Glenveagh
Home of the new.

1 March 2023

Glenveagh Properties plc

Final Results 2022

Glenveagh Properties plc ("Glenveagh" or the "Group") a leading Irish homebuilder announces its Final Results for the period ended 31 December 2022.

Financial Highlights

	Year ended 31 December 2022	**Year ended 31 December 2021**	**Change**
Revenue €'m	**644.7**	476.8	+35%
- *Suburban*	***454.5***	*276.8*	+64%
- *Urban*	***190.2***	*200.0*	-5%
Gross profit €'m	**108.1**	83.1	+30%
- *Suburban*	***83.6***	*48.0*	+74%
- *Urban*	***24.5***	*35.1*	-30%
Gross margin	**16.8%**	17.4%	-60 bps
- *Suburban*	***18.4%***	*17.3%*	+110bps
- *Urban*	***12.9%***	*17.6%*	-470bps
Profit before tax €'m	**63.0**	45.7	+38%
Earnings Per Share (cent)	**7.6**	4.5	+69%
Land €'m	**458.5**	562.7	-19%
Work in Progress €'m	**227.2**	204.5	+11%
Operating cash flow €'m	**140.9**	104.3	+35%
Net Debt (Cash) €'m	**13.8**	(20.8)	N/A
Total Equity €'m	**693.1**	784.1	-12%
Suburban Completions	**1,354**	902	+50%
Suburban: Closed & forward order book - units[1]	**803**	945	
Suburban: Closed & forward order book - €'m[1]	**259**	338	
Urban: Future urban revenue contracted - €'m[1]	**203**	254	

[1] Suburban forward order book for FY 2023; at 28 February

FY 2022 Highlights

- Strong revenue growth in FY 2022 of 35% to €645m, driven by the Suburban business segment
- 1,354 suburban units closed, up 50% on the 902 units closed in FY 2021 and 90% ahead of the 712 suburban units closed in FY 2019
- Urban transactions completed during the year are expected to generate overall revenue of over €310 million. Urban assets now comprise approximately 13% of the Group's total landbank
- Advanced the Partnerships segment with planning submitted for both Oscar Traynor Road and Ballymastone in H2 2022. An initial planning decision in favour of both applications has been made and these are currently subject to any ongoing appeals
- Overall gross margin of 16.8% (FY 2021: 17.4%)
    - Suburban gross margin improved to 18.4% (FY 2021: 17.3%)
    - Urban gross margin was 12.9% in FY 2022 (FY 2021: 17.6%)
- Mitigated the impact of build cost inflation to a 8%-9% level through effective use of the Group's scale and long-term supply chain commitments
- EPS consistent with Group guidance at 7.6 cents, representing growth of 69% year on year
- Advanced the Group's off-site manufacturing strategy through the acquisition of Harmony Timber Solution Ltd. ("Harmony") and the establishment of our light gauge steel ("LGS") manufacturing partnership
- Continued to improve the capital efficiency of the Group's land investment, with landbank value at year end of €458.5 million (FY21: €562.7 million)
- Continued financial discipline evident with modest net debt at year end of €13.8 million
- Further progress on our capital efficiency strategy, with the business returning approximately €150 million to shareholders in the year, bringing the overall returns over a two-year period to over €250 million
- Strong progress made to further integrate sustainability throughout the business, including the launch of its Equity, Diversity & Inclusion ("EDI") strategy in December 2022

Outlook

- The Group continues to see a very positive long-term outlook for the Irish residential housing market and we believe we are well positioned to take advantage of that opportunity. We are now active on 21 suburban and urban construction sites, with an additional five new sites to open during this year for first deliveries in FY 2024
- We continue to anticipate that suburban unit deliveries for FY 2023 will be broadly in line with FY 2022 levels. Further improvement in the suburban margin is expected in FY 2023 to approximately 19%, and given strong underlying demand we anticipate an EPS outturn for FY 2023 of 7.5–8.0 cents
- We are actively managing suburban unit reservations for FY 2023 and closed units and reservations for this year now stand at 803 units, supported by strong underlying market demand and by the updated Housing for All initiatives and the change to the Central Bank of Ireland's macroprudential rules that both became effective in January 2023
- The Group has seen some progress in planning momentum since the start of the year and it is anticipated that additional resources will be provided to the planning board in the coming months to improve its processing capability. Given positive recent momentum in the Large-Scale Residential Development ("LRD") planning process, we anticipate final planning decisions on Ballymastone by Q2 2023 and on Oscar Traynor Road by Q3 2023, both in our Partnerships business segment. The segment remains on track for revenue and profits generation in FY 2024

- In FY 2023 we anticipate making further efficiencies in our land investment, while WIP is expected to increase to reflect ongoing urban developments. As such net debt is expected to reach 10-15% of net assets by the end of FY 2023, that will then unwind during FY 2024 as these urban developments are completed
- The Group agreed a new €350m five-year sustainability linked finance facility in February 2023, extending the tenure of facilities by two years and expanding available facilities by €100 million
- The Group also today launched its Net Zero transition plan that sets both near-term GHG emissions reduction targets and long-term net zero GHG emissions targets for Scopes 1, 2 and 3, in line with guidance from the Science Based Targets initiative (SBTi)
- Our current share buyback programme, initiated on 6 January 2023, progresses to plan and approximately €30m has been returned to shareholders to date, in line with our capital allocation framework
- With a very healthy land portfolio and the resources and capability in place to drive operational expansion, the Group continues to have strong confidence in its capacity to achieve its 2,000 suburban unit target, as well as the continued delivery of urban projects and generating its first revenue from its Partnerships business, for FY 2024
- Our unwavering focus on capital efficiency and cash generation places the business in an excellent position to deliver long-term operational growth and to maximise returns for shareholders, with our Return on Equity target of 15% in 2024 continuing to be our key capital metric

CEO Stephen Garvey commented:

"We are in a very strong position to continue scaling our business, enhancing our profitability and delivering even more of the high-quality, sustainable, affordable homes that Ireland urgently needs.

We made excellent progress in 2022 in driving strong growth in our key suburban business, strengthening our partnerships business and de-risking our urban land portfolio.

We have also demonstrated rigorous control of our costs, significant innovation in acquisitions to enhance our supply chain, and an optimised capital management programme that has returned over €250 million to shareholders in two years.

But the fact remains that we are capable of building many more new homes if the Government matches its ambitions on much-needed planning reform with the decisive and meaningful action that Ireland's accommodation crisis warrants. It deserves credit for the effectiveness of its measures supporting first-time buyers, but this crisis cannot be ended without a significant ramp-up in supply across the industry.

We are ready to play a leading role in delivering more supply; our own experience already this year is proving that even in a more economically challenged environment there is still significant demand for the right product. But the industry needs correct policy decisions and a planning framework that is designed for the types of homes that people want - and one which does not undermine the commercial viability of delivering more of these types of homes."

Results Presentation

A webcast presentation of the results for analysts and institutional investors will take place at 8.30am on 1 March 2023. The presentation slides will be available on the Investor Relations section on www.glenveagh.ie from 7.00am on 1 March 2023.

This presentation can also be accessed live from the Investor Relations section on www.glenveagh.ie or alternatively via conference call.

Click here to register for the conference call

Registration and access details are also available at www. glenveagh.ie/corporate/investor-centre/investors-events

For further information please contact:

Investors:	**Media:**
Glenveagh Properties plc Michael Rice (CFO) Jack Gorman (Head of Investor Relations) investors@glenveagh.ie	**Gordon MRM** Ray Gordon 087 241 7373 David Clerkin 087 830 1779 glenveagh@gordonmrm.ie

Note to Editors

Glenveagh Properties plc, listed on Euronext Dublin and the London Stock Exchange, is a leading Irish homebuilder.

Supported by innovation and supply chain integration, Glenveagh are committed to opening access to sustainable high-quality homes to as many people as possible in flourishing communities across Ireland. We are focused on three core markets – suburban housing, urban apartments and partnerships with local authorities and state agencies.

www.glenveagh.ie

Forward-looking statements

This announcement does not constitute or form any part of an invitation to underwrite, subscribe for or otherwise acquire or dispose of any shares of Glenveagh Properties plc ("Glenveagh" or "the Group").

This announcement contains statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements include, but are not limited to, information concerning the Group's possible or assumed future results of operations, plans and expectations regarding demand outlook, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, expectations regarding inflation, macroeconomic uncertainty, geopolitical tensions, weather patterns, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "ensure", "arrive", "achieve", "develop" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Forward-looking statements are prospective in nature and are based on current expectations of the Group about future events, and involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although Glenveagh believes that current expectations and assumptions with respect to these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Due to various risks and uncertainties, actual events or results or actual performance of the Group may differ materially from those reflected or contemplated in such forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statements.

These forward-looking statements are made as of the date of this document. Glenveagh expressly disclaims any obligation to update these forward-looking statements other than as required by law.

The forward-looking statements in this announcement do not constitute reports or statements published in compliance with any of Regulations 6 to 8 of the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended).

GLENVEAGH PROPERTIES PLC: BUSINESS AND FINANCIAL REVIEW

1. BUSINESS REVIEW

i. Group Sales

a. Overview

The Group had total revenue of €644.7 million (2021: €476.8 million), relating to the completion of 1,354 suburban units (2021: 902) in the year and the significant monetisation of Urban assets.

b. Suburban

The Group reported suburban revenue of €455 million, driven by increased unit sales and a higher suburban Average Selling Price ("ASP") reflecting the Group's strong operational performance in a challenging environment.

In FY 2022, 1,354 suburban units were closed. This represented a 50% increase on the 902 units closed in FY 2021 and was 90% higher than the 712 suburban units closed in FY 2019 before the pandemic.

ASP in FY 2022 was approximately €330k (FY 2021: €308k). The increase in ASP of 7% was driven by a combination of portfolio mix and underlying House Price Inflation ("HPI") in the period. Our commitment to delivering homes that are affordable for our customers is demonstrated by the fact that approximately 73% of our suburban home sales in FY 2022 were at prices below the median price of a new home in our key locations of the Greater Dublin Area and Cork. Delivering much-needed housing at this price point is important to Glenveagh's sustainability pillar of putting customers at the heart of what we do and linking our homes to local affordability.

Nationally, residential property prices grew by approximately 8% in FY 2022, representative of HPI in the Group's starter-home focused suburban segment. Some moderation in levels of HPI for the overall market is expected in FY 2023, while HPI in the first-time buyer segment of the market is expected to remain broadly in line with FY 2022 levels.

As the Group meets the rising demand from the multiple customer types in the market, several sites are now delivering over 100 units per annum which allows the business to generate enhanced operational efficiencies, underpinning faster profit generation and improving the Group's Return on Equity.

In FY 2022, the Group delivered approximately 480 units (35% of our suburban units) as part of these Government support initiatives to provide social and affordable housing.

The First Home Scheme has been operational since July 2022. The scheme is designed to bridge the gap between a first-time buyer's deposit and mortgage and the price of the new home, providing up to 30% of the price of the home in Government funding. This initiative is an important element of the Government's Housing for All plan and supports affordability for first-time buyers, a key customer for Glenveagh. On 1 January 2023 the scope of the scheme was significantly extended to an additional cohort of buyers by increasing the price ceilings that apply in 30 of Ireland's 31 local authority areas. These changes will provide more first-time buyers with enhanced access to new housing developments.

The potential customer demand is further strengthened by the recent change in the Central Bank of Ireland's macroprudential rules, announced in October 2022 and effective from 1 January 2023, which is also expected to increase borrowing capacity materially among the first-time buyer cohort. These buyers can now borrow up to 4x income compared to a 3.5x limit previously.

c. Urban

In FY 2022 the Group made significant progress in the monetisation of the urban land portfolio. This has served to improve the Group's Return on Equity, generated excess capital to return to shareholders and significantly de-risked its urban assets in a more challenging environment for apartment construction.

