Notes to the consolidated financial statements

for the financial year ended 31 December 2018

1 Reporting entity

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

2 Statement of compliance

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

3 Functional and presentation currency

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

4 Use of judgements and estimates

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

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities. Fair value is defined in IFRS 13, *Fair Value Measurement,* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

6 New standards and interpretations and adoption of new accounting policies

(i) New standards effective in the financial year

The following new standards became effective in the financial year:

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

(a) IFRS 15 Revenue from Contracts with Customers

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

Revenue – policy applicable before 1 January 2018

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

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

Glenveagh Properties PLC
Financial Statements

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

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

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

(b) IFRS 9 Financial Instruments

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

Financial instruments – Policy applicable before 1 January 2018

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

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

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

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

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

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

(b) IFRS 9 Financial Instruments (continued)

Financial instruments – Policy applicable before 1 January 2018

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

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

Non-derivative financial liabilities (including interest bearing loans and borrowings) – measurement
Non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

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

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

(b) IFRS 9 Financial Instruments (continued)

Financial instruments — Policy applicable before 1 January 2018

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

(ii) Adoption of new accounting policies

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

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

(iii) Standards not yet effective

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

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

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

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

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

(v) IFRIC 23 Uncertainty over Income tax treatments:

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

7 Going concern

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

8 Significant accounting policies

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

8.1 Basis of consolidation

(i) Business combinations

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

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

Glenveagh Properties PLC
Financial Statements

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.1 Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Joint operations

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

(iv) Transactions eliminated on consolidation

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

8.2 Revenue – policy applicable from 1 January 2018

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

8.3 Expenditure

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

8.4 Taxation

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

(i) Current tax

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

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

8 Significant accounting policies (continued)

8.4 Taxation (continued)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

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

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

8.5 Share-based payment arrangements

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

8.6 Exceptional items

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.7 Property, plant and equipment

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

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

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

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

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

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

8.8 Intangible assets – computer software

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

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

8.9 Inventory

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

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.10 Financial instruments – policy applicable from 1 January 2018

Financial assets and financial liabilities

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

Classification of financial instruments

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

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

Cash and cash equivalents

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

Other receivables

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

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

Other liabilities

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

Fair value through profit and loss

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

Derivatives

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

8.11 Provisions

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

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

8.12 Pensions

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

8.13 Finance lease liabilities

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

8.14 Share capital

(i) Ordinary shares

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

(ii) Founder Shares

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

8 Significant accounting policies (continued)

8.15 Finance income and costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

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

9 Segmental information

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

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

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

Glenveagh Homes

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

Glenveagh Living

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

Glenveagh Properties PLC
Financial Statements

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

9 Segmental information (continued)

Segmental financial results

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

Segment assets and liabilities

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

10 Revenue

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

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

11 Exceptional items

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

12 Statutory and other information

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

13 Employment costs

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

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

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

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

14 Share-based payment arrangements

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

(a) Founder Share Scheme

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

14 Share-based payment arrangements (continued)

(a) Founder Share Scheme (continued)

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

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

(b) LTIP

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

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

Details of options outstanding and grant date fair value assumptions

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

14 Share-based payment arrangements (continued)

(b) LTIP (continued)

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

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

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

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

(c) SAYE Scheme

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

Details of options outstanding and grant date fair value assumptions

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

14 Share-based payment arrangements (continued)

(c) SAYE Scheme (continued)

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

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

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

15 Loss per share

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

15 Loss per share (continued)

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

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

16 Income tax

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

16 Income tax (continued)

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

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

Movement in deferred tax balances

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

17 Property, plant and equipment

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

18 Intangible assets

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

19 Inventory

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

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

19 Inventory (continued)

(i) Development land acquisitions completed during the year

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

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

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

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

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

19 Inventory (continued)

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

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

(ii) Development rights

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

20 Trade and other receivables

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

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

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

21 Trade and other payables

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

22 Loans and Borrowings

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

23 Restricted cash

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

24 Subsidiaries

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

25 Business combinations

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

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

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

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

26 Share capital and share premium

(a) Authorised share capital

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

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Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

26 Share capital and share premium (continued)

(b) Issued share capital and share premium

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

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

(c) Reconciliation of shares in issue

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

26 Share capital and share premium (continued)

(d) Rights of shares in issue

Ordinary Shares

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

Founder Shares

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

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

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

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

(e) Significant share issuances during the year

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

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

27 Financial instruments and financial risk management

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

27 Financial instruments and financial risk management (continued)

Financial instruments: financial assets

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

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

Financial instruments: financial liabilities

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

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

Financial risk management objectives and policies

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

27 Financial instruments and financial risk management (continued)

Liquidity risk

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

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

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

27 Financial instruments and financial risk management (continued)

Liquidity risk (continued)

Funds available

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

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

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

Credit risk

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

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

Market risk

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

27 Financial instruments and financial risk management (continued)

Capital management

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

28 Finance lease liabilities

Finance lease liabilities are payable as follows:

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

At 31 December 2018

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

At 31 December 2017

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

29 Related party transactions

(i) Key Management Personnel remuneration

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

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

(ii) Other related party transaction

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

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

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

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

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

30 Commitments and contingent liabilities

(a) Commitments arising from development land acquisitions

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

Land acquisition subject to re-zoning

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

Maryborough Ridge, Cork

(i) Acquisition of development land

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

(ii) Licence agreement

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

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

Castleknock

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2018 (continued)

30 Commitments and contingent liabilities (continued)

(b) Operating lease commitments

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

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

31 Subsequent events

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

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

32 Loss of the Parent Company

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

33 Approved financial statements

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