 bed semi-detached and detached homes, located within walking distance of the village of Rush in North County Dublin. The development is situated c.2km from the coast and just c.20km from Dublin City Centre.

Glenveagh

Semple Woods

Donabate, Co. Dublin

Glenveagh
Semple Woods

Semple Woods is located in the picturesque North Dublin town of Donabate. Phase one comprises 134 3, 4 and 5 bedroom homes and is expected to release off plans in early 2019 with show houses due in late Spring. The development is located next to Donabate town centre and is surrounded by local convenience.

Glenveagh

Ledwill Park

Kilcock, Co. Kildare

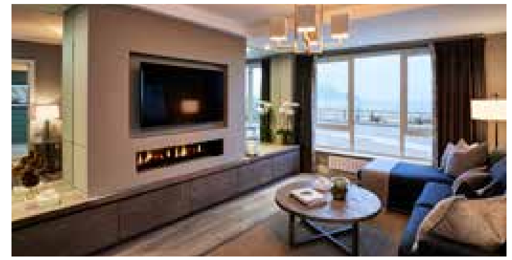
Ledwill Park is a development of 2, 3, 4 & 5 bedroom terrace, semi-detached and detached homes located within the townland of Branganstown, a short stroll from the town of Kilcock, County Kildare. Phase 1 is due to be released in early 2019.

GDA – Luxury Homes and apartments

Glenveagh

Marina Village

Greystones, Co. Wicklow



Marina Village is a unique development of houses and apartments built on reclaimed land at Greystones Marina, Co Wicklow. Phase 1 of the apartment development has commenced with the first block of c.30 units due for completion in the summer of 2019 with the other blocks to be completed throughout 2019 and 2020. A further collection of 3 bedroom terrace homes and substantial 4/5 bedroom semi-detached and detached homes will commence build in 2019 completing this waterfront development.

Glenveagh

Herbert Hill

Dundrum, Dublin

Herbert Hill is a luxury development of 90 1, 2 and 3 bedroom apartments and penthouse apartments. Set back from Sandyford Road and adjacent to the Balally Luas (Dublin's light rail service) stop, Herbert Hill offers an unrivalled setting with many amenities and services within immediate reach such as Dundrum Town Centre (Dublin's Premier Shopping Destination) and village.

Glenveagh

Proby Place

Blackrock, South County Dublin

Proby Place is a development of 23 luxury 4 and 5 bedroom semi-detached homes set within a secluded development off Carysfort Avenue, Blackrock South County Dublin. Blackrock is one of the most prestigious locations in South County Dublin and is surrounded by local amenities.

Glenveagh

Holsteiner Park

Clonee, Co. Meath

Holsteiner Park is a development of 4 and 5 bedroom detached homes, in Clonee, on the border of Co. Dublin and Co. Meath and combines elegance, spacious living and city convenience. Each home is on average c.3,000 sqft. on c.1/3-acre of garden. The village of Clonee is within walking distance of the development.

Glenveagh

The Collection

Shrewsbury Road, Dublin 4

C
THE COLLECTION
SHREWSBURY ROAD | D/4

"The Collection" at Shrewsbury Road, Dublin 4, is an exceptional development of 7 outstanding luxury homes at one of Dublin's most desirable addresses. The houses comprise on average c.4,000 sqft and feature basement, ground, first and second floor accommodation with secure and private underground car parking facilities for its residents. The villages of Ballsbridge and Donnybrook are within a short walk with an array of shops, boutiques and restaurants.

Cork

Glenveagh

Maple Woods

Middleton, Co. Cork

Glenveagh
Maple Woods

Maplewoods is a development of approximately 131, 2, 3 and 4 bedroom homes and apartments in Ballinacurra, Midelton, Co. Cork. The Midelton area benefits from local schools and other amenities and is well served by both bus and rail routes to Cork City.

Glenveagh

Blackrock Villas

Blackrock, Cork

Blackrock Villas is a development of approximately 141 units, 1 to 5 bedroom homes and apartments in the exclusive area of Blackrock, Co. Cork.

Glenveagh

Mount Woods*

Douglas, Cork

Glenveagh
Mount Woods

Maryborough Ridge is a development of 2, 3 and 4 bedroom detached and semi-detached homes located in Douglas, Co Cork. Douglas is long established as one of Cork's most desirable residential addresses with a population of over 20,000. Douglas is home to a number of sports clubs and has a host of local. The first phase of homes are due for completion in 2019.

* This name is awaiting approval by the planning authority.

First time buyers' testimonial - Glenveagh Taylor Hill

First time buyers, Bernard Faulkner and Kim Thomas moved into a brand new Glenveagh home in Taylor Hill, Balbriggan in December 2018.

" When we saw the brochure we fell in love. We were waiting for the day they opened up for people to come and see the house."

" We didn't know much about Glenveagh before coming across Taylor Hill, but we have been so impressed every step of the way. We weren't looking for a starter home, we wanted a lot of space starting off. We weren't sure if we'd get one in our budget, but we thought we'd aim high. Glenveagh were very patient with us as there were some delays along the way. They made things extremely easy.

The design of this place is fantastic. There's a kitchen island, a mini sitting room area in the kitchen, plus another sitting room on top of that. We spend most of our time in the kitchen area, so we've put some money into making it a space that feels like ours.

The aftercare has been excellent. If something goes wrong, they'll send someone around straight away."

Glenveagh
Living

Business Unit Update

East Road, Dublin Docklands (CGI)

Living operates in two distinct channels being PRS and Partnerships

Glenveagh
Living

Through these two segments, the business aims to capitalise on the significant opportunity that exists in building rental communities and the requirement for strategic partnerships with institutional investors, approved housing bodies and government and local authorities in segments such as mixed-use residential / retail, social housing and affordable housing. Living's objective is to deliver best-in-class private rental developments and mixed tenure developments to our private and public partners.

Living's economic model is designed to:

- Deliver strong return on capital employed;
- Allow the group to access a wider spectrum of opportunities;
- Diversify risk through a variety of delivery strategies; and
- Provide resilience across the economic cycle.

PRS

Ireland — the macro opportunity

There continues to be an undersupply of rental properties in Ireland which is yet more pronounced in the Dublin market, where, the supply of new stock remains subdued. The continued favourable demographic shift and the consequential change in the market's tenure demand mix towards rental accommodation has seen demand for rental properties grow considerably. PRS in Ireland has nearly doubled in size in the last 10 years with c.18% of Ireland's population and c.24% of Dublin's population now living in private rental accommodation.

There is significant demand for PRS product from both domestic and international investors. In 2017, c.€387 million was invested in 24 PRS schemes in Ireland. Given the attractiveness of Living's current PRS portfolio, we have targeted early engagement with prospective PRS investors to forward fund and de-risk the development of our 1,850 unit portfolio.

1,850

Given these favourable market conditions Living are committed to becoming the delivery partner of choice for purpose-built rental accommodation in Ireland and have acquired four prime urban sites capable of delivering over 1,850 PRS units principally in Dublin's Docklands and also Tallaght and Galway

Given these favourable market conditions Living are committed to becoming the delivery partner of choice for purpose-built rental accommodation in Ireland and have acquired four urban sites capable of delivering over 1,850 PRS units principally in Dublin's Docklands, Tallaght and Galway.

There is a clear demand / supply imbalance that currently exists in the rental market and will likely persist over the medium to long-term. In Dublin the demand for the sector will increase further over the next ten years in line with projected population growth and in circumstances where housing supply currently lags demand by c.18,000 homes per year. This presents a significant opportunity for Living to deliver PRS schemes at scale to the market.

Living's current PRS portfolio

Given these favourable market conditions Living are committed to becoming the delivery partner of choice for purpose-built rental accommodation in Ireland and have acquired four urban sites capable of delivering over 1,850 PRS units principally in Dublin's Docklands, Tallaght and Galway. These sites are currently being actively managed through the design and planning process.

Dublin Docklands

In January 2018, Living completed the acquisition of a c.5.2-acre site on East Road, Dublin 1 and, subsequently, in November 2018 acquired the neighbouring 2.44-acre site at Castleforbes Business Park, Dublin 1. The combined sites provide a significant and immediate opportunity to demonstrate Living's capabilities to create a substantial PRS portfolio in a central urban area. These sites are a key opportunity to obtain a competitive edge in scaling our PRS portfolio with the potential for over 1,100 units in a prime central location in the heart of Dublin's Docklands. The sites are also a demonstration of Living's commitment to placemaking and urban regeneration, which was part of our message to investors at IPO.

Planning preparation and applications are progressing well on each site with an application through the SHD process for 560 units at East Road lodged in December 2018.

Tallaght and Galway

In March 2018, Living completed the acquisition of development rights at:

- a c.19-acre car park adjoining The Square Shopping Centre, Tallaght, Dublin 24; and
- a c.5-acre site to the rear of Gateway Retail Park, Galway.

The sites adjoin retail schemes operated by Sigma Retail Partners. Living intend to develop residential accommodation, comprising of c.800 units, across the sites and are actively engaged with a design team with the intention of submitting planning applications during 2019.

Partnerships

Living also seeks joint venture opportunities and partnership arrangements to design, develop and deliver residential schemes for purchase by institutional investors, approved housing bodies and governmental and local authorities in Ireland. There are two component parts to the Partnerships opportunity — Mixed-Tenure and Joint Ventures.

Mixed-Tenure

A housing delivery model whereby a developer provides a combination of social, affordable and private units usually on State lands. This is a well-developed sector in the UK and a growing feature of the Irish market principally through Local Authority public tender processes. There is a considerable pipeline of state lands which would be suitable for mixed-tenure schemes. The sector should also benefit from the newly created LDA

Castleforbes, Dublin 1 (CGI)

and its long-term role to deliver homes to help meet the growing demand for housing.

Living are committed to becoming a preferred delivery partner for mixed-tenure schemes in Ireland. The Group's delivery and sales capabilities coupled with our attractiveness as a counterparty, given our well capitalised balance sheet, will help ensure we are well placed to partner with the key agencies on future projects.

Joint Ventures

An opportunity exists to partner with third-party land owners who wish to develop their residentially zoned lands but lack the financial or construction capacity to deliver such a scheme.

Living are actively pursuing joint venture opportunities with private landowners and government agencies. Living, utilising Glenveagh's scale, planning, construction and sales expertise, can create deep and lasting relationships to become the delivery partner of choice for joint venture arrangements.

Glenveagh Living are actively pursuing joint venture opportunities with private landowners and government agencies representing the current principal focus.

Risk Management Report

The Board is responsible for ensuring good corporate governance and prudent risk management is implemented by the Group. The Board has approved the Group's Risk Management Framework which provides a common risk management process across the Group to identify, assess, mitigate, monitor and report risks which impact the Group. The Group's risk management process is a bottom up integrated approach that aims to ensure that all risks to which the Group is exposed are identified, understood and appropriate mitigating controls are implemented to manage the risks effectively and protect the Group.

As part of its oversight responsibilities, the Audit and Risk Committee is responsible for reviewing the adequacy and effectiveness of the Group's internal controls and risk management process. The Group's risk register and principal risks are a standing agenda item for each Audit and Risk Committee meeting. The risk register is used to support the risk management process and document the Group's risks, controls and their approved ratings based on likelihood and impact from both an inherent and residual risk perspective. The Board formally reviews and approves the risk register on at least a bi-annual basis.

The Group has implemented a three line of defence model.

Line of defence	Function	Responsibilities
First line	Department heads	1. Responsible for identification of operational & strategic risks. 2. Responsible for implementing controls to mitigate risks identified. 3. Responsible for implementing action plans.
Second line	Executive committee	1. Supports department heads. 2. Responsible for monitoring the identification and mitigation of operational & strategic risks. 3. Responsible for monitoring the implementation of action plans.
Third line	Internal audit	1. Responsible for providing additional assurance to the Audit and Risk Committee and Executive Committee the key risk areas are identified and have the necessary mitigating controls in place. 2. Completes independent reviews on the effectiveness of internal controls. 3. Reports on management actions.

Risk Assessment Process

Management continued to review the risk register during the year following which the Board has carried out a robust assessment of the principal risks facing the business. Arising from the risk review process a number of principal risks and uncertainties have been identified which could have a material impact on the Group in achieving its strategic objectives. The Board and Audit and Risk Committee have reviewed the Group's principal risks and have considered the new risks introduced for 2018. The main risk categories that the Board considered are the following:

Risk Categories

Financial Risk

Investment Risk is defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Market Risk is the risk of loss to the Group arising from market volatility or adverse movements in the level or volatility of market prices of equities, currencies or property. Market Risk includes **Interest Rate Risk** which is the risk to earnings and capital associated with changes in the level or volatility of interest rates.

Non-Financial Risk

Compliance risk is the risk of legal sanctions, material financial loss, or loss to reputation that the Group may suffer as a result of its failure to comply with legislation, regulations, code of conduct, and standards of best/good practice.

Operational and IT risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Reputational risk is a risk of loss resulting from damage to the Group's reputation.

Strategic risk is the loss or unplanned/unfair gains resulting from adverse strategic initiatives.

External Risk

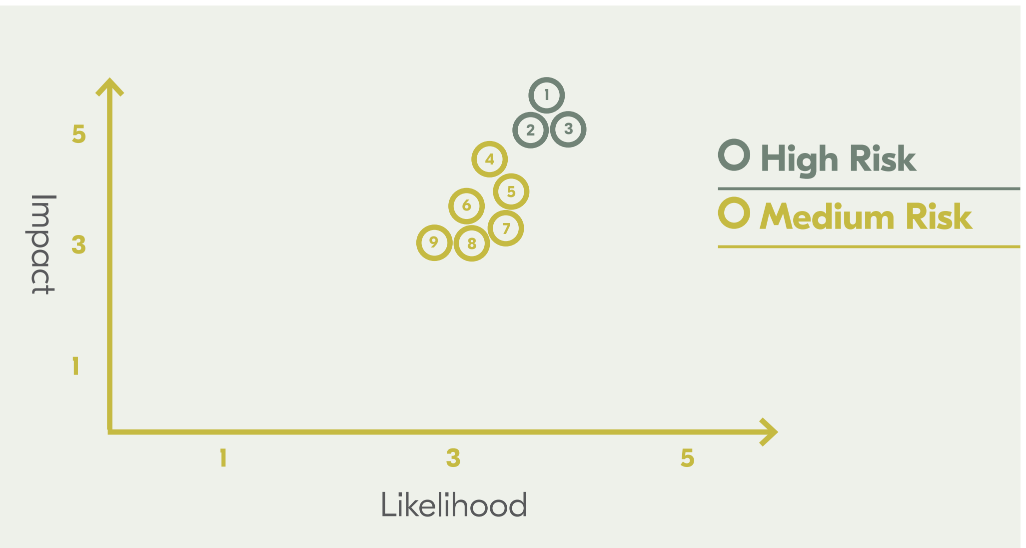
External Risk is the risk to the Group of potentially failing to meet its strategic objectives following significant changes to the external environment in which it operates.

The risks and uncertainties together with key mitigating considerations that fall into each of these risk categories are set out below.

Our risk category	Risk or uncertainty and potential impact	Risk rating change
External risk	1. Adverse macroeconomic conditions	↑
	2. Adverse changes to government policy and regulations	↔
	3. Mortgage availability and affordability	↑
Operational risk	4. Availability and increased cost of materials and labour	↑
	5. Inadequate project management	↔
	6. Insufficient health and safety procedures	↔
	7. Employee development and retention	↔
	8. Data protection and cyber security	↔
Reputational risk	9. Decline in product quality	↔

Table legend

No change to risk rating in 2018 ↔
Increased risk rating in 2018 ↑



Our risk category	Risk title	Risk description and potential impact	Key Mitigating Considerations	Risk rating change
External risk	**Adverse macroeconomic conditions**	Glenveagh operates in a property market that is cyclical by nature which can lead to volatility of property values and market conditions.	The Group aims to maintain a reasonable but limited stock of land (generally 5-7 years). The Group typically avoids any longer exposure through strict land acquisition policies. The Group has a robust acquisition policy and approval process in place to ensure the best value is achieved on assets and that assets acquired are aligned to the strategic objectives of the Group. Living will assist in reducing the Group's exposure to the cyclical nature of a traditional homebuilding business through the delivery of apartments and houses for the rental market as well as the alternative offering its Partnerships business will provide to State bodies and Local Authorities.	↑

Our risk category	Risk title	Risk description and potential impact	Key Mitigating Considerations	Risk rating change
External risk	**Adverse macroeconomic conditions (continued)**	Geopolitical uncertainty (including Brexit) could lead to a potential adverse impact on the Group's asset valuation and financial performance due to factors such as slowdown in economic growth, increased interest rates and decline in consumer confidence.	The Board and senior management have been monitoring closely the potential implications of Brexit on the business with a particular focus on the Group's ability to source necessary labour and materials. The outcome of the UK's departure from the European Union remains unclear and its potential impact on the movement of people and distribution of goods is difficult to quantify. Management have carried out a full assessment of our supply chain's exposure to the UK in light of a "Hard Brexit" and determined that Brexit will not have a material impact on the Group's ability to source the necessary labour and materials. The Board and senior management will continue to monitor closely and assess the potential impact on the business of the UK's departure from the European Union both pre and post Brexit and will alter our strategic plans to meet the challenges of Brexit if necessary.	
External risk	**Adverse changes to government policy and regulations**	A change in the domestic political environment and/or government policy (including tax legislation, support of the housebuilding sector, Part V allowance and first-time buyer assistance including the Help to Buy initiative could adversely affect the Group's financial performance.	The Group's management and Board monitor government policy on an ongoing basis. Group management's site by site forecasts are conservative by nature and allow for expected negative changes in government policy and regulation. The Group has the capability to redesign developments as appropriate should it be required. The Group will consider alternative sales strategies where required to align to any changes in the domestic political environment.	↔

Our risk category	Risk title	Risk description and potential impact	Key Mitigating Considerations	Risk rating change
External risk	**Mortgage availability and affordability**	Glenveagh understands that affordable mortgage finance is a crucial funding source for buyers in the residential property market in Ireland. Constraints on the availability and cost of mortgage financing may have an adverse impact on sales of the Group's homes due to a potential decline in customer demand and ultimately the profitability of the Group.	Management and the Board continuously monitor government policy around mortgage availability. The Group regularly engages with mortgage advisors and financial institutions to gain valuable insights into the market and the impact of regulatory changes impacting mortgage lending. The Group's strategy can facilitate the adjustment of delivery velocity if required. The Group is focused on the sub €350k per unit sector being the deepest segment of the market which also mitigates this risk.	↑
Operational risk	**Availability and increased cost of materials and labour**	Shortages or increased costs of materials and labour could lead to an increase in construction costs and delays in the completion of homes. If the Group is unable to control its costs or pass on any increase in costs to the purchasers of the Group's homes, source the requisite labour, and / or renegotiate improved terms with suppliers and contractors, the Group's margins may reduce which could have an adverse impact on the Group's business operations and financial condition.	The Group has put fixed cost agreements in place with sub-contractors and suppliers where possible. The Group has the potential to expand its purchasing network should it be required and maintains flexibility by not having an over reliance on any one supplier. The Group engages in financial planning and continuously monitors and reviews the project budgets versus actual costings and forecast outturn.	↑
Operational risk	**Inadequate project management**	Inadequate oversight of the cost and delivery of development projects adversely affects expected return on investment.	The Group has put fixed cost agreements in place with sub-contractors and suppliers where possible. The Group employs highly experienced and qualified project managers who oversee a robust financial planning process for each development and on a monthly basis monitor and review the project budget versus actual costings. This includes regular updates to the Executive Committee and Board of Directors.	↔

Our risk category	Risk title	Risk description and potential impact	Key Mitigating Considerations	Risk rating change
Operational risk	**Insufficient health and safety procedures**	Glenveagh is focused on the wellbeing of its employees, contractors / sub-contractors and the general public. The Group understands that failure to implement and adhere to the highest standard of Health & Safety practices can lead to a significant risk to safety, health and welfare of staff and other parties resulting in increased costs and negatively impact the timely and safe delivery of a project. Additionally, any failure in health or safety performance or compliance, including any delay in responding to changes in health & safety regulations may result in financial and / or other penalties.	The Group has appointed a new Head of Health & Safety with extensive experience in the Sector who oversees both the corporate and site specific Health & Safety policies and procedures. These policies and procedures are considered industry best practice and are subject to monthly review from both internal and external auditors. Each site has a dedicated Health & Safety Officer in place. The Group ensures all staff are appropriately and adequately trained. The Group has a Safe-T certificate which is the industry Health & Safety auditing standard. There is adequate insurance cover in place to deal with any claims that may arise from claims due to injury.	↔
Operational risk	**Employee development and retention**	The success of the Group is dependent on recruiting, retaining and developing highly skilled, competent people. The Group is aware that loss of key personnel and / or the inability to attract / retain adequately skilled and qualified people could lead to: - Poor operational and financial performance; - Inadequate staff knowledge and understanding of policies & procedures; - Reduced control environment; - Insufficient transfer of knowledge amongst staff to allow for succession planning; - Demotivated staff; and - Failure to achieve / deliver on the Group's strategic objectives.	The Group offers competitive and attractive remuneration packages and where appropriate long-term interest alignment. The Group offers the opportunity for advancement through creating a positive working environment. The Group has implemented a performance management and appraisal process which includes open channels of communication and feedback and development plans for employees. The Group is developing a succession plan to ensure continuity of quality service and knowledge retention. The Group ensures that all staff have access to relevant internal and external training.	↔

Our risk category	Risk title	Risk description and potential impact	Key Mitigating Considerations	Risk rating change
Operational risk	**Data protection and cyber security**	The Group uses information technology to perform operational activities and to maintain its business records. A cyber-attack could lead to potential data breaches or disruption to the Group's systems and operations which in turn could lead to damage to the Group's reputation and potential loss of customers and revenue. Any security or privacy breach of the information technology systems may also expose the Group to liability and regulatory scrutiny.	The Group is continually monitoring data storage across all business areas. The Group uses internal and external back-up systems under the supervision of a third-party service provider pursuant to agreements that specify certain security and service level standards. The Group is proactively managing the cyber threat and recently engaged a third-party to perform a system hygiene check to identify and remediate any potential weaknesses or control gaps.	↔
Reputational risk	**Decline in product quality**	Delivery of the highest quality homes is central to the success of Glenveagh. The Group continues to focus on ensuring our products meet the desired standards and is aware that significant negative incidents including construction defects, material environmental liabilities (including hazardous or toxic substances), quality deficiencies or perceptions thereof could adversely impact the Group's sales and possibly result in litigation cases against the Group with a potentially negative impact on the Group's brand and customer satisfaction which are crucial to the Group's performance.	The Group has implemented robust quality control procedures and strictly adheres to Building Control (Amendment) Regulations requiring (among other stipulations) the appointment of suitably qualified engineers and architects The Group has an experienced and professional support team in place. The Group has a dedicated customer service after-sales team.	↔

Corporate Social Responsibility ("CSR") Review

At Glenveagh, our dedication to providing quality homes for our customers is matched by our focus on the safety, development and retention of our people and a commitment to doing business in a sustainable manner in the communities we are helping to create. In our first full year of operations our CSR strategy has evolved and will continue to be a key area of focus in 2019 and beyond.

