

26 February 2021

## Glenveagh Properties plc

### Final Results 2020

#### STRONG PERFORMANCE IN 2020 DEMONSTRATING OPERATIONAL CAPABILITY

Glenveagh Properties plc ("Glenveagh" or the "Group") a leading Irish homebuilder announces its Final Results for the year ended 31 December 2020.

#### SUMMARY FINANCIALS

	Year ended 31 December 2020	Year ended 31 December 2019	Change
Units	700	844	(17%)
Total Revenue €'m <sup>1</sup>	232	285	(19%)
Core ASP €'k <sup>2</sup>	311	321	(3%)
Gross profit	9.5	51.5	(81%)
Underlying gross profit €'m <sup>3</sup>	29.8	51.5	(43%)
Underlying profit before tax €'m <sup>3</sup>	4.5	26.7	(83%)
Land €'m	619	668	(7%)
Work-in-progress €'m	202	173	17%
Net cash €'m	36	53	(32%)

#### ATTRACTIVE CUSTOMER OFFERING DRIVING RESERVATIONS AND COMPLETIONS

- Customer leads +169% year-on-year in H2 2020
- Average weekly private reservation rate per site +31% year-on-year in H2 2020
- Strong forward sales with 950<sup>4</sup> units currently sold, signed, or reserved (2020:475)

#### SECTOR LEADING CONSTRUCTION CAPABILITIES HIGHLIGHTED

- Strong delivery performance with 700-unit sales completed notwithstanding site closures due to Covid-19
- 1,150 completions expected for 2021<sup>5</sup> despite restrictions on construction due to Covid-19
- 23 cumulative site openings since IPO with a further six scheduled for 2021

#### RECOGNISED AS PARTNER OF CHOICE FOR INSTITUTIONS AND THE STATE

- Contracts exchanged with institutional purchaser for the sale of 132 units across two developments at Bray and Leixlip
- Contracts exchanged with Real I.S. for the sale of 134 units at Marina Village, with 65 completed to date
- Reservations in the year-to-date from Approved Housing Body ("AHB") for 85 cost rental units at two Suburban developments

#### DISCIPLINED CAPITAL MANAGEMENT AND GROUP REFINANCING

- Accelerated sales of non-core units and sites to facilitate a €100 million cash inflow within 12 months, resulting in a €20 million impairment
  - €54 million of non-core proceeds received to date with a further €42 million currently contracted for 2021
- On track for €100 million plus reduction in land with €91 million achieved to date
- Targeted €202 million WIP investment underpins 1,150<sup>5</sup> deliveries in 2021
- Robust operational delivery resulted in a net-cash position of €36 million (2019: €53 million)
  - Current net cash remains broadly in line with year-end position despite restrictions on construction and selling activity
- Completion of five-year €250 million refinancing comprising a term component (€100 million) and a committed RCF (€150 million)

## **COMMITMENT TO SUSTAINABILITY**

- Sustainability report published outlining the Group's efforts across our six sustainability pillars
- Emissions reduction initiatives and corresponding 25% Scope 1 and 2 intensity reduction target outlined
- Commitments, targets and measurable outcomes published across our sustainability landscape

## **OUTLOOK AND UPDATED GUIDANCE**

In what is a challenging operating environment where the Group has yet to exit a second period of restrictions on housing delivery (with only social housing units progressing), our sector leading delivery capability has enabled the sale of 700 units in 2020 and allowed the Group to target 1,150<sup>5</sup> units for 2021.

Demand for housing from our customers (private, institutional, and state agencies) continues to be strong and market fundamentals are in the Group's favour, more so now than in prior periods.

Management intends to present updated guidance to shareholders as part of our AGM on 27 May which will address the following: capital allocation; leverage policy; and medium-term ROE targets for the Group.

### **GLENVEAGH'S CHIEF EXECUTIVE STEPHEN GARVEY COMMENTED:**

"The Group reacted quickly and effectively to the challenges of the Covid-19 pandemic, with the safety and wellbeing of our people, customers and local communities our priority. At the same time, we delivered a robust outcome for 2020, completing 700 units and are well-placed to deliver 1,150 units in 2021 despite restrictions on our construction operations.

I believe that the current challenges have broadened the long-term opportunity for the Group, with the fall-off in land transactions and commencement activity within the industry in 2020 a signal of the continuing gap between supply and demand. Our well capitalised platform which delivers across three business segments with access and affordability at the heart of our offering is best placed to help address this undersupply. And our ambition remains to scale the business to 3,000 units by 2024.

In, our first standalone Sustainability Report since we became a public company in 2017, we set out our approach to reducing Green House Gas ("GHG") emissions from our own operations and our supply chain, and the steps we are taking to reduce, re-use and recycle raw materials and resources.

We also explain the measures we are taking to keep our people and our contractors safe, to source responsibly, to attract, retain and inspire our people, to put customers at the heart of everything we do, and to create sustainable communities.

I would like to thank all our staff and industry partners who, despite the challenges faced, ensured we continued to operate safely and deliver for our customers and the communities in which we operate".

## RESULTS PRESENTATION

A conference call for analysts and investors will take place at 8.30am this morning to present the financial and operational results followed by a Q&A session. Please pre-register at the link below to ensure your attendance is confirmed ahead of the commencement of the call:

- [Click this link to register for the conference](#)

### Notes

1. *Includes €24m of non-core revenues in each of 2019 and 2020*
2. *Change due largely to mix effects*
3. *Pre-asset impairment of €20.3 million in H1 2020*
4. *At 25 February, all scheduled for delivery in 2021*
5. *Including core and non-core. Assumes restrictions on residential construction end no later than 5 April*

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### Note to Editors

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

We are dedicated to expanding access to high-quality new homes, with a focus on first time buyers and young families. We believe that everyone should have access to high quality homes in flourishing communities across Ireland.

We are focused on three core markets - suburban housing, urban apartments and partnerships with local authorities and state agencies. Since IPO we have opened 23 sites, delivering more than 1,800 units with 1,150 in the pipeline for 2021 and 3,000 units per annum from 2024. The landbank we've assembled can deliver housing that is both in demand and affordable.

[www.glenveagh.ie](http://www.glenveagh.ie)

# GLENVEAGH PROPERTIES PLC: BUSINESS AND FINANCIAL REVIEW

## 1. BUSINESS REVIEW

### i. Group Sales

#### a. Overview

The Group's focus on starter-homes and PRS in affordable rental locations continued to produce positive results from a sales perspective with Glenveagh completing the sale of 700 units in 2020 and delivering to date reservations or completions on 83% of unit deliveries for 2021 notwithstanding the challenging operating environment due to COVID-19.

Having deliberately directed construction resource to units which were signed or reserved at the time our sites resumed construction in May, 700 unit completions represented a robust outcome for the period - a 17% decline on prior year despite the significant disruption caused earlier in the pandemic.

As anticipated, the Group's approach of concentrating on signing and reserving units in H1 with completions primarily occurring in H2 resulted in a delivery profile that was H2 weighted with 577 or 82% of closings occurring in H2. Our current expectation is that the weighting towards H2 in 2021 will be less pronounced despite the restrictions on construction experienced this year<sup>5</sup>.

The Group's redeveloped digital strategy is continuing to ensure that a high volume of potential home buyers view our homes, delivering more qualified prospects for the sales team. This strategy has also positively impacted website traffic and has delivered a substantial increase in leads which grew by 169% year-on-year in H2.

At the same time, prospective purchasers have increased levels of deposits from savings and are also benefitting from the expansion of the help-to-buy scheme from €20,000 to €30,000. The combination of these two effects is both widening access to housing at lower price points and shifting purchasing habits towards homes with an additional bedroom for those with improved affordability.

Our revised digital strategy, improved customer experience and a widening of the pool of qualified purchasers helped increase average weekly private reservation rates by 31% in H2.

House Price Inflation ("HPI") in the Group's starter-home focused Suburban segment accelerated from a neutral or marginally positive position in H1 2020 to 3% in H2 2020. Most of the impact of the increase in HPI is likely to become visible from 2022 with most closings during 2021 completed based on H1 2020 pricing.

#### b. Suburban Starter-Home Sales

The solid momentum on existing open sites carried forward from 2019 with strong completions achieved on our multi-year sites at Cois Glaisin, Taylor Hill, Cluain Adain and Ledwill Park.

We were particularly pleased with the performance of our new selling sites where reservations were ahead of expectations with pricing moving in a positive direction following early launches. New sites that delivered sales for the first time in 2020 included Barnhall Meadows, Bellingsmore, Oldbridge Manor and Silver Banks.

Starter-home sites which concluded in the period include Cnoc Dubh and Knightsgate.

Given the strong reservations achieved to date, new site and phase launches in 2021 will be focused on units delivering from 2022.

As outlined at the time of our interim results in September, interest from institutions continued to increase across our Suburban portfolio. To further drive momentum and return on capital across

our active sites, we identified available deliveries for Suburban PRS for 2021 and 2022 and signed our first transaction in December for 61 Suburban duplex and housing units in Leixlip, Co. Kildare. The transaction is reflective of our efforts to maximise velocity by selling units across a range of segments on our larger sites which have the capability to deliver over 100 units per annum.

### **c. Urban Sales**

The PRS sector in Ireland came through 2020 with considerable resilience and the sector is now recognised as a long term and stable asset class, with low vacancy and voids even in times of significant economic upheaval.

Investment into PRS in Ireland has continued with several high-profile transactions by institutional investors who have an existing presence in Ireland completing transactions at attractive yields in recent months.

PRS transactions in the final six months of the year accounted for €1.029 billion, 53% of the overall investment market in the Dublin region with offices coming in at 29%, followed by industrial at 13% and retail at 4%<sup>1</sup>.

Against this backdrop, in December, the Group exchanged contracts for the sale of 71 Urban apartment units in Bray, Co. Wicklow. The transaction is a further demonstration of Glenveagh's ability to partner with institutions and government bodies to deliver sustainable rental product in attractive locations.

The extent of institutional demand for high-quality residential product has not diminished and the Group continues to expect to forward fund and forward sell a further series of Urban apartment developments.

### **d. Non-core and high-end developments**

At the Group's development at Marina Village, contracts have been exchanged with Real I.S. for 134 units, with 65 completed to date. The balance of the units are expected to complete in H1 2021.

Reflecting the sales progress delivered to date at our high-end sites, our Proby Place and Holsteiner Park developments are now sold-out.

The selling prices achieved across the Group's non-core disposals have been in line with management expectations.

## **ii. Partnerships**

As outlined at the time of the Group's Investor Day 2020, we have identified a significant pipeline of units that have the potential to be tendered by local authorities in the coming years.

Following the completion of a competitive tender process in August, the Group was selected as preferred bidder on its first Partnership scheme of approximately 800 units at Oscar Traynor Road, Dublin. However, in November elected councillors on Dublin City Council voted against the transaction proceeding. Nevertheless, the Group remains committed to ensuring that a solution can be brought forward that ensures much needed housing is delivered on the site within the shortest possible timeframe.

Separately, our Partnerships team are actively tendering on schemes which, if awarded, could deliver an additional 1,200 units across multiple tenure types.

While the exact format of future housing schemes has yet to be finalised, there is a significant need for housing on State lands across a range of tenures, and a requirement for the private sector to support that housing delivery. Given the Group's construction capabilities, private market expertise,

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<sup>1</sup> Source: Hooke & MacDonald - The Dublin Residential Investment Report H2 2020

and strong balance sheet, Glenveagh remains best placed to participate in these processes going forward.

