CFO's Review

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Group performance

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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%

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Michael Rice
Chief Financial Officer

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.

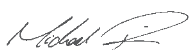
Outlook

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

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€130.7m

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