Glenveagh Properties PLC

13 March 2018

Glenveagh Properties PLC

Results for the period ended 31 December 2017

Strong execution of business plan since IPO

Glenveagh Properties PLC ("Glenveagh" or "the Group"), a leading Irish residential homebuilder today announces its results for the five month period from incorporation on 9 August 2017 to 31 December 2017. The results reflect trading activity from 13 October 2017 when the Group first listed on the Irish and London Stock Exchanges.

Executive Summary

The Group has made very substantial progress since its IPO as follows:

- *Announcement today of the acquisition of two substantial land portfolios, Project Quattro and Project Town, comprising between them an additional €106 million cash investment and capable of delivering an additional 2,235 units across seven development sites once planning is obtained.*
- *Continued strong pace of capital deployment, with over €284 million of equity now invested in land since IPO, and on track to deploy its remaining available capital within 12 months of listing.*
- *Further significant site acquisition under exclusivity (€30 million with potential to deliver 600 units) and €440 million of additional land sites under active consideration.*
- *Growing, diversified land bank of over 7,340 units and which has doubled in size since IPO.*
- *Glenveagh Homes will have over 700 units under construction in 2018.*
- *Glenveagh Living's development pipeline now stands at over 1,200 units for rental communities, consistent with its business model.*
- *Three strategic partnerships for Glenveagh Living to deliver mixed-use (residential and retail), social and affordable, and mixed-tenure communities.*
- *Commencement of a forward sale process of the Group's Dundrum apartments (90 units).*
- *Announcement of €250 million working capital debt facility with HSBC, AIB and Barclays.*

Group Operational Highlights

- Successful integration of the former Bridgedale Homes business (now Glenveagh Homes) following its acquisition by Glenveagh as part of the IPO.
- Completion of site acquisitions noted as "Conditionally Acquired" in the Prospectus.
- Building out an experienced senior management team ("Executive Committee") post IPO comprising the three Co-Founders, John Mulcahy (Executive Chairman), Justin Bickle (CEO) and Stephen Garvey (COO) who are joined by Michael Rice (Chief Financial Officer), Wesley Rothwell (Chief Commercial Officer), Shane Scully (Managing Director, Glenveagh Living) and

Diarmuid Leahy (Chief People Officer). The Executive Committee have combined experience of over 150 years across the property, construction, legal, surveying, strategic HR and investment sectors in Ireland and globally.

- Group headcount has grown from 85 employees at the time of IPO to 148 now.

Group Financial Highlights

- Pre-exceptional loss for the period of c. €3.3 million reflecting the Group's focus on successfully completing Target Investment Opportunities ICAV's ("TIO")[1] owned units and an investment in overheads to support the ramp-up in the Group's business.
- €47.5 million recorded as an exceptional cost in the period in respect of the non-cash accounting expense for the founder shares issued at IPO. This charge has no net asset impact. €0.6 million of IPO related costs also classified as exceptional items.
- The Group's cash balance as at 31 December 2017 was €351.8 million.

Glenveagh's Co-Founder and CEO Justin Bickle commented:

"*I am delighted with our progress in the few short months since we completed the IPO. We have smartly invested nearly €300 million of the cash proceeds in very attractive multi-year land sites. We will commence construction on over 700 units in our first full year of operations, and we already have a market-leading organisation and trusted brand.*

The current market conditions in Irish residential are among the most attractive I have seen globally in my career to date. The sector in Ireland is in need of institutional quality product, safely delivered and well designed by institutional quality homebuilders with broad experience and the ability to listen, learn and innovate. Customers want quality homes and apartments which are well-built and sensibly priced.

I want to pay tribute to the commitment, skill and dedication of my Co-Founders and colleagues, both old and new. In just five months we have proved that we can combine people, land and a building company and create something special. We are the right team, with the right strategy, at the right time. I look forward to our future with great optimism. We are just getting started. Our best days lie ahead".

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[1] Oaktree regulated fund affiliate

Glenveagh Properties PLC: Business Review

1. Two significant portfolio acquisitions: Project Quattro and Project Town

Project Quattro

Post period-end, the Group entered into a contract on behalf of Glenveagh Homes 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, 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 and serviced by available infrastructure subject to limited upgrade works. The transaction involves cash consideration of €90 million (including fees and stamp duty) and is scheduled to close in Q2 2018. This transaction was sourced directly off-market. These sites will start to deliver homes from 2019.

Project Town

Additionally, and post period-end, Glenveagh Living entered into a contract with TIO and Sigma Retail Partners under which Glenveagh Living will acquire the residential development rights to land adjoining The Square Shopping Centre at Tallaght, Dublin 24 and a c. 5-acre site to the rear of Gateway Retail Park, Galway. In addition, and as part of this portfolio transaction, a 9.8-acre site to the rear of Bray Retail Park, Bray, Co. Wicklow will be acquired by Glenveagh Homes. The three sites combined have the capacity to deliver more than 800 units. The consideration payable by Glenveagh is €16 million (including fees and stamp duty). Again the portfolio was sourced directly off-market as part of a broader strategic relationship between Sigma Retail Partners and Glenveagh Living, also announced via these results.

2. Glenveagh Homes: update

As discussed above, Glenveagh Homes (formerly Bridgedale Homes) has made an impressive start in both its opening of sites and commencing construction during 2018. In 2017 the team delivered 193 homes for TIO under a construction contract and only commenced construction and sales for Glenveagh and its shareholders from 1 January 2018.

Glenveagh Homes is currently active on seven sites with a further three developments commencing in 2018. This will take the Group to ten active sites in total in its first full year of operations.

Sales activity by Glenveagh Homes has now commenced on three of these sites and the sales team are off to an encouraging start, given the pent up demand for sensibly priced and well-built starter homes and other mid-sized houses in the GDA. Since early January 2018, over 100 sales contracts have been signed or units reserved against Glenveagh Homes' 250 unit completion and sales target for 2018. The team only expect this to accelerate given very favourable market conditions.