### **iii. Group Construction Progress**

#### **Introduction**

The resilience of the Group's construction progress despite the difficult circumstances demonstrates the high calibre and commitment of the construction team assembled and the effectiveness of the Group's strategy of working with a large pool of independent sub-contractors across our sites.

#### **2020 Summary**

Reflective of Glenveagh's approach to prioritising the health and safety of our people, significant time was spent during the first closure period of April / May developing and implementing protocols which would allow sites to return to operating safely.

On 18 May the Group commenced the opening of approximately 80% of active sites. While this gradual reopening impacted productivity, particularly in the early stages, it facilitated the embedding of the Covid-19 operating procedures across all our sites. As a result, despite operating under more restrictive operating procedures, productivity was running at approximately 80% of pre-Covid-19 levels when all sites were back operational as instances of Covid-19 on site remained very low throughout the period. To further reduce the risks associated with the spread of Covid-19, antigen testing has now been rolled-out across the Group's operations.

A feature of the Group's construction operations over the last 12 months was increasing volume from our larger sites to minimize site duration and further increase return on capital. As a result of this approach and the closure of smaller non-core sites at Proby Place and Holsteiner Park, the Group expects to deliver 1,150<sup>5</sup> units in 2021 from a reduced number of sites vs 2020. This forms part of the Group's approach to optimising its investment in land over the coming years and positioning newly opened sites in 2021 to deliver significant volumes from 2022 onwards.

Despite the recent challenges, we have maintained and enhanced the Group's infrastructure and capacity with the capability to deliver 1,150<sup>5</sup> units in 2021 from existing construction sites with all required planning permissions in place. In January 2021 construction was limited to private housing which could be completed before 31 January and social housing which could be delivered before the end of February. Following the introduction of updated guidance in early February, at present, construction is limited to social housing which can be completed before the end of April. The expectation underpinning our 1,150 unit guidance for 2021 is that full operations will resume no later than 5 April.

#### **Managing CPI**

Notwithstanding the increasing availability of sub-contractors to Glenveagh, the new Covid-19 operating protocols, when implemented to a high standard (with minimum 2-metres social distancing maintained), result in an additional cost of delivery. Additionally, the industry was required to implement a 3% Sectoral Employment Order wage increase from October which both the Group and our sub-contractors had visibility from earlier in the year and as such was reflected in pricing for future work during the period.

However, with Covid-19 costs largely accounted for, a significant portion of our costs locked-in for 2020 (approximately 80%), and more labour availability, we expect CPI in 2021 to be approximately 3%.

In future periods the series of construction cost reduction initiatives that are on-going will positively impact CPI. These initiatives include the Group's timber frame factory and soil recovery facility which are now both operational and will benefit from a more predictable production schedule as sites re-open.

Furthermore, the Group's continued roll-out of standardised house types combined with newly developed high-density housing schemes currently in the planning processes will assist in managing CPI into future periods.

#### **iv. Planning**

98% of the Group's lands are zoned residential with approximately 4,300 available planned units.

The Group's progress on the planning front continues to convert into lodgements and grants. During the period, the Group was successful on 13 planning applications with a further 10 lodged and awaiting a decision. The 23 applications combined will deliver over 3,600 planned units with 1,700 granted to date. Furthermore approximately 6,000 units are in the design process pre-lodgement.

##### **Suburban Planning**

Of the planning applications lodged in the period, 18 relate to the Suburban segment and include units at Taylor Hill, Ruxton Oaks, Oldbridge Manor, Ledwill Park, The Hawthorns, and Mount Woods.

An increasing feature of suburban planning is a requirement to drive densities upwards to 40 units per hectare. To deliver the best customer proposition which complies with these requirements, the planning team have developed new innovative own-door high-density suburban housing solutions which negate the need for apartments on several of the Group's sites. Subject to planning approval, the Group expects the first of such schemes to be available from 2022.

##### **Urban Planning**

In 2020 we also progressed our Urban development portfolio in terms of planning applications:

- A planning application was granted in January on a portion of the non-residential elements of the Castleforbes site (hotel and office) where Glenveagh has entered a pre-let transaction with Whitbread plc for a proposed 262-bedroom hotel ranging in height from 6-9 storeys. The detailed design of this Hotel is complete in anticipation of a start date on site in 2021;
  - A planning application for a PRS scheme through the SHD process was also made in respect of the remainder of the Castleforbes site. The scheme comprises approx. 702 units and 4,217 sqm of non-residential uses including food and beverage offering, a creche, cultural building and live / work units. A decision is expected in Q2 2021;
- In December an application was submitted at the Group's site in Cork Docklands for 1,002 units;
- A site which the Group acquired in H1 2020, Cluain Mhuire, Blackrock, Co. Dublin is already in the planning process (141 units) and a decision is expected in Q2.

#### **v. Development Land Portfolio Management**

Overall transactional activity in the land market in Ireland was down significantly in 2020 as a continuation of recent trends was exacerbated by Covid-19. In total, 65 land sales were completed totalling approximately €511 million - less than half of the volume traded in 2019<sup>ii</sup>. This trend is reflective of a market where it is becoming increasingly difficult for private market participants to source funding from alternative lenders, further reducing the number of potential purchasers over the last 12 months.

The Group continues to take a disciplined and strategic approach to land acquisitions concentrating on opportunities which have the potential to enhance the Group's return on capital. With our net euro investment in land now complete, we are focused on refining our development land portfolio to drive return on capital and position the Group to deliver its medium and long-term output targets.

In 2020 the Group strategically added to its development land portfolio via three<sup>iii</sup> attractive land acquisitions totalling €16 million (excl. stamp duty and acquisition costs) capable of delivering 475 units).

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<sup>ii</sup> Source: CBRE

<sup>iii</sup> Of the three acquisitions, one site totalling €6m signed in 2020 but completed in early 2021

Furthermore, while the land market in Ireland continues to mature, we are continuously looking at ways to reduce site duration and improve return on capital. With that approach in mind, the Group has exchanged contracts on its first two 'subject to planning' transactions totalling approximately €9 million (227 units).

Looking ahead, three further sites are under negotiation or have exchanged contracts which benefit from an existing planning permission, allowing the Group to minimise site duration and maximise ROCE.

## **vi. Sustainability Agenda Progress**

Meeting the demand for affordable housing is one part of the story; doing so responsibly is the other. We are taking the necessary steps to deliver the social benefit of affordable housing in a way which minimises impact on the environment, including using land in the most efficient way, driving down waste, reusing resources, reducing emissions during construction and delivering A rated energy efficient homes across all our developments.

During 2020 we began to put in place systems to measure and reduce our impact on the environment – including reporting Scope 1 and Scope 2 emissions – and to ensure we continue to operate in a socially responsible and ethical way.

In a preview of the Group's annual report, we have published the sustainability report, where we set out our approach to reducing GHG emissions from our own operations and our supply chain, and the steps we are taking to reduce, re-use and recycle raw materials and resources.

As part of our environmental strategy, we have also set a 25% emissions intensity reduction target for 2025 with a view to fully align our following target with a global aspiration of net zero greenhouse gas emissions by 2050.

We have revamped our reporting to align with Sustainable Accounting Standards Board ("SASB") and support the Task Force on Climate-related Financial Disclosures (TCFD). We also reported our approach to the management of environmental risk via CDP for the first time in FY20.

Further progress has been made with the commencement of the integration of ISO 14001 – the international standard for environmental management – into our operations, with a view to achieving certification in 2021. As part of this process, we have developed and documented a comprehensive Environmental Management System.

## **2. FINANCIAL REVIEW**

### **i. Group performance**

Total unit completions for the year were 700 units (2019: 844 units), with 665 units delivered by our core sites and 35 units delivered by our non-core sites.

Total group revenue was €232.3 million (2019: €284.6 million) for the year which primarily relates to unit sales of €230.9 million (2019: €280.0 million) generated from the 700 unit completions. The Group generated core revenue of €208.7 million predominantly from 665 core units, marginally ahead of our amended target of 650 units. The Average Selling Price on our core units was €311k (2019: €321k) reflecting the Group's focus on Suburban starter-home schemes.

Glenveagh delivered the 665 core units from 15 selling sites and finished the year with 544<sup>iv</sup> core units contracted or reserved for 2021 (2019: 240) providing further evidence of the strong demand and maturing sales profile within the business.

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<sup>iv</sup> As at 31 December 2020



In the first half of the year, management reviewed the Group's non-core assets, which make up less than 2% of our overall landbank, in the context of its overall Group strategy. The decision was made to accelerate the sale of the Group's non-core units and sites to maximise cash generation. This facilitated a substantial exit from non-core units and sites within 12 months (versus more than 48 months at historic private reservation rates), delivering a net cash inflow of more than €100 million.

The decision to accelerate the sale of non-core units and sites resulted in an asset impairment charge of €20.3 million. Of the Group's net realisation target of more than €100 million, €24 million was received in 2020 with a further €70 million contracted or reserved at year end for 2021.

The Group's gross profit for the year amounted to €9.5 million (2019: €51.5 million) with an overall gross margin of 4.1% (2019: 18.1%), which includes both the one-off impairment of €20.3 million as well as the disposal of non-core units.

The underlying core gross margin is 14.1% and reflects costs associated with our Covid-19 safety measures and operating protocols, in addition to negative mix effects as units at the Group's new higher margin sites were delayed due to Covid-19. A significant portion of the mix effect and the impact of increased Covid-19 costs are expected to abate from 2021.

Gross Margin for 2021 is expected to increase to in excess of 16% with continued margin progression in 2022 towards our current spot portfolio margin of 17%.

Our operating loss was €12.7 million (2019: profit of €29.4 million), which includes the one-off impairment of €20.3 million. Pre this impairment, the Group generated an underlying operating profit of €7.6 million and an operating margin of 3.3%. The Group's central costs for the year were €20.2 million (2019: €20.7 million), which along with €2.0 million (2019: €1.4 million) of depreciation and amortisation gives total administrative expenses of €22.2 million (2019: €22.1 million).

Net finance costs for the year were €3.0 million (2019: €2.7 million), primarily reflecting interest on the drawn portion of our Revolving Credit Facility, commitment fees on the undrawn element of the facility and arrangement fees, which are being amortised over the life of the facility.

Overall, the Group delivered a loss after tax of €13.9 million (2019: profit of €22.8 million) and a loss per share of 1.60 cent (2019: earnings per share of 2.62 cent).

## **ii. Balance Sheet**

The Group's net asset value has decreased to €853.5 million at 31 December 2020 (2019: €866.5 million) due to the losses incurred in the year.

The Group has decreased its land portfolio to €619.3 million (2019: €667.8 million) at 31 December with the Group showing significant progress in reducing its net investment in land as part of its overall commitment to improve Balance Sheet efficiency.

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 €201.9 million (2019: €172.7 million). This well invested work in progress is fully supported by contracted or reserved units and will allow us to close these units relatively quickly once the current lockdown measures are lifted.

The Group's non-core developments contribute €58.2 million to work in progress at 31 December and this significant balance highlights the importance of the strategy to accelerate the exit from these completed non-core sites and generate in excess of €100 million in cash. The Group's core work in progress is €143.7 million and spread across 18 active construction sites, which equates to an

average work in progress figure of less than €8 million per site, which is in line with management's expectations for an efficient starter home development.