The four projects signed in FY 2022 - East Road, Barn Oaks, Castleknock and Cluain Mhuire - are expected to generate over €310 million of total revenue.

- In April 2022 the Group announced the sale of its high-rise apartment site at East Road in Dublin's Docklands for a cash consideration of approximately €63 million. The East Road site was purchased by Glenveagh in 2017 and following extensive master planning, design and place making, the site consisted of 554 residential units with ancillary commercial space.

  Revenue generated from the Dublin Docklands site to date has totalled over €210 million. Included within this is the forward fund of the Premier Inn hotel with Union Investments, completed in 2021 for €70 million, which continues to deliver revenue and profits in line with the construction progress on site. This project delivered approximately €26 million in FY 2022.

  The remaining asset in the Docklands portfolio is the office development which is being constructed in conjunction with the Premier Inn hotel and will be sold in FY 2024 at completion.

- In May 2022 the Group closed the forward fund transaction for 320 apartments in Barn Oaks, Citywest, Dublin for approximately €100 million. This site is under construction and delivered a land sale and development revenue in FY 2022 of approximately €56 million.

- The Group signed a forward fund transaction for 192 apartments in Castleknock, Dublin for approximately €80 million in September 2022. The associated land sale and development revenue in FY 2022 was approximately €30 million.

- In September 2022 the Group also signed a transaction to forward sell the development in Cluain Mhuire, Blackrock, Dublin of 140 residential units (incl. Part V) for approximately €70 million. As this transaction is a forward sale, all revenue and profits will be recognised at completion, which is currently forecasted for FY 2024.

Construction also commenced in the year on the 33 units at Marina Village, Greystones which were forward sold for approximately €17 million. These units will complete in FY 2024 with revenue and profits recognised at that point.

In total approximately €600 million of urban revenue will be generated from the Group's urban asset monetisation to date. Approximately €203 million is expected to be recognised in coming years, of which approximately €120 million will be recognised in FY 2023.

The Group's urban assets now comprise a modest 13% of its overall land investment. The focus in the near term for the Urban business segment is delivering the five executed transactions for institutional customers, but the Group will continue to monitor the dynamics in the urban market and may reinvest further capital when a favourable market opportunity arises.

d. Partnerships

The Group progressed well in its Partnerships business segment in FY 2022 and, as expected, lodged planning applications for both Ballymastone and Oscar Traynor Road in the second half of the year. An initial planning decision in favour of both applications has been made and are currently subject to any ongoing appeals.

The Group expects to receive a final planning decision on Ballymastone by Q2 2023 and Oscar Traynor Road by Q3 2023. As previously indicated, we will start construction immediately once planning approval is granted. This timeline continues to support our target that the Partnership business will generate revenue and profits from FY 2024.

ii. Forward Sales/Orderbook

The suburban forward order book is currently 803 units, comprising units for delivery in FY 2023. In addition, revenue contracted for delivery in the five executed transactions within the Urban business segment is €203 million. In total these provide a forward order book value of approximately €462 million.

We have continued to actively manage suburban unit reservations for FY 2023 and closed units and reservations for this year now stand at 803 units. This improved reservation rate is evidence of the strong underlying market demand that is supported by the resilience of the domestic economy and by the updated Housing for All initiatives and the change to the Central Bank of Ireland's macroprudential rules that both became effective in January 2023. Customer demand is further strengthened by the continued undersupply of high-quality, affordable housing in Ireland.

All of the sites required to achieve the Group’s FY 2023 suburban target are now also active, selling to private buyers and via Government supported initiatives. The Group expects to commence construction on another five sites during this year that will position the business effectively for delivery of its 2,000 suburban unit guidance for FY 2024.

iii. Planning Progress and Policy

Notwithstanding strong underlying market demand, the current planning system and the delays experienced in getting timely decisions is directly impacting the business. As we noted in our Full Year Trading Statement on 5 January 2023, planning delays will have a near term impact on suburban unit completions for FY 2023 and in this context we anticipate suburban unit deliveries in line with FY 2022 performance.

Recent appointments have been made to the Board of An Bord Pleanala (“ABP”) and it is anticipated that additional resources will be provided to the planning board in the coming months to improve its processing capability and to enable it to process new applications more effectively.

The Group did make progress despite this turbulent planning environment during FY 2022 with 653 units granted permission across 9 sites. In addition, the Group also received initial planning decisions from Local Authorities on 1,939 units, including 432 units in the Partnerships business segment.

In FY 2022 the Strategic Housing Development (“SHD”) planning process was replaced by the LRD process. This process operates in a similar manner to the SHD process but leaves decision making with the Local Authority, allowing ABP to operate as an appeals board in dealing with larger applications. The LRD system is functioning well and the Group has already lodged five applications under this process, with several successful grants already received within or ahead of guided timelines. The Group is also exploring the option to re-lodge its four outstanding SHD applications, totalling 1,100 suburban units, into the LRD system.

Overall, the Group is well positioned for longer term growth. It lodged planning applications for approximately 3,600 units in FY 2022. The Group currently has over 5,000 available planned units, including approximately 3,500 suburban units.

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iv. Input Cost Inflation

Inflation across materials and labour remained elevated through the year and the Group's scale advantages, long-term commitment to local supply chain partners and its manufacturing capabilities, gave it the ability to manage overall cost price inflation to approximately 8%-9% for FY 2022. As levels of house price inflation in the new homes market were at similar levels, the overall impact on margin was broadly neutral.

Significant increases in material input costs were experienced during FY 2022 as the construction sector faced a combination of ongoing supply chain constraints, volatile and rising commodity prices, materially higher energy costs and fuel cost inflation in relation to transportation.

The materials element of the Group's cost base experienced a low-teen percentage level of cost price inflation in FY 2022, though as the year ended there were early indications that the pace of inflation was beginning to moderate.

The Group has a number of strategies to mitigate the impact of rising input costs. It continues to work in close collaboration with supply chain partners to secure sustainable, competitive pricing, while maintaining the security of supply. A key strength of the Group, its scale and purchasing power, has become much more significant in the current environment and this enhances its ability to negotiate competitive terms and pricing with both domestic and international suppliers.

In addition, the Group has further developed its own manufacturing capabilities to give greater control over input costs and mitigate the effects of the inflationary environment.

Inflation in the labour element of the Group's cost base was at mid-single-digit percentage levels in FY 2022. Labour availability in the sector increased during the year as all COVD-19 related unemployment schemes came to an end as well as activity levels slowed in the one-off housing and renovation markets as a result of the inflationary environment. The Group also continued to benefit from the significant investment made in recruitment and training which ensures that it continues to attract and retain a high performing workforce with the necessary skills and expertise. Investment in our off-site manufacturing capabilities will also help protect the business from any longer-term structural labour shortages in the construction industry.

v. Supply Chain Integration

The Group made significant additions to its supply chain in 2022, which will benefit the long-term ambitions of the business. As the Group's manufacturing capabilities continue to develop, this allows the Group to align further with its sustainability objectives while also guaranteeing high quality supply in a more volatile environment.

In August 2022 the Group acquired Harmony Timber Solutions Ltd., a timber frame manufacturer based in Wicklow. The Group has worked successfully with Harmony for the last five years and key management will both grow the business itself and assist in accelerating timber frame production at our nearby Suburban South facility in Carlow.

Our planned facility in Carlow is anticipated to become operational in FY 2023. Together with our existing Dundalk facility and the newly acquired capacity from Harmony, this will provide the capability to produce more than 2,000 timber frames per annum from FY 2024.

Furthermore, in FY 2022 the Group signed a supply agreement with a Light Gauge Steel ("LGS") manufacturer that will allow the Group to develop enhanced steel frame panelised systems at the same Carlow site. This has the potential to increase control of the construction process in all unit types up to five storeys, and is a stepping stone towards volumetric off-site construction. This will be complementary to, and integrate with, our timber frame operations.

Together these initiatives will help the Group to meet its ambition to incorporate high-density and standardised house types into the manufacturing and delivery process. They also will improve the efficiency and sustainability of the Group's land use, while improving operational effectiveness and costs control, thereby ensuring long-term value creation. It is a key component of the Group's long term growth ambition.

The focus for Glenveagh in FY 2023 is to integrate these capabilities effectively into Group operations and maximise the value of these investments. Progress to date on this is encouraging.

vi. Development Land Portfolio Management

Given the Group's strong land portfolio, the business continues to take a disciplined and strategic approach to land acquisitions and remains focussed on managing to a 4-5 year land portfolio at scale.

A key strategic priority for the business has been to reduce the net investment in land and improve capital efficiency and, in line with this priority, the Group's land portfolio was €458.5 million at 31 December 2022, a reduction of over €100 million since 31 December 2021. This was primarily driven by the monetisation of further assets, particularly in the urban portfolio. It is anticipated that the size of the landbank will reduce further in FY 2023.

The Group controlled a land portfolio of approximately 15,100 units at 31 December 2022 with an average plot cost of approximately €30k. Suburban units accounted for 72% of the portfolio, with the remainder comprising Urban segment (14)% and Partnerships segment (14%). 70% of the overall portfolio is located in the Greater Dublin Area and 96% of the suburban portfolio are starter homes.

The Group continues to create a more active land portfolio to support the continued growth and the opening of new sites. The Group acquired nine new sites in the year for a total consideration of €34 million (excluding taxes and fees) and these sites are expected to deliver over 1,150 units over the coming years. Three of the new sites are adjacent to active construction sites, which should allow the Group to maximise construction and operational efficiencies in these locations.

The Group also remains focused on prioritising structured land transactions which will enable more efficient standardisation of the suburban portfolio as well as maintaining an efficient balance sheet. We completed our first such transaction in FY 2022 in Donabate.

In October 2022 the Group launched its National Land campaign, including a new portal and national media campaign to support landowners in Ireland as they navigate development partnership opportunities.

Working in partnership with the landowners, Glenveagh will provide support, expertise, and experience throughout the development process, from initial review through due diligence, planning, zoning, and implementation. This launch has been very well received to date and this approach has significant potential in building the land pipeline in key communities for Glenveagh.

A Residential Zoned Land Tax is being introduced in FY 2024, replacing the current Vacant Site Levy, aimed at incentivising landowners to use inactive zoned land for housing. This will be a positive development in that it will bring additional land investment opportunities for the Group.

vii. Building Better

2022 marked five years since IPO, an opportune milestone to undertake an extensive review of our strategy. Shaped by our vision – that everyone should have the opportunity to access great-value, high-quality homes in flourishing communities across Ireland – our mission, our values and our commitment to sustainability, we aimed to build on the successes of our existing strategic and sustainability priorities, while positioning ourselves optimally to create long-term value for stakeholders.

The development of our evolved strategy was informed by rigorous research, peer analysis and our materiality assessment as well as internal working groups and engagement with colleagues across the business.

Each of our five strategic priorities is supported by action-oriented pillars, which in turn are underpinned by projects, some of which are already underway. We have identified KPIs to measure our performance. Guided by our vision, our Building Better strategy will create long-term, sustainable value.

Our five strategic priorities are:

- *Placing the customer first* - We will be recognised as the leading provider of affordable, high-quality homes for all tenures, offering a best-in-class customer experience.
- *Valuing and developing our colleagues* - We will be an employer of choice and the best place to work in our sector for diverse and high calibre talent, with a safe and inclusive working environment and a culture built on teamwork and trust.
- *Driving operational excellence* - We will plan, design and assemble high quality products using best-in-class processes across the build lifecycle. Clear accountability will enable us to make operational choices rapidly and decisively, and to allocate resources as efficiently as possible.
- *Embracing innovation* - We will be at the cutting edge of innovation in the homebuilding sector, allowing us to transition to a low carbon economy with the best value, circular construction.
- *Creating sustainable and thriving places* - We will be known for developing great places for people to live, where communities and nature can flourish for the long term.

viii. Sustainability Agenda Progress

The Group made considerable progress during FY 2022 to further integrate sustainability throughout the business. Strong governance structures are in place to help drive and assess performance with the Environmental and Social Responsibility Committee in place at Board level.