The investment by the Group since IPO in the processes, systems and personnel of Glenveagh Homes led by Co-Founder Stephen Garvey has also helped de-risk the Group's business objectives and increased the Group's confidence in the ability of Glenveagh Homes to meet its published construction targets and to execute the Group's business plan. The team are on course to have over 700 houses and apartments under construction for Glenveagh Homes during 2018.

Over time, the Group believes that the scale benefits of being a PLC will give Glenveagh Homes a major advantage in purchasing, procurement and delivering houses and apartments quicker and more efficiently than unlisted participants in the Irish residential market. Glenveagh Homes already has a reputation for being a cost effective builder and wishes to be at the forefront in design and product innovation including the use of multiple construction methodologies, standardising its internal processes and product output, and undertaking more of its construction off-site.

Glenveagh Homes already has access, through Group resources, to a strong internal team comprising market-leading skills in land acquisition, planning, finance, and efficient capital allocation, to supplement its own internal teams focussed on procurement, construction, engineering and sales. Glenveagh Homes also has access to its long-standing and deep bench of over 675 external sub-contractors, many of whom were associated with the Group's predecessor, Bridgedale Homes.

3. **Glenveagh Living: update**

The Group established Glenveagh Living at IPO not only as a means of making the Group more resilient against the cyclical housebuilding sector but also as its response to Ireland's public and private sector housing crisis. Stakeholders in Ireland's residential market and broader international investment community have found Glenveagh Living's unique residential delivery proposition compelling against the backdrop of demand for housing and a growing economy, and have been impressed by the investment and construction delivery track record of the Glenveagh Living, and broader Group, management teams. The Group expects Glenveagh Living to become a considerable contributor to the Group's earnings in the coming years, and will allow the Group to meet its long term ROCE target.

In its first five months since IPO, Glenveagh Living has, subject to planning, assembled a highly attractive development pipeline of over 1,200 units for the design, development and delivery of rental communities in the GDA and Galway, at a very favourable creation value of €49k per unit. This pipeline includes the regeneration of Dublin's North Docklands through Glenveagh Living's acquisition of East Road (at least 450 apartments) which was announced on 14 December 2017, and the right to develop apartments at The Square in Tallaght, south Dublin (at least 500 apartments) and at Gateway Retail Park in Galway (250 apartments) announced separately today as part of Project Town. The team have identified a strong pipeline of similar rental delivery opportunities in the GDA and expect to grow this vertical of Glenveagh Living to a delivery pipeline of 2,500 units by the end of 2019 and up to 5,000 units in the longer term utilising its own and third party capital.

Given the importance of delivering mixed-tenure solutions in the Irish market and the limited number of competitors pursuing this business model, the Group is delighted that Glenveagh Living has also separately announced today its entry into three Strategic Relationship Agreements ("SRAs") with trusted counterparties in Ireland as its response to the broader housing crisis:

- Sigma Retail Partners, for the delivery of rental communities in mixed-use residential and retail schemes in the GDA and Galway, as part of Project Town.
- Clúid Housing, for the delivery of social and affordable units.
- Urbeo Residential, for the delivery of mixed-tenure accommodation.

The Group believes that Glenveagh Living is uniquely positioned to develop a broad, multi-year delivery of market leading rental communities and associated mixed-tenure schemes in Ireland due to its combination of in-house land acquisition, design, planning, project management and legal skills, extensive bench of trusted main contractors, and access to best in class operational management teams and credibility among pools of institutional investors globally. The Group believes that this private rental scheme ("PRS") vertical (known as the '*multi-family*' asset class in the United States) will prove extremely attractive to local councils, planning authorities, other residential stakeholders and institutional investors and enable Glenveagh Living to capture a true market and thought leadership position in Ireland. The Group look forward to making more announcements on these PRS initiatives during 2018, as Glenveagh Living enhances its reputation as a party to build and deliver residential communities in Ireland and to undertake joint ventures and partnerships with third parties such as those already announced, similar market participants in adjacent verticals, and State entities.

4. Dundrum forward sale

Following a number of reverse enquiries from institutional investors and having regard to the chronic under-supply of quality apartment schemes in the GDA, Glenveagh will undertake a forward sale process in 2018 in respect of the Group's 90 units at Herbert Hill, Dundrum, which is adjacent to the market leading Dundrum Town Centre.

5. Market outlook and opportunity

Glenveagh's Co-Founders were extremely positive on the market opportunity for the Group at the time of IPO. In the five months since, their confidence in being able to create, build and scale a best in class homebuilder in Ireland has only grown, and been corroborated by their experience as only one of two PLCs focused exclusively on the Irish residential market.

The Group believe that the Irish residential market is in its 'foundation for growth' phase. Demand for good quality, modern and value for money houses and apartments is unquestioned. Unemployment remains low, growth in the broader economy is sustainable, and mortgage availability has returned to sensible levels. The residential land market however remains fragmented, with limited equity participants, a shallow pool of land purchasers, scarce supply of appropriately priced debt, and limited operational capacity to deliver the required number of residential units while output remains at historic low levels.

The Group believe that of the €5 billion addressable market for residential land, approximately one fifth is still held by international private equity firms and distressed investors. They are not natural long term holders of land given their typical investment horizons and, since 2015, have begun reducing or exiting their land exposures through land sales. Glenveagh is in the unique position of having the financial resources to purchase their lands, build houses and apartments on them, or develop mixed-tenure residential communities there in partnership with others. The Group also believes that other significant landowners such as NAMA will bring residential lands to market for sale during 2018 and beyond, as will religious orders and private landowners.

Residential housebuilding as an asset class is cyclical, which is why the Group has built, by design, a sustainable business model comprising two complementary and synergistic businesses (Glenveagh Homes and Glenveagh Living). It is the Group's mission not only to build starter homes for first time buyers in the GDA but also to design, develop and deliver cutting edge urban apartments and mixed-tenure communities in the Dublin Docklands and other major urban transport hubs in the GDA. The Group believes that Dublin is changing along with its growing population and that the residential sector needs to change too. Approximately a quarter of people in Dublin now rent, rather than own, and the current housing crisis means that over 72,000 nationally (including 36,000 in Dublin) are seeking better quality accommodation than is currently available in the secondary market. This is not sustainable or in the country's long term interests, and the Group looks forward to playing its part in responding to this time of national need.