The Balance Sheet now reflects the approval by the Irish High Court of the Group's application to redesignate €700.0 million of Share Premium to Retained Earnings to allow for potential future distributions under section 117 of the Companies Act 2014.

### **iii. Cash flow**

The Group had a net cash inflow in the year of €44.1 million (2019: outflow of €37.5 million) and ended the year in a net cash position of €36.0 million (2019: €53.1 million).

The business reduced its net cash outflow from operating activities to €10.7 million (2019: €69.6 million), which is a strong performance given the Covid-19 restrictions in place during the year. The Group had a net cash inflow from inventory for the year of €0.1 million (2019: Cash outflow of €118.6 million) with a net spend of €38.8 million on work in progress and a net cash inflow of €38.9 million from land, which is in line with the Group's strategy of continued investment in work in progress and the reduction in our net investment in land.

The net cash position of €36.0 million (2019: €53.1 million) at year-end is reflective of €137.3 million of cash, €99.9 million of debt from our Revolving Credit Facility and €1.3 million of lease liabilities. This strong cash position at year end demonstrates that the business managed its financing through the various Covid-19 challenges very effectively and leaves the business with a strong balance sheet for the continued growth of the business.

### **iv. Group financing**

Subsequent to the year end, the Group finalised a new 5-year debt facility. The facility is €250 million in total, consisting of €100 million term debt and a committed Revolving Credit Facility of €150 million. To ensure the optimal balance and structure within the syndicate, the Group increased the number of financial institutions participating in the syndicate from three to four. Notwithstanding the difficult current climate, the Group is pleased with the pricing obtained in the market, which was broadly in line with the existing facility while also achieving an extension in the tenor of the facilities to five years.

The structure and quantum of this facility will support the significant growth of the business over the next 5 years and will provide the flexibility and funding to allow the business to reach its target of 3,000 units per annum.

The quantum available to the Group and the significant interest from financial institutions during the refinancing process continues to demonstrate that Glenveagh is a very strong counterparty and a partner of choice within the industry.

### **Principal risks and uncertainties**

The Board has undertaken a review of the principal risks and uncertainties facing the business particularly in the context of the Covid-19 pandemic which will continue to influence the Group's risk management outlook in the coming months. This has resulted in changes to certain risks identified in the 2019 annual report as well as the addition of a new overall business risk related to the pandemic. Set out below are the Group's updated principal risks and uncertainties which could have a material risk on the Group achieving our strategic objectives together with the key mitigation considerations relevant to each risk.

Our risk category	Risk or uncertainty and potential impact	Key Mitigating Considerations
<b>External risk</b>	<p><b>Covid-19</b></p> <p>Covid-19 has exposed the Company to the impact of a macro risk related to an economic slowdown and specific risks as a result of government measures taken to contain the virus impacting availability and supply of materials and labour, a reluctance of buyers to transact in the current environment and interruption to the business operations due to the absence of staff and sub-contractors.</p>	<p>The Group has increased the frequency of Executive Committee meetings and Board updates to respond to the pandemic with Covid-19 being a standing agenda point at all meetings.</p> <p>The Group has increased the frequency of cashflow and sales reporting to facilitate accurate business continuity planning.</p> <p>The Group has updated and will continue to review on an on-going basis forecasts, cashflows and estimates about future business performance.</p> <p>The Group has kept in constant contact with Government and Local Authority representatives in addition to reviewing Government responses to Covid-19.</p> <p>The Group has put in place a transparent and timely communications strategy to update the market and all stakeholders (employees, sub-contractors, suppliers, investors etc.) of the business in relation to the plans put in place by the Group in response to Covid-19.</p> <p>The Group has put in place a number of specific actions related to on-site health and safety and construction, project management, sales activity and office operations which are outlined in the risk specific to each area.</p>
<b>External risk</b>	<p><b>Adverse Macroeconomic Conditions</b></p> <p>Glenveagh operates in a property market that is cyclical by nature which can lead to volatility of property values and market conditions.</p> <p>Geopolitical uncertainty (including Brexit) could lead to a potential adverse impact on the Group's asset valuation and financial performance due to factors such as slowdown in economic growth, increased interest rates and decline in consumer confidence.</p>	<p>The Group aims to maintain a reasonable but limited stock of land (c.5 years). The Group has made significant progress in 2020 in reducing its net investment in land in line with strategy.</p> <p>The Group avoids any long-term exposure through strict land acquisition policies which are reviewed and updated on a regular basis to meet market sentiment and demand.</p> <p>The Group has a robust acquisition policy and approval process in place to ensure the best value is achieved on assets and that they are aligned to the strategic objectives of the Group.</p> <p>The Urban and Partnerships segments will assist in reducing the cyclical nature of the business through the delivery of apartments and houses for the rental market as well as schemes with local authorities or other government bodies.</p> <p>Management and the Board actively monitor the geopolitical risks and seeks expert industry advice where required.</p>

<p><b>External risk</b></p>	<p><b>Mortgage Availability and Affordability</b></p> <p>Glenveagh understands that affordable mortgage finance is a crucial funding source for buyers in the residential market in Ireland.</p> <p>Constraints on the availability and costs of mortgage financing and any adverse impact on this as a result of Covid-19 may have a negative impact on sales of the Group's products due to a potential decline in customer demand and ultimately the profitability of the Group.</p>	<p>Management and the Board continuously monitor government policy around mortgage availability.</p> <p>The Group regularly engages with mortgage advisors to gain valuable insights into the market and the impact of regulatory changes impacting mortgage lending.</p> <p>The Group has increased the frequency of cashflow and sales reporting to facilitate accurate business continuity planning.</p> <p>The Group has increased the frequency of Executive Committee meetings and Board updates to respond to the pandemic with Covid-19 being a standing agenda point at all meetings.</p> <p>The Group's strategy can facilitate the adjustment of delivery velocity if required.</p>
<p><b>External risk</b></p>	<p><b>Adverse changes to government policy and regulations</b></p> <p>A change in the domestic political environment and/or government policy (including tax legislation, support of the housebuilding sector, Part V allowance and first-time buyer assistance) could adversely affect the Group's financial performance.</p>	<p>The Group's management and Board monitor government policy on an ongoing basis.</p> <p>Group management's site by site forecasts are conservative by nature and allow for expected negative changes in government policy and regulation.</p> <p>The Group has the capability to redesign developments as appropriate should it be required.</p> <p>The Group will consider alternative sales strategies where required to align to any changes in the domestic political environment.</p>
<p><b>Operational risk</b></p>	<p><b>Availability and increased cost of materials and labour</b></p> <p>Shortages or increased costs of materials and labour could lead to an increase in construction costs and delays in the completion of homes.</p> <p>As a result of Covid-19, there is a risk to the Group of shortages in skilled sub-contractors which are critical to construction operations and the delivery of units in line with the Group's delivery matrix.</p> <p>If the Group is unable to control its costs or pass on any increase in costs to the purchasers of the Group's product, source the requisite labour, and / or renegotiate improved terms with suppliers and contractors, the Group's margins may reduce which could have an adverse</p>	<p>The Group has fixed cost contracts in place with sub- contractors and suppliers where possible.</p> <p>The Group has the potential to expand its purchasing network should it be required and maintains flexibility by not having an overreliance on any one supplier.</p> <p>The Group engages in financial planning and continuously monitors and reviews budget versus actual costings.</p> <p>The Group continuously evaluates partnerships at a site level with outsource labour providers to ensure agreements are in line with the market rates.</p> <p>The Group has strong relationships across the construction industry in Ireland and with our existing and wider sub-contractor network.</p> <p>The Group's size and reputation in the market remains highly attractive to sub-contractors and suppliers.</p>

	impact on the Group's business operations and financial condition.	
<b>Operational risk</b>	<p><b>Inadequate Project Management</b></p> <p>Inadequate oversight of the cost and delivery of development projects adversely affects expected return on investment.</p> <p>The delivery matrix of development projects could be impacted by the spread of Covid-19.</p>	<p>The Group has fixed cost contracts in place with sub-contractors and suppliers where possible.</p> <p>The Group employs highly experienced and qualified commercial and finance teams who oversee a robust financial planning process for each development and continuously monitor and review the budget versus actual costings. This includes regular updates to the Executive Committee and Board of Directors</p> <p>The organisational structure of the Commercial department ensures oversight of all site costs as the business matures in line with the business plan.</p> <p>The Group's integrated ERP system provides commercial reporting, automated payment and sub-contractor accrual functions. The system eliminates manual processes and provides for real time reporting for more accurate decision making at a project, sub project, element and cost object level.</p> <p>The Group has updated and will continuously review all site delivery matrix and update these as necessary to reflect the impact of Covid-19.</p> <p>The Group has engaged in continuous communications with our sub-contractor network and supply chain to ensure they are aware of the Group's plans and to reduce the impact of current restrictions and to ensure a smooth return to normal operations.</p>
<b>Operational risk</b>	<p><b>Insufficient health and safety procedures</b></p> <p>Glenveagh is focused on the wellbeing of its employees, contractors / sub-contractors and the general public.</p> <p>The Group understands that failure to implement and adhere to the highest standard of Health &amp; Safety practices can lead to a significant risk to health, safety, and welfare of staff and other parties resulting in increased costs and negatively impact the timely and safe delivery of a project.</p> <p>Additionally, any failure in health or safety performance or compliance, including delays in responding to changes in health &amp; safety regulations may result in financial and / or other penalties.</p>	<p>The Group ensures all staff are appropriately and adequately trained.</p> <p>The Group has a Grade A Safe-T certificate which is the industry Health &amp; Safety auditing standard.</p> <p>The Group undertakes monthly Health &amp; Safety audits through both internal and external parties.</p> <p>The Group circulates a weekly incident monitoring report to construction management.</p> <p>The Group has undertaken significant investment to implement best practice and public health advice for the return to working on site and in the office in response to Covid-19.</p>

		There is adequate insurance cover in place to deal with any claims that may arise from claims due to injury.
<b>Operational risk</b>	<p><b>Employee development and retention</b></p> <p>The success of the Group is dependent on recruiting, retaining and developing highly skilled, competent people. The Group is aware that loss of key personnel and/ or the inability to attract / retain adequately skilled and qualified people could lead to:</p> <ul style="list-style-type: none"> <li>• Poor operational and financial performance</li> <li>• Inadequate staff knowledge and understanding of policies &amp; procedures.</li> <li>• Reduced control environment.</li> <li>• Insufficient transfer of knowledge amongst staff to allow for succession planning.</li> <li>• Demotivated staff; and</li> <li>• Failure to achieve/ deliver on the Group's strategic objectives.</li> </ul>	<p>The Group offers competitive and attractive remuneration packages and where appropriate long-term interest alignment.</p> <p>The Group offers the opportunity for advancement through creating a positive working environment.</p> <p>There is a Graduate Programme in place across all departments to develop and ensure progression within the business for all employees.</p> <p>The Group has in place a performance management and appraisal process which includes open channels of communication and feedback and development plans for employees.</p> <p>The Group is developing a succession plan to ensure continuity of quality service and knowledge retention.</p> <p>The Group has a dedicated Learning and Development manager with a focus on developing and deploying CPD and upskilling of skilling of staff.</p> <p>The Group has implemented flexible working arrangements for staff following the Covid-19 pandemic as well as offering support to ensure employees have suitable working from home arrangements.</p> <p>The Group ensures that all staff have access to relevant internal and external training.</p>
<b>Operational &amp; reputational risk</b>	<p><b>Data protection and cyber security</b></p> <p>The Group uses information technology to perform operational and marketing activities and to maintain its business records.</p> <p>A cyber-attack could lead to potential data breaches or disruption to the Group's systems and operations which in turn could lead to damage to the Group's reputation and potential loss of customers and revenue.</p> <p>Any security or privacy breach of the information technology systems may also expose the</p>	<p>The Group's Head of IT leads the Group's initiatives in mitigating the risk of cyber and data security breaches further.</p> <p>The Group has a personal data retention policy in place to appropriately manage the information held.</p> <p>The Group uses internal and external back-up systems under the supervision of a third-party service provider pursuant to agreements that specify certain security and service level standards.</p> <p>The Group has in place sensitive data password protection and all such information is stored in secure locations and fully encrypted systems.</p>

