

# Directors' Report

## Board of Directors



### John Mulcahy

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

#### Experience

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

#### Other Appointments

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



### Justin Bickle

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

#### Experience

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

Cadwalader, Wickersham & Taft LLP and an Executive Fellow in Finance at London Business School.

#### Other Appointments

- Chairman of TIO ICAV.



### Stephen Garvey

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

#### Experience

Stephen Garvey has over 21 years' experience in the construction and property industry. His experience includes working with many of the large Irish property developers, including Menolly Homes, Schelester properties, Glenman Corporation and McCabe Builders. In 2003, Stephen founded Bridgedale Homes Ltd, Glenveagh's predecessor company, which focused on constructing residential developments in the GDA. In his role as CEO of Bridgedale, he sourced and

negotiated the acquisition of development sites, secured external finance, formulated and implemented business plans for each project and managed the overall delivery of residential units. From 2014 to 2017, Stephen advised and managed on the acquisition of 2,101 units in the Irish residential development market on behalf of TIO RLF.



### Lady Barbara Judge CBE

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

#### Experience

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

#### Other Appointments

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

#### Committee Memberships:

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



### Robert Dix

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

#### Experience

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

#### Other Appointments

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

#### Committee Memberships:

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



### Caleb Kramer

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

#### Experience

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

#### Other Appointments

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



### Richard Cherry

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

#### Experience

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

#### Other Appointments

- None

#### Committee Memberships:

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



### Chloe McCarthy

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

#### Experience

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

# Report of the Directors

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

## Principal Activities

Glenveagh Properties PLC (“Glenveagh”) is the ultimate holding company for the Group’s subsidiaries.

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

The Group is comprised of two key business divisions:

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

## Results and Dividends

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

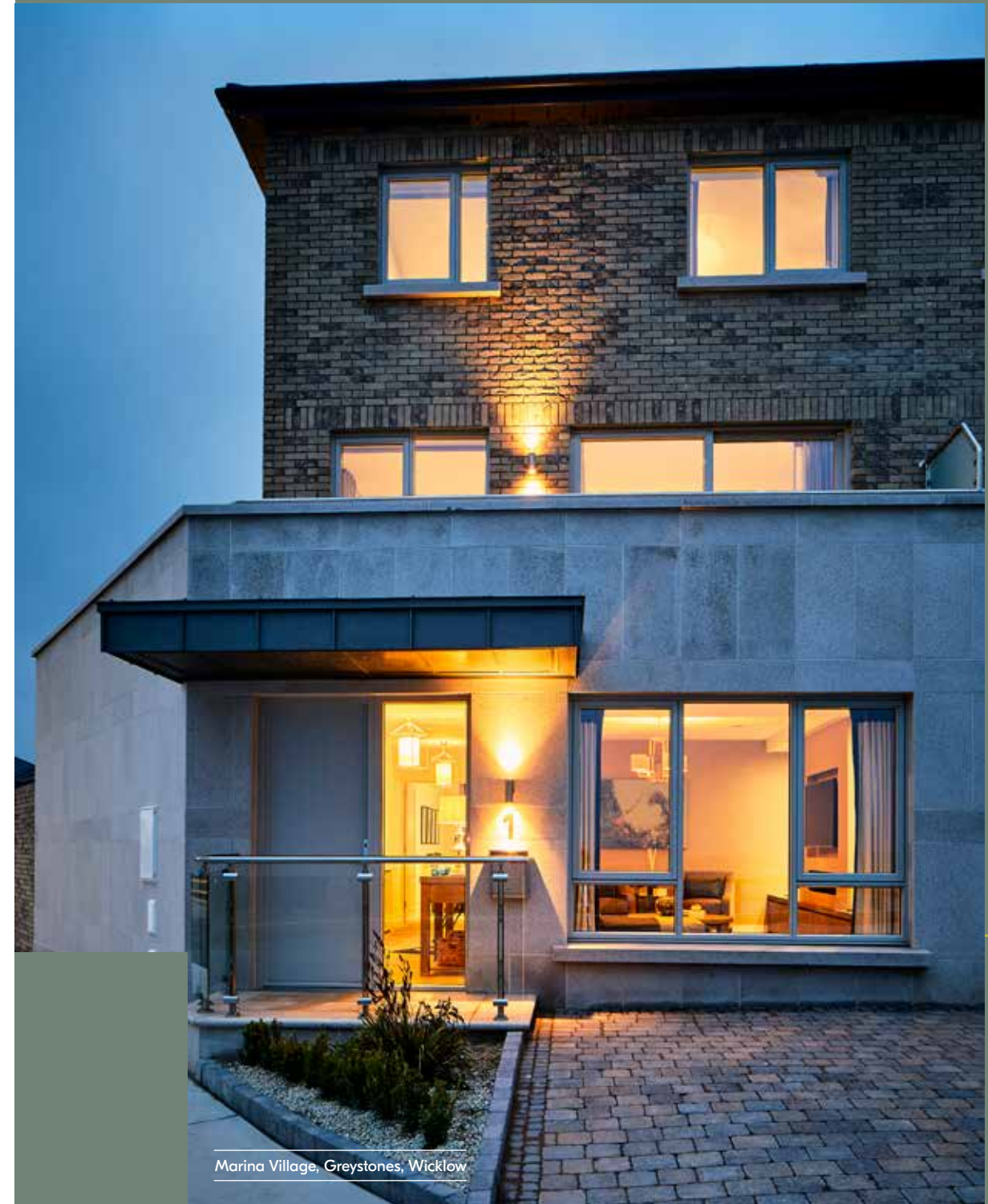
## Business Review

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

## Glenveagh’s strategy

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

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



Marina Village, Greystones, Wicklow



## Principal Risks and Uncertainties

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

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

## Subsequent Events

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

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

## Corporate Governance

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

## Code of Conduct

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

## Corporate Social Responsibility

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

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

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

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



Taylor Hill, Balbriggan, Co. Dublin

## Health and Safety

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

## Accounting Records

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

## Share capital

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

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

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

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

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

### Founder Shares

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

### Long-term incentive plan

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

## Substantial Shareholdings

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

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

## Directors' and Secretary's Interest in Shares

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

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

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

## Political Donations

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

## Subsidiaries

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

## Going Concern

As noted in Note 7 of the Consolidated Financial Statements, the Directors have assessed the financial position of the Group in light of relevant

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

## Viability Statement

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



The Directors have concluded that three years was an appropriate period for the assessment. The three-year period was chosen having regard to the following:

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

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

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

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

## Directors' Compliance Statement

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

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

## Audit Information

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

## Auditor


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

## Annual General Meeting

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



**Justin Bickle**  
Director



**Stephen Garvey**  
Director

5 March 2019



Cnoc Dubh, Ballyboughal, Co. Dublin





Cois Glaisin, Navan, Co. Meath