Workplace

Glenveagh operates a 'Safety First Approach' to construction on all sites with health and safety at the core of how we operate. Glenveagh continues to hold a Safe-T Cert accreditation which is a certification scheme designed for certifying safety management systems of contractors working in the construction industry and requires intense and continuous assessment.

In 2018 our 'Safety First Approach' was to the fore in our role as a primary sponsor of the Construction Industry Federation's Construction Safety Week from 22 to the 26 October.

As part of Construction Safety Week, Glenveagh collaborated with the Construction Workers Health Trust to deliver a health screening to all employees on its sites and is committed to continuing a number of wellbeing initiatives throughout 2019. Every day during Construction Week there was a daily 'toolbox talk' given by a guest speaker on a different aspect of work safety, including 'Working safely at height', 'Positive Mental Health' and 'Working safely with hazardous substances'. The Group has and will continue to actively promote safety across its social media platforms.

In respect of our support Construction Safety Week Stephen Garvey, COO said "safety is a cornerstone of our operations at Glenveagh. We're starting as we mean to go on, instilling a focus on safety amongst our employees in everything we do. We also want to contribute to the creation of a safety culture and the promotion of greater safety awareness in the wider industry. We are delighted to partner with the Construction Industry Federation."

The Director General of the Construction Industry Federation, Tom Parlon, said Glenveagh's support for Construction Safety Week was a demonstration of their commitment to safety in the industry.

"As a modern construction company, Glenveagh are leading the way on site safety in the housebuilding sector. It's essential we have safety champions like them to drive a safety culture through their employees and their supplier network. As housebuilding activity increases this is the only way we can keep fatalities and accidents at the historically low level the industry has worked so hard to achieve."

Working Safely Near Utilities - Tool Box Talk at the Glenveagh Rush site.

Attending Bressie's talk on Positive Mental Health to Glenveagh Properties PLC staff L to R: Dermot Casey, Director, Safety and Training, CIF; Diarmuid Leahy, CPO, Glenveagh; Bressie; Stephen Garvey, COO Glenveagh; Darren Gavin, Laya Healthcare and Cathel Mooney, Health & Safety Manager, Glenveagh.

Our People

We recognise that the talent and commitment and development of our employees is crucial for the future success of the Group and along with building quality and affordable homes for our customers, Glenveagh is focused on building a future for our people. As can be seen from the Risk Management report, the attraction and retention of talent is an area of continued focus for the business. We have identified the training and development of our employees as key to maintaining the talent pipeline and succession planning within the Group.

Glenveagh wants not only the best people but also wants the best for its people. To achieve this the company had several initiatives in place during 2018 and have a number of initiatives on the horizon for 2019.

In our first full year of operations we prioritised the implementation of an employee appraisal process at all levels of the organisation to ensure we understand the individual needs and wants of our people to allow us action these needs as we move forward. We also use this process to get feedback on the organisation at this early stage of the Group's life to allow us understand what we can do differently to help our people in their work life and careers thereby continuing to enhance our commitment to our people.

We were named among Ireland's Best Workplaces in the 2019 "Great Place to Work" annual survey which allowed us benchmark our commitment to our employees against other organisations.

This process provides the organisation with both an internal review of the satisfaction level of our employees as well as an external benchmark to measure ourselves against other similar sized companies across Ireland.

We have appointed a dedicated Learning & Development Manager who will work with all levels in the organisation and liaise with various levels of the Irish Education System (Primary, Secondary and Third Level institutions). Our aim is to promote careers in the construction industry and to provide students, parents and teachers with information about the industry and current market so all are adequately informed. This initiative aims to build on our already established support system for employees undertaking further education or qualifications aligned with their roles in Glenveagh. Currently, we are supporting employees as they complete a wide range of qualifications which include a range of undergraduate degrees and professional qualifications ranging from accounting to quantity surveying. Glenveagh have already engaged directly with third level institutions and agreed to take on Health and Safety interns and Quantity Surveyor graduates in 2019.

Glenveagh also recognise the need to promote diversity within the construction industry and demonstrated this through our partnership with the Women in Trades Network Ireland who celebrate women working in manual skills and trades and normalise the idea of women on site with advocacy and action. Glenveagh provided funding for the Network as part of their attendance at the Women Build Nations Conference 2018.

Presentation of defibrillator to the Navan First Responders. Present from L to R: Laughlin Rigby, Marketing Director, Glenveagh and Peter Millen, Operations Director, Glenveagh along with members of the Navan First Responders

Community

Glenveagh are not only committed to building high quality homes but are also dedicated to providing our developments with a neighbourhood identity through our commitment to sustainable placemaking. It is important to us that our customers identify with the neighbourhood they live in and feel part of a community. As part of our site identification and acquisition process we place particular emphasis on the relative location of public amenities (including schools, local retail offering and creches) and the proximity to alternative modes of transport amongst our selection criteria. In addition, as part of the design of all Glenveagh developments we identify green space areas for social and recreational infrastructures.

Currently we have construction plans for playgrounds in a number of our Cork and Dublin sites and have also committed to developing a 14-acre park at our Marina Village development in Marina Village, Greystones and a 20-acre park at Taylor Hill Balbriggan to ensure families living in our developments are appropriately catered for.

As part of our commitment to developing a sense of neighbourhood identity for all our developments, Glenveagh have launched a defibrillator initiative across all our sites. As part of our defibrillator initiative all sites are provided with defibrillators while the site is under construction and the defibrillator is then donated to the local First Responders group once residents move in.

12 of our 14 active sites at year end have defibrillators available for use.

In December 2018, Glenveagh donated three mobile defibrillators to community group Navan First Responders. Navan First Responders are one of several groups around the country whose volunteers make themselves available to be called upon in the event of a person suffering chest pain, cardiac arrest, stroke or choking. The group, which has 16 active members, has been operational since February 2015. When Ambulance Control dispatches an emergency ambulance in response to a callout, it also sends a text message to the Community Responder Team. If there is a member on duty, they will attend the incident in their own vehicles. In most cases the Community First Responders will be on the scene within 3 to 9 minutes. This early attendance can mean the difference between life and death for the patient, especially if they have suffered a cardiac arrest and require immediate lifesaving intervention.

Co-Founder of Glenveagh Properties PLC and COO, Stephen Garvey, said the group was providing a vital community service.

"As a company which is building and fostering new communities in the Navan area, we are delighted to support Navan First Responders and the potentially lifesaving service they provide to local residents and visitors to the town. This is what community spirit and volunteerism is all about and Glenveagh is eager to play its part."

Environment & Sustainability

The Group continue to consider and respond to advancements in technology as part of the design of our developments and homes to build sustainable living environments. Given the rate of growth and change in technology, The Group are focused on delivering a product that gives customers the opportunity to avail of latest technologies, such as leaving all sites and developments planned and completed to include pre-wiring for electric cars. The Group also includes sustainable build materials and elements as part of all our homes as standard. All homes are built to include dual flush toilet cisterns, smart technology thermostats, roof, wall and floor insulation and contain low U-value window systems. These standard specifications help our homes to achieve at a minimum a BER rating of A3 and air tightness levels that exceed Part L building regulations. Where possible the Group design our homes to include the option of high level roofs, roof mounted solar panels and heat recovery ventilation systems to customers preferences.

The Group are committed to the duty of care we have to the environment and biodiversity that surrounds the sites we are active on. During 2018 we implemented a waste segregation and recycling plan to ensure that site waste was managed and recycled in the most environmentally friendly manner possible. Leading on from this in 2019, the Group will be focusing on developing a 'Waste Reduction and Management Plan' across all active sites to ensure we are working to reduce the level of waste on our sites as well as continuing to manage the disposal of any waste that does arise in the most environmentally friendly manner possible. Part of this strategy will be the continued focus on off-site manufacturing and standardisation of process. By standardising and moving as much of the build process off-site, the Group will continue to reduce the level of onsite waste which will have a positive impact on surrounding biodiversity.

Dragon at the Docks. Vivian Marques (second from left) who represented Glenveagh at the cheque handover to Sam McGuinness (center) CEO of Dublin Simon Community.

Charity Work

Over the past year we have helped charities throughout the country raise money for worthy causes. All our departments actively participate in raising funds for a variety of beneficiaries and we operate a charity matching scheme where the Group matches every euro raised on a one for one basis for selected projects. Overall, Glenveagh and its employees have raised €70,055.

Governance

Cois Glaisin, Navan, Co. Meath

Corporate Governance Report

Dear Shareholders,
I am pleased to present the Corporate Governance Report for 2018, our first full year of operations at Glenveagh.

As a Board, we recognise that the Group's success in delivering to both external and internal stakeholders requires our ongoing commitment to the highest standards of corporate governance. The Board recognises the importance of the principles and provisions of the UK Corporate Governance Code ('the Code") and the Irish Corporate Governance Annex ('the Annex") which underpin the corporate governance framework for premium listed companies. Glenveagh is outside the FTSE 350 and qualifies under the Annex as a "smaller company" and, as such, some of the provisions do not strictly apply to the Group however the Board remains dedicated to promoting a strong culture of good practice in relation to compliance with the Code.

In this Corporate Governance Report, we set out how we have applied the principles of the Code and, in line with its 'comply or explain' model, we describe in detail any departures from its provisions. As this Corporate Governance Report covers the year to 31 December 2018, we are reporting against the 2016 version of the Code. Our next Annual Report in 2019 will see us report against the new Code, which applies for periods commencing 1 January 2019.

Much progress has been made by the Group during 2018, as detailed within the Strategic Report. 2018 was a year of significant ramp-up for the Group and the Board has been heavily involved in supporting and developing the strategic priorities identified during the Group's IPO in October 2017 and expanded upon in our first Annual Report in April 2018.

The Board recognises that, in addition to its own activities, the work of the Board Committees is central to ensuring the robustness of the Group's corporate governance framework. During 2018, the Audit and Risk Committee has continued its work to establish and

Together with my colleagues on the Board, I am looking forward to the continued evolution of our business in 2019. We recognise that we are assisted in our duties by a highly experienced senior management team, who are in turn supported by dedicated and hard-working colleagues across the Group.

John Mulcahy
Chairman

strengthen a culture of independent scrutiny of the Group's internal control and risk management systems and the processes and procedures in place to monitor both financial and non-financial reporting. Throughout the year, the Remuneration and Nomination Committee agenda focused on significant issues around remuneration, evaluation and the need to balance reward and performance, both at individual Executive Director level and across the Group as a whole. While there were no changes to the membership of the Board or its Committees during 2018, the Remuneration and Nomination Committee continues to look ahead to ensure that the skills, knowledge and experience of the Board remains appropriate to support the Group's strategic objectives for 2019 and beyond. The Committee will look to progressively refresh the independent Non-Executive Directors ("NEDs") on the Board having regard to their mix of skills, experience and diversity. The Committee has determined that the Board could benefit from the further experience and fresh perspective that an additional independent NED could provide. Furthermore, Caleb Kramer has informed the Board of his intention to resign his seat during 2019 and will not be seeking re-election at the Company's AGM. The Committee has therefore commenced a process to appoint at least one new independent NED during 2019.

The Chairmen of the Audit and Risk Committee and the Remuneration and Nomination Committee present their respective reports on pages 70-77 and 78-89 These reports should be considered in conjunction with the Corporate Governance Statement, which details our compliance with the requirements of the Code.

The Board has delegated day-to-day responsibility for operational matters, including the implementation of the Homes and Living Business Plans and Group strategy, to the Executive Committee. The Board has approved a number of changes to the Executive Committee during 2018 to ensure the continued efficiency and effectiveness of the decision making process. The updated composition is detailed further within the overview of the Group's governance structure on page 63. The members of the Executive Committee also comprise the Group's standing Disclosure Committee, which was established in 2018 to assist the Group in discharging its obligations to make timely and accurate disclosures in the prescribed manner of all information that is required to be so disclosed to meet the legal and regulatory requirements arising from the Listing Rules and the Market Abuse Regulations.

One of my responsibilities as your Chairman is to ensure that the Board is performing effectively and as part of this process, I initiated our first annual review of Board performance in 2018, assisted by the Company Secretary. This 2018 review was conducted internally, with an external review to take place in every third year. Further detail in relation to the review process and outcomes is set out at page 66 but I am pleased to confirm that no significant issues were raised, and it remains the view of all the Directors that the Board and its Committees continue to operate effectively to support the business. I am also satisfied that each Director continues to make a valuable contribution to the work of the Board and demonstrates a high level of ongoing commitment to their role.

Together with my colleagues on the Board, I am looking forward to the continued evolution of our business in 2019. We recognise that we are assisted in our duties by a highly experienced senior management team, who are in turn supported by dedicated and hard-working colleagues across the Group. On behalf of the Board, I would like to thank all of our colleagues for their contribution to the progress made by the Group in 2018.

John Mulcahy
Chairman

Corporate Governance Statement

The Corporate Governance Statement, in conjunction with the Audit and Risk Committee Report and the Remuneration and Nomination Committee Report, describes how the Group has applied the Main Principles of the UK Corporate Governance Code issued by the FRC in April 2016 ("the Code") and the Irish Corporate Governance Annex ("the Annex") and details any departures by the Group from the specific provisions of the Code and the Annex. The full text of the Code and the Annex can be obtained from the following websites respectively:

www.frc.org.uk

www.ise.ie

Compliance with the UK Corporate Governance Code and Irish Annex

The Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The Group is committed to applying the overarching corporate governance framework for premium listed companies, which is underpinned by the Code.

Through the Annex, the Irish Stock Exchange has supplemented the Code with additional corporate governance guidelines applicable to companies with a primary listing on its main market for listed securities. As a company listed on the Main Securities Market in Ireland, the provisions of the Annex are applicable to the Group. Throughout 2018, the Group was regarded as a 'smaller company' under the Annex's interpretive provisions for company size, equivalent to those set out in the Code.

As a company listed on the standard listing segment of the Official List of the London Stock Exchange, the Group is not subject to the principles and provisions of the Code.

In the Prospectus issued ahead of admission to trading in October 2017, the Group committed to attaining the highest standards of corporate governance and confirmed its intention to comply with both the Code and the Annex by the first anniversary of its admission to trading, save in respect of John Mulcahy's ongoing role as Executive Chairman.

In keeping with its expressed intention at admission to trading, the Group has complied with the requirements of the Code during 2018 with the continued exception of Provision A.3.1, which provides that the Chairman should, on appointment, meet the independence criteria set out within the Code.

While the Code prescribes that compliance or otherwise with Provision A.3.1 need only be reported for the year in which the appointment is made, the Board would like to re-affirm its previously stated collective belief that John Mulcahy's ongoing role as Executive Chairman enables him to bring his extensive knowledge and experience of the Irish residential housing market to his leadership of the Board.

The Board continues to believe that John's commitment and contribution as Executive Chairman is essential to the effective leadership of the Board and the Group as it continues to implement its strategy following admission to trading last year.

Given the Board's unanimous decision to appoint an Executive Chairman, and its collective preference for John Mulcahy to continue in his role, the Senior Independent Director, Lady Barbara Judge, remains willing and available to assume additional responsibilities, as required. There also continues to be a clear division of responsibilities (which is described further on page 67) between the Chairman and the CEO. As such, the Board remains satisfied that no one individual or group has dominated its decision making and that there has been sufficient challenge of executive management in meetings of the Board.

As part of its ongoing review of effectiveness of the Board in its discharge of its duties, the Board, with the assistance of the Remuneration and Nomination Committee, will continue to review the appropriateness of the current governance arrangements.

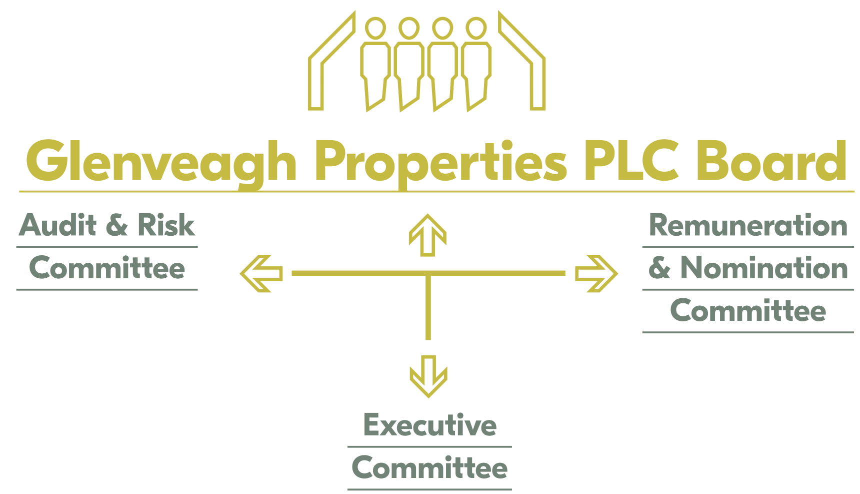
Corporate Governance Structure

The Group's governance structure is illustrated below. The Board is responsible for setting and guiding the strategic direction of the organisation, understanding the key risks faced by the Group, determining the risk appetite of the Group and ensuring that a robust internal control environment and risk management framework is in place. The Board has overall responsibility for the management of the Group's activities and is accountable to shareholders for creating and sustaining shareholder value, through its management of the business, and the long-term success of the Group.

To assist in discharging its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. The Board has delegated a number of its responsibilities to its Committees, while reserving to itself a formal schedule of matters on which it exercises final decision. The terms of reference for each of the Board Committees and the schedule of matters reserved for the Board are reviewed on an annual basis and made available on the Group's website. The terms of reference for each Committee and the schedule of matters reserved to the Board were last reviewed and approved by the Board on 5 December 2018.

The activities of the Board Committees during 2018 are described in detail in the Audit and Risk Committee Report on page 74 and the Remuneration and Nomination Committee Report on page 82.

Responsibility for day-to-day management of the Group's operations is delegated by the Board to the Executive Committee. The terms of reference



for the Executive Committee are reviewed annually and, following the first annual review in December 2018, the Board approved a change in composition of the Committee to reflect the refocus of key business priorities across the senior management team one year on from the Group's IPO.

The Executive Committee is chaired by John Mulcahy, Executive Chairman of the Board, and its members are Justin Bickle, CEO, Stephen Garvey, COO, and Michael Rice, CFO. The Company Secretary is responsible for the proper administration of the Executive Committee, as prescribed by the terms of reference approved by the Board. The Executive Committee meets formally at least twice per month, and members meet informally on day-to-day issues outside of meetings.

Board Composition

There were no changes to the membership of the Board in 2018, which continues to be comprised of seven Directors: three Executive Directors, including the Executive Chairman, three independent NEDs and one NED. During the year, the Board reviewed the overall balance of skill, experience, knowledge and independence of the Board and its Committees. The Board remains satisfied that it is of an appropriate size for the requirements of the business and that the current composition provides a suitable balance of skills and experience including in property, construction, legal, accounting and finance, which equip the Board members in effectively discharging their duties to the Group and to the shareholders.

The Board remains satisfied that the balance of Executive and NEDs is suitable to facilitate constructive and effective challenge and debate. The NEDs have direct access to the senior management team within the Group and contact with the business is encouraged by the Board and assists the NEDs in constructively challenging management and offering advice and guidance on strategic decisions. In addition, the Executive Chairman met with the NEDs, individually and collectively, throughout 2018 which provided the NEDs with further opportunities to discuss issues relevant to the running of the Board and the Group.

As part of the Board effectiveness evaluation process, it was determined that while the collective skills and experience of the current Board are more than adequate to meet the needs of the Group in the short—term, the Board could benefit from the further experience and fresh perspective that an additional independent NED could provide. Furthermore, following the reduction in Oaktree Capital Management's shareholding in the Group which was executed as part of the capital raise during the year, Caleb Kramer has informed the Board of his intention to resign his seat during 2019 and he will therefore not be seeking re-election at the Group's AGM. The Committee has therefore commenced a process, through the appointment of external consultants, to identify and select appropriate candidates with the intention of appointing at least one new independent NED during 2019.

As part of the nomination process, the Remuneration and Nomination Committee will consider the balance of skills, experience, independence and knowledge on the Board. The Committee will also consider the diversity of the Board, including gender, and how the Board work together as a collective unit. Any appointments to the Board will have due regard to the benefits of diversity on the Board, including gender, but will be made on merit to ensure that the appropriate balance of skills and experience required by the business are continued to be met.

In 2018, the Group's first full financial year of operations, the Board's focus was on the effective operation of its current governance structures and, while the Group does not yet have a formal Diversity Policy in place, the approval and implementation of a formal policy will form part of the Remuneration and Nomination Committee's workstream in 2019, as the Group looks to appoint our first new director post-IPO. Details of the Directors serving on the Board during 2018 are set out at pages 90 to 93. All Directors (with the exception of Caleb Kramer) will submit themselves for re-election at the 2019 Annual General Meeting ("AGM").

Independence of Directors

The Board has reviewed the independence of all NEDs and determined that they continue to be independent within the provisions of the Code, with the exception of Caleb Kramer who holds an executive position at Oaktree Capital Management, a substantial shareholder of the Group for part of 2018.

The Board is satisfied that the independent NEDs continue to demonstrate autonomy in character and judgement.

Director Interests

The Group's Articles of Association provide that any Director who is in any way, directly or indirectly, interested in a contract or proposed contract with the Group shall comply with the provisions of Section 231 of the Companies Act 2014 and those of the same Section with regard to the disclosure of such interest by declaration.

The Board considers potential conflicts of interest as a standing agenda item at each meeting and a Conflicts of Interest Register is maintained by the Company Secretary, setting out any conflicts of interest which a Director has disclosed to the Board in line with their statutory duty.

Subject to certain exceptions, Directors are prohibited from voting at Board or Committee meetings on any resolution concerning a matter in which they, or a member of their immediate family, have a direct or indirect interest which is material or a duty which conflicts or may conflict with the interests of the Group. A Director will not count in the quorum present at a meeting in relation to any such resolution on which they are not entitled to vote.

The Group has established a comprehensive Conflict of Interest Policy, which was updated and approved by the Board during 2018. In line with the Conflict of Interest Policy, each Director reviews the Conflict of Interest Register and provides an updated declaration of interests form to the Company Secretary on an annual basis.

Board Meeting Attendance

The Board holds regularly scheduled meetings throughout the year. It held 5 such meetings in 2018. Additional ad-hoc meetings of the Board are convened as required between the regularly scheduled meetings to consider acquisition proposals presented by the Executive Committee. During 2018 the Board held an additional 9 meetings. The table below provides details of the attendance record for all meetings held by the Board in 2018.