	Group to liability and regulatory scrutiny.	The Group is proactively managing the cyber threat, is continuously monitoring and evolving systems internally and have engaged a third party to assist and ensure that best practices are implemented to identify and remediate any potential weaknesses or control gaps.
<b>Reputational risk</b>	<p><b>Decline in Product Quality</b></p> <p>Delivery of the highest quality homes is central to the success of Glenveagh.</p> <p>The Group continues to focus on ensuring our products meet the desired standards and is aware that significant negative incidents including construction defects, material environmental liabilities (including hazardous or toxic substances), quality deficiencies or perceptions thereof could adversely impact the Group's sales and possibly result in litigation cases against the Group with a potentially negative impact on the Group's brand and customer satisfaction which are crucial to the Group's performance.</p>	<p>The Group has in place robust quality control procedures and strictly adheres to Building Control (Amendment) Regulations requiring (among other stipulations) the appointment of suitably qualified engineers and architects.</p> <p>The Group has a dedicated Quality Manager to manage and report on site quality.</p> <p>The Group has a dedicated Environmental Officer to advise on the business challenges from an environmental perspective on a daily basis.</p> <p>The Group has an experienced and professional support team in place.</p> <p>The Group has a dedicated customer service after-sales team.</p>

**ENDS**

# Glenveagh Properties PLC

Consolidated statement of profit or loss and other comprehensive income

For the financial year ended 31 December 2020

		2020		2019	
	Note	Total €'000	Before exceptional items €'000	Exceptional items €'000	Total €'000
Revenue	10	232,296	284,637	-	284,637
Cost of sales		(202,530)	(233,150)	-	(233,150)
Impairment of Inventories	20	(20,291)	-	-	-
<b>Gross profit</b>		<u>9,475</u>	<u>51,487</u>	<u>-</u>	<u>51,487</u>
Administrative expenses	11	(22,188)	(21,005)	(1,125)	(22,130)
<b>Operating (loss) / profit</b>		<u>(12,713)</u>	<u>30,482</u>	<u>(1,125)</u>	<u>29,357</u>
Finance expense	12	(3,033)	(2,666)	-	(2,666)
<b>(Loss) / profit before tax</b>	13	<u>(15,746)</u>	<u>27,816</u>	<u>(1,125)</u>	<u>26,691</u>
Income tax credit / (charge)	17	<u>1,844</u>	<u>(3,944)</u>	<u>93</u>	<u>(3,851)</u>
<b>(Loss) / profit after tax attributable to the owners of the Company</b>		<u>(13,902)</u>	<u>23,872</u>	<u>(1,032)</u>	<u>22,840</u>
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss) / income for the year attributable of the owners of the Company</b>		<u>(13,902)</u>			<u>22,840</u>
<b>Basic (loss) / earnings per share (cents)</b>	16	<u>(1.60)</u>			<u>2.62</u>
<b>Diluted (loss) / earnings per share (cents)</b>	16	<u>(1.60)</u>			<u>2.62</u>

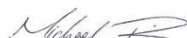


# Glenveagh Properties PLC

## Consolidated balance sheet

as at 31 December 2020

	Note	2020 €'000	2019 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	21,087	18,142
Intangible assets	19	712	944
Deferred tax asset	17	1,415	128
Restricted cash	24	708	1,500
		<u>23,922</u>	<u>20,714</u>
<b>Current assets</b>			
Inventory	20	821,169	840,487
Trade and other receivables	21	14,605	12,241
Income tax receivable		21	-
Cash and cash equivalents	27	137,276	93,224
		<u>973,071</u>	<u>945,952</u>
<b>Total assets</b>		<u><b>996,993</b></u>	<u>966,666</u>
<b>Equity</b>			
Share capital	26	1,052	1,052
Share premium	26	179,281	879,281
Retained earnings		629,044	(57,821)
Share-based payment reserve		44,129	44,035
<b>Total equity</b>		<u><b>853,506</b></u>	<u>866,547</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	28	287	319
		<u>287</u>	<u>319</u>
<b>Current liabilities</b>			
Trade and other payables	22	42,237	56,218
Income tax payable		-	3,737
Loans and borrowings	23	99,934	39,569
Lease liabilities	28	1,029	276
		<u>143,200</u>	<u>99,800</u>
<b>Total liabilities</b>		<u><b>143,487</b></u>	<u>100,119</u>
<b>Total liabilities and equity</b>		<u><b>996,993</b></u>	<u>966,666</u>



Michael Rice  
Director



Stephen Garvey  
Director

25 February 2021

Glenveagh Properties PLC  
 Consolidated statement of changes in equity  
 for the financial year ended 31 December 2020

	Share Capital		Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
	Ordinary shares €'000	Founder shares €'000				
<b>Balance as at 1 January 2020</b>	871	181	879,281	44,035	(57,821)	866,547
<b>Total comprehensive loss for the financial year</b>						
Loss for the financial year	-	-	-	-	(13,902)	(13,902)
Other comprehensive income	-	-	-	-	-	-
	<u>871</u>	<u>181</u>	<u>879,281</u>	<u>44,035</u>	<u>(71,723)</u>	<u>852,645</u>
<b>Transactions with owners of the Company</b>						
Equity-settled share-based payments	-	-	-	861	-	861
Lapsed share options (Note 15)	-	-	-	(767)	767	-
Share premium reduction and transfer to distributable reserves (Note 26)	-	-	(700,000)	-	700,000	-
	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>94</u>	<u>700,767</u>	<u>861</u>
<b>Balance as at 31 December 2020</b>	<u>871</u>	<u>181</u>	<u>179,281</u>	<u>44,129</u>	<u>629,044</u>	<u>853,506</u>

Glenveagh Properties PLC  
 Consolidated statement of changes in equity  
 for the financial year ended 31 December 2019

	Share Capital		Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total equity €'000
	Ordinary shares €'000	Founder shares €'000				
<b>Balance as at 1 January 2019</b>	871	181	879,281	43,443	(80,661)	843,115
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year	-	-	-	-	22,840	22,840
Other comprehensive income	-	-	-	-	-	-
	<u>871</u>	<u>181</u>	<u>879,281</u>	<u>43,443</u>	<u>(57,821)</u>	<u>865,955</u>
<b>Transactions with owners of the Company</b>						
Equity-settled share-based payments	-	-	-	592	-	592
	<u>-</u>	<u>-</u>	<u>-</u>	<u>592</u>	<u>-</u>	<u>592</u>
<b>Balance as at 31 December 2019</b>	<u><u>871</u></u>	<u><u>181</u></u>	<u><u>879,281</u></u>	<u><u>44,035</u></u>	<u><u>(57,821)</u></u>	<u><u>866,547</u></u>

**Glenveagh Properties PLC**  
**Consolidated statement of cash flows**  
*For the financial year ended 31 December 2020*

	Note	2020 €'000	2019 €'000
<b>Cash flows from operating activities</b>			
(Loss) / profit for the financial year		(13,902)	22,840
<i>Adjustments for:</i>			
Depreciation and amortisation		2,031	1,391
Impairment of Inventories	20	20,291	-
Finance costs	12	3,033	2,666
Equity-settled share-based payment expense	15	861	592
Tax (credit) / charge	17	(1,844)	3,851
Profit on disposal of property, plant and equipment	13	(33)	(456)
		<hr/>	<hr/>
		10,437	30,884
<i>Changes in:</i>			
Inventories		124	(118,605)
Trade and other receivables		(2,343)	(1,036)
Trade and other payables		(13,916)	21,346
		<hr/>	<hr/>
Cash used in operating activities		(5,698)	(67,411)
Interest paid		(2,638)	(2,472)
Tax (paid) / refund		(3,201)	276
Transfer from restricted cash	24	792	-
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(10,745)</b>	<b>(69,607)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	18	(3,982)	(7,747)
Acquisition of intangible assets	19	(174)	(491)
Proceeds from the sale of property, plant and equipment		41	1,160
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(4,115)</b>	<b>(7,078)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	23	70,000	120,000
Repayment of loans and borrowings	23	(10,000)	(80,000)
Payment of lease liabilities		(1,088)	(792)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>58,912</b>	<b>39,208</b>
		<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>44,052</b>	<b>(37,477)</b>
Cash and cash equivalents at the beginning of the year		93,224	130,701
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>		<b>137,276</b>	<b>93,224</b>
		<hr/> <hr/>	<hr/> <hr/>

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 1 Reporting entity

Glenveagh Properties PLC (“the Company”) is domiciled in the Republic of Ireland. The Company’s registered office is 15 Merrion Square North, Dublin 2. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as “the Group”) and cover the financial year ended 31 December 2020. 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.

### 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 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

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 4 Use of judgements and estimates (continued)

*Key sources of estimation uncertainty (continued)*

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

accordingly the margin recognised reflects these evolving assessments, particularly in relation to the Group's long-term developments.

Covid-19 was declared a global pandemic by the World Health Organisation during the year and the impact of the pandemic has been considered in the Group's assessment of the carrying value of its inventories at 31 December 2020, particularly with regard to the potential implications for future selling prices, development expenditure and construction programming. While the exact impact of Covid-19 remains uncertain, 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, which included a consideration of the market capitalisation of the Group and the macro-economic factors that influenced such market capitalisation, the Group has re-evaluated its most likely exit strategies on its remaining high end, private customer units in the context of the current market environment and reflected these in its net realisable value calculations at the balance sheet date. The revised sales strategy on these developments is to exit within 12 months versus in excess of 48 months at previously forecasted sales rates. The results of this exercise required an impairment charge on two of our higher Average Selling Price ("ASP") active sites and a small number of other higher ASP sites in the portfolio where construction has not commenced. Further detail in respect of the impairment charge for the year is included in Note 20.

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% increase in estimated costs recognised in the year, which is considered to be reasonably possible, would reduce the Group's gross margin by approximately 58bps.

### 5 Measurement of fair values

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

- Note 15 Share-based payments; and
- Note 27 Financial instruments and financial risk management.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 6 Changes in significant accounting policies

A number of amendments to standards (IFRS 3 Business Combinations and Interest Rate Benchmark Reform) are effective from 1 January 2020 but they do not have a material effect on the Group's financial statements.

#### (i) New significant accounting policies

##### **(a) Accounting for government grants and disclosure of government assistance**

Grants that compensate the group for expenses incurred are recognised in the consolidated statement of profit or loss and other comprehensive income by offsetting against expenses on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

There have been no other changes to significant accounting policies during the financial year ended to 31 December 2020.