6. Results Presentation

A conference call for analysts and investors will take place at 8.30am (GMT) this morning to present the financial and operational results followed by a Q&A session. Please dial: +353 (0) 1 2460271 and PIN *0.

A playback facility will be provided shortly after the presentation has finished.

Note to Editors

Glenveagh Properties PLC develops and builds sustainable starter, mid-size and executive homes (both houses and apartments) in Ireland. We strive to found, create and contribute to communities by consistently delivering exceptional homes and value for money, via our two operating divisions.

Glenveagh Homes offers a platform which combines conveniently located residential development sites in Ireland (mainly in the Greater Dublin Area), with an award-winning developer and a sector-leading senior management team. In addition to developing our own land, Glenveagh Living partners with strategic holders of development land in the public and private sectors to facilitate the development of residential communities. www.glenveagh.ie

Cautionary statement regarding forward-looking statements

This Announcement contains forward-looking statements which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Such forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Due to various risks and uncertainties, actual events or results or actual performance of the Company may differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of, and no reliance should be placed on, such forward-looking statements. The forward-looking statements speak only as at the date of this Announcement and the Company will not undertake any obligation to release publicly any revision or updates to these forward-looking statements to reflect future events, circumstances, unanticipated events, new information or otherwise except as required by law or by any appropriate regulatory authority.

Glenveagh Properties PLC

Consolidated statement of profit or loss and other comprehensive income

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

	Note	**Before exceptional items €'000**	**Exceptional items €'000**	**Total €'000**
Revenue	*10*	1,425	-	**1,425**
Cost of sales		(901)	-	**(901)**
Gross profit		524	-	**524**
Administrative expenses	*11*	(4,187)	(556)	**(4,743)**
Founder Shares: Share-based payment expense	*11,14*	-	(47,509)	**(47,509)**
Operating loss		(3,663)	(48,065)	**(51,728)**
Finance expense		(69)	-	**(69)**
Finance income		16	-	**16**
Loss before tax	*12*	(3,716)	(48,065)	**(51,781)**
Income tax credit	*16*	397	-	**397**
Loss after tax attributable to the owners of the Company		(3,319)	(48,065)	**(51,384)**
Other comprehensive income		-	-	**-**
Total comprehensive loss for the period attributable of the owners of the Company				**(51,384)**
Basic loss per share (cents)	*15*			**(13.73)**
Diluted loss per share (cents)	*15*			**(13.73)**

Glenveagh Properties PLC

Consolidated balance sheet
as at 31 December 2017

	Note	31 December 2017 €'000
Assets		
Non-current assets		
Property, plant and equipment	*17*	**1,476**
Intangible assets		**75**
Deferred tax asset	*16*	**151**
Restricted cash	*21*	**1,500**
		3,202
Current assets		
Inventory	*18*	**228,089**
Trade and other receivables	*19*	**69,700**
Cash and cash equivalents	*25*	**351,796**
		649,585
Total assets		**652,787**
Equity		
Share capital	*24*	**867**
Share premium		**666,381**
Retained earnings		**(74,112)**
Share-based payment reserve		**47,548**
Total equity		**640,684**
Liabilities		
Non-current liabilities		
Trade and other payables	*20*	**1,903**
Finance lease liability	*26*	**170**
		2,073
Current liabilities		
Trade and other payables	*20*	**9,946**
Finance lease liability	*26*	**84**
		10,030
Total liabilities		**12,103**
Total liabilities and equity		**652,787**

Glenveagh Properties PLC

Consolidated statement of changes in equity

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

	Share Capital			Share-based		
	Ordinary shares €'000	**Founder shares €'000**	**Share premium €'000**	**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**

Glenveagh Properties PLC

Consolidated statement of cash flows
For the period from incorporation on 9 August 2017 to 31 December 2017

	Note	2017 €'000
Cash flows from operating activities		
Loss for the period		**(51,384)**
Adjustments for:		
Depreciation and amortisation		**110**
Finance costs		**69**
Finance income		**(16)**
Equity-settled share-based payment expense	*14*	**47,548**
Tax credit	*16*	**(397)**
		(4,070)
Changes in:		
Inventories		**(116,902)**
Trade and other receivables		**(69,295)**
Trade and other payables		**11,612**
Cash used in operating activities		**(178,655)**
Interest paid		**(68)**
Tax paid		**(211)**
Net cash used in operating activities		**(178,934)**
Cash flows from investing activities		
Acquisition of plant, property and equipment		**(309)**
Acquisition of intangible assets		**(38)**
Cash acquired on acquisition	*23*	**3,229**
Transfer to restricted cash	*21*	**(1,500)**
Net cash from investing activities		**1,382**
Cash flows from financing activities		
Proceeds from issues of share capital		**552,571**
Issue costs paid		**(22,728)**
Payment of finance lease liabilities		**(495)**
Net cash used in financing activities		**529,348**
Net increase in cash and cash equivalents in the period		**351,796**
Cash and cash equivalents at 9 August 2017		**-**
Cash and cash equivalents at 31 December 2017		**351,796**

Glenveagh Properties PLC

Notes to the consolidated financial statements

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

1 Basis of preparation

Glenveagh Properties PLC (“the Company) is domiciled in the Republic of Ireland. The Company’s registered office is 25-28 North Wall Quay, Dublin 1. The financial information set out in this document does not constitute the full statutory financial statements but has been derived from the consolidated financial statements for the period from incorporation on 9 August 2017 to 31 December 2017, referred to as the 2017 Financial Statements. The 2017 Financial Statements are prepared under EU adopted International Financial Reporting Standards (IFRS). The 2017 Financial Statements were authorised for issue by the Board of Directors on 13 March 2018, have been audited and have received an unqualified audit report. The financial information has been prepared under the historical cost convention as modified by use of fair values for share-based payments. The Group’s accounting policies detailed in note 8 below are extracted from the 2017 Financial Statements.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS’s) as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).