	Board		Audit and Risk Committee	Remuneration and Nomination Committee
	Scheduled	Ad-hoc		
Number of Meetings held	**5**	**9**	**4**	**4**
John Mulcahy	5/5	7/9	-	-
Justin Bickle	5/5	9/9	-	-
Stephen Garvey	5/5	8/9	-	-
Lady Barbara Judge	5/5	8/9	4/4	4/4
Robert Dix	4/5	7/9	4/4	3/4
Richard Cherry	5/5	7/9	4/4	4/4
Caleb Kramer	1/5	2/9	-	-

All Directors are expected to attend all meetings of the Board, and of those Committees on which they serve, and the Company's AGM.

Dates for the regularly scheduled Board meetings are set for the year in advance. The nature of the ad-hoc meetings convened to consider acquisition proposals is such that these may be called at relatively short notice and, for this reason, Directors on occasion have been unable to attend due to prior engagements.

Meeting agendas are set by collaboration between the Chairman and the Company Secretary, with full Board packs circulated to Directors for review and consideration in advance of all meetings. The Company Secretary is responsible for the co-ordination and organisation of Board meetings and is available to provide advice and support to all Directors as required.

Supplementary to its formal meetings, the Board encourages its NEDs to communicate directly with both the Executive Directors and the senior management team. During the year certain NEDs met regularly with members of senior management and visited certain sites where construction was ongoing.

Board Effectiveness

The performance and effectiveness of the Board and its Committees is monitored on an ongoing basis and is subject to formal review through the annual evaluation process. In December 2018 the Board undertook an internally led effectiveness review. This is ahead of the three yearly external evaluation which will take place in 2020.

The 2018 review process was led by the Chairman with the support of the Company Secretary and was carried out by means of an online questionnaire which was carefully structured and designed to enable the Directors to identify any areas for potential improvement in the processes of the Board and its Committees.

All Directors were also asked to complete the self-evaluation questionnaire which asked each individual Board member to assess their own skills and expertise. The Chairman and Company Secretary then met to discuss the results of the evaluation process and a report was submitted to the Board setting out the principal issues raised and proposing appropriate actions for 2019.

The performance and effectiveness of the Board and its Committees is monitored on an ongoing basis and is subject to formal review through the annual evaluation process. In December 2018 the Board undertook an internally led effectiveness review.

Having reviewed the results of the evaluation process, the Directors were satisfied that the Board operated effectively in 2018 and that there were no significant areas of concern.

Following the 2018 Board evaluation process, the independent NEDs met with Lady Barbara Judge as Senior Independent Director to review the performance of the Chairman during the year. Lady Judge later met with the Chairman to communicate the feedback from that meeting and she formally reported to the Board on the outcome of the Chairman's performance evaluation.

Division of Responsibilities

The roles of the Chairman and the CEO are clearly segregated and the division of responsibilities between them is set out in writing and reviewed by the Board on an annual basis. The Chairman is responsible for the leadership of the Board and is tasked with ensuring its effectiveness, while the CEO is responsible for leading the business of the Group and for implementing the business strategy agreed by the Board.

To ensure that the Board operates efficiently and effectively, certain key roles have been clearly defined and communicated to all Board members, as summarised on the opposite page.

Role	Responsibility
Executive Chairman – John Mulcahy	The Chairman is responsible for leadership of the Board, promoting its effectiveness in all aspects of its role and ensuring its key duties are discharged to an acceptable degree. The Chairman ensures that the Board members receive accurate and timely information, enabling them to play a full and constructive role in the development and determination of the Group's strategy. He is responsible for creating an environment which encourages open dialogue and constructive challenge. He ensures that there is effective communication with the shareholders.
CEO – Justin Bickle	The CEO is accountable to, and reports to, the Board and is charged with the responsibility for running the Group's business. He is responsible for the execution of agreed strategy and implementation of the decisions of the Board with a view to creating value for shareholders and the wider stakeholder base. He is ultimately responsible for all day-to-day management decisions and actions following this. The CEO acts as a direct liaison between the Board and management and communicates to the Board on behalf of management. He also communicates on behalf of the organisation to external stakeholders.
Senior Independent Director – Lady Barbara Judge	The Senior Independent Director of the Group is available to shareholders who have concerns that cannot be addressed through the Chairman or Chief Executive and will attend meetings with major shareholders as necessary. She acts as a sounding board for the Chairman and serves as an intermediary for the other Directors as necessary. The Senior Independent Director also leads an annual meeting with the NEDs to appraise the Chairman's performance.
Company Secretary – Chloe McCarthy	The Company Secretary supports the Chairman and the CEO in fulfilling their duties. She is responsible for the Group's' compliance with Board procedures and for the commitment to best practice in corporate governance. The Company Secretary is available to all Directors for advice and support and she ensures that the Board has high quality information, adequate time and appropriate resources in order to function effectively. In addition, the Company Secretary facilitates the induction of new Directors, assists with the ongoing training and development of the Board and with the annual evaluation process.

Directors' Terms of Appointment

The NEDs have three-year appointments from 13 October 2017, with no right to re-nomination by the Board either annually or after the conclusion of the three-year period. The terms of their engagement with the Group as Directors are set out in formal letters of appointment.

The Executive Directors have service agreements with the Group, which provide for notice periods of six months. Full details of the remuneration of the Directors can be found at page 88 of the Remuneration Report.

All Directors are subject to annual re-election at the AGM of the Group and if they are not re-elected by the shareholders or are retired from office under the Constitution of the Group, their appointment will terminate with immediate effect and without compensation.

Directors' Induction, Training and Development

The Group is committed to providing newly appointed NEDs with a formal induction process which provides them with a comprehensive understanding of their role and responsibilities as Directors, the business of the Group and the operations of the Board and which allows for the efficient and effective integration of new Board members.

The induction of NEDs is overseen by the Chairman with the assistance of the Company Secretary and includes visits to respective management teams in each of the Group's business units and site tours of live construction projects. Newly appointed Directors have access to the Company Secretary's assistance and guidance around the workings of the Board, in addition to the experience gained with attendance at regular meetings.

All Directors receive ongoing updates on the Group's projects and activities and are encouraged to attend site tours facilitated by the Executive Directors. Directors also receive updates from the Company Secretary on legal and regulatory changes. In 2018 this included briefings on the EU Market Abuse Regulation and the General Data Protection Regulation.

Internal Control and Risk Management

The Board has in place an ongoing process for identifying, evaluating and managing significant risks that the Group may face. This process has been in place for the financial year and up to the date of approval of the financial statements and it is regularly reviewed by the Board.

Oversight of the Group's system of internal controls, risk management and governance frameworks are a key priority of the Board and has been delegated to the Audit and Risk Committee. The Audit and Risk Committee monitors and reviews the Group's risk management and internal control processes including the financial, operational and compliance controls. There are a number of actions taken by the Audit and Risk Committee that are designed to highlight any areas of weakness in the control framework such as:

- on-going detailed discussions with management and the Executive Committee;
- its oversight and review of the internal audit function;
- the external audit reports as part of the half year review and year end audit process; and
- review of the Group's risk register.

Further details of the work undertaken by the Audit and Risk Committee in relation to internal control and risk management is detailed in the report of the Audit and Risk Committee set out on pages 70 to 77. The Board, through the Audit and Risk Committee, will continue to monitor and improve its risk management framework throughout 2019.

The principal risks and uncertainties that face the Group are outlined as part of the risk management report on pages 46 to 53 of this report and includes those risks that could threaten the Group's business model, future performance and operations. The Directors confirm they have carried out a robust assessment of these risks and the controls that are in place to mitigate them.

The Group has documented its financial policies, processes and controls for the Group as a whole, which will be subject to a regular review to ensure the systems remain fit for purpose. The key elements of the system of internal controls related to the financial reporting process include:

- The Board review and approve a detailed annual budget and forecast and monitor performance against the budget and forecast through monthly Board Reporting;
- Prior to submission to the board with a recommendation to approve, the Audit and Risk Committee review the half year consolidated financial statements, the annual consolidated financial statements and all formal announcements relating to these statements;
- Adherence to the Group Code of Conduct and Group policies;
- Monthly reporting and financial review meetings are held to review performance ensuring that significant variances between budget and detailed management accounts are investigated and that remedial action is taken;
- A well-resourced and appropriately skilled Finance function is in place;
- The Board, through the Audit and Risk Committee, completes an annual assessment of risks and mitigating controls;
- The Group has a formal Finance Manual in place which clearly sets out the Group accounting policies;
- The Internal Audit function continually reviews the internal controls and systems and makes recommendations for improvement which are reported to the Audit and Risk Committee;
- Monthly, interim and annual financial performance and position are reviewed by the CFO; and
- Interim consolidated financial statements are reviewed by the Group's external auditor and the annual financial statements are subject to audit.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Engagement with Shareholders

The Group is committed to maintaining open and transparent communications with its shareholders. During 2018, the Group established a comprehensive investor relations program through which the CEO, COO, CFO and the Director of Investor Relations & Strategy regularly meet with the Group's institutional shareholders to present results and to discuss strategic issues. Throughout 2018 members of the Group's IR team attended a wide variety of industry conferences and road shows and institutional investors were invited by the Group to join site tours to a number of active developments.

The Board recognises the importance of communication with shareholders and receives regular reports from the IR team with updates on institutional shareholder meetings, broker reporting and general market commentary. This assists the Board in understanding and taking account of the views of shareholders.

In addition, the Chairman and Senior Independent Director are also available to shareholders throughout the year should they have issues or concerns that cannot be resolved through the usual IR channels.

Annual General Meeting ("AGM")

The Company's AGM provides an opportunity for all shareholders to hear a presentation on the Group's activities and performance during the year, and to vote on each resolution put to the meeting.

The AGM also provides the Board with a valuable opportunity to communicate with private investors and the Group encourages all shareholders to attend the meeting each year and to put forward any questions that they may have to the Directors at the conclusion of the formal business of the meeting.

The 2019 AGM will be held on 7 June 2019 at the InterContinental, Simmonscourt Rd, Ballsbridge, Dublin 4.

Audit and Risk Committee Report

As Chairman of Glenveagh Properties PLC's Audit and Risk Committee, I am pleased to present the Committee's Report for the financial year ended 31 December 2018.

Following the Committee's inception in October 2017, 2018 was a busy first full year of activity. We have proactively managed a wide range of matters within our remit, and this activity has been outlined in further detail in the sections that follow.

During the financial year the Committee focused particularly on the appropriateness of the Group's financial statements reviewing accounting policies and areas of estimate and judgment as part of the approval of Group's 2017 annual report, the interim financial statements for the three months ended 31 March 2018 and the half year financial statements to 30 June 2018. In addition, the Committee invested significant time reviewing the Group's risk management framework and approving a number of new Group wide policies. The Committee also met with representatives of both the internal and external audit functions to review various reports and findings from audits undertaken during the financial year.

The Audit and Risk Committee has satisfied itself, and has advised the Board accordingly, that the 2018 annual report and financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

As this report will demonstrate, I am confident in saying that the Audit and Risk Committee has met its obligations and continues to monitor changes in the ever-changing financial and regulatory environment within which the organisation operates.

Robert Dix
Chairman
Audit and Risk Committee

As part of the approval of Group's 2017 annual report ; the interim financial statements for the three months ended 31 March 2018 and the half year financial statements to 30 June 2018, the Committee focused particularly on the appropriateness of the Group's financial statements reviewing accounting policies and areas of estimate and judgment

Robert Dix
Chairman
Audit and Risk Committee

Roles and Responsibilities

The Audit and Risk Committee's Terms of Reference are available on the Group's website. The Terms of Reference are reviewed annually and amended in line with any future organisational changes to ensure they continue to be fit for purpose.

At a high level, the duties carried out by the Audit and Risk Committee relate to:

- Financial reporting;
- Risk management;
- Internal controls;
- Compliance; and
- Oversight of the Group's relationship with the external auditor.

These responsibilities are intended to be performed in conjunction with the management team, Executive Committee and internal and external auditors.

Following the Committee's inception in October 2017, 2018 was a busy first full year of activity.

The key function of the Committee is oversight of the Group's internal control and risk management systems. This involves the following responsibilities:

- Review the adequacy and effectiveness of the Group's internal controls including the systems established to identify, assess, manage and monitor risks and receive reports from management on the effectiveness of these, including the conclusions of any testing carried out by internal or external auditors and other assurance providers;
- Review the principal risks identified in the annual report and the statements on the Group's internal controls and risk management framework;
- Review and approve the risk management policy and the Group's risk register and appetite statement, prior to submission to the Board for its approval;
- Advise the Board on the Group's current risk exposures and future strategy for managing such risks;
- Review relevant risk reporting, including incident breach reporting in order to assess the effectiveness of the Group's risk management process.

Other responsibilities of the Audit and Risk Committee are set out in detail in its Terms of Reference which are available on the Group's website and are noted below;

(i) Integrity of the Financial Statements and Announcements
(ii) Compliance, Whistleblowing and Fraud
(iii) Internal Audit
(iv) External Audit
(v) Committee Effectiveness

Audit and Risk Committee Composition

The Audit and Risk Committee comprises three independent NEDs; Robert Dix (Chairman), Richard Cherry and Lady Barbara Judge. The biographies of these Directors can be found on page 90.

The Board believes that Committee members offer a balanced suite of expertise, including financial expertise and experience in the legal and property sectors. Particularly, the Board considers that the Committee Chairman has sufficient recent and relevant financial experience for the role and that there is sufficient financial and commercial experience within the Audit and Risk Committee as a whole. This vast array of skills enables the Audit and Risk Committee to carry out its duties and responsibilities as detailed in the Committee's Terms of Reference.

Meetings

The Audit and Risk Committee have met on four occasions during the financial year. The attendance of Committee members is detailed in the table below. On occasion, special attendees were invited to attend all, or part of Committee meetings as deemed appropriate and necessary by the Committee Chairman.

Committee Member	In Attendance	Committee member as of
Robert Dix	4/4	2017
Richard Cherry	4/4	2017
Lady Barbara Judge	4/4	2017

Activities

During the financial year, the business has grown significantly with a consequential impact on the nature and extent of the Group's risk profile and as a result the risks have evolved. Further detail in relation to the Group's approach to risk management is set out on pages 46 to 53. The Group continues to monitor and invest appropriate levels of resource in risk management and compliance activity. Set out on page 74 is a summary of the Committee's activity during the financial year.

One of the Committee's responsibilities is to review the adequacy and effectiveness of the Group's internal controls including the systems established to identify, assess, manage and monitor risks and receive reports from management on the effectiveness of these, including the conclusions of any testing carried out by internal or external auditors and other assurance providers.

Activity in 2018

Topic	Description of activity
Financial Reporting	The Committee assessed whether suitable accounting policies had been adopted in the preparation of the results for the financial year and whether management had made appropriate estimates and judgements. In particular, the Committee focused on areas that involved a significant level of judgement or complexity (as outlined in the financial reporting section below). The Committee also considered the view expressed by the external auditor, KPMG, in making these assessments. During the financial year, the Committee reviewed and approved the Group's 2017 Annual Report and the financial statements for the three month period ended 31 March 2018 and for the half year ended 30 June 2018. The Committee considered the requirements of the Irish Companies Act 2014 in relation to the Directors' Compliance Statement and is satisfied that appropriate steps have been taken to ensure compliance by the Group with these requirements. The Committee also considered the Group's adoption of the going concern basis of preparation and its viability statement prior to recommending both for approval by the Board.
Risk Management	In respect of the 2018 annual report, the Committee considered the Group's risk management framework and the key business risks as disclosed in the Risk Management Report as part of its review of the Group's risk register. The Committee also reviewed and approved new Group wide policies in relation to procurement, delegation of authority and whistleblowing procedures.
Internal Audit	The Committee met representatives from the outsourced internal audit function throughout the financial year and reviewed reports, findings and recommendations arising from the audits conducted. The Committee also approved the planned programme of work for 2019.
External Audit	The Committee met representatives from the external auditor throughout the financial year both with and without management being present. During 2018, the Committee reviewed KPMG's reports on the 2017 audit as well on the interim reviews for the periods ended 31 March 2018 (required as part of the Group's capital raise) and 30 June 2018. It also reviewed and approved KPMG's audit plan in respect of the audit for the year ended 31 December 2018.

Fair, Balanced and Understandable

The Board is responsible for the approval of the annual report and financial statements. The Board is required to confirm that:

- It considers the annual report and financial statements, taken as a whole, to be fair balanced and understandable; and
- It provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

At the request of the Board, the Committee considered whether the annual report and financial statements for the financial year met these requirements. The Committee considered the content of the document and discussed with management the approach taken to its preparation, in particular the planning, co-ordination and review activities. The Committee also noted the process undertaken by KPMG.

The Audit and Risk Committee subsequently confirmed to the Board 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 position and performance, business model and strategy.

Financial Reporting

The primary issue considered by the Audit and Risk Committee in relation to the financial statements for the financial year ended 31 December 2018 was the Group's assessment of the carrying value of inventory at the balance sheet date.

Significant Issue Considered	Committee Activity
Carrying value of inventory The carrying value of the Group's inventory was €718.9 million at 31 December 2018 which comprises the cost of development land and development rights acquired, and the costs of the work completed thereon to date. Inventory is required to be carried at the lower of cost and net realisable value. At financial year end management undertook an exercise to assess the net realisable value of the inventory balance in order to assess the carrying value at that date. There is a significant level of judgement involved in this exercise which includes a review of future cash flows associated with each individual site in order to validate current profitability projections which are also the key determinants of profit recognition as sales complete. The exercise indicated no evidence of impairment and therefore no adjustment to the carrying value was required at 31 December 2018.	Management presented a summary of its review to the Committee which included information in relation to the cross functional approach taken to the net realisable value calculations, as well as the review process undertaken by senior management. Management's presentation included a summary of the results of the review for each development site with key assumptions highlighted for discussion. The Committee considered the financial year end approach to the inventory carrying value review and discussed same with management. It also considered the external auditor's findings in respect of the carrying value review which supported management's assertion that no indicators of impairment were identified. Based on the results of the process undertaken by management, the Committee was satisfied with the carrying value of inventory at year end.

Internal Audit

While the Group has outsourced its internal audit function to Deloitte, the Committee continues to maintain oversight of and responsibility for the function's effectiveness on an annual basis. The Committee met representatives from the outsourced internal audit function on four occasions during the financial year and considered the reports and updates from the internal audit function which summarised the work undertaken, findings, recommendations and management responses to audits conducted during the financial year. The Committee has also approved the planned programme of work for 2019.

External Auditor

KPMG is the external auditor of the Group. The Audit and Risk Committee considers and makes recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment or removal of the external auditor. KPMG attended each of the Committee meetings in 2018.

Audit effectiveness

The effectiveness of the external audit process is assessed by the Audit and Risk Committee, which meets regularly throughout the financial year with the audit partners. In conducting this review, the Audit and Risk Committee concluded that the audit process as a whole had been conducted robustly and that the team selected to undertake the audit had done so thoroughly and professionally.

In assessing the independence and objectivity of the external auditor, the Audit and Risk Committee considered the internal processes which the External Auditor has in place to ensure their independence and objectivity is monitored and reviewed sufficiently. Further, the Audit and Risk Committee considered senior management's satisfaction with KPMG. The Committee also meets regularly with KPMG without the presence of management.

Auditor independence and non-audit services

KPMG have formally confirmed their independence to the Audit and Risk Committee. In order to further ensure independence, the Committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided by the external auditor are not, or are not perceived to be, in conflict with auditor independence. Analysis of fees paid or payable in respect of services provided by KPMG in the financial year are analysed in the table below:

	€ '000
Audit fees	120
Non-audit fees	
Interim review fees	15
Tax services fees	77
Reporting Accountant fees	300
Total non-audit fees	**392**

At the end of the financial year, non-audit fees paid to KPMG, excluding the non-recurring Reporting Accountant fee in relation to the Group's Capital Raise, represented 77% of total audit fees.

It is the Group's practice to engage KPMG on assignments in addition to their statutory audit duties where their expertise and experience with the Group are important. During the financial year, KPMG were retained to provide reporting accountant services in relation to the issuing of the Group's shares on the main markets of the London and Irish Stock Exchanges. The Audit and Risk Committee considered this appropriate given the nature of the transaction and KPMG's extensive knowledge of the business and the Group's internal processes arising not only from its role as auditor but also its recent previous similar work in connection with the Group's IPO. On that basis, the Group incurred professional fees with the external auditor that exceeded the audit fee. KPMG also provided certain tax services in the financial year which were also considered and deemed appropriate by the Committee.

The Committee has approved a policy on the use of the external auditor for non-audit services and continually monitors the ratio of audit to non-audit fees, acknowledging the legislation which will apply to the Group from 2020 onwards requiring fees for non-audit services to be capped at 70% of the average statutory audit fee over the previous 3 year period. Further, in reviewing non-audit services provided by the external auditor, the Committee considers whether the non-audit service is a permissible service under the relevant legislation and any real or perceived threat to the external auditor's independence and objectivity to include, among other considerations, a review of: the nature of the non-audit services; whether the experience and knowledge of the external auditor makes it the most suitable supplier of the non-audit services; and the economic importance of the Group to the external auditor. The policy on the supply of non-audit services includes a case by case assessment of the services to be provided and the costs of the services by the external auditor considering any relevant ethical guidance on the matter.

Report of the Remuneration and Nomination Committee

Dear Shareholder, I am pleased to present the Remuneration and Nomination Committee ("the Committee") report for the financial year ended 31 December 2018 which provides a summary of the activities carried out by the Committee during the financial year.

2018 Performance

Overall, 2018 was a very productive year for Glenveagh with significant progress made on the objectives set at IPO. The Group has successfully assembled an attractive multi-year landbank capable of meeting the strategic goals of the Group in the short term, while it continues to actively assess an attractive pipeline of further opportunities for capital deployment with specific focus on sites of an appropriate scale to deliver optimal returns within a suitable timeframe. To date the Group has invested in locations where demand for affordable new homes is high which has resulted in a strong trading performance from both a sales and gross margin perspective. We have achieved a solid start in terms of opening, constructing and actively selling from our sites and look forward to further progress in 2019.

Committee Activity

During the financial year the Committee invested significant time to ensure that both the financial and non-financial Key Performance Indicators (KPIs) in place for both the Executive Directors and employee bonus incentives were appropriate in the context of the maturity of the business. Following approval by the shareholders of an Irish Revenue approved savings related share option scheme (SAYE Scheme) at an Extraordinary General Meeting in June, as unanimously recommended by the Directors, the Committee approved the establishment of the 'Glenveagh Properties PLC Saving Related Share Option Scheme'. The SAYE Scheme was subsequently rolled out across the employee pool (excluding Executive Directors), allowing participating employees to use a portion of their salaries to purchase shares in the Company at a fixed price on completion of a three or five year period. The SAYE Scheme was unanimously recommended to shareholders by the Directors to assist in reinforcing the Group's strategy to encourage employee engagement and retention by giving all employees the opportunity to share in the future success of the business, further aligning the interests of the employee base with those of the shareholders. In carrying out its duties during the year, the Committee met and consulted with specialist external advisors, members of the Executive Committee and members of the wider management team on a number of occasions.