#### (ii) Standards not yet effective

##### **(b) Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)**

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cashflows, arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities.

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At 31 December 2020, the Group has €250.0 million (of which €125.0 million is committed) EURIBOR secured bank loans that will be subject to IBOR reform. The Group expects that the interest rate benchmark for these loans will be changed to Euro Short-Term Rate (€STR) in 2021 and that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

The amendments will require the Group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

The Group plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.





# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 6 Changes in significant accounting policies (continued)

#### (iii) Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- *IFRS 16 Leases*: Covid-19 related rent concessions (amendment)
- *IAS 16 Property, Plant and Equipment*: Proceeds for intend use (amendment)
- *IFRS 3 Business Combinations*: Reference to conceptual framework (amendment)
- *IAS 1 Presentation of Financial Statements*: Reference to Conceptual Framework (amendment)

### 7 Going concern

The Group has recorded a loss before tax of €15.7 million (2019: Profit of €26.7 million) which included a non-cash impairment charge of €20.3 million (2019: €Nil) relating to the Group's inventory balance. The Group has a cash balance of €137.3 million (31 December 2019: €93.2 million) and under the terms of its current debt facility, the Group is required to maintain a minimum cash balance of €25.0 million. It has committed undrawn funds available of €25.0 million (31 December 2019: €85.0 million) with a further uncommitted facility of €125.0 million (31 December 2019: €125.0 million).

The Group has successfully completed a debt refinancing process and has put in place a new €250.0 million facility. The new facility is for a period of five years and 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 and will provide the debt funding the business. The Directors are satisfied that this facility will support the growth of the business and provide adequate funding to allow the business to achieve its strategic objectives. The Group's forecast includes the terms of the new debt facility in advance of the expiration of the current facility in April 2021 to complement the Group's future operating cash flow in financing its working capital requirement over the forecast period.

Management has prepared a detailed cash flow forecast in order 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 potential and likely implications of the Covid-19 pandemic on the Group's financial performance and position over the forecast period including but not limited to the impact on selling prices and strategies, development costs and construction programs.

The Group is forecasting compliance with all covenant requirements under the current and future facility including the interest cover covenant which is based on earnings before interest, tax, depreciation and amortisation (EBITDA) excluding the non-cash impairment charge. In addition, the Group expects to be profitable, generate positive cashflows and be a in a net cash position next year. 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 programs as a result of the ongoing impact of Covid-19.

While acknowledging the uncertainty that remains with regard to the exact impact of Covid-19 including the potential risk of further Government restrictions on construction activity on the Group's cash flow forecast, the Directors confirm that they believe the Group has the appropriate working capital management strategy, operational flexibility and resources in place to continue in operational existence for the foreseeable future and has accordingly prepared the consolidated financial statements on a going concern basis.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 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. Revenue is recognised at the point in time when control over the property has been transferred to the customer, which occurs at legal completion. Revenue is measured at the transaction price agreed under the contract.

#### 8.3 Expenditure

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

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 8 Significant accounting policies (continued)

#### 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;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax 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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 8 Significant accounting policies (continued)

#### 8.4 Taxation (continued)

##### (ii) Deferred tax (continued)

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. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

#### 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. 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 (Note 11). The Directors believe that separate presentation of exceptional expenses is useful to the reader as it allows clear presentation of the results of the underlying business and is relevant for an understanding of the Group's performance in the financial year.

#### 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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 8 Significant accounting policies *(continued)*

#### 8.7 Property, plant and equipment *(continued)*

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

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

#### 8.8 Intangible assets – computer software

Computer software is capitalised as intangible assets as acquired and amortised 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.

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

#### 8.9 Inventory

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

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

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

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

#### 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").

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 8 Significant accounting policies (continued)

#### 8.10 Financial instruments (continued)

##### 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
<b>Financial assets</b>	
Cash and cash equivalents	Amortised cost
Other receivables	Amortised cost
Restricted cash	Amortised cost
Construction bonds	Amortised cost
<b>Financial liabilities</b>	
Bank indebtedness	Amortised cost
Accounts payable and accrued liabilities	Amortised cost

##### Cash and cash equivalents

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

##### Other receivables

Such receivables are included in current assets, except for those with maturities more than 12 months after the reporting date, which are classified as non-current assets. Loans and other receivables are included in trade and other receivables on the consolidated balance sheets and are accounted for at amortised cost. These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. 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.

##### Restricted cash

Restricted cash includes cash amounts which are classified as non-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.

##### Other liabilities

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

#### 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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 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

##### *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.

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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 8 Significant accounting policies (continued)

#### 8.13 Leases (continued)

##### i. As a lessee (continued)

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 Government Grants

Grants that compensate the group for expenses incurred are recognised in the consolidated statement of profit or loss and other comprehensive income by offsetting against expenses on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

#### 8.15 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.

#### 8.16 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.





# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 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.

In 2019, the Group was organised into two key reportable operating segments being Glenveagh Homes and Glenveagh Living.

During the year, the Group's operating segments changed in line with our refined strategy and are set out below. As a result of the change in the Group's reportable segments, the Group has restated the previously reported segment information for the year ended 31 December 2019.

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 (€350,000 or below) 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. Approx. 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.

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**9 Segmental information (continued)**

**Segmental financial results**

	<b>31 December 2020 €'000</b>	<b>Restated 31 December 2019 €'000</b>
<i>Revenue</i>		
Suburban	201,973	255,405
Urban	30,323	29,232
Partnerships	-	-
	<hr/>	<hr/>
<b>Revenue for reportable segments</b>	<b>232,296</b>	<b>284,637</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>31 December 2020 €'000</b>	<b>Restated 31 December 2019 €'000</b>
<i>Operating (loss) / profit</i>		
Suburban	15,399	38,799
Urban	(15,662)	2,312
Partnerships	(1,166)	(349)
	<hr/>	<hr/>
Operating (loss) / profit for reportable segments	(1,429)	40,762
	<hr/> <hr/>	<hr/> <hr/>
<i>Reconciliation to results for the period</i>		
Segment results – operating (loss) / profit	(1,429)	40,762
Finance expense	(3,033)	(2,666)
Directors' remuneration	(1,574)	(2,712)
Corporate function payroll costs	(2,741)	(3,816)
Depreciation	(2,031)	(1,155)
Professional fees	(1,736)	(1,257)
Share-based payment expense	(861)	(592)
Gain on sale of property, plant and equipment	33	456
Other corporate costs	(2,374)	(2,329)
	<hr/>	<hr/>
<b>(Loss) / profit before tax</b>	<b>(15,746)</b>	<b>26,691</b>
	<hr/> <hr/>	<hr/> <hr/>

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

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 9 Segmental information (continued)

#### Segment assets and liabilities

	31 December 2020				Restated 31 December 2019			
	Suburban €'000	Urban €'000	Partnerships €'000	Total €'000	Suburban €'000	Urban €'000	Partnerships €'000	Total €'000
<i>Segment assets</i>	<b>522,478</b>	<b>298,691</b>	<b>467</b>	<b>821,636</b>	545,681	294,806	675	841,162
<i>Reconciliation to Consolidated Balance Sheet</i>								
Deferred tax asset				1,415				128
Trade and other receivables				14,138				11,566
Income tax receivable				21				-
Cash and cash equivalents				137,276				93,224
Restricted cash				708				1,500
Property, plant and equipment				21,087				18,142
Intangible assets				712				944
				<b>996,993</b>				<b>966,666</b>
<i>Segment liabilities</i>	-	-	46	46	-	-	-	-
<i>Reconciliation to Consolidated Balance Sheet</i>								
Trade and other payables				42,191				56,218
Loans and Borrowings				99,934				39,569
Lease liabilities				1,316				595
Income tax payable				-				3,737
				<b>143,487</b>				<b>100,119</b>

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

<b>10 Revenue</b>	<b>2020</b> <b>€'000</b>	<b>2019</b> <b>€'000</b>
Residential property sales	<b>230,879</b>	280,035
Land sales	<b>673</b>	4,300
Income from property rental and other income	<b>744</b>	302
	<hr/>	<hr/>
	<b>232,296</b>	284,637
	<hr/> <hr/>	<hr/> <hr/>

All revenue is earned in the Republic of Ireland.

<b>11 Exceptional items</b>	<b>2020</b> <b>€'000</b>	<b>2019</b> <b>€'000</b>
Redundancy costs	-	817
Hollystown Golf and Leisure Limited closure costs	-	308
	<hr/>	<hr/>
	-	1,125
	<hr/> <hr/>	<hr/> <hr/>

There were no costs classified as exceptional items in accordance with the Group's accounting policy set out at Note 8.6 in the financial year.

In the prior financial year, redundancy and restructuring costs and costs associated with the cessation of the Hollystown Golf and Leisure Limited business of €1.1m were classified as exceptional items.

<b>12 Finance Expense</b>	<b>2020</b> <b>€'000</b>	<b>2019</b> <b>€'000</b>
Interest on secured bank loans	<b>3,006</b>	2,634
Finance cost on lease liabilities	<b>27</b>	32
	<hr/>	<hr/>
	<b>3,033</b>	2,666
	<hr/> <hr/>	<hr/> <hr/>

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**13 Statutory and other information**

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Amortisation of intangible assets (Note 19)	<b>406</b>	299
Depreciation of property, plant and equipment (Note 18)*	<b>2,722</b>	1,937
Employment costs (Note 14)	<b>24,400</b>	28,567
Profit on disposal of property, plant and equipment	<b>(33)</b>	(456)
	<hr/> <hr/>	<hr/> <hr/>
Audit of Group, Company and subsidiary financial statements**	<b>200</b>	120
Other assurance services	<b>15</b>	15
Tax advisory services	<b>78</b>	18
Tax compliance services	<b>31</b>	32
	<hr/>	<hr/>
	<b>324</b>	185
	<hr/> <hr/>	<hr/> <hr/>
<b>Directors' remuneration</b>		
Salaries, fees and other emoluments	<b>1,459</b>	2,605
Pension contributions	<b>115</b>	88
	<hr/>	<hr/>
	<b>1,574</b>	2,693
	<hr/> <hr/>	<hr/> <hr/>

\*Includes €1.1 million (2019: €0.8 million) capitalised in inventory during the year ended 31 December 2020

\*\*Included in the auditor's remuneration for the Group is an amount of €0.015 million (2019: €0.015 million) that relates to the Company's financial statements.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 14 Employment costs

The average number of persons employed by the Group (including executive directors) during the financial year was 315 (*Executive Committee: 3; Non-executive Directors: 5, Construction: 188; and Other: 119*). (2019: *Executive Committee: 4; Non-executive Directors: 4, Construction: 198; and Other: 107*)

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

	<b>2020</b>	<b>Before Exceptional</b>	<b>2019</b>	
	<b>Total</b>	<b>items</b>	<b>Exceptional</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>items</b>	<b>€'000</b>
Wages and salaries	<b>20,535</b>	23,723	745	24,468
Social welfare costs	<b>2,064</b>	2,316	72	2,388
Pension costs - defined contribution	<b>940</b>	1,119	-	1,119
Share-based payment expense (Note 15)	<b>861</b>	592	-	592
	<b>24,400</b>	27,750	817	28,567

€11.2 million (2019: €12.9 million) of employment costs were capitalised in inventory during the financial year.

As a result of the impact of the Covid-19 pandemic, the Group availed of the Temporary Wage Subsidy Scheme in Ireland from 17 April 2020 to 2 August 2020. The Group fully withdrew from the scheme effective from 3 August 2020.