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 those involving estimations, which are detailed below.

(a) Carrying value of work in progress and estimation of costs to complete

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, 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 Company 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.

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.

4 Use of judgements and estimates *(continued)*

(b) Accounting for share-based payments

The Group operates two equity settled share-based payment arrangements as set out in note 14. The grant date valuation of instruments awarded to founders and employees is a significant judgement and the calculations involve a level of complexity and estimation. The Group engages an independent valuation expert to calculate the grant date fair value of instruments granted and further detail in relation to the methodology and assumptions used in the valuation is set out in note 14.

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 23 Business combinations; and
- Note 25 Financial instruments and financial risk management.

6 New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for financial periods beginning on various dates after 1 January 2018, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it intends to apply them from their effective dates as determined by their dates of EU endorsement.

The following standards and amendments are not yet endorsed by the EU.

- IFRS 14 Regulatory Deferral Accounts. Sale or contribution of assets between an investor and its associate or joint venture (September 2014) (Amendments to IFRS 10 and IAS 28).
- Classification and Measurement of Share-based Payment Transactions (June 2016) (Amendments to IFRS 2).
- Annual Improvements to IFRS Standards 2014-2016 Cycle (December 2016).
- Foreign Currency Transactions and Advance Consideration (December 2016) (IFRIC Interpretation 22).

6 New standards and interpretations *(continued)*

- Transfers of Investment Property (December 2016) (Amendments to IAS 40). IFRIC 23 Uncertainty over Income Tax Treatments (June 2017).
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures.
- IFRS 17 Insurance Contracts (2017).

From an initial consideration of upcoming endorsed standards and amendments, the Directors have determined that the following in particular may have an effect on the consolidated financial statements of the Group. The potential impact of these standards is under review. However, due to the short duration of this financial reporting period, the Group do not believe that there will be a material impact on the results of the operations and financial position presented.

IFRS 15 *Revenue from contracts with customers*

IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cashflows arising from a contract with a customer. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Application of the standard is mandatory for annual reporting periods starting from 1 January 2018 onward and has been endorsed by the EU. Earlier application is permitted. The standard replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related interpretations.

IFRS 9 *Financial instruments*

IFRS 9 *Financial instruments* replaces the guidance in IAS 39 and applies to periods beginning on or after 1 January 2018 and has been endorsed by the EU. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 16 *Leases*

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 the 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.

7 Going concern

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

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.

(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) 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

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.

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 Significant accounting policies *(continued)*

8.4 Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement, 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 period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable 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.

(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 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. 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 Significant accounting policies *(continued)*

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 Group statement of profit or loss for the period. 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 financial period, the Founder Share share-based payment expense (€47.5 million) (see Note 14) and costs incurred associated with the Company's IPO (€0.6 million) are considered exceptional items. 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 period.

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:

- Plant and machinery 14%
- Motor vehicles 20%
- Fixtures and fittings 15%
- Computer Equipment 33%

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administration expenses in the income statement.

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 balance sheet date.

8 Significant accounting policies *(continued)*

8.9 Inventory

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

Property in the course of development and completed units are valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials, finance costs 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 income statement 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.

8.10 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 Company 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 income statement 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.

8.11 Cash and cash equivalents

Cash and cash equivalents comprises 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.

8.12 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.

8 Significant accounting policies *(continued)*

8.13 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.

8.14 Pensions

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

8.15 Finance lease liabilities

Leases of property, plant and equipment that transfer to the Company 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.

8.16 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.

8.17 Finance income and costs

The Group’s finance income and finance costs include:

- Interest income;
- Interest expense;

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

8 Significant accounting policies *(continued)*

8.18 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.

(i) 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 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 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, 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.

(ii) Non-derivative financial assets – measurement loans and receivables

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.

(iii) Non-derivative financial liabilities – 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.

(iv) 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.

8 Significant accounting policies *(continued)*

8.19 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.

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 operates and is managed as a single operating segment engaged primarily in the construction of residential houses and apartments for resale. Internal reporting to the Chief Operating Decision Maker ("CODM") reflects this position. The CODM has been identified as the Executive Committee.

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

10 Revenue

	2017 **€'000**
Construction services	**1,278**
Asset advisory and management services	**147**
	1,425

Revenue earned by the Group in the period is in respect of certain contractual services as disclosed in Note 27 Related party transactions.

11 Exceptional items

	2017 **€'000**
Administration expenses (i)	**556**
Founder Shares share-based payment expense (Note 14)	**47,509**
	48,065

(i) Costs of €0.6 million relating to the Company's IPO listing fees and other related expenses have been classified as exceptional items in accordance with the Group's accounting policy set out at note 8.6.

12 Statutory and other information

	2017 **€'000**
Amortisation of intangible assets	**50**
Depreciation of property, plant and equipment*	**75**
Operating lease rentals	**189**
Employment costs (Note 13)	**50,569**

*Includes €0.015 million capitalised in inventory at 31 December 2017

Auditor's remuneration	
Audit of Group, Company and subsidiary financial statements	**100**
Other assurance services	**728**
Tax advisory services	**27**
Tax compliance services	**41**
	896

Directors' remuneration	
Salaries, fees and other emoluments	**335**
Pension contributions	**9**
Founder shares share-based payment expense (Note 14)	**47,509**
	47,853

13 Employment costs

The average number of persons employed by the Group (including executive directors) during the period was 104 *(Executive Committee: 5; Construction: 64; and Other 35)*.

The aggregate payroll costs of these employees for the period were:

	Before exceptional items €'000	**Exceptional items €'000**	**Total €'000**
Wages and salaries	2,660	-	2,660
Social welfare costs	280	-	280
Pension costs - defined contribution	81	-	81
Share based payment expense (Note 14)	39	47,509	47,548
	3,060	**47,509**	**50,569**

€1.0 million of employment costs were capitalised in inventory at period end.