We have achieved a solid start in terms of opening, constructing and actively selling from our sites and look forward to further progress in 2019.

Richard Cherry
Chairman, Remuneration and Nomination Committee

Succession planning for the Board and its committees was also on the Committee's agenda in 2018, particularly given the partial sell-down by Oaktree Capital Management (OCM) during the year. As previously disclosed, Caleb Kramer was appointed to the Board at IPO as an OCM-representative non-independent, non-executive Director of the Company. Following the reduction in OCM's shareholding in the Company, Caleb Kramer informed the Board of his intention to step down as a Director in 2019 and therefore not to seek re-election at the Company's AGM.

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In addition, the size and composition of the Board was a key theme emerging from the first Annual Board Evaluation. One of the recommendations arising from the results of this process was that, while adequate to meet the needs of the Group in the short-term, the collective skills and experience of the Board would benefit from the further experience and fresh perspective that an additional independent NED could provide.

The Committee has therefore commenced the process, assisted by an external recruitment and advisory company, of reviewing the size, structure and composition of the Board to ensure it has the right mix of skills and experience to guide the Group in its longer-term strategic objectives. During 2019, the Committee will work to identify and recommend to the Board at least one new suitable candidate to act as an independent non-executive Director of the Company.

Incentive Outcomes for 2018

The Group's performance in 2018, together with individual performance during the year, is reflected in annual bonus pay-outs for Executive Directors of between 45% and 50% of the maximum opportunity. The annual bonus pay-out is considered and approved by the Committee based on challenging internal targets across a range of financial and non-financial metrics to ensure the interests of Executive Directors are aligned with those of shareholders. The 2018 pay-outs reflect the strong operational performance of the Group during the year, while also recognising the impact of macroeconomic and wider market influences on the Company's share price during 2018.

The Committee has reviewed the ongoing appropriateness and relevance of the Group's comprehensive Remuneration Policy, which is laid out in this report, taking into account all factors which it deems necessary including the risk appetite of the Group and alignment to the Group's long-term strategic goals. In fulfilling its primary objectives, the Committee has developed appropriate annual and long-term incentive arrangements as part of its Remuneration Policy. No changes are proposed to be made to Executive Director remuneration packages for 2019.

In December 2018 the Committee completed the annual review of its Terms of Reference. The Committee confirmed the appropriateness of the Terms of Reference and recommended to the Board that no significant changes were required to be made on foot of the annual review. The Committee Terms of Reference are provided in full on the Group website.

It is our intention to continue to operate in line with the approved Remuneration Policy. We welcome and will consider any shareholder feedback on the Remuneration Policy and Annual Report on Remuneration for 2018.

Richard Cherry
Chairman,
Remuneration and Nomination Committee

Roles and Responsibilities

The principal responsibilities and duties of the Committee include:

- Assessing the effectiveness and performance of the Board and each of its Committees including consideration of the balance of skills, experience, independence and knowledge of the Group on the Board, its diversity, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness;
- Where necessary, making recommendations to the Board based on the above considerations;
- Considering succession planning for Directors and members of senior management, including the identification and assessment of potential Board candidates, and making recommendations to the Board for its approval;
- Preparing job specifications for the appointment of a Chairman; Senior Independent NED; and other NEDs;
- Have responsibility for setting the Remuneration Policy for all Executive Directors including pension rights and any other compensation payments;
- Recommend and monitor the level and structure of remuneration for senior management;
- Review the ongoing appropriateness and relevance of the Remuneration Policy, taking into account all factors which it deems necessary, including the risk appetite of the Group and alignment to the Group's long-term strategic goals;
- Review the total individual remuneration package of each Executive Director, and other designated senior executives including any bonuses, incentive payments and share options or other share awards; and
- Oversee any major changes in employee benefits structures throughout the Group.

These responsibilities are performed in conjunction with the Executive Committee.

Committee Composition

The Committee comprises three Independent NEDs; Richard Cherry (Chairman), Robert Dix and Lady Barbara Judge. The biographies of these Directors can be found on page 90.

The Board believes that the Committee members offer a balanced suite of expertise, meeting the specific requirements of this Committee. The breadth of skills and experience enables the Committee to carry out its duties and responsibilities as detailed in the Committee Terms of Reference.

Meetings

The Committee met on four occasions during the financial year ended 31 December 2018. On occasion, additional attendees including the Board Chairman, the CEO, the CFO, the CPO and specialist external advisers were invited to attend all or part of Committee meetings as deemed appropriate and necessary by the Committee Chairman.

Committee Member	In Attendance	Committee member as of
Richard Cherry	4/4	2017
Robert Dix	3/4	2017
Lady Barbara Judge	4/4	2017

Board Nomination Activities

The Remuneration and Nomination Committee continues to consider the future direction of the business to ensure that the skills, knowledge and experience of the Board remains appropriate to support the Group's strategic objectives for 2019 and beyond. As part of the Board evaluation process completed in 2018, the Board reviewed the overall balance of skill, experience, knowledge and independence of the Board and its Committees. There were no changes to the membership of the Board or its Committees during 2018 as the Board are of the view that the current composition provides a suitable balance of skills and experience for the short term. As the business continues to scale in line with the Group's longer-term strategic objectives, the Directors consider that the Board would benefit from the skills and experience of an additional Independent NED to further equip the Board in effectively discharging its collective duties and responsibilities to the Group and to the shareholders, and to ensure that the Board is of an appropriate size for the future requirements of the business. Caleb Kramer has also informed the Board of his intention not to seek re-electoin at the Group's AGM. The process of identifying suitable candidates is currently underway and a nomination and appointment of at least one new independent NED is expected during the course of 2019.

As part of the nomination process, the Committee will consider the balance of skills, experience, independence and knowledge on the Board. The Committee will also consider the diversity of the Board, including gender, and how the Board work together as a collective unit. Any appointments to the Board will have due regard to the benefits of diversity on the Board, including gender, but will be made on merit to ensure that the appropriate balance of skills and experience required by the business continue to be met.

As part of this first nomination and appointment process post-IPO, the Committee will oversee the introduction of a formal Diversity Policy for the Group in 2019.

Other Activities

Set out below is a summary of the Committee's activity during the financial year.

Activity in 2018

Topic	**Description of activity**
KPIs for annual bonus incentives	The Committee undertook a detailed review, through discussions and presentations from management and external advisors, of the KPIs for Executive Director and Employee annual bonus incentives. The Committee considered both the financial and non-financial KPIs as well as the remuneration strategy of the Group. Following on from this review, the Committee formally approved the KPIs for both the Executive Director and employee incentives for FY18. The Executive Director targets for 2019 have also been considered and approved by the Committee.
SAYE Scheme	The Committee undertook a detailed review, through discussion and presentations from management, of the new SAYE scheme being offered to the employee pool. Following on from this review, and the approval of the shareholders at an Extraordinary General Meeting, the Committee formally established the new employee incentive scheme.
Long-Term Incentive Plan (LTIP)	The Committee approved the granting of share options to certain members of the senior management team and noted its intention to obtain advice from independent specialists in respect of further grants in FY19.
Executive Committee	The Committee met representatives from the Executive Committee throughout the financial year to receive updates on the business and specific areas of interest to the Committee.
Committee Evaluation	During the year the Committee reviewed its Terms of Reference to ensure they were fit for purpose. The Terms of Reference are available on the Group's website.

Diversity

Glenveagh recognises the benefits of a diverse workforce to deliver on our business objectives. Diversity on the Board and in senior management positions brings broader perspectives, experience and understanding which enables more robust discussion and effective decision making.

In acknowledgement of this view, and in preparation for the first nomination and appointment process since IPO, the Committee has determined that it is appropriate to formally implement a Group Diversity Policy. Significant focus will be given to drafting and implementing an effective Diversity Policy in 2019 that re-affirms the Board's commitment to diversity across the Group. The policy will include measurable objectives for gender diversity and other diversity metrics to track progress and report on in future reporting periods.

Reporting

The Chairman of the Committee reports to the Board on the activities of the Committee. The Chairman of the Committee will attend the AGM to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

External Advisers

During the financial year, the Committee obtained independent advice from external remuneration consultants, Mercer in relation to market trends, comparator benchmarking, developments in remuneration policies and practice and governance best practice. Mercer also advised the Committee on the drafting of the proposed new SAYE scheme. Mercer are members of the Remuneration Consultants Group and signatories to its Code of Conduct, and all advice is provided in accordance with this code.

Remuneration Policy

The following table outlines the key details of the Executive Directors' Remuneration Policy. In designing this Remuneration Policy, the objective of the Committee is to continue to attract, retain and motivate executive management of the quality required to run the Group successfully, having regard to views of shareholders and other stakeholders. The Committee is satisfied that the remuneration framework is in alignment with the Group's risk appetite and its long-term strategic goals.

Element	Operation	Maximum Opportunity
Base Salary		
To attract and retain high calibre individuals	Base salaries are reviewed by the Committee annually in the last quarter of the year with any adjustments to take effect from 1 January of the following year. Factors taken into account in the review include the individual's role and level of responsibility, personal performance and developments in pay in the market generally and across the Group. Base salary for Executive Directors is inclusive of fees receivable by the Executive as a Director of the Group.	There are no prescribed maximum salaries or maximum increases. Increases will normally reflect increases across the Group and in the market generally. However, increases may be higher or lower to reflect certain circumstances such as changes in responsibility or in the case of newly appointed individuals to progressively align salary with market norms. In line with good practice, market movements will not be considered in isolation but in conjunction with other factors.

Element	Operation	Maximum Opportunity
Benefits		
To be competitive with the market	In addition to their base salaries, Executive Directors' benefits include life and health insurance and a car allowance in line with typical market practice.	No maximum levels are prescribed as benefits will be related to each individual's circumstances.
Annual Bonus		
To reward the achievement of annual performance targets	Individuals will receive annual cash bonus awards based on the achievement of financial and non-financial targets agreed prior to the start of each financial year. Threshold levels will be set for minimum and maximum awards with pro-rata payments between the two points based on relative achievement levels against agreed targets. Annual bonus awards will be based 60% on financial KPIs and 40% on non-financial KPIs. The financial KPIs will ensure that employees are aligned with shareholders' interests and the parameters that the Group will be assessed on by the market in the long-term. The financial KPI targets will be set annually based on the budget and strategic plan process carried out in Q3/Q4 every year. The financial metrics for 2019 will be based on targets relating to consolidated revenue; consolidated EBITDA (excluding bonus charge) and consolidated EBITDA margin (excluding bonus charge). Non-financial targets for 2019 are based on metrics related to safety and customer satisfaction. The Committee retains discretion to adjust any award to reflect the underlying financial position of the Group and to agree awards outside of the above framework in respect of recent joiners and leavers.	The maximum award for Executive Directors as a percentage of base salary is as follows: Executive Chairman 75% CEO 100% COO 100%

Element	Operation	Maximum Opportunity
Founder Share Scheme ("FSS")		
To incentivise the three founders of Glenveagh to grow the business through the initial five-year period.	In lieu of a long-term incentive plan, Executive Directors (the Group's founding shareholders) are entitled to participate in the FSS. If predetermined targets are met, the Scheme will reward the Founders through an allotment of Ordinary Shares or a cash equivalent. The scheme will run over five years from 2018 to 2022. Performance will be assessed separately over five separate Test Periods, with shares vesting based on performance in that Test Period. The Test Period is from 1 March to 30 June each year. Vesting of awards is subject to a performance condition. In order for awards to vest, for a period of 15 or more consecutive business days during the Test Period, the Closing Share Price must exceed the Adjusted Issue Price[1] by 12.5%. This percentage increase is to be on a compound basis. If the performance condition is satisfied, the Founders are entitled to convert Founder Shares into such number of Ordinary Shares which, at the Highest Average Closing Price of an Ordinary Share during the Test Period, have an aggregate value equal to the Founder Share Value. The "Founder Share Value" shall be calculated as 20% of the Total Shareholder Return ("TSR") in the relevant period, being (i) the first-time the Performance Condition is satisfied, the period from Admission to the Test Period in which the Performance Condition is first satisfied; and (ii) for subsequent Test Periods, the period from the end of the previous Test Period in respect of which Founder Shares were last converted or redeemed to the Test Period in which the Performance Condition is next satisfied.	Following the conversion of 18,993,162 Founder Shares to Ordinary Shares during the year, the total number of Founder Shares in issue at 31 December 2018 is 181,006,838 (2017: 200,000,000 shares). The table at page 89 sets out the ownership split between the Executive Directors.

Element	Operation	Maximum Opportunity
Retirement Benefits		
To attract and retain high calibre individuals and reward sustained contribution.	The Group operates a defined contribution pension scheme for Executive Directors. Pension contributions are calculated on base salary only.	15% of base salary.

(1) The Adjusted Issue Price is defined as the IPO Offer Price (€1) as adjusted to reflect any subsequent consolidation or subdivision of Ordinary Shares or any allotment of Ordinary Shares pursuant to a capitalisation of profits or reserves.

Policy for Leavers

Salary and Benefits

Payments are made only in respect of annual salary excluding benefits for the relevant notice period. The notice period for the Executive Directors is 6 months. In all cases, the notice period applies to both the Group and the Executive.

Annual Bonus

In order for annual bonus payments to be made, Executive Directors must be employed by the Group on the bonus payment date.

Founder Share Scheme ("FSS")

If one of the Founders ceases to be a Director or employee of the Group, he will retain his Founder Shares.

Remuneration Policy for Non-Executive Directors

NEDs have letters of appointment which set out their duties and responsibilities. The appointments are initially for a three-year term but are terminable on one month's notice.

The NEDs each receive a fee which is set by the Committee and approved by the Board on advice from the independent professional advisors. The NEDs are paid a basic fee of €60,000 per annum with additional fees payable to the Senior Independent NED of €30,000 per annum. NEDs will receive an additional €15,000 for taking on Chairmanship of the Audit and Risk Committee and Remuneration and Nomination Committee.

Accordingly, the NED letters of appointment detail the following annual fees:

NED	Role	€
Lady Barbara Judge	Senior Independent NED	90,000
Robert Dix	Chairman, Audit & Risk Committee	75,000
Richard Cherry	Chairman, Remuneration & Nomination Committee	75,000
Caleb Kramer	NED	60,000

There has been no change in the fees payable to NEDs since appointment and no change is proposed for 2019. NEDs are not eligible to participate in any Group pension plan. The NEDs do not have service contracts and do not participate in any bonus or share option schemes.

Long-Term Incentive Plan ('LTIP')

In addition to the FSS, the Group also operates a long-term incentive plan for members of the senior management team (excluding Executive Directors). During the Group's initial development phase, the LTIP grants participants options over a number of Ordinary Shares in the Group.

Participants are allocated options based on a percentage of their gross salary. The number of options is calculated based on that percentage of gross salary divided by the share price on the date of grant. LTIP Awards are granted subject to performance conditions.

Options will vest based on the achievement of TSR targets as follows over a three-year vesting period:

- 25% of the options will vest based on 6.25% compound TSR growth per annum;
- The remaining options vest on a straight-line basis to a maximum of 100% when 12.5% compound TSR growth per annum is reached; and
- TSR growth performance will be assessed on a cumulative basis over the full period.

The Committee plans to grant further awards in 2019. All LTIP awards granted going forward will be subject to a 3-year vesting period from grant date. Any vesting of awards is subject to Committee discretion that it is satisfied the Group's underlying performance has shown a sustained improvement in the period since the date of grant.

Annual Remuneration Report for 2018

The following table illustrates remuneration awarded to Directors for the financial year ended 31 December 2018:

Name	Fees/Salary (€) (1)		Annual Bonuses (€) (2)		Benefits (€) (3)		Employer Pension Contribution (€) (4)		Total (€)	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Robert Dix	**75,000**	16,438	**-**	-	**-**	-	**-**	-	**75,000**	16,438
Richard Cherry	**75,000**	16,438	**-**	-	**-**	-	**-**	-	**75,000**	16,438
Lady Barbara Judge	**90,000**	19,726	**-**	-	**-**	-	**-**	-	**90,000**	19,726
Caleb Kramer	**60,000**	13,151	**-**	-	**-**	-	**-**	-	**60,000**	13,151
John Mulcahy	**300,000**	68,182	**100,500**	-	**18,500**	4,205	**-**	-	**419,000**	72,387
Justin Bickle	**450,000**	102,273	**225,000**	-	**22,000**	5,000	**22,500**	5,114	**719,500**	112,387
Stephen Garvey	**350,000**	85,127	**175,000**	-	**21,901**	4,205	**17,500**	3,977	**564,401**	93,309
Total	**1,400,000**	321,335	**500,500**	-	**62,401**	13,410	**40,000**	9,091	**2,002,901**	343,836

1. Amounts reflect Directors' fees in respect of NEDs and salaries in respect of Executive Directors.
2. Annual Bonuses relate to bonuses paid to Executive Directors in accordance with their employment contracts.
3. Benefits largely relate to car allowances and healthcare provided to Executive Directors in accordance with their employment contracts.
4. Only Executive Directors are eligible to receive pension contributions. NEDs do not receive pension contributions.
5. The 2017 amounts are in respect of the period from incorporation on 9 August 2017 to 31 December 2017.
6. In addition to the above, the Executive Directors received 18,993,162 of Ordinary Shares in respect of shares converted in accordance with the terms and conditions of the Founder Shares Scheme. John Mulcahy received 1,899,316 shares, Justin Bickle received 8,546,923 shares and Stephen Garvey received 8,546,923 shares. Further detail is included in Note 26 of the consolidated financial statements.

Base Salary

The salaries of the Executive Directors for the financial year ended 31 December 2018 are set out above.

The base salaries of Executive Directors (as set out in the table within the annual bonus section of this report below) will remain unchanged for the 2019 financial year.

Annual Bonus

Executive Directors' first annual bonus payments will be made in relation to performance over a 16-month period to 31 December 2018. A threshold level of achievement in respect of agreed financial and non-financial KPIs must be achieved before any level of bonus is payable. Targets are set at a challenging level and where target performance levels have been met, executives will be eligible to receive between 50-70% of annual bonus. In the event stretch performance is achieved, executives will be awarded maximum bonus entitlement. Entitlements for Executive Directors are set out below.

Name	Role	Salary	Annual Bonus %			Actual 2018 Bonus	
		€'000	Threshold	Target	Max	€'000	%
Justin Bickle	CEO	450	40	70	100	225	50
Stephen Garvey	COO	350	40	70	100	175	50
John Mulcahy	Executive Chairman	300	25	50	75	101	45

The annual bonus payments for Executive Directors in 2018 were based 60% on financial KPIs (Revenue Consolidated Gross Margin % & EBITDA) and 40% on non-financial KPIs (metrics based on Safety and Customer Satisfaction).

Long-term Incentives – Founder Share Scheme ("FSS")

In lieu of a long-term incentive scheme, Executive Directors (the Group's founding shareholders) are entitled to participate in the FSS. The FSS as set in detail on page 85 was in operation for 2018 with the first Test Period running from 1 March 2018 to 30 June 2018.

Following the completion of the first Test Period, it was confirmed that the Founder Share Value was satisfied by way of conversion of Founder Shares into 18,993,162 Ordinary Shares of €0.001 each ("New Ordinary Shares"). All New Ordinary Shares issued in respect of the conversion of Founder Shares are subject to a 1-year lock-up period, with 50% of the New Ordinary Shares remaining subject to a further 1-year lock-up period thereafter.

Name	No. of Founder Shares at 31 December 2018	No. of Founder Shares at 31 December 2017
Justin Bickle*	81,453,077	90,000,000
Stephen Garvey	81,453,077	90,000,000
John Mulcahy	18,100,684	20,000,000
Total	**181,006,838**	**200,000,000**

* Beneficially held by Durrow Ventures
** Details of the ordinary shares held by Executive Directors are set out in the Directors' Report on page 90.

Directors' Report

Board of Directors

John Mulcahy

(Irish - Age: 70):
Co-Founder and
Executive Chairman
First appointment
to the Board: 2017

Experience

John Mulcahy is a chartered surveyor and has over 40 years' experience in the Irish real estate sector. His current roles include being a member of the board of TIO ICAV. Previously, he was a member of the board (from 2012 to 2014), and Head of Asset Management (from 2011 to 2014), at NAMA and, prior to that, was chairman and CEO of JLL's operations in Ireland from 2002 to 2010. John was also a founding member of the RICS Asset Valuations Standards Committee and the Property Advisory Committee of the National Pension Reserve Fund.

Other Appointments

- Chairman of Irish Property Unit Trust.
- Board member of TIO ICAV, and Quinta do Lago S.A., a Portuguese resort developer.

Justin Bickle

(British - Age: 48):
Co-Founder and CEO
First appointment to
the Board: 2017

Experience

Justin Bickle has over 23 years' senior level experience in the private equity, legal, finance and property fields. Through his role in Oaktree Capital's European Private Equity team, he has significant experience in operational real estate portfolio companies in the UK and Europe and their activities in, among other things, residential housebuilding, retirement housebuilding, student accommodation and aparthotels. Justin is also chairman of TIO ICAV. He was formerly a partner in the Financial Restructuring department at US law firm Cadwalader, Wickersham & Taft LLP and an Executive Fellow in Finance at London Business School.

Other Appointments

- Chairman of TIO ICAV.

Stephen Garvey

(Irish - Age: 39):
Co-Founder and COO
First appointment to
the Board: 2017

Experience

Stephen Garvey has over 21 years' experience in the construction and property industry. His experience includes working with many of the large Irish property developers, including Menolly Homes, Schelester properties, Glenman Corporation and McCabe Builders. In 2003, Stephen founded Bridgedale Homes Ltd, Glenveagh's predecessor company, which focused on constructing residential developments in the GDA. In his role as CEO of Bridgedale, he sourced and negotiated the acquisition of development sites, secured external finance, formulated and implemented business plans for each project and managed the overall delivery of residential units. From 2014 to 2017, Stephen advised and managed on the acquisition of 2,101 units in the Irish residential development market on behalf of TIO RLF.

Lady Barbara Judge CBE

(British - Age: 72):
Senior Independent NED
First appointment
to the Board: 2017

Experience

Lady Barbara Judge, CBE, has over 36 years' experience in the financial, legal and property industries. She completed her second term as chairman of the UK Pension Protection Fund in 2016. Lady Judge previously served as a Commissioner of the U.S. Securities and Exchange Commission, as a Director of Samuel Montagu & Co in Hong Kong and as founder and chairman of Private Equity Investor PlC. Lady Judge has significant experience in the real estate sector, including her previous positions on the boards of Quintain Estates and Development PLC and Richard Ellis International (now CBRE). Lady Judge is a graduate of the University of Pennsylvania and received a Juris Doctor degree with honours from New York University Law School. She was appointed Commander of the Order of the British Empire in 2010.

Other Appointments

- Chairman of Cifas.
- Chairman LoopUp.
- Chairman of the Astana Financial Services Authority.