The Temporary Wage Subsidy Scheme is available to employers who have lost a minimum of 25% of turnover as a result of the Covid-19 pandemic and who kept employees on their payroll during this time. The scheme has been availed of for employees who were temporarily not working (laid off) or on reduced hours and / or reduced pay. All grants received by the Group has been offset against the related costs in cost of sales and administrative expenses in the statement of comprehensive income.

Throughout the duration of involvement the Group was in compliance with all the conditions of the scheme.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 15 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 third test period (which ran from 1 March 2020 until 31 December 2020), 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 and accordingly no Founder Shares were converted to ordinary shares during the financial year.

#### (b) LTIP

On 28 February 2020, the Remuneration Committee approved the grant of 5,185,560 options to certain members of the management team (which do not include the Founders) 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 Total Shareholder Return (TSR) and Earnings per Share (EPS) across the vesting period. 50% of the awards will vest based on the Company’s TSR with 50% based on EPS targets. The EPS based options will vest based on the Group’s Adjusted EPS\* for the financial year ended 31 December 2022. 25% of the options will vest should the Group achieve 9.5 cents per share with 100% vesting at 12.5 cents per share. Options will vest on a pro rata basis for performance between 9.5 cents and 12.5 cents per share. The TSR targets are in line with all previous grants under the scheme with 25% of the award vesting once the 3-year annualised TSR reaches 6.25% per annum with the remaining options vesting on a pro rata basis up to 100% if TSR of 12.5% is achieved. The entire grant of options remain outstanding at 31 December 2020. 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 2020	Number of Options 2019
<b>LTIP options in issue at 1 January</b>	<b>4,685,800</b>	2,351,743
<b>Granted during the financial year</b>	<b>5,185,560</b>	2,750,293
<b>Forfeited during the financial year</b>	<b>(991,726)</b>	(416,236)
<b>Lapsed during the financial year</b>	<b>(1,204,178)</b>	-
	<hr/>	<hr/>
<b>LTIP options in issue at 31 December</b>	<b>7,675,456</b>	4,685,800
	<hr/>	<hr/>
<b>Exercisable at 31 December</b>	<b>-</b>	-
	<hr/>	<hr/>



# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 15 Share-based payment arrangements (continued)

#### (b) LTIP (continued)

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

	<b>2020</b>	<b>2019</b>
	<b>Tranche 1</b>	<b>Tranche 1</b>
<b>Fair value at grant date</b>	<b>€0.23</b>	<b>€0.32</b>
Share price at grant date	€0.75	€0.85
Valuation methodology	Monte Carlo	Monte Carlo
Exercise price	€0.001	€0.001
Expected volatility	26.6%	27.0%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Risk free rate	-0.8%	-0.55%

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

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

The Group recognised an expense of €0.8 million (2019: €0.6 million) in the consolidated statement of profit or loss in respect of options granted under the LTIP.

*(\*Adjusted 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

On 1 October 2020, the Remuneration Committee approved the grant of 445,500 options to employees of the Group. Under the terms of the scheme, employees may save up to €500 per month (2019: €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 of €0.60.

#### Details of options outstanding and grant date fair value assumptions

	<b>2020</b>		<b>2019</b>	
	<b>Number of Options 3 Year</b>	<b>Number of Options 5 Year</b>	<b>Number of Options 3 Year</b>	<b>Number of Options 5 Year</b>
<b>SAYE options in issue at 1 January</b>	<b>806,340</b>	<b>202,000</b>	341,640	150,000
<b>Granted during the financial year</b>	<b>355,500</b>	<b>90,000</b>	771,420	195,000
<b>Cancelled during the financial year</b>	<b>(202,800)</b>	<b>(37,000)</b>	(306,720)	(143,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>SAYE options in issue at 31 December</b>	<b>959,040</b>	<b>255,000</b>	806,340	202,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**15 Share-based payment arrangements (continued)**

*(c) SAYE Scheme (continued)*

*Details of options outstanding and grant date fair value assumptions (continued)*

	<b>2020</b>		<b>2019</b>	
	<b>3 Year</b>	<b>5 Year</b>	<b>3 Year</b>	<b>5 Year</b>
<b>Fair value at grant date</b>	<b>€0.25</b>	<b>€0.25</b>	€0.21	€0.21
Share price at grant date	<b>€0.76</b>	<b>€0.76</b>	€0.75	€0.75
Valuation Methodology	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Exercise price	<b>€0.60</b>	<b>€0.60</b>	€0.60	€0.60
Expected volatility	<b>34.3%</b>	<b>35.5%</b>	27.5%	29.6%
Expected life	3 years	5 years	3 years	5 years
Expected dividend yield	<b>0%</b>	<b>1.37%</b>	0%	1.4%
Risk free rate	<b>-0.83%</b>	<b>-0.81%</b>	-0.82%	-0.78%

The weighted average exercise price of all options granted under the SAYE to date is €0.71.

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

The Group recognised an expense of €0.05 million (2019: €0.01 million) in the consolidated statement of profit or loss in respect of options granted under the SAYE scheme.

**16 (Loss) / earnings per share**

*a) Basic (loss) / earnings per share*

The calculation of basic (loss) / 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 871,333,550 ordinary shares in issue at 31 December 2020 (2019: 871,333,550).

	<b>2020</b>	<b>2019</b>
(Loss) / profit for the financial year attributable to ordinary shareholders (€'000)	<b>(13,902)</b>	22,480
Weighted average number of shares for the financial year	<b>871,333,550</b>	871,333,550
	<hr/>	<hr/>
<b>Basic (loss) / earnings per share (cents)</b>	<b>(1.60)</b>	2.62
	<hr/> <hr/>	<hr/> <hr/>

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**16 (Loss) / earnings per share (continued)**

*a) Basic (loss) / earnings per share (continued)*

	<b>2020</b>	<b>2019</b>
	<b>No. of shares</b>	<b>No. of shares</b>
<b>Reconciliation of weighted average number of shares (basic)</b>		
Issued ordinary shares at beginning and end of financial year	<b>871,333,550</b>	871,333,550
	<hr/>	<hr/>
<b>Diluted (loss) / earnings per share</b>		
	<b>2020</b>	<b>2019</b>
(Loss) / profit for the financial year attributable to ordinary shareholders (€'000)	<b>(13,902)</b>	22,840
Weighted average number of shares for the financial year	<b>871,333,550</b>	871,333,550
	<hr/>	<hr/>
<b>Diluted (loss) / earnings per share (cents)</b>	<b>(1.60)</b>	2.62
	<hr/>	<hr/>
	<b>2020*</b>	<b>2019</b>
	<b>No. of shares</b>	<b>No. of shares</b>
<b>Reconciliation of weighted average number of shares (diluted)</b>		
Weighted average number of ordinary shares (basic)	<b>871,333,550</b>	871,333,550
Effect of share options on issue**	-	-
	<hr/>	<hr/>
	<b>871,333,550</b>	871,333,550
	<hr/>	<hr/>

\*The number of potentially issuable shares in the Group held under option or Founder Share arrangements at 31 December 2020 is 188,682,294 (2019: 185,692,638).

\*\*Under IAS 33, Founders Shares and LTIP arrangements have an assumed test period ending on 31 December 2020. Based on this assumed test period no ordinary shares would be issued through the conversion of Founder Shares and LTIP as the performance conditions were not met.

At 31 December 2020 1,202,040 options (2019: 1,116,340) were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive. As a result, there was no difference between basic and diluted earnings per share.

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**17 Income tax**

	<b>2020</b>	<b>Before Exceptional items €'000</b>	<b>2019 Exceptional Items €'000</b>	<b>Total €'000</b>
Current tax (credit) / charge for the financial year	<b>(557)</b>	3,864	(93)	3,771
Deferred tax (credit) / charge for the financial year	<b>(1,287)</b>	80	-	80
<b>Total income tax (credit) / charge</b>	<b>(1,844)</b>	3,944	(93)	3,851

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.

	<b>2020 €'000</b>	<b>2019 €'000</b>
<b>(Loss) / profit before tax for the financial year</b>	<b>(15,746)</b>	26,691
Tax (credit) / charge at standard Irish income tax rate of 12.5%	<b>(1,968)</b>	3,336
<i>Tax effect of:</i>		
Income taxed at the higher rate of corporation tax	<b>40</b>	222
Non-deductible expenses – other	<b>359</b>	230
Adjustment in respect of prior year (over)/under accrual	<b>(5)</b>	-
Other adjustments	<b>(270)</b>	63
<b>Total income tax (credit) / charge</b>	<b>(1,844)</b>	3,851

**Movement in deferred tax balances**

	<b>Balance at 1 January 2020 €'000</b>	<b>Recognised in profit or loss €'000</b>	<b>Balance at 31 December 2020 €'000</b>
Tax losses carried forward	128	1,287	1,415
	<b>128</b>	<b>1,287</b>	<b>1,415</b>

The deferred tax asset accrues in Ireland and therefore has no expiry date. Based on the return to profitability forecast in the Group's 3-year strategy 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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

<b>18 Property, plant and equipment</b>	<b>Land &amp; buildings €'000</b>	<b>Fixtures &amp; fittings €'000</b>	<b>Plant &amp; machinery €'000</b>	<b>Computer equipment €'000</b>	<b>Total €'000</b>
<b>Cost</b>					
At 1 January 2020	13,166	762	6,308	553	20,789
Additions	2,097	420	3,137	143	5,797
Disposals	-	(20)	(400)	(2)	(422)
<b>At 31 December 2020</b>	<b>15,263</b>	<b>1,162</b>	<b>9,045</b>	<b>694</b>	<b>26,164</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	(779)	(228)	(1,396)	(244)	(2,647)
Charge for the financial year	(914)	(171)	(1,436)	(201)	(2,722)
Disposals	-	10	281	1	292
<b>At 31 December 2020</b>	<b>(1,693)</b>	<b>(389)</b>	<b>(2,551)</b>	<b>(444)</b>	<b>(5,077)</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>13,570</b>	<b>773</b>	<b>6,494</b>	<b>250</b>	<b>21,087</b>
<b>Cost</b>					
At 1 January 2019	7,713	748	3,341	407	12,209
Recognition of right-of-use asset on initial application of IFRS 16	876	-	351	-	1,227
Adjusted at 1 January 2019	8,589	748	3,692	407	13,436
Additions	5,281	21	2,616	146	8,064
Disposals	(704)	(7)	-	-	(711)
<b>At 31 December 2019</b>	<b>13,166</b>	<b>762</b>	<b>6,308</b>	<b>553</b>	<b>20,789</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	(36)	(89)	(500)	(87)	(712)
Charge for the financial year	(743)	(141)	(896)	(157)	(1,937)
Disposals	-	2	-	-	2
<b>At 31 December 2019</b>	<b>(779)</b>	<b>(228)</b>	<b>(1,396)</b>	<b>(244)</b>	<b>(2,647)</b>
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>12,387</b>	<b>534</b>	<b>4,912</b>	<b>309</b>	<b>18,142</b>

The depreciation charge for the year includes €1.1 million (2019: €0.8 million) which was capitalised in inventory at 31 December 2020.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

*For the financial year ended 31 December 2020*

### **18 Property plant and equipment** *(continued)*

Property plant and equipment includes right of use assets of €1.3 million (2019: €0.6 million) related to leased properties and motor vehicles. During the year, the Group entered into new lease agreements for the use of motor vehicles (€0.3 million) and land and buildings for its office facility in Maynooth, Co. Kildare (€1.5 million). The land and buildings lease commenced in June 2020 for a duration of two years. On lease commencement, the Group recognised €1.8 million (2019: €0.1 million) of right-of-use assets and lease liabilities.