14 Share based payment arrangements

(a) Description

At 31 December 2017, the Group had the following share-based payment arrangements:

(i) Founder Shares
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 in the period, which were subsequently converted to Founder Shares in advance of the Company's IPO. 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 24.

(ii) Long term incentive plan ("LTIP")
On 21 November 2017, the Remuneration and Nomination Committee approved the grant of 1,588,500 options to certain members of the management team (which do not include executive directors) in accordance with the terms of the Company's LTIP. These 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. The entire grant of options remain outstanding at 31 December 2017.

The key terms and conditions of both arrangements are summarised below:

Scheme	**Number of instruments**	**Vesting conditions**	**Expiry date**
Founder Shares	200,000,000	Compound rate of return of 12.5% on the Company's share price in each testing period	30 June 2022
LTIP	1,588,500	3 years' service from grant date and market condition based on the Company's TSR over the 3-year vesting period	13 October 2024

14 Share based payment arrangements *(continued)*

(b) Measurement of fair values

The fair value of grants under both arrangements was measured using a Monte Carlo simulation. Service and non-market conditions attached to the arrangements were not taken into account when measuring fair value. The inputs used in measuring fair value at grant date were as follows:

	Founder shares	**LTIP**
Fair value at grant date	**€0.24**	**€0.64**
Share price at grant date	€1.00	€1.157
Exercise price	N/A	€0.001
Expected volatility	34.12%	36.63%
Expected life	5 years	3 years
Expected dividend yield	0%	0%
Risk free rate	-0.023% - +0.18%	-0.088%

Given the Company did not have a 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.

(c) Expense recognised in profit or loss

The expense recognised in profit or loss relating to the Founder Shares was €47.5 million, and is presented as an exceptional item, with a corresponding increase in the share-based payment reserve in equity. This represents the full grant date fair value of the Founder Shares which is required to be recognised at grant date in accordance with the terms and conditions of the award, which do not contain a required term of service. There will be no further impact on profit or loss in future reporting periods.

A charge of €0.04 million was recognised in the period in respect of options granted under the LTIP.

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 numbers of shares outstanding for the period. Ordinary shares potentially issuable from share-based payment arrangements are anti-dilutive due to the loss in the period meaning there is no difference between basic and diluted earnings per share. The number of potentially issuable shares in the Company held under option or founder share arrangements at 31 December 2017 is 201,588,500.

	2017
Loss for the period attributable to ordinary shareholders (€'000)	**(51,384)**
Weighted average number of shares for the period	**374,284,264**
Basic and diluted loss per share (cents)	**(13.73)**

15 Loss per share *(continued)*

	2017 No. of shares
Reconciliation of weighted average number of shares	
Share issued on incorporation	**1**
Effect of shares issued on 11 August 2017	**197,223,207**
Effect of shares re-designated as Founder Shares	**(188,888,889)**
Effect of shares issued related to business combinations	**2,428,701**
Effect of IPO issue	**303,036,869**
Effect of shares issued as consideration for inventories	**60,484,375**
	374,284,264

See Note 24 for further information in relation significant to share issuances.

16 Income tax

	2017 €'000
Current tax credit for the period	**(246)**
Deferred tax credit for the period	**(151)**
Total income tax credit	**(397)**

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

	2017 €'000
Loss before tax for the period	**(51,781)**
Tax credit at standard Irish income tax rate of 12.5%	**(6,473)**
Tax effect of:	
Income taxed/expenses deductible at the higher rate of corporation tax	**5**
Non-deductible expenses – Founder share expense	**5,938**
Non-deductible expenses - other	**248**
Other adjustments	**(115)**
Total income tax credit	**(397)**

Notes to the consolidated financial statements
For the period from incorporation on 9 August 2017 to 31 December 2017

16 Income tax *(continued)*

Movement in deferred tax balances	**Balance on incorporation at 9 August 2017 €'000**	**Recognised in profit or loss €'000**	**Balance at 31 December 2017 €'000**
Tax losses carried forward	-	151	151
	-	**151**	**151**

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

	Fixtures & fittings €'000	**Motor vehicles €'000**	**Plant & machinery €'000**	**Computer equipment €'000**	**Total €'000**
Cost					
At 9 August 2017	-	-	-	-	-
Acquisitions through business combinations (Note 23)	284	113	819	26	1,242
Additions	49	-	229	31	309
Disposals	(2)	-	-	-	(2)
At 31 December 2017	**331**	**113**	**1,048**	**57**	**1,549**
Accumulated depreciation					
At 9 August 2017	-	-	-	-	-
Charge for the period	(17)	(8)	(42)	(8)	(75)
Disposals	2	-	-	-	2
At 31 December 2017	**(15)**	**(8)**	**(42)**	**(8)**	**(73)**
Net book value					
At 9 August 2017	-	-	-	-	-
At 31 December 2017	**316**	**105**	**1,006**	**49**	**1,476**

The depreciation charge for the period includes €0.015 million which was capitalised in inventory at 31 December 2017.

The Group leases plant and machinery under finance lease arrangements. As at 31 December 2017, the net book value of leased equipment was €0.3 million.

18 Inventory

	31 December 2017 €'000
Land held for development	**216,964**
Development expenditure	**11,125**
	228,089

The Group acquired a significant bank of development land in two transactions which were conditional on the successful completion of the Company's IPO on 13 October 2017. The sites acquired were referred to as the "Conditionally Acquired Sites" in the Company's IPO prospectus.

(i) TIO RLF Acquisition Agreement
The Company, Target Investment Opportunities ICAV (acting solely in respect of its sub fund, TIO RLF), OCM Luxembourg EPF III QIF Holdings Sarl (OCM) and Glenveagh Contracting Limited (previously known as Bridgedale Contracting Limited) entered into an agreement whereby the Company acquired either land, or the right to develop, at thirteen sites located in the Greater Dublin Area. Ordinary shares to the value of €110.25 million were issued to OCM as consideration (excluding stamp duty and acquisition costs) for the land acquired.