Committee Memberships:

- Member of the Audit and Risk Committee (1 year).
- Member of the Remuneration and Nomination Committee (1 year).

Robert Dix

(Irish - Age: 66):
Independent NED and Chairman of the Audit and Risk Committee
First appointment to the Board: 2017

Experience

Robert was formerly a partner and head of Transaction Services at KPMG Ireland until his retirement in 2008. He currently operates his own firm, Sopal Limited, which advises organisations on capital markets, corporate governance and strategic planning issues. Robert is a graduate of Trinity College, Dublin and is a Fellow of Chartered Accountants Ireland.

Other Appointments

- CEO of Sopal Limited.
- NED and Chairman and of Quinn Property Group.
- Director and Chairman of the Audit committee of Allianz PLC and Dalata Hotel Group PLC.
- Also holds non-executive directorships at a number of other private companies.

Committee Memberships:

- Chairman of the Audit and Risk Committee (1 year).
- Member of the Remuneration and Nomination Committee (1 year).

Richard Cherry

(British - Age: 57):
Independent NED and Chairman of the Remuneration and Nomination Committee
First appointment to the Board: 2017

Experience

Richard was formerly a Director and Chief Executive of the Partnerships business at UK housebuilder Countryside, where he worked for over 35 years until his retirement in September 2017. He served on the main board for 30 years and previously held the roles of Group New Business Director and Deputy Chairman. He has significant experience in the real estate sector, including in the execution of partnership projects with public authorities and housing associations. Richard is a graduate of the University of Reading and is a Fellow of the Royal Institution of Chartered Surveyors.

Other Appointments

- None

Committee Memberships:

- Chairman of the Remuneration and Nomination Committee (1 year).
- Member of the Audit and Risk Committee (1 year).

Caleb Kramer

(American - Age: 49):
NED
First appointment to the Board: 2017

Experience

Caleb is Managing Director and Portfolio Manager of the European Principal Group at Oaktree Capital Management (UK) LLP. Prior to joining Oaktree in 2000, Caleb co-founded Seneca Capital Partners LLC, a private equity investment firm. From 1994 to 1996, Caleb was employed by Archon Capital Partners, an investment firm. Prior to 1994, Caleb was an associate in mergers and acquisitions at Dillon Read and Co. Inc. and an analyst at Merrill Lynch and Co. Inc. Caleb received a B.A. degree in Economics from the University of Virginia.

Other Appointments

- Managing Director and Portfolio Manager (Europe) at Oaktree Capital Management (UK) LLP.

Chloe McCarthy

(Irish - Age: 34):
Company Secretary
Joined the Group in November 2017.

Experience

Chloe is an ICSA-qualified Company Secretary and a Barrister-at-Law in Ireland. A graduate of Business and Law from University College Dublin, Chloe completed her Barrister-at-Law Degree at the Honourable Society of King's Inns in Dublin and was called to the Bar of Ireland in 2008. Chloe gained experience in commercial law at international firms including Taylor Wessing in London and Allens in Sydney, before joining A&L Goodbody as Company Secretarial Advisor in their Asset Management and Investment Funds department in Dublin.

Report of the Directors

The Directors present the Report of the Directors of Glenveagh Properties PlC (the "Group") together with the audited financial statements for the year ended 31 December 2018. The comparative period in the financial statements covers the period from incorporation on 9 August 2017 to 31 December 2017. The Chairman's Statement, CEO's Review, CFO's Review, COO's Review, Corporate Governance Statement and all other sections of the annual report and financial statements, to which cross reference is made, are incorporated into the Report of the Directors by reference.

Principal Activities

Glenveagh Properties PLC ("Glenveagh") is the ultimate holding company for the Group's subsidiaries.

The Group's principal activities are the development and building of starter, mid-size executive and high-end homes (both houses and apartments) in Ireland, with a principal focus on the GDA, either for itself or on behalf of third-parties.

The Group is comprised of two key business divisions:

- **Homes** - Homes is focused on the development of residential homes for resale principally in the GDA.
- **Living** — Living is focused on delivering private rental units for investors including institutional pension funds and undertaking joint ventures and partnerships to deliver housing for the Irish State, social and affordable housing for approved housing bodies.

Results and Dividends

Group revenue for the year ended 31 December 2018 was €84.2 million (2017: €1.4 million), gross profit was €15.3 million (2017: €0.5 million), loss after tax was €3.9 million (2017: loss of €51.4 million) and basic loss per share of €0.01 (2017: loss per share of €0.14). The Group did not pay a dividend during the financial year ended 31 December 2018 (2017: €Nil).

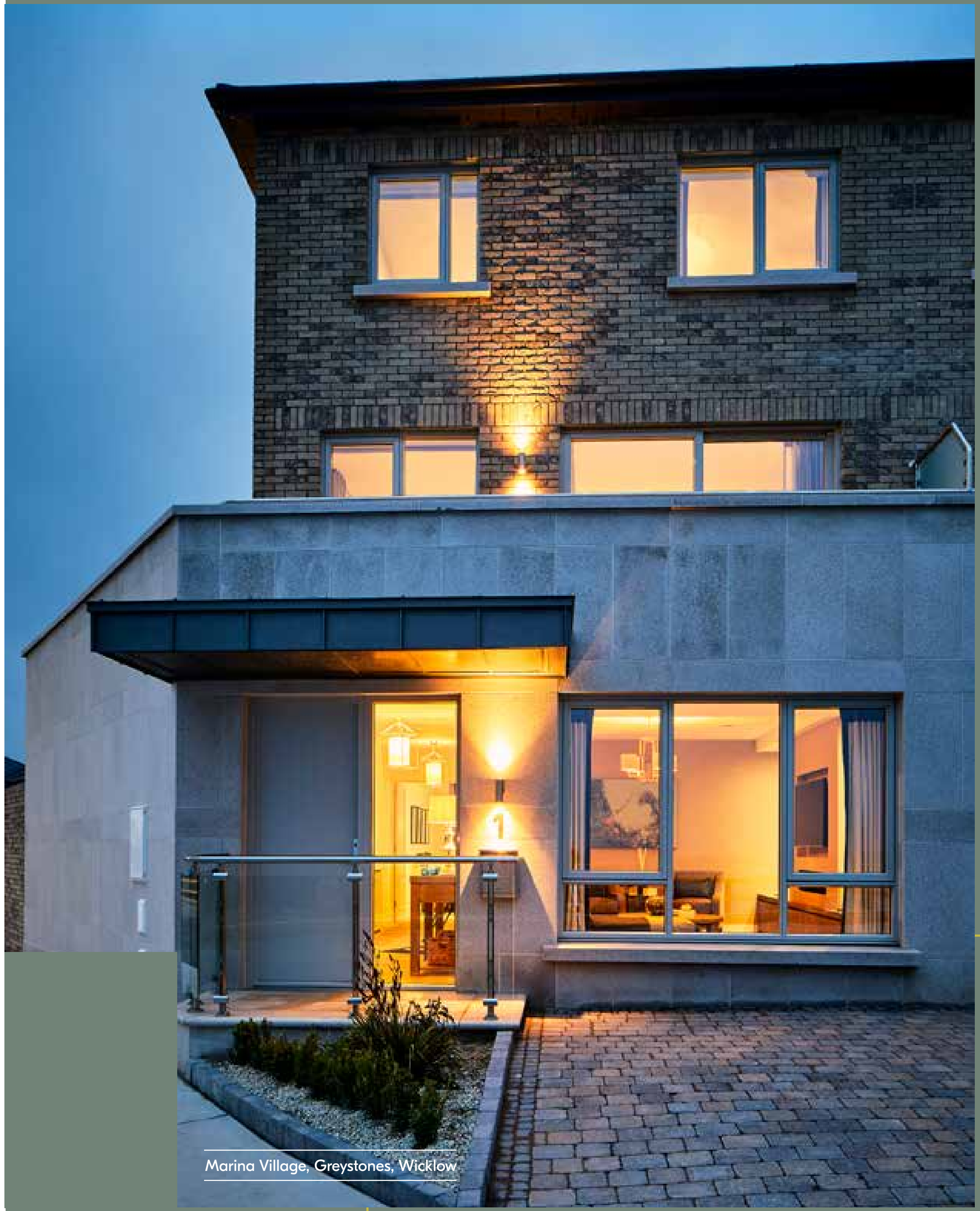
Business Review

The Strategic Report, including the CEO's Review, CFO's Review and COO's Review and Strategy and Business Model section of this report on pages 6 to 45 respectively, sets out management's review of the Group's key business milestones and highlights for the financial year.

Glenveagh's strategy

The Group has made significant steps towards achieving its key strategic aims during the financial year the details of which are set out as part of the Group's Strategic Report as noted above. These priorities have been reviewed once again by the Board during the financial year and remain unchanged from those communicated to shareholders, as follows:

A. Assembly and active management of a sector leading landbank at attractive rates;
B. Operation of best-in-class delivery platform;
C. Delivery of an end-customer focused product offering across our three target markets; Build-to-Sell, PRS and Mixed-Tenure; and
D. Optimisation of capital employed to drive returns for shareholders.



Marina Village, Greystones, Wicklow

Principal Risks and Uncertainties

As per Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(ii) of the Transparency Directive (2004/109/EC) Regulations 2007, Glenveagh is required to describe the principal risks and uncertainties faced by the Group. The risks and the actions taken by the Group to mitigate the risks are outlined in the Risk Management report on pages 46 to 53. The principal risks are:

- Adverse macroeconomic conditions
- Adverse changes to government policy and regulations;
- Mortgage availability and affordability;
- Availability and increased cost of materials and labour;
- Inadequate project management;
- Insufficient health and safety procedures;
- Employee development and retention;
- Data protection and cyber security; and
- Decline in product quality.

Subsequent Events

Subsequent to year end, the Group announced that it had entered into a contract to acquire two sites in the GDA: one at Leixlip, Co. Kildare and one at Newbridge, Co. Kildare which have full planning permission to deliver 793 starter-homes and apartments. The transaction involves cash consideration of approximately €50 million (excluding stamp duty and fees) and is scheduled to complete in Q2 2019.

Other than this transaction and the completion of the Maryborough Ridge development land acquisition noted in Note 30 of the consolidated financial statements, no other events requiring disclosure have occurred since 31 December 2018.

Corporate Governance

Glenveagh employs a robust corporate governance framework and promotes the highest standards of ethics throughout the organisation. For more information on how Glenveagh achieves these standards, please see the Corporate Governance Statement on page 60.

Code of Conduct

The Group is focused on meeting its responsibility of maintaining the highest standards of ethics and integrity in all of its dealings in relation to all of its stakeholders i.e. investors, customers, suppliers and the environment within which its business operates. Glenveagh has a Code of Conduct which outlines the principals across the Group that are expected of employees in their conduct. Everyone in the organisation is expected to encourage and adhere to these principals.

Corporate Social Responsibility

Glenveagh's vision is to build homes and create communities that have a unique neighbourhood identity that resonates with our customers. This is achieved through Glenveagh's community and people-focus, strong ethical principles, sustainable building practices and other CSR initiatives.

Glenveagh's Board and Executive Committee are committed to conducting business in a sustainable and socially responsible manner. Glenveagh considers the long-term impact on the homes and places it develops and is committed to making a positive, sustainable and social impact.

Following the successful completion of our first full year of trading, CSR continues to be a key focus for the Board and the Group. The CSR review on pages 54 to 57 gives details of some of the events and initiatives that the Group has been involved throughout 2018 and outlines some of the plans 2019.

The Group is focused on meeting its responsibility of maintaining the highest standards of ethics and integrity in all of its dealings in relation to all of its stakeholders i.e. investors, customers, suppliers and the environment within which its business operates.

Taylor Hill, Balbriggan, Co. Dublin

Health and Safety

Given the nature of the Group's activities, health and safety is the cornerstone of the day-to-day operations of the Group and the health and safety of our employees and customers remains of paramount importance to the Group and to the Board. The Group operates a "Safety Management System" across its business which is managed by the Group's Head of Health and Safety who reports to the Operations Director. The Group promotes a very strong internal culture in relation to health and safety which is applied on a day-to-day basis by site managers on project sites which has resulted in the Group achieving an improved Safe-T Cert grade level.

Accounting Records

It is the responsibility of the Directors to ensure that accounting records, as required by Sections 281 to 285 of the Companies Act 2014, are kept by the Group. The necessary systems and resources have been implemented by the Directors which include employing accounting personnel with appropriate qualifications and experience and providing adequate resources to the finance department. The accounting records of the Group are maintained at Block B, Maynooth Business Campus, Maynooth, Co. Kildare.

Share capital

The issued share capital of the Group at 5 March 2019 consists of 871,333,550 Ordinary Shares and 181,006,838 Founder Shares. Both share classes have a nominal value of €0.001. Holders of ordinary shares are entitled to one vote per ordinary share at general meetings of the Group while no voting rights are conferred on holders of Founder Shares. Founder Shares may be converted to ordinary shares (or an equivalent value in cash) in the future subject to the achievement of performance hurdles related to the Group's share price. Further detail is set out in Note 14 of the consolidated financial statements.

The Group has also established a long-term incentive plan which grants certain employees options over ordinary shares in the Group which vest over a 3-year period. Further detail in relation to this plan is set out in Note 14 of the consolidated financial statements.

The European Communities (Takeover bids (Directive 2004/25/EC)) Regulations 2006

The Group have outlined the necessary information to be in compliance with the regulation 21 of the European Communities (Takeover bids (Directive 2004/25/EC)) Regulations 2006 in the subsequent paragraphs below.

The Group's Founder Share and LTIP contain change of control provisions.

Founder Shares

In the event of a change of control of the Group at any time prior to 30 June 2022 which results in an offer to all holders of shares, if the performance condition has been satisfied and such offer becomes unconditional in all respects, the Founder Shares shall convert into such number of ordinary shares which, at such offer price, have an aggregate value equal to his relative proportion of 20% of the TSR (calculated by reference to the change of control price plus dividends and distributions made) between admission and the change of control (less the value of any ordinary shares (at their original conversion or redemption price)) which have previously been converted or redeemed.

Long-term incentive plan

The Remuneration and Nomination Committee will determine the extent to which unvested awards with regard to the extent that the applicable performance condition has been satisfied up to the date of the change of control event.

Substantial Shareholdings

As of 31 December 2018, and 5 March 2019, the Group has been notified of the following interests of 3% or more in its ordinary share capital:

		31 December 2018		5 March 2019	
	Shareholder	**Ordinary Shares held**	**%**	**Ordinary Shares held**	**%**
1	GIC	79,020,314	9.07	77,492,088	8.89
2	Rye Bay Capital	68,719,682	7.89	68,947,994	7.91
3	HSBC Securities	58,465,424	6.71	58,087,959	6.67
4	Oaktree Capital Mgt	55,250,000	6.34	55,250,000	6.34
5	Pelham Capital Mgt	45,497,440	5.22	45,497,440	5.22
6	Paradice Investment Mgt	42,387,436	4.86	46,745,760	5.36
7	Morgan Stanley	36,091,549	4.14	33,451,535	3.84

Directors' and Secretary's Interest in Shares

The biographical information for the Directors and Company Secretary at the time of this report can be found on page 90. The table below sets out the interests of the Directors and Company Secretary in Ordinary Shares of the Group at 31 December 2018.

	Ordinary Shares	Founder Shares	Deferred Shares	Ordinary Shares under option
John Mulcahy	2,482,766	18,100,684	-	-
Justin Bickle	9,105,706	81,453,077	-	-
Stephen Garvey	13,061,329	81,453,077	-	-
Lady Barbara Judge	109,880	-	-	-
Richard Cherry	1,166,666	-	-	-
Robert Dix	350,000	-	-	-
Caleb Kramer*	-	-	-	-
Chloe McCarthy	-	-	-	65,000

* Caleb Kramer is Oaktree Capital Management's representative on the Board of Directors.

Political Donations

No political contributions were made which require disclosure under the Electoral Act, 1997.

Subsidiaries

Information in relation to the Group's subsidiaries is set out in Note 24 to the financial statements. The Group does not have any branches outside of Ireland.

Going Concern

As noted in Note 7 of the Consolidated Financial Statements, the Directors have assessed the financial position of the Group in light of relevant business risks facing the construction industry as a whole and the Group's strategic plan. They believe that the Group is well placed to manage and mitigate these risks. Thus, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for 12 months from the date of approval of the financial statements.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code issued by the FRC in April 2016, the Directors are required to assess the prospects of the Group, explain the period over which they have done so and state whether they have a reasonable expectation that the Group will be able to continue in operation and meet liabilities as they fall due over this period of assessment.

The Directors have concluded that three years was an appropriate period for the assessment. The three-year period was chosen having regard to the following:
- The Group's strategic plan is based on a 3-year horizon;
- The Group's debt facility, which was executed during the financial year (and discussed in Note 22 of the consolidated financial statements) has a 3-year term of which 2 years are remaining at the date of approval of the financial statements; and
- In general, the inherent cyclical nature of the residential market in Ireland, including the Group's forward sales and project pipeline, does not lend itself to making long-term projection statements greater than three years.

It is recognised that such future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty.

The Group's strategic plan was considered by the Board at its meeting in December 2018 and is based on forecasts undertaken by management of the relevant business functions. The plan reflects construction cost and house price inflationary assumptions which were reviewed at Board and management level. The underlying assumptions of the Group's strategic plan are subject to sensitivity analysis for scenarios that could reasonably materialise. The risk factors outlined in the Risk Management Report on pages 46 to 53 were also considered in the strategic plan process.

Based on the above assessment the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 3-year period.

Directors' Compliance Statement

The Directors are aware of their responsibility for securing the Group's compliance with its Relevant Obligations in accordance with Section 225(2)(a) of the Companies Act 2014. In accordance with Section 225 (2)(b) of the Act, the Directors confirm that they have:

i. Drawn up a Compliance Policy Statement setting out the Group's policies (that are, in the opinion of the Directors, appropriate to the Group) in respect of the compliance by the Group with its Relevant Obligations;
ii. Put in place appropriate arrangements or structures that, in the opinion of the Directors, provide a reasonable assurance of compliance in all material respects with the Group's Relevant Obligations; and
iii. Have conducted a review of the arrangements or structures that the Directors have put in place to ensure material compliance with the Group's Relevant Obligations during the financial year to which this report relates.

Audit Information

As far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware. Each Director has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditor

In accordance with Section 383(2) of the Companies Act 2014 the Group's auditors, KPMG, chartered accountants, will continue in office. A resolution authorising the Directors to fix the Auditor's remuneration will be proposed at the AGM.

Annual General Meeting

The 2019 AGM will take place on 7 June 2019 at the InterContinental, Simmonscourt Road, Ballsbridge, Dublin 4.

Justin Bickle
Director

Stephen Garvey
Director

5 March 2019

Cnoc Dubh, Ballyboughal, Co. Dublin

Cois Glaisin, Navan, Co. Meath

Financial Statements

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the annual report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors are required to prepare the consolidated financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The Directors have elected to prepare the Company financial statements in accordance with FRS 101 *Reduced Disclosure Framework* as applied in accordance with the provisions of Companies Act 2014.

Under company law the Directors must not approve the Group and Company 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 and of the Group's profit or loss for the financial year ended 31 December 2018. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website www.glenveagh.ie. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Directors' responsibilities in respect of the annual report and the financial statements (continued)

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 90 to 93 of this annual report, confirm that, to the best of each person's knowledge and belief:

- The Consolidated financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with FRS 101 Reduced Disclosure Framework as applied in accordance with the provisions of Companies Act 2014, give a true and fair view of the assets, liabilities, and financial position of the Group and Company at 31 December 2018 and of the profit or loss of the Group for the financial year then ended;
- The Directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risk and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the board

Justin Bickle
Director

Stephen Garvey
Director

5 March 2019

Independent auditor's report to the members of Glenveagh Properties PLC

Report on the audit of the financial statements

Opinion

We have audited the Group and Company financial statements of Glenveagh Properties PLC ('the Company') for the year ended 31 December 2018 set out on pages 113 to 160, which comprise the Group Statement of profit or loss and other comprehensive income, the Group Balance Sheets, the Group and Parent Statements of Changes in Equity, the Group Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 8. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Irish Law and *FRS 101 Reduced Disclosure Framework*.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with *FRS 101 Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were appointed as auditor by the Directors on 21 August 2017. The period of total uninterrupted engagement is the period from 21 August 2017 to 31 December 2018. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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.

In arriving at our audit opinion above, the key audit matter was as follows:

Independent auditor's report to the members of Glenveagh Properties PLC (continued)

Carrying value of Inventory €719 million (2017 - €228 million)
Refer to page 126 (accounting policy) and pages 140 to 142 (financial disclosures)

The key audit matter	How the matter was addressed in our audit

Inventories, relating to work-in-progress on sites under development and land yet to be developed, represent a significant asset of the Group.
 	
Work-in-progress is made up of the costs of the land being built on, direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.
 	
Work-in-progress is stated at the lower of cost and net realisable value ("NRV"), NRV being the estimated net selling price less costs to sell and management's estimated total costs of completion. The forecasting of selling prices and costs is inherently judgemental.
 	
For each development project, site-wide residential development costs are allocated between units built in the current period and units to be built in future years, which requires further judgement.
 	
There is a risk that the calculation of NRV may be subject to estimation error, leading to inventory being held at an incorrect value.
	Our audit procedures included, amongst others:
	
	– Obtaining and documenting our understanding of the process to determine the NRV of the Group's work-in-progress and testing the design and implementation of the relevant controls therein.
	– For all new land acquisitions, inspecting purchase contracts to agree the costs of acquisition including related purchase costs.
	– Agreeing a sample of other costs incurred and included in inventory in the year to invoices and/or payments, including checking that they were allocated to the appropriate site.
	– We inspected Group's NRV reports on a sample basis and challenged the inputs and assumptions by:
	  – Agreeing a sample of forecast costs to purchase contracts, supplier agreements or tenders.
	  – Comparing forecast sales prices against recent prices achieved for similar properties to support the validity of the estimated sales price in the forecast.
	  – Evaluating the sensitivity of the development margin to a change in sales prices and costs and challenging key assumptions in the models, where we considered it appropriate to do so.
	– Considering the adequacy of the Group's disclosures regarding the carrying value of inventory.
	
	Overall, we found the key assumptions used in the calculations of NRV and the related disclosures in respect of work-in-progress to be appropriate.

Due to the nature of the Company's activities, there are no key audit matters that we are required to communicate in accordance with ISAs (Ireland).

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at €4.4 million. This has been calculated with reference to a benchmark of total assets which we consider to be one of the principal considerations for members of the Group in assessing the financial performance of the Group as the principal focus of the Group in the financial period has been the deployment of capital raised. Materiality represents approximately 0.5% of this benchmark. We report to the Audit and Risk Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.2 million.

Materiality for the parent company financial statements as a whole was set at €4.3 million. This was determined with reference to a benchmark of total assets. We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding €0.2 million.