Glenveagh Properties PLC  
Notes to the consolidated financial statements  
For the financial year ended 31 December 2020

19 Intangible assets

	Licence €'000	Computer Software €'000	Total €'000
<b>Cost</b>			
At 1 January 2020	149	1,225	1,374
Additions	-	194	194
Disposals	-	(60)	(60)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2020</b>	<b>149</b>	<b>1,359</b>	<b>1,508</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Accumulated amortisation</b>			
At 1 January 2020	(100)	(330)	(430)
Charge for the year	-	(406)	(406)
Disposals	-	40	40
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2020</b>	<b>(100)</b>	<b>(696)</b>	<b>(796)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>49</b>	<b>663</b>	<b>712</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>Licence €'000</b>	<b>Computer Software €'000</b>	<b>Total €'000</b>
<b>Cost</b>			
At 1 January 2019	149	709	858
Additions	-	516	516
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>149</b>	<b>1,225</b>	<b>1,374</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Accumulated amortisation</b>			
At 1 January 2019	-	(131)	(131)
Charge for the year	(100)	(199)	(299)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>(100)</b>	<b>(330)</b>	<b>(430)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
<b>At 31 December 2019</b>	<b>49</b>	<b>895</b>	<b>944</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 20 Inventory

	2020 €'000	2019 €'000
Land held for development	605,244	647,513
Development expenditure (ii)	201,917	172,683
Development rights (iii)	14,008	20,291
	<hr/>	<hr/>
	<b>821,169</b>	<b>840,487</b>
	<hr/> <hr/>	<hr/> <hr/>

€198.9 million (2019: €227.3 million) of inventory was recognised in 'cost of sales' during the year ended 31 December 2020.

#### (i) Impairment of inventories

During the financial year, the Group amended its sales strategy on its remaining high end, private customer units which was reflected in its net realisable value calculations at the balance sheet date. The revised sales strategy on these developments is to exit within 12 months versus in excess of 48 months at previously forecasted sales rates. The Group also identified three non-core assets which are also suited to higher ASP product on which construction has not commenced and has amended its exit strategy on these sites from development to site sale.

This assessment has resulted in an impairment charge of €20.3 million which was recognised in cost of sales in the financial year with €10.3 million allocated to land and the remainder (€10.0 million) allocated to work in progress.

#### (ii) Employment cost capitalised

€11.2 million of employment costs (net of Temporary Wage Subsidy Scheme Payments received which have been accounted for in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance') incurred in the year have been capitalised in inventory (2019: €12.9 million).

#### (iii) Development rights

##### *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 sites at The Square Shopping Centre, Tallaght, Dublin 24 and Gateway Retail Park, Knocknacarra, Co. Galway for aggregate consideration of approximately €13.9 million (including stamp duty and acquisition costs). The development rights will (subject to planning) entitle the Group to develop at least 750 residential units under two joint business plans to be undertaken with Sigma Retail Partners (on behalf of TIO) which will also entitle TIO to control and benefit from any retail development at both sites. The Directors have determined that joint control over both sites exists and the arrangements have been accounted for as joint operations in accordance with IFRS 11 Joint Arrangements. For further information regarding the APSA, see Note 29 of these financial statements.

##### *Maryborough Ridge, Cork*

In December 2018, the Group entered into a licence agreement to develop 18.65 acres at Maryborough Ridge, Cork. During 2020, the Group accelerated the licence fee payments required to exit the agreement. At 31 December 2020, an amount of €6.9 million (2019: €6.4 million) that was previously included in development rights is now included within land held for development.



**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020 (Continued)*

**21 Trade and other receivables**

	<b>2020</b> <b>€'000</b>	<b>2019</b> <b>€'000</b>
Trade receivables	<b>1,948</b>	3,412
Other receivables	<b>1,985</b>	2,482
Prepayments	<b>462</b>	393
Construction bonds	<b>7,670</b>	4,401
Deposits for sites	<b>2,540</b>	1,553
	<hr/> <b>14,605</b> <hr/>	<hr/> 12,241 <hr/>

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

**22 Trade and other payables**

	<b>2020</b> <b>€'000</b>	<b>2019</b> <b>€'000</b>
Trade payables	<b>3,457</b>	7,455
Payroll and other taxes	<b>1,671</b>	2,755
Inventory accruals	<b>17,416</b>	22,017
Other accruals	<b>5,874</b>	5,709
VAT payable	<b>13,819</b>	18,282
	<hr/> <b>42,237</b> <hr/>	<hr/> 56,218 <hr/>
Non-current	-	-
Current	<b>42,237</b>	56,218
	<hr/> <b>42,237</b> <hr/>	<hr/> 56,218 <hr/>

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

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020 (Continued)

### 23 Loans and Borrowings

#### (a) Loans and borrowings

The Group is party to a Revolving Credit Facility for a total of €250.0 million (of which €125.0 million is committed) with a syndicate of domestic and international banks for a term of 3 years at an interest rate of one-month EURIBOR (subject to a floor of 0 per cent.) plus a margin of 2.5%. At 31 December 2020, €100.0 million (31 December 2019: €40.0 million) had been drawn on the facility. Pursuant to the RCF agreement, there is a fixed and floating charge in place over certain land assets of the Group as continuing security for the discharge of any amounts drawn down.

	<b>31 December 2020 €'000</b>	<b>31 December 2019 €'000</b>
Revolving Credit Facility	<b>100,000</b>	40,000
Unamortised borrowing costs	<b>(104)</b>	(446)
Interest accrued	<b>38</b>	15
	<hr/>	<hr/>
<b>Total loans and borrowings</b>	<b>99,934</b>	39,569
	<hr/>	<hr/>

The Group's RCF was entered into with AIB, Barclays and HSBC and is subject to primary financial covenants calculated on a quarterly basis:

- A maximum net debt to net assets ratio; and
- A minimum EBITDA to net interest coverage ratio calculated on a trailing 12 month basis

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 23 Loans and Borrowings (continued)

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

2020	Cash flows					Non-cash changes				Closing 2020
	Opening 2020	Credit facility drawdown	Credit facility repayment	Payment of lease liability	Interest Paid	Amortisation of transaction costs	Interest on RCF	Interest on lease liability	New leases	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Liabilities</b>										
<b>Loans and borrowings</b>	<b>40,000</b>	70,000	(10,000)	-	-	-	-	-	-	<b>100,000</b>
<b>Unamortised transaction costs</b>	<b>(446)</b>	-	-	-	-	342	-	-	-	<b>(104)</b>
<b>Lease liability</b>	<b>595</b>	-	-	(1,088)	-	-	-	27	1,782	<b>1,316</b>
<b>Interest accrual</b>	<b>15</b>	-	-	-	(2,638)	-	2,660	-	-	<b>38</b>
	<b>40,164</b>	<b>70,000</b>	<b>(10,000)</b>	<b>(1,088)</b>	<b>(2,638)</b>	<b>342</b>	<b>2,660</b>	<b>27</b>	<b>1,782</b>	<b>101,250</b>

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 23 Loans and Borrowings (continued)

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

2019	Opening 2019	Cash flows				Non cash changes					Closing 2019
		Credit facility drawdown	Credit facility repayment	Payment of lease liability	Interest Paid	Amortisation of transaction costs	Interest on RCF	Interest on lease liability	IFRS 16 – transition adjustment	New leases	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Liabilities</b>											
Loans and borrowings	-	120,000	(80,000)	-	-	-	-	-	-	-	40,000
Unamortised transaction costs	(788)	-	-	-	-	342	-	-	-	-	(446)
Lease liability	38	-	-	(792)	-	-	-	32	1,227	90	595
Interest accrual	196	-	-	-	(2,472)	-	2,291	-	-	-	15
	<b>(554)</b>	<b>120,000</b>	<b>(80,000)</b>	<b>(792)</b>	<b>(2,472)</b>	<b>342</b>	<b>2,291</b>	<b>32</b>	<b>1,227</b>	<b>90</b>	<b>40,164</b>

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**23 Loans and Borrowings** *(continued)*

**(c) Net funds reconciliation**

	<b>31 December 2020 €'000</b>	<b>31 December 2019 €'000</b>
Cash and cash equivalents	137,276	93,224
Loans and borrowings	(99,934)	(39,569)
Lease liabilities	(1,316)	(595)
	<hr/>	<hr/>
<b>Total net funds</b>	<b>36,026</b>	<b>53,060</b>
	<hr/> <hr/>	<hr/> <hr/>

**(d) Lease Liabilities**

Lease liabilities are payable as follows:

	<b>31 December 2020</b>		
	<b>Present value of minimum lease payments €'000</b>	<b>Interest €'000</b>	<b>Future value of minimum lease payments €'000</b>
Less than one year	1,029	49	1,078
Between one and two years	283	11	294
More than two years	4	1	5
	<hr/>	<hr/>	<hr/>
	<b>1,316</b>	<b>61</b>	<b>1,377</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**24 Restricted cash**

	<b>2020 €'000</b>	<b>2019 €'000</b>
Balance at 1 January	1,500	1,500
Transfers to cash and cash equivalents	(792)	-
	<hr/>	<hr/>
	<b>708</b>	<b>1,500</b>
	<hr/> <hr/>	<hr/> <hr/>

The restricted cash balance relates to funds held in escrow until the completion of certain infrastructural works relating to the Group's residential development at Balbriggan, Co. Dublin. In November 2020, €0.8 million of the funds were received following the completion of the first phase of these works. At 31 December 2020, the estimated fair value of restricted cash is equivalent to its carrying value.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 25 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 2020 are as follows:

Company	Principal activity	%	Reg.office
Glenveagh Properties (Holdings) Limited	Holding company	100%	1
Glenveagh Treasury DAC	Financing activities	100%	2
Glenveagh Contracting Limited	Property development	100%	2
Glenveagh Homes Limited	Property development	100%	2
Greystones Devco Limited	Property development	100%	2
Marina Quarter Limited	Property development	100%	2
GLV Bay Lane Limited	Property development	100%	2
Glenveagh Living Limited	Property development	100%	1
GL Partnership Opportunities DAC	Property development	100%	1
Castleforbes Development Company DAC*	Property development	100%	1
Hollystown Golf & Leisure Limited	Golf Club operations	100%	2

1 15 Merrion Square North, Dublin 2, D02 YN15

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

\*In July 2020 by special resolution and approval of the Registrar of Companies the entity formally know as GL Partnerships Opportunities II DAC was renamed Castleforbes Development Company DAC.

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.