The Group placed environmental and social issues at the heart of its *Building Better* strategy and has integrated sustainability and business priorities into one overarching strategy. The launch of the Group's net zero transition plan is a key development in this regard. The Group has developed both near-term GHG emissions reduction targets and long-term GHG emissions targets for scopes 1, 2 and 3, in line with guidance from the Science Based Targets initiative (SBTi). These targets call for a 46% absolute reduction in scopes 1 & 2 by 2031 and a 55% reduction in Scope 3 emissions intensity (tCO2e/100sqm) by 2031. Longer term net zero targets have been set for scopes 1,2&3 by 2050. All targets have been submitted to the SBTi for validation.

In addition, the Group successfully achieved ISO 9001 (Quality) certification during FY 2022 which demonstrates the ability of the Group to operate a Quality Management System that consistently provides products and services that meet customer and regulatory requirements. It also completed the annual surveillance audits on the two certifications received in FY 2021 - ISO 14001 Environmental Management and ISO 45001 Occupational Health and Safety. The ISO 14001 certification helps to ensure the business is focused on reducing its environmental impact, supported by effective management processes. ISO 45001 demonstrates that the Group is committed to improving employee safety, reducing workplace risks, and creating better, safer working conditions.

In December 2022 the Group launched its Equity, Diversity & Inclusion (ED&I) strategy, Building a Better Workplace. There are three overarching objectives relating to 'Better Representation', 'An Inclusive Environment' and 'Using our Influence', along with a number of targets and goals which we aim to achieve over the coming years.

We are careful to respect and address the social aspects of sustainability. We place a strong emphasis on the wellbeing of our colleagues, developing our senior leaders and improving our employee engagement. In recognition of this, we are delighted to have been awarded Great Place to Work certification for 2023.

In February 2023 the Group agreed a new sustainability linked finance facility that incorporates four specific sustainability Key Performance Indicators (“KPIs”) in line with those already set out above.

Our current ESG ratings are: MSCI (AA), Sustainalytics (‘Low-risk’) and CDP (B). These support our commitment and progress on our sustainability agenda.

2. FINANCIAL REVIEW

i. Group Performance

Glenveagh continued its strong growth momentum in 2022 across all segments of the business, with our highest number of suburban unit deliveries, significant progress in the monetisation of our urban portfolio and positive initial planning decisions received for both of our Partnership projects.

Total group revenue was €645 million (2021: €477 million) from two main income streams:

- €455 million in our suburban business, which predominantly relates to our 1,354 suburban units closed in the year
- €190 million from our urban business, which includes our East Road site disposal and the revenue generated from a number of forward funds, which are the Premier Inn hotel in Castleforbes and our apartment developments in Citywest and Castleknock

Glenveagh’s suburban revenue of €455 million represents significant growth for the primary segment of the business and equates to a 64% increase in revenue versus 2021. The Group delivered 1,354 core units in the year at an Average Selling Price (“ASP”) of approximately €330k (FY 2021: €308k) reflecting the Group's strong operational performance in a challenging environment. ASP increased by 7% as a result of portfolio mix and house price inflation in the year.

We have actively managed suburban unit reservations for FY 2023 and these now stand at 803 units. The progress made to date in 2023 demonstrates the strong underlying demand for suburban housing, supported by the updated initiatives from the Government and the Central Bank of Ireland.

The Group’s gross profit for the year amounted to €108.1 million (2021: €83.1 million) with an overall gross margin of 16.8% (2021: 17.4%).

Suburban gross margins improved as the business benefitted from a full year of no COVID-19 related restrictions. FY 2022 margin was 18.4% and with suburban margin in the second half of the year higher still, we anticipate further improvement in the suburban margin in FY 2023 to approximately 19%.

Urban gross margin was 12.9% in FY 2022, compared to the FY 2021 outturn of 17.6% which was enhanced by the significant urban site sales in that year. The FY 2022 outturn was modestly below our guidance of approximately 15%, reflecting the transaction mix in the year, in particular the impact of the forward sale of our development in Cluain Mhuire, Blackrock where revenue and profits will now be fully recognised at completion in 2024.

Our operating profit was €70.1 million (2021: €50.6 million). The Group’s central costs for the year were €36.1 million (2021: €30.1 million), which along with €1.9 million (2021: €2.4 million) of depreciation and amortisation gives total administrative expenses of €38.0 million (2021: €32.5 million).

Net finance costs for the year increased significantly to €7.1 million (2021: €4.8 million), primarily impacted by increased interest rates which have impacted the overall market.

Overall, the Group delivered an earnings per share of 7.6 cent (2021: 4.5 cent), an increase of 69%.

ii. Robust Balance Sheet

In line with our continuing commitment to improve capital efficiency, we have undertaken a considered and strategic reduction in the land portfolio to €458.5 million (2021: €562.7 million). We believe that further reductions can be made in this regard, while still supporting the significant growth the business has projected in the coming years.

The Group has continued to invest in work-in progress in line with the growth strategy of the business with a year end balance of €227.2 million (2021: €204.5 million). The increase year on year predominantly relates to the urban business, where we have ongoing construction for the office development in Castleforbes and the apartment development at Cluain Mhuire, Dublin, both of which are due for completion in 2024. As these urban developments complete in FY 2024, it is envisaged that further balance sheet efficiencies will be realised through a lower WIP profile.

The business has increased its non-current assets during the year, with increases in both goodwill and Property, Plant & Equipment, resulting from our continued investment in innovation and our supply chain initiatives. The acquisition of Harmony Timber Solutions Limited, along with our investment in additional timber frame and soil recovery facilities, will enhance our off-site manufacturing capabilities considerably. The focus for the business is to now integrate these capabilities effectively and maximise the value of these investments.

At 31 December 2022 the reduced equity figure reflected the three share buyback programmes completed by the Group to date which totalled over €250 million. In FY 2022, a total of 135.7 million shares were repurchased and subsequently cancelled.

Though from a relatively low base, the Group made considerable progress in increasing Return on Equity to 7.1% from 4.6% in FY 2021.

iii. Cash Flow

In line with our continued focus on capital efficiency and reducing inventory, the business generated significant cash, with €140.9 million generated from operating activities (2021: €104.3 million). The main drivers of this cash generation are €72.4 million from the Group’s profitability and €83.4 million from the reduction in inventory.

This cash generation allowed the business to invest in line with our capital allocation priorities, predominantly focussed on acquisitions and capital expenditure of €26.4 million and the two separate share buyback programmes totalling €146.3 million in the year.

The business vigorously managed its cash flow requirements and ended the year in a net debt position of a modest €13.8 million demonstrating the strength and resilience of our balance sheet and provides a very strong platform for further capital allocation initiatives in 2023.

iv. Group Financing

In February 2023, the Group finalised a new five-year sustainability linked finance facility of €350 million, consisting of a €100 million term component and a revolving credit facility of €250 million, which is a direct replacement of our previous €250 million debt facility. This new facility is with our existing banking syndicate, at interest rates consistent with those of the previous facility and includes financial and sustainability covenants that better reflect the current strategy and growth ambitions of the business.

This facility will ensure that the business has the appropriate financial structure to support the operational growth of the business over the next five years, while also ensuring the business can maximise its Return on Equity for shareholders.

Ends

Glenveagh Properties PLC
Consolidated statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2022

	Note	2022 €'000	2021 €'000
Revenue	*10*	**644,706**	476,807
Cost of sales		**(536,655)**	(397,969)
Impairment reversal	*19*	**-**	4,219
Gross profit		**108,051**	83,057
Administrative expenses		**(37,956)**	(32,490)
Operating profit		**70,095**	50,567
Finance expense	*11*	**(7,094)**	(4,845)
Profit before tax	*12*	**63,001**	45,722
Income tax	*16*	**(10,434)**	(8,020)
Profit after tax attributable to the owners of the Company		**52,567**	37,702
Other comprehensive income		-	-
Total comprehensive profit for the year attributable of the owners of the Company		**52,567**	37,702
Basic earnings per share (cents)	*15*	**7.6**	4.5
Diluted earnings per share (cents)	*15*	**7.6**	4.5

Glenveagh Properties PLC
Consolidated balance sheet
as at 31 December 2022

	Note	2022 €'000	As restated[1] 2021 €'000
Assets			
Non-current assets			
Goodwill	*18*	**5,697**	-
Property, plant and equipment	*17*	**51,750**	27,230
Intangible assets	*18*	**1,770**	1,214
Deferred tax asset	*16*	**619**	403
		59,836	28,847
Current assets			
Inventory	*19*	**685,751**	767,194
Trade and other receivables	*20*	**58,671**	32,380
Restricted cash	*23*	**458**	458
Cash and cash equivalents	*27*	**71,085**	141,176
		815,965	941,208
Total assets		**875,801**	970,055
Equity			
Share capital	*26*	**719**	952
Share premium	*26*	**179,416**	179,310
Undenominated capital	*26*	**335**	100
Retained earnings		**465,680**	558,468
Share-based payment reserve		**46,968**	45,251
Total equity		**693,118**	784,081
Liabilities			
Non-current liabilities			
Loans and borrowings	*22*	**71,221**	80,622
Lease liabilities	*28*	**4,216**	81
Trade and other payables	*21*	**3,500**	-
		78,937	80,703
Current liabilities			
Trade and other payables	*21*	**93,234**	57,488
Income tax payable		**565**	7,692
Loans and borrowings	*22*	**9,419**	39,625
Lease liabilities	*28*	**528**	466
		103,746	105,271
Total liabilities		**182,683**	185,974
Total liabilities and equity		**875,801**	970,055

Michael Rice	Stephen Garvey	28 February 2023
Director	*Director*	

[1] See note 6(i)(a) for more information on the restatement.

Glenveagh Properties PLC
Consolidated statement of changes in equity
for the financial year ended 31 December 2022

	Share Capital							
	Ordinary shares €'000	**Founder shares €'000**	**Deferred Shares €'000**	**Undenominated capital €'000**	**Share premium €'000**	**Share-based payment reserve €'000**	**Retained earnings €'000**	**Total equity €'000**
Balance as at 1 January 2022	**771**	**181**	**-**	**100**	**179,310**	**45,251**	**558,468**	**784,081**
Total comprehensive profit for the year								
Income for the year	-	-	-	-	-	-	**52,567**	**52,567**
Other comprehensive income	-	-	-	-	-	-	-	-
	771	**181**	**-**	**100**	**179,310**	**45,251**	**611,035**	**836,648**
Transactions with owners of the Company								
Equity-settled share-based payments	**-**	**-**	**-**	**-**	**-**	**1,717**	**-**	**1,717**
Lapsed share options (Note 14)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Conversion of founder shares to deferred shares (Note 26)	**-**	**(181)**	**181**	**-**	**-**	**-**	**-**	**-**
Cancellation of deferred shares (Note 26)	**-**	**-**	**(100)**	**100**	**-**	**-**	**-**	**-**
Exercise of options	**2**	**-**	**-**	**-**	**106**	**-**	**-**	**108**
Purchase of own shares (Note 26)	**(135)**	**-**	**-**	**135**	**-**	**-**	**(145,355)**	**(145,355)**
	(133)	**(181)**	**81**	**235**	**106**	**1,717**	**(145,355)**	**(143,530)**
Balance as at 31 December 2022	**638**	**-**	**81**	**335**	**179,416**	**46,968**	**465,680**	**693,118**

Glenveagh Properties PLC
Consolidated statement of changes in equity
for the financial year ended 31 December 2021