We subjected all of the Group's reporting components to audits for group reporting purposes. The work on all components was performed by the Group audit team.

Independent auditor's report to the members of Glenveagh Properties PLC (continued)

We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 7 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules set out on page 99 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report, Chairman's Letter, CEO's Review, CFO's Review, COO's Review, Strategic Overview, Business Unit Update - Glenveagh Homes, Business Unit Update - Glenveagh Living, Risk Management Report, CSR Review, Corporate Governance Statement, Audit and Risk Committee Report and Remuneration and Nomination Committee Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information we report that:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the principal risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the Directors' confirmation within Viability Statement pages 99 and 100 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether 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 period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent auditor's report to the members of Glenveagh Properties PLC (continued)

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- Fair, balanced and understandable: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Report of the Audit and Risk Committee: if the section of the Annual Report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee;
- Statement of compliance with UK Corporate Governance Code: if the Directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.
- We have nothing to report in these respects.
- In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 60 to 69, that:
- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and the Corporate Governance Statement contains the information required by the European Union (Disclosure of Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, other information required by the Act is contained in the Corporate Governance Statement.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose 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 and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

The Listing Rules of the Irish Stock Exchange and UK Listing Authority require us to review:

- the Directors' Statement, set out on pages 99 and 100, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 60 to 69 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' Remuneration Committee.

Independent auditor's report to the members of Glenveagh Properties PLC (continued)

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 106 and 107, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

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

Our 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 our report, or for the opinions we have formed.

Ruaidhri Gibbons 5 March 2019

for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 31 December 2018

	Note	Year Ended 31 December 2018 Before exceptional items €'000	Exceptional items €'000	Total €'000	Period from incorporation on 9 August 2017 to 31 December 2017 Before exceptional items €'000	Exceptional items €'000	Total €'000
Revenue	*10*	**84,179**	**-**	**84,179**	1,425	-	1,425
Cost of sales		**(68,887)**	**-**	**(68,887)**	(901)	-	(901)
Gross profit		**15,292**	**-**	**15,292**	524	-	524
Administrative expenses	*11*	**(17,438)**	**(409)**	**(17,847)**	(4,187)	(556)	(4,743)
Founder Shares: Share-based payment expense	*11,14*	**-**	**-**	**-**	-	(47,509)	(47,509)
Operating loss		**(2,146)**	**(409)**	**(2,555)**	(3,663)	(48,065)	(51,728)
Finance expense		**(1,414)**	**-**	**(1,414)**	(69)	-	(69)
Finance income		**-**	**-**	**-**	16	-	16
Loss before tax	*12*	**(3,560)**	**(409)**	**(3,969)**	(3,716)	(48,065)	(51,781)
Income tax credit	*16*	**39**	**-**	**39**	397	-	397
Loss after tax attributable to the owners of the Company		**(3,521)**	**(409)**	**(3,930)**	(3,319)	(48,065)	(51,384)
Other comprehensive income		**-**	**-**	**-**	-	-	-
Total comprehensive loss for the year/period attributable of the owners of the Company				**(3,930)**			(51,384)
Basic and diluted loss per share (cents)	*15*			**(0.53)**			(13.73)

Consolidated balance sheet

as at 31 December 2018

	Note	31 December 2018 €'000	31 December 2017 €'000
Assets			
Non-current assets			
Property, plant and equipment	*17*	**11,497**	1,476
Intangible assets	*18*	**727**	75
Deferred tax asset	*16*	**208**	151
Restricted cash	*23*	**1,500**	1,500
		13,932	3,202
Current assets			
Inventory	*19*	**718,862**	228,089
Trade and other receivables	*20*	**14,507**	69,374
Income tax receivable		**340**	326
Cash and cash equivalents	*27*	**130,701**	351,796
		864,410	649,585
Total assets		**878,342**	652,787
Equity			
Share capital	*26*	**1,052**	867
Share premium		**879,281**	666,381
Retained earnings		**(80,661)**	(74,112)
Share-based payment reserve		**43,443**	47,548
Total equity		**843,115**	640,684
Liabilities			
Non-current liabilities			
Trade and other payables	*21*	**1,803**	1,903
Finance lease liability	*28*	**5**	170
		1,808	2,073
Current liabilities			
Trade and other payables	*21*	**33,386**	9,946
Finance lease liability	*28*	**33**	84
		33,419	10,030
Total liabilities		**35,227**	12,103
Total liabilities and equity		**878,342**	652,787

On behalf of the board

Justin Bickle
Director

Stephen Garvey
Director

5 March 2019

Consolidated statement of changes in equity

for the financial year ended 31 December 2018

	Share Capital					
	Ordinary shares €'000	Founder shares €'000	Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 1 January 2018	667	200	666,381	47,548	(74,112)	640,684
Total comprehensive loss for the financial year						
Loss for the financial year	-	-	-	-	(3,930)	(3,930)
Other comprehensive income	-	-	-	-	-	-
	667	200	666,381	47,548	(78,042)	636,754
Transactions with owners of the Company						
Issue of ordinary shares for cash	185	-	212,900	-	-	213,085
Share issue costs	-	-	-	-	(7,131)	(7,131)
Conversion of Founder Shares to ordinary shares	19	(19)	-	(4,512)	4,512	-
Equity-settled share-based payments	-	-	-	407	-	407
	204	(19)	212,900	(4,105)	(2,619)	206,361
Balance as at 31 December 2018	871	181	879,281	43,443	(80,661)	843,115

Consolidated statement of changes in equity

for the period from incorporation on 9 August 2017 to 31 December 2017

	Share Capital Ordinary shares €'000	Founder shares €'000	Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 9 August 2017	-	-	-	-	-	-
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(51,384)	(51,384)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(51,384)	(51,384)
Transactions with owners of the Company						
Issue of ordinary shares for cash	752	-	551,819	-	-	552,571
Share issue costs	-	-	-	-	(22,728)	(22,728)
Re-designation as Founder Shares	(200)	200	-	-	-	-
Issue of ordinary shares related to business combinations	4	-	4,423	-	-	4,427
Issue of ordinary shares in consideration for inventories	111	-	110,139	-	-	110,250
Equity-settled share-based payments	-	-	-	47,548	-	47,548
	667	200	666,381	47,548	(22,728)	692,068
Balance as at 31 December 2017	667	200	666,381	47,548	(74,112)	640,684

Consolidated statement of cash flows

for the financial year ended 31 December 2018

	Note	Year ended 31 December 2018 €'000	Period from incorporation on 9 August 2017 to 31 December 2017 €'000
Cash flows from operating activities			
Loss for the financial year/period		**(3,930)**	(51,384)
Adjustments for:			
Depreciation and amortisation		**235**	110
Finance costs		**1,414**	69
Finance income		**-**	(16)
Equity-settled share-based payment expense	*14*	**407**	47,548
Tax credit	*16*	**(39)**	(397)
Loss on disposal of property, plant and equipment	*17*	**18**	-
		(1,895)	(4,070)
Changes in:			
Inventories		**(432,031)**	(116,902)
Trade and other receivables		**11,076**	(69,295)
Trade and other payables		**23,126**	11,612
Cash used in operating activities		**(399,724)**	(178,655)
Interest paid		**(1,218)**	(68)
Tax paid		**(32)**	(211)
Net cash used in operating activities		**(400,974)**	(178,934)
Cash flows from investing activities			
Acquisition of property, plant and equipment	*17*	**(10,622)**	(309)
Acquisition of intangible assets	*18*	**(564)**	(38)
Cash acquired on acquisition	*25*	**15**	3,229
Transfer to restricted cash	*23*	**-**	(1,500)
Acquisition of subsidiary (net of cash acquired)	*25*	**(13,663)**	-
Net cash (used in)/from investing activities		**(24,834)**	1,382
Cash flows from financing activities			
Proceeds from issue of share capital		**213,085**	552,571
Issue costs paid		**(7,131)**	(22,728)
Proceeds from loans and borrowings		**26,000**	-
Repayment of loans and borrowings		**(26,000)**	-
Transaction costs related to loans and borrowings		**(1,025)**	-
Payment of finance lease liabilities		**(216)**	(495)
Net cash from financing activities		**204,713**	529,348
Net (decrease)/increase in cash and cash equivalents		**(221,095)**	351,796
Cash and cash equivalents at the beginning of the year/period		**351,796**	-
Cash and cash equivalents at the end of the year/period		**130,701**	351,796

Notes to the consolidated financial statements

for the financial year ended 31 December 2018

1 Reporting entity

Glenveagh Properties PLC (“the Company) is domiciled in the Republic of Ireland. The Company’s registered office is 15 Merrion Square North, Dublin 2. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as “the Group”) and cover the financial year ended 31 December 2018. The comparative period was for the period from incorporation on 9 August 2017 to 31 December 2017. The Group’s principal activities are the construction and sale of houses and apartments for the private buyer and local authorities.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS regulation.

3 Functional and presentation currency

These consolidated financial statements are presented in Euro which is the Company’s functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

4 Use of judgements and estimates

Management applies the Group’s accounting policies as described in Note 8 when making critical accounting judgements, of which no individual judgement is deemed to have a significant impact upon the financial statements, apart from the estimation involved in assessing the carrying value of inventories as detailed below.

(a) Carrying value of work-in-progress, estimation of costs to complete and impact on profit recognition

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, land development rights, work-in-progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore, due to the nature of the Group’s activity and, in particular the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments. These estimates impact management’s assessment of the net realisable value of the Group’s inventory balance and also determine the extent of profit or loss that should be recognised in respect of each development in each reporting period.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made. These assessments and allocations evolve over the life of the development in line with the risk profile, and accordingly the margin recognised reflects these evolving assessments, particularly in relation to the Group’s long-term developments.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

5 Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities. Fair value is defined in IFRS 13, *Fair Value Measurement,* as 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. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 14 Share-based payments;
- Note 25 Business combinations; and
- Note 27 Financial instruments and financial risk management.

6 New standards and interpretations and adoption of new accounting policies

(i) New standards effective in the financial year

The following new standards became effective in the financial year:

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments became effective in the financial year. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

(a) IFRS 15 Revenue from Contracts with Customers

From 1 January 2018, IFRS 15, *Revenue from Contracts with Customers* replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts*, setting out new revenue recognition criteria particularly with regard to performance obligations and assessment of when control of goods or services passes to the customer. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard at the date of initial application 1 January 2018. Based on the Group’s assessment of IFRS 15, adoption of this standard had no impact on the prior period financial statements. The Group’s new accounting policy is included in Note 8.

Revenue – policy applicable before 1 January 2018

Revenue comprises the fair value of consideration received or receivable, net of value-added tax, rebates and discounts. Revenue is recognised once the value of the transaction can be reliably measured and the significant risks and rewards of ownership have been transferred.

Revenue represents the amounts receivable from the sale of houses and other fee income directly associated with property development, including asset advisory and construction services. Where the Group concludes that it operates as an agent for services rendered, (i.e. the Group takes no title, development or inventory risk) only commission earned is recognised as revenue. On the sale of homes, revenue is recognised at legal completion.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

6 New standards and interpretations and adoption of new accounting policies (continued)

(i) New standards effective in the financial year (continued)

(b) IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* came into effect on 1 January 2018 replacing IAS 39 *Financial Instruments: Recognition and Measurement* and requires changes to the classification and measurement of certain financial instruments from that under IAS 39. The Group has adopted IFRS 9 using the cumulative effect method with the effect of initially applying this standard at the date of initial application 1 January 2018. Based on an assessment performed of the key areas in scope of IFRS 9 which includes but is not limited to, additional disclosures required by IFRS 7 'Financial Instruments — Disclosures', the majority of the Group's financial assets and liabilities will continue to be accounted for on an identical basis under IFRS 9 as they were under IAS 39. Glenveagh adopted the new standard on the required effective date of 1 January 2018 and has not restated comparative information. The Group's new accounting policy is included in Note 8.

Financial instruments — Policy applicable before 1 January 2018

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss within administration expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administration expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances in hand and at the bank, including bank overdrafts repayable on demand.

Cash and cash equivalents that are not available for use by the Group are presented as restricted cash. Amounts of restricted cash which cannot be exchanged or used to settle a liability for at least 12 months after the end of the reporting period are classified as non-current assets.

Trade and other payables

Trade and other payables on normal terms are not interest bearing and are stated at their nominal value which is considered to be their fair value. Trade payables on extended terms are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

6 New standards and interpretations and adoption of new accounting policies (continued)

(i) New standards effective in the financial year (continued)

(b) IFRS 9 Financial Instruments (continued)

Financial instruments — Policy applicable before 1 January 2018

Non-derivative financial assets and financial liabilities — recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instruments.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial assets 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 does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets — measurement

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, as adjusted for any impairments.

Non-derivative financial liabilities (including interest bearing loans and borrowings) — measurement

Non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

For interest-bearing borrowings any difference between initial carrying amount and redemption value is recognised in profit or loss over the period of the borrowings on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred.

Embedded derivatives are separated from the host contract and accounted for at fair value through profit or loss if certain criteria are met.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

6 New standards and interpretations and adoption of new accounting policies (continued)

(i) New standards effective in the financial year: (continued)

(b) IFRS 9 Financial Instruments (continued)

Financial instruments — Policy applicable before 1 January 2018

Impairment of financial assets
An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss when they occur and are reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment is reversed through profit or loss.

(ii) Adoption of new accounting policies

There were also two other changes to the Group's significant accounting policies since the last annual financial statements which were adopted due to specific transactions entered into during the year. The first change is the adoption of an accounting policy in respect of joint operations in accordance with IFRS 11 *Joint Arrangements*. This was required as a result of the transaction described in Notes 19 and 29 in respect of the Group's interests in sites at The Square Shopping Centre, Tallaght and Gateway Retail Park, Knocknacarra, Co. Galway. The second change was the adoption of an accounting policy in respect of interest bearing loans and borrowings following the execution of a revolving credit facility (RCF) in the financial year as set out in Note 22. Both new accounting policies are included in Note 8.

A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the consolidated financial statements.

(iii) Standards not yet effective

IFRS 16 *Leases* addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 *Leases*, and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement.

The Group will not early adopt the standard and will therefore apply IFRS 16 for the first time for the financial year ending 31 December 2019.

The Group is currently evaluating the potential impact on its consolidated financial statements resulting from the application of IFRS 16 by carrying out a review of its contracted leases. Due to the limited number of leases to which Group is party to and the profile of those leases, the adoption of IFRS 16 will not have a material impact on the Group's consolidated financial statements. Notes 28 and 30 outline the extent of the Group's lease commitments at 31 December 2018.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

6 New standards and interpretations and adoption of new accounting policies (continued)

(iv) Annual improvements to IFRS Standards 2015-2017 (issued on 12 December 2017)

The changes under the Annual Improvements to IFRS Standards 2015 — 2017 Cycle are in relation to the following:

- *IFRS 3 Business Combinations*: This amendment clarifies that a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- *IFRS 11 Joint Arrangements*: This amendment clarifies that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- *IAS 12 Income Taxes*: This amendment clarifies that a company accounts for all income tax consequences of dividend payments in the same way.
- *IAS 23 Borrowing Costs*: This amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

(v) IFRIC 23 Uncertainty over Income tax treatments:

IFRIC 23 clarifies the application of recognition and measurement requirements of IAS 12 Income Taxes when there is uncertainty over income tax treatments. The interpretation specifically provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

7 Going concern

The Group has recorded a loss before tax of €3.9 million *(2017: €51.2 million)*. The Group has a cash balance of €130.7 million *(2017: €351.8 million)* and has committed undrawn funds available of €125.0 million. Having considered the Group's cash flow forecasts, the Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

8 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

8.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.1 Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

(iii) Joint operations

Joint operations arise where the Group has joint control of an operation with other parties, in which the parties have direct rights to the assets and obligations of the operation. The Group accounts for its share of the jointly controlled assets and liabilities and income and expenditure on a line by line basis in the consolidated financial statements.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

8.2 Revenue – policy applicable from 1 January 2018

The Group develops and sells residential properties. Revenue is recognised at the point in time when control over the property has been transferred to the customer, which occurs at legal completion. Revenue is measured at the transaction price agreed under the contract.

8.3 Expenditure

Expenditure recorded in inventory is expensed through cost of sales at the time of the related property sale. The amount of cost related to each property includes its share of the overall site costs. Administration expense is recognised in respect of goods and services received when supplied in accordance with contractual terms.

8.4 Taxation

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the financial year and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.4 Taxation (continued)

(ii) Deferred tax

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 is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences and future profitability. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

8.5 Share-based payment arrangements

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

8.6 Exceptional items

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the consolidated statement of profit or loss for the financial year. Group management exercises judgement in assessing each particular item which, by virtue of its scale or nature, should be highlighted as an exceptional item. Exceptional items are included within the profit or loss caption to which they relate.

In the current year, listing costs associated with the placing of shares in the Group's Firm Placing and Open Offer (€0.4 million) are considered exceptional items (see Note 11). The directors believe that separate presentation of these exceptional expenses is useful to the reader as it allows clear presentation of the results of the underlying business and is relevant for an understanding of the Group's performance in the financial year.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.7 Property, plant and equipment

Property, plant and equipment is carried at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost of the assets on a straight-line basis to their residual value over their estimated useful lives at the following annual rates:

– Buildings 2.5%
– Plant and machinery 14-20%
– Fixtures and fittings 20%
– Computer Equipment 33%

The assets' residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each reporting date.

Where an impairment is identified, the recoverable amount of the asset is identified and an impairment loss, where appropriate, is recognised in the statement of profit or loss and other comprehensive income.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administration expenses in the statement of profit or loss and other comprehensive income.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

8.8 Intangible assets – computer software

Computer software is capitalised as intangible assets as acquired and amortised over its estimated useful life of 3 years, in line with the period over which economic benefit from the software is expected to be derived.

The assets' useful economic lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

8.9 Inventory

Inventory comprises property in the course of development, completed units, land and land development rights.

Inventories are valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads. Land purchased for development, including land in the course of development, is initially recorded at cost.

Where such land is purchased on deferred settlement terms, and the cost differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the statement of profit or loss and other comprehensive income over the period to settlement.

A provision is made, where appropriate, to reduce the value of inventories and work-in-progress to their net realisable value.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.10 Financial instruments – policy applicable from 1 January 2018

Financial assets and financial liabilities

Under IFRS 9, financial assets and financial liabilities are initially recognised at fair value and are subsequently measured based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments. The standards require that all financial assets and financial liabilities be classified as fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

Classification of financial instruments

The following summarises the classification and measurement the Group has elected to apply to each of its significant categories of financial instruments:

Type	IAS 39 classification	IFRS 9 Classification	Original carrying amount under IAS 39 €'000	New carrying amount under IFRS 9 €'000
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	130,701	130,701
Other receivables	Loans and receivables	Amortised cost	70	70
Restricted cash	Loans and receivables	Amortised cost	1,500	1,500
Construction bonds	Loans and receivables	Amortised cost	3,377	3,377
Financial liabilities				
Bank indebtedness	Other liabilities	Amortised cost	-	-
Accounts payable and accrued liabilities	Other liabilities	Amortised cost	35,189	35,189

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less. Interest earned or accrued on these financial assets is included in other income.

Other receivables

Such receivables are included in current assets, except for those with maturities more than 12 months after the reporting date, which are classified as non-current assets. Loans and other receivables are included in trade and other receivables on the consolidated balance sheets and are accounted for at amortised cost. These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model (ECL model). The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments at FVOCI, but not to investment in equity instruments. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.10 Financial instruments – policy applicable from 1 January 2018 (continued)

Other liabilities

Such financial liabilities are recorded at amortised cost and include all liabilities.

Fair value through profit and loss

Financial instruments in this category are recognised initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented within the profit and loss account in the consolidated statement of profit and loss and other comprehensive income in the period in which they arise. Financial assets and liabilities at FVTPL are classified as current, except for the portion expected to be realised or paid more than 12 months after the reporting date, which is classified as non-current.

Derivatives

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

8.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle that obligation, and the amount has been reliably estimated.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, where the effect of discounting is considered significant. The unwinding of the discount is recognised as a finance cost.

8.12 Pensions

The Group operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in a separate fund. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

8.13 Finance lease liabilities

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

8.14 Share capital

(i) Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity (retained earnings).

(ii) Founder Shares

Founder Shares were initially issued as ordinary shares and subsequently re-designated as Founder Shares. Following re-designation, the instruments are accounted for as equity-settled share-based payments as set out at Note 8.5 above.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.15 Finance income and costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

Interest income and expense is recognised using the effective interest method.

9 Segmental information

The Group has considered the requirements of IFRS 8 *Operating Segments* in the context of how the business is managed and resources are allocated.

The Group is organised into two key reportable operating segments being Glenveagh Homes and Glenveagh Living. Internal reporting to the Chief Operating Decision Maker ("CODM") is provided on this basis. The CODM has been identified as the Executive Committee (as detailed in the Corporate Governance Statement).

The Group currently operates solely in the Republic of Ireland and therefore no geographically segmented financial information is provided.

Glenveagh Homes

Homes develops and builds starter, mid-size, executive and high-end homes (both houses and apartments) for the residential market in Ireland, with a focus principally on the Greater Dublin Area, as well as the Cork, Limerick and Galway regions.

Glenveagh Living

Living's strategic focus is on designing, developing and delivering residential solutions for institutional investors, social and affordable landlords, government entities and strategic landowners. Glenveagh Living intends to augment its operations with partnership arrangements to design, develop and deliver residential schemes for purchase by institutional investors, approved housing authorities and governmental and local authorities in Ireland. Glenveagh Living is also the Group's delivery platform for Private Rental Sector ("PRS") projects, which are residential projects that governmental authorities promote by offering a range of financial incentives, such as by granting guarantees and other financial risk sharing incentives, in order to increase the supply of properties in the build-to-rent market. Glenveagh Living develops residential schemes for private sector investors in PRS projects.

Glenveagh Properties PLC
Financial Statements

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

9 Segmental information (continued)

Segmental financial results

	Year ended 31 December 2018 €'000	Period from Incorporation On 9 August 2017 to 31 December 2017 €'000
Revenue		
Glenveagh Homes	84,115	1,425
Glenveagh Living	64	-
Revenue for reportable segments	84,179	1,425
Operating profit/(loss)		
Glenveagh Homes	6,311	(3,127)
Glenveagh Living	(1,306)	(93)
Operating profit/(loss) for reportable segments	5,005	(3,220)
Reconciliation to results for the year/period		
Segment results – operating profit/(loss)	5,005	(3,220)
Finance expense	(1,414)	(69)
Finance income	-	16
Corporate expenses	(7,560)	(999)
Share-based payment expense: Founder Shares	-	(47,509)
Loss before tax	(3,969)	(51,781)

Segment assets and liabilities

	2018			2017		
	Glenveagh Homes €'000	Glenveagh Living €'000	Total €'000	Glenveagh Homes €'000	Glenveagh Living €'000	Total €'000
Segment assets	632,503	130,324	762,827	260,237	44,621	304,858
Reconciliation to Consolidated Balance Sheet						
Deferred tax asset			71			14
Trade and other receivables			1,117			8,769
Cash and cash equivalents			106,650			339,146
Property, plant and equipment			7,677			-
Total Assets			878,342			652,787
Segment liabilities	30,708	2,660	33,368	11,228	484	11,712
Reconciliation to Consolidated Balance Sheet						
Trade and other payables			1,663			391
Interest accrual			196			-
Total Liabilities			35,227			12,103

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

10 Revenue

	Year ended 31 December 2018 €'000	Period from incorporation on 9 August 2017 to 31 December 2017 €'000
Residential property sales	78,971	-
Land sales	4,950	-
Income from property rental and other income	258	-
Asset advisory and management services	-	147
Construction services	-	1,278
	84,179	1,425

Revenue earned by the Group in the prior financial period is in respect of certain contractual services undertaken on behalf of a related party as disclosed in the prior period consolidated financial statements.