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**26 Capital and reserves**

**(a) Authorised share capital**

	<b>2020</b>		<b>2019</b>	
	<b>Number of shares</b>	<b>€'000</b>	<b>Number of shares</b>	<b>€'000</b>
Ordinary Shares of €0.001 each	1,000,000,000	1,000	1,000,000,000	1,000
Founder Shares of €0.001 each	200,000,000	200	200,000,000	200
Deferred Shares of €0.001 each	200,000,000	200	200,000,000	200
	<b>1,400,000,000</b>	<b>1,400</b>	<b>1,400,000,000</b>	<b>1,400</b>

**(b) Issued and fully paid share capital and share premium**  
**At 31 December 2020**

	<b>Number of shares</b>	<b>Share capital €'000</b>	<b>Share premium €'000</b>
Ordinary Shares of €0.001 each	871,333,550	871	179,281
Founder Shares of €0.001 each	181,006,838	181	-
	<b>1,052,340,388</b>	<b>1,052</b>	<b>179,281</b>

**At 31 December 2019**

	<b>Number of shares</b>	<b>Share Capital €'000</b>	<b>Share premium €'000</b>
Ordinary Shares of €0.001 each	871,333,550	871	879,281
Founder Shares of €0.001 each	181,006,838	181	-
	<b>1,052,340,388</b>	<b>1,052</b>	<b>879,281</b>

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**26 Capital and reserves (continued)**

**(c) Reconciliation of shares in issue  
In respect of current year**

	<b>Ordinary shares '000</b>	<b>Founder shares '000</b>	<b>Share capital €'000</b>	<b>Share premium €'000</b>
In issue at 1 January 2020	871,333	181,007	1,052	879,281
Share premium transfer to distributable reserves	-	-	-	(700,000)
	<u>871,333</u>	<u>181,007</u>	<u>1,052</u>	<u>179,281</u>
	<u><u>871,333</u></u>	<u><u>181,007</u></u>	<u><u>1,052</u></u>	<u><u>179,281</u></u>
<b>In respect of prior year</b>	<b>Ordinary shares '000</b>	<b>Founder shares '000</b>	<b>Share capital €'000</b>	<b>Share premium €'000</b>
In issue at 1 January 2019	871,333	181,007	1,052	879,281
	<u>871,333</u>	<u>181,007</u>	<u>1,052</u>	<u>879,281</u>
	<u><u>871,333</u></u>	<u><u>181,007</u></u>	<u><u>1,052</u></u>	<u><u>879,281</u></u>

**(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.

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 third test period (which ran from 1 March 2020 until 31 December 2020), 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.



# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 26 Capital and reserves (continued)

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

##### Capital re-organisation

During the year, further to resolutions passed by shareholders of the Company on 17 December 2019, the Irish High Court approved the Group's application on 16 March 2020 to redesignate €700.0 million of Share Premium to Retained Earnings to allow for future distributions under section 117 of the Companies Act 2014.

#### (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 15.

### 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

	2020	2019
	€'000	€'000
The consolidated financial assets can be summarised as follows:		
Trade receivables	1,948	3,412
Other receivables	1,985	2,482
Construction bonds	7,670	4,401
Deposits for sites	2,540	1,553
Cash and cash equivalents	137,276	93,224
Restricted cash (non-current)	708	1,500
	<hr/>	<hr/>
<b>Total financial assets</b>	<b>152,127</b>	<b>106,572</b>
	<hr/> <hr/>	<hr/> <hr/>

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

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

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

<b>Financial instruments: financial liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Trade payables	<b>3,457</b>	7,455
Lease liabilities	<b>1,316</b>	595
Inventory accruals	<b>17,416</b>	22,017
Other accruals	<b>5,874</b>	5,709
Loans & borrowings	<b>99,934</b>	39,569
	<hr/>	<hr/>
<b>Total financial liabilities</b>	<b>127,997</b>	75,345
	<hr/> <hr/>	<hr/> <hr/>

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

**Financial risk management objectives and policies**

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

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

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

**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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

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

#### Financial risk management objectives and policies (continued)

##### Liquidity risk (continued)

	31 December 2020				
	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	1,316	1,377	1,078	295	4
Trade payables	3,457	3,457	3,457	-	-
Inventory accruals	17,416	17,416	17,416	-	-
Other accruals	5,874	5,874	5,874	-	-
Loans and borrowings	99,934	100,010	100,010	-	-
	<b>127,997</b>	<b>128,134</b>	<b>127,835</b>	<b>295</b>	<b>4</b>

	31 December 2019				
	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	1 year to 2 years €'000	More than 2 years €'000
Finance lease obligations	595	595	276	319	-
Trade payables	7,455	7,455	7,455	-	-
Inventory accruals	22,017	22,017	22,017	-	-
Other accruals	5,709	5,709	5,709	-	-
Loans and borrowings	39,569	41,244	40,862	382	-
	<b>75,345</b>	<b>77,020</b>	<b>76,319</b>	<b>701</b>	<b>-</b>

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

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

#### Financial risk management objectives and policies *(continued)*

##### Liquidity risk *(continued)*

##### Funds available

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Revolving credit facility* (undrawn committed)	<b>25,000</b>	85,000
Cash and cash equivalents	<b>137,526</b>	93,224
	<hr/>	<hr/>
	<b>162,526</b>	178,224
	<hr/> <hr/>	<hr/> <hr/>

\*The Group's RCF contains a mechanism through which the committed amount can be increased up to €250.0 million.

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

- A maximum net debt to net assets ratio; and
- A minimum EBITDA to net interest coverage ratio.

##### Credit risk

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

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

##### Market risk

The Group's exposure to market risk relates to changes to interest rates and stems predominately from its debt obligations. In 2018, the Group entered in to a RCF for a total of €250.0 million (of which €125.0 million is committed) with a syndicate of domestic and international banks for a term of 3 years at an interest rate of EURIBOR (subject to a floor of 0 per cent.) plus 2.5%. €100.0 million (2019: €40.0 million) had been drawn on the facility at 31 December 2020. The Group has an exposure to cash flow interest rate risk where there are changes in the EURIBOR rates.

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 RCF with variable interest rates based upon EURIBOR. At the year ended 31 December 2020 it is estimated that an increase of 100 basis points to EURIBOR would have decreased the Group's profit before tax by €0.093 million assuming all other variables remain constant and the rate change is only applied to the loans that are exposed to movement in EURIBOR.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

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

#### Financial risk management objectives and policies *(continued)*

##### Market risk *(continued)*

A fundamental review and reform of major interest rate benchmarks has been undertaken globally. There is now roadmap setting out actions to ensure a transition from interbank offered rates (IBORs) by the end of 2021. From 2021 financial firms will be able to offer non-IBOR linked interest rates and have formalised plans to amend legacy agreements.

IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities. Therefore, the Group believes the current market structure supports the valuation of our debt obligations as at 31 December 2020.

The Group expects that the interest rate benchmark will be changed to Euro Short-Term Rate (€STR) in 2021 and that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

##### Capital management

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

### 28 Leases

#### A. Leases as lessee (IFRS 16)

The Group leases a property and motor vehicles. The 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 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 18).

**Glenveagh Properties PLC**  
**Notes to the consolidated financial statements**  
*For the financial year ended 31 December 2020*

**28 Leases** *continued*)

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

**i. Right-of-use assets** *(continued)*

	<b>Property €'000</b>	<b>Motor Vehicles €'000</b>	<b>Total €'000</b>
<b>2020</b>			
Balance at 1 January	280	293	573
Additions to right-of-use assets	1,455	303	1,758
Depreciation charge for the year	(711)	(304)	(1,015)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December</b>	<b>1,024</b>	<b>292</b>	<b>1,316</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<b>Property €'000</b>	<b>Motor Vehicles €'000</b>	<b>Total €'000</b>
<b>2019</b>			
Balance at 1 January	876	351	1,227
Additions to right-of-use assets	-	90	90
Depreciation charge for the year	(596)	(148)	(744)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December</b>	<b>280</b>	<b>293</b>	<b>573</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**ii. Amounts recognised in profit or loss**

	<b>2020 €'000</b>	<b>2019 €'000</b>
<b>2020 – Leases under IFRS 16</b>		
Interest on lease liabilities	27	32
Expenses relating to short-term leases	12	80
	<hr/>	<hr/>

**iii. Amounts recognised in statement of cash flows**

	<b>2020 €'000</b>	<b>2019 €'000</b>
Total cash outflow on leases	1,088	792
	<hr/> <hr/>	<hr/> <hr/>

**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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 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:

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Short-term employee benefits	<b>1,460</b>	2,912
Post-employment benefits	<b>115</b>	116
LTIP and SAYE share-based payment expense	<b>99</b>	66
	<hr/>	<hr/>
	<b>1,674</b>	3,094
	<hr/> <hr/>	<hr/> <hr/>

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 transaction

##### *Acquisition of development rights*

The Group entered into the APSA with TIO, a wholly owned subsidiary of OCM Luxembourg EPF III S.a.r.l. (OCM) (and an entity in which John Mulcahy 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. The Directors have determined that joint control over both sites exists and the arrangements have been accounted for as joint operations in accordance with IFRS 11 Joint Arrangements. 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 The Square Shopping Centre, Tallaght, Dublin 24, Gateway Retail Park, Knocknacarra, Co. Galway and a third site, Bray Retail Park, Bray, Co. Wicklow.

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.

# Glenveagh Properties PLC

## Notes to the consolidated financial statements

For the financial year ended 31 December 2020

### 30 Commitments and contingent liabilities

#### *(a) Commitments arising from development land acquisitions*

In addition to the contingent liabilities outlined in Note 29 above, the Group had the following commitments at 31 December 2020 relating to development land acquisitions:

#### *Land acquisition subject to re-zoning*

During 2018, the Group contracted to acquire 66 acres of currently unzoned land in the Greater Dublin Area subject to appropriate residential zoning being awarded in the next local authority development plan on at least 30 acres of the site.

Once this minimum threshold is achieved, the Group has committed to acquiring the entire site at a fixed price per acre on land zoned for residential development with the remaining land to be acquired at market value.

#### *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 2020, the Group had contracted to acquire five development sites; two in North County Dublin, two in Co. Kildare and one in Co. Kilkenny for aggregate consideration of approximately €24 million (excluding stamp duty and legal fees). Deposits totalling €2.3 million were paid pre-year end and are included within trade and other receivables at 31 December 2020.



# Glenveagh Properties PLC

## Notes to the consolidated financial statements

*For the financial year ended 31 December 2020*

### **31 Subsequent events**

On 12 February 2021, the Group has successfully completed a debt refinancing process and has put in place a new €250.0 million facility. The new facility is for a period of five years and 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 and will provide the debt funding for the business.

At 31 December 2020 the Group had contracted to sell 134 units in Marina Village, Greystones, Co. Wicklow, 71 units in Dargan Hall, Bray, Co. Wicklow and 61 units in Barnhall Meadows, Leixlip, Co. Kildare for a total consideration of €119.0 million.

On 3 February 2021, the Group completed the first phase of the contracted sales at the Marina Village development comprising of 65 units for a consideration of €31.7 million.

On 6 January 2021, the Government announced a third national lockdown in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that will be completed by 31 January 2021 and social housing that will be completed by 28 February 2021. Selling activity has continued virtually throughout the period and our forecast sales activity for 2021 remains unchanged subject to Government confirmation that a reopening of the sites will commence on 5 April 2021. The third national Covid-19 lockdown is a non-adjusting post balance sheet event.

### **32 Profit / (Loss) of the Parent Company**

The parent company of the Group is Glenveagh Properties PLC. In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual statement of profit or loss and other comprehensive income to the Annual General Meeting and from filing it at the Companies Registration Office. The Company's profit after tax for the financial year was €0.034 million (for the period ended 31 December 2019: loss of €1.1m).

### **33 Approved financial statements**

The Board of Directors approved the financial statements on 25 February 2021.