	Share Capital						
	Ordinary shares €'000	**Founder shares €'000**	**Undenominated capital €'000**	**Share premium €'000**	**Share-based payment reserve €'000**	**Retained Earnings €'000**	**Total Equity €'000**
Balance as at 1 January 2021	**871**	**181**	**-**	**179,281**	**44,129**	**629,044**	**853,506**
Total comprehensive profit for the year							
Income for the year	-	-	-	-	-	**37,702**	**37,702**
Other comprehensive income	-	-	-	-	-	-	-
	871	**181**	**-**	**179,281**	**44,129**	**666,746**	**891,208**
Transactions with owners of the Company							
Equity-settled share-based payments	**-**	**-**	**-**	**-**	**1,219**	**-**	**1,219**
Lapsed share options (Note 14)	**-**	**-**	**-**	**-**	**(97)**	**97**	**-**
Exercise of options	**-**	**-**	**-**	**29**	**-**	**-**	**29**
Purchase of own shares (Note 26)	**(100)**	**-**	**100**	**-**	**-**	**(108,375)**	**(108,375)**
	(100)	**-**	**100**	**29**	**1,122**	**(108,278)**	**(107,127)**
Balance as at 31 December 2021	**771**	**181**	**100**	**179,310**	**45,251**	**558,468**	**784,081**

Glenveagh Properties PLC

Consolidated statement of cash flows

For the financial year ended 31 December 2022

	Note	2022 €'000	As restated[1] 2021 €'000
Cash flows from operating activities			
Profit for the financial year		**52,567**	37,702
Adjustments for:			
Depreciation and amortisation		**2,081**	2,406
Impairment of inventories reversal	*19*	**-**	(4,219)
Finance costs	*11*	**7,094**	4,845
Equity-settled share-based payment expense	*14*	**1,717**	1,219
Tax expense	*16*	**10,434**	8,020
(Profit)/loss on disposal of property, plant and equipment	*12*	**(1,501)**	1,707
		72,392	51,680
Changes in:			
Inventories		**83,360**	59,418
Trade and other receivables		**(26,290)**	(17,796)
Trade and other payables		**35,662**	14,306
Cash from operating activities		**165,124**	107,608
Interest paid		**(6,490)**	(4,009)
Tax (paid)/refund		**(17,778)**	705
Net cash from operating activities		**140,856**	104,304
Cash flows from investing activities			
Acquisition of property, plant and equipment	*17*	**(19,278)**	(15,701)
Acquisition of intangible assets	*18*	**(1,055)**	(1,012)
Acquisition of subsidiary undertakings	*25*	**(6,875)**	-
Cash acquired on acquisition	*25*	**847**	-
Transfer from restricted cash	*23*	**-**	250
Proceeds from the sale of property, plant and equipment		**2,036**	5,099
Net cash used in investing activities		**(24,325)**	(11,364)
Cash flows from financing activities			
Proceeds from loans and borrowings	*22*	**110,000**	130,000
Repayment of loans and borrowings	*22*	**(150,000)**	(107,500)
Transaction costs related to loans and borrowings	*22*	**-**	(2,993)
Purchase of own shares	*26*	**(146,260)**	(107,466)
Proceeds from exercise of share options	*26*	**108**	29
Payment of lease liabilities	*28*	**(470)**	(1,110)
Net cash used in financing activities		**(186,622)**	(89,040)
Net (decrease)/increase in cash and cash equivalents		**(70,091)**	3,900
Cash and cash equivalents at the beginning of the year		**141,176**	137,276
Cash and cash equivalents at the end of the year		**71,085**	141,176

1 Reporting entity

Glenveagh Properties PLC ("the Company) is domiciled in the Republic of Ireland. The Company's registered office is Block B, Maynooth Business Campus, Maynooth Co. Kildare. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group") and cover the financial year ended 31 December 2022. The Group's principal activities are the construction and sale of houses and apartments for the private buyer, local authorities and the private rental sector.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and those parts of the Companies Act 2014, including the Commission Delegated Regulation 2018/815 regarding the single electronic reporting format (ESEF), applicable to companies reporting under IFRS and Article 4 of the IAS regulation.

2 Statement of compliance

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

The preparation of the Group's financial statements under International Financial Reporting Standards ("IFRS"), as adopted by the European Union, requires the Directors to make judgments and estimates that affect the application of policies and the reported amounts of assets, liabilities, income, expenses and related disclosures. Actual results may differ from these estimates.

Critical accounting judgements

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.

Key sources of estimation uncertainty

The key source of significant estimation uncertainty impacting these financial statements involves 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 and 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

4 Use of judgements and estimates (*continued*)

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

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. The impact of sustainability and other macroeconomic factors have been considered in the Group's assessment of the carrying value of its inventories at 31 December 2022, particularly with regard to the potential implications for future selling prices, development expenditure and construction programming. Management has considered a number of scenarios on each of its active developments and the consequential impact on future profitability based on current facts and circumstances together with any implications for future projects in undertaking its net realisable value calculations.

As part of the assessment, the Group has re-evaluated its most likely exit strategies on all developments in the context of the current market environment and reflected these in revenue assumptions within the forecast models. The results of this exercise determined that the net impairment charge or reversal required for the period was €Nil *(2021: reversal of €4.2m)*. Further detail is included in note 19.

Management have performed a sensitivity analysis to assess the impact of a change in estimated costs for developments on which sales were recognised in the year. A 1%-4% increase in estimated costs recognised in the year, which is considered to be reasonably possible, would reduce the Group's gross margin by approximately 58-174bps (*2021: 65bps*).

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.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assess the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit and Risk committee.

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

5 Measurement of fair values *(continued)*

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 arrangements; and
- Note 27 Financial instruments and financial risk management.

6 Changes in significant accounting policies

Amendments to standard IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract* are effective from 1 January 2022 but they do not have a material effect on the Group's financial statements.

(i) New significant accounting policies

a) Cash and cash equivalents

In April 2022, the IFRS Interpretations Committee issued an agenda decision clarifying the definition of cash and cash equivalents in the statement of cash flows stating that cash amounts that are only restricted by an obligation to a third party meet the definition of cash under IAS 7 Statement of Cash Flows. The title of the agenda decision is Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flow).

Prior to this clarification, the Group had not treated cash in demand deposit accounts that were contractually restricted as cash and cash equivalents in the statement of cash flows and had instead classified these balances as non-current assets - restricted cash. The Group considered these cash balances to not be available to the Group and disaggregated these cash balances from the cash balances that are available to the Group.

In accordance with this clarification, the Group has made an accounting policy change as a result of the IFRIC decision and has presented cash and cash equivalents for the purpose of its cash flow including these restricted balances and has restated the prior period accordingly.

The change in accounting policy has resulted in a change to prior year numbers in 2021 in the statement of financial position and the statement of cash flows. The change in classification for the purpose of statement of cash flows did not impact the overall statement of financial position other than the transfer of €25.0 million restricted cash from non-current assets to cash and cash equivalents in current assets.

b) Contingent consideration

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.

6 Changes in significant accounting policies *(continued)*

(i) New significant accounting policies *(continued)*

c) Classification of liabilities as current or non-current (amendments to IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

There have been no other changes to significant accounting policies during the financial year ended to 31 December 2022.

(ii) Other standards

The Group has not adopted the following new and amended standards early, and instead intends to apply them from their effective date as determined by the date of EU endorsement. The potential impact of these amendments to standards on the Group is under review:

- *IAS 8 Accounting policies, changes in accounting estimates and errors:* Definition of accounting estimates and errors (amendment) (not yet effective)
- *IAS 1 Presentation of financial statements:* Amendments to IAS 1 presentation of financial statements and IFRS practice statement 2 making materiality judgements (amendment) (not yet effective)
- *IFRS 16 Leases* – Covid-19 related rent concessions beyond 30 June 2021 (amendment)
- Annual improvements to IFRS standards 2018-2020
- *IAS 16 Property plant and equipment:* Proceeds before intended use (amendment)
- *IFRS 3 Business combinations:* Reference to the Conceptual Framework (amendment)
- *IFRS 17 Insurance contracts* – amendments to IFRS 17 insurance contracts (amendment) (not yet effective)
- *IAS 12 Income taxes* – Deferred tax related to assets and liabilities arising from a single transaction (amendment) (not yet effective)

7 Going concern

The Group has recorded a profit before tax of €63.0 million (2021: €45.7 million which included a non-cash impairment reversal of €4.2 million relating to the Group's inventory balance). The Group has an unrestricted cash balance of €46.1 million (31 December 2021: €116.2 million) exclusive of the minimum cash balance of €25.0 million which the Group is required to maintain under the terms of its debt facilities. The Group has committed undrawn funds available of €150.0 million (31 December 2021: €120.0 million).

Management has prepared a detailed cash flow forecast to assess the Group's ability to continue as a going concern for at least a period of twelve months from the signing of these financial statements. The preparation of this forecast considered the principal risks facing the Group, including those risks that could threaten the Group's business model, future performance, solvency or liquidity over the forecast period. These principal risks and uncertainties and the steps taken by the Group to mitigate them are detailed on pages 60 to 66 of the Risk Management Report. The Group's business activities, together with the factors likely to affect its future development are outlined in the Strategic Report. Further disclosures regarding the Group's loans and borrowings are provided in note 22.

7 Going concern *(continued)*

The Group is forecasting compliance with all covenant requirements throughout the period of assessment under the current facilities including the interest cover covenant which is based on earnings before interest, tax, depreciation and amortisation (EBITDA) excluding any non-cash impairment charge or reversal. Other assumptions within the forecast include the Group’s expected selling prices and sales strategies as well as its investment in work in progress which reflect updated development programmes.

Based on the forecasts modelled, the Directors have assessed the Group’s going concern status for the foreseeable future. Having considered the Group’s cash flow forecasts, the Directors are satisfied that the Group has the appropriate working capital management strategy, operational flexibility, and resources in place to continue in operational existence for the foreseeable future. Accordingly, these consolidated financial statements have been prepared 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.

(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

The Group develops and sells residential properties and non-core land in addition to developing land under development agreements with third parties.

(i) Housing and land sales

Revenue is recognised at the point in time when control over the property has been transferred to the customer, which occurs at legal completion.

8 Significant accounting policies *(continued)*

8.2 Revenue *(continued)*

(ii) Development revenue

Revenue arising on contracts under a development agreement which give the customer control over properties as they are constructed, and for which the Group has a right to payments for work performed, is recognised over time. Revenue and costs are recognised over time with reference to the stage of completion of the contract activity at the balance sheet date where the outcome of a contract can be estimated reliably. This is measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured. When land is transferred at the start of a contract, revenue is not recognised until control has been transferred to the customer which includes legal title being passed to them. Where the outcome of a contract cannot be estimated reliably, contract revenue where recoverability is probable is recognised to the extent of contract costs incurred. The costs associated with fulfilling a contract are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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. Expenditure related to revenue recognised over time is expensed through cost of sales on an inputs basis. Administration expense is recognised in respect of goods and services received when supplied in accordance with contractual terms.

8.4 Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

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

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

(ii) Deferred tax

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

Deferred tax is 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;

8 Significant accounting policies *(continued)*

8.4 Taxation *(continued)*

(ii) Deferred tax *(continued)*

- 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.

Temporary differences in relation to a right of use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purposes of recognising deferred tax.

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 or market 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.

8 Significant accounting policies *(continued)*

8.6 Exceptional items *(continued)*

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.

During the financial year, there were no costs considered exceptional items.

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

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Computer software is capitalised as intangible assets as acquired and amortised on a straight-line basis 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.

Licence costs are capitalised as intangible assets as acquired and amortised on a straight-line basis over their estimated useful life in line with the period over which economic benefit from the software is expected to be derived.

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

8 Significant accounting policies *(continued)*

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.