11 Exceptional items

	Year ended 31 December 2018 €'000	Period from incorporation on 9 August 2017 to 31 December 2017 €'000
Administration expenses	409	556
Founder Shares share-based payment expense (Note 14)	-	47,509
	409	48,065

In the current financial year, listing costs of €0.4 million relating to the Group's Firm Placing and Open Offer have been classified as exceptional items in accordance with the Group's accounting policy set out at Note 8.6.

In the prior financial period, costs of €0.6 million relating to the Company's Initial Public Offering listing fees and other related expenses and €47.5 million relating to Founder Shares (see Note 14) were classified as exceptional items in the prior financial period.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

12 Statutory and other information

	Year ended 31 December 2018 €'000	Period from incorporation on 9 August 2017 to 31 December 2017 €'000
Amortisation of intangible assets (Note 18)	**61**	50
Depreciation of property, plant and equipment (Note 17)*	**645**	75
Operating lease rentals	**771**	189
Employment costs (Note 13)	**19,885**	50,569
Loss on disposal of property, plant and equipment	**18**	-
Auditor's remuneration		
Audit of Group, Company and subsidiary financial statements**	**120**	100
Other assurance services	**315**	728
Tax advisory services	**48**	27
Tax compliance services	**29**	41
	512	896
Directors' remuneration		
Salaries, fees and other emoluments	**1,963**	335
Pension contributions	**40**	9
Founder Shares share-based payment expense (Note 14)	**-**	47,509
	2,003	47,853

*Includes €0.5 million (*2017: €0.015 million*) capitalised in inventory during the year ended 31 December 2018
**Included in the auditor's remuneration for the Group is an amount of €0.015 million *(2017: €0.015 million)* that relates to the Company's financial statements.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

13 Employment costs

The average number of persons employed by the Group (including Executive Directors) during the financial year was 200 *(Executive Committee: 5; Construction: 126; and Other 69)*. (*2017: Executive Committee: 5; Construction: 64; and Other: 35)*

The aggregate payroll costs of these employees for the financial year were:

	Year ended 31 December 2018	Period from incorporation on 9 August 2017 to 31 December 2017		
	Total €'000	Before exceptional items €'000	Exceptional items €'000	Total €'000
Wages and salaries	**16,998**	2,660	-	2,660
Social welfare costs	**1,685**	280	-	280
Pension costs - defined contribution	**795**	81	-	81
Share-based payment expense (Note 14)	**407**	39	47,509	47,548
	19,885	**3,060**	**47,509**	**50,569**

€7.3 million (*2017: €1.0 million*) of employment costs were capitalised in inventory during the year.

14 Share-based payment arrangements

The Group operates three equity-settled share-based payment arrangements being the Founder Share scheme, the Long-Term Incentive Plan ("LTIP") and the Savings Related Share Option Scheme (known as the Save As You Earn or "SAYE Scheme") which is a new scheme that was approved during the year.

(a) Founder Share Scheme

The founders of the Company (John Mulcahy, Justin Bickle (beneficially held by Durrow Ventures), and Stephen Garvey) subscribed for a total of 200,000,000 ordinary shares of €0.001 each for cash at par value during the prior period, which were subsequently converted to Founder Shares in advance of the Company's initial public offering. These shares entitle the Founders to share 20% of the Company's Total Shareholder Return ("TSR") (being the increase in market capitalisation of the Company, plus dividends or distributions in the relevant period) in each of five individual testing periods up to 30 June 2022, subject to achievement of a performance condition related to the Company's share price. Further details in respect of the Founder Shares are outlined in Note 26.

An expense of €47.5 million was recognised in the consolidated statement of profit or loss in the period ended 31 December 2017 with a corresponding increase in the share-based payment reserve. This represented the full grant date fair value of the Founder Shares which was recognised at grant date on the basis that no service condition attaches to the shares under the terms of the scheme. There has been no expense recognised in the current financial year and none will be recognised in future reporting periods. The following were the key assumptions used in determining the fair value at of Founder Shares grant date:

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

14 Share-based payment arrangements (continued)

(a) Founder Share Scheme (continued)

	Founder shares
Fair value at grant date	**€0.24**
Share price at grant date	€1.00
Exercise price	N/A
Expected volatility	34.12%
Expected life	5 years
Expected dividend yield	0%
Risk free rate	-0.023% - +0.18%

As set out in Note 26, 18,993,162 Founder Shares were converted to ordinary shares during the year following the completion of the first test period. This resulted in the re-classification of the portion of the €47.5 million share-based payment expense noted above which related to these shares (being €4.5 million) from the share-based payment reserve to retained earnings.

(b) LTIP

The Group's LTIP was approved in 2017 and a total of 2,427,565 options have subsequently been granted to members of the senior management team (excluding Executive Directors). 839,065 options were granted in two separate tranches in the current year. All options granted to date are subject to the same service and performance conditions.

LTIP options will vest on completion of a three-year service period from grant date subject to the achievement of certain performance condition hurdles based on the Company's TSR across the vesting period. 25% of the award will vest once the 3-year annualised TSR reaches 6.25% per annum with the remaining options vesting on a pro rata basis up to 100% if TSR of 12.5% is achieved.

Details of options outstanding and grant date fair value assumptions

	Number of Options 2018	Number of Options 2017
LTIP options in issue at the beginning of the financial year/period	**1,588,500**	-
Granted during the financial year/period	**839,065**	1,588,500
Cancelled during the financial year/period	**(75,822)**	-
LTIP options in issue at the end of the financial year/period	**2,351,743**	**1,588,500**

(b) LTIP (continued)

	2018 Tranche 1	2018 Tranche 2	2017
Fair value at grant date	**€0.48**	**€0.31**	**€0.64**
Share price at grant date	€1.16	€0.87	€1.16
Valuation methodology	Monte Carlo	Monte Carlo	Monte Carlo
Exercise price	€0.001	€0.001	€0.001
Expected volatility	34.3%	28.1%	36.6%
Expected life	3 years	3 years	3 years
Expected dividend yield	0%	0%	0%
Risk free rate	-0.45%	-0.42%	-0.088%

The exercise price of all options granted under the LTIP to date is €0.001 and all options have a 7- year contractual life.

Given the Group did not have an extensive trading history at grant date, expected share price and TSR volatility was based on the volatility of a comparator group of peer companies over the expected life of the equity instruments granted together with consideration of the Group's actual trading volatility to date.

The Group recognised an expense of €0.4 million (*2017: €0.04* million) in the consolidated statement of profit or loss in respect of options granted under the LTIP.

(c) SAYE Scheme

The SAYE scheme was approved by the Board during the year and a total of 506,040 options have subsequently been granted to employees of the Group. Under the terms of the scheme, employees may save up to €500 per month from their net salaries for a fixed term of three or five years and at the end of the savings period they have the option to buy shares in the Company at a fixed exercise price.

Details of options outstanding and grant date fair value assumptions

	Number of Options 3 Year	Number of Options 5 Year
SAYE options in issue at 1 January 2018	-	-
Granted during the financial year/period	**356,040**	**150,000**
Cancelled during the financial year/period	**(14,400)**	-
SAYE options in issue at 31 December 2018	**341,640**	**150,000**

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

14 Share-based payment arrangements (continued)

(c) SAYE Scheme (continued)

	3 Year	5 Year
Fair value at grant date	**€0.20**	**€0.23**
Share price at grant date	€1.03	€1.03
Valuation Methodology	Monte Carlo	Monte Carlo
Exercise price	€1.00	€1.00
Expected volatility	26.8%	29.6%
Expected life	3 years	5 years
Expected dividend yield	0%	1.4%
Risk free rate	-0.14%	-0.42%

Given the Group did not have an extensive trading history at grant date, expected share price and TSR volatility was based on the volatility of a comparator group of peer companies over the expected life of the equity instruments granted together with consideration of the Group's actual trading volatility to date.

The Group recognised an expense of €0.01 million in the consolidated statement of profit or loss in respect of options granted under the SAYE scheme.

15 Loss per share

The calculation of basic loss per share has been based on the loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the financial year. There were 871,333,550 ordinary shares in issue at 31 December 2018 (*2017: 667,049,000*). Ordinary shares potentially issuable from share-based payment arrangements are anti-dilutive due to the loss in the financial year meaning there is no difference between basic and diluted earnings per share. The number of potentially issuable shares in the Group held under option or Founder Share arrangements at 31 December 2018 is 183,850,221 (*2017: 201,588,500*).

	Year ended 31 December 2018	Period from incorporation on 9 August 2017 to 31 December 2017
Loss for the year attributable to ordinary shareholders (€'000)	**(3,930)**	(51,384)
Weighted average number of shares for the financial year/period	**745,664,898**	374,284,264
Basic and diluted loss per share (cents)	**(0.53)**	(13.73)

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

15 Loss per share (continued)

	2018 No. of shares	2017 No. of shares
Reconciliation of weighted average number of shares		
Issued ordinary shares at beginning of financial year/period	**667,049,000**	1
Effect of Founder Shares Converted	**7,545,229**	-
Effect of shares re-designated as Founder Shares	**-**	(188,888,889)
Effect of shares issued related to business combinations	**-**	2,428,701
Effect of shares issued for cash	**71,070,669**	500,260,076
Effect of shares issued as consideration for inventories	**-**	60,484,375
	745,664,898	374,284,264

See Note 26 for further information in relation to significant share issuances.

16 Income tax

	Year ended 31 December 2018 €'000	Period from incorporation on 9 August 2017 to 31 December 2017 €'000
Current tax charge/(credit) for the financial year/period	**18**	(246)
Deferred tax credit for the financial year/period	**(57)**	(151)
Total income tax credit	**(39)**	(397)

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

16 Income tax (continued)

The tax assessed for the financial year differs from the standard rate of tax in Ireland for the financial year. The differences are explained below.

	Year ended 31 December 2018 €'000	Period from incorporation on 9 August 2017 to 31 December 2017 €'000
Loss before tax for the financial year/period	**(3,969)**	(51,781)
Tax credit at standard Irish income tax rate of 12.5%	**(496)**	(6,473)
Tax effect of:		
Income taxed at the higher rate of corporation tax	**324**	5
Non-deductible expenses - Founder Share expense	**-**	5,938
Non-deductible expenses - other	**109**	248
Other adjustments	**24**	(115)
Total income tax credit	**(39)**	(397)

Movement in deferred tax balances

	Balance at 1 January 2018 €'000	Recognised in profit or loss €'000	Balance at 31 December 2018 €'000
Tax losses carried forward	151	57	208
Total deferred tax asset	**151**	**57**	**208**

The deferred tax asset accrues in Ireland and therefore has no expiry date. Management has considered it probable that future profits will be available against which the above losses can be recovered and, therefore, the related deferred tax asset can be realised.

17 Property, plant and equipment

	Land & buildings €'000	Fixtures & fittings €'000	Plant & machinery €'000	Computer equipment €'000	Total €'000
Cost					
At 1 January 2018	-	331	1,161	57	1,549
Acquisitions through business combinations (Note 25)	-	-	62	-	62
Additions	7,713	417	2,136	356	10,622
Disposals	-	-	(18)	(6)	(24)
At 31 December 2018	**7,713**	**748**	**3,341**	**407**	**12,209**
Accumulated depreciation					
At 1 January 2018	-	(15)	(50)	(8)	(73)
Charge for the year	(36)	(74)	(452)	(83)	(645)
Disposals	-	-	2	4	6
At 31 December 2018	**(36)**	**(89)**	**(500)**	**(87)**	**(712)**
Net book value					
At 31 December 2017	-	316	1,111	49	1,476
At 31 December 2018	**7,677**	**659**	**2,841**	**320**	**11,497**

The depreciation charge for the year includes €0.5 million *(2017: €0.015 million)* which was capitalised in inventory at 31 December 2018. The Group leases plant and machinery under finance lease arrangements. As at 31 December 2018, the net book value of leased equipment was €0.05 million *(2017: €0.3 million)*.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

18 Intangible assets

	Licence €'000	Computer Software €'000	Total €'000
Cost			
At 1 January 2018	-	145	145
Acquisitions through business combinations (Note 25)	149	-	149
Additions	-	564	564
At 31 December 2018	**149**	**709**	**858**
Accumulated amortisation			
At 1 January 2018	-	(70)	(70)
Charge for the year	-	(61)	(61)
At 31 December 2018	**-**	**(131)**	**(131)**
Net book value			
At 31 December 2017	-	75	75
At 31 December 2018	**149**	**578**	**727**

19 Inventory

	2018 €'000	2017 €'000
Land held for development (i)	**597,028**	216,964
Development expenditure	**100,964**	11,125
Development rights (ii)	**20,870**	-
	718,862	228,089

€66.6 million (*2017: €0.9 million*) of inventory was recognised in 'cost of sales' during the year ended 31 December 2018.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

19 Inventory (continued)

(i) Development land acquisitions completed during the year

East Road
The Group entered into an unconditional contract to acquire a 2-hectare site in the North Docklands, Dublin known as "East Road" in December 2017. At 31 December 2017 an amount of €44.6 million was recognised within trade and other receivables reflecting the payment of full consideration and related stamp duty and acquisition costs at that date. The transaction completed in January 2018 resulting in the transfer of this amount to inventory.

Millennium Park, Naas, Co. Kildare
On 22 December 2017, the Group announced it had entered into an unconditional contract to acquire a development site at Millennium Park, Naas, Co. Kildare. At 31 December 2017 an amount of €2.1 million was recognised within trade and other receivables reflecting a deposit paid. This transaction completed in January 2018 resulting in a further payment of €20.5 million bringing total consideration including stamp duty and acquisition costs to €22.6 million.

Citywest, Dublin
In January 2018, the Group exchanged contracts to acquire a development site at Citywest Road, Dublin 24. This transaction completed in December 2018 for total consideration of €12.9 million (including fees and stamp duty).

Hollystown Golf & Leisure Limited
The acquisition of Hollystown Golf & Leisure Limited on 28 February 2018 resulted in an increase in inventory of €14.6 million at the date of acquisition reflecting fair value of development land acquired at that date. Further detail in relation to this transaction is outlined in Note 25.

Project Quattro
On 13 March 2018 the Group entered into a contract to acquire four sites in the Greater Dublin Area ("GDA"): two in Donabate, Co. Dublin; one at Dunboyne, Co. Meath; and one at Stamullen, Co. Meath. The transaction involved cash consideration of €90 million (including fees and stamp duty) and completed in April 2018.

Tyrellstown, Dublin
In July 2018, the Group acquired a c. 113-hectare site (39 hectares of which are zoned residential) in Tyrellstown, Dublin 15. The exact purchase price is commercially sensitive but is in excess of €65 million.

Project Bill / Project Hector / Cork Docklands
In June 2018, the Group acquired three sites for an aggregate consideration of in excess of €44 million (excluding fees and stamp duty). These acquisitions were announced by the Company on 29 June 2018 and included, Project Bill under the terms of the Project Bill Acquisition Agreement signed on 28 June 2018; Project Hector under the terms of the Project Hector Acquisition Agreement signed on 29 June 2018 and a site in the Cork Docklands under the terms of the Cork Docklands Acquisition Agreement signed on 18 June 2018.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

19 Inventory (continued)

(i) Development land acquisitions completed during the year (continued)

Castleforbes, North Docklands, Dublin
In June 2018, the Group acquired a loan secured against Castleforbes Business Park for total consideration of €59.9 million (including fees and stamp duty) together with the separate acquisition of common areas and roads on the site for €5.4 million (including fees and stamp duty) which were obtained through the Group's acquisition of Bulwark Limited. The purchase completed on 9 July 2018. Subsequent to acquisition, the Group secured title to the full site (including roads and common areas) through the settlement of the loan resulting in the classification of Castleforbes Business Park within inventory at 31 December 2018.

(ii) Development rights

Tallaght, Dublin 24 / Gateway Retail Park, Co. Galway
On 12 March 2018, the Group entered into an Acquisition and Profit Share Agreement ("APSA") with Targeted Investment Opportunities ICAV ("TIO"), a wholly owned subsidiary of OCM Luxembourg EPF III S.a.r.l. Under the terms of the APSA, the Group acquired certain development rights in respect of sites at The Square Shopping Centre, Tallaght, Dublin 24 and Gateway Retail Park, Knocknacarra, Co. Galway for aggregate consideration of approximately €13.9 million (including stamp duty and acquisition costs). The development rights will (subject to planning) entitle the Group to develop at least 750 residential units under two joint business plans to be undertaken with Sigma Retail Partners (on behalf of TIO) which will also entitle TIO to control and benefit from any retail development at both sites. The Directors have determined that joint control over both sites exists and the arrangements have been accounted for as joint operations in accordance with IFRS 11 *Joint Arrangements*. For further information regarding the APSA, see Note 29 of these financial statements.

Maryborough Ridge, Cork
In December 2018, the Group entered into a licence agreement to develop 18.65 acres at Maryborough Ridge, Cork. At 31 December 2018 an amount of €6.9 million was recognised within inventory reflecting the licence fee paid to date. Subject to meeting the conditions of the licence agreement, a further amount of €6.1 million will be paid in the future as outlined in Note 30.

20 Trade and other receivables

	2018 €'000	2017 €'000
Trade receivables	**249**	-
Trade receivables from related party	**-**	1,192
Other receivables	**70**	107
Prepayments	**1,065**	492
Unamortised transaction costs on debt facility	**788**	-
VAT recoverable	**6,461**	16,912
Construction bonds	**3,377**	1,139
Deposits for sites	**2,497**	4,953
Payment in respect of site acquisition and associated fees*	**-**	44,579
	14,507	69,374

*This amount related to payment of the purchase price, stamp duty and acquisition costs for a 2-hectare site in Dublin's North Docklands known as "East Road". A conditional contract was signed in December 2017 with payment transferred to the vendor's legal representatives in advance of period end. The transaction subsequently completed in January 2018.

The carrying value of all financial assets and trade and other receivables is approximate to their fair value.

21 Trade and other payables

	2018 €'000	2017 €'000
Trade payables	**7,821**	3,036
Trade payables due to related party	**-**	1,434
Payroll and other taxes	**2,787**	922
Inventory accruals	**21,289**	4,057
Other accruals	**3,096**	2,400
Interest accrual	**196**	-
	35,189	11,849
Non-current	**1,803**	1,903
Current	**33,386**	9,946
	35,189	11,849

The carrying value of all financial liabilities and trade and other payables is approximate to their fair value.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

22 Loans and Borrowings

In April 2018, the Group entered into a RCF for a total of €250.0 million (of which €125.0 million is committed) with a syndicate of domestic and international banks for a term of 3 years at an interest rate of one-month EURIBOR (subject to a floor of 0 per cent.) plus a margin. Amounts drawn during the year were repaid in full pre-year end resulting in a €nil principal balance outstanding at 31 December 2018. There is a commitment fee payable on the undrawn down value of the RCF. The amount payable at the reporting date is outlined in Note 21. Pursuant to the RCF agreement, there is a fixed and floating charge in place over certain assets of the Group as continuing security for the discharge of any amounts drawn down.

23 Restricted cash

The restricted cash balance relates to €1.5 million held in escrow until the completion of certain infrastructural works relating to the Group's residential development at Balbriggan, Co. Dublin. The estimated fair value of restricted cash as at 31 December 2018 is its carrying value.

24 Subsidiaries

The subsidiary companies (all of which are resident in Ireland) and the percentage shareholdings held by Glenveagh Properties PLC, either directly or indirectly, at 31 December 2018 are as follows:

Company	Principal activity	%	Reg.office
Glenveagh Properties (Holdings) Limited	Holding company	100%	1
Glenveagh Treasury DAC	Financing activities	100%	2
Glenveagh Contracting Limited	Property development	100%	2
Glenveagh Homes Limited	Property development	100%	2
Greystones Devco Limited	Property development	100%	1
Marina Quarter Limited	Property development	100%	2
GLV Bay Lane Limited	Property development	100%	2
Glenveagh Living Limited	Property development	100%	1
GL Partnership Opportunities DAC	Property development	100%	1
GL Partnership Opportunities II DAC	Property development	100%	1
Hollystown Golf & Leisure Limited	Golf Club operations	100%	2
GLL PRS Holdco Limited	Dormant company	100%	1
GLL Partnership Holdco Limited	Dormant company	100%	1
GLL Holdco Limited	Dormant company	100%	1
Into the Future (South) Limited	Dormant company	100%	2
Feathermist Limited	Dormant company	100%	2
Braddington Developments Limited	Dormant company	100%	2
Bulwark Limited	Dormant company	100%	1

1 15 Merrion Square North, Dublin 2, D02 YN15
2 Block B, Maynooth Business Campus, Maynooth, Co. Kildare, W23W5X7

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

25 Business combinations

On 28 February 2018, Glenveagh Homes Limited (a subsidiary of the Group) acquired 100 per cent. of the share capital of Hollystown Golf and Leisure Limited (HGL). The table below summarises the fair value of consideration transferred and assets and liabilities assumed at that date.

	€'000
Property, plant and equipment	62
Intangible assets	149
Inventory	14,654
Trade and other receivables	102
Cash and cash equivalents	15
Trade and other payables	(1,319)
Fair value of net assets acquired	**13,663**
Consideration	
Cash consideration	13,663
Total consideration	**13,663**

Consideration of €13.7 million was paid in respect of this acquisition which was primarily executed to access the development potential of land owned by HGL. Under the terms of an overage covenant signed in connection with the acquisition, the Group has committed to paying the vendor an amount equal to an agreed percentage of the uplift in market value of the property should any lands owned by HGL, that are not currently zoned for residential development be awarded a residential zoning. This commitment has been treated as contingent consideration and the fair value of the contingent consideration at the acquisition date was initially recognised at €nil. At the reporting date, the fair value of this contingent consideration was considered insignificant.

HGL has not had a material impact on the consolidated loss for the post acquisition period and had the acquisition taken place at beginning of the financial year the impact would still not have been material.