In accordance with the TIO RLF Acquisition Agreement, the Group purchased the development rights to construct and sell residential units in the Marina Village, Greystones development. The Group also made a payment of €21 million in full and final settlement of future payment obligations under these development rights. This amount is accordingly recognised in inventory at the period end, as a cost of the Marina Village, Greystones development.

(ii) Project Kells
Glenveagh Homes Limited (formerly known as Bridgedale Homes Limited) acquired a further 11 sites (also predominantly in the Greater Dublin Area) which were referred to as Project Kells in the Company's IPO prospectus for cash consideration of €41.6 million.

(iii) Braddington Developments Limited
The Group acquired a development site at Ballyboughal, Co Dublin for €4.2 million. The details of this asset acquisition are set out in Note 23.

The Group has continued to both build its landbank and progress construction on active sites since the IPO which is reflected in the period end balance of €228 million. The directors have considered the carrying value of inventory at 31 December 2017 and, in particular, due to current market conditions and the proximity of period end to the acquisition date of all sites, are satisfied that all inventory is held at the lower of cost and net realisable value.

19 Trade and other receivables

	31 December 2017 €'000
Trade receivables from related party	**1,192**
Prepayments and other receivables	**599**
VAT recoverable	**16,912**
Construction bonds	**1,139**
Deposits for sites	**4,953**
Payment in respect of site acquisition and associated fees*	**44,579**
Income tax receivable	**326**
	69,700

*This amount relates 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". An unconditional 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 trade and other receivables is approximate to their fair value.

20 Trade and other payables

	31 December 2017 €'000
Trade payables	**3,036**
Trade payables due to related party (Note 27)	**1,434**
Payroll and other taxes	**922**
Inventory accruals	**4,057**
Other accruals	**2,400**
	11,849
Non-current	**1,903**
Current	**9,946**
	11,849

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

21 Restricted cash

The restricted cash balance relates to a sum of monies held in escrow until the completion of certain infrastructural works relating to the Group's residential development at Balbriggan, Co. Dublin on which construction has recently commenced.

22 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 2017 are as follows:

Company	**Principal activity**	**%**	**Reg.office**
Glenveagh Properties (Holdings) Limited	Holding company	100%	1
Glenveagh Homes Limited*	Property development	100%	2
Glenveagh Contracting Limited**	Property development	100%	2
Glenveagh Living Limited	Property development	100%	1
Greystones Devco Limited	Property development	100%	1
Braddington Developments Limited	Dormant company	100%	2
Feathermist Limited	Dormant company	100%	2

*Formerly Bridgedale Homes Limited
**Formerly Bridgedale Contracting Limited

1 25-28 North Wall Quay, Dublin 1, DO1H1041
2 Block B, Maynooth Business Campus, Maynooth, Co. Kildare, W23W5X7

23 Business combinations

During the period, the Company acquired 100% of the share capital of the following legal entities in connection with (and conditional on) the Company's IPO:

- Bridgedale Homes Limited (subsequently renamed Glenveagh Homes Limited) (GHL)
- Bridgedale Contracting Limited (subsequently renamed Glenveagh Contracting Limited) (GCL)
- Greystones Devco Limited (GDL)

The table below summarises the fair value of consideration transferred and assets and liabilities acquired in respect of each acquisition at 13 October 2017.

	GHL €'000	**GCL €'000**	**GDL €'000**
Property, plant and equipment	1,062	38	142
Intangible assets	11	76	-
Equity accounted investee	1,847	-	-
Trade and other receivables	2,650	684	1,191
Cash and cash equivalents	2,559	70	600
Amounts owed from related party	-	34	-
Trade and other payables	(3,180)	(565)	(1,879)
Income tax payable	(124)	-	(7)
Amounts owed to related party	(33)	-	-
Finance lease	(671)	(31)	(47)
Fair value of net assets acquired	**4,121**	**306**	-
Consideration			
Cash consideration	-	-	-
Fair value of shares issued	4,121	306	-
Total consideration	**4,121**	**306**	**-**

23 Business combinations *(continued)*

GHL & GCL
Consideration of €4.1 million was transferred in respect of the acquisition of GHL while €0.3 million was transferred in respect of GCL. Both amounts were satisfied by way of issue of shares in the Company at the IPO offer price of €1 per share, representing fair value at acquisition date. The purpose of the acquisitions was to acquire the construction operations, expertise and experience of the Bridgedale business based at Maynooth Business Campus, Maynooth, Co. Kildare.

For the period ended 31 December 2017, GHL contributed revenue of €0.9 million and a loss after tax of €3.2 million while GCL contributed revenue of €0.1 million and a profit after tax of €0.1million.

GDL
The Company acquired one ordinary share in GDL (being 100% of its ordinary share capital) for €1 being the fair value of the net assets at acquisition date as shown above. This entity (being the development entity for Marina Village, Greystones) was acquired in connection with the acquisition of the rights and obligations of the development opportunity at Marina Village, Greystones Co. Wicklow. For the period ended 31 December 2017, GDL contributed revenue of €0.4 million and a profit after tax of €0.1 million.

If the acquisitions of GHL; GCL; and GDL had occurred on 9 August 2018, management estimate that the aggregate increase in consolidated revenue would have been €3.3m, while the consolidated loss before tax would have decreased by €0.9 million.

The disclosures provided above in relation to the results of the acquired entities since acquisition and the estimated impact on the Group's revenue and loss, if the acquisitions had taken place at the beginning of the period are provided purely to comply with the disclosure requirements of IFRS 3 *Business Combinations.* It should be noted that trading activity in the period represented the completion of certain trading arrangements with a related party which are described in Note 27. These arrangements ceased as of 31 December 2017 and from 1 January 2018, as disclosed in the IPO prospectus, the Group's business model has significantly changed whereby all the Group's residential construction activity is for its own account and not on behalf of another entity. The results disclosed should not therefore, be taken as an indicator of future financial performance of the acquired entities.