8.10 Financial instruments

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	IFRS 9 Classification
Financial assets	
Cash and cash equivalents	Amortised cost
Trade receivables	Amortised cost
Other receivables	Amortised cost
Amounts recoverable on construction contracts	Amortised cost
Restricted cash	Amortised cost
Deposits for sites	Amortised cost
Construction bonds	Amortised cost
Financial liabilities	
Lease liabilities	Amortised cost
Trade payables	Amortised cost
Inventory accruals	Amortised cost
Other accruals	Amortised cost
Loans and borrowings	Amortised cost
Contingent consideration	Fair value through profit or loss

Cash and cash equivalents
Cash and cash equivalents include cash, short-term investments with an original maturity of three months or less and minimum cash balances required under the terms of the debt facilities. Interest earned or accrued on these financial assets is included in finance income.

8 Significant accounting policies *(continued)*

8.10 Financial instruments *(continued)*

Classification of financial instruments *(continued)*

Trade and 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 statement of financial position and are accounted for at amortised cost. These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. The Group recognises impairment losses on an 'expected credit loss' model (ECL model) basis in line with the requirements of IFRS 9. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Amounts recoverable on construction contracts
Amounts recoverable on construction contracts includes recoverable revenue recognised over time with reference to the stage of completion arising on contracts under a development agreement which are receivable within 12 months of the reporting date.

Deposits for sites
Deposits for sites includes a percentage amount paid of the total purchase price for the acquisition of land intended for development.

Restricted cash
Restricted cash includes cash amounts which are classified as current assets and held in escrow until the completion of certain criteria.

Construction bonds
Construction bonds includes amounts receivable in relation to the completion of construction activities on sites. These assets are included in trade and other receivables on the consolidated balance sheets and are accounted for at amortised cost.

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

Loans and borrowings
Loans and borrowings include debt facilities, interest accrued and borrowing costs classified as current and non-current liabilities.

Contingent consideration
Contingent consideration includes amounts payable if conditions pertaining to the business combination are satisfied.

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 Significant accounting policies *(continued)*

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 Leases

At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component and non-lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and motor vehicles. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate with reference to its current financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

8 Significant accounting policies *(continued)*

8.13 Leases *(continued)*

i) As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liability' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term lease. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) As a lessor

In certain instances the Group acts as a lessor in relation to certain property assets. These arrangements are not material to the Group's consolidated financial statements.

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.

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 three key reportable segments, being Suburban, Urban and Partnerships. Internal reporting to the Chief Operating Decision Maker ("CODM") is provided on this basis. The CODM has been identified as the Executive Committee.

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

Suburban
The Suburban segment is focussed primarily on high quality housing (with some low rise apartments) with demand coming from private buyers and institutions. Our core Suburban product is affordable and located in well serviced communities predominantly in the Greater Dublin Area and Cork.

Urban
Urban's strategic focus is developing apartments to deliver to institutional investors. The apartments are located primarily in Dublin and Cork, but also on sites adjacent to significant rail transportation hubs. Urban's strategy is to deliver the product to institutional investors through a forward sale, or forward fund transaction providing longer term earnings visibility.

Partnerships
A Partnership will typically involve the Government, local authorities, or state agencies contributing their land on a reduced cost, or phased basis into a development agreement with Glenveagh. Approximately 50% of the product is delivered back to the government or local authority via social and affordable homes. This provides longer term access to both land and deliveries for the business and provides financial incentive by reducing risk from a sales perspective.

9 Segmental information *(continued)*

Segmental financial results

	2022 €'000	2021 €'000
Revenue		
Suburban	**454,540**	276,848
Urban	**190,166**	199,959
Partnerships	**-**	-
Revenue for reportable segments	**644,706**	476,807

	2022 €'000	2021 €'000
Operating profit/(loss)		
Suburban	**70,353**	36,153
Urban	**21,532**	33,426
Partnerships	**(1,565)**	(1,050)
Operating profit for reportable segments	**90,320**	68,529
Reconciliation to results for the financial year		
Segment results – operating profit	**90,320**	68,529
Finance expense	**(7,094)**	(4,845)
Directors' remuneration	**(3,402)**	(2,576)
Corporate function payroll costs	**(6,081)**	(4,350)
Depreciation and amortisation	**(2,081)**	(2,406)
Professional fees	**(4,992)**	(3,451)
Share-based payment expense	**(1,717)**	(1,219)
Profit/(loss) on sale of property, plant and equipment	**1,501**	(1,707)
Other corporate costs	**(3,453)**	(2,253)
Profit before tax	**63,001**	45,722

There are no individual costs included within other corporate costs that is greater than the amounts listed in the above table.

9 Segmental information *(continued)*

Segment assets and liabilities

	31 December 2022				As restated 31 December 2021[1]			
	Suburban €'000	**Urban €'000**	**Partnerships €'000**	**Total €'000**	**Suburban €'000**	**Urban €'000**	**Partnerships €'000**	**Total €'000**
Segment assets	**590,321**	**153,018**	**6,452**	**749,791**	613,168	183,848	2,519	799,535
Reconciliation to Consolidated Balance Sheet								
Deferred tax asset				**620**				403
Trade and other receivables				**785**				497
Cash and cash equivalents				**71,085**				141,176
Property, plant and equipment				**51,750**				27,230
Intangible assets				**1,770**				1,214
				875,801				970,055
Segment liabilities	**69,138**	**9,876**	**159**	**79,173**	-	-	-	-
Reconciliation to Consolidated Balance Sheet								
Trade and other payables				**17,561**				57,488
Loans and Borrowings				**80,640**				120,247
Lease liabilities				**4,744**				547
Income tax payable				**565**				7,692
				182,683				185,974

[1] See note 6(i)(a) for more information on the restatement. As a result of a change in reporting to the CODM in FY2022, liabilities are now split between reportable segments.

10 Revenue

	2022 €'000	2021 €'000
Suburban		
Core	**451,930**	276,848
Non-core	**2,610**	-
	454,540	276,848
Urban		
Core	**176,570**	126,217
Non-core	**13,596**	73,742
	190,166	199,959
Total Revenue	**644,706**	476,807

The Group has presented revenue as a split between core and non-core by business segment. This split is consistent with internal reporting to the Chief Operating Decision Maker ("CODM").

Core suburban product relates to affordable starter homes for first time buyers. Core urban product relates primarily to apartments suitable for institutional investors. Non-core suburban and urban product relates to high-end, private developments and sites. Non-core suburban and urban cost of sales is mostly attributable to land and development expenditure costs for high end, private developments and sites.

Urban core revenue includes income from the sale of land and development revenue from construction contracts that are recognised over time by reference to the stage of completion of the contract with the customer. Development revenue recognised in the financial year related to the development of the sites at Barn Oaks Apartments, Castleforbes and Carpenterstown and amounted to €82.1 million *(2021: €8.2 million)* with €32.1 million *(2021: €3.8 million)* outstanding in contract receivables (note 20) at the year end. The payment terms for these contracts are between 30 and 90 days.

All revenue is earned in the Republic of Ireland.

11 Finance Expense

	2022 €'000	2021 €'000
Interest on secured bank loans	**7,049**	4,820
Finance cost on lease liabilities	**45**	25
	7,094	4,845

12 Statutory and other information

	2022 €'000	2021 €'000
Amortisation of intangible assets (Note 18)	**487**	487
Depreciation of property, plant and equipment (Note 17)*	**3,509**	3,144
Employment costs (Note 13)	**40,337**	33,481
(Profit)/Loss on disposal of property, plant and equipment	**(1,501)**	1,707

Audit of Group, Company and subsidiary financial statements**	**255**	235
Other assurance services	**20**	15
Tax advisory services	**30**	23
Tax compliance services	**43**	33
Other non-audit services	**20**	6
	368	312

Directors' remuneration		
Salaries, fees and other emoluments	**3,252**	2,461
Pension contributions	**150**	115
	3,402	2,576

*Includes €2.1 million (2021: €1.2 million) capitalised in inventory during the year ended 31 December 2022

**Included in the auditor's remuneration for the Group is an amount of €0.020 million *(2021: €0.015 million)* that relates to the Company's financial statements.

13 Employment costs

The average number of persons employed by the Group (including executive directors) during the financial year was 423 *(Executive Committee: 6; Non-executive Directors: 5; Construction:227; and Other: 185})*. (*2021:336 (Executive Committee: 3; Non-executive Directors: 5; Construction: 176; and Other: 152))*

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

	2022 Total €'000	**2021 Total €'000**
Wages and salaries	**33,734**	28,262
Social welfare costs	**3,540**	2,744
Pension costs - defined contribution	**1,346**	1,256
Share-based payment expense (Note 14)	**1,717**	1,219
	40,337	33,481

€15.4 million (*2021: €12.3 million*) of employment costs were capitalised in inventory during the financial 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). As described below, options were granted under the terms of the LTIP and SAYE schemes during the financial 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 2017, 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.

Following the completion of the fifth test period (which ran from 1 March 2022 until 30 June 2022), it was confirmed that the performance condition related to the Company's share price was not satisfied and therefore the Founder Share Value in respect of the test period was €Nil. Accordingly, no Founder Shares were converted to ordinary shares during the financial year. Following completion of the fifth test period, the scheme is now completed.

14 Share-based payment arrangements *(continued)*

(b) LTIP

On 1 April 2022, the Remuneration Committee approved the grant of 4,568,698 options to certain members of the management team in accordance with the terms of the Company's LTIP. These options will vest on completion of a three-year service period from grant date subject to the achievement of certain performance condition hurdles based on the Company's Return on Equity ROE) and Earnings per Share (EPS) across the vesting period. 50% of the awards will vest based on the Group's ROE for the financial year ended 31 December 2024. The EPS based options will vest based on the Group's EPS* for the financial year ended 31 December 2024. 25% of ROE based options vest should the Group achieve ROE of 11.0% with the remaining options vesting on a pro rata basis up to 100% if ROE of 16.2% is achieved. 25% of EPS based options will vest should the Group achieve EPS* of 12.0 cents per share with the remaining options vesting on a pro rata basis up to 100% if EPS* of 20.0 cents per share is achieved. In line with the Group's remuneration policy, LTIP awards granted to Executive Directors from 2020 onwards include a holding period of at least two years post exercise.

	Number of Options 2022	Number of Options 2021
LTIP options in issue at 1 January	**10,583,497**	7,675,456
Granted during the financial year	**4,568,698**	3,998,475
Forfeited during the financial year	**(264,729)**	(590,329)
Lapsed during the financial year	**-**	(381,595)
Exercised during the financial year	**(1,864,636)**	(118,510)
LTIP options in issue at 31 December	**13,022,830**	10,583,497
Exercisable at 31 December	**461,395**	58,057

LTIP options were exercised during the financial year with the average share price being €1.00 (*2021: €0.99*). The options outstanding at 31 December 2022 had an exercise price €0.001 *(2021: €0.001)* and a weighted-average contractual life of 7 years *(2021: 7 years)*.

The EPS and ROE related performance conditions are non-market conditions and do not impact the fair value of the EPS or ROE based awards at grant date which is equivalent to the share price at grant date. The fair value of LTIP options granted in the prior periods was measured using a Monte Carlo simulation. There is no Total Shareholder Return (TSR) linked performance condition for options granted in the period and therefore no fair value exercise was performed related to this performance condition. Service and non-market conditions attached to the arrangements were not taken into account when measuring fair value. The inputs used in measuring fair value at grant date were as follows:

	2022	2021
Fair value at grant date	**€1.16**	**€0.49**
Share price at grant date	**€1.16**	€0.91
Valuation methodology	**N/A**	Monte Carlo
Exercise price	**€0.001**	€0.001
Expected volatility	**N/A**	36.1%
Expected life	**N/A**	3 years
Expected dividend yield	**N/A**	0%
Risk free rate	**N/A**	-0.7%

14 Share-based payment arrangements *(continued)*

(b) LTIP (continued)

The exercise price of all options granted under the LTIP to date is €0.001 and all options have a 7-year contractual life. The expected share price and TSR volatility was based on the historical volatility of the Group over the expected life of the equity instruments granted.