26 Share capital and share premium

(a) Authorised share capital

	2018		2017	
	Number of shares	€'000	Number of shares	€'000
Ordinary Shares of €0.001 each	1,000,000,000	1,000	1,000,000,000	1,000
Founder Shares of €0.001 each	200,000,000	200	200,000,000	200
Deferred Shares of €0.001 each	200,000,000	200	200,000,000	200
	1,400,000,000	**1,400**	**1,400,000,000**	**1,400**

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Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

26 Share capital and share premium (continued)

(b) Issued share capital and share premium

	Number of shares	Share capital €'000	Share premium €'000
At 31 December 2018			
Ordinary Shares of €0.001 each	871,333,550	871	879,281
Founder Shares of €0.001 each	181,006,838	181	-
	1,052,340,388	**1,052**	**879,281**

	Number of shares	Share capital €'000	Share premium €'000
At 31 December 2017			
Ordinary Shares of €0.001 each	667,049,000	667	666,381
Founder Shares of €0.001 each	200,000,000	200	-
	867,049,000	**867**	**666,381**

(c) Reconciliation of shares in issue

In respect of current year	Ordinary shares '000	Founder shares '000	Share capital €'000	Share premium €'000
In issue at 1 January 2018	667,049	200,000	867	666,381
Issued for cash	185,291	-	185	212,900
Conversion of Founder Shares	18,993	(18,993)	-	-
	871,333	**181,007**	**1,052**	**879,281**

In respect of prior year	Ordinary shares '000	Founder shares '000	Share capital €'000	Share premium €'000
In issue at incorporation on 9 August 2017	-	-	-	-
Issued for cash	200,001	-	200	-
Re-designation as Founder Shares	(200,000)	200,000	-	-
IPO issue	552,371	-	552	551,819
Issued in business combinations	4,427	-	4	4,423
Issued as consideration for inventories	110,250	-	111	110,139
	667,049	**200,000**	**867**	**666,381**

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

26 Share capital and share premium (continued)

(d) Rights of shares in issue

Ordinary Shares

The holders of Ordinary Shares are entitled to one vote per Ordinary Share at general meetings of the Company and are entitled to receive dividends as declared by the Company.

Founder Shares

Founder Shares do not confer on any holder thereof the right to receive notice of, attend, speak or vote at general meetings of the Company except in relation to resolutions regarding the voluntary winding up of the Company or the granting of further Founder Shares. Founder Shares do not entitle their holder to receive dividends.

Founder Shares entitle the Founders of the Company namely, Justin Bickle (through Durrow Ventures), Stephen Garvey and John Mulcahy to share 20% of the Company's TSR (being the increase in market capitalisation of the Company plus dividends and distributions in the relevant period) in the five years following the IPO of the Company.

This entitlement is subject to the achievement of a performance condition related to the Company's share price, specifically that a compound rate of return of 12.5% (adjusted for any dividends or other distributions and returns of capital made but excluding the value of any Founder Shares which have been redeemed) is achieved across five testing periods.

Following completion of the first test period (which ran from 1 March 2018 until 30 June 2018), it was confirmed that, the Founder Share Value for the first test period would be satisfied by way of the conversion of 18,993,162 Founder Shares into the same number of Ordinary Shares of €0.001 each and these new shares were subsequently issued. All new Ordinary Shares issued in respect of the conversion of Founder Shares are subject to a lock-up period, with 50% of the new Ordinary Shares subject to a one-year lock-up period and the balance subject to a two-year lock-up. The closing market price of the Company's shares on 29 June 2018 was €1.15 per share.

(e) Significant share issuances during the year

(i) On 9 August 2018, the Company issued 18,993,162 Ordinary Shares (through the conversion of 18,993,162 Founder Shares) to the Founders of the Company namely Justin Bickle (through Durrow Ventures), Stephen Garvey and John Mulcahy.

(ii) On 14 August 2018, the Company issued 185,291,388 Ordinary Shares at €1.15 per share by way of a Firm Placing and Open Offer, raising gross proceeds of €213.1 million. €7.1 million of directly attributable share issue costs have been recognised in equity (retained earnings).

27 Financial instruments and financial risk management

The consolidated financial assets and financial liabilities are set out below. While all financial assets and liabilities are measured at amortised cost, the carrying amounts of the consolidated financial assets and financial liabilities approximate to fair value. Trade and other receivables and trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year).

Glenveagh Properties PLC
Financial Statements

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

27 Financial instruments and financial risk management (continued)

Financial instruments: financial assets

	2018 €'000	2017 €'000
Trade receivables	249	-
Trade receivables from related party	-	1,192
Other receivables	70	107
Construction bonds	3,377	1,139
Deposits for sites	2,497	4,953
Cash and cash equivalents	130,701	351,796
Restricted cash (non-current)	1,500	1,500
Total financial assets	138,394	360,687

Cash and cash equivalents are short-term deposits held at variable rates.

Financial instruments: financial liabilities

	2018 €'000	2017 €'000
Trade payables	7,821	3,036
Trade payables due to related party	-	1,434
Finance lease obligation	38	254
Inventory accruals	21,289	4,057
Other accruals	3,096	2,400
Total financial liabilities	32,244	11,181

Trade payables and other current liabilities are non-interest bearing.

Financial risk management objectives and policies

As all of the operations carried out by the Group are in Euro there is no direct currency risk, and therefore the Group's main financial risks are primarily:

- **Liquidity risk** — the risk that suitable funding for the Group's activities may not be available;
- **Credit risk** — the risk that a counter-party will default on their contractual obligations resulting in a financial loss to the Group; and
- **Market risk** — the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

This note presents information and quantitative disclosures about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

27 Financial instruments and financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash reserves to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring, unacceptable losses or risking damage to the Group's reputation. The Group's liquidity forecasts consider all planned development expenditure.

Management monitors the adequacy of the Group's liquidity reserves against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short-term and long-term cash flow forecasts. Set out below are details of the Group's contractual cash flows arising from its financial liabilities and funds available to meet these liabilities.

	31 December 2018				
	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	1 year to 2 years €'000	More than 2 years €'000
Finance lease obligations	38	42	36	6	-
Trade payables	7,821	7,821	7,821	-	-
Inventory accruals	21,289	23,713	23,713	-	-
Other accruals	3,096	672	672	-	-
Loans and borrowings*	-	2,920	1,252	1,252	416
	32,244	35,168	33,494	1,258	416

*Contracted cash flows on loans and borrowings relate to commitment fee payable on the RCF.

	31 December 2017				
	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	1 year to 2 years €'000	More than 2 years €'000
Finance lease obligations	254	287	94	94	99
Trade payables	3,036	3,036	3,036	-	-
Amounts due to related party	1,434	1,434	1,434	-	-
Inventory accruals	4,057	4,057	4,057	-	-
Other accruals	2,400	2,400	2,400	-	-
	11,181	11,214	11,021	94	99

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

27 Financial instruments and financial risk management (continued)

Liquidity risk (continued)

Funds available

	2018 €'000	2017 €'000
Revolving credit facility (undrawn committed)*	125,000	-
Cash and cash equivalents	130,701	351,796
	255,701	351,796

*The Group's RCF contains a mechanism through which the committed amount can be increased up to €250.0 million. Under the terms of the Group's RCF, the Group is required to maintain a minimum cash balance of €25.0 million in cash in cash equivalents throughout the term of the facility.

The Group's RCF is subject to primary financial covenants calculated on a quarterly basis:
- A maximum net debt to net assets ratio;
- A minimum cash reserves limit; and
- A minimum EBITDA to net interest coverage ratio.

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade and other receivables and cash and cash equivalents. Credit risk is managed by regularly monitoring the Group's credit exposure to each counter-party to ensure credit quality of customers and financial institutions in line with internal limits approved by the Board.

There has been no impairment of trade receivables in the year presented. The impairment loss allowance allocated against trade receivables, cash and cash equivalents and restricted cash is not material. The credit risk on cash and cash equivalents is limited because counter-parties are leading international banks with minimum long-term BBB- credit-ratings assigned by international credit agencies. The maximum amount of credit exposure is the financial assets in this note.

Market risk

The Group's exposure to market risk relates to changes to interest rates and stems predominately from its debt obligations. In April 2018, the Group entered into a RCF for a total of €250.0 million (of which €125.0 million is committed) with a syndicate of domestic and international banks for a term of 3 years at an interest rate of EURIBOR (subject to a floor of 0 per cent.) plus a margin. All amounts drawn under the facility during the year were repaid in full in advance of year end which is reflected in the €nil balance at 31 December 2018. The Group has an exposure to cash flow interest rate risk where there are changes in the EURIBOR rates. As the balance on the RCF was €nil at 31 December 2018 no interest rate sensitivities have been provided.

27 Financial instruments and financial risk management (continued)

Capital management

The Group finances its operations by a combination of shareholders' funds and working capital. The Group's objective when managing capital is to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium term. This allows the Group to take advantage of prevailing market conditions by investing in land and work-in-progress at the right point in the cycle.

28 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2018 €'000	2017 €'000
Current portion	33	84
Non-current portion	5	170
	38	254

At 31 December 2018

	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000
Less than one year	36	3	33
Between one and two years	6	1	5
More than two years	-	-	-
	42	4	38

At 31 December 2017

	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000
Less than one year	94	10	84
Between one and two years	94	10	84
More than two years	99	13	86
	287	33	254

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

29 Related party transactions

(i) Key Management Personnel remuneration

Key management personnel comprise the Non-Executive Directors and the Executive Committee. The aggregate compensation paid or payable to key management personnel in respect of the financial year was the following:

	2018 €'000	2017 €'000
Short-term employee benefits	**2,357**	456
Post-employment benefits	**74**	27
LTIP and SAYE share-based payment expense	**50**	10
Founder Shares share-based payment expense	**-**	47,509
	2,481	48,002

(ii) Other related party transaction

As set out in Note 19 above, the Group entered into the APSA with TIO, a wholly owned subsidiary of OCM Luxembourg EPF III S.a.r.l. (OCM) (and an entity in which John Mulcahy and Justin Bickle are directors) on 12 March 2018.

Under the terms of the APSA, the Group acquired certain development rights in respect of sites at The Square Shopping Centre, Tallaght, Dublin 24 and Gateway Retail Park, Knocknacarra, Co. Galway for aggregate consideration of approximately €13.9 million (including stamp duty and transaction costs). The development rights will (subject to planning) entitle the Group to develop at least 750 residential units under two joint business plans to be undertaken with Sigma Retail Partners (on behalf of TIO) which will also entitle TIO to control and benefit from any retail development at both sites.

The Directors have determined that joint control over both sites exists and the arrangements have been accounted for as joint operations in accordance with IFRS 11 Joint Arrangements.

The APSA also stipulates certain profit-sharing arrangements in relation to the residential development opportunity at both sites together with a third site at Bray Retail Park, Bray, Co. Wicklow under which TIO would be entitled to a share of profit on any residential development should certain returns be achieved.

The agreement defines certain default events including TIO not possessing good and marketable title over the development sites and TIO not transferring good and marketable title over the development sites. On the occurrence of a default event, the Group shall be entitled to recover the aggregate purchase consideration in respect of the development rights. OCM has agreed to guarantee this obligation of TIO.

30 Commitments and contingent liabilities

(a) Commitments arising from development land acquisitions

In addition to the contingent liabilities outlined in Notes 25 and 29 above, the Group had the following commitments at 31 December 2018 relating to development land acquisitions:

Land acquisition subject to re-zoning

In April 2018, the Group contracted to acquire 66 acres of currently unzoned land in the Greater Dublin Area subject to appropriate residential zoning being awarded in the next local authority development plan on at least 30 acres of the site. Once this minimum threshold is achieved, the Group has committed to acquiring the entire site at a fixed price per acre on land zoned for residential development with the remaining land to be acquired at market value.

Maryborough Ridge, Cork

(i) Acquisition of development land

On 22 December 2018, the Group entered into an unconditional contract to acquire 24.34 acres of zoned land for residential development at Maryborough Ridge a development site at Douglas, Co. Cork for total consideration of €12.5 million. At 31 December 2018 an amount of €1.3 million was recognised within trade and other receivables reflecting a deposit paid and the transaction subsequently completed in February 2019.

(ii) Licence agreement

The Group also entered into a licence agreement to develop a further 18.65 acres at the Maryborough Ridge site. At 31 December 2018 an amount of €6.9 million was recognised in inventory reflecting the initial licence fee paid and related stamp duty and acquisition costs. The remaining €6.1 million of the licence fee is payable in equal instalments in line with milestones outlined in the licence agreement which will bring the total consideration to approximately €13.0 million.

Under the terms of the licence agreement, the Group has committed to paying the vendor variable amounts dependent on the number of units developed and unit sale prices achieved in excess of those contemplated in the licence agreement. As these commitments are based on uncertain future events, the Group has treated them as contingent liabilities. The Group will reassess these commitments at each reporting date.

Castleknock

As at 31 December 2018, the Group had contracted to acquire a development site at Carpenterstown Road, Castleknock, Co. Dublin for total consideration of €9.3 million. A deposit of €0.9 million was paid pre-year end and is classified within other receivables at 31 December 2018. The transaction completed on 16 January 2019.

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

30 Commitments and contingent liabilities (continued)

(b) Operating lease commitments

Total commitments under non-cancellable operating leases are due as follows:

	Minimum Payments 2018 €'000	Minimum Payments 2017 €'000
Less than one year	**805**	279
Between 1 – 5 years	**500**	52
More than 5 years	**-**	-
	1,305	331

31 Subsequent events

Subsequent to year end, the Group has entered into a contract to acquire two further sites in the GDA: one at Leixlip, Co. Kildare and one at Newbridge, Co. Kildare which have full planning permission to deliver 793 starter-homes and apartments. The transaction involves cash consideration of approximately €50.8 million (excluding stamp duty and fees) and is scheduled to complete in Q2 2019.

Other than this acquisition and the completion of the Maryborough Ridge development land acquisition noted in Note 30, no other events requiring disclosure have occurred since 31 December 2018.

32 Loss of the Parent Company

The parent company of the Group is Glenveagh Properties PLC. In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual statement of profit or loss and other comprehensive income to the Annual General Meeting and from filing it at the Companies Registration Office. The Company's loss after tax for the financial year was €0.7 million *(2017: €47.8 million).*

33 Approved financial statements

The board of directors approved the financial statements on 5 March 2019.

Company balance sheet

as at 31 December 2018

	Note	2018 €'000	2017 €'000
Assets			
Non-current assets			
Investments in subsidiaries	3	**4,471**	4,064
		4,471	4,064
Current assets			
Trade and other receivables	4	**264**	8,752
Amounts owed by subsidiaries	5	**845,931**	568,005
Cash and cash equivalents		**447**	63,806
		846,642	640,563
Total assets		**851,113**	644,627
Equity			
Share capital	7	**1,052**	867
Share premium		**879,281**	666,381
Retained earnings		**(73,893)**	(70,559)
Share-based payment reserve		**43,443**	47,548
		849,883	644,237
Liabilities			
Current liabilities			
Trade and other payables	6	**1,230**	390
Total liabilities		**1,230**	390
Total liabilities and equity		**851,113**	644,627

Company statement of changes in equity

for the financial year ended 31 December 2018

	Share Capital Ordinary shares €'000	Founder shares €'000	Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 1 January 2018	**667**	**200**	**666,381**	**47,548**	**(70,559)**	**644,237**
Total comprehensive loss for the financial year						
Loss for the financial year	-	-	-	-	(715)	(715)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(715)	(715)
Transactions with owners of the Company						
Issue of ordinary shares for cash	185	-	212,900	-	-	213,085
Share issue costs	-	-	-	-	(7,131)	(7,131)
Conversion of Founder Shares to ordinary shares	19	(19)	-	(4,512)	4,512	-
Equity-settled share-based payments	-	-	-	407	-	407
	204	(19)	212,900	(4,105)	(2,619)	206,361
Balance as at 31 December 2018	**871**	**181**	**879,281**	**(43,443)**	**(73,893)**	**849,883**

Company statement of changes in equity

for the period from incorporation on 9 August 2017 to 31 December 2017

	Share Capital Ordinary shares €'000	Founder shares €'000	Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 9 August 2017						
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(47,831)	(47,831)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(47,831)	(47,831)
Transactions with owners of the Company						
Issue of ordinary shares for cash	752	-	551,819	-	-	552,571
Share issue costs	-	-	-	-	(22,728)	(22,728)
Re-designation as Founder Shares	(200)	200	-	-	-	-
Issue of ordinary shares related to business combinations	4	-	4,423	-	-	4,427
Issue of ordinary shares in consideration for inventories	111	-	110,139	-	-	110,250
Equity-settled share-based payments	-	-	-	47,548	-	47,548
	667	200	666,381	47,548	(22,728)	692,068
Balance as at 31 December 2017	667	200	666,381	47,548	(70,559)	644,237

Notes to the Company financial statements

for the financial year ended 31 December 2018

1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2014 and Generally Accepted Accounting Practice in the Republic of Ireland (*Financial Reporting Standard 101 Reduced Disclosure Framework* (FRS 101)). Note 2 describes the principal accounting policies under FRS 101, which have been applied. The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Cash Flows
- Disclosures in respect of transactions with wholly owned subsidiaries
- Certain requirements of IAS 1 *Presentation of Financial Statements*
- Disclosures required by IFRS 7 *Financial Instrument Disclosures*
- Disclosures required by IFRS 13 *Fair Value Measurement; and*
- The effects of new but not yet effective IFRSs
- Disclosures in respect capital management

As noted in Note 32 of the consolidated financial statements, the Company has also availed of the exemption from presenting the individual statement of profit or loss and other comprehensive income. The Company's loss for the financial year was €0.7 million. (*2017: €47.8 million*).

2 Significant accounting policies

Significant accounting policies specifically applicable to these individual Company financial statements and which are not included within the accounting policies for the consolidated financial statements are detailed below.

(a) Investments in subsidiaries

Investments in subsidiaries are accounted for in these individual Company financial statements on the basis of the direct equity interest, rather than on the basis of the reported results and net assets of investees. Investments in subsidiaries are carried at cost less impairment.

The capital contributions arising from share-based payment charges represents the Company's granting rights over its equity instruments to employees of the Company's subsidiaries. This results in a corresponding increase in investment in subsidiary.

(b) Intra-group guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

Notes to the Company financial statements

For the financial year ended 31 December 2018 (continued)

3 Investment in subsidiaries

	2018 €'000	2017 €'000
Investment in subsidiaries	**4,025**	4,025
Accumulated cost of share-based payments in respect of subsidiaries	**446**	39
	4,471	4,064

Details of subsidiary undertakings are given in Note 24 of the consolidated financial statements. The Company has considered indicators of impairment, including market capitalisation and no impairment was required.

4 Trade and other receivables

	2018 €'000	2017 €'000
VAT receivable	**110**	8,500
Prepayments and other receivables	**154**	252
	264	8,752

5 Amounts due from subsidiaries

	2018 €'000	2017 €'000
Amounts due from subsidiaries	**845,931**	568,005
	845,931	568,005

Amounts owed by subsidiaries are non-interest bearing and are repayable on demand. The expected credit loss associated with the above balances is considered to be insignificant.

6 Trade and other payables

	2018 €'000	2017 €'000
Trade payables	**146**	127
Accruals	**1,022**	208
Payroll and other taxes	**62**	55
	1,230	390

Glenveagh Properties PLC
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Notes to the Company financial statements

For the financial year ended 31 December 2018 (continued)

7 Share capital and share premium

For further information on share capital and share premium, refer to Note 26 of the consolidated financial statements

8 Financial instruments

The carrying value of the Company's financial assets and liabilities are a reasonable approximation of their fair value.

Relevant disclosures on consolidated financial instruments and risk management are given in Note 27 of the consolidated financial statements.

9 Share-based payments

For information in relation to share-based payment arrangements impacting the Company, refer to Note 14 of the consolidated financial statements.

10 Related party disclosures

See Note 29 of the consolidated financial statements for information in relation to related party transactions.

Remuneration of key management

Key management of the Company is defined as the directors of the Company. The compensation of key management personnel is set out in Note 29 of the consolidated financial statements.

Supplementary Information

for the financial year ended 31 December 2018

Alternative Performance Measures (APMs)

The Group reports certain alternative performance measures ("APMs") that are not required under IFRS, which is the framework under which the consolidated financial statements are prepared. The Group believes that these metrics assist investors in evaluating the performance of the underlying business and provides a more meaningful understanding of how senior management review and monitor the business on an ongoing basis.

These performance measures are referred to throughout our strategy and business model update and the discussion of our reported financial performance and position. These performance measures may not be uniformly defined by all companies and accordingly they may not be directly comparable with similarly titled measures and disclosures made by other companies.

The principal APMs used by the Group are defined as follows:

1 Gross margin

	Financial statements reference	2018 €'000	2017 €'000
Gross profit	Statement of profit or loss	**15,292**	524
Revenue	Note 10	**84,179**	1,425
Gross margin		**18.2%**	36.8%

2 EBITDA pre-exceptional items

An APM representing earnings pre exceptional items and before interest, tax, depreciation and amortisation that Group management considers to be the most appropriate measure for assessing the profitability of the Group in a given financial period. It is calculated by adding back non-cash depreciation and amortisation charges to the Group's operating profit or loss for a period.

	Financial statements reference	2018 €'000	2017 €'000
Depreciation - recorded in inventory		**524**	15
Depreciation - recognised in profit or loss		**121**	60
Total depreciation	Note 17	**645**	75

		2018 €'000	2017 €'000
Operating loss	Statement of profit or loss	**(2,555)**	(51,728)
Exceptional items	Note 11	**409**	48,065
Depreciation — recognised in profit or loss	As above	**121**	60
Amortisation	Note 18	**61**	-
EBITDA		**(1,964)**	(3,603)

Supplementary Information

for the financial year ended 31 December 2018 (continued)

3 ROCE

An APM representing return on capital employed that Group management believes is the best measure of the Group's ability to generate profits from its asset base in a capital efficient manner to create sustainable shareholder value. ROCE is calculated as operating profit divided by average capital employed, where operating profit is earnings before interest and tax and where capital employed is calculated as (i) net assets plus (ii) financial indebtedness, less (iii) cash and intangible assets.

4 Net Development Value (NDV)

An APM representing an estimate of the development value of land held in inventory. NDV is calculated by multiplying the number of units the Group expects to sell on a given site by the estimated sales price of each unit (excluding VAT).

Company Information

Directors

Executive Directors
John Mulcahy
Justin Bickle
Stephen Garvey

Non-Executive Directors
Lady Barbara Judge, CBE
Robert Dix
Richard Cherry
Caleb Kramer

Company Secretary

Chloe McCarthy

Registered Office

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Registrars

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Sandyford Industrial Estate
Dublin 18

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Solicitor

A&L Goodbody
North Wall Quay
Dublin 1

Kane Tuohy
The Malt House North
Grand Canal Quay
Dublin 2

Bankers

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Bankcentre
Ballsbridge
Dublin 4

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HSBC Bank plc
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Grand Canal Harbour
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