Braddington Developments Limited & Feathermist Limited
Included on GHL's balance sheet at acquisition was €1.8 million in respect of an equity accounted investment (joint venture) in Feathermist Limited. In order to acquire a development site at Ballyboughal Co. Dublin, GHL acquired 100% of the ordinary share capital of Braddington Developments Limited (being the other shareholder in Feathermist Limited) conditional on IPO, for cash consideration of €2.6 million. This was accounted for as an asset acquisition and the Ballyboughal site (valued at €4.2 million on acquisition) is included in Group inventory at the balance sheet date.

24 Share capital and share premium

(a) Authorised share capital

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

(b) Issued share capital and share premium at 31 December 2017	**Number of shares**	**Share capital €'000**	**Share premium €'000**
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	**Ordinary shares**	**Founder shares**
In issue at incorporation on 9 August 2017	1	-
Issued for cash	200,000,999	-
Re-designation as founder shares	(200,000,000)	200,000,000
IPO issue	552,371,000	-
Issued in business combination (Note 23)	4,427,000	-
Issued as consideration for inventories (Note 18)	110,250,000	-
In issue at 31 December 2017	**667,049,000**	**200,000,000**

(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 the market capitalisation of the Company plus dividends or distributions in the relevant period) in the five years following the IPO of the Company.

24 Share capital and share premium *(continued)*

(d) Rights of shares in issue *(continued)*

Founder Shares (continued)
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. The testing periods run from 1 March to 30 June each year, with the first period being 1 March 2018 to 30 June 2018. The Founder Shares will be converted into Ordinary Shares in the Company or (at the discretion of the Company) be paid out in cash in an amount equal to 20% of the Company's TSR.

(e) Significant share issuances in the period

(i) 200,000,000 ordinary shares were issued to the Founders of the Company at par value (€0.001) on 15 August 2017 and were subsequently re-designated as Founder Shares on 17 August 2017.

(ii) The Company issued 550,000,000 ordinary shares for cash consideration of €1 per share by way of its initial public offering on 13 October 2017.

(iii) 2,250,000 ordinary shares were issued to certain Directors of the Company for cash consideration of €1 per share in connection with the IPO.

(iv) 121,000 shares were issued to individuals connected to Glenveagh Homes Limited and Glenveagh Contracting Limited (as disclosed in the IPO prospectus) on 13 October 2017 at €1 per share.

(v) 4,427,000 ordinary shares were issued as consideration for the Company's acquisition of Glenveagh Homes Limited (formerly Bridgedale Homes Limited) and Glenveagh Contracting Limited (formerly Bridgedale Contracting Limited) on 13 October 2017.

(vi) 110,250,000 ordinary shares were issued as consideration for the acquisition of development land acquired in connection with the Company's IPO. Further information in relation to these transactions is included in Note 18.

25 Financial instruments and financial risk management

The Group’s financial assets and financial liabilities are set out below. While all financial assets and liabilities are carried at amortised cost, the carrying amounts of the Group’s financial assets and financial liabilities approximate to fair value. Trade receivables (which are receivable from a related party) 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).

25 Financial instruments and financial risk management *(continued)*

Financial instruments: financial assets	**31 December 2017**
The Group's financial assets can be summarised as follows:	**€'000**
Trade receivables from related party	**1,192**
Other receivables	**107**
Cash and cash equivalents	**351,796**
Restricted cash (non-current)	**1,500**
Total financial assets	**354,595**

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

Financial instruments: financial liabilities	**31 December 2017 €'000**
Trade payables	**3,036**
Amounts due to related party	**1,434**
Finance lease obligation	**254**
Total financial liabilities	**4,724**

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 counterparty will default on their contractual obligations resulting in a loss to the Group.

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.

25 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.

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.

	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**	**-**	**-**
	4,724	**4,757**	**4,564**	**94**	**99**

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade and receivables and cash and cash equivalents. Credit risk is managed by regularly monitoring the credit quality of customers and financial institutions.

There has been no impairment of trade receivables in the period presented. The credit risk on cash and cash equivalents is limited because counterparties are leading international banks with long-term BBB- credit-ratings assigned by international credit agencies. The maximum amount of credit exposure is the financial assets in this note.

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

26 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2017 €'000
Current portion	84
Non-current portion	170
	254

	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

27 Related party transactions

(i) Key Management Personnel remuneration

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

	2017 €'000
Short-term employee benefits	456
Post-employment benefits	27
LTIP share-based payment expense	10
Founder shares share-based payment expense	47,509
	48,002

(ii) IPO related transactions

The following transactions took place in connection with the Company's IPO and meet the definition of related party transactions in accordance with IAS 24 *Related Party Transactions*. All of the below transactions were disclosed in the Company's IPO prospectus and were conditional on the successful completion of the IPO.

27 Related party transactions *(continued)*

(ii) IPO related transactions *(continued)*

- **Acquisition of Glenveagh Homes Limited and Glenveagh Contracting Limited**

As outlined in Note 23, the Company acquired 100% of the issued share capital of Glenveagh Homes Limited (formerly known as Bridgedale Homes Limited) (GHL) and Glenveagh Contracting Limited (formerly known as Bridgedale Contracting Limited) (GCL) on 13 October 2017. The sole shareholder of these companies was Stephen Garvey who is a director of the Company. This acquisition was completed in accordance with the terms of a share exchange agreement under which Stephen Garvey received 4,121,000 and 306,000 shares in the Company for his interest in GHL and GCL respectively. Based on the IPO offer price of €1 per share, the total value of the shares transferred equalled the fair value of the shares in the acquired entities at the date of acquisition.