The Group recognised an expense of €1.7 million (*2021:* €1.2million) in the consolidated statement of profit or loss in respect of options granted under the LTIP.

*(*Group EPS is defined as Basic Earnings Per Share as calculated in accordance with IAS 33 Earnings Per Share subject to adjustment by the Remuneration Committee at its discretion, for items deemed not reflective of the Group's underlying performance for the financial year.)*

(c) SAYE Scheme

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. No options were granted in the current year or prior period and therefore no fair value exercise was performed.

Details of options outstanding and grant date fair value assumptions

	2022		**2021**	
	Number of Options 3 Year	**Number of Options 5 Year**	**Number of Options 3 Year**	**Number of Options 5 Year**
SAYE options in issue at 1 January	**799,740**	**165,000**	959,040	255,000
Granted during the financial year	**-**	**-**	-	-
Cancelled during the financial year	**(32,520)**	**-**	(130,500)	(90,000)
Exercised during the financial year	**(177,000)**	**-**	(28,800)	-
SAYE options in issue at 31 December	**590,220**	**165,000**	799,740	165,000

The weighted average exercise price of all options granted under the SAYE to date is €0.97 (*2021: €0.71*).

The expected share price and TSR volatility was based on the historical 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 €0.06 million *(2021: €0.06 million)* in the consolidated statement of profit or loss in respect of options granted under the SAYE scheme.

15 Earnings per share

a) Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and the weighted average numbers of shares outstanding for the financial year. There were 638,131,722 ordinary shares in issue at 31 December 2022 (*2021: 771,770,694*).

	2022	2021
Profit for the financial year attributable to ordinary shareholders (€'000)	**52,567**	37,702
Weighted average number of shares for the financial year	**693,872,004**	840,694,786
Basic earnings per share (cents)	**7.6**	4.5

	2022* No. of shares	2021 No. of shares
Reconciliation of weighted average number of shares		
Number of ordinary shares at beginning of financial year	**771,770,694**	871,333,550
Effect of share buyback	**(78,865,173)**	(30,664,903)
Effect of SAYE maturity	**29,487**	4,359
Effect of LTIP maturity	**936,996**	21,780
	693,872,004	840,694,786

b) Dilutive earnings/(loss) per share

Diluted earnings per share

	2022	2021
Profit for the financial year attributable to ordinary shareholders (€'000)	**52,567**	**37,702**
Weighted average number of shares for the financial year	**695,970,940**	**845,809,433**
Diluted earnings per share (cents)	**7.6**	**4.5**

	2022* No. of shares	2021 No. of shares
Reconciliation of weighted average number of shares (diluted)		
Weighted average number of ordinary shares (basic)	**693,872,004**	840,694,786
Effect of potentially dilutive shares	**2,098,936**	5,114,647
	695,970,940	845,809,433

15 Earnings per share *(continued)*

b) Dilutive earnings per share (continued)

*The number of potentially issuable shares in the Group held under option or Founder Share arrangements at 31 December 2022 is 13,022,830 (*2021:* 191,590,335).

**Under IAS 33, Founders Shares and LTIP arrangements have an assumed test period ending on 31 December 2022. Based on this assumed test period no ordinary shares would be issued through the conversion of Founder Shares. Based on the assumed test period only the TSR performance condition was met related to LTIP options and therefore only ordinary shares related to this condition would be issued through the conversion of LTIP options.

At 31 December 2022 Nil options (*2021:* Nil options) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

16 Income tax

	2022 €'000	2021 €'000
Current tax charge for the financial year	**10,650**	7,008
Deferred tax (credit)/charge for the financial year	**(216)**	1,012
Total income tax charge	**10,434**	8,020

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.

	2022 €'000	2021 €'000
Profit before tax for the financial year	**63,001**	45,722
Tax charge at standard Irish income tax rate of 12.5%	**7,875**	5,715
Tax effect of:		
Income taxed at the higher rate of corporation tax	**2,424**	2,141
Non-deductible expenses – other	**97**	298
Adjustment in respect of prior year (over)/under accrual	**38**	44
Losses forward previously not recognised as deferred tax	**-**	(178)
Total income tax charge	**10,434**	8,020

Movement in deferred tax balances

	Balance at 1 January 2022 €'000	Recognised in profit or loss €'000	Balance at 31 December 2022 €'000
Expenses deductible in future periods	403	216	619
	403	**216**	**619**

The expenses deductible in future periods arise in Ireland and have no expiry date. Based on profitability achieved in the period, the continued forecast profitability in the Group's strategic plan and the sensitivities that have been applied therein, 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.

16 Income tax *(continued)*

Global minimum tax

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development ("OCED") released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. At the date when the financial statements were authorised for issue, the jurisdiction in which the Group operates had not enacted or substantively enacted the tax legislation related to the top-up tax. The Group may be potentially subject to the top up tax. Management is closely monitoring the progress of the legislative process in the Republic of Ireland. At 31 December 2022, the Group did not have sufficient information to determine the potential quantitative impact.

17 Property, plant and equipment

	Land & buildings €'000	Fixtures & fittings €'000	Plant & machinery €'000	Computer equipment €'000	Total €'000
Cost					
At 1 January 2022	18,239	945	14,699	717	34,600
Acquisitions through business combinations (Note 25)	3,313	56	714	-	4,083
Additions	15,315	1,095	7,874	308	24,592
Disposals	(545)	-	(792)	(75)	(1,412)
At 31 December 2022	**36,322**	**2,096**	**22,495**	**950**	**61,863**
Accumulated depreciation					
At 1 January 2022	(2,216)	(438)	(4,121)	(595)	(7,370)
Charge for the financial year	(748)	(216)	(2,447)	(98)	(3,509)
Disposals	-	-	700	66	766
At 31 December 2022	**(2,964)**	**(654)**	**(5,868)**	**(627)**	**(10,113)**
Net book value					
At 31 December 2022	**33,358**	**1,442**	**16,627**	**323**	**51,750**

	Land & buildings €'000	Fixtures & fittings €'000	Plant & machinery €'000	Computer equipment €'000	Total €'000
Cost					
At 1 January 2021	15,263	1,162	9,045	694	26,164
Additions	10,000	62	5,958	32	16,052
Disposals	(7,024)	(279)	(304)	(9)	(7,616)
At 31 December 2021	**18,239**	**945**	**14,699**	**717**	**34,600**
Accumulated depreciation					
At 1 January 2021	(1,693)	(389)	(2,551)	(444)	(5,077)
Charge for the financial year	(922)	(197)	(1,866)	(159)	(3,144)
Disposals	399	148	296	8	851
At 31 December 2021	**(2,216)**	**(438)**	**(4,121)**	**(595)**	**(7,370)**
Net book value					
At 31 December 2021	**16,023**	**507**	**10,578**	**122**	**27,230**

The depreciation charge for the year includes €2.1 million (2021: €1.2 million) which was capitalised in inventory at 31 December 2022.

Property plant and equipment includes right of use assets of €4.7 million (2021: €0.5 million) related to leased properties and motor vehicles.

17 Property plant and equipment *(continued)*

During the year, the Group entered into new lease agreements for the use of land and buildings as its head office facility in Maynooth, Co. Kildare. The land and buildings lease commenced in September 2022 for a duration of seven years. On lease commencement, the Group recognised €4.7 million of right-of-use assets and lease liabilities.

In the prior year, The Group entered new lease arrangements for the use of motor vehicles (€0.3 million).

18 Intangible assets

	Goodwill €'000	Licence €'000	Computer Software €'000	Total €'000
Cost				
At 1 January 2022	-	-	2,390	2,390
Additions	5,697	300	743	6,740
At 31 December 2022	**5,697**	**300**	**3,133**	**9,130**
Accumulated amortisation				
At 1 January 2022	-	-	(1,176)	(1,176)
Charge for the year	-	-	(487)	(487)
At 31 December 2022	**-**	**-**	**(1,663)**	**(1,663)**
Net book value				
At 31 December 2022	**5,697**	**300**	**1,470**	**7,467**

	Licence €'000	Computer Software €'000	Total €'000
Cost			
At 1 January 2021	149	1,359	1,508
Additions	-	1,038	1,038
Disposals	(149)	(7)	(156)
At 31 December 2021	**-**	**2,390**	**2,390**
Accumulated amortisation			
At 1 January 2021	(100)	(696)	(796)
Charge for the year	-	(487)	(487)
Disposals	100	7	107
At 31 December 2021	**-**	**(1,176)**	**(1,176)**
Net book value			
At 31 December 2021	**-**	**1,214**	**1,214**

19 Inventory

	2022 €'000	2021 €'000
Land	**455,280**	**548,728**
Development expenditure work in progress	**227,240**	**204,458**
Development rights	**3,231**	**14,008**
	685,751	**767,194**

€530.4 million (*2021: €387.5 million*) of inventory was recognised in 'cost of sales' during the year ended 31 December 2022. Sustainable materials such as heat pumps, PV panels, timber frames and building expenditure necessary to deliver A1/A2 Building Energy Rating ("BER") homes are included within development expenditure work in progress.

(i) Impairment of inventories

During the financial year the Group carried out a net realisable value assessment of its inventories at the reporting date. This assessment determined that the net impairment charge or reversal required for the period was €Nil.

In the prior financial year, the Group's net realisable value assessment resulted in an impairment reversal of €4.2 million for the year at our previously impaired non-core active sites. The impairment reversal was reflective of management's reassessment of sales prices on remaining units at higher ASP sites due to better pricing being achieved on unit closings in the year. This was recognised in cost of sales with €1.4 million allocated to land and the remainder (€2.8 million) allocated to work in progress.

(ii) Employment cost capitalised

€15.4 million of employment costs incurred in the financial year have been capitalised in inventory (*2021: €12.3 million*).

(iii) Development right

Tallaght, Dublin 24 / Gateway Retail Park, Co. Galway

In 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 the site at Gateway Retail Park, Knocknacarra, Co. Galway for consideration of approximately €13.2 million (including stamp duty and acquisition costs). The development rights will (subject to planning) entitle the Group to develop at least 250 residential units under a joint business plan 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 the site. The Directors have determined that joint control of the site exists and the arrangement has been accounted for as a joint operation in accordance with IFRS 11 Joint Arrangements. For further information regarding the APSA, see Note 29 of these financial statements.

In July 2022, the Group agreed a repayment of consideration (€10.0 million) and release of obligations under the Acquisition and Profit Share Agreement in relation to the site at The Square Shopping Centre, Tallaght, Dublin 24.

20 Trade and other receivables

	2022 €'000	2021 €'000
Trade receivables	**9,224**	6,549
Contract receivables	**32,113**	3,825
Other receivables	**2,283**	2,172
Prepayments	**862**	698
Construction bonds	**12,140**	10,012
Deposits for sites	**2,049**	9,124
	58,671	32,380

The carrying value of all financial assets and trade and other receivables is approximate to their fair value and are short term in nature with the exception of construction bonds.

21 Trade and other payables

	2022 €'000	2021 €'000
Current		
Trade payables	**7,132**	6,202
Payroll and other taxes	**4,897**	3,524
Inventory accruals	**33,600**	20,069
Contingent consideration	**1,500**	-
Other accruals	**16,372**	13,238
VAT payable	**29,733**	14,455
	93,234	57,488

The carrying value of all financial liabilities and trade and other payables is approximate to their fair value and are repayable under the normal credit cycle.

	2022 €'000	2021 €'000
Non-current		
Contingent consideration (Note 25)	**3,500**	-

Non-current	**3,500**	-
Current	**93,234**	57,488
	96,734	57,488

22 Loans and Borrowings

(a) Loans and borrowings

The Group is party to a long-term debt facility for a total of €250.0 million with a syndicate of domestic and international banks for a term of 5 years at an interest rate of one-month EURIBOR (subject to a floor of 0 per cent) plus a margin of 2.6%. €82.5 million had been drawn on the new debt facilities (31 December 2021: €122.5 million). Pursuant to the debt facility agreement, there is a fixed and floating charge in place over the net assets of the subsidiary entities of the Group as continuing security for the discharge of any amounts drawn down. The carrying value of these net assets at 31 December 2022 is €685.2 million (31 December 2021: €783.2 million).

	31 December 2022 €'000	**31 December 2021 €'000**
Debt facilities	**82,500**	122,500
Unamortised borrowing costs	**(1,877)**	(2,476)
Interest accrued	**17**	223
Total loans and borrowings	**80,640**	120,247

Loans and borrowings are payable as follows:	**31 December 2022 €'000**	**31 December 2021 €'000**
Less than one year	**9,419**	39,625
Between one and two years	**9,401**	9,401
More than two years	**61,820**	71,221
Total loans and borrowings	**80,640**	120,247

The Group's debt facilities were entered into with AIB, Bank of Ireland, Barclays and Ulster Bank and are subject to primary financial covenants calculated on a quarterly basis:

- A maximum net debt to net assets ratio of 25%;
- Loans to eligible assets value does not exceed 65%;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the debt facility, from 31 March 2024 this will increase to €50.0 million; and
- EBITDA must exceed net interest costs by a minimum of 3 times and is calculated on a trailing twelve-month basis.

All covenants have been complied with in 2022 and 2021.

Debt facilities are secured by a debenture incorporating fixed and floating charges and assignments over all the assets of the Group. The carrying value of inventories as at 31 December 2022 pledged as security is €685.2 million.

22 Loans and Borrowings *(continued)*

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

2022		Cash flows							Non-cash changes				
	Opening 2022	Credit facility drawdown	Credit facility repayment	Transaction costs related to loans and borrowings	Share buyback payments	Proceeds from share option exercise	Payment of lease liability	Interest Paid	Amortisation of transaction costs	Interest on debt facilities	Interest on lease liability	New leases	Closing 2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Liabilities:													
Loans and borrowings	122,500	110,000	(150,000)	-	-	-	-	-	-	-	-	-	82,500
Unamortised transaction costs	(2,476)	-	-	-	-	-	-	-	599	-	-	-	(1,877)
Lease liability	547	-	-	-	-	-	(470)	-	-	-	45	4,622	4,744
Interest accrual	223	-	-	-	-	-	-	(6,490)	-	6,284	-	-	17
Equity:													
Share Buyback	(107,466)	-	-	-	(146,260)	-	-	-	-	-	-	-	(253,726)
Share option exercise	29	-	-	-	-	108	-	-	-	-	-	-	137
	13,357	110,000	(150,000)	-	(146,260)	108	(470)	(6,490)	599	6,284	45	4,622	(168,205)

22 Loans and Borrowings *(continued)*

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities *(continued)*

2021		Cash flows							Non-cash changes				
	Opening 2021	Credit facility drawdown	Credit facility repayment	Transaction costs related to loans and borrowings	Share buyback payments	Proceeds from share option exercise	Payment of lease liability	Interest Paid	Amortisation of transaction costs	Interest on debt facilities	Interest on lease liability	New leases	Closing 2021
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Liabilities:													
Loans and borrowings	**100,000**	130,000	(107,500)	-	-	-	-	-	-	-	-	-	122,500
Unamortised transaction costs	**(104)**	-	-	(2,993)	-	-	-	-	621	-	-	-	(2,476)
Lease liability	**1,316**	-	-	-	-	-	(1,110)	-	-	-	22	319	547
Interest accrual	**38**	-	-	-	-	-	-	(4,009)	-	4,194	-	-	223
Equity:													
Share Buyback	**-**	-	-	-	(107,466)	-	-	-	-	-	-	-	(107,466)
Share option exercise	**-**	-	-	-	-	29	-	-	-	-	-	-	29
	101,250	**130,000**	**(107,500)**	**(2,993)**	**(107,466)**	**29**	**(1,110)**	**(4,009)**	**621**	**4,194**	**22**	**319**	**13,357**

22 Loans and Borrowings *(continued)*

(c) Net (debt)/funds reconciliation

	2022 €'000	As restated 2021 €'000
Restricted Cash	**458**	458
Cash and cash equivalents	**71,085**	141,176
Loans and borrowings	**(80,640)**	(120,247)
Lease liabilities	**(4,744)**	(547)
Total net (debt)/funds	**(13,841)**	20,840

(d) Lease Liabilities

Lease liabilities are payable as follows:

	31 December 2022		
	Present value of minimum lease payments €'000	Interest €'000	Future value of minimum lease payments €'000
Less than one year	**84**	**-**	**84**
Between one and two years	**16**	**-**	**16**
More than two years	**4,644**	**313**	**4,957**
	4,744	**313**	**5,057**

23 Restricted cash

	2022 €'000	As restated 2021 €'000
Current	**458**	458
	458	458

The restricted cash balance relates to €0.5 million held in escrow until the completion of certain infrastructural works relating to the Group's residential development at Balbriggan, Co. Dublin.

24 Subsidiaries

The principal subsidiary companies and the percentage shareholdings held by Glenveagh Properties PLC, either directly or indirectly, pursuant to Section 314 of the Companies Act 2014 at 31 December 2022 are as follows:

Company	**Principal activity**	**%**	**Reg. office**
Glenveagh Properties (Holdings) Limited	Holding company	100%	1
Glenveagh Treasury DAC	Financing activities	100%	1
Glenveagh Contracting Limited	Property development	100%	1
Glenveagh Homes Limited	Property development	100%	1
Greystones Devco Limited	Property development	100%	1
Marina Quarter Limited	Property development	100%	1
GLV Bay Lane Limited	Property development	100%	1
Glenveagh Living Limited	Property development	100%	1
GL Partnership Opportunities DAC	Property development	100%	1
Castleforbes Development Company DAC	Property development	100%	1
Hollystown Golf & Leisure Limited	Golf Club operations	100%	1
Harmony Timber Solutions Limited	Manufacturing operations	100%	1
GMP Developments Limited	Holding company	100%	1

1 Block B, Maynooth Business Campus, Maynooth, Co. Kildare, W23W5X7

Pursuant to section 316 of the Companies Act 2014, a full list of subsidiaries will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

25 Acquisition of subsidiary

On 31 August 2022, the Group acquired 100% of the share capital of Harmony Timber Solutions Limited ("Harmony") and GMP Developments Limited ("GMP") for a total consideration of €11.9 million. Taking control of Harmony and GMP enables the Group to enhance its timber frame manufacturing capabilities and de-risks our supply chain with access to high quality timber frames. The business is highly complementary to the Group's housing development platform and existing manufacturing capabilities. The investment increases the Group's market share in the timber frame sector and is expected to have a positive impact from a construction costs perspective.

In the post-acquisition period to 31 December 2022, the business acquired during the current year contributed revenue of €1.1 million and profit of €0.3 million respectively to the Group's results.

The full year revenue and trading profit had the acquisition taken place at the start of the year, would have been €6.9 million and €1.3 million respectively.

(i) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Harmony €'000	**GMP €'000**	**Total €'000**
Cash paid	**6,875**	**-**	**6,875**
Contingent consideration	**5,000**	**-**	**5,000**
Total consideration	**11,875**		**11,875**
Less: fair value of net (assets)/liabilities acquired	**(6,181)**	**3**	**(6,178)**
Goodwill	**5,694**	**3**	**5,697**

25 Acquisition of subsidiary *(continued)*

(i) Goodwill (continued)

<u>*Impairment Test*</u>
The goodwill carrying amount is allocated to the suburban segment with the recoverable amount of this cash generating unit (CGU) being based on value in use. The value in use was determined by the cash flows to be generated from the continuing use of the CGU over a three year period.

The Group has established internal controls designed to effectively assess and centrally review future cash flows generated from CGUs. The key assumptions on which management has based its cash flows are revenue and construction costs. Revenue assumptions relate to unit sales prices for sites delivering over the period based on prices achieved to date, current market prices, historic prices, and sales agent reports. Construction cost assumptions are based on contracted/procured package pricing or where packages are not procured, historic pricing achieved, or pricing achieved on similar packages in reference to other sites.

The impact of sustainability and other macroeconomic factors have been considered in the Group's assessment of these cash flows, particularly with regard to the potential implications for future selling prices, development expenditure and construction programming. Management has considered scenarios on each of its active developments and the consequential impact on future profitability based on current facts and circumstances together with any implications for future projects in undertaking its impairment analysis.

As part of the assessment, the Group has re-evaluated its most likely exit strategies on all developments in the context of the current market environment and reflected these in revenue assumptions within the forecast models. The results of this exercise determined that the no impairment was required at the reporting date.

(ii) Contingent consideration

The Group has agreed to pay the selling shareholders additional consideration over a three year between €nil and €5.0 million dependent on the selling shareholders successfully achieving certain agreed metrics. These metrics are fully aligned with the business strategy. At the reporting date, there is a reasonable expectation that these metrics will be met with €5.0 million being recognised as the fair value of contingent consideration at the date of acquisition. The fair value of contingent consideration will be reassessed at each reporting date.

The valuation technique used to measure contingent consideration was the enterprise value of the entity acquired with the enterprise value being determined with reference to EBITDA and Net Asset multiples. Contingent consideration is categorised as a Level 3 fair value instrument.

(iii) Acquisition related costs

The Group incurred acquisition related costs of €0.5 million on legal fees and due diligence costs. These costs have been included in administrative expenses in the Consolidated statement of profit or loss and other comprehensive income.

25 Acquisition of subsidiary *(continued)*

(iv) The fair value of assets and liabilities arising from the acquisition

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

	Harmony €'000	GMP €'000	Total €'000
Non-current assets			
Land and buildings	**2,932**	**381**	**3,313**
Plant and machinery	**714**	**-**	**714**
Fixtures and Fittings	**56**	**-**	**56**
Current assets			
Trade and other receivables	**2,555**	**-**	**2,555**
Inventories	**1,009**	**-**	**1,009**
Cash and cash equivalents	**847**	**-**	**847**
Current Liabilities			
Trade and other payables	**(1,932)**	**(384)**	**(2,316)**
Fair value of net assets/(liabilities) acquired	**6,181**	**(3)**	**6,178**

(v) Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

a) Land and buildings and plant and machinery

The valuation model considers market prices for similar items when they are available and depreciated cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

b) Inventories

The fair value of raw materials is determined based on the cost based on market rates in the ordinary course of business. The fair value for finished goods is determined based on the estimated cost of inputs to complete units.

c) Trade receivables and other receivables

The gross contractual value of trade and other receivables as at the date of acquisition amounts to €2.8 million. The fair value of these receivables is €2.5 million, all of which is expected to be collectable at the date of acquisition.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed as the date of acquisition identifies adjustments to the above amounts, then the accounting for the acquisition will be revised.

26 Capital and reserves

(a) Authorised share capital

	2022 Number of shares	2022 €'000	2021 Number of shares	2021 €'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
Deferred Shares of €0.001 each	200,000,000	200	200,000,000	200
	1,200,000,000	**1,200**	**1,400,000,000**	**1,400**

(b) Issued and fully paid share capital and share premium

At 31 December 2022

	Number of shares	Share capital €'000	Share premium €'000
Ordinary Shares of €0.001 each	638,131,722	638	179,416
Founder Shares of €0.001 each	-	-	-
Deferred Shares of €0.001 each	81,453,077	81	-
	719,584,799	**719**	**179,416**

At 31 December 2021

	Number of shares	Share Capital €'000	Share premium €'000
Ordinary Shares of €0.001 each	771,770,694	771	179,310
Founder Shares of €0.001 each	181,006,838	181	-
	952,777,532	**952**	**179,310**

26 Capital and reserves *(continued)*

(c) Reconciliation of shares in issue

In respect of current year	Ordinary shares '000	Founder shares '000	Deferred shares '000	Undenominated capital €000	Share capital €'000	Share premium €'000
In issue at 1 January 2022	771,771	181,007	-	100	952	179,310
Purchase of own shares	(135,680)	-	-	135	(135)	-
Conversion of founder shares to deferred shares	-	(181,007)	181,007	-	-	-
Cancellation of deferred shares	-	-	(99,554)	100	(100)	-
Exercise of options	2,041	-	-	-	2	106
	638,132	**-**	**81,453**	**335**	**719**	**179,416**

In respect of prior year	Ordinary shares '000	Founder shares '000	Undenominated capital €000	Share capital €'000	Share premium €'000
In issue at 1 January 2021	871,333	181,007	-	1,052	179,281
Purchase of own shares	(99,710)	-	100	(100)	-
Exercise of options	148	-	-	-	29
	771,771	**181,007**	**100**	**952**	**179,310**

(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 (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 in the five years following the IPO of the Company.