- **TIO Acquisition Agreement**

As outlined in Note 18, the Company entered into an agreement with Target Investment Opportunities ICAV (an entity in which Justin Bickle and John Mulcahy are Directors) (TIO) to acquire thirteen development sites in the Greater Dublin Area as well as TIO's interest in the development opportunity at Marina Village, Greystones, Co. Wicklow. In consideration for the assets acquired, 110,250,000 shares in the Company with an aggregate fair value of €110.25 million (based on the IPO offer price of €1 per share) were issued to TIO's sole shareholder (OCM Luxembourg EPF III QIF Holdings Sarl (OCM)). This equated to the fair value of the assets acquired based on independent valuations carried out on each of the assets under the terms of the RCIS Global Standards 2017 ("Red Book") as at 31 August 2017.

- **Acquisition of Greystones Devco Limited**

On 13 October 2017, GHL acquired 100% of the issued share capital of Greystones Devco Limited (being 1 ordinary share) (GDL) for €1 from OCM which equalled the fair value of the net assets acquired at that date.

- **Acquisition of Braddington Developments Limited**

In advance of the IPO, GHL held 35.6% of the issued share capital of Feathermist Limited (Feathermist), an entity which owned the site at Ballyboughal, Co. Dublin. Braddington Developments Limited (Braddington) held the other 64.4% of Feathermist share capital. Stephen Garvey is a director of Feathermist.

On 13 October 2017, GHL acquired 100% of the issued share capital of Braddington thereby indirectly acquiring the residual 64.4% of the issued share capital of Feathermist for total cash consideration of €2,587,704. This amount represented Braddington's interest in the asset acquired (land at Ballyboughal, Co. Dublin) based on an independent "Red Book" valuation carried out at 31 August 2017.

27 Related party transactions *(continued)*

(iii) Post IPO transactions

As disclosed in the IPO prospectus, the Group continued to trade with TIO until period end in order to complete certain arrangements that were in progress at the time of the IPO. As a result, the following transactions arose in the period:

- GHL continued to construct residential homes at Cois Glaisín, Johnstown, Navan Co. Meath, Miltown Meadows, Ashbourne, Co. Meath and Holsteiner Park, Clonee Co. Meath on behalf of TIO RLF (a sub fund of TIO) in the period. Revenue of €891,837 was earned in respect of these services in the period and the balance outstanding at 31 December 2017 was €254,119.

- GCL continued to act as asset advisor to TIO RLF in the period. This role involved GCL providing management and advisory services. Revenue of €147,009 was recognised in the period in respect of these services. There was no balance due to GCL at period end from TIO RLF.

- GDL provided construction services to TIO RLF in relation to the Marina Village development at Greystones Co. Wicklow. Revenue of €386,581 was recognised in respect of these services. An amount of €938,336 was outstanding from TIO RLF at 31 December 2017 (which includes amounts owing in respect of expenses incurred which were re-charged to TIO RLF at nil margin and therefore not accounted for as revenue in the period).

- As part of the TIO Acquisition Agreement noted above, certain homes on some of the acquired sites (being Marina Village, Greystones, Co. Wicklow; Holsteiner Park, Clonee, Co. Meath & Cois Glaisín, Navan, Co. Meath) were retained by TIO. The agreement required the Company to purchase any of these units that remained unsold at the end of the period from TIO at an agreed sales price. A liability for €1,434,000 was recognised at 31 December 2017 in respect of this obligation with a corresponding increase in inventory.

28 Commitments and contingent liabilities

On 22 December 2018, the Company announced that it had entered into an unconditional contract to acquire a development site at Millennium Park Naas, Co. Kildare. As at 31 December 2017, this transaction was subject to completion with a deposit of €2.1m paid at that date. Other than this transaction and the transaction noted in Note 19, the Company has no other commitments or contingent liabilities at 31 December 2017.

29 Subsequent events

Development land acquisition and related transactions
The acquisition of the site known as “East Road” referred to in Note 19 completed on 12 January 2018 for c. €45m including acquisition costs. The acquisition of the site at Millennium Park Naas, Co. Kildare (noted in Note 28) closed on 29 January 2018.

The following land acquisitions were announced on 29 January 2018 resulting in an aggregate spend of in excess of €25 million:

- The Group has signed unconditional contracts to acquire a development site at Citywest Road, Dublin 24 which has the capacity to deliver 195 residential units, subject to planning. The site is strategically located in close proximity to the Fortunestown Luas stop and to Citywest Shopping Centre.

29 Subsequent events *(continued)*

Development land acquisition and related transactions (continued)

- The Group also announced the signing of an unconditional contract to acquire a major site at Hollystown, Dublin 15. This 162-acre site is occupied by Hollystown Golf Club who will continue to operate on a business as usual basis, with 19 acres on the site zoned for residential development and the remainder zoned as open space. It is estimated that this site will deliver 200 family homes on the residential development land between 2019 and 2023, subject to planning.

On 13 March 2018, the Group announced that it had entered into a contract to acquire four sites in the 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. The transaction involves cash consideration of €90 million (including fees and stamp duty) and is scheduled to close in Q2 2018.

Post period end, the Group also entered into a Strategic Relationship Agreement ("SRA") with Sigma Retail Partners ("Sigma") whereby the parties have agreed to cooperate in identifying and developing mixed-use development opportunities in Ireland on an exclusive basis. In parallel, the Group entered into an Acquisition and Profit Share Agreement ("APSA") agreement with Target Investment Opportunities ICAV, under which Glenveagh Living will acquire the residential development rights to land adjoining The Square Shopping Centre Tallaght, Dublin 24 and a c. 5-acre site to the rear of Gateway Retail Park, Galway. In addition, a 9.8-acre site to the rear of Bray Retail Park, Bray, County Wicklow will be acquired by Glenveagh Homes. The three sites combined have the capacity to deliver more than 800 units. The aggregate consideration payable by Glenveagh is c. €16 million.

Debt financing

The Group has executed an agreement to enter into a revolving credit facility with a syndicate of domestic and international financial institutions for a total of €250 million, with a three-year term. This facility will be used to finance the working capital requirements of the Group over that period.