26 Capital and reserves *(continued)*

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

Founder Shares (continued)

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

Following completion of the fifth test period (which ran from 1 March 2022 until 30 June 2022), it was confirmed that, the performance hurdle condition was not satisfied and therefore the Founder Shares Value for the test period was zero, and accordingly no Founder Shares were converted to ordinary shares in respect of this test period.

Under the Company's constitution any Founder Shares which remained in existence, and which had not been previously converted were, following the final test period, to be converted on a one-to-one basis into deferred shares, (the "Termination Conversion"). On 26 October 2022, the Board approved the Termination Conversion. In respect of deferred shares held by the Founders, John Mulcahy and Stephen Garvey surrendered their respective deferred shares in November 2022.

Following completion of the fifth test period, the scheme is now completed.

(e) Nature and purpose of reserves

Share based payment reserve

The share-based payment reserve comprises amounts equivalent to the cumulative cost of awards by the Group under equity settled share-based payment arrangements being the Group's Long Term Incentive Plan and the SAYE scheme. On vesting, the cost of awards previously recognised in the share-based payments reserve is transferred to retained earnings. Details of the share awards, in addition to awards which lapsed in the year, are disclosed in Note 14.

(f) Share buyback programme

Further to the authority granted at the Annual General Meeting on 27 May 2021. The Group commenced a €75.0 million share buyback programme on 28 May 2021, the programme completed on 13 October 2021. The total number of shares purchased was 71,689,205 at a total cost of €75.0 million. All repurchased shares were cancelled in accordance with the share buyback programme.

On 16 November 2021, the Group announced a second share buyback programme, which completed on 28 April 2022. The total number of shares purchased was 92,950,510 at a total cost of €111.0 million. The total number of shares purchased in the period 1 January to 28 April 2022 was 64,929,549 at a total cost of €77.9m. All repurchased shares were cancelled in accordance with the share buyback programme in the year ended 31 December 2022.

On 1 June 2022, a third share buyback programme commenced up to a further €75.0 million, which completed on 1 November 2022. As at 31 December 2022 the total number of shares purchased under the third buyback programme was 70,750,810 at a total cost of €67.5 million. All repurchased shares were cancelled in the year ended 31 December 2022.

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).

Financial instruments: financial assets

The consolidated financial assets can be summarised as follows:	**2022 €'000**	**As restated[1] 2021 €'000**
Trade receivables	**9,224**	6,549
Amounts recoverable on construction contracts	**32,113**	3,825
Other receivables	**2,282**	2,172
Construction bonds	**12,140**	10,012
Deposits for sites	**2,049**	9,124
Cash and cash equivalents	**71,085**	141,176
Restricted cash (current)	**458**	458
Total financial assets	**129,351**	173,316

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

[1] See note 6(i)(a) for more information on the restatement.

Financial instruments: financial liabilities

	2022 €'000	**2021 €'000**
Trade payables	**7,132**	6,202
Lease liabilities	**4,744**	547
Inventory accruals	**33,600**	20,069
Other accruals	**16,372**	13,238
Contingent consideration	**5,000**	-
Loans & borrowings	**80,640**	120,247
Total financial liabilities	**147,488**	160,303

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;

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

Financial risk management objectives and policies *(continued)*

– 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.

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 2022				
	Carrying amount €'000	**Contractual cash flows €'000**	**Less than 1 year €'000**	**1 year to 2 years €'000**	**More than 2 years €'000**
Lease liabilities	**4,744**	**5,057**	**84**	**16**	**4,957**
Trade payables	**7,132**	**7,132**	**7,132**	**-**	**-**
Inventory accruals	**33,600**	**33,600**	**33,600**	**-**	**-**
Other accruals	**16,372**	**16,372**	**16,372**	**-**	**-**
Contingent consideration	**5,000**	**5,000**	**1,500**	**1,750**	**1,750**
Loans and borrowings	**80,640**	**89,488**	**11,563**	**11,546**	**66,379**
	147,488	**156,649**	**70,251**	**13,312**	**73,086**

	31 December 2021				
	Carrying amount €'000	**Contractual cash flows €'000**	**Less than 1 year €'000**	**1 year to 2 years €'000**	**More than 2 years €'000**
Lease liabilities	547	568	487	80	1
Trade payables	6,202	6,202	6,202	-	-
Inventory accruals	20,069	20,069	20,069	-	-
Other accruals	13,238	13,238	13,238	-	-
Loans and borrowings	120,247	130,596	43,954	11,253	75,389
	160,303	170,673	83,950	11,333	75,390

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

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Funds available

	2022 €'000	2021 €'000
Debt facilities* (undrawn committed)	**150,000**	120,000
Cash and cash equivalents	**71,543**	141,634
	221,543	261,634

*The Group's debt facilities contains a mechanism through which the committed amount can be increased by a further €50.0 million.

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

- A maximum net debt to net assets ratio of 25%;
- Loans to eligible assets value does not exceed 65%;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the debt facility, from 31 March 2024 this will increase to €50.0 million; and
- EBITDA must exceed net interest costs by a minimum of 3 times and is calculated on a trailing twelve-month basis.

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade and receivables and cash and cash equivalents. Credit risk is managed by regularly monitoring the 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. The Group is party to a debt facility agreement for a total of €250.0 million, the agreement has a term component of €100.0 million and a committed Revolving Credit Facility of €150.0 million. The facility is with a syndicate of domestic and international banks for a term of 5 years at an interest rate of EURIBOR (subject to a floor of 0 per cent.) plus 2.6%. €82.5 million *(2021: €122.5 million)* had been drawn on the facility at 31 December 2022. The Group has an exposure to cash flow interest rate risk where there are changes in the EURIBOR rates.

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

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Interest rate risk reflects the Group's exposure to fluctuations in interest rates in the market. This risk arises from bank loans that are drawn under the Group's debt facilities with variable interest rates based upon EURIBOR. At the year ended 31 December 2022 it is estimated that an increase of 100 basis points to EURIBOR would have decreased the Group's profit before tax by €2.5 million assuming all other variables remain constant and the rate change is only applied to the loans that are exposed to movements in EURIBOR.

The Group is also exposed to interest rate risk on its cash and cash equivalents. These balances attract low interest rates and therefore a relative increase or decrease in their interest rates would not have a material effect on the Group's profit.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has no exposure to these changes as it only has exposure to EURIBOR interest rates which is outside the scope of the current reform.

Capital management

The Group finances its operations through 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. The Group's capital allocation policy is to invest in supply chain, land, and work-in-progress. Once the business has invested sufficiently in each of these priorities, excess capital is returned to shareholders.

28 Leases

A. Leases as lessee (IFRS 16)

The Group leases a property and motor vehicles. Motor vehicle leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Lease payments are renegotiated every 1-3 years to reflect market rentals. The property lease is for 15 years with a break clause after 7 years.

The Group leases certain motor vehicles with contract terms of one year. These leases are short term and leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

i. *Right-of-use assets*

Right-of-use assets related to leased properties (that do not meet the definition of investment property) and motor vehicles are presented as property, plant and equipment (see Note 17).

	Property €'000	**Motor Vehicles €'000**	**Total €'000**
2022			
Balance at 1 January	**286**	**261**	**547**
Additions to right-of-use assets	**4,605**	**-**	**4,605**
Depreciation charge for the year	**(506)**	**(175)**	**(681)**
Balance at 31 December	**4,385**	**86**	**4,471**

	Property €'000	**Motor Vehicles €'000**	**Total €'000**
2021			
Balance at 1 January	1,024	292	1,316
Additions to right-of-use assets	-	319	319
Depreciation charge for the year	(738)	(350)	(1,088)
Balance at 31 December	286	261	547

28 Leases *(continued)*

A. Leases as lessee (IFRS 16) *(continued)*

ii. Amounts recognised in profit or loss

	2022 €'000	2021 €'000
2022 – Leases under IFRS 16		
Interest on lease liabilities	**45**	25
Expenses relating to short-term leases	**97**	46

iii. Amounts recognised in statement of cash flows

	2022 €'000	2021 €'000
Total cash outflow on leases	**470**	1,110

B. Leases as lessor

In certain instances, the Group acts as a lessor in relation to certain property assets. These arrangements are not material to the Group's consolidated financial statements.

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:

	2022 €'000	**2021 €'000**
Short-term employee benefits	**4,864**	2,461
Post-employment benefits	**294**	115
LTIP and SAYE share-based payment expense	**670**	116
	5,828	2,692

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined contribution plan.

(ii) Other related party transactions

Acquisition of development rights

The Group entered into the 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. (OCM) (and an entity in which John Mulcahy is a director) 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.

In July 2022, the Group agreed a repayment of consideration (€10.0 million) and release of obligations under the APSA in relation to the site at The Square Shopping Centre, Tallaght, Dublin 24.

The Directors have determined that joint control over the remaining site exists, and the arrangements have been accounted for as joint operations in accordance with IFRS 11 Joint Arrangements. This accounting treatment was re-assessed at the end of the reporting period and the Directors concluded that it remains appropriate.

The APSA also stipulates that TIO would be entitled to share, on a 50/50 basis, any residual profit remaining after the Group's purchase consideration plus interest and residential development cost plus 20% has been deducted from sales revenue in relation to the residential development opportunity at Gateway Retail Park, Knocknacarra, Co. Galway and Bray Retail Park, Bray, Co. Wicklow.

29 Related party transactions *(continued)*

(ii) Other related party transactions *(continued)*

Acquisition of development rights (continued)

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

30 Commitments and contingent liabilities

(a) Commitments arising from development land acquisitions

The Group had no commitments and contingent liabilities at 31 December 2021.

Hollystown Golf and Leisure Limited ("HGL")

During 2018, the Group acquired 100 per cent of the share capital of 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.

Contracted acquisitions

At 31 December 2022, the Group had contracted to acquire a site; in County Kildare for approximately €14.0 million (excluding stamp duty and legal fees). Deposits totalling €1.4 million were paid pre-year end and are included within trade and other receivables at 31 December 2022.

31 Subsequent events

In February 2023, the Group finalised a new five-year sustainability linked finance facility of €350 million, consisting of €100 million term component and a revolving credit facility of €250 million, which is a direct replacement of our previous €250 million debt facility. This new facility is with our existing banking syndicate, at interest rates consistent with those of the previous facility and includes financial and sustainability covenants that better reflect the current strategy and growth ambitions of the business.

On 6 January 2023, the Group announced a fourth share buyback programme to repurchase up to 10% of the Group's issued share capital such that the maximum number of shares which can be repurchased under the buyback is 63,813,172. On 20 February 2023, the number of shares repurchased in respect of this buyback programme had reached 29,678,501 shares for a cost of €28.1 million. All repurchased shares were cancelled.

32 Profit of the Parent Company

The parent company 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 profit after tax for the financial year was €7.7 million (for the year ended 31 December 2021: profit of €0.031m).

33 Approved financial statements

The Board of Directors approved the financial statements on 28 February 2023.